

Sample Question Paper, 2021-22

(Issued by CBSE Board on 14th January, 2022)

ECONOMICS (TERM- II)

SOLVED

Max. Marks : 40

Time allowed : 2 Hours

General Instructions:

1. This is a Subjective Question Paper containing 13 questions.
2. This paper contains 5 questions of 2 marks each, 5 questions of 3 marks each and 3 questions of 5 marks each.
3. 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
4. 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
5. 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
6. This question paper contains Case/Source Based Questions.

1. Distinguish between Final Goods and Intermediate Goods. 2

OR

Distinguish between positive externalities and negative externalities. 2

2. Calculate equilibrium level of income for a hypothetical economy, for which it is given that:

- (a) Autonomous Investments = ₹ 500 crores, and
(b) Consumption function, $C = 100 + 0.80 Y$ 2

OR

Calculate Change in Income (ΔY) for a hypothetical economy. Given that:

- (a) Marginal Propensity to Consume (MPC) = 0.8, and
(b) Change in Investment (ΔI) = ₹ 1,000 crores 2

3. 'As the income increases, people tend to save more'. Justify the given statement. 2

4. State and discuss any two indicators that help in measuring the health status of a country. 2

OR

Compare and analyze the 'Women Worker Population Ratio' in Rural and Urban areas based on following information: 2

Worker-Population Ratio in India, 2017-2018

Sex	Worker-Population Ratio		
	Total	Rural	Urban
Men	52.1	51.7	53.0
Women	16.5	17.5	14.2
Total	34.7	35.0	33.9

5. 'Investment in infrastructure contributes to the economic development of a country.' Justify the given statement with a valid argument. 2

6. Giving valid reasons explain which of the following will not be included in estimation of National Income of India? 3

- (a) Purchase of shares of X. Ltd. by an investor in the National Stock Exchange.
(b) Salaries paid by the French Embassy, New Delhi to the local workers of the housekeeping department.
(c) Compensation paid by the Government of India to the victims of floods.

OR

Estimate the value of Nominal Gross Domestic Product for a hypothetical economy, the value of Real Gross Domestic Product and Price Index are given as ₹ 500 crores and 125 respectively. 3

7. Study the following information and compare the Economies of India and Singapore on the grounds of 'Investment in infrastructure as a percentage of GDP' 3

Some Infrastructure in India and other countries, 2018

Country	Investment* in Infrastructure as a% GDP	Percentage of people using safety managed		Mobile Subscribers/100 People	Consumption of energy (ml. tonnes of oil equivalent)
		Drinking Water Sources	Sanitation Services		
China	44	96	72	115	3274
Hong Kong	22	100	92	259	31

India	30	94	40	87	809
South Korea	31	98	100	130	301
Pakistan	16	35	64	73	85
Singapore	28	100	100	146	88
Indonesia	34	87	61	120	186

Sources: World Development Indicators 2019. World Bank website: www.worldbank.org.: BP Statistical Review of World Energy 2019, 69th Edition.

Note: (*) refers to Gross Capital Formation.

Read the following text carefully and answer question number 8 and 9 given below:

SINO-PAK FRIENDSHIP CORRIDOR

The China-Pakistan Economic Corridor (CPEC) has deepened the decades-long strategic relationship between the two nations. But it has also sparked criticism for burdening Pakistan with mountains of debt and allowing China to use its debt-trap diplomacy to gain access to strategic assets of Pakistan.

The foundations of CPEC, part of China's Belt and Road Initiative, were laid in May 2013. At the time, Pakistan was reeling under weak economic growth. China committed to play an integral role in supporting Pakistan's economy.

Pakistan and China have a strategic relationship that goes back decades. Pakistan turned to China at a time when it needed a rapid increase in external financing to meet critical investments in hard infrastructure, particularly power plants and highways. CPEC's early harvest projects met this need, leading to a dramatic increase in Pakistan's power generation capacity, bringing an end to supply-side constraints that had made rolling blackouts a regular occurrence across the country.

Pakistan leaned into CPEC, leveraging Chinese financing and technical assistance in an attempt to end power shortages that had paralyzed its country's economy. Years later, China's influence in Pakistan has increased at an unimaginable pace.

China As Pakistan's Largest Bilateral Creditor:

China's ability to exert influence on Pakistan's economy has grown substantially in recent years, mainly due to the fact that Beijing is now Islamabad's largest creditor. According to documents released by Pakistan's finance ministry, Pakistan's total public and publicly guaranteed external debt stood at \$44.35 billion in June 2013, just 9.3 percent of which was owed to China. By April 2021, this external debt had ballooned to \$90.12 billion, with Pakistan owing 27.4 percent — \$24.7 billion — of its total external debt to China, according to the International Monetary Fund (IMF).

Additionally, China provided financial and technical expertise to help Pakistan build its road infrastructure, expanding north-south connectivity to improve the

efficiency of moving goods from Karachi all the way to Gilgit-Baltistan (POK). These investments were critical in better integrating the country's ports, especially Karachi, with urban centers in Punjab and Khyber-Pakhtunkhwa provinces.

Despite power asymmetries between China and Pakistan, the latter still has tremendous agency in determining its own policies, even if such policies come at the expense of the longterm socioeconomic welfare of Pakistani citizens.

(<https://www.usip.org/publications/2021/05/pakistans-growing-problem-its-china-economic-corridor> - Modified)

8. Outline and discuss any two economic advantages of China Pakistan Economic Corridor (CPEC) accruing to the economy of Pakistan. **3**
9. Analyse the implication of bilateral 'debt-trap' situation of Pakistan vis-à-vis the Chinese Economy. **3**
10. Explain how 'Non-Monetary Exchanges' impact the use of Gross Domestic Product as an index of economic welfare. **3**
11. 'Monetary measures offer a valid solution to the problem of Inflationary gap in an economy'. State and discuss any two monetary measures to justify the given statement. **5**
12. (a) From the following data calculate the value of Domestic Income: **3**

S.No.	ITEMS	Amount (in ₹ Crores)
(i)	Compensation of Employees	2,000
(ii)	Rent and Interest	800
(iii)	Indirect Taxes	120
(iv)	Corporate Tax	460
(v)	Consumption of Fixed Capital	100
(vi)	Subsidies	20
(vii)	Dividend	940
(viii)	Undistributed Profits	300
(ix)	Net Factor Income from Abroad	150
(x)	Mixed Income of Self Employed	200

- (b) Distinguish between 'Value of Output' and 'Value Added'. **2**

OR

- (a) Given the following data, find Net Value Added at Factor Cost by Sambhav (a farmer) producing Wheat: **3**

	ITEMS	(in ₹ Crores)
(i)	Sale of wheat by the farmer in the local market	6800

(ii)	Purchase of Tractor	5000
(iii)	Procurement of wheat by the Government from the farmer	200
(iv)	Consumption of wheat by the farming family during the Year	50
(v)	Expenditure on the maintenance of existing capital stock	100
(vi)	Subsidy	20

(b) State any two components of 'Net Factor Income from Abroad'. 2

13. (a) 'Pesticides are chemical compounds designed to kill pests. Many pesticides can also pose health risks to people even if exposed to nominal quantities.' 2
 In the light of the above statement, suggest any two traditional methods for replacement of the chemical pesticides.
- (b) 'In recent times the Indian Economy has experienced the problem of Casualisation of the workforce. This problem has only been aggravated by the outbreak of COVID-19.' 3
 Do you agree with the given statement? Discuss any two disadvantages of casualisation of the workforce in the light of the above statement.

□□□

CBSE Marking Scheme 2021-22 (Issued by Board)

1. Final goods refer to those goods which are used either for final consumption or for investment purposes. Whereas Intermediate goods refer to those goods which are used either for resale or for further production purposes. 2

OR

Positive externalities refer to benefits caused by one entity to another, without being paid for it. Whereas Negative externalities refer to the harms caused by one entity to another without being penalized for it. 2

2. Given Consumption function is, $C = 100 + 0.8 Y$

Autonomous investments = 500 crores

We know, at equilibrium level

$$Y = C + I \quad \frac{1}{2}$$

$$Y = 100 + 0.8 Y + 500 \quad \frac{1}{2}$$

$$Y - 0.8 Y = 600 \quad \frac{1}{2}$$

$$0.2 Y = 600 \quad \frac{1}{2}$$

$$Y = ₹ 3,000 \text{ crores}$$

OR

Given, $\Delta I = ₹ 1,000 \text{ crores}$

$$MPC = 0.8$$

As we know,

$$\text{Multiplier (K)} = \frac{1}{1 - MPC} = \frac{1}{1 - 0.8} = \frac{1}{0.2} = 5 \text{ times} \quad \frac{1}{2}$$

We know $K = \frac{\Delta Y}{\Delta I} \quad \frac{1}{2}$

$$5 = \frac{\Delta Y}{1000} \quad \frac{1}{2}$$

$$\Delta Y = ₹ 5,000 \text{ crores} \quad \frac{1}{2}$$

3. At a lower level of income, a consumer spends a larger proportion of his/her income on consumption

expenditure (basic survival requirements). As the income increases, owing to the psychological behaviour of a consumer (rational), people tend to consume less and save more for future uncertainty. 2

4. Two indicators that help to measure the health status of a country are:

(a) **Infant Mortality Rate:** Infant Mortality Rate (or IMR) indicates the number of children that survive first year of their life. 1

(b) **Literacy Rate:** Literacy rate measures the proportion of literate population in the age group of seven years or above. 1

OR

The data in the given table reveals that:

(a) Women constitute 16.5% of the total worker population in the economy.

(b) The number of women workers in rural areas (17.5%) are relatively higher than the women workers in urban areas (14.2%). Due to the abject poverty in rural areas, rural women are compelled to work more than their urban counterparts. 2

5. The given statement is true; infrastructural development in an economy increases productivity, induces higher investment, facilitates employment, and generates more income. With the rise in income the quality of life of the people improves. Thus, conclusively we may say that infrastructure contributes to the economic development of a country. 2

6. Following will not be included in estimation of National Income of India:

(a) As such transactions are mere paper claims and do not lead to any value addition. 1½

(b) Compensation paid by the Government of India is mere transfer payment and does not lead to any flow of goods and services in an economy. 1½

OR

$$\begin{aligned} \text{Nominal GDP} &= \text{Real GDP} \times \frac{\text{price index}}{100} & 1 \\ &= 500 \times \frac{125}{100} & 1 \\ &= ₹ 625 \text{ crores} & 1 \end{aligned}$$

7. 'Investment in infrastructure as a percentage of GDP' is that proportion of Gross Domestic Product which is invested for the development of infrastructural facilities in a country.

According to the given data it is evident that India is contributing 30% of its total GDP on infrastructural progress, which is just a notch above the corresponding figure of 28% for Singapore.

Considering the vast geography of India this is a relatively lower proportion in this direction. If India wants to grow at a faster rate, she must concentrate on higher judicious investment on development of infrastructure. 3

8. Economic advantages of China Pakistan Economic Corridor (CPEC) to the economy of Pakistan are:

- (i) China provided financial and technical expertise to help Pakistan build its road infrastructure, supporting employment and income in the economy. 1½
- (ii) CPCE has led to a massive increase in power generation capacity of Pakistan. It has brought an end to supply-side constraints in the nation, which had made blackouts a regular phenomenon across the country. 3

Detailed Answer:

Therefore more Power generation will lead to rapid industrialization and higher productivity of resources giving a boost to economic growth.

9. China has become famous for its 'Debt Trap Diplomacy' in recent times. Under this China provides financial and technical expertise/assistance to help various nations to bring them under its direct or indirect influence.

The first and the foremost implication of the diplomacy is that Beijing has now become Islamabad's largest creditor. According to documents released by Pakistan's finance ministry, its total public external debt stood at \$44.35 billion in June 2013, just 9.3 percent of which was owed to China. By April 2021, this external debt had ballooned to \$90.12 billion, with Pakistan owing 27.4 percent —\$24.7 billion — of its total external debt to China, according to the IMF. 3

10. Non-monetary exchange transactions are not included in the estimation of Gross Domestic Product on account of practical difficulties like non-availability of reliable data. Although these activities enhance public welfare which may lead to underestimation of GDP.

For example: kitchen gardening, services of homemaker etc. 3

Detailed Answer:

Non monetary exchange transactions mean those goods and services which are produced but not exchanged for money value. For example in rural economies, barter system of exchange still prevails to some extent. Payments for farm labour or interest to money lenders are often made in kind rather than in cash. All such transactions are not included in GDP on account of practical difficulties like non-availability of reliable data. Although these activities enhance public welfare which may lead to underestimation of GDP and economic welfare. Therefore GDP remains an inappropriate index of welfare.

11. Two measures which may be used to solve the problem of inflation are:

- (a) An increase in Cash Reserve Ratio (CRR) may reduce the credit creation capacity of the commercial banks in the economy. This may lead to a fall in the borrowings from banks causing a fall in Aggregate Demand in the economy, and helps to correct the inflationary gap in the economy. 2½
- (b) Sale of Government Securities in the open market by the Central Bank will adversely affect the ability of the Commercial Banks to create credit in the economy. As a result Aggregate Demand in the economy may fall and correct the inflationary gap in the economy. 2½

12. (a) Domestic Income (NDP@fc) = (i) + (ii) + (iv) + (vii) + (viii) + (x) 1
 = ₹ 2000 + ₹ 800 + ₹ 460 + ₹ 940 + ₹ 300 + ₹ 200 1
 = ₹ 4,700 crore 1
- (b) Value of output is the estimated money value of all the goods and services, inclusive of change in stock and production for self-consumption. Whereas, Value added is the excess of value of output over the value of intermediate consumption. 2

OR

- (a) Net Value Added at Factor Cost (NVA @ FC) = (i) + (iii) + (iv) + (vi) – (v) 1
 = ₹ 6800 + ₹ 200 + ₹ 50 + ₹ 20 – ₹ 100 1
 = ₹ 6,970 crore 1
- (b) Component of net factor income from abroad are:
 (i) Net compensation of employees
 (ii) Net income from property and entrepreneurship
 (iii) Net retained earnings of resident companies abroad 2 (Any two)

13. (a) The traditional practices can help in controlling contamination without the use of chemical fertilizers, as follows:

- (i) Neem trees and its by products are a natural pest-controller, which has been

- used since ages in India. Recently, the government promoted the sale Neem coated urea as a measure of natural pest control.
- (ii) Large variety of birds should be allowed to dwell around the agricultural areas, they can clear large varieties of pests including insects. 2
- (b) The given statement is quite appropriate with reference to the 'casualisation of labour' in India.
- (i) For casual workers, the rights of the labour are not properly protected
- by labour laws. Particularly, during pandemic times, as demand for goods and services fell the casual workers were left jobless, without any compensation or support.
- (ii) During the COVID-19 lockdown millions of casual workers lost their jobs, raising the question of their survival. Also, additional health expenditure added to their troubles. Had such workers been working under the formal sector, it would have given them some respite in their difficult times. 2

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Solved Paper, 2021-22

ECONOMICS

Term-I, Set-4

Series : SSK/3

Question Paper

Code No. 058/3/4

Time allowed : 90 Minutes

Max. Marks : 35

General Instructions :

- (i) This question paper contains 60 question out of which 50 question are to be attempted. All question carry equal marks.
- (ii) This question paper consists three sections - Section-A, Section-B and Section-C.
- (iii) Section - A contains 24 questions. Attempt any 20 question from Q.No. 01 to 24.
- (iv) Section - B contains 24 questions. Attempt any 20 questions from Q.No. 25 to 48.
- (v) Section - C contains 12 questions. Attempt any 10 questions from Q.No. 49 to 60.
- (vi) First 20 attempted questions in Section - A and Section - B each first 10 attempted question in Section - C will be evaluated.
- (vii) There is only one correct option for every multiple choice questions (MCQs). Marks will not be awarded for answering more than one option.
- (viii) There is no negative marking.

Section-A

1. 'Free distribution of LPG connection to poor people is a sign of social justice'
Identify the 'Objective of Government Budget' from the above mentioned statement.
(Choose the correct alternative)
- (a) Promote Economics Growth
(b) Management of public enterprises
(c) Create equitable distribution of income
(d) Create fluctuation in revenue of the government
2. Exports and Imports of which of the following items will be component of 'Balance of Trade'?
- (a) Banking (b) Shipping
(c) Merchandise (d) Insurance
3. In the context of commercial bank, which of the following alternative is correct? (Choose the correct alternative)
- (i) Deposits are liabilities of banks.
(ii) Commercial banks are creator of money.
(iii) Commercial banks accept deposits of the general public.
(iv) Accept deposits of World Bank for Agriculture and Rural developments.
- Identify the correct alternative from the following :
- Alternative :**
- (a) (i) and (ii) (b) (ii) and (iii)
(c) (i), (ii) and (iii) (d) (i) and (iv)
4. Find the odd one out among the following, with respect to the 'Balance of Payments' in india :
(Choose the correct alternative)

- (a) Investments by Indian Investors under the Make in India Programme.
- (b) Loan received from Australia.
- (c) Investments from abroad.
- (d) Purchase of machinery from abroad.
5. Read the given statements carefully and choose the correct alternative:
- Statement 1 :** Demonetization was an initiative taken by the Government of India to curb black money, terrorism and circulation of fake currency.
- Statement 2 :** Demonetization has led people to shift from cash payments to electronic payments.
- Alternatives:**
- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement 1 is true and statement 2 is false.
- (d) Statement 2 is true and statement 1 is false.
6. The total stock of money in circulation among the public is called as 'money supply'
- (Fill up the blank with correct alternative)
- (a) during a period of time
- (b) during a calendar year
- (c) during a fiscal year
- (d) at a particular point of time
7. All currencies other than the domestic currency of a country are called as
- (Fill up the blank with correct alternative)
- (i) Foreign exchange rate
- (ii) Foreign exchange
- (iii) Foreign aid Identify the correct alternative from the following.
- Alternative:**
- (a) (i) and (ii) (b) (i) and (iii)
- (c) (i), (ii) and (iii) (d) (ii) only
8. Read the following statements carefully and choose the correct alternative from the following
- Statement 1 :** Government Budget is a detailed economic statement presented by Finance Minister.
- Statement 2 :** Government Budget consists of financial programmes and policies of the government for the next year.
- Alternatives:**
- (a) Both the Statements are true
- (b) Both the Statements are false
- (c) Statement 1 is true and statement 2 is false
- (d) Statement 2 is true and statement 1 is false
9. From the following statements, choose the correct statement :
- (a) Trade deficit refers to the excess of 'total value of exports' over the 'total value of imports' of goods and services.
- (b) Trade surplus refers to the excess of 'total value of imports' over the 'total value of exports' of goods and services.
- (c) Current account deficit in a nation occurs when the foreign exchange receipts in current account fall short of foreign exchange payments in current account.
- (d) Current account surplus in a nation occurs when the credit items of Balance of Payments are less than the debit items of Balance of Payments.
10. From the following functions of the Central Bank, identify the odd one out :
- Functions of Central Bank

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graph TD
    A[Functions of Central Bank] --> B["(A) Currency Authority"]
    A --> C["(B) Banker to the Public"]
    A --> D["(C) Banker's Bank"]
    A --> E["(D) Controller of Money Supply"]
  
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- Alternatives:**
- (a) A (b) B
- (c) C (d) D
11. Which of the following statements is correct with reference to the mixed economy system in India?
- (Choose the correct alternative)
- (a) Predominance of free market economic system over the government regulated economy.
- (b) Absence of economic planning.
- (c) Ownership of factors of production only to private sector.
- (d) Co-existence of public and private sector.
12. Read the following statements carefully and choose the correct alternative :
- Statement 1 :** Zamindari was introduced by the British, to ensure proper control over the revenue system in India.
- Statement 2 :** Zamindars were given full freedom to collect and keep the rent collected by them.
- Alternative:**
- (a) Statement 1 is true and statement 2 is false.
- (b) Statement 2 is true and statement 1 is false.
- (c) Both statements are true.
- (d) Both statements are false.

13. was the objective of Import Substitution policy in India.
(Choose the correct alternative)
- Production of high quality products
 - Production of domestic industries from foreign competition
 - Promote imports
 - Promote privatisation
14. Read the following statements carefully and choose the correct alternative:
Statement : 1 The official data on poverty in India is issued by ITI Aayog.
Statement : 2 Since independence the number of poor people in India has declined.
Alternative :
- Statement 1 is true and statement 2 is false.
 - Statement 2 is true and statement 1 is false.
 - Both statement are true.
 - Both statement are false.
15. Read the following statements carefully and choose the correct alternative.
Statement 1 : Economic Reforms of 1991 paved the way for the liberalisation of Indian Economy.
Statement 2 : Economic Reforms of 1991 relaxed the restrictions imposed by the government on private sector.
Alternative :
- Statement 1 is true and statement 2 is false.
 - Statement 2 is true and statement 1 is false.
 - Both statements are true.
 - Both statements are false.
16. From the following statements regarding Goods and Services Tax (GST), identify the incorrect statement :
- It ensures uniformity of tax rates across all states.
 - It ensures better tax compliance and tax collection.
 - All types of direct and indirect taxes have been subsumed by it.
 - It's imposed on the supply of goods and services.
17. From the following, which of the item would appear on the credit side of capital account of the balance of payment in India?
- Education consultation from a firm in New York.
 - Borrowings from rest of the world.
 - Earthquake relief aid received from France.
 - Imports of edible oils.
18. Identify which of the following statement is not correct with reference to Self Help Groups?
(Choose the correct alternative)
- Group members in need of funds can borrow at nominal rate of interest.
 - Borrowings in micro-credit system are mainly taken of consumption purposes.
 - Micro-credit system has helped men in rural areas to become self-dependent.
 - Formal credit system has failed to provide credit to the needy people in the rural areas.
19. Read the following statements carefully and choose the correct alternative.
Statement 1 : Recovery of loans is a non - debt creating capital receipt.
Statement 2 : Recovery of loans cause a reduction in assets of the government.
Alternative:
- Statement 1 is true and statement 2 is false.
 - Statement 2 is true and statement 1 is false.
 - Both the statements are true.
 - Both the statements are false.
20. Which one of following features are identified for the 'Urban poor'?
(Choose the correct alternative)
- Lack of income generating assets
 - Limited skills availability
 - Lack of job security
 - Lack of job opportunities
- Alternatives:**
- (i) and (ii)
 - (i), (ii) and (iii)
 - (i), (ii) (iii) and (iv)
 - (i) (iii) and (iv)
21. Which of the following is correct with reference of Ministry of Finance?
(Choose the correct alternative)
- It issues coins only
 - It issues all type of currency notes
 - It issues one rupee note and coins
 - It issues only rupee note
22. On the eve of Independence, India's demographic condition was characterised by which of the following statement?
- Low level of literacy, low mortality rates and high life expectancy.
 - High level of literacy, high mortality rates and low life expectancy.

- (c) Low level of literacy, high mortality rates and high life expectancy.
- (d) Low level of literacy, high mortality rates and low life expectancy.

23. 'In India, agricultural subsidies have always been a topic of debate among the economic thinkers'.

Identify, which of the following statement is not an argument in favour of continuation of the agricultural subsidies in India.

Alternative :

- (a) Subsidies encourage farmers to adopt newer technologies.
- (b) Subsidies help farmers to face the uncertainties of future.
- (c) Subsidies aim to reduce the inequalities between rich and poor farmer.
- (d) Subsidies mainly benefits the fertilizer industry among farmers.

24. Identify the correct statement from the following :

- (a) India developed sound industrial base under the colonial rule.
- (b) India had very developed capital goods industries structure on the eve of independence.
- (c) Under the colonial rule, India generated export surplus.
- (d) The real motive of development of infrastructure under the british rule was to ensure development of India.

Section-B

25. Consider the following statement about 'Portfolio Investment in India' and choose the correct alternative :

- (i) Investments by a foreign company to start its subsidiary company in india.
- (ii) Investments by a foreign company to acquire some company in India.
- (iii) A foreign investor buying shares in Indian markets.
- (iv) A foreign investor buying Goods in Indian markets.

Alternative:

- (a) (i), (ii) and (iii) (b) (ii), (iii) and (iv)
- (c) (iii) only (d) (iii) and (iv)

26. Read the following statements carefully and choose the correct alternative:

Statement 1: Reserve Bank of India keeps a certain percentage of deposits as reserve to avoid 'too much lending to public'

Statement 2: The reserve deposits ratio acts as a deterrence to the amount of credit created by the commercial banks.

Alternative:

- (a) Statement 1 is true and statement 2 is false.
- (b) Statement 2 is true and statement 1 is false.
- (c) Both the statement are true.
- (d) Both the statement are false.

27. Which of the following is not a valid statement in the context of Industrial policy Resolution (IPR) 1956 ?

(Choose the correct alternative)

- (a) Ownership and management of the core industries were given to the public sector.
- (b) Tax benefits were given to industries being established in backward region to promote regional equalities.
- (c) A few industries were allowed to be owned by the private sector.
- (d) Goods produced by the small scale industries were deserved.

28. Read the following statement - **Assertion (a)** and **Reason (R)** and choose the correct alternative :

Assertion (A): After independence there was an expansion, in farm and non-farm output, income and employment.

Reason (R): Rural banking has helped farmers to avail benefits of credits facilities for meeting their needs.

Alternative:

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

29. Identify the incorrect statement from the following :

- (a) Human capital represents enhanced labour productivity.
- (b) Investment in human capital enhances efficiency and skills, implying economic growth.
- (c) Human capital is separable from its owner.
- (d) Human capital treats human beings as a means to an end.

30. Read the following statement - **Assertion (a)** and **Reason (R)** and choose the correct **Alternative :**
Assertion (A): Urban poverty is considered as a spill over of the rural poverty.
Reason (R): Rural poor migrate to cities in search of employment and livelihood.
Alternatives:
- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 (c) Assertion (A) is true and Reason (R) is false.
 (d) Assertion (A) is false and Reason (R) is true.
31. Read the following statements carefully and identify the false statement with respect to the Pradhan Mantri Jan Dhan Yojana.
 (Choose the correct statement)
- (a) It promotes habit of saving among masses
 (b) Government uses it for direct benefit transfers under various schemes.
 (c) Each account holder is entitled to ₹ 5,00,000 accidental insurance and ₹ 30,000 life insurance.
 (d) It ensures financial inclusion of every account holder.
32. Which of the following statements is not false?
 (Choose the correct statement)
- (a) Higher education takes a major share of the total educational expenditure in India
 (b) No education cess has been imposed by the government of India.
 (c) Educational achievements in a country are indicated in terms of about literacy level only.
 (d) Expenditure per student at tertiary level is higher than that of elementary level of education.
33. Structural composition refers to the (Choose the correct alternative)
- (a) number of people engaged in training
 (b) number of people engaged in different sectors
 (c) number of people engaged in tertiary sector
 (d) number of people facing unemployment
34. Read the following statements carefully and choose the correct alternative :
- Statement 1:** Modernization refers to the use of new technology only.
- Statement 2:** To Enhance the productivity in an economy, women must be given equal opportunities at work place.
- Alternative:**
- (a) Statement 1 is true and statement 2 is false.
 (b) Statement 2 is true and statement 1 is false.
 (c) Both the statements are true.
 (d) Both the statements are false.
35. Identify the incorrect statement from the following. (Choose the correct alternative)
- (a) Diversification into other sector is essential to enable rural people to overcome poverty.
 (b) Diversification is an essential component because there is greater link in depending exclusively on farming for livelihood.
 (c) Diversification provides supplementary gainful employment.
 (d) Diversification activities are not beneficial.
36. Suppose money created by the banking system is ₹ 1,000 and the primary deposits is ₹ 250. The respective values of deposit multiplier and reserve ratio would be and (Choose the correct alternative)
- (a) 4, 25% (b) 8, 12.5%
 (c) 4, 12.5% (d) 5, 20%
37. Identify the incorrect statement with reference to Balance of Payments.
 (Choose the correct alternative)
- (a) Current account records Exports and Imports transactions of a nation.
 (b) Export of machinery is recorded in capital account.
 (c) Transfer of funds to the relatives abroad, entered on debit side of current account.
 (d) Current account records all such transactions which do not impact asset or liability status of a country.
38. Read the following statements - **Assertive (a)** and **Reason (R)**, choose the correct alternative.
- Assertion (a) :** In developing countries, growth of human capital has been faster than the growth is rather nebulous.
Reason (R) : Empirical evidence to prove that increase in human capital causes economic growth is rather nebulous.
- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true but Reason (R) is false.
- (d) Assertion (A) is true but Reason (R) is true.
39. A process that involves the assembling, storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country is known as (Fill up the blank with correct alternative)
- (a) Agriculture Diversification
(b) Agriculture Banking
(c) Agriculture Management
(d) Agriculture Marketing
40. 'If India has to make real progress it has to develop its rural areas'
Which of the following is incorrect reason for the above mentioned statement ?
(Choose the correct alternative)
- (a) Approximately one-third population of rural India still lives in abject poverty.
(b) More than 50 per cent India's population depends on agriculture for their livelihood.
(c) Growth rate in Indian agriculture sector has been quite lower than of other sector.
(d) Majority of rural people have access to the basic necessities of life.
41. Read the following statement - **Assertion (A)** and **Reason (R)**, choose the correct alternative from the alternatives given below :
- Assertion (a)** : Notes and Coins are the only source of money supply in the economy
Reason (R) : Demand deposits with commercial bank is also a component of money supply.
Alternatives :
- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
(c) Assertion (A) is true but Reason (R) is false.
(d) Assertion (A) is false but Reason (R) is true.
42. Programme(s) that improves the food and nutritional status of poor are
(Choose the correct alternative)
- (i) Mid-day meal scheme
(ii) Public distribution system
(iii) Integrated child development scheme
(iv) National family benefits scheme
- Alternatives:**
(A) (i), (ii), (iii) and (iv) (B) (i), (ii) and (iii)
(C) (ii), (iii) and (iv) (D) (i) only
43. Number of times the commercial banks are able to create total deposits with the help of reserves ratio and initial deposits is known as
(Fill up the blank with correct alternative)
- (a) Investment multiplier (b) Money multiplier
(c) Domestication (d) Rationalisation
44. If Balance of Trade of nation shows deficit of ₹ 300 crore. The value of Exports are ₹ 400 crores and transfer payments are ₹ 50 crore. ₹ crore will be the value of imports.
(Choose the correct alternative)
- (a) 1700 (b) 1500
(c) 300 (d) 700
45. Read the following statements and choose the correct alternative from the alternatives given below:
- Statement 1:** Unemployment and Poverty are directly related.
Statement 2: Unemployment refers to a situation when some one, who is able and willing to work, does not find work at prevailing wage rate; this may result into poverty of the masses.
- Alternatives:**
(a) Both the statements are true.
(b) Both the statements are false.
(c) Statement 1 is true and statement 2 is false.
(d) Statement 2 is true and statement 1 is false.
46. Read the following statement - Assertion (A) and Reason (R), choose one of the correct alternative given below:
- Assertion (A):** Managed floating exchange rate system is also known as 'hybrid system'.
Reason (R): Managed floating exchange rate system is a combination of a flexible and fixed exchange rate system.
Alternatives:
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

- (c) Assertion (A) is true but Reason (R) is false.
 - (d) Assertion (A) is false but Reason (R) is true.
47. From the following, identify the incorrect statement in the light of India’s pre- independence occupational structure:
- (a) Agricultural sector accounted for the largest share of workforce.
 - (b) Industrial and Service sectors grew at a faster rate than the agriculture sector.
 - (c) Agriculture sector was marked with disguised unemployment.
 - (d) Unbalanced growth was created due to unequal distribution of workforce.
48. Identify the organisation, which is functioning as an apex organisation to provide quality school education.
(Choose the correct alternative)
- (a) University Grants Commission
 - (b) Indian Council for Medical Research
 - (c) All India Council of Technical Education
 - (d) National Council of Educational Research and Training
- (a) 7.96 (b) 7.08
(c) 4.12 (d) 3.85
51. Revenue deficit in the government budget is:
(Choose the correct alternative)
- (a) Fiscal deficit + Interest Payments
 - (b) Total Expenditure – Total Receipts
 - (c) Total Receipts – Total Expenditure
 - (d) Revenue Expenditure – Revenue Receipts
52. Which of the following is a non-tax receipts?
(Choose the correct alternative)
- (a) Gift Tax (b) Sales Tax
 - (c) Dividend (d) Excise duty
53. Expenditure on old-age pensions is an example of expenditure.
(Choose the correct alternative)
- (a) capital (b) revenue
 - (c) debt creating (d) asset creation
54. is/are debt creating capital receipts for the Government. (Choose the correct alternative)
- (a) Recovery of loans from State government
 - (b) Sale of Public Sector Undertakings
 - (c) Borrowings from World Bank
 - (d) Partial sale of government shares in a company

Section-C

Q. No. 49-54 are to be answered on the basis of following data:

S. No.	Items	Budget Expenditure 2020-21 (percentage of GDP)
(i)	Revenue Receipts	20.21
(ii)	Gross Tax Receipts	24.23
(iii)	Net Tax Receipts	16.36
(iv)	Non-Tax Receipts	3.85
(v)	Non-debt Capital Receipts	2.25
(vi)	Non-debt Receipts	22.46
(vii)	Total Expenditure	30.42
(viii)	Revenue Expenditure	26.30
(ix)	Capital Expenditure	4.12

49. Identify the value of fiscal deficit:
(Choose the correct alternative)
- (a) 6.09 (b) 7.96
 - (c) 3.85 (d) 4.12
50. If primary deficit is 0.88, the value of interest payment would be
(Choose the correct alternative)

Q. No. are to be answered on the basis of the following text:

To make India a globally competitive economy, there must be a larger focus on exporting to the most demanding markets. A stronger participation of Indian Micro, Small and Medium Enterprises (MSMEs) in the global market can accelerate such a growth. This will lead to more opportunities in scaling up production, will speed up innovation and productivity. The MSME sector in India is the backbone of our country’s economic structure and without this the country cannot progress. With over 63 million, MSME units, this sector covers 80% of the industries. This sector accounts for 31% of GDP and 45% of total exports. It is also thee second largest employer in India providing jobs to over 120 million people. The MSME’s should work towards becoming a part of global value chains (GVCs). It must also, find new opportunities to integrate themselves with the GVCs as exporters.

55. Read the following statements - **Assertion (A)** and **Reason (R)** carefully, choose the correct alternative given below:
- Assertion (a):** Globalisation has resulted in higher inflows of foreign exchange in the Indian economy.

Reason (R): Globalisation implies integration of domestic economy with rest of the world through trade and capital flow.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true but Reason (R) is false.
- (d) Assertion (A) is false but Reason (R) is true.
56. Which of the following is not a feature of MSMEs?
(Choose the correct alternative)
- (a) It involves use of more labour and less capital
- (b) It aims at balanced regional development
- (c) It leads to concentration of wealth in few hands
- (d) Promotion of social welfare.
57. On the basis of the given text and common knowledge, identify the incorrect statement.
(Choose the correct alternative)
- (a) A stronger participation of MSMEs helps in fulfilling export demand and accelerating growth in India.
- (b) Globalisation brings innovation and hence enhances productivity.
- (c) MSMEs is a part of global value chains.
- (d) MSMEs are the nominal source of employment in India.
58. Identify the incorrect statements from the following:
(Choose the correct alternative)
- (a) MSMEs covers 80 per cent of industries in the country.
- (b) MSMEs accounts for more than 50 per cent of exports.
- (c) MSMEs provides job to over 120 million people.
- (d) MSMEs accounts for 31 per cent of Gross domestic product.
59. Vocal for local initiative of the Government of India is a boon for the MSMEs segment as it
(Choose the correct alternative)
- (i) reduces dependence on other countries for import
- (ii) boost entrepreneurship in the country
- (iii) save foreign exchange
- (iv) uses superior technology
- Alternatives:**
- (a) (i) and (ii) (b) (i), (ii) and (iv)
- (c) (i), (ii), (iii) and (iv) (d) (i), (ii) and (iii)
60. is the outcome of structural measure under new economic policy.
(Choose the correct alternative)
- (i) Improves efficiency
- (ii) Increase International Competitiveness
- (iii) Remove Rigidities
- Alternatives:**
- (a) (i) only (b) (i) and (ii)
- (c) (i), (ii) and (iii) (d) (iii) only

ANSWERS

Section-A

1. (c) Create equitable distribution of income

Explanation: Free distribution of income is a sign of social justice. Government under Ujjwala scheme is trying to reduce the gap between rich and poor. Government sells LPG gas at a high rate to those who can afford it. The money thus collected is spending as expenditure in providing free gas cylinders to poor people.

2. (c) Merchandise

Explanation: Balance of trade only records merchandise which means goods. Export and import of goods is recorded in BOT whereas import and export of goods and services are recorded in Balance of payment.

3. (c) (i), (ii) and (iii) Deposits are liabilities of Banks, Commercial banks are creators of many and commercial banks accept deposits of the general public.

Explanation: Deposits are liabilities owed by the bank to the depositor because after a prescribed date bank has to return it to the depositor with a rate of interest depending on the nature of deposit.

Commercial banks are also creators of money in the economy. It is done through demand deposits. The creation of demand deposits leads to the creation of more credit than the initial deposits. Commercial banks accept deposits of the general public in various forms like current account deposits, fixed deposits and savings deposits.

4. (a) Investment by Indian investor under Make in India programme.

Explanation: Investment by Indian investor under Make in India programme is not a part of India's BOP. Because, Balance of payment is a statement showing the economic transaction between residents and rest of the world during a given year. In this case there is no economic transaction between the country and rest of the world as investment is made by an Indian in Indian rupee in India.

5. (a) Both statements are true.

Explanation: Demonetization was introduced in India on November 8, 2016 to tackle the problem of corruption, black money, terrorism and circulation of fake currency. It has led to an increase in digital transaction as people started searching for alternative channels due to cash crunch. After that also most of them are sticking on to cashless transactions.

6. (d) At a particular point of time.

Explanation: Money supply refers to total volume of money held by public at a particular point of time in an economy. It is a stock concept.

7. (d) (ii) only

Explanation: All currencies other than domestic currency are known as forex or foreign exchange. For example in India, US dollar is a foreign exchange.

8. (a) Both the statements are true.

Explanation: Union budget is presented by the finance minister for the next fiscal year. It is the financial statement that shows the receipts and expenditure during a fiscal year.

9. (c) Current account deficit in a nation occurs when the foreign exchange receipts in current account fall short of foreign exchange payments in current account.

Explanation: Current account deficit occurs when foreign exchange receipts of a country are less than foreign exchange payments.

Options A: is wrong because trade deficit occurs only when total value imports is more than total value of exports.

Options B: is wrong because trade surplus occurs when total value of exports is more than total value of imports.

Options D: is wrong because current account surplus occurs when credit items in Current account of BOP are more than debit items.

10. (b) Banker to the public.

Explanation: Central bank or reserve bank cannot be a banker to the public. It acts as a banker to the government.

RBI is the currency issuing authority. It is also banker's banks and also RBI controls money supply. So all these 3 are the functions of RBI.

11. (d) Co-existence of private and public sector.

Explanation: Mixed economy is an economy where private and public sector coexists and which has both the features of capitalistic economy and socialistic economy.

12. (a) Statement 1 is true and statement 2 is false

Explanation: Zamindari system was introduced by the government to keep full control over the revenue system. But statement 2 given is false. Because zamindars were just an intermediary between farmers and the British as they had to return the revenue collected from tillers. They were not allowed to keep the revenue collected.

13. (b) Production of domestic industries from foreign competition

Explanation: Import substitution is an objective of the government aims at reducing imports and promoting domestic industries.

14. (c) Both statements are true.

Explanation: Both statements are true as now poverty is estimated by NITI AAYOG as it has replaced the planning commission. Since Independence, poverty has reduced in India. At the time of Independence poverty rate was almost 80 percentage of the population where as it is only 25 percentage of the population as per 2022 estimates (MPI)

15. (c) Both statements are true.

Explanation: LPG reforms were introduced in 1991 in India. Liberalization was a part of the policy as it has reduced the restrictions imposed by the government on private sector.

16. (c) All types of direct and indirect taxes have been subsumed by it.

Explanation: GST is an indirect tax. So all types of indirect taxes have only been subsumed by it not direct taxes. So the given statement is false.

17. (b) Borrowings from rest of the world.

Explanation: Borrowings from abroad are included in the credit side of capital account of BOP as foreign exchange is coming to the economy and it is a credit item in the capital account.

18. (c) Micro-credit system has helped men in rural areas to become self-dependent.

Explanation: Micro credit has helped women to become self dependent by increasing women's access to financial services.

19. (c) Both statements are true.

Explanation: Both statements are true. Capital receipts refer to those which either create a liability or cause a reduction in the assets of the government. Government may grant loans to various state governments and union territories. Recovery of such loan is capital receipt as it reduces the assets of the government.

20. (c) (i), (ii), (iii) and (iv) Lack of income generating assets, limited skills availability, lack of job security and lack of opportunity.

Explanation: Urban poor lacks income generating assets. They have only limited skills. They lack job security and lack job opportunities. So all given statements are true.

21. (c) It issues one rupee note and coins.

Explanation: In India, ministry of finance issues 1 Rupee notes except other currency notes. Coins are also minted by the ministry of finance on behalf of the government.

22. (d) Low level of literacy, high mortality rates and low life expectancy.

Explanation: On the eve of Independence, India was having low literacy rate, high mortality rate and low life expectancy. Literacy rate was only 12%. Life expectancy was only 32 years of age

23. (d) Subsidies mainly benefits the fertilizers industry and big farmers.

Explanation: One of the criticisms against agriculture subsidy is that it has helped fertilizer industry and rich farmers. Fertilizer subsidy ultimately goes to the fertilizer industry even though farmer will be able to buy fertilizer at a low price. Thus it has helped rich industrialists to boost their production and even rich farmers are availing benefit from subsidy.

24. (c) Under the colonial rule, India generated export surplus.

Explanation: Under British rule India generated export surplus. British government had exported primary or agricultural products to Britain, Srilanka ,Iran etc and generated export surplus. But it did not result in any flow of gold or silver into India. This surplus was taken by the British government to meet their war expenses and thus there was drain of wealth from India to Britain.

Section-B

25. (c) (iii) only A foreign investor buying shares in Indian Markets.

Explanation: Foreign portfolio investment in India refers to the foreign company or investor buying Indian company shares from our market.

26. (c) Both the statements are true.

Explanation: Commercial banks park a percentage of their deposits with RBI to reduce credit especially during inflation. If more money is with RBI, this would reduce the money available with commercial banks, reducing the availability of credit.

27. (d) Goods produced by the small scale industries were deserved.

Explanation: Option D is not a valid statement. Because goods produced by small scale industries were not deserved under this policy. All the other three statements are correct.

28. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Explanation: Rural banking has helped farmers to avail benefits of credit facilities to meet their needs. After independence there was an expansion in farm and non-farm output, income as well as employment.

29. (c) Human capital is separable from its owner.

Explanation: This statement is incorrect because we cannot separate human capital from its owner because without owner we will not get this service.

30. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Explanation: Rural poor migrates to cities in search of employment and livelihood resulting into urban poverty. So urban poverty is a spillover of rural poverty

31. (c) Each account holder is entitled to ₹ 5,00,000 accidental insurance and ₹ 30,000 life insurance.

Explanation: All other options are true. As per Pradhan Mantri Jan-Dhan Yojana Life Insurance cover for the account holder is ₹ 30,000 and accidental insurance cover of ₹ 1 lakh and not ₹ 50,000.

32. (d) Expenditure per student at tertiary level is higher than that of elementary level of education.

Explanation: Educational expenditure per student at tertiary level of education is higher than that of elementary education in India even though expenditure on elementary education is more than expenditure on tertiary education in total educational expenditure.

33. (b) Number of people engaged in different sectors.

Explanation: Structural composition means number of people engaged in all the three sectors which are primary sector, secondary sector and tertiary sector.

34. (b) Statement 2 is true and statement 1 is false.

Explanation: Adoption of modern technology is only a part of modernization. So the first sentence is wrong whereas second sentence is correct. If equal opportunities are given to the women at workplace their efficiency or productivity will improve and more and more women will join the workforce.

35. (d) Diversification activities are not beneficial.

Explanation: Diversification activities are beneficial as it helps to overcome poverty, provides supplementary employment opportunities. It is essential because if there is no diversification, there is greater risk in engaging only in farming for livelihood.

36. (a) 4, 25%

Explanation: Deposit multiplier = Total deposits / initial deposits
 $= ₹ 1000 / ₹ 250 = 4$
 Cash reserve ratio is $= 1 / \text{deposit multiplier} \times 100$
 $1/4 \times 100 = 25$

37. (b) Export of machinery is recorded in capital account.

Explanation: Exports of machinery is recorded in current account and not capital account because machinery is a good and import and export of goods are only records in the current account.

38. (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

Explanation: Empirical evidence to prove that increase in human capital causes economic growth is rather nebulous because of measurement problems. This is because education measured in terms of years of schooling, teacher pupil ratio etc. do not reflect the quality of education, health services measured in monetary terms, life expectancy and mortality rate does not measure health status of the people in an economy. Using the indicators mentioned above an analysis of improvement in health, education and growth in per capita income In both developed and developing countries shows that there is convergence in the measures of human capital but no convergence of per capita real income.

39. (a) Agricultural Diversification

Explanation: Agricultural diversification involves assembling, storage, processing, transportation, packaging, grading and distribution of various agricultural goods across the country.

40. (d) Majority of rural people have access basic necessities of life.

Explanation: Rural India lacks basic facilities so majorities of rural people have only less access to health facilities.

41. (d) Assertion(A) is false but Reason (R) is true.

Explanation: Assertion A is false. Notes and coins are only one of the sources of money supply, demand deposits other deposits with RBI, savings deposits with Post office Savings Bank, time deposit with banks, total deposit with Post office savings bank etc. are also the sources of money supply.

42. (b) (i), (ii) and (iii)

Explanation: ICDS, PDS AND Mid-day meal programmes are the one started by the government to improve nutritional status of poor.

43. (b) Money multiplier

Explanation: Number of times the commercial banks are able to create deposits with the help of initial deposit and reserve ratio is only known as deposit multiplier or money multiplier.

44. (d) 700

Explanation: Value of Export – value of Import is only Balance of Trade.

$$\begin{aligned} \text{Here BOT} &= -300 \\ \text{Value of exports} &= ₹ 400 \\ \text{Value of imports} &= ? \\ 400 - \text{value of imports} &= -300 \\ \text{Value of imports} &= 400 + 300 = ₹ 700 \end{aligned}$$

45. (a) Both the statements are true.

Explanation: Unemployment is a situation in which all those who are able and willing to do a job are not getting job. Unemployment leads to poverty of the masses.

46. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Explanation: Managed floating system is a combination of fixed and flexible exchange rate system. It is known as hybrid system as it is a mixture of both fixed and flexible exchange rate systems.

47. (b) Industrial and Service sectors grew at a faster rate than the agriculture sector.

Explanation: Industrial and service sectors growth rate was high when compared to agriculture sector during the British rule. India was an agrarian economy during the pre-independence period as agriculture contributed more to GDP than the other sectors.

48. (d) National Council of Educational Research and Training

Explanation: NCERT is the apex institution which ensures quality school education. UGC is the apex institution in higher education. ICMR is the apex body to ensure quality medical education. AICTE is the apex body regulating engineering education.

Section-C

49. (b) 7.96

Explanation: Fiscal deficit = Revenue deficit + (Capital expenditure – Non-debt creating capital receipts)
 Revenue deficit = Revenue expenditure – Revenue receipts = 26.30 – 20.21 = 6.09
 Revenue deficit + (Capital expenditure – Non-debt creating capital receipts) = 6.09 + (4.12 – 2.25) = 7.96

50. (b) 7.08

Explanation: Primary deficit = fiscal deficit – Interest payments
 $0.88 = 7.96 - \text{interest payments}$
 Interest payments = fiscal deficit – Primary deficit
 $= 7.96 - 0.88 = 7.08$

51. (d) Revenue Expenditure – Revenue Receipts

Explanation: Revenue deficit = Revenue expenditure – Revenue receipts

52. (c) Dividend

Explanation: Dividend is a non-tax receipt. It is a part of company's profit that is paid to the people who own shares in it.

53. (b) revenue

Explanation: Revenue expenditure refers to the expenditure which neither creates any asset nor causes reduction in any liability of the government. Old age pension is an example.

54. (c) Borrowings from World Bank

Explanation: The capital receipts that must cause a decrease in assets are only debt creating assets. Money borrowed from World Bank at low interest rate creates liability or reduce assets and thus treated as capital receipt.

55. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Explanation: Globalisation is the integration of domestic economy with world economy. It has resulted in higher inflows of foreign exchange to our country due to increase in exports to other countries.

56. (c) It leads to concentration of wealth in few hands.

Explanation: Medium and small scale enterprises does not lead to the concentration of wealth in the hands of few individuals. MSME's uses labour intensive techniques. It promotes social welfare and ensures balanced regional development.

57. (d) MSMEs are the nominal source of employment in India.

Explanation: MSME's are the major source of employment opportunities in India. It has Created million jobs in India as per the 73rd NSSO. (2015-2016)

58. (b) MSMEs accounts for more than 50 per cent of exports.

Explanation: MSME's accounts for only 45 percentage of total exports.

59. (d) (i), (ii) and (iii) Reduces dependence an other countries for import, Boost entrepreneurship in the country and save foreign exchange.

Explanation: Vocal for local is a part of Atmanirbhar Bharat Abhiyaan or self-reliant India programme that reduces dependence on other countries for import, boosts entrepreneurship in India, saves foreign exchange and uses superior technology.

60. (c) (i), (ii) and (iii) Improves efficiency, increase international competitiveness and remove rigidities.

Explanation: New Economic Policy was framed in 1991 by Dr. Manmohan Singh the then Finance Minister which has improved efficiency, increased international competitiveness and removed rigidities.

Term – I

OMR SHEET

Booklet Series

A

Use English Numbers / Letters only. Use Blue / Black Ball Point Pen to write in box.

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IMPORTANT

The candidate should check that the Test Book Series printed on the OMR Sheet is the same as printed on the Test Booklet. In case of discrepancy, the candidate should immediately report the matter to the invigilator for replacement of both the Test Booklet and the Answer Sheet.

Darken the circle for each question.

Q.No.	Response	Q.No.	Response	Q.No.	Response	Q.No.	Response
01	(A) (B) (C) (D)	16	(A) (B) (C) (D)	31	(A) (B) (C) (D)	46	(A) (B) (C) (D)
02	(A) (B) (C) (D)	17	(A) (B) (C) (D)	32	(A) (B) (C) (D)	47	(A) (B) (C) (D)
03	(A) (B) (C) (D)	18	(A) (B) (C) (D)	33	(A) (B) (C) (D)	48	(A) (B) (C) (D)
04	(A) (B) (C) (D)	19	(A) (B) (C) (D)	34	(A) (B) (C) (D)	49	(A) (B) (C) (D)
05	(A) (B) (C) (D)	20	(A) (B) (C) (D)	35	(A) (B) (C) (D)	50	(A) (B) (C) (D)
06	(A) (B) (C) (D)	21	(A) (B) (C) (D)	36	(A) (B) (C) (D)	51	(A) (B) (C) (D)
07	(A) (B) (C) (D)	22	(A) (B) (C) (D)	37	(A) (B) (C) (D)	52	(A) (B) (C) (D)
08	(A) (B) (C) (D)	23	(A) (B) (C) (D)	38	(A) (B) (C) (D)	53	(A) (B) (C) (D)
09	(A) (B) (C) (D)	24	(A) (B) (C) (D)	39	(A) (B) (C) (D)	54	(A) (B) (C) (D)
10	(A) (B) (C) (D)	25	(A) (B) (C) (D)	40	(A) (B) (C) (D)	55	(A) (B) (C) (D)
11	(A) (B) (C) (D)	26	(A) (B) (C) (D)	41	(A) (B) (C) (D)	56	(A) (B) (C) (D)
12	(A) (B) (C) (D)	27	(A) (B) (C) (D)	42	(A) (B) (C) (D)	57	(A) (B) (C) (D)
13	(A) (B) (C) (D)	28	(A) (B) (C) (D)	43	(A) (B) (C) (D)	58	(A) (B) (C) (D)
14	(A) (B) (C) (D)	29	(A) (B) (C) (D)	44	(A) (B) (C) (D)	59	(A) (B) (C) (D)
15	(A) (B) (C) (D)	30	(A) (B) (C) (D)	45	(A) (B) (C) (D)	60	(A) (B) (C) (D)