

SAMPLE PAPER 5

Maximum Marks : 200

Time : 60 Minutes

General Instructions :

- (i) This paper consists of 50 MCQs, attempt any 40 out of 50
- (ii) Correct answer or the most appropriate answer: Five marks (+5)
- (iii) Any incorrect option marked will be given minus one mark (-1)
- (iv) Unanswered/Marked for Review will be given no mark (0)
- (v) If more than one option is found to be correct then Five marks (+5) will be awarded to only those who have marked any of the correct options
- (vi) If all options are found to be correct then Five marks (+5) will be awarded to all those who have attempted the question.
- (vii) Calculator / any electronic gadgets are not permitted.

1. $M_3 =$ _____.

- (1) M_1 + Time deposits of all commercial banks and co-operative banks (excluding interbank time deposits).
- (2) M_1 + Time deposits of all commercial banks (excluding interbank time deposits).
- (3) M_1 + Demand deposits of all commercial banks and co-operative banks (excluding interbank time deposits).
- (4) M_2 + Time deposits of all commercial banks and co-operative banks (including interbank time deposits).

2. Identify the correctly matched pair of the items in Column A to those in Column B:

Column A	Column B
1. Money Flow	(a) Depreciation
2. Real Flow	(b) Factor Services
3. Trade Flow	(c) House Work by Housewife
4. Capital Flow	(d) Inventory

- (1) 1 – (a)
- (2) 2 – (b)
- (3) 3 – (c)
- (4) 4 – (d)

3. _____ is a tabular representation which shows various quantities of a commodity being supplied at various levels of price.

- (1) Law of variable proportion
- (2) Law of diminishing returns
- (3) Law of returns to scale
- (4) None of the above

4. Suppose in a hypothetical economy, the income rises from ₹5,000 crore to ₹6,000 crore. As a result, the consumption expenditure rises from ₹4,000 crore to

₹4,600 crore. Marginal propensity to consume in such a case would be _____

- (1) 0.8
- (2) 0.4
- (3) 0.2
- (4) 0.6

5. Deficient demand leads to:

- (1) Deflationary gap
- (2) Excess capacity
- (3) Low level of employment
- (4) All of the above

6. Given below are a few examples of Economics as Positive and Normative Science. Choose the corresponding option for each of them. Use (N) for Normative and (P) for Positive.

1. Air is a mixture of gases.
 2. Minimum Wage Law increases unemployment.
 3. India should spend more money on defence.
 4. Prices have been rising in India.
- (1) PPNP
 - (2) PNPN
 - (3) NPNN
 - (4) PPPP

7. **Statement 1:** Variable cost is the cost which changes with the change in volume of output.

Statement 2: Fixed cost is the cost which also changes with the change in the level of output.

Alternatives:

- (1) Both the statements are true.
- (2) Both the statements are false.
- (3) Statement 1 is true but statement 2 is false.
- (4) Statement 1 is false but statement 2 is true.

8. Which of the following statement is true?

- (1) When the price increases, there is a shift in the demand curve.

- (2) When the quantity demanded decreases there is a shift in the demand curve.
- (3) When the price decreases, there is a downward movement along the demand curve.
- (4) When the quantity demanded decreases, there is a downward movement along the demand curve.

9. Which one of the following is not a capital expenditure?

- (1) Loans advanced by World Bank
- (2) Construction of school buildings
- (3) Repayment of loans
- (4) Purchase of Metro Coaches from Japan

10. Identify the correctly matched pair from Column A to that of Column B:

Column A	Column B
(1) Private Consumption Expenditure	(a) Market Rate of Interest
(2) Private Investment Expenditure	(b) Total Expenditure
(3) Autonomous Investment	(c) Construction of Roads
(4) Aggregate Demand	(d) Level of personal disposable income

- (1) 1 – (a)
- (2) 2 – (b)
- (3) 3 – (c)
- (4) 4 – (d)

11. Point out a merit of flexible exchange rate.

- (1) Eliminates undervaluation of currencies only
- (2) Eliminates over valuation of currencies only
- (3) Eliminates over valuation or undervaluation of currencies
- (4) None of the above

12. Foreign Exchange Transactions dependent on other Foreign Exchange Transactions are called:

- (1) Current account transactions.
- (2) Capital account transactions.
- (3) Autonomous transactions.
- (4) Accommodating transactions.

13. When marginal product becomes negative, then total product starts _____.

- (1) Rising
- (2) Falling
- (3) Constant
- (4) None of the above

14. Under perfect competition, the firm earns normal profit in the long run because of:

- (1) Large number of buyers and sellers
- (2) Absence of selling cost
- (3) Free entry and exit
- (4) Homogeneous commodity

15. All possible combinations of goods that a consumer can buy can be shown by budget line, given:

- (1) Quantity of commodity
- (2) Expenditure of consumer
- (3) Quality of commodity
- (4) Price of commodity

16. Demand curve of a firm under monopoly is:

- (1) Downward sloping
- (2) Indeterminate
- (3) Upward sloping
- (4) Perfectly elastic

17. Identify the correctly matched pair of the items in Column A to those in Column B:

Column A	Column B
1. Revenue Expenditure	(a) Does not cause any reduction in government liability
2. Capital Expenditure	(b) Which creates corresponding liability for the government
3. Revenue Receipts	(c) Which causes reduction in assets of the government
4. Capital Receipts	(d) Causes reduction in government liability

- (1) 1 – (a)
- (2) 2 – (b)
- (3) 3 – (c)
- (4) 4 – (d)

18. Under form of market, the firm is price maker.

- (1) Monopoly
- (2) Perfect Competition
- (3) Monopsony
- (4) None of the above

19. There are to the entry of firms under oligopoly.

- (1) No Restriction
- (2) Restriction
- (3) Open
- (4) Free

20. Equilibrium level of income/output is established when:

- (1) $AS = AD$
- (2) $C = I$
- (3) $S = Y$
- (4) None of the above.

21. Which of the following statements is incorrect?

- (1) Gross Domestic Product (GDP) at Market Price = GDP at Factor Cost + Net Indirect Taxes
- (2) Net National Product (NNP) at Market Price = NNP at Factor Cost + Net indirect taxes
- (3) Gross National Product (GNP) at Market Price = GDP at Market Price + Net Factor Income from Abroad
- (4) Net National Product (NNP) at Factor cost = National Income

22. At macro level the most efficient technique is the one which uses

- (1) Most quantity of scarce resources

- (2) Least quantity of resources
- (3) Least quantity of scarce resources
- (4) None of the above AE

23. Fixed cost is incurred on _____ factors of production whereas variable cost is incurred on _____ factors of production.

- (1) Fixed, fixed (2) Variable, variable
- (3) Fixed, variable (4) Variable, fixed

24. When is the consumer in equilibrium?

- (1) $MU_x = P_x$ (2) $MU_x = 0$
- (3) $P_x = 1$ (4) $MU_x \neq P_x \text{ AE}$

25. Which of the following statements is not correct with respect to the correction of Deficient Demand?

- (1) Government reduces the taxes.
- (2) The Central Bank increases the bank rate.
- (3) The Central Bank reduces the CRR and SLR.
- (4) The Government increases its spending.

26. Identify the correctly matched pair of the items in Column A to that of Column B.

Column A	Column B
1. Unitary elastic supply curve	(a) U-shaped supply curve
2. Relatively elastic supply curve	(b) Vertical line parallel to Y-axis
3. Perfectly elastic supply curve	(c) Horizontal line parallel to X-axis
4. Perfectly inelastic supply curve	(d) Downward sloping supply curve

- (1) 1 – (a) (2) 2 – (b)
 - (3) 3 – (c) (4) 4 – (d)
- 27.** The Non-tax revenue in the following is:
- (1) Export duty (2) Import duty.
 - (3) Dividends. (4) Excise.

28. Identify the correctly matched pair from the items in Column A by matching them to the items in column B:

Column A	Column B
1. Increase or decrease in demand for a commodity does not cause any change in its price.	(a) Effect on supply, in case of Perfectly Elastic Demand.
2. Increase or decrease in demand causes a change in the price of the commodity. Equilibrium quantity remains constant.	(b) Effect on demand, in case of Perfectly Inelastic Supply

3. Increase or decrease in demand cause a change in the price of the commodity. Equilibrium quantity remains constant.	(c) Effect on demand, in case of Perfectly Elastic Supply
4. Increase or decrease in demand for a commodity does not cause any change in its price	(d) Effect on supply, in case of Perfectly Elastic Demand.

- (1) 1 – (a) (2) 2 – (b)
- (3) 3 – (c) (4) 4 – (d)

29. From the set of events/systems given in column A and corresponding relevant fact given in column B, about China, choose the correct pair of statement:

Column A	Column B
(1) Shift in the demand Curve	(a) Increase in quantity demanded
(2) Movement along the demand curve	(b) Increase in price
(3) Shift in the demand Curve	(c) Decrease in price
(4) Movement along the demand curve	(d) Snob effect

- (1) 1 – (a) (2) 2 – (b)
 - (3) 3 – (c) (4) 4 – (d)
- 30.** If $MPC = 1$, the value of multiplier is:
- (1) 0 (2) 1
 - (3) Between 0 and 1 (4) Infinity

31. Assertion (A): Import of machinery is reflected in the current account of balance of payments.

Reason (R): Export and import of goods and invisibles are recorded in current account of balance of payments.

- (1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion (A).
- (2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
- (3) Assertion (A) is true, but Reason (R) is false.
- (4) Assertion (A) is false, but Reason (R) is true.

32. Assertion (A): The flour purchased by a baker is considered an intermediate good.

Reason (R): The flour is used for the production of bread, cakes and biscuits to be sold to the consumer.

- (1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

- (2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- (3) Assertion (A) is true, but Reason (R) is false.
- (4) Assertion (A) is false, but Reason (R) is true.

33. Identify the correctly matched pair of column A to that of Column B:

Column A	Column B
(1) Marginal Utility	(a) The power or capacity of a commodity to satisfy human wants.
(2) Cardinal measure of utility	(b) The addition to total utility on consuming an additional unit of a commodity.
(3) Total Utility	(c) It is the sum total of utility derived from the consumption of all units of a commodity.
(4) Utility	(d) It is that measurement of utility, which is measured in terms of units

- (1) 1 – (a) (2) 2 – (b)
 (3) 3 – (c) (4) 4 – (d)

- 34.** Accommodating items are also called:
- (A) On-the-line items
 (B) Below the line items
 (C) Above the items
 (D) None of these
- 35.** Which of the following is not an example of macroeconomics?
- (1) Total Employment
 (2) National Income
 (3) General Price Level
 (4) Individual Income
- 36.** "Market demand curve is constructed by horizontally summing all the individual demand curves at each and every price." Choose the correct option for the above mentioned statement:
- (1) True (2) False
 (3) Partially true (4) Can't be determined
- 37.** Identify the correctly matched pair of items in column A to that of Column B:

Column A	Column B
1. Function of a Central bank	(a) Lending money to public
2. Function of Government	(b) Issuing currency notes
3. Function of a Central bank	(c) Control of credit
4. Function of Government	(d) Creation of credit

- (1) 1 – (a) (2) 2 – (b)
 (3) 3 – (c) (4) 4 – (d)

- 38.** Consumers get maximum variety of goods under:
- (1) Perfect competition
 (2) Monopoly
 (3) Oligopoly
 (4) Monopolistic competition
- 39.** When the price of the commodity is changed the demand for the commodity changes in:
- (1) Opposite direction (2) Remains the same
 (3) Same direction (4) None of these
- 40.** Which of the following is not a revenue receipt?
- (1) Recovery of Loans
 (2) Foreign Grants
 (3) Profits of Public Enterprises
 (4) Wealth Tax
- 41.** The type of oligopoly under which market firms cooperate with each other in determining price and output is
- (1) Collusive (2) Non-Collusive
 (3) Open (4) Closed
- 42.** Identify the correctly matched pair from Column A to Column B:
- | Column A | Column B |
|---------------|---------------------------|
| (1) MPC = 0 | (a) $K > 1$ |
| (2) MPC = 1 | (b) $K = \text{Infinity}$ |
| (3) MPC < 1 | (c) $K = 0$ |
| (4) MPC > MPS | (d) $K < 1$ |
- (1) 1 – (a) (2) 2 – (b)
 (3) 3 – (c) (4) 4 – (d)
- 43.** The Narrow concept of money includes _____.
- (A) Cash with the Public
 (B) Deposits with Bank
 (C) Deposits with Post Office
 (D) All of the above.
- 44.** Which of the following statements is true?

- (1) When demand increases more than supply, equilibrium price will increase.
- (2) When demand increases more than supply, equilibrium price will decrease.
- (3) When supply increases more than demand, equilibrium price will increase.
- (4) When demand decreases more than supply, equilibrium price will increase.

45. What kind of Tax is GST?

- (1) Direct Tax
- (2) Indirect Tax
- (3) Depends on the type of goods and services
- (4) None of the above

46. If there is no change in the demand for commodity X, even after rise in its price, then its demand is:

- (1) perfectly elastic
- (2) perfectly inelastic
- (3) less elastic
- (4) highly elastic

Read the below case and answer the questions that follow:

The country's real gross domestic product (GDP) is likely to expand by 11 percent in the next financial year due to a faster economic recovery and on a low base, says a report. The report by domestic rating agency Brickwork Ratings said economic activities are slowly reaching PRE-COVID levels following the relaxation of the lockdown, except in sectors that remain affected by social distancing norms.

"With progress in developing an effective vaccine for COVID-19 and signals of faster-than-expected recovery in the domestic economy, and also supported by a low base, we expect the real GDP to grow at 11 percent in F/Y 22, from the estimated contraction of 7 percent to 7.5 percent in F/Y 21," the agency said.

According to the first advance estimates of national income released by the National Statistical Office (NSO), the country's GDP is estimated to contract by a record 7.7 percent during the current financial year.

- "Real GDP to grow at 11 per cent in F/Y 22: Report"
Economic Times, 21st Jan, 2021

47. Real GDP is when the goods and services are produced by all producing units in the domestic territory of a country during an accounting year and valued at _____ prices or constant price.

- (1) base year's
- (2) current year's
- (3) both (1) and (2)
- (4) neither (1) nor (2)

48. Read the following statement Assertion (A) and Reason (R).

Choose one of the correct alternatives given below:

Assertion (A): The country's real gross domestic product is likely to expand.

Reason (R): Some sectors remain affected by social distancing norms.

Alternatives:

- (1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
- (2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- (3) Assertion (A) is true, but Reason (R) is false.
- (4) Assertion (A) is false, but Reason (R) is true.

49. What will be the growth rate of GDP according to the NSO?

- (1) -7.7%
- (2) +7.7%
- (3) +11%
- (4) -7.5%

50. Read the following statements - Assertion (A) and Reason (R).

Assertion (A): Real GDP is the true indicator of the growth of the economy.

Reason (R): Real GDP is nominal GDP adjusted for inflation used to measure the actual growth of production.

Select the correct alternative from the following:

- (1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
- (2) Both Assertion (A) Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- (3) Assertion (A) is true, but Reason (R) is false.
- (4) Assertion (A) is false, but Reason (R) is true.

□□□

SOLUTIONS

1. Option (1) is correct.

Explanation: $M_3 = M_1 +$ Time deposits of all commercial banks and co-operative banks (excluding interbank time deposits).

2. Option (2) is correct.

Explanation: Real flow refers to the flow of factor services and goods and services among different sectors of the economy.

3. Option (1) is correct.

Explanation: Law of variable proportion states that as more and more units of a variable factor are combined with the factor, then stage must ultimately come when marginal product of the variable factor starts declining.

4. Option (4) is correct.

Explanation:

$$\begin{aligned} \text{MPC} &= \frac{\Delta C}{\Delta Y} \\ &= \frac{600}{1,000} \\ &= 0.6 \end{aligned}$$

5. Option (4) is correct.

Explanation: Deficient demand refers to the situation when aggregate demand (AD) is short of aggregate supply (AS) corresponding to full employment in an economy.

6. Option (1) is correct.

Explanation: In positive economics, human decisions can be studied as facts and can be backed by actual data. In 1, 2 and 4, the decisions taken by the policy makers can be verified using some statistics and can be proven. On the contrary, normative economics gives perspectives of individuals without proper authentication. Therefore, the third statement falls under the normative category as it just gives a piece of advice.

7. Option (3) is correct.

Explanation: Variable cost is the cost which is incurred on variable factors of production like

labour, raw material etc. variable cost changes with the change in the level of output

8. Option (3) is correct.

Explanation: When demand of a good changes due to change in its own price it is represented at different points on the same demand curve. It is called, movement along demand curve. It shows 'Extension and Contraction' of demand. Demand curve does not change in both these conditions.

(i) **Extension of Demand :** Other things being equal, when demand of a good increases due to decline in price of that good, then it is called Extension of Demand.

(ii) **Contraction of Demand :** Other things being equal, when demand of a good decreases due to increase in price of that good, it is called Contraction of Demand.

9. Option (1) is correct.

Explanation: Loan advanced by World Bank is a capital receipt as it raises liability or reduces assets.

10. Option (3) is correct.

Explanation: Autonomous investment refers to that portion of total investment which is independent of the change in the level of income, interest rate and rate of profit. Investment in public utility services are considered autonomous investment because these type of investments made by the government does not rely on the decisional profit or loss.

11. Option (3) is correct.

Explanation: Flexible exchange rate is determined by the forces of demand and supply i.e. where demand equals supply eliminating the undervaluation or over valuation of currencies.

12. Option (4) is correct.

Explanation: Accommodating transactions are those that are undertaken as a consequence of the autonomous transactions.

13. Option (2) is correct.

Explanation: When total product starts falling, then marginal product becomes negative because total product is summation of marginal product. TP after reaching its maximum point starts falling

14. Option (3) is correct.

Explanation: Under perfect competition, in the long run, firm earns normal profit because of freedom of entry and exit of firms. In this, when firm enters the market, its supply rises and price falls and hence abnormal profits reaches to normal profits and when firms leave the market, then, abnormal loss becomes equal to normal profits. Hence, there are neither abnormal profits nor abnormal losses in the long run.

15. Option (2) is correct.

Explanation: Budget line displays all the combinations of goods a consumer can buy with the given income and price of a commodity. Assumptions of budget line are income and prices of consumer is given and remains unchanged.

16. Option (1) is correct.

Explanation: Monopoly is a market situation in which there is a single seller, there are no close substitutes for commodity it produces and there are barriers to entry of new firms. Monopolist himself fixes the price. Accordingly, a monopolist faces a downward sloping demand curve which shows that more can be sold only at a lower price.

17. Option (1) is correct.

Explanation: Revenue expenditure do not create any liability for the government. For example, taxes received by the government, unlike borrowings, do not create any liabilities for it.

18. Option (1) is correct.

Explanation: Under perfect competition, the price is determined by the industry. It is due to the fact that there are large number of buyers and sellers of homogeneous products under perfect competition. No single seller by changing his supply can influence the price. A monopolist is the only seller and himself determines price of his product. He is a price maker. There is no challenge to his price decisions as there are no competitive firms in

the market and there are no close substitutes of his product. Barriers to the entry of new firms further strengthens his position as a price maker.

19. Option (2) is correct.

Explanation: The main reason why the number of firms is small is that there are barriers which prevent entry of the firms into industry. Patents, large capital requirement, control over the crucial raw materials, etc. prevent new firms from entering the industry. Only those who are able to cross these barriers enter in the market.

20. Option (1) is correct.

Explanation: Equilibrium output refers to a situation when in an economy:

$$AD=AS$$

So that, all the producers who wish to produce during the year is exactly equal to what the buyers wish to spend on the purchase of goods and services during the year.

21. Option (2) is correct.

Explanation: Net National Product (NNP) at Market Price = NNP at Factor Cost + Net Indirect Taxes

22. Option (3) is correct.

Explanation: The guiding principle of the problem 'how to produce?' is to adopt such technique of production which has least cost to produce per unit of the commodity.

At macro level the most efficient technique is the one which uses least quantity of scarce resources.

Hence, producers must always produce efficiently by using the most efficient technology. Thus, every economy must choose the most efficient technique of producing a commodity.

23. Option (3) is correct.

Explanation: Fixed factors of production like land, machinery etc. and money spent on these is a fixed cost because it does not change with the level of output. Variable factors of production like casual labour, raw material etc. Money spent on these is a variable cost because it changes with the change in the level of output.

24. Option (1) is correct.

Explanation: When a customer optimizes his happiness given his income and commodity prices, he is said to be in equilibrium. This means that the marginal utility of the good equals the price of the product.

25. Option (2) is correct.

Explanation: In case of deficient demand, there is a need to liberalize credit. It can be done by reducing bank rate so that the commercial banks also reduce their lending rate, thereby increasing the availability of credit in the economy.

26. Option (2) is correct.

Explanation: Supply curve is horizontal line parallel to x-axis it refers to goods that have a price elasticity of supply value equal to infinity.

27. Option (3) is correct.

Explanation: Non-Tax Revenue is the recurring income earned by the government from sources other than taxes.

28. Option (2) is correct.

Explanation: When supply is perfectly inelastic, and demand for a commodity increases or decreases which causes a change in equilibrium price of the commodity but equilibrium quantity remains constant.

29. Option (2) is correct.

Explanation: Shift in the demand Curve - Increase/Decrease in the demand with respect to other factors other than price.
Movement along the demand curve - Increase/Decrease in Price

30. Option (4) is correct.

Explanation:
 $K = 1/1 - MPC$
 $K = 1/0$
 $K = \infty$

31. Option (1) is correct.

Explanation: Current a/c balance of payment is a record of a country's international transaction with the rest of the world. It includes all the transactions that involve economic values and occur between resident and non-resident entities.

32. Option (1) is correct.

Explanation: Goods used in the production of final goods are known as intermediated goods.

33. Option (3) is correct.

Explanation:

Marginal Utility : The addition to total utility on consuming an additional unit of a commodity.

Cardinal measure of utility : It is that measurement of utility, which is measured in terms of units.

Total Utility : It is the sum total of utility derived from the consumption of all units of a commodity.

Utility : The power or capacity of a commodity to satisfy human wants.

34. Option (2) is correct.

Explanation: Accommodating items are termed as 'below the line items', as these items of BoP are not determined by considerations of profit but to restore identity of BoP i.e. to balance the BoP.

35. Option (4) is correct.

Explanation: Microeconomics investigates the behaviour of particular economic units such as commodity price determination, consumer, producer, or company behaviour. Price theory is another name for microeconomics. Therefore, individual income is a part of microeconomics.

36. Option (1) is correct.

Explanation: The market demand curve is the summation of all the individual demand curve in a market.

37. Option (3) is correct.

Explanation: The Central Bank plays the role of the sole note issuing authority in an economy. The Central Bank undertakes this function of being a monopolist in issuing currency to maintain uniformity of currency across nation and to control money supply process at a centralised level. This function also builds faith in the currency system of the economy.

38. Option (4) is correct.

Explanation: As there are a large number of sellers selling differentiated products in the monopolistic competition market, there are a variety of options for the consumers.

39. Option (1) is correct.

Explanation: Demand has an inverse relation with the price of the commodity, hence whenever the price increases demand decreases and vice versa.

40. Option (1) is correct.

Explanation: Recovery of loan is a capital receipt because it reduces assets of the government.

41. Option (1) is correct.

Explanation: Collusive Oligopoly is one in which, the firms cooperate with each other in deciding price and output. Whereas, Non-collusive Oligopoly is one in which the firms compete with each other.

42. Option (2) is correct.

Explanation:

$$K = 1/MPS$$

$$K = 1/1-MPC$$

$$K = 1/1-1$$

$$K = 1/0$$

$$K = \infty$$

43. Option (4) is correct.

Explanation: M_1 and M_2 are known as narrow money.

M_1 = Currency (notes and coins) with the public + Demand deposits + Other deposits held with the Reserve Bank of India.

$M_2 = M_1 +$ Post Office Saving Deposits

44. Option (1) is correct.

Explanation: Increase in demand raises and decrease in demand lowers the equilibrium price. Also, equilibrium quantity will increase when demand increases and will decrease when demand decreases.

45. Option (2) is correct.

Explanation: Goods and Services Tax is an indirect tax used in India on the supply of goods and services.

46. Option (2) is correct.

Explanation: When change in price produces no change in demand, then such a demand is called perfectly inelastic demand. In this situation, demand curve is a straight line parallel to the Y axis.

47. Option (1) is correct.

Explanation: Real GDP is GDP evaluated at the market prices of some base year.

48. Option (2) is correct.

Explanation: The country's real gross domestic product is likely to expand due to a faster economic recovery following the relaxation of the lock down.

48. Option (4) is correct.

49. Option (1) is correct.

Explanation: According to first advance estimates of national income released by the NSO, the country GDP is estimated to contract by a record 77% during the current financial year.

50. Option (1) is correct.