

PRACTICE PAPER

19

Time allowed: 45 minutes

Maximum Marks: 200

General Instructions: Same as Practice Paper-1.

SECTION-A: INTRODUCTORY MICROECONOMICS

Choose the correct option:

1. In case of $E_d > 1$, demand for the commodity is:
(a) elastic (b) inelastic (c) perfectly elastic (d) perfectly inelastic
2. Slope of a positively sloped straight line is _____.
(a) zero (b) one (c) constant (d) infinite
3. Law of diminishing marginal utility is also known as _____.
(a) Fundamental Psychological Law (b) Fundamental Law of Satisfaction
(c) Law of equi-marginal utility (d) both (a) and (b)
4. Law of diminishing marginal utility states that:
(a) total utility tends to diminish as more and more standard units of a commodity are continuously consumed by a consumer
(b) marginal utility tends to diminish as less and less standard units of a commodity are continuously consumed by a consumer
(c) marginal utility tends to diminish as more and more standard units of a commodity are continuously consumed by a consumer
(d) none of these
5. Economic problem is defined as:
(a) problem of poverty
(b) problem of unemployment
(c) problem of inflation
(d) problem of choice due to scarcity of resources having alternative uses
6. The central problems arise due to the fact that:
(a) resources are scarce in all economies (b) resources have alternative uses
(c) both (a) and (b) (d) none of these
7. In the following question, two statements are given. Read the statements carefully and choose the correct alternative among those given below:
Statement 1 : In a free economy, economic decisions are driven by the motive of social welfare.
Statement 2 : Consumer sovereignty is undermined in case of a market economy.
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

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

Assertion (A): Demand is different from desire and want.

Reason (R): Graphic presentation of law of demand is called demand curve.

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

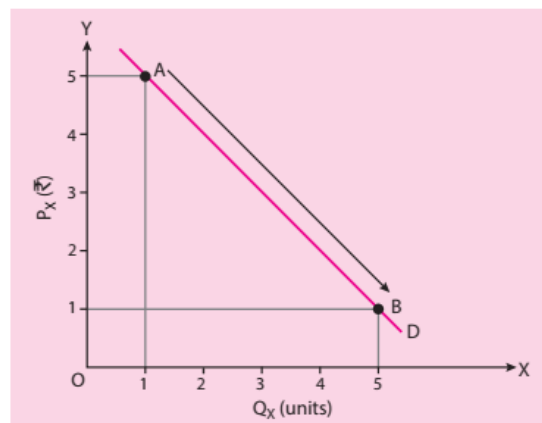
9. Match the concepts given in Column I with their respective explanation in Column II:

Column I	Column II
A. 1st unit of consumption	(i) Constant
B. Marginal utility of money	(ii) $TU = MU$
C. Consumer's preference	(iii) Cardinal measurement
D. Utility	(iv) Well defined

Alternatives:

- (a) A—(iv), B—(i), C—(ii), D—(iii)
 (b) A—(ii), B—(i), C—(iv), D—(iii)
 (c) A—(iv), B—(iii), C—(i), D—(ii)
 (d) A—(iii), B—(i), C—(ii), D—(iv)

10.



Study the diagram given above and answer the following question:

What does the movement from point A to point B in the above diagram indicate?

- (a) Contraction of demand
 (b) Extension of demand
 (c) Decrease in demand
 (d) Increase in demand

SECTION-B: INTRODUCTORY MACROECONOMICS

Choose the correct option:

11. The sum total of factor incomes earned by normal residents of a country during the period of an accounting year is called:
 (a) national income (b) domestic income (c) national product (d) both (a) and (c)
12. When $NNP_{MP} = ₹ 5,330$, indirect taxes = ₹ 1,770 and consumption of fixed capital = ₹ 1,550, then: $GNP_{FC} =$
 (a) ₹ 2,010 (b) ₹ 3,560 (c) ₹ 5,110 (d) ₹ 8,650

- 13. Market price of the final goods and services (including depreciation) produced within the domestic territory of a country during an accounting year, is called:**
 (a) GDP at market price (b) GNP at market price (c) GDP at factor cost (d) GNP at factor cost
- 14. Marginal propensity to consume is equal to:**
 (a) $\frac{\Delta Y}{\Delta C}$ (b) $\frac{Y}{C}$ (c) $\frac{\Delta C}{\Delta Y}$ (d) $\frac{C}{Y}$
- 15. Consumption function is a functional relationship between:**
 (a) income and saving (b) price and consumption
 (c) consumption and income (d) consumption and saving
- 16. Inflationary gap is measured as:**
 (a) $AD_E + AD_F$ (b) $AD_E - AD_F$ (c) $AD_E \times AD_F$ (d) $AD_E \div AD_F$
 (Here, AD_E = Aggregate demand beyond full employment; AD_F = Aggregate demand at full employment.)
- 17. Deficient demand leads to:**
 (a) deflationary gap (b) excess capacity
 (c) low level of employment (d) all of these
- 18. Moral suasion by the RBI relates to:**
 (a) pressure by the RBI to follow its directives
 (b) persuasion by the RBI to follow its directives
 (c) persuasion as well as pressure by the RBI to follow its directives
 (d) none of these
- 19. _____ is the principal supplier of money in India.**
 (a) The RBI (b) The commercial banks
 (c) The government (d) None of these
- 20. Gross Fiscal Deficit =**
 (a) Borrowing from the government + Borrowing from abroad
 (b) Borrowing from the government + Borrowing from abroad + Net borrowing at home
 (c) Borrowing from the government + Borrowing from RBI + Borrowing from abroad
 (d) Borrowing from RBI + Borrowing from abroad + Net borrowing at home
- 21. Revenue deficit can be managed through:**
 (a) borrowing from RBI (b) borrowing from the general public
 (c) disinvestment (d) all of these
- 22. Which of the following causes loss of foreign exchange?**
 (a) Grants from rest of world (b) Exports
 (c) Imports (d) Influx of foreign investment
- 23. External commercial borrowing is available at the:**
 (a) nominal rate of interest (b) concessional rate of interest
 (c) market rate of interest (d) real rate of interest

In the following questions, two statements are given. Read the statements carefully and choose the correct alternative among those given below:

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

24. Statement 1 : Saving can be negative.

Statement 2 : Autonomous investment is independent of the level of income.

25. **Statement 1** : Old-age pensions are included in the estimation of national income.

Statement 2 : Capital gain is included in the estimation of national income.

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

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

26. **Assertion (A)** : Foreign exchange inflow is recorded at credit side of BoP.

Reason (R) : Outflow of foreign exchange is recorded at debit side of BoP.

27. **Assertion (A)** : Fiscal deficit is the difference between primary deficit and interest payment.

Reason (R) : Fiscal deficit is measured in terms of borrowings.

28. **Assertion (A)** : All commercial banks have to agree to the Banking Regulation Act.

Reason (R) : The Banking Regulation Act, 1949 came into force on 1st January, 1956.

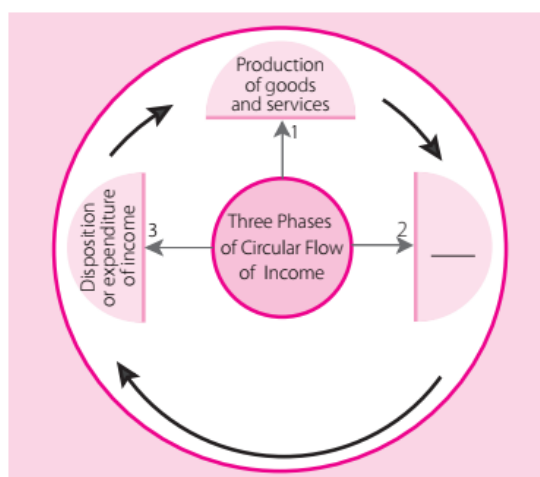
29. **From the following given sets of statements in column I and II, choose the correct pair of statements:**

Column I	Column II
A. Value of final goods	(i) Not included in the estimation of national income
B. Services for self-consumption	(ii) Included in the estimation of national income
C. Production for self-consumption	(iii) Not included in the estimation of national income
D. Commission earned on sale and purchase of second-hand goods	(iv) Included in the estimation of national income

Alternatives:

- (a) A—(i) (b) B—(ii) (c) C—(iii) (d) D—(iv)

30.



On the basis of the above image answer the following question:

Which of the following best fits in blank and completes the three phases of circular flow given in the image above?

- (a) Generation of income
- (b) Distribution of income
- (c) Both (a) and (b)
- (d) Consumption

SECTION-C: INDIAN ECONOMIC DEVELOPMENT*Choose the correct option:*

- 31. In 1955, Karve committee was constituted for aiming the:**
 (a) development of cottage industries (b) development of small-scale industries
 (c) development of large-scale industries (d) development of all the above industries
- 32. Environment includes:**
 (a) biotic elements only (b) abiotic elements only
 (c) both biotic and abiotic elements (d) none of these
- 33. _____ is called a suspended particle.**
 (a) Pollen (b) Soot (c) Dust (d) All of these
- 34. Which of the following is a component of social infrastructure?**
 (a) Health (b) Sanitation (c) Both (a) and (b) (d) None of these
- 35. A staggering number of 44 crore workers working in the informal sector of the economy points towards _____.**
 (a) growth of the economy (b) vulnerability of workforce
 (c) socialistic pattern of the society (d) all of these
- 36. Which of the following is not a feature of informal workers?**
 (a) Work in unorganised sector of the economy (b) Are not entitled to social security benefits
 (c) Can form trade unions (d) Remain unprotected by labour laws
- 37. Which of the following is a core element of the action-plan of rural development?**
 (a) Diversification of productive activities (b) Rural marketing
 (c) Rural credit (d) All of these
- 38. Operation flood was launched in:**
 (a) 1946 (b) 1966 (c) 1968 (d) 1970
- 39. Human capital formation increases productivity of:**
 (a) human capital (b) physical capital (c) financial capital (d) none of these
- 40. According to Dadabhai Naoroji's calculations, poverty line corresponds to:**
 (a) one-fourth of the adult jail cost of living (b) two-third of the adult jail cost of living
 (c) three-fourth of the adult jail cost of living (d) none of these
- 41. Which of the following countries has the lowest density of population?**
 (a) India (b) China (c) Pakistan (d) None of these
- 42. Growth rate of population is highest in which of the following countries?**
 (a) India (b) China (c) Pakistan (d) None of these
- 43. To analyse a comparative performance of the economies of India, China and Pakistan, which of the following is the correct?**
 (a) China achieved a breakthrough in GDP growth in early 1980s
 (b) With New Economic Policy (NEP) in place, India experienced a rebound in its GDP growth
 (c) Economic reforms in Pakistan were almost similar to that in India
 (d) All of these

In the following questions, two statements are given. Read the statements carefully and choose the correct alternative among those given below:

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

44. **Statement 1** : Spread of railways led to expansion of the market for the British products in India.
Statement 2 : Spread of railways opened up only new opportunities of economic growth for India.
45. **Statement 1** : Fallowing is a practice of leaving land as uncultivated for some time to regain its fertility.
Statement 2 : Fallowing was not a common practice among Indian farmers prior to the launch of HVY.

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

Alternatives:

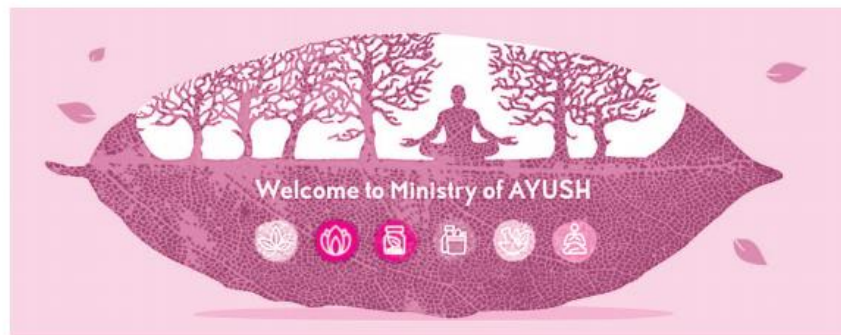
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 (c) Assertion (A) is true but Reason (R) is false
 (d) Assertion (A) is false but Reason (R) is true
46. **Assertion (A)** : People migrate in search of better job opportunities.
Reason (R) : Gains of migration (in terms of higher salaries) are greater than the cost of migration.
47. **Assertion (A)** : The British government established a monopoly control over India's foreign trade.
Reason (R) : The opening of Suez Canal did not act as a determinant to promote trade with Britain.
48. **Assertion (A)** : Subsidy is important for enabling adoption of new agricultural technology.
Reason (R) : Subsidy leads to wasteful consumption of resources.
49. **From the following given sets of statements in column I and II, choose the correct pair of statements:**

Column I	Column II
A. Task Force on Projections of the Minimum Needs and Effective Consumption Demand	(i) Launched in 1962
B. Mahatma Gandhi National Rural Employment Guarantee Act	(ii) Launched in 2004
C. Swarna Jayanti Shahri Rozgar Yojana	(iii) Launched in 1995
D. Valmiki Ambedkar Awas Yojana	(iv) Launched in 2001

Alternatives:

- (a) A—(i) (b) B—(ii) (c) C—(iii) (d) D—(iv)

50.



Source: <https://www.krctimes.com/stories/ayush-steps-taken-to-promote-the-indian-system-of-medicines>

Taking clue from the icons given in the above image, suggest the name of the 6th symbol of the image as per Indian System of Medicine (ISM).

- (a) Ayurveda (b) Unani (c) Siddha (d) Yoga

Answers

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|---------|---------|---------|---------|---------|---------|---------|
| 1. (a) | 2. (c) | 3. (d) | 4. (c) | 5. (d) | 6. (c) | 7. (b) |
| 8. (b) | 9. (b) | 10. (b) | 11. (d) | 12. (c) | 13. (a) | 14. (c) |
| 15. (c) | 16. (b) | 17. (d) | 18. (c) | 19. (a) | 20. (d) | 21. (d) |
| 22. (c) | 23. (c) | 24. (a) | 25. (b) | 26. (b) | 27. (d) | 28. (c) |
| 29. (d) | 30. (c) | 31. (b) | 32. (c) | 33. (d) | 34. (c) | 35. (b) |
| 36. (c) | 37. (d) | 38. (b) | 39. (b) | 40. (c) | 41. (b) | 42. (c) |
| 43. (d) | 44. (c) | 45. (c) | 46. (a) | 47. (c) | 48. (b) | 49. (d) |
| 50. (d) | | | | | | |