

Q4. A company located in India gives a loan to a company located abroad. How is this transaction recorded in India's balance of payments account? (Choose the correct alternative) [1]

- a) Credit side of current account
- b) Debit side of current account
- c) Credit side of capital account
- d) Debit side of capital account

Q5. Giving reason state whether the given statement is true or false: [1]
'Managed Floating Exchange Rate is decided by market forces but remains within a specific range as decided by central bank'.

Q6. From the set of statements given in Column I and Column II, choose the correct pair of statements: [1]

Column I	Column II
A. Export of machinery from Germany	i) Capital account of balance of payments
B. Remittances to relative staying abroad	ii) Credit side of current account of balance of payments
C. Investments by Microsoft in India	iii) Credit side of capital account of balance of payments
D. Exports of software to Spain	iv) Debit side of current account of balance of payments

Read the following news report and answer Questions 7-10 on the basis of the same: COVID-19 to have significant deflationary impact due to demand evaporation'

Ruling out any impact of stimulus on the price situation, Chief Economic Advisor K.V.

Subramanian on Thursday said the COVID-19 pandemic has severely dented the demand for non-essential or discretionary goods, creating deflationary conditions. He also said that a good part of the 20 lakh crore stimulus package is designed in a manner that the fiscal deficit remains under control.

"COVID has a significant deflationary impact because demand especially for non-essential or discretionary goods and services will go down significantly. Therefore, it is unlikely that there would be too much inflationary impact through fiscal deficit or stimulus package," Subramanian told in an interview.

The proposed stimulus package will generate demand by infusing liquidity into the system and thus perk up the economy, the CEA said.

The Economic Times: May 15th, 2020

Q7. Deficiency of demand creates _____ (deflationary gap/inflationary gap) [1]
in the economy. (Choose the correct alternative)

Q8. Inflationary gap: (Choose the correct alternative) [1]

- a) raises the level of output.
- b) does not change the level of output
- c) raises the general price level.
- d) both (b) and (c)

Q9. _____ gap is measured as the difference between ‘planned AD which is beyond full employment level’ and ‘AD that corresponds to full employment’. [1]
(Inflationary/Deflationary)

Q10. In a given situation when $AD < AS$ in an economy then _____. [1]
(a) General price level in the economy will increase
(b) Inventory stock will decrease beyond desired level
(c) Situation of excess supply arises
(d) Producers will decrease planned output

Q11. Which of the following items will be included/not included while estimating Gross Domestic Product? Give valid reasons in support of your answer. [3]
(a) Wages received by an Indian working in the British Embassy in India.
(b) Financial aids received from abroad after ‘‘Fani cyclone’’.
(c) Purchase of second hand machinery from abroad.

Q12. Distinguish between ‘trade deficit’ and ‘current account deficit’. [3]
OR

State, giving valid reasons, whether the following statements are true or false:

- Current account deficit in BOP occurs when export of visibles is less than import of visibles.
- Compensation of employees to the rest of the world is a debit component of balance of payments on capital account.

Q13. What role does credit multiplier play in determining the credit creation capacity of the banking system? Use a numerical illustration to explain. [4]

Q14. What is meant by deflationary gap? Discuss one fiscal measure and one monetary measure to tackle the situation. [4]

Q15. Answer the following questions based on the data given below: [4]

Estimate the value of Aggregate Demand and Investment Multiplier in an economy if:

- Autonomous Investment (I) = Rs 100 crores.
- Marginal Propensity to Save = 0.2
- Level of Income (Y) = Rs 4,000 crores.
- Autonomous Consumption Expenditure (c) = Rs 50 crores

OR

Explain the determination of equilibrium level of national income using ‘saving and investment’ approach. Use diagram. Also explain the changes that take place in an economy when ex-ante investment is less than ex-ante saving.

- Q16. a) 'Taxation is an effective tool to reduce the inequalities of income.' [4+2]
Justify the given statement with valid reasons.
b) Explain the meaning of fiscal deficit.

- Q17. a) Distinguish between 'Real Gross Domestic Product' and 'Nominal Gross Domestic Product.' [3+3]

b) Calculate 'Intermediate Cost' from the following data:

S. No	Particulars	Amount (in ₹crores)
1.	Gross value of output	300
2.	Net Value Added at factor cost	100
3.	Subsidies	15
4.	Depreciation	30

OR

a) What are 'externalities'? State its types with suitable examples.

b) Calculate the value of 'Change in Stock' from the following data :

S. No	Particulars	Amount (in ₹crores)
i.	Sales	400
ii.	Net Value Added at Factor Cost (NVA _{FC})	200
iii.	Subsidies	10
iv.	Change in stock	?
v.	Depreciation	40
vi.	Intermediate Consumption	100

Section-B (Indian Economic Development)

- Q18. Tariffs and quotas adopted under industrial policy was to [1]

- Increase exports
- Make exported goods cheaper
- To increase foreign competition
- To restrict import and protect domestic firms from foreign competition

- Q19. Identify the incorrect statement. [1]

- India had high birth rate and high death rate on the eve of independence
- British encouraged capital goods industry in India
- Opening of Suez Canal helped British Trade with India
- India was an importer of finished goods before independence

- Q20. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: [1]

Assertion (A): Under the colonial regime, basic infrastructure such as railways, ports, water transport, posts and telegraphs did develop.

Reason (R): Roads constructed in India prior to the advent of the British rule were not fit for modern transport.

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.

OR

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

Assertion(A): The policy of 'land to the tiller' is based on the idea that the cultivators will take more interest and they will have more incentive in increasing output if they are the owners of the land.

Reason(R): Ownership of land enables the tiller to make profit from the increased output.

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.

Q21. Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below: [1]

Assertion (A): India could not develop a sound industrial base under the colonial rule.

Reason (R): The colonial government reduced India to the status of a mere exporter of important raw materials for the upcoming modern industries in Britain.

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.

Q22. From the set of statements given in Column I and Column II, choose the correct pair of statements: [1]

Column I		Column I	
A	One child policy	i.	India
B	Jobless growth process	ii.	China
C	Reforms in 1978	iii.	Pakistan
D	Commune system of farming	iv.	Collective farming

Alternatives:

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

Q29. What do you mean by agricultural marketing? Explain any two steps taken by the government in developing rural markets. [3]

Q30. Explain growth with equity as a planning objective. [4]

OR

Discuss briefly any two major steps taken by the Government of India in “Trade and Investment Policy” under the Economic Reforms of 1991.

Q31. Answer the following question on the basis of the following data: [4]
Compare Gross Domestic Product (GDP) and its growth in India, China and Pakistan.

Annual Growth of Gross Domestic Product (%), 1980-2017

Country	1980-90	2015-2017
India	5.7	7.3
China	10.3	6.8
Pakistan	6.3	5.3

Q32. Agricultural reforms under New Economic Policy have not been able to benefit agriculture, where the growth rate has been decelerating. Give reasons. [4]

Q33. a) What is sustainable development? Describe any two strategies of sustainable development. [3+3]

b) Name two Poverty Alleviation Programmes in India. Also mention any two major areas of concern which prevent successful implementation of poverty alleviation programmes.

OR

Read the following table and answer the following questions:

Distribution of workforce by Gender (2011-12)

Category	Male Female Distribution	
	% of male workers	% of female workers
Self-employed	51	56
Casual wage labour	29	31
Regular salaried employees	20	13
Total	100	100

(a) Which is the major source of livelihood for both men and women in India? (1)

(b) Indian workforce is constantly moving towards casualisation. What is casualisation of workforce? (1)

(b) Give two benefits of being a regular salaried employee. (2)

(c) Why is the percentage of regular – salaried males more in India? Give two reasons. (2)

Q34. a) Monthly Per Capita Expenditure method of determining Poverty Line is criticized due to various reasons. Comment [3+3]

b) “Human capital formation gives birth to innovation, invention and technological improvements.”

Do you agree with the given statement? Support your answer with valid arguments.