

Time allowed: 45 minutes

Maximum Marks: 200

**General Instructions:**

- (i) The examination will consist of **Objective type with Multiple Choice Questions (MCQs)**.
- (ii) There are **50** questions in total in this paper, out of which **40** questions are to be attempted.
- (iii) Each question carries **five** marks.
- (iv) There is **negative** marking of **one** mark for every **incorrect answer**.
- (v) Use of calculator is **NOT** permitted.

## SECTION-A: INTRODUCTORY MICROECONOMICS

**Choose the correct option:**

1. **Economic activities in a market economy are controlled by:**
  - (a) market forces
  - (b) institutions
  - (c) the government or the central authority
  - (d) none of these
2. **Less production of capital goods implies:**
  - (a) higher production capacity for the present generation
  - (b) higher production capacity for the future generation
  - (c) lower production capacity for the present generation
  - (d) lower production capacity for the future generation
3. **A consumer will purchase more of Good-X than Good-Y, only when:**
  - (a)  $\frac{MU_X}{P_X} = MU_M$
  - (b)  $\frac{MU_X}{P_X} < \frac{MU_Y}{P_Y}$
  - (c)  $\frac{MU_Y}{P_Y} = MU_M$
  - (d)  $\frac{MU_X}{P_X} > \frac{MU_Y}{P_Y}$
4. **According to the law of equi-marginal utility, a consumer strikes his equilibrium when:**
  - (a) the last rupee spent by the consumer yields maximum marginal utility when he spends it on Good-X
  - (b) the last rupee spent by the consumer yields maximum marginal utility when he spends it on Good-Y
  - (c) the last rupee spent by the consumer yields equal marginal utility whether he spends it on Good-X or Good-Y
  - (d) none of these
5. **Change in quantity demanded of commodity-X when relative price of the commodity  $\left(\frac{P_X}{P_Y}\right)$  changes owing to change in  $P_X$  is called \_\_\_\_\_.**
  - (a) price effect
  - (b) cross price effect
  - (c) substitution effect
  - (d) income effect
6. **Different quantities purchased at different possible prices of a commodity is called:**
  - (a) demand schedule
  - (b) quantity demanded
  - (c) demand function
  - (d) individual demand

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

**Statement 1** : Elasticity of demand is the same as slope of demand curve.

**Statement 2** : Slope of demand curve =  $(-)\frac{\Delta P}{\Delta Q}$ .

**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)** : Total utility increases so long as MU is positive.

**Reason (R)** : Total utility is the sum total of marginal utilities.

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

Column I	Column II
A. Demand for necessities	(i) $E_d = 1$
B. Slope of demand curve	(ii) $\frac{P}{Q}$
C. Luxuries	(iii) Elastic demand
D. Demand for water	(iv) Elastic

**Alternatives:**

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

10.

 <p>Means of production is controlled by both private enterprises and government</p>	 <p>Government influences supply and demand through regulation and interventionist policies</p>	 <p>Capital is reallocated based on need</p>	 <p>Profit is the main driver, but governments use these to help improve social mobility</p>
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Source: <https://boycewire.com/economic-system-definition-types-and-examples/>

The above stated features are the key characteristics of \_\_\_\_\_ .

- (a) socialist economy
- (b) capitalist economy
- (c) centrally planned economy
- (d) mixed economy

## SECTION-B: INTRODUCTORY MACROECONOMICS

Choose the correct option:

11. Study of price level is a subject matter of \_\_\_\_\_ .  
 (a) microeconomics (b) macroeconomics  
 (c) both (a) and (b) (d) none of these
12. Demand curve for foreign exchange is:  
 (a) negatively related to the rate of exchange (b) positively related to the rate of exchange  
 (c) proportionately related to the rate of exchange (d) not related to the rate of exchange
13. When domestic currency loses its value in relation to a foreign currency in the international money market, it is a situation of:  
 (a) currency appreciation (b) currency depreciation  
 (c) currency devaluation (d) none of these
14. Balance of payments is a set of accounts showing \_\_\_\_\_.  
 (a) all monetary transactions of a country with rest of the world  
 (b) all economic transactions between residents of domestic country and residents of foreign countries  
 (c) all autonomous transactions of a country with rest of the world  
 (d) both (a) and (b)
15. The central government's developmental expenditure does not include:  
 (a) expenditure on social and community services (b) grants to states  
 (c) defence expenditure (d) expenditure on economic services
16. A system in which commodities are exchanged for commodities is called \_\_\_\_\_.  
 (a) barter system of exchange (b) monetary system of exchange  
 (c) commodity for commodity exchange economy (d) both (a) and (c)
17. Those deposits which cannot be withdrawn at any time are called \_\_\_\_\_.  
 (a) fixed deposits (b) term deposits  
 (c) non-chequeable deposits (d) all of these
18. According to the theory of Keynesian Economics, consumption \_\_\_\_\_ with increase in income.  
 (a) increases (b) decreases (c) remains constant (d) none of these
19. If  $MPC = 0$ , the value of multiplier will be \_\_\_\_\_.  
 (a) 0 (b) 1 (c) between 0 and 1 (d) infinity
20. Fiscal policy refers to:  
 (a) revenue and expenditure policy of the government (b) budgetary policy of the government  
 (c) both (a) and (b) (d) neither (a) nor (b)
21. Domestic product is often estimated as \_\_\_\_\_.  
 (a)  $NDP_{MP}$  (b)  $NNP_{MP}$  (c)  $NDP_{FC}$  (d)  $NNP_{FC}$
22. Depreciation of fixed capital occurs due to \_\_\_\_\_.  
 (a) normal wear and tear  
 (b) foreseen obsolescence  
 (c) normal wear and tear and foreseen obsolescence  
 (d) unforeseen obsolescence
23. Revenue budget includes \_\_\_\_\_.  
 (a) revenue receipts of the government  
 (b) revenue expenditure of the government  
 (c) capital receipts of the government  
 (d) both (a) and (b)

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** : Scholarship given by Government of India is not included in national income of India.

**Statement 2** : Scholarship is a transfer payment.

25. **Statement 1** : Commercial banks lend money many times more than their cash reserves with the RBI.

**Statement 2** : Demand deposits are equal to cash deposits with the commercial banks.

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)** : Consumption can be greater than income.

**Reason (R)** : There is always some minimum level of consumption even when income is zero.

27. **Assertion (A)** : Subsidies tend to lower the market price of the goods.

**Reason (R)** : Taxes on goods tend to raise the market price of the goods.

28. **Assertion (A)** : Own account production of goods is not taken into account while estimating national income by value added method.

**Reason (R)** : Value of output includes the value of intermediate goods used in production, value added does not.

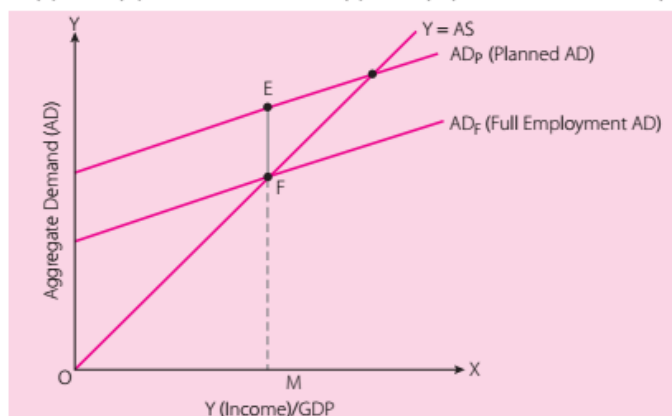
29. From the following given sets of statements in column I and II, choose the correct pair of statements:

Column I	Column II
A. Revenue receipts	(i) Disinvestment
B. Revenue deficit	(ii) Revenue expenditure – Revenue receipts
C. Fiscal deficit	(iii) Total expenditure – Total receipts
D. Capital expenditure	(iv) Subsidies

**Alternatives:**

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

30.



Study the diagram given above and answer the following question:

EF in the above diagram indicates \_\_\_\_\_ .

- (a) excess demand
- (b) deficient demand
- (c) inflationary gap
- (d) both (a) and (c)

## SECTION-C: INDIAN ECONOMIC DEVELOPMENT

Choose the correct option:

31. The British rule in India coincided with \_\_\_\_\_ revolution in Britain.  
 (a) green (b) milk (c) agricultural (d) industrial
32. Which of the following was the main feature of Indian economy on the eve of independence?  
 (a) Semi-feudal economy (b) Urbanised economy  
 (c) Industrial economy (d) All of these
33. Green Revolution started happening in India in the year \_\_\_\_\_.  
 (a) 1961-62 (b) 1967-68 (c) 1980-81 (d) 1991-92
34. Which of the following is an example of institutional source of credit?  
 (a) Landlords (b) Government (c) Moneylenders (d) Village traders
35. Human capital \_\_\_\_\_.  
 (a) is the sum total of 'skill and expertise' of engineers in the country  
 (b) is the stock of 'skill and expertise' of a nation at a point of time  
 (c) is the process of adding to the stock of human capital over time  
 (d) all of these
36. Human capital formation includes investment on \_\_\_\_\_.  
 (a) education (b) improvement of health (c) training of the workers (d) all of these
37. There are physical as well as \_\_\_\_\_ elements in the environment.  
 (a) living (b) abiotic (c) both (a) and (b) (d) none of these
38. Which of the following is not an example of infrastructure?  
 (a) Communication network (b) Sewage (c) Electric systems (d) None of these
39. Poverty line is a cut-off line which is determined with reference to \_\_\_\_\_.  
 (a) minimum needs of the people (b) total needs of the people  
 (c) GDP (d) expenditure on education and health
40. A worker is an individual who is engaged in the process of \_\_\_\_\_.  
 (a) value addition (b) consumption (c) disposition (d) none of these
41. The workers who are on permanent rolls of the employers and are entitled to social security benefits are known as \_\_\_\_\_.  
 (a) regular workers (b) casual workers (c) both (a) and (b) (d) self-employed workers
42. China announced the First Five Year Plan in the year \_\_\_\_\_.  
 (a) 1951 (b) 1952 (c) 1953 (d) 1954
43. The establishment of heavy industry, in the area of iron and steel in India, symbolised \_\_\_\_\_ in the economy.  
 (a) agricultural determination (b) structural transformation  
 (c) stagnation (d) both (a) and (b)

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** : Economic growth is incomplete without human development.  
**Statement 2** : Economic and social infrastructure are substitutes to each other.
45. **Statement 1** : Owing to reforms in agriculture, there was a revolutionary rise in agricultural output and productivity.  
**Statement 2** : Land reforms focused on the abolition of intermediaries between the owners and tiller of the soil.

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

46. **Assertion (A):** After independence, India adopted “mixed economy” as its path of development or the strategy of growth.

**Reason (R):** The planners and politicians of the country wanted to combine the merits of both socialism and capitalism.

47. **Assertion (A):** All those who are engaged in economic activities, in whatever capacity—high or low, are called workers.

**Reason (R):** A worker contributes to the national income by engaging in the process of value addition.

48. **Assertion (A):** In a socialist economic system, equality is promoted.

**Reason (R):** In a socialist economy, the government sector places high priority on the maximisation of social welfare.

49. Match the concept given in Column I with their respective explanation in Column II.

Column I	Column II
A. Long-term credit	(i) Shift from single-cropping to multi-cropping system
B. NABARD	(ii) To enable permanent improvements on land
C. Diversification of crop production	(iii) An emerging challenge of rural development
D. Animal husbandry	(iv) An apex institution coordinating activities of all financial institutions engaged in rural credit

Alternatives:

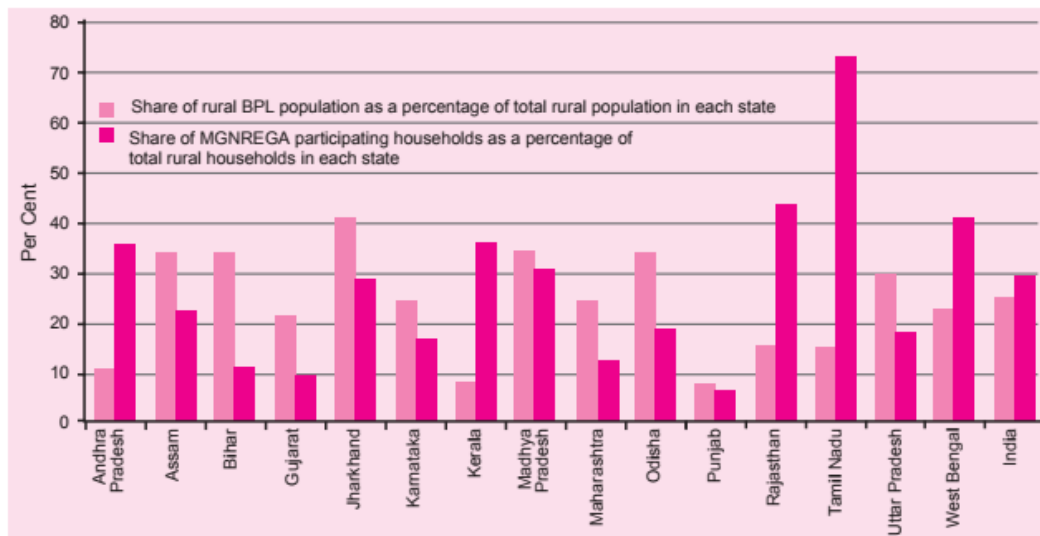
(a) A—(iv), B—(iii), C—(i), D—(ii)

(b) A—(ii), B—(iv), C—(i), D—(iii)

(c) A—(i), B—(iii), C—(iv), D—(ii)

(d) A—(iii), B—(iv), C—(ii), D—(i)

50.



Source: Ellen Ehmke, National Experiences in Building Social Protection Floors, India’s Mahatma Gandhi National Rural Employment Guarantee Scheme, 2015

Figure showing percentage share of rural population below the poverty line (BPL) and of households participating in MGNREGA by state in 2012

On the basis of the given bar diagram, identify the states where MGNREGA has performed worst with respect to other states in combating the problem of poverty.

- (a) Tamil Nadu, West Bengal, Rajasthan, Kerala, Andhra Pradesh
- (b) Bihar, Gujarat, Karnataka, Maharashtra, Punjab
- (c) Tamil Nadu, Gujarat, Bihar, Andhra Pradesh, Karnataka
- (d) Bihar, Rajasthan, Odisha, West Bengal, Kerala



# Answers

## PRACTICE PAPER – 1

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