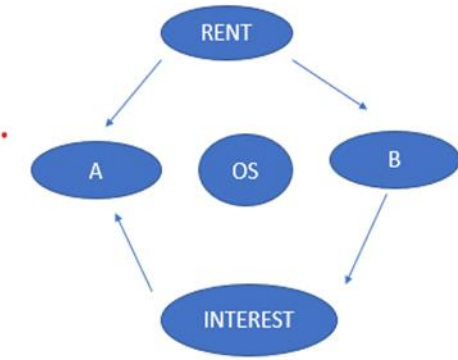# SAMPLE PAPER_180925

Subject: ECONOMICS (030)

General Instructions:

1. This question paper contains two sections:
   - Section A – Macro Economics
   - Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

S. No	SECTION A – MACRO ECONOMICS	Marks
1	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A):** The monetary policy is a policy formulated by the central bank. **Reason (R):** The policy involves measures taken to regulate the supply of money, availability and cost of credit in the country. 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.	1
2.	Under Ujjwala Yojana, the government of India is providing free LPG kitchen gas connections to the families living below the poverty line. Identify the objective that the government is trying to fulfill here: a. Allocation of resources b. Reducing distribution of income inequalities c. Economic growth d. Financial stability	1

3.	
	
	Read the following figure carefully and choose the correct pair from the alternative given below:
	Alternatives:
	  a. A - Profit, B - Royalty
	  b. A – Compensation of employees, B - Operating expenses
	  c. A – Depreciation, B - Royalty
	  d. A – Royalty, B – Sales
		1

4	Vineeth Ltd., an Indian company, invests in Shalini Ltd., situated in Australia. This transaction is entered in India's balance of payments account on:
	  a. Credit side of current account
	  b. Debit side of current account
	  c. Credit side of capital account
	  d. Debit side of capital account
		1

5	Read the following statements carefully:
	Statement 1: The marginal propensity to consume (MPC) is the change in consumption due to a change in income.
	Statement 2: The average propensity to consume (APC) is always greater than 1 when the income level is high.
	In light of the given statements, choose the correct alternative from the following:
	  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.
		1

6	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:
	Assertion (A): Repayment of loans by government is the capital expenditure of government.
	Reason (R): Capital expenditure of government leads to creation of assets or reduction in liabilities.
	  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.
		1

7	Choose the correctly matched pair from the following	1

Column-A	Column - B
A. Demand curve	1. Positively sloped
B. Supply curve	2. Planned I = Planned S
C. Saving-income approach	3. 45° positively sloped
D. Equilibrium level of income	4. Alternative approach of AD – AS

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

8		1

Read the following statements carefully:

Statement 1: In a two-sector economy, consumption expenditure and investment expenditure are the two components of Aggregate demand.

Statement 2: Aggregate demand curve always start from point of origin with positive slope.

In light of the given statements, choose the correct alternative from the following:
   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.

9	Suppose, following data is presented for an imaginary economy:	1

Items	Amount (Rs in lakhs)
Capital receipts net of borrowings	95
Revenue expenditure	100
Interest payments	10
Revenue receipts	80
Capital expenditure	110

Identify which of the following statements is correct?
   a. The value of revenue deficit is Rs 50 crores.
   b. The value of fiscal deficit is Rs 40 crores.
   c. The value of revenue deficit is Rs 20 crores.
   d. The value of fiscal deficit is Rs 60 crores.

10	Balance of payment is in equilibrium when:	1

   a. Current account balance + Capital account balance > Zero
   b. Current account balance + Capital account balance < Zero
   c. Current account balance + Capital account balance = Zero
   d. All of these.

11	Calculate the compensation of employees from the following data:	3

S. No	Items	Amount (Rs in Crores)
i.	Profits after tax	20
ii.	Interest	45

	iii.	Gross Domestic Product at market price	200		
	iv.	Goods and Services Tax	10		
	v.	Consumption of Fixed Capital	50		
	vi.	Rent	25		
	vii.	Corporate Tax	5		

OR

"While estimating GDP by expenditure method, entire focus is on expenditures incurred by the residents of the country."
Do you agree with the given statement? Give valid reason in support of your answer.

12	Classify the following statements as Revenue receipts or Capital receipts. Give valid reasons in support of your answer. a. Financial help from a multinational corporation for victims in a flood affected area. b. Sale of shares of a public sector undertakings (PSU) to a private company, BUZ Ltd. c. Debt cleared by Sri Lanka Government to the Indian Government.	3
13	a. According to media reports: "USA has accused china of currency devaluation to promote its exports''. In the light of the given report comment, how exports can be provided through currency devaluation? b. 'Devaluation and Depreciation of currency are one and the same thing', Do you agree? How do they affect the exports of a country?	2+2

14	Suppose an economy is in equilibrium. From the following data, calculate Investment Expenditure in the economy:
	    i. National Income = Rs 40,000 crore
	    ii. Marginal Propensity to Consume (MPC) = 0.8
	    iii. Autonomous Consumption = Rs 100 crore
	OR
	"In an economy, ex-ante Aggregate Demand is more than ex-ante Aggregate Supply." Elaborate on the possible impact of the same, on the level of output, income, and employment.
		4

15	'An economy is operating at the under-employment level of income'. What is meant by the given statement? Discuss one fiscal measure and one monetary measure to tackle the situation.	4
16	Read the following text carefully: "After setting up a working group to study the possibility of a Central Bank Digital Currency (CBDC) in India in 2020, the RBI revealed a concept note on digital rupee (e-Rupee) on 7th October, 2022." "The e-Rupee will provide an additional option to the currency available forms of money. It is substantially not different from bank notes, but being digital it is likely to be easier, faster and cheaper." RBI said that it broadly defines CBDC as the legal tender issued by a central bank in a digital form. It is akin to paper currency in a different form. On the basis of the above text and common understanding, answer the following questions: (a) Identify and discuss the function of central bank indicated in the above text.	2+2+1+1

	(b) State the advantages of digital rupee.
	(c) Number of times the commercial banks are able to create total deposits with the help of reserve ratio and initial deposits is known as --------
	(d) Identify which of the following banks does not interact directly with the general public?
	  a. Bank of India
	  b. State Bank of India
	  c. Union Bank of India
	  d. Reserve Bank of India	

17	a. Suppose the GDP of Nation X was Rs 2,000 crore in 2018-19, whereas the GDP of Nation Y in the same year was Rs 1,20,000 crore. If the GDP of Nation X rises to Rs 4,000 crore in 2019-20 and the GDP of Nation Y raises to Rs 2,00,000 crore in 2019-20. Compare the rate of change of GDP of Nations X and Y, taking 2018-19 as base year. <table><tr><td>**Nations/Years**</td><td>**2018-19**</td><td>**2019-20**</td></tr><tr><td>X</td><td>Rs 2,000 crore</td><td>Rs 4,000 crore</td></tr><tr><td>Y</td><td>Rs 1,20,000 crore</td><td>Rs 2,00,000 crore</td></tr></table> b. As per The Economic Times report, dated April 11,2023 "Electric Vehicle sales cross 10 lakh mark in financial year 2022-23." Analyse the likely impacts of this news on Gross Domestic Product (GDP) and Welfare. **OR** a. 'A kind of goods used as intermediary goods can never be final goods. Defend or refute the given statement, with the help of a suitable example. b. "In the past few decades, Indian economy has been fairly benefited by positive externalities created by rapid rise in infrastructure." Justify the given statement with valid arguments.	3+3
	SECTION B – INDIAN ECONOMIC DEVELOPMENT	

18	---------- implies that the resource extraction is not above the rate of regeneration of the resource and the waste generated is within the assimilating capacity of the environment.
	  a. Renewable capacity
	  b. Carrying capacity
	  c. Absorptive capacity
	  d. Non-renewable capacity
		1

19	Read the following statements carefully:
	Statement 1: Handicraft industry in India was systematically destroyed owing to the discriminatory tariff policy of the British government.
	Statement 2: Indian handicrafts faced tough competition from the machine-made British products, which were better in quality and precision than the Indian products.
	In light of the given statements, choose the correct option from the following:
	  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.
		1

20	Read the following Statements – Assertion (A) and Reason (R). Choose one of the Correct alternatives given below: **Assertion (A):** Expenditure on education is the most effective way of enhancing and enlarging the productive workforce in the country **Reason(R)**: Monetary benefits of education far exceed the cost of education	1

	Options: 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	

21	Which among the following are the features of Industrial Policy-1956?
	1. Classification of industries
	2. All the industries were handed over to the private sectors
	3. Stress on the role of cottage and small-scale industries.
	   a. Only 1 and 2 are correct
	   b. Only 1 and 3 are correct
	   c. Only 2 and 3 are correct
	   d. All are correct
		1

22	Farmers cannot retain the produce for a long time they have to sell it immediately. Which defect of agriculture is shown in this system
	   a. Unregulated market
	   b. Distress sale
	   c. Lack of information
	   d. False weight
		1

23	
	Identify the economic problem of Indian economy during 1991 as one of the cause behind economic reforms as depicted in the given above picture:
	   a. Deficit in BOP
	   b. Poor performance of public sector
	   c. Huge burden of debts
	   d. Inflationary pressure
		1

24	India announced its 1st five-year plan for 1951-56, China announced its 1st five-year plan in 1953 and Pakistan announced its 1st five-year plan in the year.............and Pakistan's five-year plan now called as...................
	   a. 1952, Short Term Development
	   b. 1956, Medium Term Development
	   c. 1958, Short- and Medium-Term Development
	   d. 1959, Medium Term Development
		1

25	Brundtland commission in 1987 defined sustainable development as: a. A type of development which put the interest of developing countries ahead of the interest of the rich nations. b. Development which meets the needs of present generation without compromising the ability of the future generation to meet their own needs. c. Development that protects the future generation even at the expenses of present generation. d. None of the Above	1
26	Some people look for jobs in newspapers, some look for a job through friends and relatives. In many cities, people standing in some areas looking for people to employ	1

	them for that day's work. Some go to factories and office and give bio-data and ask whether there is any vacancy in their factory or office. Some go to employment exchanges. The situation described in the above
	paragraph is called_____. (choose the correct alternative)
	  a. Disguised unemployment
	  b. Seasonal unemployment
	  c. Open unemployment
	  d. Structural unemployment	

27	Which of the following highlights the role of Information Technology in rural development?
	  i. It helps in achieving sustainable development
	  ii. It helps in attainment of food security
	  iii. It disseminates information regarding emerging technologies
	Alternatives:
	a. Only (i)
	b. Only (iii)
	c. (i) and (iii)
	d. (i), (ii) and (iii)
		1

28	a. Disinvestment is a compulsion for the government to tackle budgetary deficit. Is it true? **OR** b. "India is often called as outsourcing destination of the world. "Discuss the prime reasons for this name given to India.	3
29	"The present day fast industrial growth in China can be traced back to the reforms introduced in 1978" Defend or refute the above statement.	3
30	Interpret the given image on account of population policy and resultant effects in China. 	4
31	"We are One-Earth, One Family and we share One Future," is the opening sentence of the G-20 New Delhi Leader's Declaration Statement. In this statement the leaders pledged to "resolve to fully and effectively implement the 2030 Agenda and the Sustainable Development Goals". The leader's commitments contained in the Declaration statement reflect, "the philosophy of living in harmony with our surrounding ecosystem." In light of the above extract, elaborate what are the possible strategies for achieving sustainable development. **OR** "Human Capital Formation gives birth to innovation, invention and technological	4

	improvements." Do you agree with the given statement? Support your answer with valid arguments.	
32	 Interpret the given picture and answer the following question: "The Prime Minister urged to increase the rural income by increasing non-farm activities." Explain how non-farm activities can lead to rise in income of people in rural sector.	4

33	Read the following text carefully:
	India's unemployment rate – the share of labour force that is without work but available for it – rose sharply to 7.11% in the pandemic year 2020 to reach the highest level in at least three decades, according to the International Labour Organization's (ILO) ILOSTAT database. For over a decade, India's joblessness has been more acute than its immediate neighbours, while till 2009 Sri Lanka used to have a higher rate. Though the methodology may not be strictly comparable, going by the Centre for Monitoring Indian Economy's (CME) data for the subsequent period, the second Covid wave seems to have pushed India's unemployment rate further and the current calendar year could possibly see an even higher rate of joblessness in the country. Monthly unemployment rate of the country, as per CMIE, rose from 6.62% in January 2021 to 7.97% in April. Amidst lockdown and restrictions on mobility, the unemployment rate touched 14.5% in the week ended May 16, 2021, and rose further to 14.7% for the week ended May 23, according to CMIE.
	
	                 Financial Express: May 29 ,2021
	
	On the basis of the given text and common understanding, answer the following questions:
	1. Which of the following statements is consistent with the situation of jobless growth?
	  a. Widening gap between the growth of GDP and employment.
	  b. Increase in production of goods and services without generating employment.
	  c. Economic growth is driven by technological advancement and use of capital intensive techniques.
	  d. All of the above
	2. Unemployment rate can be calculated by using the formula:
	  a. Labour force+ work force /size of labour force x100
	  b. No of unemployed persons /100 x labour force
	  c. Labour force –work force /size of labour force x 100
	  d. No of unemployed persons /labour force x100
	3. State which of the following statements are true:
	 a. All person in a country who are working for seeking work are included in the
		1+1+1+3

	workforce. b. A low employment elasticity indicates that economy is able to generate very few employment opportunities as against an increase in the rate of economic growth. c. In the course of economic development of country, workers migrate from rural to urban area d. The Indian economy has been able to provide more goods and services due to growth in employment opportunities. 4. There is a mismatch between GDP growth and Employment growth in India. How do you justify this statement?	
34	a. 'Aatmanirbhar Bharat' had been at the roots of the Indian planning process in the form of self-reliance as an objective of the planning process. Do you agree with the given statement? Justify the rationale of the given statement. b. Colonial exploitation of the Indian economy during the British Raj had some positive side-effects for the Indian economy. Do you agree? **OR** a. "The most important characteristic of India's foreign trade throughout the colonial period was the generation of a large export surplus. But this surplus came of a huge cost to the country's economy." Do you agree with the above statement? Give valid reasons in support of your Answer. b. Discuss briefly the rationale behind 'equity with growth' as planning objective for Indian economy.	3+3