

- Q1. Casualization of workforce would result in:
- (a) Decrease in the vulnerability of the workforce.
 - (b) Increase in the vulnerability of the workforce.
 - (c) Increase in the number of regular workers.
 - (d) Income and employment stability.

- Q2. Choose the correct chronological sequence in ascending order (earliest to latest):
- (A) Establishment of NABARD
 - (B) FRBMA (Fiscal Responsibility and Budget Management Act)
 - (C) Third Five Year Plan
 - (D) Nationalization of RBI

Options:

- (a) (A), (B), (C), (D)
- (b) (A), (C), (B), (D)
- (c) (D), (A), (B), (C)
- (d) (D), (C), (A), (B)

Q3. Under flexible exchange rate, when the price of domestic currency in terms of foreign currency increases, it is called _____.

- (a) Depreciation of domestic currency
- (b) Appreciation of domestic currency
- (c) Devaluation of domestic currency
- (d) Revaluation of domestic currency

Q4. Match **List-I** with **List-II**:

List-I	List-II
(A) Pegged exchange rate system	(I) Setting up of IMF and World Bank
(B) Managed floating	(II) Fixed exchange rate system
(C) Bretton Woods Conference	(III) Dirty floating
(D) Third element in BOP	(IV) Error and Omission Account

Choose the correct answer from the options given below:

- (a) (A) - (II), (B) - (I), (C) - (III), (D) - (IV)
- (b) (A) - (II), (B) - (III), (C) - (I), (D) - (IV)
- (c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
- (d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q5. _____ implies that resource extraction is not above the rate of regeneration of resources and the wastes generated are within the assimilating capacity of the environment.

- (a) Absorptive capacity
- (b) Carrying capacity
- (c) Subsistence capacity
- (d) Exhaustive capacity

Q6. Government of India enacted the Right to Education Act in 2009 to make free education a Fundamental Right of all children in the age group of _____ years.

- (a) 4-10 years
- (b) 6-12 years
- (c) 6-14 years
- (d) 8-15 years

Q7. Following are the sources of electricity generation in India. Arrange them in correct sequence on the basis of total power generation capacity (higher to lower):

- (A) Nuclear

- (B) Thermal
- (C) New and renewable energy
- (D) Hydro

Choose the correct answer from the options below:

- (a) (A), (B), (C), (D)
- (b) (A), (C), (B), (D)
- (c) (B), (C), (D), (A)**
- (d) (B), (D), (C), (A)

Q8. Arrange the following items in correct sequence.

- (A) Competition Act
- (B) FEMA
- (C) FERA
- (D) MRTP

Choose the correct answer from the options given below:

- (a) (A), (B), (C), (D)
- (b) (A), (C), (B), (D)
- (c) (D), (C), (B), (A)**
- (d) (C), (B), (D), (A)

Q9. The Great Leap Forward (GLF) campaign was initiated in _____.

- (a) 1948
- (b) 1938
- (c) 1958**
- (d) 1942

Q10. Match **List-I** with **List-II**:

List-I	List-II
(A) Great Leap Forward	(I) Protecting the future generation
(B) Mao Zedong	(II) Aimed at industrialising the country on a massive scale
(C) Brundtland Commission	(III) Introduced the Great Proletarian Cultural Revolution
(D) Our Common Future	(IV) Seminal Report that explained sustainable development as meeting the basic needs of all for a better life

Choose the correct answer from the options given below:

- (a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
- (b) (A) - (II), (B) - (III), (C) - (I), (D) - (IV)**
- (c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
- (d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q11. Second phase of Green Revolution is termed from:

- (a) mid 1960s to mid 1970s
- (b) mid 1970s to mid 1980s**
- (c) mid 1950s to mid 1960s
- (d) mid 1980s to mid 1990s

Q12. During 1980s, the growth rate in Pakistan improved on account of which of the following reasons?

- (a) Institutionalised process of technical change
- (b) A good harvest
- (c) Sustainable export of manufactured goods
- (d) High amount of foreign direct investment inflow**

Q13. When there is unexpected rise in the sales _____.

- (a) Aggregate demand would decline.

- (b) There will be unplanned accumulation of inventories.
- (c) There will be unplanned decumulation of inventories.
- (d) Normal profit would be lower.

Q14. During festive season, the currency deposit ratio _____.

- (a) decreases
- (b) increases
- (c) has no impact on it
- (d) first decreases then increases

Q15. European Monetary Union was created in _____.

- (a) 1996
- (b) 1994
- (c) 1999
- (d) 2002

Q16. Identify the correct statement in the context of Circular Flow of Income in a two sector economy:

- (a) Household receives factor services from firms.
- (b) Household invests while firm saves.
- (c) Firms produce goods and services.
- (d) Household supplies factor services to Government.

Q17. Identify the correct set of statements.

- (A) Ex Ante Saving represents what is actually planned to save.
- (B) Ex Post Saving represents what is actually planned to save.
- (C) Ex Post Saving depicts what has actually happened.
- (D) Ex Ante Post Saving represents what is actually saved.

Choose the *correct* answer from the options given below:

- (a) (A) and (D) only
- (b) (A) and (C) only
- (c) (B) and (D) only
- (d) (C) and (D) only

Q18. Match **List-I** with **List-II**:

List-I (Elements)	List-II (Features)
(A) Annual Financial Statement	(I) Create liabilities or reduce financial assets
(B) Capital Receipts	(II) Trade surplus
(C) Capital Payment	(III) Main budget document
(D) Export > Import	(IV) Create financial assets or reduce liabilities

Choose the correct answer from the options given below:

- (a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
- (b) (A) - (III), (B) - (I), (C) - (IV), (D) - (II)
- (c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
- (d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Read the following passage and answer the next five questions:

In our quest to increase agricultural production during the last five decades or so, we almost totally neglected the use of compost and completely switched over to chemical fertilizers. The results is that large tracts of productive land have been adversely affected, water bodies inclusive ground water system have suffered due to chemical contamination and demand for irrigation has been going on year after year. Farmers, in large numbers all over the country, have again started using compost made from organic wastes of different types. In certain parts of the country, cattle are maintained only because they produce dung which is an important fertiliser and soil conditioner.

Earthworms can convert organic matter into compost user than the normal composting process. This process is now being widely used. Indirectly, the civic authorities are benefitted too as they have to dispose reduced quantity of waste.

Q19. How is civic authority getting benefitted due to biocomposting?

- (a) They have to dispose increased quantity of waste.
- (b) They don't have to dispose any waste.
- (c) Because civic authority has no role in waste management.
- (d) They have to dispose reduced quantity of waste.

Q20. Choose the correct statement concerned with the passage:

- (a) Earthworm takes equal time to convert organic matter into compost with respect to normal composting process.
- (b) Earthworm takes more time to convert organic matter into compost with respect to normal composting process.
- (c) Earthworm takes less time to convert organic matter into compost with respect to normal composting process.
- (d) Comparison between earthworm based composting and normal composting cannot be made.

Q21. Water bodies including ground water system have suffered due to:

- (a) Biocomposting
- (b) Chemical contamination and increased demand for irrigation
- (c) Organic farming
- (d) Increased fertility of land

Q22. In certain parts of the country, cattle are maintained only because they _____.

- (a) Produce milk to increase income of farmers
- (b) Produce dung which is an important fertilizer and soil conditioner
- (c) Work as insect repellants
- (d) Are a symbol of traditional ethics and values.

Q23. What should be the suitable title for the above passage?

- (a) Biocomposting
- (b) Biopest Control
- (c) Traditional Knowledge and Practice
- (d) Uses of Chemical Fertilizers

Read the following passage and answer the next five questions.

India had an independent economy because the advent of the British rule. Though agriculture was the main source of livelihood for most people, yet, the country's economy was characterised by various kinds of manufacturing activities. India was particularly well known for its handicraft industries in the fields of cotton and silk textiles, metal and precious stone works etc. These products employed a worldwide market based on the reputation of the fine quality of material used and the high standard of craftsmanship seen in all imports from India. The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of the Indian economy. Such policies brought about a fundamental change in the structure of the Indian economy ---- transforming the country into a supplier of raw materials and consumer of finished industrial products from Britain. Obviously, the colonial government never made any sincere attempt to estimate India's national and per capita income. Some individual attempts which were made to measure such incomes yielded conflicting and inconsistent results. Among the notable estimators --- Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai ---- it was Rao, whose estimates during the colonial period were considered very significant. However, most studies did find that the country's growth of aggregate real output during the first half of the twentieth century was less than two per cent coupled with a meagre half per cent growth in per capita output per year.

Q24. Before the British rule, India was well known for which manufacturing industries' products?

- (a) Cotton and Silk or Khadi textiles
- (b) Cotton and Engineering products
- (c) Cotton and Silk textiles, metal and precious stones, etc
- (d) Engineering goods and precious metals

Q25. What kind of interests was the colonial government concerned with in the economic policy for Indian industries?

- (a) To promote the handicraft industries of India
- (b) Promote and protect small scale industries of India
- (c) Protect and promote the economic interests of Indian industry along with their home country
- (d) Provide protection and promotion of the economic interests of their home country

Q26. Choose the economists who estimated India's National Income and Per Capita Income.

- (a) Dadabhai Naoroji, William Digby, Bernier, V.K.R.V. Rao and R.C. Desai
- (b) Dadabhai Naoroji, William Digby, Findlay Shirras, V. K.R.V. Rao and R.C. Desai
- (c) Dadabhai Naoroji, Jagdish Bhagwati, V.K.R.V. Rao and R.C. Desai
- (d) Dadabhai Naoroji, Findlay Shirras and V.K.R.V. Rao

Q27. What was the country's growth of aggregate real output during the first half of the 20th century?

- (a) The country's growth of aggregate real output was less than two percent coupled with a meagre one percent growth in per capita output per year.
- (b) The country's growth of aggregate real output was less than two percent coupled with a meagre one and a half percent growth in per capita output per year.
- (c) The country's growth of aggregate real output was less than two and a half percent coupled with a meagre half percent growth in per capita output per year.
- (d) The country's growth of aggregate real output was less than two percent coupled with a meagre half percent growth in per capita output per year.

Q28. According to the passage, which of the following statement was true about Indian industries' products?

- (a) Indian products were of inferior quality and cheap in the worldwide market.
- (b) Indian products were promoted by the colonial government and competed with other countries' markets also.
- (c) Indian products enjoyed a worldwide market based on quality of material used and the high standard of craftsmanship.
- (d) Indian products' raw material for primary goods was imported from the other countries and it helped to increase export.

Q29. _____ is a market where economic agents can freely exchange their endowments with each other.

- (a) Market economy
- (b) Centrally planned economy
- (c) Aggregate demand based economy
- (d) Aggregate supply based economy

Q30. Which of the following are correct statements?

- (A) Marginal Utility is the change in Total Utility due to consumption of one additional unit of commodity.
- (B) Two Indifference Curves intersect each other.
- (C) Marginal Utility became zero at a level when Total Utility remains constant.
- (D) Diminishing Marginal Rate of Substitution does not affect Indifference Curve.
- (E) Indifference Curve slopes downwards from left to right.

Choose the correct answer from the options given below:

- (a) (A), (B) and (E) only
- (b) (A), (C) and (E) only
- (c) (A), (D) and (E) only
- (d) (B), (D) and (E) only

Q31. Match List-I with List-II:

List-I (Characteristic)	List-II (Implication)
(A) Equilibrium	(I) Plans of all the consumers and firms in the market match
(B) Excess supply	(II) Demand decreases with an increase in income
(C) Inferior good	(III) Supply is greater than market demand
(D) Price ceiling	(IV) Imposition of upper limit by government

Choose the correct answer from the options given below:

- (a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
(b) (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
 (c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
 (d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q32. When Elasticity of Demand Curve is 1 at every point on the Demand Curve, this curve is known as:

- (a) Perfectly inelastic demand curve
 (b) Perfectly elastic demand curve
(c) Rectangular Hyperbola
 (d) Greater than unitary demand curve

Q33. According to the Theory of Consumer Behaviour, Inequality $p_1x_1 + p_2x_2 \leq M$ is called the Consumer's

- (a) Budget
 (b) Budget Set
(c) Budget Constraint
 (d) Budget Behaviour

Q34. Choose the correct statements from the following:

- (A) Adam Smith is termed as Father of Modern Economics.
 (B) J.M. Keynes gave the Theory of Income, Output and Employment.
 (C) Four Sector Model = $C + I + G + (X - M)$
 (D) Store of value is primary function of money.

Choose the correct answer from the options given below:

- (a) (A), (B) and (D) only
(b) (A), (B) and (C) only
 (c) (A), (B), (C) and (D)
 (d) (B), (C) and (D) only

Q35. Rearrange the given statements in proper chronological sequence in an ascending order (earliest to latest):

- (A) General theory of Employment, Interest and Money by Keynes.
 (B) Mahalanobis was made a fellow of Britain's Royal Society.
 (C) An Inquiry into the Nature and Cause of the Wealth of Nations by Adam Smith.
 (D) The Economic Consequences of the Peace by Keynes.

Choose the correct answer from the options given below:

- (a) (C), (D), (A), (B)**
 (b) (A), (B), (C), (D)
 (c) (A), (C), (B), (D)
 (d) (D), (A), (C), (B)

Q36. If there is no government and no foreign trade, then:

- (a) $G = T = M = X > I$
 (b) $G = T = M = X = I$
(c) $G = T = M = X = 0$
 (d) $G = T = M = X < I$

Q37. The value of Nominal GDP is ₹1100 and the value of Real GDP is ₹1000. Find the value of GDP deflator.

- (a) 0.9
- (b) 1.1**
- (c) 1
- (d) 0.8

Q38. Identify the correct statements:

- (A) Stocks are defined over a period of time.
- (B) Flows are defined over a period of time.
- (C) Flows are defined at a particular point of time.
- (D) Stocks are defined at a particular point of time.
- (E) $GVA \text{ at factor costs} + \text{Indirect Taxes} - \text{Subsidies} - GVA \text{ at market prices}$.

Choose the correct answer from the options given below:

- (a) (A), (C) and (E) only
- (b) (B), (C) and (D) only
- (c) (B), (D) and (E) only**
- (d) (C), (D) and (E) only

Q39. If the supply of final goods is assumed to be infinitely elastic at constant price over a short period of time, Aggregate output is determined solely by the value of Aggregate demand. This is called _____ Principle.

- (a) Aggregate supply
- (b) Aggregate demand
- (c) Effective demand**
- (d) Perfectly inelastic demand

Q40. Nominal Interest Rate = _____

- (a) Real Interest Rate \times Inflation Rate
- (b) Real Interest Rate - Inflation rate
- (c) Real Interest Rate / Inflation rate
- (d) Real Interest Rate + Inflation rate**

Q41. Value of MPS (Marginal Propensity to Save) is increased from 0.4 to 0.5. What would be the impact on Multiplier?

- (a) The size of the multiplier would be increased.
- (b) The size of the multiplier would remain same.
- (c) Value of multiplier is undetermined with the given information.
- (d) The size of the multiplier would be decreased.**

Q42. Paradox of Thrift means:

- (a) If all the people of the economy increase the proportion of income they save, the total value of investment in the economy will not increase, it will either decline or remain unchanged.
- (b) If all the people of the economy increase the proportion of income they spend, the total value of savings in the economy will not increase, it will either decline or remain unchanged.
- (c) If all the people of the economy decrease the proportion of income they save, the total value of savings in the economy will not increase, it will either decline or remain unchanged.
- (d) If all the people of the economy increase the proportion of income they save, the total value of savings in the economy will not increase, it will either decline or remain unchanged.**

Q43. _____ depicts what has actually happened.

- (a) Ex-Ante
- (b) Ex-Post**
- (c) Constant
- (d) Variable

Q44. If the value of Investment Multiplier is 5 and the increased income is ₹800 crore in an economy, then find the value of change in the investment in the economy.

- (a) ₹4000 crore
- (b) ₹120 crore
- (c) ₹400 crore
- (d) ₹160 crore

Q45. Which of the following statements are true?

- (A) Quantitative tools control the extent of money supply by changing the CRR.
- (B) There are two types of open market operations – outright and upright.
- (C) A fall in the bank rate can decrease the money supply.
- (D) Selling of a bond by RBI leads to reduction in quantity of reserves.
- (E) The RBI can influence money supply by changing the rate at which it gives loan to the commercial banks.

Choose the correct answer from the options given below:

- (a) (A), (C) and (D) only
- (b) (A), (B) and (D) only
- (c) (B), (D) and (E) only
- (d) (A), (D) and (E) only

Q46. Match **List-I** with **List-II**:

List-I	List-II
(A) Bank Rate	(I) Securities are pledged in order to repurchase
(B) Marginal Standing Facility	(II) Minimum rate at which funds are provided for long term
(C) Repo Rate	(III) Also known as Penal Interest Rate
(D) Reverse Repo Rate	(IV) Central Bank borrows funds from commercial banks

Choose the correct answer from the options given below:

- (a) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
- (b) (A) - (II), (B) - (III), (C) - (I), (D) - (IV)
- (c) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
- (d) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q47. Which of the following is *not* a function of Central Bank?

- (a) It controls the money supply in the economy through different rates.
- (b) It acts as a banker to the government.
- (c) It accepts deposits and give loans to people.
- (d) It issues the currency of the country.

Q48. Article 112 deals with:

- (a) Consolidated Fund of India
- (b) Public Account
- (c) Union Budget
- (d) Contingency Fund

Q49. All those elements which create liability and decrease the assets of government are known as:

- (a) Capital Receipts
- (b) Capital Payments
- (c) Revenue Receipts
- (d) Revenue Payments

Q50. Arrange the following elements in correct chronological sequence (earliest to latest):

- (A) Smithsonian Agreement
- (B) Bretton Woods Conference
- (C) Establishment of WTO

(D) Gold Standard

Choose the correct answer from the options given below:

(a) (A), (B), (C), (D)

(b) (D), (B), (A), (C)

(c) (D), (A), (B), (C)

(d) (C), (B), (D), (A)

Solutions

S1. Ans (b)

Sol. Casualization of the workforce refers to the trend of employing workers on a temporary or contractual basis, rather than providing permanent employment. This practice increases the vulnerability of the workforce as it often leads to job insecurity, lack of benefits, and uncertain income, thus adversely affecting the stability and security of employment.

S2. Ans (d)

Sol. The correct chronological order is

(D) Nationalization of RBI - 1 January 1949

(C) Third Five Year Plan - 1961

(A) Establishment of NABARD - 1982

(B) FRBMA (Fiscal Responsibility and Budget Management Act) - 2003

S3. Ans (b)

Sol. Under a flexible exchange rate system, an increase in the price of one domestic currency relative to another indicates that more of the foreign currency can be purchased with the domestic currency than previously. For instance, if the exchange rate is \$1 = ₹60 at first, and the price of local currency rises, the value of the foreign currency falls to \$1 = ₹50. The term "appreciation of the domestic currency" describes this.

S4. Ans (b)

Sol.

(A) Pegged exchange rate system: This system fixes the exchange rate of a currency to another currency (usually a strong one) or to a commodity like gold. **(Matches with II - Fixed exchange rate system)**

(B) Managed floating: This system allows a currency's exchange rate to fluctuate within a certain band, with government intervention to maintain stability. **(Matches with III - Dirty floating)**

(C) Bretton Woods Conference: This 1944 conference established the International Monetary Fund (IMF) and the World Bank, laying the foundation for the pegged exchange rate system. **(Matches with I - Setting up of IMF and World Bank)**

(D) Third element in BOP: The Balance of Payments (BOP) has three main components: current account, capital account, and financial account. The third element typically refers to the financial account. **(Matches with IV - Error and Omission Account - While not a perfect match, the error and omission account are part of the financial account in BOP, and it captures the discrepancy between the recorded transactions in the current and capital accounts)**

S5. Ans (b)

Sol. Carrying capacity refers to the maximum level of resource extraction and waste generation that can be sustained by an environment without causing degradation or long-term harm. It ensures that the use of resources does not exceed their rate of regeneration, and the amount of waste generated does not exceed the environment's capacity to assimilate it.

S6. Ans (c)

Sol. The Right to Education Act (2009) in India makes education a fundamental right for all children aged between 6 and 14 years, ensuring free and compulsory access to education for children in this age group.

S7. Ans (c)

Sol. The correct chronological sequence of higher to lower is

(B) Thermal – 67%

(C) New and renewable energy 17.30%

(D) Hydro -13.60%

(A) Nuclear 2.10%

S8. Ans (c)

Sol. The correct chronological sequence is

(D) MRTP -1969

(C) FERA - 1973

(B) FEMA - 1999

(A) Competition Act – 2002

S9. Ans (c)

Sol. The Great Leap Forward was an economic and social campaign by the Communist Party of China, led by Mao Zedong, initiated in 1958. It aimed to transform China from an agrarian society into a socialist society through rapid industrialization and collectivization.

S10. Ans (b)

Sol.

(A) Great Leap Forward: This was a Mao Zedong-led campaign in China from 1958 to 1962 that aimed to rapidly industrialize the country. **(Matches with (II) Aimed at industrialising the country on a massive scale)**

(B) Mao Zedong: He was the Chairman of the Communist Party of China and leader of the People's Republic of China from 1949 to 1976. **(Matches with (III) Introduced the Great Proletarian Cultural Revolution** - This was a sociopolitical movement launched by Mao Zedong in 1966)

(C) Brundtland Commission: This was a World Commission on Environment and Development established by the United Nations in 1983, led by Gro Harlem Brundtland. **(Matches with (IV) Seminal Report that explained sustainable development as meeting the basic needs of all for a better life)** - Their report, "Our Common Future", is a foundational document on the concept of sustainable development.

(D) Our Common Future: This is the title of the 1987 report by the World Commission on Environment and Development, also known as the Brundtland Commission report. **(Matches with (I) Protecting the future generation.**

S11. Ans (b)

Sol. The second phase of the Green Revolution is generally recognized as the period from the mid-1970s to the mid-1980s. This phase focused on expanding the benefits of high-yielding varieties of seeds and advanced agricultural techniques to a wider range of crops and regions.

S12. Ans (d)

Sol. During the 1980s, Pakistan experienced improved growth rates primarily due to a high amount of foreign direct investment inflow. This influx of capital helped expand industrial capacities and modernize various sectors of the economy.

S13. Ans (c)

Sol. An unexpected rise in sales typically leads to unplanned decumulation of inventories. Businesses may

find that their stock levels decrease more quickly than anticipated due to higher than expected demand.

S14. Ans (b)

Sol. During the festive season, the currency deposit ratio (CDR) most likely (b) increases.

Here's why:

CDR: The currency deposit ratio is the ratio of cash held by the public to the total amount deposited in banks.

Festive Season: During festivals, people tend to spend more.

Cash Demand: To meet these increased expenses, people may withdraw cash from their bank accounts, leading to a rise in the amount of currency held by the public.

Deposit Ratio: As the amount of cash held by the public increases relative to the total deposits, the currency deposit ratio increases.

S15. Ans (c)

Sol. The Economic and Monetary Union (EMU) created in 1992 by the Maastricht Treaty was famously incomplete. 1 January 1999, saw the start of Stage Three of Economic and Monetary Union (EMU), with the introduction of the euro and a single monetary policy for the euro area.

The European Monetary Union, which established the common monetary policy and currency (the euro) for the Eurozone countries, was officially created in 1999.

S16. Ans (c)

Sol. In the circular flow of income in a two-sector economy, the correct statement is that firms produce goods and services. Firms engage in the production of goods and services which they sell to households and other entities, driving the economic activity.

S17. Ans (b)

Sol. Ex Ante refers to plans or intentions before they are realized, particularly in economic contexts. Thus, (A) Ex Ante Saving represents what is actually planned to save is correct because it refers to the amount of savings planned or intended by economic agents before the actual saving occurs.

Ex Post refers to outcomes or results that are observed after the event has occurred. Therefore, (C) Ex Post Saving depicts what has actually happened is correct because it measures the actual amount of savings realized after all transactions are completed. It reflects the real outcome as opposed to the planned outcome.

S18. Ans (b)

Sol.

(A) Annual Financial Statement is the main budget document presented by the government every year. Therefore, it matches with **(III) Main budget document**.

(B) Capital Receipts generally involve transactions that either create liabilities or reduce financial assets, such as borrowing or selling government assets. This matches with **(I) Create liabilities or reduce financial assets**.

(C) Capital Payment involves transactions that either create financial assets or reduce liabilities, such as repayment of debt or investments. This matches with **(IV) Create financial assets or reduce liabilities**.

(D) Export > Import signifies a trade surplus situation where the value of exports exceeds the value of imports. This matches with **(II) Trade surplus**.

S19. Ans (d)

Sol. The passage indicates that the adoption of biocomposting helps reduce the amount of waste that needs to be managed by civic authorities. Earthworms and composting processes convert organic matter into compost, thus reducing the volume of waste that the civic authority has to dispose of, providing a direct benefit to civic operations.

S20. Ans (c)

Sol. According to the passage, earthworms can convert organic matter into compost faster than the normal composting process. This indicates that the earthworm-based composting process is more efficient and quicker than traditional methods.

S21. Ans (b)

Sol. The passage outlines that the use of chemical fertilizers has led to adverse effects on productive lands and contamination of water bodies, including groundwater systems. It also mentions the increased demand for irrigation as a contributing factor, making (b) the correct answer.

S22. Ans (b)

Sol. The passage specifically states that in some regions, cattle are kept primarily for their dung, which serves as an important fertilizer and soil conditioner. This highlights the agricultural value of dung in maintaining soil health and productivity.

S23. Ans (a)

Sol. The passage discusses the shift from chemical fertilizers back to organic composting methods, including the use of earthworms in the process of biocomposting. Thus, "Biocomposting" is a fitting title as it captures the main focus of the text on returning to more sustainable and beneficial agricultural practices.

S24. Ans (c)

Sol. India was renowned for its handicraft industries, especially in cotton and silk textiles, metalwork, and precious stone craftsmanship. These products were appreciated worldwide for their quality and craftsmanship.

S25. Ans (d)

Sol. The colonial government's economic policies were primarily focused on protecting and promoting the economic interests of their home country, Britain, rather than the development of the Indian economy.

S26. Ans (b)

Sol. The notable economists who worked on estimating India's National and Per Capita Income during the colonial period include Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao, and R.C. Desai.

S27. Ans (d)

Sol. The passage notes that India's growth of aggregate real output during the first half of the 20th century was less than two percent, with a per capita output growth of only a half percent per year.

S28. Ans (c)

Sol. Indian handicraft products were highly valued in international markets for their fine quality of materials and exceptional craftsmanship, which distinguished them from products of other countries.

S29. Ans (a)

Sol. In a market economy, economic agents have the freedom to exchange goods and services based on supply and demand dynamics without excessive government intervention. This type of economy promotes free trade and allows agents to trade their endowments freely.

S30. Ans (b)

Sol.

(A) True - Marginal Utility indeed represents the change in total utility from consuming an additional unit of a good.

(C) True - Marginal Utility becomes zero when Total Utility is at its maximum and remains constant, reflecting the saturation point in consumption.

(E) True - Indifference curves typically slope downwards from left to right, indicating that to maintain the same level of utility, a decrease in one good must be offset by an increase in another.

S31. Ans (b)

Sol.

(A) Equilibrium: This occurs when the quantity demanded by consumers equals the quantity supplied by firms at a specific price. In this state, the plans of both consumers and firms are satisfied. **(Matches with (I) Plans of all the consumers and firms in the market match)**

(B) Excess supply: This situation arises when the quantity supplied is greater than the quantity demanded at a particular price. There are more goods or services available than what buyers are willing to purchase at that price point. **(Matches with (III) Supply is greater than market demand)**

(C) Inferior good: These are goods for which demand decreases as consumers' income increases. As people have more money, they tend to substitute inferior goods with superior goods that fulfill the same need. **(Matches with (II) Demand decreases with an increase in income)**

(D) Price ceiling: This is a government-imposed maximum price control on a good or service. It can lead to excess supply if the price ceiling is set below the equilibrium price. **(Matches with (IV) Imposition of upper limit by government)**

S32. Ans (c)

Sol. A demand curve that is a rectangular hyperbola has an elasticity of exactly 1 at each point along the curve. This means that the percentage change in quantity demanded equals the percentage change in price along the entire curve.

S33. Ans (c)

Sol. The inequality $p_1x_1 + p_2x_2 \leq M$ defines the budget constraint in consumer theory, which outlines the combination of goods that a consumer can purchase given their income (M) and the prices of those goods (p_1, p_2).

S34. Ans (b)

Sol.

(A) True - Adam Smith is often referred to as the "Father of Modern Economics."

(B) True - John Maynard Keynes developed the theory concerning income, output, and employment, particularly elaborated in his book "The General Theory of Employment, Interest, and Money."

(C) True - The four-sector model in economics consists of consumption (C), investment (I), government expenditure (G), and net exports (X - M).

The statement (D) is incorrect as "medium of exchange" is typically considered the primary function of money, although "store of value" is also a crucial function.

S35. Ans (a)

Sol. The correct chronological sequence is

(C) An Inquiry into the Nature and Cause of the Wealth of Nations by Adam Smith. - 1776

(D) The Economic Consequences of the Peace by Keynes. - 1919

(A) General theory of Employment, Interest and Money by Keynes. - 1936

(B) Mahalanobis was made a fellow of Britain's Royal Society. - 1945

S36. Ans (c)

Sol. In a closed economy with no government (G) and no foreign trade (imports, M, and exports, X), all these variables equal zero. The equation simplifies to $G = T$ (taxes) = $M = X = 0$, indicating no government spending, taxation, imports, or exports.

S37. Ans (b)

Sol. The GDP deflator is calculated as $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$. Therefore, $\frac{\text{₹1100}}{\text{₹1000}} \times 100 = 110$. The GDP deflator is 1.1, indicating that the price level has increased by 10% relative to the base year.

S38. Ans (c)

Sol. The correct statements are:

(B) Flows are defined over a period of time - correct, as flows (like income or expenditure) occur over time.

(D) Stocks are defined at a particular point of time - correct, as stocks (like wealth or inventory) are measured at a specific time.

(E) $GVA \text{ at factor costs} + \text{Indirect Taxes} - \text{Subsidies} = GVA \text{ at market prices}$ - correct, this is the formula for calculating Gross Value Added at market prices.

S39. Ans (c)

Sol. This scenario is known as the Principle of Effective Demand, famously articulated by John Maynard Keynes. It posits that in the short run, aggregate demand determines the total output of the economy when the supply is infinitely elastic at a given price level.

S40. Ans (d)

Sol. The nominal interest rate is calculated by adding the real interest rate to the inflation rate. This relationship is described by the Fisher Equation, which indicates how the expected inflation rate and the real rate of return combine to form the nominal interest rate.

S41. Ans (d)

Sol. The multiplier is inversely related to the Marginal Propensity to Save (MPS). An increase in MPS (more saving, less spending) reduces the size of the multiplier, as the formula for the multiplier is $\frac{1}{1-MPC}$ or $\frac{1}{MPS}$.

S42. Ans (d)

Sol. The Paradox of Thrift suggests that although saving is typically good for an individual, if everyone starts saving more simultaneously, it may lead to a decrease in aggregate demand and hence overall savings of the economy may not increase; they may actually decline or remain unchanged.

S43. Ans (b)

Sol. Ex-Post refers to after the event, which means it depicts what has actually happened, as opposed to Ex-Ante, which refers to forecasts or predictions before events have unfolded.

S44. Ans (d)

Sol. The formula for calculating change in investment given the multiplier effect is $\frac{\text{Change in Income}}{\text{Multiplier}}$. Therefore, $\frac{₹800 \text{ crore}}{5} = ₹160 \text{ crore}$.

S45. Ans (d)

Sol. Statements (A), (D), and (E) are true. Quantitative tools like changing the Cash Reserve Ratio (CRR), selling bonds (which reduces bank reserves and contracts the money supply), and altering the repo rate (rate at which RBI lends to commercial banks) are all effective measures to control the money supply.

S46. Ans (b)

Sol.

(A) Bank Rate: This is the minimum rate at which the central bank lends short-term funds to commercial banks. It influences short-term interest rates in the economy. **(Matches with (II) Minimum rate at which funds are provided for long term** - This description is not entirely accurate. Bank Rate typically applies to short-term loans)

(B) Marginal Standing Facility (MSF): This is a window for banks to borrow short-term funds from the central bank at a penalty rate as a last resort. **(Matches with (III) Also known as Penal Interest Rate)**

(C) Repo Rate: This is the rate at which the central bank lends short-term funds to banks by repurchasing government securities. Repo operations influence liquidity in the banking system. **(Matches with (I) Securities are pledged in order to repurchase - Repo involves repurchasing securities)**

(D) Reverse Repo Rate: This is the rate at which the central bank absorbs liquidity from the banking system by borrowing short-term funds from banks through selling government securities. **(Matches with (IV) Central Bank borrows funds from commercial banks - Reverse Repo involves borrowing from banks)**

S47. Ans (c)

Sol. Central banks do not typically engage in banking activities with the public, such as accepting deposits

from or granting loans to individuals. Their primary functions involve monetary policy, government banking, and currency issuance.

S48. Ans (c)

Sol. Article 112 of the Indian Constitution deals with the Union Budget, also known as the annual financial statement of the country.

S49. Ans (a)

Sol. Capital Receipts refer to those receipts that either create a liability (like loans) or reduce assets (like disinvestment). They are sources of funds that the government typically uses to finance its expenditure not covered by revenue receipts.

S50. Ans (b)

Sol. The correct chronological sequence is

(D) Gold Standard - prior to 1920s

(B) Bretton Woods Conference - 1944

(A) Smithsonian Agreement - 1971

(C) Establishment of WTO - 1995