

SECTION A

**Q1. Ans. (A) Real, constant Explanation:** Revision of the base year is used to calculate **Real GDP**, which measures the value of goods and services at **constant** prices of a chosen base year to capture structural changes.

**Q2. Ans. (C) Sum of Autonomous Consumption and Autonomous investment**

**Note for Visually Impaired: Ans. (A) Autonomous Consumption Explanation:** **Autonomous Consumption** is defined as the portion of total consumption that remains independent of the level of national income.

**Q3. Ans. (C) stock, public Explanation:** Money supply is a **stock** variable because it is measured at a particular point in time and represents the total volume of money held by the **public**.

**Q4. Ans. (B) Only (ii) Explanation:** Under the **flexible exchange rate system**, the value of a currency is determined solely by the market forces of **demand and supply** without government or central bank intervention.

**Q5. Ans. (B) (iv), (ii), (i), (iii) Explanation:** The Product Method begins by identifying and classifying production units (iv), then adding their Gross Value Added to find GDPmp (ii), followed by adjustments for depreciation and taxes to find NDPfc (i), and finally adding NFIA to reach NNPfc (iii).

**Q6. Ans. (C) Only (iii) Explanation:** When actual aggregate demand falls short of potential aggregate demand at the full employment level, the economy reaches equilibrium at a lower level of income, known as **under employment equilibrium**.

**Q7. Ans. (D) Both Statements I and II are false. Explanation:** Statement I is false because externalities refer to benefits or harms for which the provider is **not paid** or compensated; Statement II is false because positive externalities lead to an **underestimation** (not overestimation) of actual welfare by GDP.

**Q8. Ans. (A) increase, 5,000 Explanation:** Total deposits are calculated as ; a decrease in the ratio increases the multiplier, meaning deposits **increase** (from 4,000 to 5,000 if using a base of 1,000 to match the provided options).

**Q9. Ans. (D) Sol. Assertion (A) is false, but Reason (R) is true.**

Explanation: Transfers from abroad, such as remittances, gifts, and grants, are categorized as "Transfer Payments". These are recorded in the Current Account of the Balance of Payments because they do not involve the transfer of ownership of assets or create liabilities. The Capital Account, by contrast, is reserved for international transactions involving assets like stocks, bonds, and real estate.

Reasoning: The reason is correct because the standard accounting rule for the Balance of Payments is that any transaction resulting in an inflow of foreign exchange from the rest of the world into the domestic economy is recorded as a credit item.

**Q10. Ans. (C) Sol. deposits**

- **Explanation:** In general accounting, liabilities represent what a firm owes to external parties. For a commercial bank, the money that the general public keeps in various accounts is its primary liability because the bank is legally obligated to return these funds to the depositors upon demand.

**Q11.**

**Formula:** Income from Property and Entrepreneurship = Rent + Royalty + Interest + (Corporate Tax + Dividends + Savings of Private Corporate Sector).

**Calculation:** Value = 700 + 200 + 350 + (100 + 150 + 200). Value = 1,700 crore.

## SECTION B

**Q18. Ans. (B) Agriculture, mining and quarrying Explanation:** According to the industrial classification, the primary sector is composed of those divisions that involve the extraction of natural resources, specifically agriculture and mining and quarrying.

**Q19. Ans. (A) Statement I is true and Statement II is false. Explanation:** Statement I is true because the colonial government had a "two-fold" motive for de-industrialising India: making India a supplier of raw materials and a market for British finished goods. Statement II is false because the British reduced India to an **exporter** (not importer) of raw materials for its own modern industries.

**Q20. Ans. (B) 40 Explanation:** The worker-population ratio is calculated by dividing the total number of workers by the total population and multiplying by 100. Calculation: (Number of people employed / Total population) \* 100 = (800 / 2000) \* 100 = 40%.

**Q21. Ans. (C) Use of coal to produce electricity Explanation:** Sustainable development strategies focus on eco-friendly and non-conventional energy sources like solar power, biopests/composting, and mini-hydel plants. Using coal is considered unsustainable as thermal plants emit large quantities of carbon dioxide, which is a greenhouse gas.

**Q22. Ans. (D) (i), (ii) and (iii) Explanation:** Diversification in rural areas is essential because it reduces the risk associated with exclusive dependence on the agricultural sector, provides sustainable livelihood options, and acts as a reasonable alternative to fill up gaps in income and employment.

**Q23. Ans. (D) Generally provide collateral-free credit to their members Sol.** Self-Help Groups (SHGs) emerged because formal credit delivery mechanisms required collateral, which excluded a vast proportion of poor rural households from the credit network. SHGs allow members to pool small savings and provide credit to needy members, thereby filling the gap left by formal banks.

**Q24. Ans. (B) Planning Commission Sol.** In 1950, the Government of India established the Planning Commission with the Prime Minister as its Chairperson to initiate the era of Five-Year Plans. Its purpose was to determine the type of economic system most suitable for the nation and plan for the effective utilization of resources.

**Q25. Ans. (D) (ii) and (iii) Sol.** The large export surplus generated during the colonial period did not result in a flow of gold or silver into India. Instead, the British used this surplus to pay for the expenses of an office in Britain, incur expenses on wars, and pay for the import of invisible items, all of which led to the drain of Indian wealth.

**Q26. Ans. (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). Sol.** India is an active member of various regional and global economic groupings such as the G20, BRICS, and SAARC. Nations join these groupings primarily to strengthen their domestic economies by better comprehending their own strengths and weaknesses in comparison to their neighbors and competitors.

**Q27. Ans. (D) Right to Education Act Sol.** In 2009, the Government of India enacted the Right of Children to Free and Compulsory Education Act. This legislation made free and compulsory education a fundamental right for all Indian children in the age group of 6 to 14 years.

Q31. Based on the provided data, the annual growth of Gross Domestic Product (GDP) for India and China reveals the following trends:

- **Initial Lead of China (1980–90):** During the decade of 1980–90, China was able to maintain a near double-digit growth rate of 10.3 percent, while India's growth rate was significantly lower at 5.7 percent.
- **Trend Reversal (2015–17):** In the period of 2015–17, the growth trends reversed as India's GDP growth rate increased to 7.8 percent, whereas China experienced a decline in its growth rate to 6.8 percent.
- **Recent Performance (2022):** By 2022, China's annual growth rate saw a sharp decline to 3.0 percent, while India continued to maintain a robust and relatively higher growth rate of 7.0 percent compared to its neighbours.
- **Overall Conclusion:** While China was ahead of India during the 1980s, India has met with a moderate increase in growth rates in the recent years and currently outperforms China in terms of annual GDP growth rate.