

ENGLISH VERSION

General Instructions :

Read the following instructions very carefully and strictly follow them :

- (i) The question paper contains 60 questions out of which 50 questions are to be attempted. All questions carry equal marks.
- (ii) This question paper consists three Sections – Section A, B and C.
- (iii) Section – A contains 24 questions. Attempt any 20 questions from Ques. No. 1 to 24.
- (iv) Section – B contains 24 questions. Attempt any 20 questions from Ques. No. 25 to 48.
- (v) Section – C contains 12 questions. Attempt any 10 questions from Ques. No. 49 to 60.
- (vi) The first 20 questions in Section A & Section B and first 10 questions attempted in Section C will be evaluated.
- (vii) There is only one correct option for every Multiple Choice Question (MCQs). Marks will not be awarded for answering more than one option.
- (viii) There is no negative marking.

SECTION – A

1. Identify which of the following is an example of non-debt capital receipt.
(Choose the correct alternative)
 - (a) Financial aid from MNC for victims in flood affected area.
 - (b) Borrowings from International Monetary Fund (IMF).
 - (c) Recovery of loans from State Governments.
 - (d) Dividend paid by State Bank of India (SBI) to the Government.
2. _____ is the difference between value of export and import of services; transfers payments in a given period of time
(Fill up the blank with correct alternative)
 - (a) Balance of trade
 - (b) Net Invisibles (Services)
 - (c) Trade surplus
 - (d) Current account of BOP
3. _____ is not related with banking system.
(Fill up the blank with correct alternative)
 - (a) Bank rate
 - (b) Fiscal deficit
 - (c) Credit creation
 - (d) Cash reserve ratio

4. Which of the following item will be entered on the credit side of current account in Balance of Payment of a country ? (Choose the correct alternative)

- (a) Borrowings from abroad (b) Import of Machinery
(c) Export of tea (d) Foreign Direct Investment

5. Read the following statements carefully and choose the correct alternative :

Statement-I : The demonetisation of currency was undertaken by Indian government on November 8, 2016.

Statement-II : Demonetisation has increased the popularity of e-wallets in India.

- (a) Both the statements are true.
(b) Both the statements are false.
(c) Statement-I is true, Statement-II is false.
(d) Statement-II is true, Statement-I is false.

6. Central Bank as _____, manages public debt of the government.

(Fill up the blank with correct alternative)

- (a) Custodian of Foreign Exchange (b) Agent
(c) Financial Advisor (d) Supervisor

7. Read the following statements carefully and choose the correct alternative :

Statement-I : Public goods are non-excludable.

Statement-II : Consumption of public goods by people is of rivalrous nature.

- (a) Both the statements are true.
(b) Both the statements are false.
(c) Statement-I is true, Statement-II is false.
(d) Statement-II is true, Statement-I is false.

8. Price of one currency in relation to another currency, determined by the free market forces, is known as _____.

(Fill up the blank with correct alternative)

- (a) Equilibrium Price (b) Fixed Exchange Rate
(c) Foreign Exchange Rate (d) Flexible Exchange Rate

9. Process of credit creation by commercial banks comes to an end when _____
(Fill up the blank with correct alternative)

- (a) Fresh deposits with Banks become zero.
- (b) Reserve Ratio become zero.
- (c) Money multiplier becomes zero.
- (d) Total money reserves become equals to initial deposit.

10. In _____, First 'Industrial Policy Resolution' of Independent India was announced.
(Fill up the blank with correct alternative)

- (a) 1947
- (b) 1948
- (c) 1951
- (d) 1956

11. During colonial period, estimates of _____ on national income and per capita income were considered very significant.
(Fill up the blank with correct alternative)

- (a) Dadabhai Naoroji
- (b) William Digby
- (c) V.K.R.V. Rao
- (d) R.C. Desai

12. Match the items of Column-I to Column-II & choose the correct alternative :

	Column-I		Column-II
A.	Goods produced by small scale industries were dereserved.	i.	Tax Reforms
B.	Foreign Investment limit raised to around 50%.	ii.	Foreign Exchange Reforms
C.	The rate of corporation tax, has been reduced.	iii.	Financial Sector Reforms
D.	Market determines exchange rates system was adopted.	iv.	Deregulation of Industrial Sector

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

13. _____ is not a type of land reforms introduced by Government of India, after Independence.
(Fill up the blank with correct alternative)

- (a) Land ceiling
- (b) Abolition of intermediaries
- (c) Change in ownership of land holding
- (d) Use of High Yielding Variety (HYV) seeds

14. Read the following statements carefully and choose the correct alternative :

Statement-I : The Planning Commission has defined poverty line on the basis of minimum calorie intake of an individual in a day.

Statement-II : Monthly Per Capita Consumption Expenditure (MPCE) method is also used to determine poverty line in India.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement-I is true, Statement-II is false.
- (d) Statement-II is true, Statement-I is false.

15. In 1991, _____ was the immediate impact of devaluation of Indian Rupee.
(Fill up the blank with correct alternative)

- (a) Increase in inflow of foreign exchange
- (b) Decrease in inflow of foreign exchange
- (c) Increase in outflow of foreign exchange
- (d) Fall in foreign exchange reserve

16. _____ was known as Architect of Indian Economic Planning.

(Fill up the blank with correct alternative)

- (a) Pandit Jawahar Lal Nehru
- (b) Dr. Manmohan Singh
- (c) P.C. Mahalanobis
- (d) Dr. B.R. Ambedkar

17. Identify the incorrect statement from the following :

(Choose the correct alternative)

- (a) Horticulture has emerged as a successful sustainable livelihood option for farmers in India.
- (b) Horticulture is an important sector for potential diversification and value addition in agriculture.
- (c) India is blessed with supportive climatic and soil conditions for horticulture.
- (d) Horticulture is the business related to producing, storing and distributing food grains.

18. 'Budget is used as an important policy instrument to combat fluctuations in an economy.'

(Choose the correct alternative)

In the light of above lines, identify the related objective of government budget.

- (a) Allocation of resources
- (b) Stabilisation of prices
- (c) Growth of the economy
- (d) Redistribution of income

058/2/4

Page 5

P.T.O.

19. Read the following statements carefully and choose the correct alternative :
Statement-I : Concept of absolute poverty is used to identify the number of poor people in India.

Statement-II : Increase in per-capita Gross Domestic Product (GDP) helps in eradication of poverty in a nation.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement-I is true and Statement-II is false.
- (d) Statement-II is true and Statement-I is false.

20. Statutory liquidity ratio implies to that percentage of _____.

(Fill up the blanks with correct alternative)

- (a) total deposits of the commercial banks which must be kept in the current account, with the Reserve Bank of India.
- (b) total deposits of the commercial banks which must be kept in the form of liquid assets, with the Reserve Bank of India.
- (c) net time and demand deposit liabilities of the commercial banks which must be kept in the form of cash, with the Reserve Bank of India.
- (d) net time and demand deposit liabilities of the commercial bank which must be kept with themselves in the form of liquid assets.

21. Identify the incorrect statement in context of human capital.

(Choose the correct alternative)

- (a) Human capital is intangible in nature.
- (b) Human capital is perfectly mobile.
- (c) Human capital is inseparable from its owner.
- (d) Human capital cannot be sold in market like commodity.

22. Read the following statements carefully and choose the correct alternative :

Statement-I : The tax reduction in the economic reform period was aimed at yielding larger tax revenue and curb tax evasion.

Statement-II : Tax reductions negatively affected the developmental and welfare expenditure of government.

- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement-I is true, Statement-II is false
- (d) Statement-II is true, Statement-I is false

32. Read the following statements carefully and choose the correct alternative :

Statement-I : Self Help Groups (SHGs) have emerged to fill the gap in formal credit system.

Statement-II : Formal credit system in India, is not only inadequate but also not fully integrated with rural social community development.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement-I is true and Statement-II is false.
- (d) Statement-II is true and Statement-I is false.

33. Which of the following statements do not support with the function of RBI as supervisor to the commercial banks ?

- (a) Regulates the expansion, merger, acquisition etc. of the bank.
- (b) Formulates all rules and regulations for commercial bank.
- (c) Extend loans to the commercial bank.
- (d) Inspection of operations of banks.

34. Read the following statement carefully and choose the correct alternative :

Statement-I : Agricultural productivity was very low during the British Rule.

Statement-II : In absolute terms, there was growth in agricultural sector due to expansion of aggregate area under cultivation.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement-I is true but Statement-II is false.
- (d) Statement-II is true but Statement-I is false.

23. During the second half of the 19th century, the cotton textile mills mainly dominated by Indian entrepreneurs were located mainly in _____.

(Fill up the blank with correct alternative)

- (a) Bengal (b) Maharashtra
(c) Calcutta (d) Madhya Pradesh

24. The vaccination campaign for containing COVID-19 is an example of _____ medicine. (Fill up the blank with correct alternative)

- (a) Preventive (b) Curative
(c) Social (d) Emotional

SECTION - B

25. In context of current account, identify the incorrect statement from the following :

- (a) Export of goods and services are recorded as credit items.
(b) Imports of goods and services are recorded as debit items.
(c) All transfer payments are recorded as debit items.
(d) All transfer receipts are recorded as debit items.

26. If the Legal Reserve Ratio is 20% and Initial deposit is ₹ 2,000, then value of money multiplier and total money creation will be _____ and _____.

(Fill up the blanks with correct alternative)

- (a) 5, 10,000 (b) 4, 8,000
(c) 6, 2,000 (d) 4, 10,000

27. Read the following statements – Assertion (A) & Reason (R) carefully & choose the correct alternative :

Assertion (A) : Post 1991, India has become the favoured outsourcing destination in the world.

Reason (R) : Indian labour have skilled labour force.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation for Assertion (A).
(b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation for Assertion (A).
(c) Assertion (A) is true but Reason (R) is false.
(d) Assertion (A) is false but Reason (R) is true.

058/2/4

Page 7

P.T.O.

28. 'Co-operative marketing societies have faced a downfall in the recent years.'

Identify which of the following was not a reason behind its downfall.

- (a) Lack of co-ordination between processing and marketing societies.
- (b) Inefficient financial management
- (c) Inadequate coverage of all the members
- (d) Intervention of the government is most essential

29. Read the following statements – Assertion (A) & Reason (R) carefully & choose the correct alternative :

Assertion (A) : Human Capital formation is a flow concept.

Reason (R) : Stock is that variable which is measured at a given point of time.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true but Reason (R) is not 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.

30. Which of the following is incorrect about Urban poor ?

(Choose the correct alternative)

- (a) They usually possess few assets.
- (b) They work as unskilled workers.
- (c) It also includes those poor who have migrated from rural areas.
- (d) They are usually landless, working as tenant cultivators.

31. Read the following statements – Assertion (A) & Reason (R) carefully & choose the correct alternative :

Assertion (A) : The purpose of license policy was to promote regional equalities.

Reason (R) : The motive of licensing system was to monitor and control the industrial production.

- (a) Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation for Assertion (A).
- (b) Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation for Assertion (A).
- (c) Assertion (A) is true but Reason (R) is false.
- (d) Assertion (A) is false but Reason (R) is true.

058/2/4

Page 8

35. Read the following statements – Assertion (A) and Reason (R) carefully & choose the correct alternative :

Assertion (A) : Reserve Ratio and credit creation power of commercial bank are directly related.

Reason (R) : Credit Creation is the product of the reciprocal of Reserve Ratio (RR) and Primary deposit.

- (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 (R) is not the correct explanation of (A).
- (c) Assertion (A) is true but Reason (R) is false.
- (d) Assertion (A) is false but Reason (R) is true.

36. If the value of export of merchandise is ₹ 1,500 crore and Imports of goods are 20 percent more than exports. The value of imports and trade deficit will be ₹ _____ crores and ₹ _____ crores respectively.

- (a) 1800, 3300
- (b) 1800, 300
- (c) 1200, 300
- (d) 1200, 3300

37. Identify the false statement in context of India's foreign trade.

- (a) Exporter of raw material.
- (b) Surplus in foreign trade account.
- (c) Importer of finished goods.
- (d) Import of gems and pearls from Britain.

38. Read the following statements carefully and choose the correct alternative :
Statement-I : Poverty line is that point of the income distribution, which divides the population of the country into rich and poor.

Statement-II : The method of poverty line is used to measure Relative poverty.

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement-I is true and Statement-II is false.
- (d) Statement-II is true and Statement-I is false.

39. Which of the following item is included in capital account of Balance of payments of a country ?
(Choose the correct alternative)

- (a) Interest and rent received from assets abroad
- (b) Income from banking services
- (c) Remittances from abroad
- (d) Foreign Direct Investment

40. Read the following statements carefully and choose the correct alternative :

Assertion (A) : Managed floating exchange rate system is an amalgamation of fixed exchange rate and flexible exchange rate.

Reason (R) : Central Bank can manipulate the flexible exchange rate system.

Alternatives :

- (a) Assertion (A) and Reason (R) are true and (R) is correct explanation of (A).
- (b) Both Assertion (A) and Reason (R) are true but (R) is not correct explanation of (A).
- (c) Assertion (A) is true but Reason (R) is false.
- (d) Assertion (A) is false but Reason (R) is true.

41. Read the following statements carefully and choose the correct alternative :

Statement-I : For poverty alleviation, the Government of India adopted three dimensional approach.

Statement-II : Lack of active participation of the poor, the gains of economic growth have been grabbed by the rich.

Alternatives :

- (a) Both the Statements are true.
- (b) Both the Statements are false.
- (c) Statement-I is true but Statement-II is false.
- (d) Statement-II is true but Statement-I is false.

42. Read the following statements carefully and choose the correct alternative :

Statement-I : All the coins are issued by Finance Ministry in India.

Statement-II : All the currency notes are issued by Reserve Bank of India.

Alternatives :

- (a) Both the statements are true.
- (b) Both the statements are false.
- (c) Statement-I is true and Statement-II is false.
- (d) Statement-II is true and Statement-I is false.

43. Read the following statements carefully – Assertion (A) and Reason (R) and choose the correct alternative from the following :

Assertion (A) : Foreign exchange rate supports the comparison of international costs and prices.

Reason (R) : Foreign exchange rate is the price of one currency in terms of another commodities.

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 and Reason (R) is false.
- (d) Assertion (A) is false and Reason (R) is true.

44. _____ organization collect statistics on poverty in India.

- (a) Planning Commission
- (b) NSSO
- (c) Ministry of Statistics
- (d) Ministry of Finance

45. Read the following statements carefully – Assertion (A) and Reason (R) :

Assertion (A) : Rural development in India is a core element for overall development of the nation.

Reason (R) : More than two-third of India's population depends on agriculture.

From the given alternative choose the correct alternative :

- (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. Which of the following statement is incorrect ?

(Choose the correct alternative)

- (a) Balance Of Payment (BOP) is a flow concept.
- (b) Balance of Trade includes export and import of goods only.
- (c) Charity to foreign countries is recorded in Capital account of BOP.
- (d) Balance Of Payment is broader concept than balance of trade.

058/2/4

47. Distribution of Outstanding Loan of Cultivator Households (Rural) %

S. No.	Credit Agency	1971	2002
(i)	Government	7.1	1.7
(ii)	Co-operative Societies/Banks	22	30.2
(iii)	Commercial Banks	2.4	26.3
(iv)	Traders	8.4	2.6
(v)	Relatives and Friends	13.1	6.2

Sources : NSS 48th Round, Report No. 420,

NSS 59th Round, Report No. 501

Which Institutional Agency (As given in the above table) has shown the maximum increase in the share of outstanding loan to cultivators :

- (a) Relatives & Friends (b) Commercial banks
(c) Co-operative Banks (d) Traders

48. Read the following statements carefully – Assertion (A) and Reason (R) and choose the correct alternatives :

Assertion (A) : Economists emphasize on the need for expanding educational opportunities, as it accelerates development process.

Reason (R) : Educated people facilitates adaption of new technology and stimulates innovation.

- (a) 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.

SECTION - C

Q. No. 49-54 are to be answered on the basis of previous knowledge and the text given below :

The adoption of the socialist pattern as the national objective, require that all industries are of strategic importance. In the nature of public utility, services should be in the hands of public sector. Other Industries which are essential and require investment have also to be in the public sector.

After considering all the aspects of the problem, the Government of India decided to classify industries into three categories. The central idea behind this thought process is to ensure active role of government at all levels (directly or indirectly).

Source : Industrial Policy Resolution. (30th April, 1956)

49. In the Industrial Policy Resolution 1956, Industries were classified into _____ categories.
- (a) one (b) two
(c) three (d) four
50. 'Under IPR 1956, the private sector was kept under state control through licensing system.'
The objective of such policy was _____. (Choose the correct alternative)
- (a) To promote regional equality
(b) To ensure that production exceeds what the economy required.
(c) To ensure that private sector enterprises should not create monopoly.
(d) Both (a) and (c)
51. Industrial Policy Resolution 1956, formed the basis of _____ five year plan.
- (a) first (b) second
(c) third (d) fourth
52. Read the following statements carefully and choose the correct alternative :
- Statement-I :** Under IPR 1956, the First Category comprised Industries exclusively owned by state.
- Statement-II :** Second Category comprised of Industries where state will supplement private sector.
- Alternatives :**
- (a) Both the statements are true.
(b) Both the statements are false.
(c) Statement-I is true and Statement-II is false.
(d) Statement-II is true and Statement-I is false.

53. Which of the following statements is incorrect ?
- State had complete control over the industries, that were vital for economy.
 - Industries left for private sector were kept under control of government through licensing.
 - License was not required for expansion.
 - The purpose of licensing was to promote regional equality.
54. Industrial Policy is a _____ combination/pack of policy measures.
- narrow
 - finite
 - comprehensive
 - superficial

Q. 55 to 60 are to be answered on the basis of given data & Common Knowledge :

Budget 2021-22 → From Where The Rupee Comes ?

S. No.	Items	Amount (Paisa / Rupee)
(i)	Corporation Tax	13
(ii)	Income Tax	14
(iii)	Customs	3
(iv)	Union Excise Duties	8
(v)	Goods and Service Tax	15
(vi)	Non-Tax Revenue	6
(vii)	Non-Debt Capital Receipts	5
(viii)	Borrowing and other liabilities	36

55. What is the percentage share of total tax revenue in governments total receipts ?
- 50%
 - 53%
 - 59%
 - 45%
56. Identify which of the following is not an example of non-tax revenue ?
- Fees and fines
 - Income Tax
 - Borrowings
 - Grants
- Only II
 - II and III
 - II, III and IV
 - I and IV

57. If government borrowing increases, which of the following statements will be incorrect for the current fiscal year ?

- (a) Primary deficit will increase.
- (b) Fiscal deficit will increase.
- (c) Revenue deficit will decrease.
- (d) Government burden for future payment will increase.

58. Which among the following is an example of Indirect Tax ?

- (a) Income Tax
- (b) Corporation Tax
- (c) Excise Duties
- (d) Gift Tax

59. If government borrowing for the fiscal year is 35,000 crores and interest payments are 5,000 crores then the value of fiscal deficit will be

- (a) 35,000 crores
- (b) 30,000 crores
- (c) 40,000 crores
- (d) 7,000 crores

60. Match the items of Column-I with Column-II and choose the correct pair :

	Column-I		Column-II
A.	Revenue Receipt	i.	Interest Paid
B.	Capital Receipt	ii.	Grants received
C.	Revenue Expenditure	iii.	Profits of PSU
D.	Capital Expenditure	iv.	Loan repaid

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