

GENERAL INSTRUCTIONS:

- All questions are compulsory
- Q. No. 1 to 10 and 18 to 27 carry 1 mark each
- Q. No. 11- 12 and 28 – 29 carry 3 marks each
- Q. No. 13- 15 and 30 – 32 carry 4 marks each
- Q. No. 16 - 17 and 33 – 34 carry 6 marks each
- This question paper contains 8 pages.

SECTION – A

In the following questions (1-3), a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct alternative among those given below:

Alternatives:

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true but (R) is false
- (d) (A) is false but (R) is true

1) Assertion: Real GDP is a better index of economic growth than the nominal GDP.

Reason: The index of real GDP always reflects a change in the level of output.

2) Assertion: Net indirect tax is the basis of difference between market price and factor cost.

Reason: By adding net indirect tax to market price, we get factor price.

3) Assertion: Deflation is corrected by buying the securities and releasing liquidity into the economy.

Reason: When Repo rate is increased, the market rate of interest decreases

4) Which of the followings is correct?

a) $GDP_{FC} = \text{Compensation of employees} + \text{Rent} + \text{Interest} + \text{Profit}$

- b) $GDP_{FC} = \text{Compensation of employees} + \text{Rent} + \text{Interest} + \text{Profit} + \text{Depreciation}$
 c) $GDP_{FC} = \text{Compensation of employees} + \text{Rent} + \text{Interest} + \text{Profit} - \text{Depreciation}$
 d) $GDP_{FC} = \text{NDP}_{FC} - \text{Depreciation}$
- 5) Which of the followings is not a transfer payment?
 a) Gifts from abroad b) Retirement pension c) Donation d) Grants
- 6) In India, coins are issued by _____
 a) State Bank of India b) Reserve Bank of India
 c) Ministry of Finance d) Ministry of Commerce
- 7) Suppose the Balance of Trade of a nation exhibits a deficit of Rs. 50,000 cr. The import of visible items are five times of the export of visible items. Find the value of visible export.
 a) 12500 b) 12000 c) 13500 d) 15000
- 8) Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:

Column I	Column II
A. Purchase of goods from China	i) Debit side of capital account of balance of payments
B. Repayment of loans	ii) Credit side of current account of balance of payments
C. Receipts of gifts from abroad	iii) Credit side of capital account of balance of payments
D. Foreign investment in India	iv) Debit side of current account of balance of payments

Alternatives:

- a) A – (ii), B – (i), C – (iv), D – (iii) b) A – (iv), B – (i), C – (ii), D – (iii)
 c) A – (iv), B – (iii), C – (ii), D – (i) d) A – (iii), B – (iv), C – (i), D – (ii)
- 9) Revenue deficit can be managed through all the following except:
 a) Borrowing from RBI b) Borrowing from IMF
 c) Disinvestment d) Taxation
- 10) In case of indirect taxes:
 a) the final burden is borne by the person on whom it is imposed
 b) the burden of tax can be shifted to any other person
 c) the burden of tax cannot be shifted to any other person

d) Both (a) and (c)

11) *'India's GDP contracted 23.9% in the April-June quarter of 2020-21 as compared to same period of 2019-20, suggesting that the lockdown has hit the economy hard'.*

State and discuss any two fiscal measures that may be taken by the Government of India to deal the above-mentioned report by a newspaper.

12) An economy is in equilibrium. Find the autonomous consumption and marginal propensity to save if :

Nation Income = 1600

Investment expenditure = 300

Marginal propensity to consume = 0.8

13) a) Define managed floating exchange rate system (1+3)

b) 'Current account deficit is financed by a corresponding capital account surplus'

Do you agree with the above statement? Give valid reason(s) in support of your answer.

14) *'Jan Dhan Yojana'* led to a rise in bank deposit. Explain by taking suitable numerical example how it has made a positive impact on our credit availability created by commercial banks. (4)

15) *India's fiscal deficit is expected to touch 7% of GDP in 2020-21 fiscal year as against the budget estimate of 3.5%, with revenue collection being hit amid disruptions in economic activities due to lockdown. The impact of lockdown on economic activities shows up starkly in the trends in the central government revenue collection during the first three months of fiscal year 2020-21. As per the data released by the Control General of Account, the central government's revenue in 1st quarter of the fiscal year is much lower than collections for the corresponding period last year. Revenue from income taxes (personal as well as corporate) was lower by 30.5% and the GST by almost 34% during the period.*

Read the above passage and answer the following questions. (2+2)

i) Define fiscal deficit and enlist some features associated with the same.

ii) Define primary deficit and enlist some features associated with the same.

16) (3+3)

a) How will you treat the followings while estimating domestic factor income of India? Give reasons for your answer.

i) Compensation of employees to the resident of Japan working in Indian Embassy in Tokyo.

ii) Payment of fees to a chartered accountant by a firm

iii) Compensation given by an insurance company to an injured worker.

b) From the following data, calculate Net Value Added at Factor Cost.

	Amount in (Rs crores)
i) Price per unit of output	20
ii) Output sold	1250 units
iii) Excise duty	5000
iv) Capital consumption allowance	1000
v) Closing stock	1000
vi) Single use producers' goods	6000
vii) Opening stock	1500

17) (3+3)

a) An economy is facing the problem of unemployment due to deficient aggregate demand. MPC is four times that of MPS. If actual income falls short of Full-employment level of income by 4000 Cr., find out the required increase in investment to solve the problem of unemployment.

b) Explain what will happen to the national income when planned investment is higher than realised savings by using S-I approach. Use diagram.

SECTION – B

18) Planning Commission was established under the chairmanship of

a) Prof. Mahalanobis b) Pt Jawaharlal Nehru c) Dr. VKRV Rao d) Prof. AK Sen

19) Which is regarded as the defining year to mark the demographic transition in India from its first to the second stage?

a) 1921 b) 1920 c) 1922 d) 1919

20) Choose the correct alternative showing chronological order of the following events:

i) Great Leap Forward launched

ii) Economic reforms in Pakistan

iii) Great Proletarian Cultural Revolution

iv) People Republic of China

Alternatives:

a) i), iv), ii), iii) b) iv), i) iii), ii) c) iii), i), ii), iv) d) ii), i), iii), iv)

21) Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:

Column I	Column II
A. Economic Reforms in India	i) 1956
B. First Five Year Plan in Pakistan	ii) 1978
C. Economic Reforms in China	iii) 1958
D. Great Leap Forward	iv) 1991

Alternatives:

a) A – (ii), B – (i), C – (iv), D – (iii) b) A – (iv), B – (iii), C – (ii), D – (i)

c) A – (iv), B – (i), C – (ii), D – (iii) d) A – (iii), B – (i), C – (ii), D – (iv)

22) Which of the followings is correct about human capital

a) The decision to invest in human capital is not taken after calculating the returns on investment

b) Human capital creates only social benefits

c) Human capital can be sold in the market like a commodity

d) both (a) and (c)

23) Expenditure on preventive medicine means expenditure on:

a) Medical intervention during illness

b) Vaccination

c) Spread of health literacy

d) both (b) and (c)

24) Carrying capacity implies that _____

i) Resource extraction should remain below the rate of regeneration

ii) Resource extraction should remain above the rate of regeneration

iii) Generation of waste should remain within the absorption capacity of the environment

iv) Generation of waste should be more than the absorption capacity of the environment

Alternatives:

a) i) and iv)

b) i) and iii)

c) ii) and iii)

d) ii) and iv)

25) Which of the followings is a function of NABARD?

a) Guidance to all concerned on matters relating to rural credit

- b) development of cooperative credit societies
- c) To take appropriate measures to improve the credit delivery system
- d) Training people working with cooperative societies

Read the passage carefully and answer Q. No. 26 and 27

The informalisation of employment in India represents a significant and complex trend that has been reshaping the country's labour landscape. This phenomenon refers to the increasing prevalence of jobs that lack formal contracts, social security benefits, and employment rights. In recent years, a substantial portion of the Indian workforce has found itself engaged in informal employment arrangements, ranging from street vendors and domestic workers to small-scale artisans and gig economy workers.

Several factors contribute to the growing informalisation of employment in India. One key factor is the rapid expansion of the informal sector itself, which often arises from the inability of the formal economy to generate a sufficient number of jobs. Limited access to education and skills training further exacerbates the situation, trapping many workers in low-paying and insecure positions.

26) Participation rate =

$$\text{a) } \frac{\text{Total Population}}{\text{Total Workforce}} \times 100$$

$$\text{b) } \frac{\text{Total workforce}}{\text{Total Population}} \times 100$$

$$\text{c) } \frac{\text{Total Population}}{\text{Total Workforce}}$$

$$\text{d) } \frac{\text{Total workforce}}{\text{Total Population}}$$

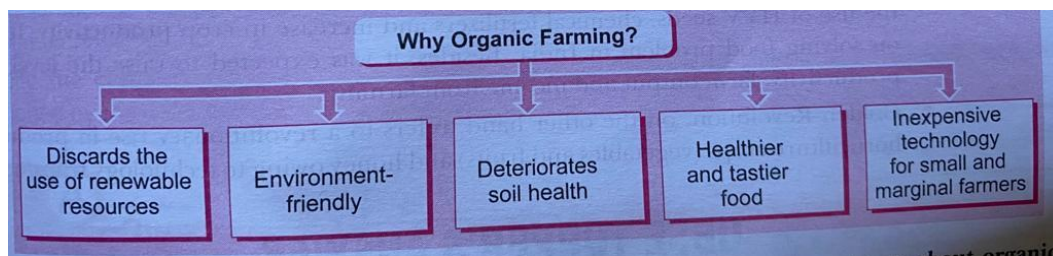
27) Casualisation of workforce refers to situation:

- a) when percentage of self-employed workers in the total workforce tends to rise overtime.
- b) when percentage of casually hired workers in the total workforce tends to rise overtime.
- c) when percentage of regularly hired workers in the total workforce tends to rise overtime.
- d) when percentage of self-employed workers in the total workforce tends to fall overtime.

28) Explain any two principal concerns of environmental degradation in India.



- 29) Taking clue from the above image, elaborate upon recent initiatives taken by the Government of India to tackle the problem of unemployment in the country.
- 30) “Agricultural marketing in India is a big challenge today” (2+2)
- Write a short note on cooperative marketing in India
 - Write about any two problems related to agricultural marketing in India.



- 31) Analyse the above flow chart and identify which parameter is not true about organic farming. Elaborate the importance of organic farming in India. (1+3)
- 32) Explain the difference between physical and human capital.
- 33) Read the following text carefully and answer following questions.

Industrial licensing which was earlier applicable for all most all industries was now abolished for all but a handful of industries. This means that investment in new plants and capacity expansion in existing plants could now be undertaken for a very wide range of industries without any approval from the central government. Since the location of the plant was previously specified in the license, the abolition of licensing meant that location was left to investor to decide, setting the stage for different states to compete with each other to attract private investment.

Foreign direct investment (FDI) was earlier allowed only in a defined list of high priority industries and each application needed to be cleared on a case-by-case basis, with foreign equity limited to 40%. FDI was now freely allowed up to 51% in this list and higher limits were considered on the merits of each case. The government also announced that it would seek foreign investment pro-actively in areas where it could make a major contribution. (3+3)

a) State three trade and investment policies related reforms that were initiated in 1991

b) Why were economic reforms introduced in India in 1991? Discuss.

34) Read the following information carefully and answer following questions

- GDP Growth Rate:

China: China has experienced rapid economic growth over the past few decades, with GDP growth rates often exceeding 6-7%. However, there were signs of a slowdown in the growth rate in recent years.

India: India's GDP growth rate has been generally high, although it has varied. It was around 7-8% in the years leading up to 2020.

- Population Growth:

China: China has a large population but has implemented policies to control population growth, such as the one-child policy (now replaced by a two-child policy).

India: India has a rapidly growing population and is expected to surpass China as the most populous country in the coming years.

- Poverty Rates:

China: China has made substantial progress in reducing poverty rates, lifting millions of people out of poverty.

India: India has also made progress in reducing poverty, but there are still significant challenges, and a large portion of the population remains in poverty.

a) Write your observations pointing to areas where China has edge over India

b) Compare and contrast development of China and India with respect to some salient parameters of development. (2+4)