CUET 2024 Economics Online Question Paper with Solutions

Question 1: "What to produce" is a central problem that deals with which of the following questions?
(A) What technique of production to use?
(B) What type of goods to produce?
(C) Which income group to produce for?
(D) What quantity of goods to produce?

Options:
(1) (A), (B), and (D) only
(2) (B) and (D) only
(3) (A) and (D) only
(4) (B), (C), and (D) only

Correct Answer: (4) (B), (C), and (D) only

Solution: The central economic problem of "What to produce" addresses three major decisions:

1. **Type of goods to produce (B):** This involves determining whether to produce capital goods (e.g., machinery) or consumer goods (e.g., food).
2. **Income group to produce for (C):** Resources are limited, and this decision ensures equitable distribution of goods across different income levels.
3. **Quantity of goods to produce (D):** This decision balances supply and demand to avoid wastage or shortages in the economy.

However, the technique of production (A) is a separate problem categorized under "How to produce," as it relates to resource utilization and efficiency. Thus, (B), (C), and (D) are the correct answers.

Quick Tip

The Three Basic Economic Problems:

1. **What to produce:** Decisions on types, quantities, and target groups for goods and services.
2. **How to produce:** Determining production methods and resource allocation.
3. **For whom to produce:** Allocation of goods based on consumer income and needs.

Memorizing these problems helps in answering questions on resource management and economic planning.

Question 2: When the price of a good falls from Rs 30 to Rs 25, the consumer continues to purchase the same quantity of the good. What will be the price elasticity of demand for this good for the consumer?
Options:
(1) Unitary elastic
(2) Perfectly elastic
(3) Perfectly inelastic
(4) Elastic
Solution:
Price elasticity of demand (PED) is calculated by the formula:

$$PED = \frac{\text{\% Change in Quantity Demanded}}{\text{\% Change in Price}}$$

Here, the price falls from Rs 30 to Rs 25, and the quantity demanded remains unchanged. This indicates that there is no change in the quantity demanded despite the price change.
Thus, the demand is **perfectly inelastic**, which means the consumer continues to purchase the same quantity irrespective of the change in price.

Answer:
The correct answer is:

$$\boxed{\text{3.Perfectly inelastic}}$$

Quick Tip

Elasticity Types:

1. **Perfectly Inelastic:** $E_d = 0$, quantity remains constant.
2. **Elastic:** $E_d > 1$, quantity is highly responsive to price changes.
3. **Inelastic:** $E_d < 1$, quantity is less responsive to price changes.
4. **Unitary Elastic:** $E_d = 1$, proportional change in quantity and price.

Use the formula to determine elasticity values quickly.

Question 3: Ms. Suman's real income rises as a result of a fall in the price of sugar in the market. As a result, she now purchases more quantity of sugar than before. This phenomenon will be termed as:
Options:
(1) Increase in demand
(2) Decrease in demand
(3) Expansion in demand
(4) Contraction in demand

Correct Answer: (3) Expansion in demand

Solution: When a fall in price leads to an increase in the quantity demanded of a good, it is referred to as **Expansion in Demand**. This is illustrated as a downward movement along the demand curve, reflecting a direct relationship between lower prices and higher quantities demanded. On the other hand:

- **Increase in demand** refers to a shift of the entire demand curve to the right due to factors like increased income, changes in preferences, or population growth.
- **Contraction in demand** occurs when a price rise decreases the quantity demanded, resulting in upward movement along the demand curve.

Quick Tip

Movements vs Shifts:

1. **Movement along the curve:** Caused by price changes (**Expansion or Contraction**).
2. **Shift of the curve:** Caused by non-price factors (**Increase or Decrease in demand**).

Always check whether the change is due to price or other factors to identify the correct terminology.

Question 4: Match List-I with List-II

List-I **List-II**

(A) Share capital	(I) Will be called at the time of winding up
(B) Reserves and surplus	(II) Calls in advance
(C) Reserve capital	(III) Subscribed but not fully paid
(D) Current liabilities	(IV) Sinking fund

Choose the correct answer from the options given below:
(1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
(2) (A)-(II), (B)-(III), (C)-(I), (D)-(IV)
(3) (A)-(I), (B)-(III), (C)-(IV), (D)-(II)
(4) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)
Solution:
- (A) **Consumer equilibrium** refers to the point where the consumer maximizes utility, where the Marginal Rate of Substitution (MRS) is equal to the ratio of the prices of the two goods. Therefore, it matches with **(I) MRS = Ratio of prices**.
- (B) **Necessity goods** are typically characterized by **unit elastic demand**, meaning that the percentage change in quantity demanded is equal to the percentage change in price. Therefore, it matches with **(II) Unit elastic demand**.
- (C) For **Total expenditure decreases with an increase in the price of the good**, the demand must be **Inelastic**, meaning the percentage change in quantity demanded is less than the percentage change in price. Hence, it matches with **(III) Inelastic demand**.

- (D) A **Rectangular hyperbola demand curve** is an example of **Elastic demand**, where demand is perfectly elastic over a range of prices. Thus, it matches with **(IV) Elastic demand**.

Answer: (1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

Quick Tip

Quick Tip: In economics, the elasticity of demand determines how changes in price affect the quantity demanded. Inelastic demand means total expenditure decreases with an increase in price, whereas elastic demand means total expenditure increases.

Question 5: Suppose the consumer consumes two goods whose MRS is 3. If the price of one good is Rs 30, what can be the price of the other good for the consumer to be in equilibrium?
Solution:
The Marginal Rate of Substitution (MRS) is the ratio of the marginal utilities of two goods, which also equals the ratio of their prices in equilibrium. This can be expressed as:

$$\text{MRS} = \frac{\text{Price of Good 1}}{\text{Price of Good 2}}$$

We are given that the MRS is 3 and the price of one good (Good 1) is Rs 30. To find the price of the other good (Good 2), let its price be P_2. The formula becomes:

$$\frac{30}{P_2} = 3$$

Solving for P_2, we get:

$$P_2 = \frac{30}{3} = 10$$

So, the price of the other good is Rs 10.

Answer:
The price of the other good is Rs 10 (Option 1).

Quick Tip

Quick Tip: The concept of MRS helps us understand how consumers make trade-offs between two goods while maintaining the same level of satisfaction or utility. The MRS formula also implies that the relative prices of goods can determine consumer behavior in the market.

Question 6: Identify the correct formula.
Options:
(1) GDP_{MP} - Depreciation = NNP_{MP} - Net Factor Income from Abroad
(2) GDP_{MP} - net indirect taxes = NNP_{PC} + net indirect taxes
(3) GNP_{PC} + net indirect taxes = NNP_{FC}
(4) NDP_{MP} + Net Factor Income from Abroad = GDP_{FC} - depreciation
Solution:
The correct formula to calculate GDP and related concepts is:

$$GDP_{MP} - \text{Depreciation} = NNP_{MP} - \text{Net Factor Income from Abroad}$$

This formula states that GDP at market prices minus depreciation equals Net National Product at market prices minus the net factor income from abroad.
Answer:
The correct answer is **Option (1)**: $GDP_{MP} - \text{Depreciation} = NNP_{MP} - \text{Net Factor Income from Abroad}$.

Quick Tip

Quick Tip: Depreciation is a cost incurred for the wear and tear of capital assets and is deducted from GDP to calculate Net National Product (NNP).

Question 7:
An MRI machine is purchased by a hospital at a price of 27 lakh with an expected life of 12 years. What will be the value of annual depreciation?
Options:
(1) 27 lakh
(2) 2.25 lakh
(3) 15 lakh
(4) 5 lakh
Solution:
To calculate annual depreciation, use the formula:

$$\text{Annual Depreciation} = \frac{\text{Cost of Asset}}{\text{Life of Asset}}$$

Given: - Cost of Asset = 27 lakh - Life of Asset = 12 years

$$\text{Annual Depreciation} = \frac{27 \text{ lakh}}{12} = 2.25 \text{ lakh}$$

Answer:
The correct answer is **Option (2)**: 2.25 lakh.

Quick Tip

Quick Tip: Depreciation is the process of allocating the cost of a tangible asset over its useful life. In the straight-line method, it is calculated by dividing the total cost by the asset's expected life.

Question 8: Identify the correct statements.
(A) Depreciation is a flow concept
(B) Money supply is a stock concept
(C) Investment is a stock concept
(D) Depreciation is an annual allowance for wear and tear of a consumer good
Choose the correct answer from the options given below:
(1) (A) and (C) only **(2)** (A) and (B) only **(3)** (A), (B), (C) and (D) **(4)** (B), (C) and (D) only

Solution:

Let's evaluate each statement:

- **(A)** Depreciation is a flow concept: This statement is **incorrect**. Depreciation is a **stock concept**, as it applies to an asset and is measured at a specific point in time.
- **(B)** Money supply is a stock concept: This statement is **correct**. Money supply refers to the total money in circulation in the economy at a particular point, making it a stock concept.
- **(C)** Investment is a stock concept: This statement is **correct**. Investment refers to the accumulated capital or assets, making it a stock concept, measured at a point in time.
- **(D)** Depreciation is an annual allowance for wear and tear of a consumer good: This statement is **correct**. Depreciation represents the reduction in the value of an asset due to wear and tear over time, hence it's a stock concept.

Answer: Based on the above analysis, the correct statements are **(B)**, **(C)**, and **(D)**. Therefore, the correct answer is **Option (4)**.
Correct Answer: Option (4): (B), (C) and (D) only.

Quick Tip

Quick Tip: A stock concept is something that is measured at a point in time, such as investment or money supply. A flow concept, on the other hand, is something that is measured over a period of time, like depreciation or income.

Question 9: Match List-I with List-II.

List-I:
(A) Non monetary exchanges
(B) Old age pensions
(C) Dividends received from investment in shares of a Foreign company
(D) Profits earned by Branch of a foreign bank in India

List-II:
(I) Services of housewives
(II) Factor income from abroad
(III) Transfer income
(IV) Part of domestic income

Choose the correct answer from the options given below:
(1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV) **(2)** (A)-(II), (B)-(III), (C)-(I), (D)-(IV) **(3)** (A)-(I), (B)-(II), (C)-(IV), (D)-(III) **(4)** (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

Solution:

We need to match the items in List-I with the corresponding items in List-II based on their respective definitions.

- **(A) Non monetary exchanges:** Non-monetary exchanges refer to transactions that do not involve the exchange of money. For example, services like those provided by housewives are considered non-monetary exchanges. Hence, **(A) matches with (I)**.
- **(B) Old age pensions:** Pensions paid to senior citizens are typically considered transfer income as no productive work is done in return for it. Hence, **(B) matches with (III)**.
- **(C) Dividends received from investment in shares of a foreign company:** Dividends from shares are considered as factor income from abroad because it represents income earned from foreign investments. Hence, **(C) matches with (II)**.
- **(D) Profits earned by Branch of a foreign bank in India:** Profits earned by a foreign bank's branch in India are part of the domestic income because they are part of the national income of the host country. Hence, **(D) matches with (IV)**.

Answer: Based on the analysis above, the correct answer is **Option (1)**.
Correct Answer: Option (1): (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

Quick Tip

Quick Tip: Transfer income refers to income received without providing any service or production in return. It typically includes pensions, gifts, or social security benefits.

Question 10: Which of the following is NOT an example of leakage from the circular flow of income?

Options:
(1) Savings
(2) Taxes
(3) Imports
(4) Government spending

Solution:
Leakages from the circular flow of income refer to the outflow of income from the economy that reduces the level of national income. Examples of leakages include savings, taxes, and imports. Government spending, on the other hand, is an injection into the circular flow of income because it leads to increased demand and spending in the economy.

Quick Tip

Quick Tip: Injections like government spending and investment add to the flow of income, while leakages like savings, taxes, and imports reduce it. **Answer:** The correct answer is **Option (4) Government spending**.

Question 11: Which of the following is NOT a component of aggregate demand?

Options:
(1) Investment
(2) Consumption
(3) Exports
(4) Savings

Solution:
Aggregate demand represents the total demand for goods and services in an economy. It is the sum of consumption, investment, government spending, and net exports (exports minus imports). Savings is not directly a part of aggregate demand, as it represents income that is not spent on goods and services.
Answer: The correct answer is **Option (4) Savings**.

Quick Tip

Quick Tip: Aggregate demand includes consumption, investment, government spending, and net exports. Savings is a leakage, not a direct component.

Question 12: If MPC ¿ MPS, which of the following statements will be true about the investment multiplier (K)?

Options:
(1) $K > 2$
(2) $K < 2$
(3) $K = 1$
(4) $K = \infty$

Solution:
The investment multiplier (K) is given by the formula:

$$K = \frac{1}{1 - \text{MPC}}$$

where: - MPC is the marginal propensity to consume. - MPS is the marginal propensity to save, and it is related to MPC by: $\text{MPS} = 1 - \text{MPC}$.
Since $\text{MPC} > \text{MPS}$, this implies that $\text{MPC} > 0.5$. Therefore, the value of $1 - \text{MPC}$ (which represents MPS) will be less than 0.5.
Given that $K = \frac{1}{1-\text{MPC}}$, and since $\text{MPC} > 0.5$, it follows that:

$$K > 2$$

Thus, the correct statement is that the investment multiplier (K) will be greater than 2.
Answer: The correct answer is **Option (1)** $K > 2$.

Quick Tip

Quick Tip: When $\text{MPC} > 0.5$, the investment multiplier exceeds 2, because $K = \frac{1}{1-\text{MPC}}$.

Question 13: Match List-I with List-II

List-I	List-II
(A) Average propensity to save	(I) Inversely related to investment multiplier
(B) Average propensity to consume	(II) Ratio of change in consumption to change in income
(C) Marginal propensity to save	(III) Always lesser than one
(D) Marginal propensity to consume	(IV) Can't be zero

Solution:

We need to match the terms from List-I with the correct descriptions in List-II:

- **Average propensity to save (A):** This is the ratio of total savings to total income. It is inversely related to the investment multiplier, meaning when the average propensity to save increases, the investment multiplier decreases. Hence, the correct match is **(A) - (I)**.
- **Average propensity to consume (B):** This is the ratio of total consumption to total income. It is always less than one, as total consumption never exceeds total income. Hence, the correct match is **(B) - (III)**.
- **Marginal propensity to save (C):** This refers to the change in savings due to a change in income. The marginal propensity to save is always less than one, as it is the complement of the marginal propensity to consume. Hence, the correct match is **(C) - (III)**.
- **Marginal propensity to consume (D):** This is the ratio of change in consumption to change in income. It can never be zero because some consumption must occur with any increase in income. Hence, the correct match is **(D) - (IV)**.

Answer:
The correct answer is **Option (1) (A)-(I), (B)-(III), (C)-(III), (D)-(IV)**.

Quick Tip

Quick Tip: The marginal propensity to save and average propensity to consume are critical in understanding the balance between consumption and savings in the economy.

Question 14: Aggregate demand for final goods consists of:

Options:
(1) Government spending
(2) Imports
(3) Savings
(4) Taxes

Solution:
Aggregate demand for final goods includes the total demand for goods and services in an economy. It is represented by the equation:

$$AD = C + I + G + (X - M)$$

where: - C is consumption - I is investment - G is government spending - X is exports, and - M is imports.

The correct option is (1) Government spending, as it is part of the aggregate demand formula.

> Quick Tip
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> **Quick Tip:** Aggregate demand is the total demand for goods and services in an economy and includes consumption, investment, government spending, and net exports (exports minus imports).

Question 15: Which of the following statement is incorrect?

Options:
(1) Value of Marginal propensity to save ranges from 0 to 1.
(2) The sum of Average propensity to save and marginal propensity to save is always equal to one.
(3) At the break-even point of the economy, income and consumption are equal.
(4) Value of average propensity to save rises with increase in income.

Solution:
- **Option (1)** is correct. The marginal propensity to save (MPS) ranges from 0 to 1, as it represents the proportion of additional income that is saved. - **Option (2)** is incorrect. The sum of average propensity to save (APS) and marginal propensity to save (MPS) is not necessarily equal to 1. APS is the ratio of total savings to total income, while MPS is the change in savings due to a change in income. - **Option (3)** is correct. At the break-even point, consumption equals income, meaning there is no saving or dissaving. - **Option (4)** is correct. As income increases, the average propensity to save typically increases because a larger portion of additional income is saved.
Thus, the correct answer is Option (2).

> Quick Tip
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> **Quick Tip:** Remember that the marginal propensity to save (MPS) reflects how much additional income is saved, while the average propensity to save (APS) is the proportion of total income that is saved.

Question 16:
For the purpose of restoring equilibrium in an economy currently operating at over full employment equilibrium, what should be done?
Options:
(1) Taxes must be reduced
(2) Repo rate must be reduced
(3) Government expenditure must be reduced
(4) Securities must be purchased by the central bank of the country
Solution:
In an economy operating at over-full employment equilibrium, inflationary pressures tend to rise. To restore equilibrium, the government can reduce its expenditure to curb inflation. Reducing government expenditure will decrease aggregate demand and help bring the economy back to equilibrium.
Thus, the correct answer is: **(3) Government expenditure must be reduced.**

Quick Tip

Quick Tip: To restore equilibrium in an economy at over full employment, contractionary fiscal policy such as reducing government expenditure is often used.

Question 17:
Disinvestment by the government is an example of:
Options:
(1) Capital receipt
(2) Revenue receipt
(3) Capital expenditure
(4) Revenue expenditure
Solution:
Disinvestment refers to the sale or liquidation of government-owned assets, such as selling shares of public enterprises. This results in a capital receipt, as it involves the receipt of funds from the sale of long-term assets.
Thus, the correct answer is: (1) Capital receipt.

Quick Tip

Quick Tip: Capital receipts are non-recurring and result from the sale of assets or liabilities, such as disinvestment or borrowing.

Question 18:
Which of the following is not an example of Revenue Receipts of the government?
Options:
(1) Income tax
(2) Goods and services tax
(3) Recovery of loans
(4) Interest received on loans
Solution:
Revenue receipts of the government are those receipts which do not create any liability or claims against the government. They consist mainly of taxes like income tax and GST, as well as interest on loans. However, recovery of loans is a capital receipt, not a revenue receipt, as it represents the return of funds previously provided.
Thus, the correct answer is: (3) Recovery of loans.

Quick Tip

Quick Tip: Revenue receipts include all income generated through taxes and other regular sources. Recovery of loans is not included as it is a capital receipt.

Question 19:
Arrange the following events in chronological order:

- (A) General Theory of Employment, Interest, and Money.
- (B) The Economic Consequences of the Peace.

- (C) An Enquiry into the Nature and Cause of the Wealth of Nations.
- (D) The birth date of the great British economist John Maynard Keynes.

Options:

- (1) (A), (B), (C), (D)
- (2) (A), (C), (B), (D)
- (3) (B), (A), (D), (C)
- (4) (C), (D), (B), (A)

Solution:
To arrange the events in chronological order: - (D) refers to the birth of John Maynard Keynes, which happened first in history. - (C) refers to "An Enquiry into the Nature and Cause of the Wealth of Nations," which was published by Adam Smith in 1776. - (B) refers to "The Economic Consequences of the Peace," published by John Maynard Keynes in 1919. - (A) refers to Keynes' "General Theory of Employment, Interest, and Money," which was published in 1936.
Thus, the chronological order is: (D), (C), (B), (A).
The correct answer is: (4) (C), (D), (B), (A).

Quick Tip

Quick Tip: When dealing with historical events or publications, it's crucial to look at the dates of publication or the birth dates of individuals involved.

Question 20:
Which of the following is NOT an example of capital expenditure incurred by the Government?

Options:

- (1) Expenditure on maintenance of a government school building
- (2) Repayment of loans by the government
- (3) Expenditure on construction of a new government hospital
- (4) Loans given by the government

Solution:
Capital expenditure refers to spending by the government on assets or infrastructure that will be used for a long period. Examples include the construction of new buildings or infrastructure.
- Expenditure on maintenance (Option 1) is a revenue expenditure, not capital expenditure, as it pertains to day-to-day operational costs. - Repayment of loans (Option 2) is a financial transaction and not considered as capital expenditure. - Expenditure on constructing a new hospital (Option 3) is a capital expenditure as it involves building a long-term asset. - Loans given by the government (Option 4) are also a financial transaction and not a direct expenditure.
Thus, the correct answer is Option (1): Expenditure on maintenance of a government school building.

Quick Tip

Quick Tip: Revenue expenditures are those which are spent on routine expenses, while capital expenditures contribute to the creation of long-term assets.

Question 21:
Match List-I with List-II:

List-I (Book/Theory proposed/Characteristic, etc.)	List-II (Author/Thinker/Name of Theory, etc.)
(A) Autonomous items	(I) Net of visible trade
(B) Accomodating items	(II) Above the line items
(C) Balance of trade	(III) Portfolio investment
(D) Capital account	(IV) Below the line items

Choose the correct answer from the options given below:

- (1) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
- (2) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)
- (3) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)
- (4) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

Solution:
- Autonomous items are associated with Portfolio investment because they are often associated with cross-border investments in stocks, bonds, etc. Hence, (A) - (III). - Accomodating items are typically classified as Above the line items, indicating that they are adjustments made to the balance of payments that are necessary for maintaining equilibrium. Hence, (B) - (II). - Balance of trade refers to the net of visible trade and is related to the difference between exports and imports. Hence, (C) - (I). - Capital account consists of transactions involving long-term investments and financial assets, and these transactions are typically classified as Below the line items. Hence, (D) - (IV).
Therefore, the correct answer is Option (1): (A)-(III), (B)-(II), (C)-(I), (D)-(IV).

Quick Tip

Quick Tip: - Above the line items are often the current transactions, whereas Below the line items refer to financial transactions involving long-term capital and investments.

Question 22:
How the export of machinery will be recorded in the balance of payment account of an economy?

Options:

- (1) Current account, debit side
- (2) Capital account, debit side
- (3) Current account, credit side

- (4) Capital account, credit side

Solution:
Exports of goods, such as machinery, are recorded on the credit side of the current account in the balance of payments, as they represent an inflow of foreign exchange to the economy.
Hence, the correct answer is Option (3): Current account, credit side.

> Quick Tip
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> The current account records all transactions that involve the exchange of goods and services, as well as income flows such as interest and dividends.

Question 23:
The value of US dollar changes due to the market forces of demand and supply of foreign exchange i.e. from 1 USD = Rs. 81 to 2 USD = Rs. 161. What will this phenomenon be termed as?

Options:

- (1) Appreciation of rupee
- (2) Depreciation of rupee
- (3) Revaluation of rupee
- (4) Devaluation of rupee

Solution:
When the exchange rate of a currency increases due to market demand, as in this case where Rs. 81 per USD changes to Rs. 161 per USD, the value of the currency decreases, which is known as depreciation. This means that the rupee is worth less relative to the dollar.
Hence, the correct answer is Option (4): Devaluation of rupee.

> Quick Tip
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> Depreciation or devaluation of a currency results in its weaker purchasing power, making imports more expensive and exports cheaper.

Question 24:
Bombay-Thane linking railway bridge was established in which year?

Options:

- (1) 1854
- (2) 1869
- (3) 1932
- (4) 1947

Solution:
The Bombay-Thane linking railway bridge, also known as the "Vasai Creek Railway Bridge," was completed in the year **1869**. This bridge connected Bombay (now Mumbai) to the mainland, marking an important infrastructure development.
Hence, the correct answer is Option (2): 1869.

Quick Tip

The construction of important railway bridges in the 19th century helped in expanding the railway network and improving connectivity, especially in British India.

Question 25:
Which of the following are the main causes of individual poverty?

Options:
(A) Social exclusion
(B) Indebtedness
(C) Economic and political equality
(D) Unemployment

Choose the correct answer from the options given below:
(1) (A), (B), (C), (D)
(2) (A), (B), and (C) only
(3) (B), (C), and (D) only
(4) (A), (B) and (D) only
Solution:
The main causes of individual poverty can be attributed to factors such as:
1. Social exclusion(A): When individuals are marginalized from society, they are unable to access basic resources and opportunities, leading to poverty.
2. Indebtedness (B): When individuals or households are burdened with high levels of debt, it hinders their economic mobility and increases their poverty.
3. Economic and political inequality (C): This leads to unequal distribution of wealth and resources, further exacerbating poverty.
4. Unemployment (D): Lack of employment opportunities or job insecurity is a direct contributor to poverty, as people cannot earn enough to meet basic needs.

Since all four factors listed (A), (B), (C), and (D) contribute to individual poverty, the correct answer is option (1).
Answer:
The correct answer is:
$\boxed{1.(A), (B), (C), (D)}$

Quick Tip

Poverty is often the result of multiple interconnected factors, including social exclusion, debt, lack of equality, and unemployment.

Question 26:
Which of the following are true about subsidies in the agricultural sector during 1950-1990 in India?

Options:
(A) Subsidies were needed to encourage farmers to test the new technology.
(B) Subsidy largely benefits the farmers in the more prosperous regions.
(C) Eliminating subsidies will increase the inequality between rich and poor farmers and violate the goal of equity.
(D) Most farmers are very poor and they will not be able to afford the required inputs without subsidies.

Choose the correct answer from the options given below:
(1) (A), (B) and (D) only
(2) (A), (B) and (C) only
(3) (A), (B), (C) and (D)
(4) (B), (C) and (D) only
Solution:
The agricultural sector in India during 1950-1990 was heavily reliant on subsidies for various purposes. Here is the explanation of each statement:

1. (A) Subsidies were needed to encourage farmers to test the new technology.
- This is true as subsidies provided an incentive for farmers to adopt new agricultural technologies such as high-yielding varieties of seeds, fertilizers, and modern farming techniques.
2. (B) Subsidy largely benefits the farmers in the more prosperous regions.
- This is also true because farmers in prosperous regions, typically with better infrastructure and access to inputs, were more likely to benefit from subsidies. Subsidy distribution often had regional disparities.
3. (C) Eliminating subsidies will increase the inequality between rich and poor farmers and violate the goal of equity.
- This statement is accurate. If subsidies were eliminated, poorer farmers who depended on financial assistance to purchase necessary inputs would be disproportionately affected, exacerbating economic inequality.
4. (D) Most farmers are very poor and they will not be able to afford the required inputs without subsidies.
- This is true, especially for small and marginal farmers who lacked the financial resources to afford costly agricultural inputs without government support.
Based on the above explanation, all four statements (A), (B), (C), and (D) are true.
Answer:
The correct answer is:
$\boxed{3.(A),(B),(C)and(D)}$

Quick Tip

Subsidies play a crucial role in supporting the agricultural sector, especially for small and marginalized farmers, by providing access to modern technology and inputs.

Question 27:
Arrange the following incident in a sequential order in the context of man-made global warming.

Options:
(A) The atmospheric concentrations of carbon dioxide and CH_4 have increased
(B) Burning of fossil fuels and deforestation
(C) Gradual increase in the average temperature of the earth's lower atmosphere
(D) Melting of polar ice with a resulting rise in sea level and coastal flooding

Choose the correct answer from the options given below:
(1) (C), (B), (A), (D)
(2) (A), (C), (B), (D)

(3) (B), (A), (C), (D)
(4) (C), (B), (D), (A)
Solution:
The correct sequence of events in the context of man-made global warming is as follows:

1. (B) Burning of fossil fuels and deforestation: This is the initial cause of global warming, as both fossil fuels (like coal, oil, and gas) and deforestation release greenhouse gases such as CO_2 and CH_4 into the atmosphere.
2. (A) The atmospheric concentrations of carbon dioxide and CH_4 have increased: The burning of fossil fuels and deforestation leads to the increase in the atmospheric concentrations of greenhouse gases.
3. (C) Gradual increase in the average temperature of the earth's lower atmosphere: As the concentration of greenhouse gases increases, the earth's average temperature rises, leading to global warming.
4. (D) Melting of polar ice with a resulting rise in sea level and coastal flooding: The rise in global temperature causes the polar ice caps to melt, leading to a rise in sea levels and potential flooding of coastal regions.

Thus, the correct sequence is (B), (A), (C), (D).

Answer:
The correct answer is:
$\boxed{3.(B), (A), (C), (D)}$

Quick Tip

The correct sequence starts with the burning of fossil fuels, followed by the increase in greenhouse gases, leading to rising temperatures and, eventually, melting polar ice.

Question 28:
Identify the factors responsible for land degradation in India.

Options:
(A) Loss of vegetation occurring due to deforestation
(B) Vehicular emissions
(C) Encroachment into forest lands
(D) Forest fires and overgrazing

Choose the correct answer from the options given below:
(1) (A), (B) and (D) only
(2) (A), (B) and (C) only
(3) (B), (C) and (D) only
(4) (A), (C) and (D) only
Solution:
The major factors responsible for land degradation in India are:

1. **(A) Loss of vegetation occurring due to deforestation:** Deforestation directly leads to land degradation as trees are cut down and the soil becomes vulnerable to erosion.
2. **(C) Encroachment into forest lands:** As more land is cleared for agricultural or urban use, the natural vegetation is destroyed, contributing to soil erosion and degradation.
3. **(D) Forest fires and overgrazing:** Both forest fires and overgrazing by livestock deplete vegetation and prevent the regeneration of plants, leading to soil erosion and land degradation.

Incorrect Option:
(B) Vehicular emissions contribute to air pollution, not directly to land degradation.

Answer:
The correct answer is:
$\boxed{4.(A),(C) and (D) only}$

Quick Tip

Key factors like deforestation, encroachment into forest lands, and overgrazing are major causes of land degradation, while vehicular emissions primarily affect air quality.

Question 29:
Match List-I with List-II:

List-I **List-II**

List-I	List-II
(A) Rural banking	(I) Micro-credit programmes
(B) Self-Help Groups	(II) Golden revolution
(C) Agricultural marketing	(III) Land development banks
(D) Horticulture	(IV) Distribution of different agricultural commodities across the country

Choose the correct answer from the options given below:

- (1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
- (2) (A)-(III), (B)-(II), (C)-(IV), (D)-(I)
- (3) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)
- (4) (A)-(III), (B)-(I), (C)-(II), (D)-(II)

Solution:
The correct matching is as follows:
- **Rural banking** is associated with **Micro-credit programmes** (A)-(I)
- **Self-Help Groups** are linked to **Golden revolution** (B)-(II)
- **Agricultural marketing** involves **Distribution of different agricultural commodities across the country** (C)-(IV)
- **Horticulture** is related to **Land development banks** (D)-(III)
Thus, the correct answer is Option (1): (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

Quick Tip

Understanding the connection between agricultural programs and financial support like rural banking and land development banks helps in addressing the issues of development and economic growth in rural areas.

Question 30:
Which of the following activity contributes maximum in the generation of GDP?
Options:

- (1) Live Stock

- (2) Fishing
- (3) Poultry
- (4) Horticulture

Solution:
Among the options listed, the activity that contributes the most to the generation of GDP is **Live Stock** (Option 1). Livestock plays a significant role in the agricultural sector and the economy as a whole, contributing to various industries such as dairy, meat production, and wool.
Answer:
Option (1) Live Stock

Quick Tip

The livestock sector includes industries like dairy, meat, and wool production, which have a significant impact on GDP, employment, and rural development.

Question 31:
Put the following processes under agricultural marketing in correct order:

Options:
(A) Assembling
(B) Transportation
(C) Processing
(D) Storage

Choose the correct answer from the options given below:
(1) (A), (D), (C), (B)
(2) (A), (C), (B), (D)
(3) (B), (A), (D), (C)
(4) (C), (B), (D), (A)
Solution:
The correct order of agricultural marketing processes is:
1. (A) Assembling: Gathering of agricultural products at a common point for distribution.
2. (D) Storage: Keeping products in safe storage to prevent spoilage and preserve them for sale.
3. (C) Processing: Converting raw agricultural products into consumable goods.
4. (B) Transportation: Moving the processed goods to markets for sale.

Answer:
The correct answer is:
$\boxed{1.(A),(D),(C),(B)}$

Quick Tip

Agricultural marketing involves a systematic process from gathering (assembling) to transportation for final sale. Ensuring products are stored and processed in between is essential for maintaining quality.

Question 32:
Put the following events in the order in which they occurred:

List-I:
(A) India adopted social banking
(B) National Bank for Agriculture and Rural Development (NABARD) was set up
(C) Tamil Nadu Women in Agriculture (TANWA) was initiated
(D) Indian Parliament passed three laws to reform agriculture marketing system

Options:
(1) (A), (B), (D), (C)
(2) (A), (C), (B), (D)
(3) (B), (A), (D), (C)
(4) (C), (B), (D), (A)

Solution:
The correct chronological order is as follows:
1. **(A) India adopted social banking:** The concept of social banking was initiated to promote financial inclusion and provide services to the unbanked.
2. **(B) National Bank for Agriculture and Rural Development (NABARD) was set up:** NABARD was established to promote rural development and financial inclusion.
3. **(D) Indian Parliament passed three laws to reform agriculture marketing system:** These laws aimed at improving the agricultural marketing infrastructure and system.
4. **(C) Tamil Nadu Women in Agriculture (TANWA) was initiated:** A women-centric initiative was taken to promote women's involvement in agriculture and rural development.
Answer:
The correct answer is:
$\boxed{1.(A),(B),(D),(C)}$

Quick Tip

When listing historical events, it is essential to focus on the key phases and milestones, including institutional reforms, policy changes, and targeted initiatives. In this case, the initiatives related to agriculture development were taken in this order.

Question 33:
Which of the following is not a source of data on unemployment in India?
Options:

- (1) Indian Statistical Institute
- (2) Reports of Census of India
- (3) Annual Reports of Periodic Labour Force Survey
- (4) Directorate General of Employment and Training data of Registration with Employment Exchanges

Solution:
The correct answer is the **Indian Statistical Institute** (Option 1), as it is not directly responsible for collecting data on unemployment. The other sources mentioned (Census, Periodic Labour Force Survey, and Employment Exchanges) are involved in data collection related to unemployment.
Answer:
Option (1) Indian Statistical Institute

Quick Tip

The Indian Statistical Institute is renowned for its role in statistical research, but it does not specialize in labor force data collection, unlike other agencies like the Ministry of Labour and Employment.

Question 34:
The distribution of workforce in different sectors indicates that over the last five decades (1972-2018), people have moved from self-employment and regular salaried employment to casual wage work. What is this process called?
Options:

- (1) Informalisation of workforce
- (2) Regularisation of workforce
- (3) Formalisation of workforce
- (4) Casualisation of workforce

Solution:
The process of moving from self-employment and regular salaried employment to casual wage work is referred to as **Casualisation of workforce**. This term indicates a shift to informal, often precarious forms of employment that lack job security.
Answer:
Option (4) Casualisation of workforce

Quick Tip

Casualisation of workforce is commonly seen in informal economies where job security and benefits like healthcare are limited.

Question 35:
Which of the following statements is correct about the informal sector?
Options:

- (1) Those who are working in the informal sector enjoy social security benefits
- (2) Informal sector includes self-employed who do not have any hired workers
- (3) Employ 10 hired workers or more
- (4) It includes all the public sector establishments

Solution:
The informal sector typically involves self-employed individuals and small-scale businesses where social security benefits are not guaranteed. These workers do not necessarily employ hired workers and work in unregulated environments.
Answer:
Option (2) Informal sector includes self-employed who do not have any hired workers

Quick Tip

The informal sector is largely characterized by small-scale operations and the absence of formal contracts, regulations, and social security.

Question 36:
An economy has a trade surplus of 25 billion dollars and an overall current account deficit of 47 billion dollars. What will be the balance of invisibles for this economy?
Options:

- (1) A surplus of 72 billion dollars
- (2) A surplus of 22 billion dollars
- (3) A deficit of 22 billion dollars
- (4) A deficit of 72 billion dollars

Solution:
The balance of invisibles can be calculated by subtracting the trade surplus from the current account deficit:

$$\text{Balance of Invisibles} = \text{Trade Surplus} - \text{Current Account Deficit} = 25 \text{ billion dollars} - 47 \text{ billion dollars} = -22 \text{ billion doll}$$

Thus, the balance of invisibles is a deficit of 22 billion dollars.
Answer:
Option (3) A deficit of 22 billion dollars

Quick Tip

The balance of invisibles reflects the net balance of invisible transactions like services, income, and transfers. A negative value indicates a net outflow.

Question 37:
If the domestic income of an economy is 2500 crores, the factor income from abroad is 300 crores, the consumption of fixed capital is 150 crores, and Net National Product at factor cost is 2400 crores, then the Factor income paid to abroad will be:
Options:
(1) 100 crores
(2) -100 crores
(3) 400 crores
(4) 250 crores
Solution:
We are given the following values:
Domestic Income (DI) = 2500 crores
Factor Income from Abroad = 300 crores
Consumption of Fixed Capital = 150 crores
Net National Product at Factor Cost (NNP at FC) = 2400 crores

We need to find the Factor Income Paid to Abroad. We use the following formula:

$$\text{Domestic Income} = \text{NNP at FC} + \text{Factor Income from Abroad} - \text{Factor Income Paid to Abroad}$$

Rearranging the formula to solve for the Factor Income Paid to Abroad:

$$\text{Factor Income Paid to Abroad} = \text{NNP at FC} + \text{Factor Income from Abroad} - \text{Domestic Income}$$

Substituting the given values:

$$\text{Factor Income Paid to Abroad} = 2400\,\text{crores} + 300\,\text{crores} - 2500\,\text{crores}$$

$$\text{Factor Income Paid to Abroad} = 2700\,\text{crores} - 2500\,\text{crores} = 200\,\text{crores}$$

Answer:
The Factor Income Paid to Abroad is 200 crores. The closest available option is:

$$\boxed{250\,\text{crores (Option 4)}}$$

Quick Tip

Factor Income Paid to Abroad can be computed by understanding the balance of inflows and outflows of factor services across national borders. It is crucial to account for the difference between income generated domestically and the amount paid abroad.

Question 38:
The consumption function in an imaginary economy is known to be $C = 100 + 0.75Y$. The level of equilibrium income in this economy is 800 crores. What will be the value of investment in this economy?
Options:
(1) 200 crores
(2) 100 crores
(3) 400 crores
(4) 300 crores
Solution:
We are given the consumption function:

$$C = 100 + 0.75Y$$

where C is consumption and Y is income. The equilibrium income Y is given as 800 crores.
At equilibrium, the total income (Y) is the sum of consumption (C) and investment (I). Therefore, the equation can be written as:

$$Y = C + I$$

Substitute the values:

$$800 = (100 + 0.75 \times 800) + I$$

Now, calculate C:

$$C = 100 + 0.75 \times 800 = 100 + 600 = 700\,\text{crores}$$

Substitute the value of C into the equation:

$$800 = 700 + I$$

Solving for I:

$$I = 800 - 700 = 100\,\text{crores}$$

Answer:
The value of investment is 100 crores, which corresponds to:

$$\boxed{100\,\text{crores (Option 2)}}$$

Quick Tip

In an economy, equilibrium occurs when total output (income) equals the sum of consumption and investment. In this question, the consumption function and the given income level were used to determine the required level of investment.

Question 39:
How will the purchase of Rafael planes by India from France be recorded in the balance of payments account?
Options:
(1) Credited to the current account
(2) Debited to the current account
(3) Credited to the capital account
(4) Debited to the capital account
Solution:
The purchase of Rafael planes by India from France is an import of goods. The payment made for importing goods is recorded under the **current account** in the balance of payments.
Since India is importing goods (the planes), it is considered an expenditure for the country. Therefore, this transaction will be recorded as a **debit** in the current account.
Thus, the correct entry will be:

$$\text{Debited to the current account}$$

Answer:
The purchase of Rafael planes by India from France will be recorded as:

$$\boxed{\text{Debited to the current account (Option 2)}}$$

Quick Tip

When a country imports goods, the payment for these goods is recorded as a debit entry in the current account of the balance of payments. This is because imports are considered as outflows of funds from the country.

Read the following passage carefully and answer the questions given that below:

Money is the commonly accepted medium of exchange. The first and foremost role of money is that it acts as a medium of exchange. Economic exchanges without the mediation of money are referred to as barter exchanges. Central bank has several important functions. It issues the currency of the country. India got its central bank in 1935. Its name is the 'Reserve Bank of India'. It controls money supply of the country through various methods, like bank rate, open market operations and variations in reserve ratios. It acts as a banker to the government. It is the custodian of the foreign exchange reserves of the economy. It also acts as a bank to the banking system. Currency issued by the Central Bank can be held by the public or by the commercial banks, and is called the 'high-powered money' or 'reserve money' or 'monetary base' as it acts as a basis for credit creation.
Question 40:
The Reserve Bank of India was established in:
Options:
(1) 1949
(2) 1935
(3) 1934
(4) 1951

Solution:
As per the passage, India got its central bank in **1935**, which is named as the **Reserve Bank of India**. Therefore, the correct answer to the question regarding the establishment of the Reserve Bank of India is the year **1935**.
Answer:
The Reserve Bank of India was established in:

$$\boxed{1935\,(\text{Option 2})}$$

Quick Tip

The Reserve Bank of India was established in 1935, and it controls money supply, acts as a banker to the government, and supervises the banking system in the country.

Question 41:
The Reserve Bank of India was established in:
Options:
(1) 1949
(2) 1935
(3) 1934
(4) 1951
Solution:
As per the passage, India got its central bank in 1935, which is named as the **Reserve Bank of India**. Therefore, the correct answer to the question regarding the establishment of the Reserve Bank of India is the year **1935**.
Answer:
The Reserve Bank of India was established in:

$$\boxed{1935\,(\text{Option 2})}$$

Quick Tip

The Reserve Bank of India was established in 1935, and it controls money supply, acts as a banker to the government, and supervises the banking system in the country.

Read the following passage carefully and answer the questions given that below:

Money is the commonly accepted medium of exchange. The first and foremost role of money is that it acts as a medium of exchange. Economic exchanges without the mediation of money are referred to as barter exchanges. Central bank has several important functions. It issues the currency of the country. India got its central bank in 1935. Its name is the 'Reserve Bank of India'. It controls money supply of the country through various methods, like bank rate, open market operations and variations in reserve ratios. It acts as a banker to the government. It is the custodian of the foreign exchange reserves of the economy. It also acts as a bank to the banking system. Currency issued by the Central Bank can be held by the public or by the commercial banks, and is called the 'high-powered money' or 'reserve money' or 'monetary base' as it acts as a basis for credit creation.
Question 42:
RBI controls money supply through following measures except:

Options:
(1) Bank rate

(2) Open market operations
(3) Fiscal spending
(4) Variations in reserve ratios
Solution:
The Reserve Bank of India controls money supply through measures like **bank rate**, **open market operations**, and **variations in reserve ratios**. However, **fiscal spending** is not a measure used by the RBI to control the money supply, as fiscal spending is generally handled by the government and not the central bank.
Answer:
RBI controls money supply through following measures except:

$$\boxed{\text{Fiscal spending (Option 3)}}$$

Quick Tip

Fiscal spending is managed by the government, not the central bank. The RBI controls money supply through mechanisms such as the bank rate, open market operations, and reserve ratios.

Read the following passage carefully and answer the questions given that below:

Money is the commonly accepted medium of exchange. The first and foremost role of money is that it acts as a medium of exchange. Economic exchanges without the mediation of money are referred to as barter exchanges. Central bank has several important functions. It issues the currency of the country. India got its central bank in 1935. Its name is the 'Reserve Bank of India'. It controls money supply of the country through various methods, like bank rate, open market operations and variations in reserve ratios. It acts as a banker to the government. It is the custodian of the foreign exchange reserves of the economy. It also acts as a bank to the banking system. Currency issued by the Central Bank can be held by the public or by the commercial banks, and is called the 'high-powered money' or 'reserve money' or 'monetary base' as it acts as a basis for credit creation.
Question 43:
Choose the incorrect from the following statements concerned with RBI:

Options:
(1) It is the custodian of the foreign exchange reserves of the economy
(2) It also acts as a Bank to the Banking System
(3) It directly deals with the Public
(4) It controls money supply of the country through various methods like bank rate, open market operations and variations in reserve ratios
Solution:
The Reserve Bank of India (RBI) has various roles, but it **does not directly deal with the public**. It serves as the central bank for managing the economy's monetary policy and financial system. RBI is involved in managing the money supply, acting as a banker to the government, managing foreign exchange reserves, and regulating the banking sector. However, it does not directly interact with the general public for everyday banking services.
Answer:
The incorrect statement is:

$$\boxed{\text{It directly deals with the Public (Option 3)}}$$

Quick Tip

The Reserve Bank of India primarily interacts with banks and government, not directly with the general public for everyday transactions.

Read the following passage carefully and answer the questions given below:

Money is the commonly accepted medium of exchange. The first and foremost role of money is that it acts as a medium of exchange. Economic exchanges without the mediation of money are referred to as barter exchanges. Central bank has several important functions. It issues the currency of the country. India got its central bank in 1935. Its name is the 'Reserve Bank of India'. It controls money supply of the country through various methods, like bank rate, open market operations and variations in reserve ratios. It acts as a banker to the government. It is the custodian of the foreign exchange reserves of the economy. It also acts as a bank to the banking system. Currency issued by the Central Bank can be held by the public or by the commercial banks, and is called the 'high-powered money' or 'reserve money' or 'monetary base' as it acts as a basis for credit creation.

Question 44:
Currency issued by the central bank can be held by the public or by the commercial banks, and is known by various terms except:

Options:
(1) High-powered money
(2) Monetary base
(3) Special Drawing Rights
(4) Reserve money

Solution:
The correct answer here is **Special Drawing Rights (SDRs)**, which are an international type of monetary resource in the International Monetary Fund (IMF). High-powered money, Monetary base, and Reserve money all refer to the currency issued by a central bank. SDRs, on the other hand, are not currency, but rather an international reserve asset created by the IMF.

Answer:
The correct answer is:

$$\boxed{\text{Special Drawing Rights (Option 3)}}$$

Quick Tip

Special Drawing Rights (SDRs) are a form of international reserve asset, and not a currency issued by a central bank. The other terms refer to the money created by a central bank.

Read the following passage carefully and answer the questions given below:

Money is the commonly accepted medium of exchange. The first and foremost role of money is that it acts as a medium of exchange. Economic exchanges without the mediation of money are referred to as barter exchanges. Central bank has several important functions. It issues the currency of the country. India got its central bank in 1935. Its name is the 'Reserve Bank of India'. It controls money supply of the country through various methods, like bank rate, open market operations and variations in reserve ratios. It acts as a banker to the government. It is the custodian of the foreign exchange reserves of the economy. It also acts as a bank to the banking system. Currency issued by the Central Bank can be held

by the public or by the commercial banks, and is called the 'high-powered money' or 'reserve money' or 'monetary base' as it acts as a basis for credit creation.

Question 45:
Primary function (first and foremost role) of money is that it acts as:

Options:
(1) Convenient unit of account
(2) Store of value
(3) A medium of exchange
(4) Reserve money

Solution:
The primary function of money is that it acts as a **medium of exchange**. This is the first and foremost role of money, as it enables the exchange of goods and services in an economy. The other options, while important roles of money, are not the primary function.

Answer:
The correct answer is:

$$\boxed{\text{3.A medium of exchange}}$$

> Quick Tip
>
> The primary function of money is as a medium of exchange, enabling trade and the movement of goods and services within an economy. Other roles, such as being a store of value or unit of account, complement this function.

Read the following passage carefully and answer the questions given below:

COMPARITIVE ANALYSIS ON INDIA, CHINA AND PAKISTAN
India, China and Pakistan have travelled more than seven decades of developmental path with varied results. Till the late 1970s, all of them were maintaining the same level of low development. The last three decades have taken these countries to different levels. India, with democratic institutions, performed moderately, but majority of its people still depend on agriculture. India has taken many initiatives to develop the infrastructure and improve the standard of living. Scholars are of the opinion that political instability, over-dependence on remittances and foreign aid along with volatile performance of agriculture sector are the reasons for the slowdown of the Pakistan economy. Yet, last five years, many macroeconomic indicators began showing positive and moderate growth rates reflecting the economic recovery. In China, the lack of political freedom and its implications for human rights are major concerns; yet, in the last four decades, it used the 'market system without losing political commitment' and succeeded in raising the level of growth along with alleviation of poverty.

Question 46:
Which of the following is not a reason for slow down of growth in Pakistan?

Options:
(1) Political instability
(2) Over-dependence on remittances and foreign aid
(3) Volatile performance of agriculture sector
(4) Mixed economic system

Solution:
The passage mentions that political instability, over-dependence on remittances and foreign aid, and volatile performance of agriculture sector are the reasons for the slowdown of growth in Pakistan. However, the mixed economic system is not listed as one of the primary reasons.

Answer:
The correct answer is:

4.Mixed economic system

💡 Quick Tip

Political instability and economic over-dependence on external sources such as remittances and foreign aid are factors often associated with slower growth. The term "mixed economic system" is not specifically mentioned as a factor contributing to Pakistan's economic slowdown.

Read the following passage carefully and answer the questions given below:

COMPARITIVE ANALYSIS ON INDIA, CHINA AND PAKISTAN

India, China and Pakistan have travelled more than seven decades of developmental path with varied results. Till the late 1970s, all of them were maintaining the same level of low development. The last three decades have taken these countries to different levels. India, with democratic institutions, performed moderately, but majority of its people still depend on agriculture. India has taken many initiatives to develop the infrastructure and improve the standard of living. Scholars are of the opinion that political instability, over-dependence on remittances and foreign aid along with volatile performance of agriculture sector are the reasons for the slowdown of the Pakistan economy. Yet, last five years, many macroeconomic indicators began showing positive and moderate growth rates reflecting the economic recovery. In China, the lack of political freedom and its implications for human rights are major concerns; yet, in the last four decades, it used the 'market system without losing political commitment' and succeeded in raising the level of growth along with alleviation of poverty.

Question 47:

Which of the following is not true about Chinese Economy in the last few decades?

Options:

(1) Lack of political freedom
(2) Rise in the level of growth
(3) Use of market system without compromising with political commitment
(4) Granting the people right to make social, political and economic decisions

Solution:

The passage mentions that China succeeded in using the market system without losing political commitment. It does not mention that China granted its people the right to make social, political, and economic decisions, so this is the statement that is not true.

Answer:

The correct answer is:

4.Granting the people right to make social, political and economic decisions

💡 Quick Tip

Although China has made significant economic progress, the passage highlights that political freedom was limited and that China maintained a commitment to political control while fostering economic growth. The statement about granting political and economic rights to citizens is not supported by the text.

Read the following passage carefully and answer the questions given below:

COMPARITIVE ANALYSIS ON INDIA, CHINA AND PAKISTAN

India, China and Pakistan have travelled more than seven decades of developmental path with varied results. Till the late 1970s, all of them were maintaining the same level of low development. The last three decades have taken these countries to different levels. India, with democratic institutions, performed moderately, but majority of its people still depend on agriculture. India has taken many initiatives to develop the infrastructure and improve the standard of living. Scholars are of the opinion that political instability, over-dependence on remittances and foreign aid along with volatile performance of agriculture sector are the reasons for the slowdown of the Pakistan economy. Yet, last five years, many macroeconomic indicators began showing positive and moderate growth rates reflecting the economic recovery. In China, the lack of political freedom and its implications for human rights are major concerns; yet, in the last four decades, it used the 'market system without losing political commitment' and succeeded in raising the level of growth along with alleviation of poverty.

Question 48:
Which of the following is similar in India, China and Pakistan?

Options:
(1) Political system (all the three are democracies)
(2) Economic system (all the three are mixed economies)
(3) All the three adopted five-year planning system
(4) All the three have similar population growth rate

Solution:
From the passage, we see that although India, China, and Pakistan differ in their political and economic systems, they all share the characteristic of adopting a five-year planning system for economic development.

Answer:
The correct answer is:

$\boxed{\text{3.All the three adopted five-year planning system}}$

> Quick Tip
>
> Despite their political differences, all three countries implemented the five-year planning system to structure their economic development. This system was crucial for their strategic planning and focus on economic growth.

Read the following passage carefully and answer the questions given below:

COMPARITIVE ANALYSIS ON INDIA, CHINA AND PAKISTAN
India, China and Pakistan have travelled more than seven decades of developmental path with varied results. Till the late 1970s, all of them were maintaining the same level of low development. The last three decades have taken these countries to different levels. India, with democratic institutions, performed moderately, but the majority of its people still depend on agriculture. India has taken many initiatives to develop the infrastructure and improve the standard of living. Scholars are of the opinion that political instability, over-dependence on remittances and foreign aid along with volatile performance of agriculture sector are the reasons for the slowdown of the Pakistan economy. Yet, last five years, many macroeconomic indicators began showing positive and moderate growth rates reflecting the economic recovery. In China, the lack of political freedom and its implications for human rights are major concerns; yet, in the last four decades, it used the 'market system without losing political commitment' and succeeded in raising the level of growth along with alleviation of poverty.

Question 49:
Till 1970s, all the three economies were maintaining similar growth rate. What led to an accelerated development in China after that?

Options:
(1) Great leap forward

(2) Great Proletarian cultural revolution
(3) Economic reforms in China
(4) One child policy
Solution:
From the passage, it is clear that China's accelerated development post-1970s was mainly attributed to the "economic reforms in China" which helped raise the level of growth and alleviate poverty.
Answer:
The correct answer is:

$\boxed{\text{3.Economic reforms in China}}$

Quick Tip

Economic reforms in China involved adopting the market system while retaining political control, which significantly accelerated the country's development and helped improve living standards.

Read the following passage carefully and answer the questions given below:

COMPARITIVE ANALYSIS ON INDIA, CHINA AND PAKISTAN
India, China and Pakistan have travelled more than seven decades of developmental path with varied results. Till the late 1970s, all of them were maintaining the same level of low development. The last three decades have taken these countries to different levels. India, with democratic institutions, performed moderately, but the majority of its people still depend on agriculture. India has taken many initiatives to develop the infrastructure and improve the standard of living. Scholars are of the opinion that political instability, over-dependence on remittances and foreign aid along with volatile performance of agriculture sector are the reasons for the slowdown of the Pakistan economy. Yet, last five years, many macroeconomic indicators began showing positive and moderate growth rates reflecting the economic recovery. In China, the lack of political freedom and its implications for human rights are major concerns; yet, in the last four decades, it used the 'market system without losing political commitment' and succeeded in raising the level of growth along with alleviation of poverty.
Question 50:
In which of the following economies, there exists right to private property?

Options:
(1) India and Pakistan
(2) India and China
(3) China and Pakistan
(4) In India, China and Pakistan, all the three economies
Solution:
The passage mentions that China used the 'market system' in the last four decades while retaining political control. This suggests the right to private property in both India and China. However, Pakistan is mentioned in a more traditional context, where economic slowdowns are linked to factors like political instability and dependence on foreign aid, and the right to private property is not specifically highlighted for Pakistan.
Answer:
The correct answer is:

$\boxed{\text{2.India and China}}$

Quick Tip

The right to private property is a key feature of market systems, which is why it exists in India and China, but not explicitly mentioned for Pakistan in this context.