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Previous Year paper (memory based)

RBI Grade B DEPR - 2022

Phase-2

**(Descriptive Economics +
English)**

Economics (Descriptive)

Part A – Economic concepts

Q1a. IS-LM numerical question. C, I, Ms, Mt, Mw was given.

ixamBee Coverage:

ixamBee
Economics

Question No.36 Marks
+2 -1

Direction
This question obtained (2) Marks:

$C = 50 + 0.5Y_d$, $I = 100 - 50i$, $T = G = 100$

where, Y_d is disposable income, T and G are taxes and government expenditure respectively and i is the interest rate.
What is the IS curve of the same?

$Y = 200 + 50i$
 $i = 4 - 0.1Y$
 $Y = 400 + 100i$
 $Y = -400 - 100i$
 $i = 4 - .01Y$

ixamBee
Economics

Question No.37 Marks
+2 -1

Direction
This question obtained (2) Marks:

Transaction demand for money, $M_t = 0.7Y$. Speculative demand for money, $MSP = 50 - 150i$; Money supply $M_s = 150$. LM equation from the above data is _____

$i = .0467Y - 0.34$
 $i = .00467Y - 0.67$
 $i = .000467Y + 0.67$
 $i = .000467Y - 0.67$
 None of the above

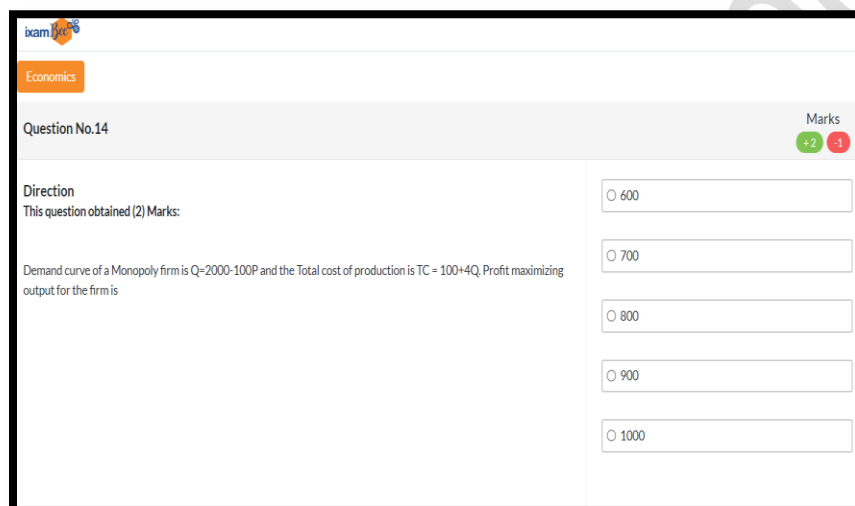
Q1b. A Paragraph on comparing the effect of commercial value of ivory and beef on Elephant and Cow population respectively. This was a question based on “Tragedy of Commons” and solution to solve this problem.

The tragedy of the commons is an economics problem in which every individual has an incentive to consume a resource, but at the expense of every other individual—with no way to exclude anyone from consuming.

Q2a. Combinations of Q, K, L given for a manufacturing company. Price of capital and labour also given. Verify if company produces at least cost factor combination. If not then what needs to be done?

Q2b. Given a demand and cost function, show that monopolist produces half the output under perfect competition.

ixamBee Coverage:

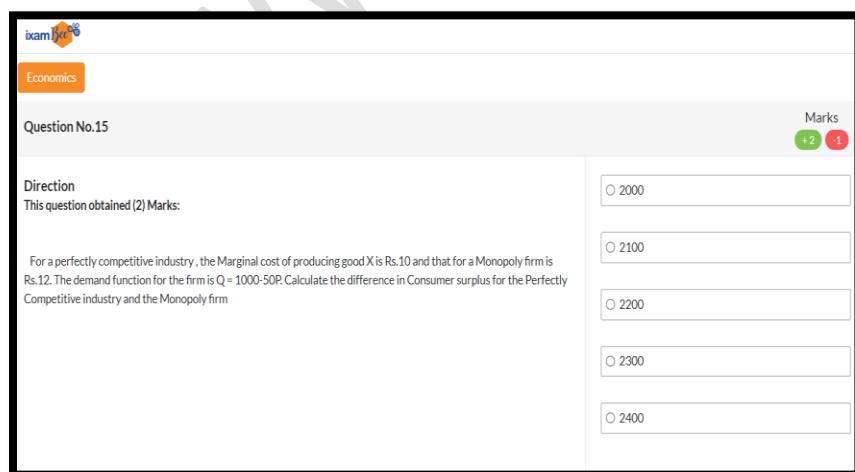


ixamBee
 Economics
 Question No.14 Marks
 +2 -1

Direction
 This question obtained (2) Marks:

Demand curve of a Monopoly firm is $Q=2000-100P$ and the Total cost of production is $TC = 100+4Q$. Profit maximizing output for the firm is

600
 700
 800
 900
 1000



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 Economics
 Question No.15 Marks
 +2 -1

Direction
 This question obtained (2) Marks:

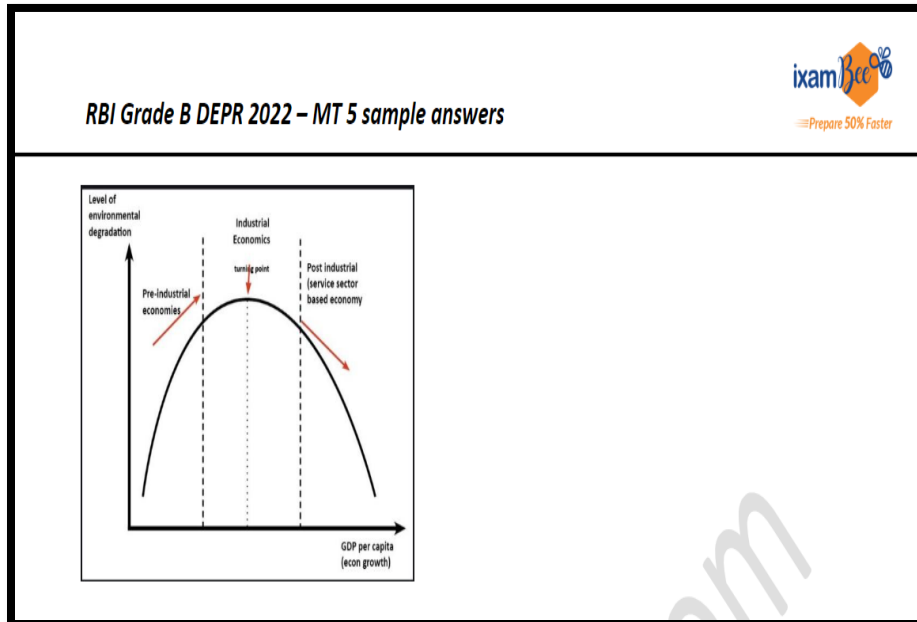
For a perfectly competitive industry, the Marginal cost of producing good X is Rs.10 and that for a Monopoly firm is Rs.12. The demand function for the firm is $Q = 1000-50P$. Calculate the difference in Consumer surplus for the Perfectly Competitive industry and the Monopoly firm

2000
 2100
 2200
 2300
 2400

Q3. Short notes on any two:

- a) Absolute measures of poverty
- b) Brander Krugman Model
- c) Kuznets inverted U hypothesis

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Kuznet curve

- In early stage of economic growth income inequality increase, stabilizes for time and then decline in the later stages
- Inverted U-shaped hypothesis of Income
- Degree of inequality is greater in developing countries

<p>Causes of inc. inequality</p> <ul style="list-style-type: none"> ➤ Transition from ag to ind. Sec ➤ Rural urban migration ➤ Urban bias financial resources ➤ High population growth 	<p>Causes of dec. inequality</p> <ul style="list-style-type: none"> ➤ Dev efforts ➤ Increased d for farm and other rural product ➤ Inc. per capita income (rural)
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Environmental Kuznet curve

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Level of

Q4 – related to Capital Asset Pricing Model (CAPM)

- a) Explain CAPM model
- b) Given values of risk-free interest rate, market rate of return, beta etc., find current stock price given expected price of stock.
- c) Given situation to check feasibility of present investment in higher education. Here interest rate was also mentioned.

Q5. Econometrics question on Trend Estimation – data on sales was given.**Part B – Indian Economy****Q6. Importance of Women empowerment in overall economic development.**

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- *Women Empowerment*
 - *For gender equality policies like affirmative action by reserving seats in legislatures, increasing reservation at Local self government both at Urban and village level to 50% in all states, strict implementation of The Equal Remuneration act, 1976 to remove wage gap, making education curriculum gender sensitive, raising awareness about women right, changing social norms through schemes like Beti Bachao Beti Padhao etc.*
- *Inclusion of Religious Minorities*
 - *Religious minority groups need special attention through representation in government jobs, provision of institutional credit, improvement of their education access, protection of their human rights by empowering National commission for Minority, strengthening rule of law etc.*
- *Progressive Taxes*

Q7a. Economic growth, poverty and Inequality in Global scenario.

Q7b. Unemployment rate exceeding the growth rate is the biggest challenge for India. Comment.

ixamBee Coverage:

Q6. India's economic growth is associated with rising inequality. How does it so happen and what actions need to be taken to mitigate the problem?


Answer

Inequality

- *The United Nations describes inequality as "the state of not being equal, especially in status, rights and opportunities".*
- *Inequality can be broadly classified in to:*

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- *Economic inequality: Economic inequality is the unequal distribution of income and opportunity between individuals or different groups in society.*
- *Social inequality: It occurs when resources in a given society are distributed unevenly based on norms of a society that creates specific patterns along lines of socially defined categories e.g. religion, kinship,*

8. Short note on any four

- a) Bad Bank
- b) Fiscal response to covid 19
- c) Monetary developments in 2020-21
- d) Urban poverty alleviation policies
- e) Impact of covid 19 on credit delivery and inclusion

ixamBee Coverage:

Q7. Discuss the fiscal and monetary measures incorporated to revive the economy from pandemic.

Answer

The Government and RBI has implemented a judicious mix of fiscal and monetary policies to mitigate the negative impact of COVID-19 on the economy. On May 12 2020, Government announced the Aatma Nirbhar Bharat Package (ANBP), a special economic and comprehensive package of Rs 20 lakh crores - equivalent to 10 per cent of India's GDP with an aim to encourage business, attract investments and strengthen the resolve for 'Make in India.

Fiscal Measures by GoI:

Relief measures: This has helped vulnerable people to stay afloat in pandemic. Measures for households such as in-kind (food; cooking gas) and cash transfers to senior citizens, widows, disabled, women Jan Dhan Account holders, farmers; insurance coverage for workers in the healthcare sector; and wage increase for MGNREGA workers and support for building and construction workers, collateral free loans to self-help groups, reduction in EPF contributions, employment provision for migrant workers (Pradhan Mantri Garib Kalyan Rojgar Abhiyaan).

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Q9. Indian concept of financial stability. Current risks associated with global and geopolitical developments.

ixamBee Coverage:

Q10. Briefly discuss the key points highlighted in Financial Stability Report June 2022.

Answer

The Reserve Bank of India published the 25th issue of the Financial Stability Report (FSR) which contains inputs from all financial sector regulators. This year's report primarily comprises an overview of foreign regulatory and supervisory procedures. It represents the collective analysis of the Financial Stability and Development Council's (FSDC) Sub-Committee on threats to financial stability and the resilience of the financial system.

Highlights of the Report

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- *Non-Performing Assets:*

Q10. Sustainable Development Goals. Steps taken by India to achieve SDG with respect to poverty health and education.

ixamBee Coverage:

Q7. Discuss the important indicators of sustainable development.

Answer

What is Sustainable Development?

- *'Development which meets the needs of the present without compromising the ability of future generations to meet their own needs'.*
- *This most widely accepted definition of Sustainable Development was given by the Brundtland Commission in its report Our Common Future (1987).*
- *Sustainable development (SD) calls for concerted efforts towards building an inclusive, sustainable and resilient future for people and planet.*

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Core Elements of Sustainable Development

Q8. Sustainable growth depends on the timely climate and including policies for climate mitigation in the government budget. Explain.

Answer

India and Climate Change

- ✓ *One of the Largest Emitters: For India, the third-largest carbon emitter after China and the United States, a decisive switch is needed from highly polluting coal and petroleum to cleaner and renewable power sources.*
- ✓ *China has announced carbon neutrality by 2060, Japan and South Korea by 2050, but India is yet to announce a target.*

Global Rankings and Estimates:

- ✓ *The HSBC ranks India at the top among 67 nations in climate vulnerability (2018),*
- ✓ *German watch ranks India fifth among 181 nations in terms of climate risks (2020).*
- ✓ *The World Bank has warned that climate change could sharply diminish living conditions for up to 800 million people in South Asia.*
- ✓ *As per the Emissions Gap Report 2020, over the last decade, China, USA, EU27+UK and India combined, have contributed to 55% of the total GHG emissions.*

Descriptive English

- **Essay Topics:**
 - ✓ Banking Automation
 - ✓ Talent VS natural gift
 - ✓ Causes of malnutrition
 - ✓ Industrial Revolution 4.0
- **Precis**
 - ✓ Pandemic as an opportunity
- **Reading Comprehension**
 - ✓ Daydreaming benefits