



## Set 1 Code 58/2/1 Answer Key

### Section A

1. The monetary policy is formulated by the \_\_\_\_\_ in the Indian economy. (Choose the correct option to fill up the blank.)

Options:

- (A) Central Government
- (B) State Governments
- (C) Reserve Bank of India
- (D) World Bank

Correct Answer: (C) Reserve Bank of India

2. Identify, which of the following is **not** to be considered while estimating Revenue Deficit of a country.

- (A) Wages and salaries paid by the government
- (B) Interest payments made by the Central Government
- (C) Direct Tax Collection
- (D) Expenditure incurred on construction of flyover

Correct Answer: (C) Direct Tax Collection

3. In the Keynesian Economics, \_\_\_\_\_ starts from the origin and is always drawn at an angle of  $45^\circ$ . (Choose the correct option to fill up the blank.)

Options:

- (A) Consumption curve
- (B) Aggregate demand curve
- (C) Reference line
- (D) Investment curve

Correct Answer: (C) Reference line

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

Assertion (A): In case of public goods no one can be excluded from enjoying the benefits.

Reason (R): Public goods are non-rivalrous and non-excludable in nature.

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, 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.

Correct Answer: (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

5. Value Addition = \_\_\_\_\_ - Value of Intermediate Consumption. (Choose the correct option(s) to complete the stated formula.)

- (i) Domestic sales  
(ii) Sales – change in stock  
(iii) Value of output  
(iv) (Number of units produced) × (Price per unit)

Options:

- (A) (i) and (ii)  
(B) (ii) and (iii)  
(C) (ii), (iii), and (iv)  
(D) (iii) and (iv)

Correct Answer: (D) (iii) and (iv)

6. Suppose for an economy, autonomous consumption stands as ₹ 100 crore and total consumption is ₹ 130 crore. The value of induced consumption would be ₹ \_\_\_\_\_ crore. (Choose the correct option to fill up the blank.)

Options:

- (A) 30  
(B) 80  
(C) 100  
(D) 130

Correct Answer: (B) 80

7. As the Banker to the Bank, Reserve Bank of India performs all functions except \_\_\_\_\_. (Choose the correct option to fill up the blank.)

Options:

- (A) Purchase and sale of securities on behalf of the general public  
(B) Maintaining current account for Commercial Banks  
(C) Clearing and settlement of Interbank transactions  
(D) Facilitating governmental transactions

Correct Answer: (A) Purchase and sale of securities on behalf of the general public

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

Assertion (A): If the value of Marginal Propensity to Save is 0.5, Marginal Propensity to Consume will be equal to Marginal Propensity to Save.

Reason (R): Sum of Marginal Propensity to Consume and Marginal Propensity to Save always equals to unity.

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, 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.

Correct Answer: (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

9. The budget under, which the government may spend an amount equal to the revenue it collects is referred as \_\_\_\_\_ Budget. (Choose the correct option to fill up the blank.)

Options:

(A) Surplus

(B) Deficit

(C) Balanced

(D) Deflationary

Correct Answer: (C) Balanced

10. To arrive at the value of equilibrium level of income, there must exist an equality between ex-ante \_\_\_\_\_ and ex-ante \_\_\_\_\_. (Choose the correct option to fill up the blank.)

(i) Aggregate Demand, Aggregate Supply

(ii) Aggregate Demand, Savings

(iii) Aggregate Demand, Investment

(iv) Savings, Investment

Options:

(A) (i) and (ii)

(B) (i) and (iv)

(C) (ii) and (iii)

(D) (iii) and (iv)

Correct Answer: (C) (ii) and (iii)

## Section B

18. \_\_\_\_\_ of agriculture refers to the production of crops for sale in the open market rather than for self-consumption purposes. (Choose the correct option to fill up the blank.)

Options:

- (A) Commercialisation
- (B) Diversification
- (C) Digitisation
- (D) Modernisation

Correct Answer: (A) Commercialisation

19. Read the following statements carefully:

Statement 1: In 1978, commune lands were divided into small plots to the individual households for cultivation.

Statement 2: Under the commune system, professionals were sent to work and learn from the countryside.

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

Options:

- (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.

Correct Answer: (A) Statement 1 is true and Statement 2 is false.

20. Identify the options that emphasize the role of information and technology.

Options:

- (i) Achieving sustainable development
- (ii) Attainment of food security
- (iii) Disseminates information regarding emerging technologies

Options:

- (A) Only (i)
- (B) Only (ii)
- (C) (i) and (ii)
- (D) (i), (ii), and (iii)

Correct Answer: (D) (i), (ii), and (iii)

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

Assertion (A): Under the land reforms, the Indian government fixed the minimum land size which could be owned by an individual.

Reason (R): The purpose of land ceiling was to avoid the concentration of land ownership in a few hands.

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, 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.

Correct Answer: (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

22. \_\_\_\_\_ are the people who operate their own farms/enterprises. (Choose the correct option to fill up the blank.)

Options:

(A) Hired Workers

(B) Casual Wage Workers

(C) Regular Salaried Employees

(D) Self-Employed

Correct Answer: (D) Self-Employed

23. Agricultural marketing is a process that involves the \_\_\_\_\_ of agricultural commodities. (Choose the correct option to fill up the blank.)

(i) Privatisation

(ii) Processing

(iii) Assembling

(iv) Grading

Options:

(A) (i) and (ii)

(B) (ii) and (iii)

(C) (ii), (iii), and (iv)

(D) (iii) and (iv)

Correct Answer: (C) (ii), (iii), and (iv)

24. \_\_\_\_\_ is based on the idea that education and health are integral to human well-being. (Choose the correct option to fill up the blank.) Options:

(A) Human Resource

(B) Human Development

(C) Human Capital

(D) Economic Development

Correct Answer: (C) Human Capital

25. In recent years, all the adults are encouraged to open bank accounts as a part of a scheme known as \_\_\_\_\_. (Choose the correct option to fill up the blank.)

Options:

- (A) Jan-Dhan Yojana
- (B) Jan-Aushadhi Yojana
- (C) Jan-Soochna Yojana
- (D) Jan-Arogya Yojana

Correct Answer: (A) Jan-Dhan Yojana

26. The given chart indicates the problem of \_\_\_\_\_ in the Indian Economy, post 1990-92. (Choose the correct option to fill up the blank.)

Options:

- (A) Informalisation of Workforce
- (B) Casualisation of Workforce
- (C) Jobless Growth
- (D) Formalisation of Workforce

Correct Answer: (C) Jobless Growth

27. Read the following statements carefully:

Statement 1: Environmental concerns of waste generation and pollution have become critical, due to reversal of demand and supply relationship.

Statement 2: Environmental crisis happens when the rate of resource extraction is less than that of regeneration of resource.

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

Options:

- (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 false.
- (D) Both statements 1 and 2 are true.

Correct Answer: (C) Both statements 1 and 2 are false.