

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. In an economy, the break-even point and equilibrium point may lie at the same level of income if ex-ante investments are _____. (Fill up the blank with the correct answer) 1

2. Read the following statements carefully:
Statement 1: Induced consumption shows a direct relation between consumption and income.
Statement 2: With an increase in income, autonomous consumption also increases.
In the light of the given statements, choose the correct alternative from the following: 1

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

3. Match the items in Column I with those in Column II and choose the correct alternative given below: 1

Column I	Column II
1. Formation of financial intermediaries	A. Measure of Value
2. Facilitates accounting	B. Medium of Exchange
3. Removes double co-incidence of wants	C. Store of Value
4. Storage of purchasing power	D. Standard of Deferred payments

Alternatives:

- a) 1-A, 2-C, 3-B, 4-D
- b) 1-D, 2-A, 3-B, 4-C
- c) 1-D, 2-A, 3-C, 4-B
- d) 1-A, 2-B, 3-D, 4-C

4. In case of Excess Demand, which of the following is true? 1

- a) Real output and employment increase.
- b) There is an unplanned increase in inventories.
- c) Prices tend to fall.
- d) There is an increase in nominal output.

5. Punjab National Bank receives a deposit of ₹ 80,000 and the legal reserve requirement is 20%. By the process of credit creation, the number of times this deposit will get multiplied will be: 1
(Choose the correct alternative)

- a) 4 times
- b) 2 times
- c) 10 times
- d) 5 times

6. Read the following statements carefully: 1

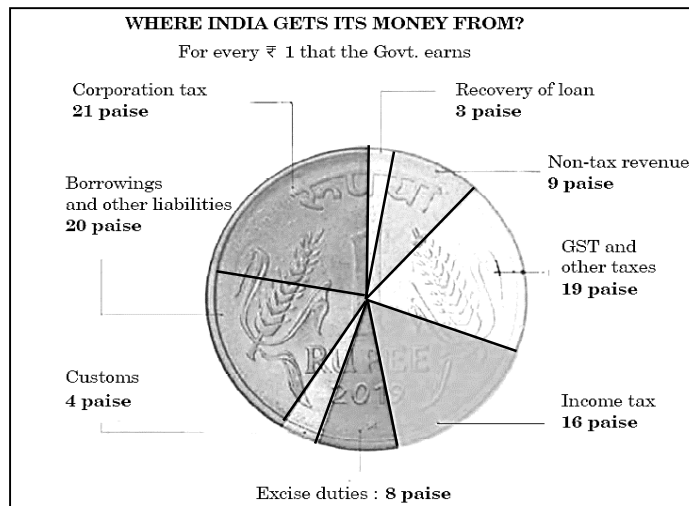
Statement 1: Import of machinery by India will be recorded on debit side of capital account of BOP.

Statement 2: Foreign Direct Investments in India will be recorded on credit side of capital account of BOP.

In the light of the given statements, choose the correct alternative:

- a) Statement 1 is true and Statement 2 is false.
 b) Statement 1 is false and Statement 2 is true.
 c) Both Statements 1 and 2 are true.
 d) Both Statements 1 and 2 are false.
7. Which of the following statements is true? (Choose the correct alternative) 1
 a) Loans from IMF is a revenue receipt.
 b) Borrowings by the government represent a situation of fiscal deficit.
 c) Higher revenue deficit necessarily leads to higher fiscal deficit.
 d) Revenue deficit is the excess of total expenditures over the revenue receipts.
8. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. 1
 ASSERTION (A): A surplus budget is useful when there are inflationary conditions in the economy.
 REASON (R): A surplus budget is one where total budgetary expenditures exceed total budgetary receipts of the government.
 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, but 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.
9. Identify which of the following statements is true? (Choose the correct alternative) 1
 a) In the Managed floating exchange rate system, the government intervenes to buy and sell foreign currencies.
 b) In the Fixed exchange rate system, market forces fix the exchange rate.
 c) In the Managed floating exchange rate system, the central bank intervenes to moderate exchange rate fluctuations.
 d) The Flexible exchange rate system requires maintenance of large stocks of foreign exchange reserves for maintaining the exchange rate.
10. Which of the following is not a final good? (Choose the correct alternative) 1
 a) Car purchased by a school. b) Car purchased by a household.
 c) Car purchased by a dealer. d) Car purchased by a taxi service operator.
11. In a hypothetical economy there are only two Firms A and B. 3
 Firm A sold goods for ₹2,000 to Firm B and purchased goods for ₹1,000.
 Firm B exported goods for ₹2,500 and had domestic sales of ₹1,500.
 Calculate the Value Added by A and B. Also, calculate Net Domestic Product at market price if consumption of fixed capital is ₹200.
12. Discuss the working of the adjustment mechanism if ex-ante investments are less than ex-ante savings.
 (OR)
 In an economy, the equilibrium level of income is ₹12,000 crore. The ratio of marginal propensity to consume and marginal propensity to save is 4:1. Calculate the additional investment needed to reach a new equilibrium level of income of ₹20,000 crore. 3
13. a) The following news was published in The Economic Times on 26th March 2023: 'Reserve Bank of India has sold government securities worth ₹ 8,710 crore in the secondary market, over the last four weeks, to drain out excessive liquidity'. Identify the measure and the consequences behind this type of action plan of the Reserve Bank of India.
 b) Briefly discuss the components of money supply. 2+2

14.



- a) From the information given in the diagram, identify two items, one each of revenue receipt and capital receipt, stating valid reasons.
 - b) Differentiate between Revenue Deficit and Fiscal Deficit.
- (OR)
- a) From the information given in the diagram, identify two items, one each of direct tax and indirect tax, stating valid reasons.
 - b) Calculate the value of Revenue Receipts from the given diagram. 2+2

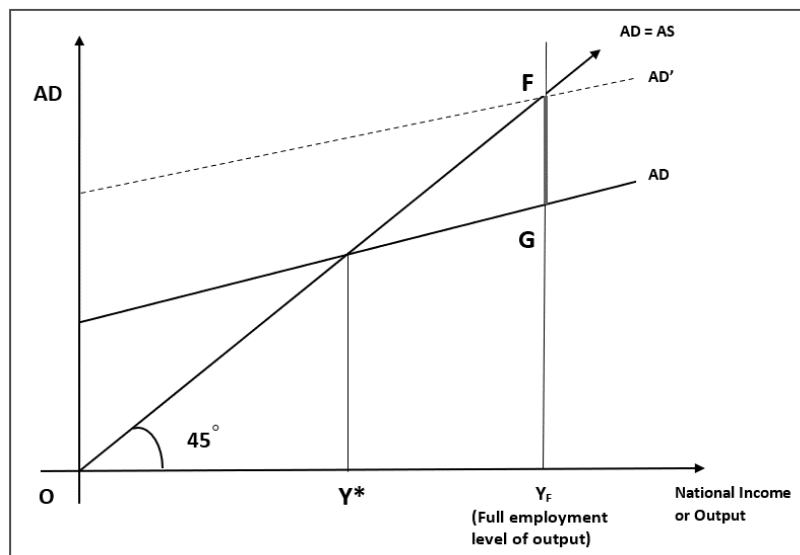
15.

- a) "Of late, many MNCs from US and Western Europe are shifting their production base to India." In the light of the above statement, comment upon the likely impact on the foreign exchange rate in India.
- b) What are autonomous transactions? Give two examples of autonomous transactions, one each from current and capital account of BOP. 2+2

16.

- a) What are Real flows and Nominal flows in the circular flow of income?
- b) Define GDP Deflator. Why is Real GDP a better measure for making periodic comparisons of economic growth in a country?
- c) State True or False giving reason:
 - i) Inventory is a flow concept.
 - ii) Domestic income can be more than National income in an economy. 2+2+2

17.



- a) Identify 'FG' in the given figure and define it. Discuss any two monetary measures to correct the same.
- b) Defend or Refute the following statements giving reason:
 - i) APC can be greater than one.
 - ii) The minimum value of the multiplier is zero.

(OR)

- a) How does an increase in investment affect the level of national income in an economy? Explain its working with the help of a numerical example.
- b) Explain the components of Aggregate Demand in a two sector economy. 4+2

SECTION - B (INDIAN ECONOMIC DEVELOPMENT)

- 18. Which of the following statements is not true about British rule in India? (Choose the correct alternative) 1
 - a) Agriculture sector witnessed a decline.
 - b) Life Expectancy was high and Infant Mortality Rate was low.
 - c) About 75% of the population or more were employed in agriculture.
 - d) India became an importer of finished goods from Britain.

- 19. _____ policy was implemented in the first seven five-year plans of India, to protect domestic industries. (Fill up the blank with the correct answer) 1

- 20. Read the following statements carefully: 1
 Statement 1: Human capital and human development are one and the same thing.
 Statement 2 : Human development treats human beings as a means to an end, the end being increase in productivity.
 In the light of the given statements, choose the correct alternative:
 - a) Statement 1 is true and Statement 2 is false.
 - b) Statement 1 is false and Statement 2 is true.
 - c) Both Statements 1 and 2 are true.
 - d) Both Statements 1 and 2 are false.

- 21. Match the items in Column I with those in Column II and choose the correct alternative given below: 1

Column I	Column II
A. Land Ceiling	1. Change in the ownership of land.
B. Marketed Surplus	2. Increase in production of food-grain using HYV seeds.
C. Green Revolution	3. Fixing the maximum limit of land holding for an individual.
D. Land Reforms	4. Portion of agricultural produce sold in the market.

Alternatives:

- a) A-3, B-4, C-2, D-1 b) A-2, B-3, C-4, D-1
- c) A-3, B-4, C-1, D-2 d) A-4, B-3, C-1, D-2

- 22. Which of the following was not a consequence of the reform policies undertaken in India in 1991? (Choose the correct alternative) 1
 - a) Significant increase in India’s foreign exchange reserves.
 - b) Increase in inflows from foreign direct investments and FIIs.
 - c) A substantial increase in the rate of growth of agriculture sector.
 - d) Increase in India’s share of exports in world trade.

- 23. Read the following statements carefully: 1
 Statement 1: In India, newly emerging jobs are found mostly in the industrial sector.
 Statement 2: India has witnessed an unprecedented growth of informal sector with around 94% of the workforce being employed in this sector.
 In the light of the given statements, choose the correct alternative:
 - a) Statement 1 is true and Statement 2 is false.
 - b) Statement 1 is false and Statement 2 is true.
 - c) Both Statements 1 and 2 are true.
 - d) Both Statements 1 and 2 are false.

24. _____ does not constitute a step towards achieving Sustainable Development Goals proposed by the UN for ensuring universal access to affordable, reliable, sustainable and clean energy for all. (Choose the correct alternative) 1
- a) Use of biogas b) Use of solar power
 c) Use of thermal power d) Use of hydel power

25. From the set of the events related to China given in column I and the corresponding description given in Column II, choose the correct pair of statements: 1

Column I	Column II
A. Great Proletarian Cultural Revolution	1. Commune system was started in rural areas.
B. Great Leap Forward	2. Backyard industrial units were encouraged.
C. Economic reforms	3. Students and professionals were sent to work and learn from the countryside.
D. One Child Norm	4. Increase in the rate of growth of population

- a) A-1 b) B-2 c) C-3 d) D-4

26. Five Year Plans were introduced in China and Pakistan in the years _____ and _____ respectively. (Choose the correct alternative) 1
- a) 1953, 1956 b) 1958, 1956
 c) 1953, 1961 d) 1956, 1953

27. Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below: 1

ASSERTION (A) : In India, casual wage is the most important source of livelihood for both men and women.

REASON (R): Labourers who are casually engaged in others' farms and, in return, get a remuneration for the work done are casual wage labourers.

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, but 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.

28. How is expenditure on on-the job-training a source of human capital formation? 3

29. Discuss the role of Self Help Groups in meeting the credit requirements of the poor. 3
 (OR)
 Suppose you are a small farmer in rural India. State any three challenges you are likely to face while shifting to organic farming.

30. "The economic reforms of 1991 enabled the Indian economy to attain new heights." Discuss the positive impact of these reforms on the Indian economy. 4

31. Define sustainable development. How can the use of non-conventional sources of energy contribute to sustainable development? 1+3
 (OR)
 What do you mean by carrying capacity of the environment? Discuss two of the most pressing environmental concerns of India today.

32. a) What was the rationale behind reservation of goods for the small-scale industries during the planning period?
 b) "The introduction of railways affected the structure of the Indian economy in two important ways." Explain. 2+2

- 33. a) What are the problems associated with agricultural marketing in India?
- b) Analyse the distribution of workforce in various industrial categories given below:

Distribution of Workforce by Industry in India, 2017-2018

Industrial Category	Place of Residence		Total
	Rural	Urban	
Primary Sector	59.8	6.6	44.6
Secondary Sector	20.4	34.3	24.4
Tertiary / Service Sector	19.8	59.1	31.0
Total	100.0	100.0	100.0

(OR)

- a) Discuss the role of horticulture in rural economic development.
- b) Why is the worker-population ratio higher in rural areas than in urban areas? 3+3

- 34. Read the following text carefully:

Since China began to open up and reform its economy in 1978, GDP growth has averaged over 9 percent a year, and more than 800 million people have lifted themselves out of poverty. There have also been significant improvements in access to health, education, and other services over the same period.

China’s high growth based on investment, low-cost manufacturing and exports has largely reached its limits and has led to economic, social, and environmental imbalances. Reducing these imbalances requires shifts in the structure of the economy from manufacturing to high value services, from investment to consumption, and from high to low carbon intensity.

Over the past few years, growth has moderated in the face of structural constraints, including declining labour force growth, diminishing returns to investment, and slowing productivity growth. The challenge going forward is to find new drivers of growth while addressing the social and environmental legacies of China’s previous development path.

Source: The World Bank in China. April 20, 2023

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

- a) Discuss the economic reforms taken up in China in 1978 which resulted in rapid growth of the Chinese economy.
- b) “Compared to the 1980-90s period, all is not well in the Chinese economy today.” Justify giving reasons. 4+2

-X-X-X-X-X-X-X-X-