

## General Instructions:

- i) This question paper contains two sections:  
Section A – INTRODUCTORY MACROECONOMICS  
Section B – INDIAN ECONOMIC DEVELOPMENT
- ii) Questions 1-10 and 18-27 are very short answer questions of 1 mark each.  
Answer them in one sentence each/write the correct option on your answer sheet.
- iii) Questions 11-12 and 28-29 are short answer questions of 3 marks each.  
Answer them in a maximum of 60 to 80 words each.
- iv) Questions 13-15 and 30-32 are short answer questions of 4 marks each.  
Answer them in a maximum of 80 to 100 words each.
- v) Questions 16-17 and 33-34 are long answer questions of 6 marks each.  
Answer them in a maximum of 100 to 150 words each.

**SECTION - A (INTRODUCTORY MACROECONOMICS)**

1. GST is a direct tax. State true or false giving reason. 1
  2. Money supply refers to: (Choose the correct alternative) 1
    - a) Currency with the public and all bank deposits in banks.
    - b) Currency and demand deposits in the banks.
    - c) Currency with the public and demand deposits in banks.
    - d) All currency issued by the central bank and all bank deposits.
  3. On the basis of the figure given below, identify the type of flow indicated by B and D: 1  
Alternatives:
    - a) Nominal Flow
    - b) Real Flow
    - c) National Flow
    - d) Money Flow
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4. \_\_\_\_\_ and \_\_\_\_\_ are two central taxes subsumed by the GST. 1  
(Fill up the blanks with the correct answer)
  5. Which of the following is not a flow variable? (Choose the correct alternative) 1
    - a) Capital
    - b) Investment
    - c) Income
    - d) Depreciation
  6. If Real GDP is ₹500 and Price Index is 125, Nominal GDP will be \_\_\_\_\_. 1  
(Fill up the blank with the correct answer)
  7. Define Public Good. 1
  8. "The value of all goods and services can be expressed in monetary units."  
On the basis of the given statement, identify the function performed by money: 1  
(Choose the correct alternative)
    - a) Medium of exchange
    - b) Store of Value
    - c) Unit of account
    - d) Standard of deferred payments
  9. Define Statutory Liquidity Ratio. 1  
(OR)  
What is Bank Money? 1
  10. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. 1  
**ASSERTION (A)** : In order to reduce credit in the economy, RBI will buy securities in the open market.  
**REASON (R)**: Open market operations refer to buying and selling of government securities or bonds by the Central bank from/to the commercial banks and the public.  
Alternatives:
    - a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).
    - b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
    - c) Assertion (A) is true, but Reason (R) is false.
    - d) Assertion (A) is false, but Reason (R) is true.

11. 'GDP is not a true indicator of economic welfare of the people of a country'. Justify the given statement giving three reasons in support of your answer. 3  
(OR)  
Suppose only one good 'X' is produced in a country. Output of good X in 2021 and 2022 was 100 and 110 units respectively. The market price of good X during the two years was ₹50 and ₹55 per unit respectively.  
Calculate the percentage change in Real GDP and percentage change in Nominal GDP in 2022 using 2021 as the base year. 3
12. On the basis of the given information, calculate the value of:  
i) Fiscal deficit ii) Primary deficit 3
- |      | Items                              | (₹ crores)              |
|------|------------------------------------|-------------------------|
| i.   | Tax Receipts                       | 15                      |
| ii.  | Interest Payments                  | 4                       |
| iii. | Capital Expenditure                | 15                      |
| iv.  | Non-Debt creating Capital Receipts | 50% of Revenue Receipts |
| v.   | Revenue Deficit                    | 10                      |
| vi.  | Non-Tax Receipts                   | 5                       |
13. a) Giving valid reasons, explain how the following would be treated while estimating National income:  
i) Payment of indirect taxes by a firm.  
ii) Purchase of goods by foreign tourists. 2+2  
b) Distinguish between Factor Income and Transfer Income. 2+2
14. Define credit multiplier. What role does the Legal Reserve Ratio play in determining the credit creation capacity of the banking system? Use a numerical illustration to explain. 1+3
15. Elaborate the function of central bank as 'Banker, Agent and Advisor' of the government. 4  
(OR)  
Explain the following functions of money:  
a) Medium of Exchange b) Unit of Account 2+2
16. a) On the basis of the given data, estimate the value of Domestic Income:  

|       | Items                                    | Amount (₹ crores) |
|-------|--|-------------------|
| i.    | Household Consumption Expenditure        | 600               |
| ii.   | Gross Fixed Capital Formation            | 200               |
| iii.  | Net Indirect Tax                         | 120               |
| iv.   | Government Final Consumption Expenditure | 200               |
| v.    | Change in stocks                         | 40                |
| vi.   | Net Imports                              | 40                |
| vii.  | Net Factor Income To Abroad              | (-) 20            |
| viii. | Consumption of Fixed Capital             | 40                |
- b) State any two precautions that need to be taken while using Income Method for estimating National Income. 4+2
17. a) Differentiate between Revenue Receipts and Capital Receipts.  
b) Explain the 'Economic stability' objective of Government Budget. 3+3  
(OR)  
a) Categorise the following into revenue and capital expenditure. Give reason.  
i) Expenditure on subsidies  
ii) Purchase of land by Railways  
iii) Repayment of loans by the government.  
b) Explain 'Allocation of resources' as an objective of the Government Budget. 3+3
- SECTION – B (INDIAN ECONOMIC DEVELOPMENT)**
18. The structural reforms that were taken up by the government in 1991 to tide over the foreign exchange crisis in India included: (Choose the correct alternative) 1  
a) land to tiller policy b) abolition of industrial licensing  
c) import substitution policy d) increasing role of public sector
19. State the two-fold motive of the British empire in India. 1  
(OR)  
Enlist any two features of India's demographic profile during the colonial period. 1

20. Define marketed surplus. 1
21. 'The government has been spending a little above 4% of GDP on education as per the recommendations of the Education Commission of 1964-66. State true or false giving reason. 1
22. In 1955, Karve Committee was formed to look into \_\_\_\_\_. 1  
(Fill up the blank with the correct answer)
23. Define agricultural marketing. 1
24. Arrange the following events during the British rule in chronological order and choose the correct sequence from the alternatives given below. 1
- i. Second stage of demographic transition
  - ii. Opening of Suez Canal
  - iii. Inauguration of aviation sector in India
  - iv. Incorporation of TISCO
- Alternatives:**
- a) i, ii, iii, iv
  - b) ii, iv, i, iii
  - c) ii, iv, iii, i
  - d) ii, iii, i, iv
25. GATT stands for \_\_\_\_\_ and was established in the year \_\_\_\_\_. 1  
(Fill in the blanks with the correct answer)
26. Name one government organisation each responsible for regulating the education and health sector in India respectively. 1
27. Match the items of Column I with their respective terms in Column II and choose the correct alternative given below.

| Column I         | Column II  |
|------------------|--|
| A. Growth        | (i) Adoption of new technology to increase the production of goods and services.   |
| B. Modernisation | (ii) Avoiding imports of those goods which could be produced in India itself.  |
| C. Self Reliance | (iii) Every Indian should be able to meet his/ her basic needs such as food, housing, education and health and inequality in distribution of wealth should be reduced. |
| D. Equity        | (iv) Increase in the country's capacity to produce the output of goods and services within the country.  |

Alternatives:

- a) A (iv) B (iii) C (ii) D (i)
  - b) A (ii) B (iii) C (iv) D (i)
  - c) A (iv) B (i) C (ii) D (iii)
  - d) A (iv) B (i) C (iii) D (ii)
28. Discuss any three challenges facing rural development in India. 3  
(OR)  
"Jan-Dhan-Yojna helps in the rural development." Justify giving reasons. 3
29. Highlight the salient features of India's pre-independence occupational structure. 3
30. Why and how was the private sector regulated under the Industrial Policy Resolution of 1956? 4  
(OR)  
Examine the need and types of land reforms introduced in India after Independence. 4
31. Explain the steps taken by the government to promote agricultural marketing in India. 4
32. How does 'Investment in Human Capital' contribute towards growth of an economy? 4

33. a) What objectives did the British intend to achieve through their policies of infrastructure development in India?  
 b) Argue in favour of the need for different forms of government intervention in education and health sectors in India. 3+3
- (OR)
- a) Indicate the composition, volume and direction of foreign trade in India at the time of Independence.  
 b) Analyse the data given below and comment on the trends in educational attainment in India from 1990 to 2017-18. 3+3

**Educational Attainment in India**

| Sl.No. | Particulars  | 1990 | 2000 | 2011 | 2017-18 |
|--------|--|------|------|------|---------|
| 1.     | Adult Literacy Rate (per cent of people aged 15+)        |      |      |      |         |
|        | 1.1 Male   | 61.9 | 68.4 | 79   | 82      |
|        | 1.2 Female   | 37.9 | 45.4 | 59   | 66      |
| 2.     | Primary completion rate (per cent of relevant age group) |      |      |      |         |
|        | 2.1 Male   | 78   | 85   | 92   | 93      |
|        | 2.2 Female   | 61   | 69   | 94   | 96      |
| 3.     | Youth literacy rate (per cent of people aged 15+ to 24)  |      |      |      |         |
|        | 3.1 Male   | 76.6 | 79.7 | 90   | 93      |
|        | 3.2 Female   | 54.2 | 64.8 | 82   | 90      |

34. Read the following text carefully:

**India's Economic Reforms: Achievements and Next Steps**

Industrial licensing, which was earlier applicable for all industries except a defined list, was now abolished for all but a handful of industries. This meant 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 industries was previously specified in the license, the abolition of industrial licenses meant that location was left to investors to decide, setting the stage for different states to compete with each other to attract private investment.

Earlier, the Monopolies and Restrictive Trade Practices (MRTP) Act provided that all investments by companies with total assets exceeding 1 billion needed special scrutiny to ensure that it would not increase concentration of economic power. These restrictions were abolished and the MRTP Act was to be used to check anti-competitive behaviour.

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.

- Montek S. Ahluwalia, *India's Economic Reforms: Achievements and Next Steps Asian Economic Policy Review, 2018*

On the basis of the given text and common understanding, answer the following questions:

- a) Discuss any three liberalisation measures pertaining to the industrial sector, introduced by the Government of India during the economic reform process of 1991.  
 b) Economic reforms of 1991 were widely criticized for favouring only the tertiary sector in India. Examine the effects of these reforms on the Indian agricultural setctor. 3+3