ENTRANCE TEST-2024

SCHOOL OF BUSINESS STUDIES

ECONOMICS

Question Booklet Series C

| Total Questions | : | 60 |
| Time Allowed | : | 70 Minutes |

Roll No. :

Instructions for Candidates :

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SEAL

1. For a firm to practice third degree price discrimination, which condition(s) must be met?

   (A) The firm must have some monopoly power

   (B) The firm must be able to keep two markets separate

   (C) The price elasticity of the demand must be different in the two markets

   (D) All of these

2. Consider the statement "An efficient mix of public goods is produced when local land/housing prices and taxes come to reflect consumer preferences just as they do in the market for private goods". This statement is related to:

   (A) Tiebout hypothesis

   (B) Coase theorm

   (C) Contingent pricing

   (D) Liability rules

3. The direct regulation for optimal pollution control can be exercised by the governments through:

   (A) Sale of pollution rights

   (B) Congestion pricing

   (C) Either (A) or (B)

   (D) Both (A) & (B)

4. Market failure arises due:

   (A) Imperfect competition

   (B) Externalities

   (C) Public goods

   (D) All of these

5. Uncompensated costs imposed on others by the expansion of output by some firms implies:

   (A) External dis-economies of production

   (B) External dis-economies of consumption

   (C) External economies of production

   (D) External economies of consumption

6. According to Schumpeter's theory of profits, innovations are those which:

   (A) Change the production functions

   (B) Increase the demand for the product

   (C) Both (A) & (B)

   (D) None of these

7. "Rent is that portion of the produce of earth which is paid to the landlord for the use of the original and indestructible powers of the soil", is a definition by:

   (A) Marshall

   (B) Torrents

   (C) Malthus

   (D) None of these

8. According to Keynesian theory of interest individuals hold cash in order "to bridge the interval between the receipt of income and its expenditure". This motive of holding the cash refers to:

   (A) Speculative demand for money

   (B) Transactions demand for money

   (C) Precautionary demand for money

   (D) Demand for inactive balances

9. Which economist was first responsible for incorporating the supply side in the analysis of marginal productivity theory of wages?

   (A) Alfred Marshall

   (B) J.B. Clark

   (C) Jevons

   (D) Wicksteed

10. Which theory of international trade is also known as factor-endowment theory?

   (A) Stolper-Samuelson theory

   (B) Heckscher-Ohlin theory

   (C) Comparative cost advantage theory

   (D) Absolute cost advantage theory

11. The ratio of the price index of a country's exports to the price index of its imports is known as :

(A) Commodity terms of trade

(B) Net barter terms of trade

(C) Neither (A) nor (B)

(D) Both (A) & (B)

12. The temporary sale of a commodity at a lower price abroad in order to drive foreign producers out of business is known as :

(A) Persistent dumping

(B) Sporadic dumping

(C) Predatory dumping

(D) Trigger-price mechanism

13. The rate of tariff that maximises the benefit resulting from improvement in nation's terms of trade against the negative effect resulting from reduction in the volume of trade is called :

(A) Optimum tariff

(B) Revenue effect of tariff

(C) Consumption effect of tariff

(D) Trade effect of tariff

14. The classical macroeconomic theory was brought into disrepute during :

(A) 1920s

(B) 1930s

(C) 1940s

(D) 1970s

15. Consider the expression " wages + profits + interest + rent - net indirect taxes". Which measure of national income does it represent ?

(A) Gross National Product at market price

(B) Gross Domestic Product at market price

(C) Net Domestic Product at market price

(D) Net Domestic Product at factor cost

16. Paradox of thrift is primarily in relation to :

(A) Savings

(B) Consumption

(C) Investment

(D) Production

17. GNP Deflater is equivalent to :

(A) $\dfrac{\text{Nominal GNP of a year}}{\text{Real GNP of a year}} \times 100$

(B) $\dfrac{\text{Real GNP of a year}}{\text{Nominal GNP of a year}} \times 100$

(C) $\dfrac{(\text{Nominal GNP of a year})(\text{Real GNP of a year})}{100}$

(D) None of these

18. You are given the following data: expected life of machinery = 1 year, expected yield from machinery = Rs.1100, rate of discount = 0.10. What would be the supply price of machine ?

(A) 500

(B) 1000

(C) 1500

(D) None of these

19. Consider the saving function S = -10 + 0.2Y, and autonomous investment = Rs. 50 Cr. What will be the level of consumption ?

(A) 150 Cr

(B) 200 Cr

(C) 240 Cr

(D) None of these

20. Which of the below statements is invalid with reference to Keynes consumption function ?

(A) It explains declining tendency of marginal efficiency of capital

(B) It helps to validate Say's law of markets

(C) It helps to explain turning points of a business cycle

(D) It helps to derive the theory of multiplier

21. Consider the consumption function $C = 50 + 0.6 Yd$. What will be the value of Keynesian autonomous spending multiplier?

(A) 1

(B) 1.5

(C) 2.5

(D) 3

22. Consider the consumption function $C = 60 + 0.9 Yd$, import function $M = 10 + 0.05Y$. What will be the value of foreign trade multiplier?

(A) 5.55

(B) 6.66

(C) 7.77

(D) 8.88

23. The difference between government expenditure multiplier and the transfer payments multiplier is always equal to :

(A) 1.0

(B) 1.5

(C) 2.0

(D) 2.5

24. Which one of the following statements is NOT true ?

(A) Imports is a positive function of domestic income

(B) Imports are negatively related to appreciation of domestic currency

(C) Exports is positive function of foreign income

(D) Exports are positively related to depreciation of domestic currency

25. What factor(s) determine money supply in the economy?

(A) High powered money

(B) Cash-reserve ratio of banks

(C) Currency-deposit ratio of the public

(D) All of these

26. If the ratio of currency reserves to deposits in the banks were 100 percent, the money multiplier would be :

(A) 0

(B) 1

(C) 10

(D) 100

27. Which of the below given actions by the central bank will have contractionary effect on the economy ?

(A) Buying of securities in the open market

(B) Reduction of the cash reserve ratio

(C) Hike in the repo rate

(D) All of these

28. Given desired currency deposit ratio equal to 0.5, and desired reserve deposit ratio equal to 0.10. Choose the value of the bank credit multiplier from below given values :

(A) 0.5

(B) 1.0

(C) 1.5

(D) None of these

29. Choose the CORRECT statement :

(A) Higher the value of marginal propensity to consume, flatter will be the IS curve

(B) Lower the interest elasticity of investment, flatter will be the IS curve

(C) The IS curve will shift to the left when the taxes decline

(D) The IS curve will shift to the left due to an increase in the investment expenditure

30. If the interest elasticity of money demand is zero, what shape the LM curve will assume ?

(A) Relatively elastic

(B) Perfectly elastic

(C) Relatively inelastic

(D) Perfectly inelastic

31. On all the points below the LM curve there is a disequilibrium in the money market of the nature in which:
    I.   Interest rate is lower than the equilibrium rate of interest
    II. Excess demand for money
    III. Interest rate is higher than the equilibrium rate of interest
    IV. Excess supply of money
    Choose your answer from the below given options.
    (A) I & II
    (B) I & IV
    (C) III & IV
    (D) III & II

32. The aggregate supply curve in its perfectly elastic range is based on the assumptions :
    I.   Money wage is fixed
    II. Money wage is flexible
    III. Marginal product of labor is constant
    IV. Marginal product of labor is variable
    Choose your answer from the below given options.
    (A) I & III
    (B) II & III
    (C) II & IV
    (D) I & IV

33. The aggregate demand curve slopes downwards because of :
    (A) Real balance effect
    (B) Rate of interest effect
    (C) Foreign trade effect
    (D) All of these

34. Changes in which of the following factors is NOT responsible for shift in the long run aggregate supply curve ?
    (A) Money wages
    (B) Labor force
    (C) Stock of capital
    (D) Technology

35. The short-run aggregate supply curve shifts due to :
    (A) Change in wage rate
    (B) Change in input prices
    (C) Change in technology
    (D) All of these

36. The common factor that produces a shift in the short-run and the long-run aggregate supply curves is :
    (A) Technology change
    (B) Changes in wage rate
    (C) Changes in business taxes
    (D) Changes in input prices

37. In the long-run both Keynesians and Monetarists are of the opinion that Philips curve is :
    (A) Vertical
    (B) Horizontal
    (C) Upward sloping
    (D) Downward sloping

38. The phenomenon of stagflation implies:
    (A) Low inflation associated with low unemployment
    (B) Low inflation associated with high unemployment
    (C) High inflation associated with high unemployment
    (D) High inflation associated with low unemployment

39. Which one of the given factors is NOT a cause of cost-push inflation ?
    (A) Oil price rise
    (B) Consumption demand by households
    (C) Farm price rise
    (D) Import price rise

40. In the interbank market the price that a bank is willing to pay for a unit of foreign currency refers to :
    (A) Offer rate
    (B) Exchange rate
    (C) Currency swap
    (D) Bid rate

41. Which one of the below-given variables results in the movement along the demand curve ?
    (A) Change in income
    (B) Change in tastes
    (C) Change in tax imposed on the commodity
    (D) Change in expectations

42. The change in which one of the below-given variables results in shifting of the supply curve ?
    (A) Input prices
    (B) Prices of related goods
    (C) Number of buyers
    (D) Consumer expectations

43. Suppose that consumers are ready to buy any quantity of a commodity for Rs. 400 but are unwilling to purchase any quantity above this price, what will be the shape of the demand curve ?
    (A) Perfectly inelastic
    (B) Inelastic
    (C) Unitary elastic
    (D) Perfectly elastic

44. Consider the demand function $Q = 100 - 4P$, and the given $P = Rs. 20$. The price elasticity of demand will be equal to :
    (A) 4
    (B) 3
    (C) 2
    (D) 1

45. Consider the demand function of a commodity $Q = 30 - 2P$, wherein Q is the quantity demanded and P is the price of the commodity. If the market price for the commodity is Rs. 5, what will be the consumer's surplus ?
    (A) 75
    (B) 100
    (C) 125
    (D) 150

46. Which factor(s) is(are) responsible for diminishing marginal rate of substitution ?
    (A) Perfect substitutability between the goods
    (B) Non-satiability
    (C) Perfect complementarity between the goods
    (D) All of these

47. A consumer spends all her income on food and clothing. At the current price of food $(Pf) = Rs. 10$ and price of clothing $(Pc) = Rs. 5$, he maximises his utility by purchasing 20 units of food and 50 units of clothing. What will be the consumer's income ?
    (A) Rs. 400
    (B) Rs. 425
    (C) Rs. 450
    (D) Rs. 475

48. If the quantity demanded of a good varies inversely with the price when the income effect for the good is negative but is weaker than the substitution effect, the good is :
    (A) Normal good
    (B) Inferior good
    (C) Giffen good
    (D) None of these

49. Engel curve of a neuter is :
    (A) Vertical
    (B) Backward bending
    (C) Upward sloping
    (D) Horizontal

50. According to the law of variable proportions, which stage represents the range of rational production decisions ?
    (A) Stage - I
    (B) Stage - II
    (C) Stage - III
    (D) Stages - IV

51. In case the two factors are perfect substitutes, the isoquants are :
    (A) Right angled
    (B) Convex to the origin
    (C) Downward sloping straight lines
    (D) Concave to the origin

52. In case of a production function exhibiting constant returns to scale with elasticity of substitution equal to zero, the shape of the isoquants will be :
    (A) Convex to the origin
    (B) Concave to the origin
    (C) Downward sloping straight lines
    (D) L-shaped

53. The economic profits of a firm are equal to :
    (A) Total Revenue - Economic Costs
    (B) Total Revenue - (Explicit Costs + Implicit Costs)
    (C) Either (A) or (B)
    (D) Neither (A) nor (B)

54. Pure competition is said to exist when :
    (A) Monopoly is absent
    (B) Perfect mobility of the resources exists
    (C) Perfect knowledge exists
    (D) All of the above conditions exist

55. The condition(s) for short-run equilibrium of firm under perfect competition is (are) :
    (A) Marginal Cost = Marginal Revenue = Price
    (B) Marginal Cost curve must be rising at the point of equilibrium
    (C) Neither (A) nor (B)
    (D) Both (A) & (B)

56. If input prices fall as more inputs are demanded by an expanding industry under perfect competition, the long-run supply curve for the commodity will be :
    (A) Positively sloped
    (B) Negatively sloped
    (C) Having constant slope
    (D) Having a zero slope

57. Choose the INCORRECT statement from the options given below :
    (A) Short-run supply curve of the competitive firm is that part of the marginal cost curve which lies below the average variable cost
    (B) Long-run equilibrium of a firm under perfect competition is established at the minimum point of the long-run average cost curve
    (C) If a perfectly competitive firm is not able to cover even its variable costs fully, it will shut down even in the short-run to avoid unnecessary losses
    (D) Under perfect competition an individual firm is a price taker

58. Given MC = marginal cost and e = elasticity of demand, the price (P) of the product produced by a firm operating under monopoly is given by :
    (A) $P = MC \dfrac{e}{e-1}$
    (B) $P = MC \dfrac{e}{1-e}$
    (C) $P = \dfrac{e-1}{MC}$
    (D) $P = \dfrac{1-e}{MC}$

59. A monopoly equilibrium can occur under which cost condition ?
    (A) Increasing marginal cost
    (B) Decreasing marginal cost
    (C) Constant marginal cost
    (D) All of these

60. Choose the INCORRECT statement with respect to Chamberlin's duopoly model :
    (A) It is based on the assumption of zero cost of production of the two Producers
    (B) It is assumed that the market demand curve for the product is linear
    (C) The two producers are mutually independent
    (D) It ignores the entry of new firms and is thus a closed model

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1. The slope of the production possibility frontier is usually:

   (A) Negative and decreasing

   (B) Negative and increasing

   (C) Positive and increasing

   (D) Positive and decreasing

2. Assume two commodities X and Y. If commodity X accounts for 75% of the budget and has an income elasticity equal to 0.6, then the income elasticity of commodity Y will be:

   (A) 1.6

   (B) 1.8

   (C) 2.0

   (D) 2.2

3. Suppose that a consumer spends 50% of his income on good X, the income elasticity of demand for good X is 2, and the elasticity of substitution between X and all other goods is also 2. The price elasticity of demand for good X will be:

   (A) 1.0

   (B) 1.8

   (C) 2.0

   (D) 2.8

4. Demand for a firm's product has been estimated to be: $Q_d = 600 - 100P$. If the price of the product per unit is Rs. 2, what would be the price elasticity of demand at this price?

   (A) 2.0

   (B) 2.5

   (C) 1.0

   (D) 0.5

5. Which statement is true for a normal good? Choose your answer from the codes given at the end of this question.

   I. The income and the substitution effects work in the same direction.

   II. Income and the substitution effects work in the opposite direction.

   III. Negative relationship between price and quantity demanded.

   IV. Positive relationship between price and quantity demanded.

   CODES

   (A) I & IV

   (B) II & III

   (C) I & III

   (D) II & IV

6. The Water-Diamond paradox implies that the things with the greatest:

   (A) Value in use frequently have little value or no value in exchange.

   (B) Value in exchange frequently have little value or no value in use.

   (C) Either A or B

   (D) Both A and B

7. If the substitution effect outweighs the income effect, the labour supply curve:

   (A) Slopes downwards

   (B) Bends backward

   (C) Slopes upwards

   (D) Bends backward and then slopes downward

8. The equilibrium quantity in a market could remain unchanged if there were a/an _____ in demand offset by a/an _____ in the supply.

    (A) Increase, decrease

    (B) Increase, increase

    (C) Decrease, decrease

    (D) None of the above

9. Which one of the following is true about the relationship between marginal product (MP) and average product (AP)?

    (A) When, MP > AP, AP decreases

    (B) When AP = MP, AP reaches its maximum

    (C) AP reaches its maximum point earlier than MP reaches its own

    (D) MP is at its maximum at the point of its intersection with AP

10. Which one of the following is true about the relationship between short-run Marginal Cost (MC) and short-run Average Cost (AC)?

    (A) When MC is above AC, AC is decreasing.

    (B) When MC is below AC, AC is increasing.

    (C) MC intersects AC at the minimum point of AC.

    (D) After the point of intersection AC exceeds MC.

11. Consider the short-run production function of the form: $Q = 6L^2 - 0.4L^3$ where Q is output and L is the quantity of labour. What would be the value of L that maximizes Q?

    (A) 10

    (B) 12

    (C) 15

    (D) 20

12. Consider the production function of the form: $Q = 10XY - 2X^2 - Y^2$, where Q is output, X and Y the inputs. This production function shows:

    (A) Decreasing returns to scale

    (B) Constant returns to scale

    (C) Increasing returns to scale

    (D) None of these

13. Consider the marginal cost function of the form: $MC = 200 - 18Q + 0.75Q^2$, where MC is the marginal cost, and Q is the output. What will be the level of output at which MC is minimum?

    (A) 10

    (B) 14

    (C) 16

    (D) 12

14. The break-even quantity of output (Q_b) produced and sold by a perfectly competitive firm is determined by total fixed costs (TFC), price of output (P), and the variable cost per unit of output (AVC). Choose the correct equation that represents Q_b :

    (A) $Q_b = TFC \div (P - AVC)$

    (B) $Q_b = AVC \div (P - TFC)$

    (C) $Q_b = P \div (TFC - AVC)$

    (D) None of these

15. The upward-sloping long-run supply curve of an industry is associated with:

    (A) Decreasing cost industry

    (B) Constant cost industry

    (C) Increasing cost industry

    (D) None of these

16. For a firm in the long run when equilibrium price = short-run marginal cost = short-run average cost = long-run average cost, then:

    (A) Profits are zero

    (B) Profits are positive

    (C) Profits are negative (loss)

    (D) Firm is operating at below most efficient scale

17. In the Kinked demand theory of oligopoly each oligopolist believes that if he _____ the the prices, his competitors will _____ the prices.

    (A) Lower, increase

    (B) Lower, lower

    (C) Increase, increase

    (D) None of the above

18. In Cournot's duopoly model, there are two firms operating with:

    (A) Homogenous product

    (B) Zero cost

    (C) Linear demand curve

    (D) All of the above

19. Which of the below-mentioned conditions are true in the case of a monopolist?

    I.   Demand curve is downward sloping

    II. Marginal revenue curve lies below the average revenue curve

    III. Demand curve is perfectly elastic

    IV. Marginal revenue curve lies above the average revenue curve

    Choose the correct option given below:

    (A) I & II

    (B) II & III

    (C) I & IV

    (D) III & IV

20. The profit maximization condition(s) required for a discriminating monopolist in a two sub-market system is (are):

    (A) Aggregate Marginal Revenue = Marginal Cost of the total output

    (B) Marginal Revenue in market A = Marginal Revenue in market B = Marginal Cost

    (C) Both (A) & (B)

    (D) Neither (A) nor (B)

21. The type of price leadership under which an old, experienced, largest or most respected firm assumes the role of a custodian who protects the interests of all is referred to as:

    (A) Price leadership by the dominant firm

    (B) Barometric price leadership

    (C) Exploitative price leadership

    (D) Price leadership by a low-cost firm

22. Choose the correct answer with regard to public goods characteristics :

    (A) They are non-rival

    (B) They are non-excludible

    (C) Both (A) & (B)

    (D) Neither (A) nor (B)

23. The proposition that "*no system of aggregating individual preferences into social decisions will always yield consistent, nonarbitrary results*" relates to:

    (A) Impossibility theorem

    (B) Coase Theorem

    (C) Tiebout Hypothesis

    (D) Moral Hazard

24. Choose the INCORRECT statement from below:

   (A) Moral hazard can occur when a buyer/seller enters into an exchange with another party who has more information

   (B) Free rider problem is intrinsic to public goods

   (C) Rent-seeking is a problem intrinsic to the public choice

   (D) For public goods, market demand is the horizontal sum of individual demand curves

25. The fact that while the owners of the firm want to maximize the total profits of the firm, the managers want to maximize their own personal interests, refers to:

   (A) Problem of Moral Hazard

   (B) Problem of Adverse Selection

   (C) Principal-Agent Problem

   (D) None of these

26. Which condition is NOT an underlying assumption in a perfectly competitive labour market?

   (A) The number of both buyers and sellers is very large

   (B) There are barriers to exit and entry for both buyers and sellers

   (C) Both buyers and sellers possess perfect information

   (D) The labour is homogenous and the buyers are identical (from the sellers viewpoint)

27. The concept of Quasi-Rent relates to:

   (A) Capital equipment

   (B) Land

   (C) Labour

   (D) All of these

28. The innovations theory of profit was introduced by:

   (A) Alfred Marshall

   (B) G.J. Stigler

   (C) David Ricardo

   (D) Joseph Schumpeter

29. In J.M. Keynes's rate of interest theory, the supply of money function is:

   (A) Perfectly inelastic

   (B) Perfectly elastic

   (C) Upward sloping

   (D) Downward sloping

30. The account that measures a country's trade in currently produced goods and services along with unilateral transfers between countries is called:

   (A) Capital account

   (B) Current account

   (C) Financial account

   (D) Trade account

31. The theory of comparative advantage states that:

   (A) Specialization and free trade will benefit only the more efficient producers

   (B) More efficient producers will have an advantage over others and will not seek to trade

   (C) Specialization and free trade will benefit all trading partners

   (D) A producer must have an absolute advantage in order to have comparative advantage

32. A country enjoys a comparative advantage in the production of a good if it can produce that good at:

   (A) Lower cost in terms of other goods.

   (B) Higher cost in terms of other goods

   (C) Lower cost but not in terms of other goods

   (D) The same cost as in other countries

33. Which choice below is true?

 (A) A tariff is a tax on exports

 (B) A quota is usually a limit on the quantity of exports

 (C) Dumping occurs when a firm or industry sells products above the cost of production on the world market

 (D) Protection is the practice of shielding a sector of the economy from foreign competition

34. When the prices of a country's imports increase, then:

 (A) The price of domestic goods may decrease in response

 (B) The price of domestic goods may increase in response

 (C) The price of domestic goods will not change

 (D) The countries aggregate supply curve will shift to the right

35. You are given the below information:

 GDP at market price = 20,000; Depreciation = 400; Net Indirect Taxes (i.e., Indirect Taxes less Subsidies) = 300; Net Factor Payments to the rest of the world = 200. What would be the value of the Net National Product at factor cost or National Income?

 (A) 19700

 (B) 19500

 (C) 19100

 (D) None of these

36. Disposal personal income plus personal taxes equals:

 (A) National income

 (B) Personal income

 (C) GNP

 (D) GDP

37. Which among the following is NOT a component of GDP according to the income approach?

 (A) Compensation to employees

 (B) Interest

 (C) Profits

 (D) Net exports

38. Usually, the largest component of GDP is:

 (A) Personal consumption expenditure

 (B) Government consumption expenditure

 (C) Gross private domestic investment

 (D) Gross government investment

39. You are given the equation: $S = -100 + 0.40Y$; $I = 300$. Choose the correct value of the equilibrium level of national income from the values given below:

 (A) 820

 (B) 920

 (C) 1020

 (D) 1000

40. Using the information in Q.No.39 above, what would be the level of consumption?

 (A) 700

 (B) 600

 (C) 500

 (D) 400

41. The difference between the government expenditure multiplier and the transfer payments multiplier is always equal to:

 (A) –1

 (B) 1

 (C) 2

 (D) –2

42. Given the consumption function $C = 100 + 0.75Y_d$, the value of the government expenditure multiplier is:

(A) 4

(B) 3

(C) 2

(D) 1

43. Given the marginal propensity to import=0.5 and the marginal propensity to save = 0.5. What is the value of the foreign trade multiplier?

(A) ❧

(B) 0

(C) 1

(D) None of these

44. Given the values of marginal propensities to import and save as stated in Q.No. 43, choose the correct sequence relating to the strength of the government expenditure multiplier (GEM), transfer payment multiplier (TPM), tax multiplier (TAM), and foreign trade multiplier (FTM).

(A) GEM > TPM > FTM > TAM

(B) GEM > TPM = FTM > TAM

(C) GEM < TPM > FTM < TAM

(D) None of the above

45. According to Keynes's consumption theory, which one of the below-given factors is believed to have uncertain effects on consumption?

(A) General price level

(B) Fiscal policy

(C) Change in expectations

(D) Rate of interest

46. If the marginal propensity to import is 0.2 and income rises from Rs. 800 to Rs. 1000, then the change in imports in Rs. is

(A) 40

(B) 35

(C) 30

(D) 20

47. The Classical school of economics considers:

(A) Money is non-neutral

(B) Money acts as a store of value

(C) Money acts as a medium of exchange

(D) All of these

48. Ml + Time Deposits with the Banks corresponds to which measure of money supply?

(A) M2

(B) M3

(C) M4

(D) None of these

49. A common component between high-powered money and money supply is:

(A) Currency held by the public

(B) Demand deposits held by the public

(C) Cash reserves held by the banks with RBI

(D) Cash reserves held by the banks with themselves

50. The money supply will decrease, if:

(A) Supply of high-powered money increases

(B) Currency-deposit ratio of the public decreases

(C) Reserve-deposit ratio of the banks falls

(D) None of these

51. The short-run rate at which RBI lends overnight funds to the banks against securities refers to:

(A) Bank rate

(B) Repo rate

(C) Reverse repo rate

(D) Open market operations

52. If the interest elasticity of investment is relatively high, then:

(A) LM schedule will be relatively flat

(B) LM schedule will be relatively steep

(C) IS schedule will be relatively flat

(D) IS schedule will be relatively steep

53. If the tax rate declines, then:

(A) IS schedule will shift to the right

(B) IS schedule will shift to the left

(C) IS schedule will become flatter

(D) IS schedule will become steeper

54. The Keynesian ISLM model in a liquidity trap situation shows a configuration in which:

(A) Slopes of the IS and LM curves approach infinity

(B) Slopes of the IS and LM curves approach zero

(C) Slope of the IS curve is quite steep and the LM curve is quite flat

(D) Slope of the LM curve is quite steep and the IS curve is quite flat

55. In a Keynesian-type ISLM model, which statement is NOT true?

(A) Price level is variable

(B) Money supply is exogenous

(C) Rate of interest is endogenous

(D) Level of income is endogenous

56. Which among the below-given conditions is NOT a feature of the classical aggregate supply curve?

I. Perfectly inelastic and positioned at full employment equilibrium

II. Money wage rate is perfectly flexible downward

III. Based on the assumption that money wage is fixed

IV. Upward sloping and positioned at below full employment equilibrium

Choose the correct option given below:

(A) I & II

(B) III & IV

(C) I & III

(D) II & IV

57. In regard to the expectation augmented Phillips curve, the designated variables follow as: $\square$ = actual inflation, $\square e$ = expected inflation, u = actual unemployment rate, u^- = natural rate of unemployment. Given this information, choose the correct code given at the end of the question.

I. If $u < u^-$ then $\square > \square e$

II. If $u > u^-$ then $\square < \square e$

III. If $u < u^-$ then $\square < \square e$

IV. If $u > u^-$ then $\square > \square e$

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(A) I & II

(B) III & IV

(C) I & IV

(D) None of these

58. Which statement is true regarding the Phillips curve?

    (A) Downward sloping in the short-run

    (B) Vertical straight line in the long-run

    (C) Shows trade-off between inflation and unemployment in the short-run

    (D) All of the above

59. Other things remaining constant, the exchange rate would depreciate due to:

    (A) Increases in domestic income

    (B) Increase in demand for domestic goods

    (C) Increase in domestic real interest rate

    (D) Decrease in the foreign real interest rate

60. A rapid and decisive reduction in growth of money supply aimed at reducing rate of inflation is known as:

    (A) Seignorage

    (B) Sacrifice ratio

    (C) Cold turkey

    (D) Taylor rule

ROUGH WORK

ROUGH WORK

ENTRANCE TEST-2022

SCHOOL OF BUSINESS STUDIES

ECONOMICS

Total Questions : 60
Time Allowed : 70 Minutes

Question Booklet Series A

Roll No. : ⬚⬚⬚⬚⬚⬚

Instructions for Candidates :

1. Write your Entrance Test Roll Number in the space provided at the top of this page of Question Booklet and fill up the necessary information in the spaces provided on the OMR Answer Sheet.

2. OMR Answer Sheet has an Original Copy and a Candidate's Copy glued beneath it at the top. While making entries in the Original Copy, candidate should ensure that the two copies are aligned properly so that the entries made in the Original Copy against each item are exactly copied in the Candidate's Copy.

3. All entries in the OMR Answer Sheet, including answers to questions, are to be recorded in the Original Copy only.

4. Choose the correct / most appropriate response for each question among the options A, B, C and D and darken the circle of the appropriate response completely. The incomplete darkened circle is not correctly read by the OMR Scanner and no complaint to this effect shall be entertained.

5. Use only blue/black ball point pen to darken the circle of correct/most appropriate response. In no case gel/ink pen or pencil should be used.

6. Do not darken more than one circle of options for any question. A question with more than one darkened response shall be considered wrong.

7. There will be **'Negative Marking'** for wrong answers. Each wrong answer will lead to the deduction of 0.25 marks from the total score of the candidate.

8. Only those candidates who would obtain positive score in Entrance Test Examination shall be eligible for admission.

9. Do not make any stray mark on the OMR sheet.

10. Calculators and mobiles shall not be permitted inside the examination hall.

11. Rough work, if any, should be done on the blank sheets provided with the question booklet.

12. OMR Answer Sheet must be handled carefully and it should not be folded or mutilated in which case it will not be evaluated.

13. Ensure that your OMR Answer Sheet has been signed by the Invigilator and the candidate himself/herself.

14. At the end of the examination, hand over the OMR Answer Sheet to the invigilator who will first tear off the original OMR sheet in presence of the Candidate and hand over the Candidate's Copy to the candidate.

1. Suppose with the increase in price of a good, the total expenditure made by a consumer decrease, the price elasticity of demand (e_p) is expected to be :

   (A) $e_p < 1$

   (B) $e_p = 1$

   (C) $e_p > 1$

   (D) Nothing can be said with certainty

2. Consider two goods X and Y as substitutes. If the price of good Y increases from Rs. 20 to Rs. 22 per hundred grams. As a result of this the consumers demand for good X increases from 80 hundred grams to 90 hundred grams. The cross elasticity of demand of X for Y (e_c) is expected to be :

   (A) $e_c = 1.0$

   (B) $e_c = 1.25$

   (C) $e_c = 1.50$

   (D) $e_c = 2.0$

3. Marshall explained the downward sloping demand curve with the help of :

   (A) Substitution effect

   (B) Income effect

   (C) Both (A) & (B)

   (D) Neither (A) nor (B)

4. Desire to possess a unique commodity having prestige value refers to which of the below given effects ?

   (A) Demonstration effect

   (B) Rachet effect

   (C) Bandwagon effect

   (D) Snob effect

5. In case of two perfectly complementary goods the indifference curve will be :

   (A) A straight line

   (B) Right angled with a bent convex to the origin

   (C) Downward sloping convex to the origin

   (D) Downward sloping concave to the origin

6. If commodity Y (shown on the Y-axis) is a neutre and commodity X (shown on the X-axis) a good then the indifference curve is a _____ wit direction of preferences towards _____ .

   (A) Vertical straight line ; East

   (B) Vertical straightline ; West

   (C) Horizontal straight line ; North

   (D) Horizontal straight line ; South

7. The second order condition for the consume equilibrium in case of two commodities X an Y is that marginal rate of substitution of X fo Y must be :

   (A) Increasing

   (B) Falling

   (C) Same

   (D) Equal to their price ratios

8. Consider the below given statements with respect to a portion of downward sloping marginal utility curve falling below the X-axis.

I. Marginal utility is negative

II. Marginal utility is positive

III. It does not constitute a part of the demand curve

IV. It constitutes a part of demand curve

Choose the correct answer from the below given options :

(A) I & IV

(B) I & III

(C) II & IV

(D) All the statements are vague

9. The laws of variable proportions identify the 'point of inflection' as one where :

(A) Average product curve intersects marginal product curve

(B) Average product curve lies above marginal product curve

(C) Marginal product is maximum

(D) Average product is maximum

10. Consider the production function Y = 12√LK, where Y is output, L is labour and K is capital. What type of returns to scale does it exhibit ?

(A) Increasing

(B) Decreasing

(C) Negative

(D) Constant

11. On which short-run cost curve if we pick up any point and multiply the cost at that point with corresponding quantity of output produced, will yield the total fixed cost which remains constant throughout ?

(A) Marginal cost curve

(B) Average fixed cost curve

(C) Average variable cost curve

(D) Average total cost curve

12. The second order condition for profit maximization of a firm producing single product under general market conditions is :

(A) Marginal cost = Marginal revenue

(B) Marginal revenue > Marginal cost

(C) Marginal cost curve must cut the marginal revenue curve from below at equilibrium point

(D) Average cost curve must intersect marginal revenue curve at equilibrium point

13. The most appropriate condition for long-run equilibrium of a competitive firm is :

(A) Price = Marginal Cost

(B) Price = Average Cost

(C) Price = Marginal Cost = Average Cost

(D) Price = Marginal Cost = Minimum Average Cost

14. Consider the short-run cost function for a perfectly competitive firm given by $TC = 2 + 10Q + Q^2$. Suppose the price of the product prevailing in the market is Rs.16, what will be the level of profit maximizing output ?

   (A) 5

   (B) 4

   (C) 3

   (D) 2

15. With the increase in demand in a decreasing-cost industry under perfect competition :

   (A) Long-run price of the good falls

   (B) Long-run price of the good rises

   (C) Long-run price of the good remains constant

   (D) None of these

16. In case of a firm operating under perfect competition, you are given the following data : Total fixed cost = Rs. 50,000; Average variable cost = Rs. 50 per unit; Sale price Rs. 75 per unit. What would be the break-even level of output ?

   (A) 1000 units

   (B) 2000 units

   (C) 3000 units

   (D) 5000 units

17. For a firm under monopoly which one of the below given condition, among others, must be satisfied for maximization of profits in the long run ?

   (A) Short-run average cost > Long -run average cost

   (B) Short-run average cost < Long -run average cost

   (C) Price ≤ Long-run average cost

   (D) Price ≥ Long-run average cost

18. When buyers are divided into different groups and from each group a different price is charged which is the lowest demand price of that group, this is called :

   (A) First degree price discrimination

   (B) Second degree price discrimination

   (C) Third degree price discrimination

   (D) No price discrimination of any degree

19. According to the kinked demand curve theory o oligopoly, each oligopolist will face a kinke demand curve :

   I.   With the upper segment being relativel elastic

   II. With the upper segment being relativel inelastic

   III. With the lower segment being relative elastic

   IV. With the lower segment being relative inelastic

   Choose the correct answer from below giv options :

   (A) II & IV

   (B) I & IV

   (C) II & III

   (D) I & III

20. Regarding Cournots duopoly equilibrium solution consider the below given statements :

I. Output is two-thirds of maximum possible output

II. Output is one-third of maximum possible output

III. Price is two-thirds of the most profitable price

IV. Price is one-third of the most profitable price

Choose the correct answer from below given options :

(A) I & III

(B) II & IV

(C) II & III

(D) I & IV

21. When there exist external diseconomies in consumption _____ will be higher than _____.

(A) Social marginal utility; Private marginal utility

(B) Private marginal utility; Social marginal utility

(C) Social marginal cost; Private marginal cost

(D) Private marginal cost; Social marginal cost

22. The market failure to achieve Pareto optimality in case of a public good is attributed to the fact that marginal cost of allowing an individual to consume it is :

(A) Negative

(B) High

(C) Infinite

(D) Zero

23. The theory of second best was propounded by :

(A) Lipsey and Lancaster

(B) A. Marshal and A.C. Pigou

(C) J.S. Bain

(D) Samuelson

24. Which one of the below given consequences is the result of asymmetric information ?

(A) Golden parachutes

(B) Moral hazard

(C) Market for lemons

(D) Principal-agent problem

25. Which of the below given statement(s) regarding Keynesian theory of interest is(are) false ?

I. It is indeterminate

II. It ignores the real factors

III. It ignores the monetary factors

IV. It does not treat money supply as exogenously determined

Choose the correct answer from following options :

(A) Only I is false

(B) Only II is false

(C) Both I & II are false

(D) III & IV are false

26. Ricardian theory of rent is based on :

(A) Law of diminishing returns

(B) Law of increasing returns

(C) Law of constant returns

(D) Law of negative returns

27. According to Marginal Productivity theory, the basis for derivation of demand curve for labour is provided by :

(A) Marginal physical productivity of labour

(B) Marginal revenue productivity of labour curve

(C) Average physical productivity of labour curve

(D) Average revenue productivity of labour curve

28. Under the conditions of perfect competition in the labour market and imperfect competition in the product market, marginal revenue product (wage rate) will be less than the value of marginal product of labour in the :

(A) Short-run

(B) Long-run

(C) Neither (A) nor (B)

(D) Both (A) and (B)

29. Which one of the below given assumptions with respect to labour in Ricardo's theory of comparative advantage is false ?

(A) Labour is homogenous

(B) Labour is fully employed

(C) Labour can move freely between the nations

(D) Labour can move freely among industries within nation

30. You are given the following data: Normal tarif rate on the final commodity (n) = 0.2. Ratio o the value of the imported input to the value o the final commodity (a) = 0.9. Nominal tarif rate on the imported input (b) = 0. What coul be the effective rate of protection ?

(A) 50%

(B) 100%

(C) 150%

(D) 200%

31. Consider the expression $[(P_x/P_m)Q_x]$, wherein is price index of nations exports, P_m is natior price index of imports, and Q_x is index of natior volume of exports. The above given expressic then measures a nation's :

(A) Net barter terms of trade

(B) Income terms of trade

(C) Single factoral terms of trade

(D) Double factoral terms of trade

32. Most Favoured Nation (MFN) agreement betwe two nations to 'apply tariffs to each other rates as low as those applied to any other natic is a provision that emerged under :

(A) Smoot-Hawley Act

(B) Reciprocal Trade Arrangement Act

(C) GATT

(D) WTO

33. Consider the expression "GNP at market prices – depreciation – indirect taxes + subsidies". Which measure of national income does it represent ?

(A) NNP at factor cost

(B) NNP at market prices

(C) GNP at factor cost

(D) NNP

34. According to Okun's law a one percentage point increase in unemployment rate will in the short run be accompanied approximately by a decrease in actual total output relative to the economy's potential output by :

(A) 1%

(B) 1.5%

(C) 2.0%

(D) 2.5%

35. In constructing Measure of Economic Welfare called MEW, Prof. Nordhaus and Prof. Tobin added, among others, which item to GNP estimates ?

(A) Expenditure on 'regrettable necessities'

(B) Costs arising from negative externalities

(C) Leisure cost

(D) None of these

36. For any straight-line consumption function that cuts the vertical axis below the origin is one in which on all the points on straight line :

(A) Average propensity to consume < Marginal propensity to consume

(B) Average propensity to consume > Marginal propensity to consume

(C) Average propensity to consume = Marginal propensity to consume

(D) All of these combinations are possible

37. The instability in income and output via multiplier will be least if :

(A) Marginal propensity to consume = 1

(B) Marginal propensity to consume = 0

(C) Marginal propensity to save = Marginal propensity to consume

(D) Marginal propensity to consume > Marginal propensity to save

38. What would be the present value of Rs.1000 to be received from an investment after one year, given the market rate of interest of 10 percent.

(A) Rs. 900

(B) Rs. 905

(C) Rs. 909

(D) Rs. 920

39. Given the value of government expenditure multiplier equal to 5, what would be the value of the tax multiplier assuming that marginal propensity to consume remains same.

(A) + 5

(B) – 5

(C) + 4

(D) – 4

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[Turn over

40. What will be the value of foreign trade multiplier, given marginal propensity to consume = 0.80, and Marginal propensity to import = 0.30 ?

   (A) 2

   (B) 1.5

   (C) 2.5

   (D) 3

41. You are given the following data for a particular economy:equilibrium income (Y) = 700; autonomous consumption (C_0) = 40; total consumption (C) = 400; lump sum tax (T) = 100. What would be the correct values of marginal propensity to save (MPS) and multiplier (K) ?

   (A) MPS = 0.6 & K = 1.66

   (B) MPS = 0.8 & K = 1.25

   (C) MPS = 0.4 & K = 2.5

   (D) MPS = 0.4 & K = 1.66

42. Given consumption function C = 100 + 0.8Y, import function M = 150 + 0.20Y, investment I = 100, and exports X = 350. What will be the level of equilibrium income ?

   (A) 500

   (B) 1000

   (C) 1500

   (D) None of these

43. Which one of the below given assumptions does not hold in case of classical quantity theory of money ?

   (A) Velocity of money circulation is constant

   (B) Money supply is exogenously determined

   (C) Output is constant

   (D) Price level is fixed

44. In a liquidity trap characterization, which condition does prevail ?

   (A) Money demand is volatile

   (B) Bond prices are expected to rise in future

   (C) Interest rate is expected to fall in future

   (D) Monetary policy is effective as a stabilization tool

45. Given desired currency- deposit ratio denoted as 'c' and 'r' the desired reserve-deposit ratio, which one of the below given expression represents the credit multiplier formula ?

   (A) $\dfrac{1+c}{c+r}$

   (B) $\dfrac{1-r}{c+r}$

   (C) $\dfrac{1+c}{1+r}$

   (D) $\dfrac{1}{c+r}$

46. Select the incorrect statement :

   (A) Money supply directly affects level of income is Monetarist view

   (B) Money supply affects level of income via interest rate is Keynesian view

   (C) M_3 measure of money supply = M_1 + net time deposits of banks

   (D) M_4 measure of money supply = M_1 + post office savings deposits

47. All the points lying to the left of IS curve show disequilibrium in the product market in which :

I. Saving > Investment

II. Saving < Investment

III. Income > (Consumption + Investment)

IV. Income < (Consumption + Investment)

Choose the correct answer from the options given below :

(A) I & IV

(B) II & IV

(C) I & III

(D) II & III

48. What would be the shapes of LM and IS curves, if interest elasticity of money demand and interest elasticity of investment are both low ?

(A) LM will be steeper & IS will be flatter

(B) Both LM and IS curves will be steeper

(C) LM will be flatter & IS steeper

(D) Both LM and IS curves will be flatter

49. Which of the below given conditions prevail in equilibrium position of ISLM model ?

I. AD is perfectly elastic

II. AD is perfectly inelastic

III. AS is perfectly elastic

IV. AS is relatively inelastic

Choose the correct answer from the options given below :

(A) I & III

(B) I & IV

(C) II & III

(D) II & IV

50. What factors determine the slope of the IS curve ?

I. Marginal propensity to save

II. Interest elasticity of money demand

III. Income elasticity of money demand

IV. Interest elasticity of investment

Choose the correct answer from the options given below :

(A) I & III

(B) II & III

(C) I & IV

(D) III & IV

51. Which one of the below given statements is not in line with the Keynesian aggregate supply function ?

(A) Marginal product of labour is variable

(B) Money wage rate is fixed

(C) Price level is fixed

(D) It is perfectly elastic

52. If the aggregate demand schedule is combined with classical aggregate supply schedule, what result will follow due to expansion of aggregate demand ?

(A) Output and price level will rise

(B) Output will rise but price level will remain same

(C) Price level will rise but output will remain same

(D) Output level will rise but price level will fall

53. Full employment of the economy is guaranteed in the classical model because :

    (A) Wages are flexible

    (B) Prices are flexible

    (C) Information is perfect

    (D) All of these

54. Which one of the below given statements is not true about balance of payments ?

    (A) Movement of financial assets among the official holders of the two countries refers to official settlement transactions

    (B) Current account balance is arrived at by adding investment income and unilateral transfers to the merchandise trade balance

    (C) Any transaction that leads to the home country's receiving payments from foreigners is regarded as a credit item

    (D) Unilateral transfers refer to gifts or grants extended to or received from abroad for which no payment is received or made

55. Which of the below given components constitute the common determinant of aggregate demand in the Classical and Keynesian systems ?

    (A) Consumption

    (B) Government spending

    (C) Private investment

    (D) Money supply

56. Adaptive expectations hypothesis relates to which line of thinking in economics ?

    (A) Keynesianism

    (B) New Classical School

    (C) Monetarism

    (D) New Keynesian Economics

57. Natural rate of unemployment or non-accelerating inflation rate of unemployment (NAIRU) is a concept associated with which of the below mentioned economists ?

    (A) Milton Friedman

    (B) J. M. Keynes

    (C) Robert Lucas

    (D) Thomas Surgent

58. According to the Keynesian schools of thought Philips curve in the long-run is :

    (A) Perfectly elastic

    (B) Perfectly inelastic

    (C) Upward sloping

    (D) Downward sloping

59. If the exchange rate between India and U.S.A. changes from Rs. 80 = $1 to Rs. 82 = $1. Which statement(s) among the following is (are) true ?

    I.   Exchange rate has depreciated for India

    II. Exchange rate has risen for India

    III. Exchange rate has appreciated for India

    IV. Exchange rate has fallen for India

Choose your answer from the below given options :

    (A) Only I & II are true

    (B) Only I & IV are true

    (C) Only III & IV are true

    (D) Only III is true

60. Keynesian demand-pull inflation is ascribed to :

    (A) Monetary factors

    (B) Real factors

    (C) Structural factors

    (D) Increase in cost of production

ENTRANCE TEST-2021

SCHOOL OF BUSINESS AND MANAGEMENT STUDIES

ECONOMICS

Question Booklet Series | **A** |

Total Questions : 60

Time Allowed : 70 Minutes

Roll No. :

Instructions for Candidates :

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1. Which of the following is an example of market clearing or equilibrium price ?

   I.   Auction
   II. Bilateral bargaining
   III. Fixed price list

   Choose you answer from following options :

   (A) Only I is correct
   (B) Only I and II are correct
   (C) Only II and III are correct
   (D) All of them are correct

2. Given the demand function, $D_x = a - \beta P_{x,}$ where D is quantity demanded and P is the price of commodity X, which of the following statements is/are true ?

   I.   a indicates zero price
   II. $\beta = \dfrac{\Delta Dx}{\Delta Px}$
   III. the demand function is non-linear
   IV. β remains constant for all changes in prices

   Choose you answer from following options :

   (A) Only I, II and III are correct
   (B) Only II and III are correct
   (C) Only I, II and IV are correct
   (D) All of them are correct.

3. Given the utility function $U = X_1 X_2$, its own price elasticity is equal to :

   (A) 1
   (B) −1
   (C) 0
   (D) −2

4. A 5% increase in the price causes no change in the total revenue that a firm earns ceteris Paribas, this implies that :

   (A) Demand is price inelastic
   (B) Demand is perfectly price elastic
   (C) Demand has unitary price elasticity
   (D) Nothing can be said about the demand curve

5. Marginal rate of substitution for a normal good reflects which of following feature ?

   (A) Transitivity
   (B) Consistency
   (C) Convexity
   (D) Rationality

6. If no additional satisfaction is yielded when there is an increase in the quantity of one commodity without a corresponding increase in the quantity of other, the goods in an indifference curve refers to :

   (A) Bads
   (B) Neuters
   (C) Complementary goods
   (D) Inferior goods

7. Consider the following utility function $U(X, Y) = X + Y$; if price of good X is greater than price of good Y, then consumer equilibrium is at a :

(A) Point where consumer spends all of his income on good X

(B) Point where consumer spends all of his income on good Y

(C) Point where consumer spends his income equally on good X and good Y

(D) Point where consumer spends all of his income on good X and good Y given by their price ratios.

8. For a Cobb- Douglas utility function $U(X_1, X_2) = X_1 X_2$ for a given income level and price of X_1 and X_2, which of the following is true ?

(A) The consumer does not exhaust all his income

(B) The consumer spends all of his income on commodity X_1

(C) The consumer spends all of his income on commodity X_2

(D) The consumer spends half of his income on commodity X_2

9. In production theory, during a given time period fixed inputs mean those inputs :

I. That can be varied

II. That cannot be varied

III. That can be varied only with excessive cost

IV. That includes plant and machinery

Choose you answer from following options :

(A) Only I and IV are correct

(B) Only II is correct

(C) Only II and IV are correct

(D) Only II, III and IV are correct

10. Which of the following is/are false about isoquants ?

I. smaller curvature mean the inputs can be substituted

II. two different levels of output of the same commodity can be produced with the identical input combination

III. isoquants are positively sloped in the economic region

IV. ridge lines separate the relevant economic portion from irrelevant portion of the isoquant

Choose you answer from following options :

(A) Only I and II false

(B) Only I, II and III false

(C) Only II and III false

(D) Only I and III false

11. If a = ¾ and ß = ¼ for the Cobb-Douglas production function $Y = AL^aK^ß$, then the returns to scale are :

(A) Constant

(B) Increasing

(C) Decreasing

(D) First increasing and then decreasing

12. Which of the following statement is true ?

(A) If marginal cost is rising then average cost must be also rising

(B) If marginal cost is falling then average cost must be also falling

(C) Both (A) and (B)

(D) Neither (A) nor (B)

13. Consider the following statements for a firm in equilibrium under perfect competition :

I. The slope of marginal cost curve must be rising after cutting marginal revenue curve from below

II. Marginal cost curve under perfect competition is a horizantal straight line parallel to X-axis

III. Average revenue at point of equilibrium is equal to marginal revenue

IV. Profits and loses of the firm are depicted through AR and MR curves

Which among the following statement is/are not true? Choose from codes given below

Choose you answer from following options :

(A) Only I and II

(B) Only II and III

(C) Only III and IV

(D) Only II and IV

14. A firm under perfect competition will shut down its business in case where :

(A) Price > Average variable cost

(B) Price < Average variable cost

(C) Price < Short run marginal cost

(D) Price < Marginal average cost

15. Short run supply curve of a firm under perfect competition lies :

(A) Below average variable cost curve

(B) Above average variable cost curve

(C) Below average fixed cost curve

(D) Above average fixed cost curve

16. Which among the following assumptions seperates perfect competition from that of pure competition ?

(A) Perfect mobility of factors and no transportation charges

(B) Perfect knowledge and homogenous goods

(C) Perfect mobility of factors and perfect knowledge

(D) Perfect knowledge and zero transporation charges

17. Suppose a monopolist is operating under zero costs of production, equlibrium for a monopolist in this case will lie at :

(A) Elastic point of demand curve

(B) Unit elastic point of demand curve

(C) Inelastic point of demand curve

(D) The above information given is incomplete

18. If the total cost function for a monopolist is TC= 10+5Q, and the price elasticity of demand for his product is –2. What will be the price charged by him for his product ?

   (A) 8

   (B) 10

   (C) 12.5

   (D) 14.5

19. Downward sloping demand curve facing a firm under monopolistic competition is due to :

   (A) Advertisement

   (B) Selling costs

   (C) Product differentiation

   (D) Large number of buyers and sellers

20. Consider the following statements regarding Cournot's Duopoly model :

   I.   Each firm will take its rival's output constant

   II. Each firm will take its value's price constant

   III. Each firm will produce 1/3 of total output

   IV. Each firm will produce 1/2 of total output.

   Choose correct answer from below given codes :

   (A) Only I and II are correct

   (B) Only I and III are correct

   (C) Only II and IV are correct

   (D) Only I and IV are correct

21. Which of the following is not a cause of market failure ?

   (A) Monopoly

   (B) Externalities

   (C) Perfect signalling

   (D) Exsistence of public goods

22. Which among the following is not a defined approach for internalizing an externality ?

   (A) Imposition of taxes and subsidies

   (B) Assigning Property Rights

   (C) Direct government regulations

   (D) Monopoly

23. The theorem/problem which states that people cannot be excluded from consuming public goods or enjoying benefits from them is known as :

   (A) Coase theorerm

   (B) Free rider problem

   (C) Externality

   (D) Economic efficiency

24. The theory of social choice was propounded by which among the following ?

   (A) Michael Spence

   (B) Ronald Coase

   (C) Prof. Arrow

   (D) Bergson and Samuelson

25. The backward bending of labour supply curve occurs at a point where :

(A) Income effect outweighs substitution effect

(B) Substitution effect outweighs Income effect

(C) Substitution effect equals Income effect

(D) Both (B) and (C)

26. Quasi rent is a _____ phenomena and is equal to _____.

(A) Short run and TR – TVC

(B) Short run and AR - TR

(C) Long run and TFC – TFC

(D) Both (A) and (C)

27. The Abstinence theory of interest was propounded by :

(A) N. Senior

(B) Cantillon

(C) J.S. Mill

(D) Turgot

28. Among the following which School of Economics stated that interest is determined by demand and supply for money ?

(A) Classical School

(B) Keynesian School

(C) Monetarist School

(D) New-classical School

29. Consider the following consumption function $C_t = C_a + bY_d$, where C_t, C_a, b, Y_d represents present consumption, autonomous consumption, marginal propensity to consume and current disposable income respectively. Then which of the following statement is true ?

(A) MPC < APC and APC increases with increase in income

(B) MPC > APC and APC increases with increase in income

(C) MPC < APC and APC decreases with increase in income

(D) MPC > APC and APC decreases with decrease in income.

30. Consider the following saving function $S_t = S_a + (1 - b)Y_d$, where S_t, S_a, Y_d and $1 - c$ represents current savings, autonomous savings, personal disposable income and marginal propensity to save respectively and $Y_d = Y - T$, where Y is current income and T is lump sum tax. Suppose that government increases lump sum taxes by 10%, then which of the following holds ?

(A) Marginal propensity to save will increase by 10%.

(B) Marginal propensity to save will decrease by 10%.

(C) Marginal propensity to save will remain same.

(D) Marginal propensity to save will decrease by less than 10%.

31. Paradox of thrift states that :

(A) Increased spending in the short run leads to an eventual fall in savings

(B) Increasing savings in the short run leads to an eventual fall in savings

(C) Increased investment in the short run leads to an eventual fall in savings

(D) None of the above

32. If GDP deflator is raised by 30% then which of the following statement is correct ?

(A) Nominal GDP increases by 30%

(B) Real GDP increases by 30%

(C) Both nominal and real GDP will increase by 30%

(D) Nominal GDP will increase by 30% and real GDP will decrease by 30%

33. Commodity terms of Trade is defined as the ratio of :

(A) Price index of exports to price index of imports

(B) Price index of imports to price index of exports

(C) Volume index of exports to volume index of imports

(D) None of the above

34. In the quantity theory of money, which of the following is assumed ?

(A) Falling velocity of circulation of money and constant real output

(B) Rising real output and constant velocity of circulation of money

(C) Constant real output and constant velocity of circulation of money

(D) Falling real output and rising velocity of money

35. The purchase of short term bills from the general public by the central bank will :

(A) Decrease the supply of money

(B) Increase the supply of money

(C) Increase interest rate

(D) Decrease bank reserves.

36. Presently which of the following year is used as a base year for compilation of national income statistics by the Central Statistical Organization (CSO) in India ?

(A) 2011-12

(B) 2012-13

(C) 2013-14

(D) 2018-19

37. The most common form of price discrimination in international trade is :

(A) Tariff barriers

(B) Non-tariff barriers

(C) Preferential trade agreements

(D) Both (A) and (B)

38. For an open economy equilibrium, which of the following is true ?

(A) S = I

(B) S = I + NX

(C) S = I – NX

(D) S > I + NX

39. If the consumption function is given by $C = 100 + 0.6(Y – T)$ and Autonomous investment is 200, government spending is 50 and lump sum tax is 100, then equilibrium income is :

(A) 750

(B) 725

(C) 800

(D) 790

40. Compared to the closed economy Keynesian model, the open economy model in which imports are function of income has an investment multiplier that is :

(A) Smaller than closed economy

(B) Greater than closed economy

(C) Equal to closed economy

(D) Both are equal to one

41. M3 measure of money supply compiled by Reserve Bank of India (RBI) does not include :

(A) Net RBI credit to Government

(B) Net RBI credit to commercial sector

(C) Net foreign exchange assets of RBI

(D) Total Gold reserves with RBI

42. Which of the following variables is a stock variable ?

(A) Gross domestic product

(B) Money supply

(C) Exports

(D) Imports

43. If in a country A, it takes one unit of labor to produce 6 units of wheat and 4 units of cloth while as in country B, it takes one unit of labor to produce 1 unit of wheat and 2 units of cloth respectively, then :

(A) Country A has comparative advantage in cloth and wheat

(B) Country B has comparative advantage in wheat and cloth.

(C) Country A has comparative advantage in wheat and Country B in Cloth

(D) Country A has comparative advantage in cloth and country B in wheat.

44. Compared to month of Jan 2021, if the prices of food & fuel increase by 2% and the prices of all other goods and services increase by 3% in June 2021, then which of the following holds true ?

(A) Headline inflation in the economy is 3%

(B) Core inflation in the economy is 2%

(C) Headline inflation in the economy is 5%

(D) Core inflation in the economy is 5%

45. Which one of the following is false with respect to the effects of inflation ?

(A) Inflation decreases the shoe-leather costs of people

(B) Inflation increases the menu costs for firms

(C) Inflation leads to tax distortions

(D) Inflation makes debtors better off as compared to creditors

46. If during 2020, India's total exports to the rest of world are $200, Imports from the rest of world are $150, remittances to the other countries are $50, remittances from the other countries are $60, capital inflows are $40 and capital outflows are $100, then which of the following holds true ?

(A) Balance of trade account is $60

(B) Balance of Capital account is $50

(C) Current account balance is $10

(D) Overall Balance of BOP account is zero

47. The Philips curve establishes the following with respect to the role of money :

(A) Money is Neutral in short run and Philips curve is upward sloping

(B) Money is Non-Neutral in short run and Philips curve is vertical

(C) Money is Neutral in long-run and Philips curve is downward sloping

(D) Money is Non-Neutral in short run and Philips curve is downward sloping

48. Consider the equation of LM schedule given as, $M_0^s = M^d = c_0 + c_1 Y - c_2 r$, where the c_1 is the income elasticity of money demand, c_2 is interest elasticity of money demand, Y and r denote income level and interest rate and M_0^s and M^d constitute the supply of money and demand for money respectively. If in one situation, $c_2 = 0$ and in another situation $c_2 = \infty$, then which of the following holds true with respect to LM Curve ?

(A) LM curve is perfectly elastic to interest rate changes under both the cases

(B) LM curve is perfectly inelastic to interest rate changes under both the cases

(C) LM curve is perfectly elastic if $c_2 = 0$ and perfectly inelastic if $c_2 = \infty$

(D) LM curve is perfectly elastic if $c_2 = \infty$ and perfectly inelastic if $c_2 = 0$

49. If the economic agents decided to save less for any income change such that their marginal propensity to consume rises. This change in behavior on part of people would make :

(A) IS curve steep

(B) LM curve steep

(C) LM curve flat

(D) IS curve flat

50. Any point above LM curve and below IS curve would indicate :

(A) Money supply > Money demand and Aggregate demand > Aggregate output

(B) Money supply < Money demand and Aggregate Demand > Aggregate output

(C) Money supply > Money demand and Aggregate Demand < Aggregate output

(D) Money supply < Money demand and Aggregate Demand < Aggregate output

51. If the economy is expected to face recession in 2022 and the firms are likely to bankrupt. There would be a loss of confidence in bonds and hence a rightward shift in liquidity preference. In that case which of the following is true ?

(A) LM curve will shift upwards

(B) IS curve would shift to downwards

(C) LM curve would shift to downwards

(D) IS curve would shift to upwards

52. Effect of change in lump sum tax and proportional tax rate on IS curve would be :

(A) Both will change only the slope of IS curve

(B) Both will change only the position of IS curve

(C) Proportional tax will change both slope and position while lump sum will change only position of IS curve.

(D) Lump sum taxes will change both slope and position while proportional tax will change only position of IS curve

53. Which of the following does not shift Aggregate demand curve ?

(A) Change in supply of money

(B) Change in the interest elasticity of demand for money

(C) Change in autonomous investment

(D) Change in lump sum tax.

54. The point of intersection in aggregate demand – aggregate supply model framework correspond to :

(A) Simultaneous Equilibrium in money and goods market

(B) Simultaneous equilibrium in money and labour market.

(C) Simultaneous equilibrium in goods and labour market

(D) Simultaneous equilibrium in all the three

55. In case of aggregate demand curve, an increase in the general level of prices will lead to :

(A) Upward movement along AD curve and upward shift of LM curve

(B) Upward movement along AD curve and downward shift of LM curve

(C) Upward movement along AD curve and downward shift of IS curve

(D) Upward movement along AD curve and upward shift of IS curve

56. Consider the following with respect to the money supply process :

1. Value of money multiplier is less than the deposit multiplier

2. Value of money multiplier is inversely related to cash reserve ratio

3. Value of money multiplier is directly related to currency deposit ratio

4. Value of money multiplier is directly related to excess reserve ratio

Choose you answer from following options :

(A) Only 1 & 2 are correct

(B) Only 2 & 3 are correct

(C) Only 1 & 3 are correct

(D) Only 2 & 4 are correct

57. With the introduction of e-money like credit cards, smart cards and e-wallets (Bhim, UPI, Paytm, googlepay; airtel money; amazon pay etc.), velocity of circulation of money in the economy would :

(A) Increase

(B) Decrease

(C) Remain Unchanged

(D) Only decrease slightly

58. Which of the following is true with regard to speculative demand for money ?

(A) It is relatively inelastic at both higher and lower interest rate

(B) It is relatively elastic at both lower and higher interest rate

(C) It is relatively inelastic at higher interest rate and elastic at lower interest rate

(D) It is relatively inelastic at lower interest rate and elastic at higher interest rate

59. The Mercantilists were not in favor of :

(A) Restricting imports

(B) Stimulating exports

(C) Free trade

(D) Accumulation of gold by their nations

60. Dead weight of a tariff means :

(A) Loss in consumer welfare gained by domestic producer in the form of producer surplus

(B) Loss in consumer welfare gained by government in the form of revenue

(C) Both (A) and (B)

(D) Neither (A) nor (B)

ROUGH WORK

ENTRANCE TEST-2020

SCHOOL OF BUSINESS & MANAGEMENT STUDIES

ECONOMICS

Question Booklet Series **B**

Total Questions : 60
Time Allowed : 70 Minutes

Roll No. : | | | | | | |

Instructions for Candidates :

1. Write your Entrance Test Roll Number in the space provided at the top of this page of Question Booklet and fill up the necessary information in the spaces provided on the OMR Answer Sheet.

2. OMR Answer Sheet has an Original Copy and a Candidate's Copy glued beneath it at the top. While making entries in the Original Copy, candidate should ensure that the two copies are aligned properly so that the entries made in the Original Copy against each item are exactly copied in the Candidate's Copy.

3. All entries in the OMR Answer Sheet, including answers to questions, are to be recorded in the Original Copy only.

4. Choose the correct / most appropriate response for each question among the options A, B, C and D and darken the circle of the appropriate response completely. The incomplete darkened circle is not correctly read by the OMR Scanner and no complaint to this effect shall be entertained.

5. Use only blue/black ball point pen to darken the circle of correct/most appropriate response. In no case gel/ink pen or pencil should be used.

6. Do not darken more than one circle of options for any question. A question with more than one darkened response shall be considered wrong.

7. There will be **'Negative Marking'** for wrong answers. Each wrong answer will lead to the deduction of 0.25 marks from the total score of the candidate.

8. Only those candidates who would obtain positive score in Entrance Test Examination shall be eligible for admission.

9. Do not make any stray mark on the OMR sheet.

10. Calculators and mobiles shall not be permitted inside the examination hall.

11. Rough work, if any, should be done on the blank sheets provided with the question booklet.

12. OMR Answer Sheet must be handled carefully and it should not be folded or mutilated in which case it will not be evaluated.

13. Ensure that your OMR Answer Sheet has been signed by the Invigilator and the candidate himself/herself.

14. At the end of the examination, hand over the OMR Answer Sheet to the invigilator who will first tear off the original OMR sheet in presence of the Candidate and hand over the Candidate's Copy to the candidate.

1. When the LM equation is $Y = 750 + 20i$, there is equilibrium between the supply of and demand for money when :
   (A) The rate of interest is 10% and output is 750
   (B) The rate of interest is 10% and output is 950
   (C) The rate of interest is 10% and output is 800
   (D) The rate of interest is 10% and output is 900

2. Demand for money remaining constant, an increase in the supply of money results in :
   (A) Rightward shift of the LM curve
   (B) Leftward shift of the LM curve
   (C) Rightward shift of the IS curve
   (D) Leftward shift of the LM curve

3. If the aggregate supply is totally price inelastic, an increase in the aggregate demand will :
   (A) Increase price level but not output
   (B) Increase output but not price level
   (C) Increase both output and price level
   (D) Decrease both output and price levels

4. According to wealth effect, AD curve slopes downwards because :
   (A) Lower prices decrease the value of money holding and consumer spending decreases
   (B) Lower prices increase the value of money holding and consumer spending increases
   (C) Lower prices reduce money holding, increase lending, interest rate falls and investment spending increases
   (D) Lower prices increase money holding, decrease lending, interest rate rises and investment spending decreases

5. Demand-Pull inflation is the result of :
   (A) A leftward shift in AS curve
   (B) A rightward shift in AS curve
   (C) A leftward shift in AD curve
   (D) A rightward shift in AD curve

6. Who is the author of the book "A Treatise on Money" ?
   (A) Amartya Sen
   (B) Milton Friedman
   (C) J.M. Keynes
   (D) David Ricardo

7. If the country's policy makers continuously use expansionary monetary policy as a tool to hold unemployment below the natural rate, the long run result would be :
   (A) An increase in the level of output
   (B) A decrease in the rate of inflation
   (C) An increase in the rate of inflation
   (D) NOTA

8. An increase in the aggregate demand is more likely to lead to demand-pull inflation if :
   (A) Aggregate supply is perfectly elastic
   (B) Aggregate supply is perfectly inelastic
   (C) Aggregate supply is unitary elastic
   (D) NOTA

9. When the intrinsic value of money is equal to its face value, it is called :
   (A) Token money
   (B) Quasi money
   (C) Full bodied money
   (D) Fiat money

10. To which one of the following does the liquidity trap correspond ?
    (A) Consumption
    (B) Money demand function
    (C) Money supply function
    (D) Investment function

11. People will tend to convert money into bonds if they think :
    (A) The rate of interest is going to fall
    (B) The rate of interest is going to rise
    (C) The rate of interest will not change
    (D) The price of real goods will fall

12. In the Fisher's equation MV = PT, V represents :
   (A) Value of money
   (B) Velocity of circulation of money
   (C) Variation in national income
   (D) NOTA
13. Which institution is known as "soft loan window" of the World Bank ?
   (A) IFC
   (B) IDA
   (C) IMF
   (D) Indian Development Forum
14. Repo rate and Reverse Repo rate are the parts of :
   (A) Liquidity Adjustment Facility (LAF)
   (B) Marginal Standing Facility (MSF)
   (C) Open Market Operations
   (D) NOTA
15. When RBI wants to reduce reserves in the banking system, it will :
   (A) Purchase government bonds
   (B) Extend discount loans to banks
   (C) Print more currency
   (D) Sell government bonds
16. What are gilt-edged securities ?
   (A) Securities issued by multinationals
   (B) Securities issued by government
   (C) Securities issued by private sector
   (D) Securities issued by joint venture companies
17. The rate of growth of an economy mainly depends upon :
   (A) The rate of growth of labour force
   (B) The proportion of national income saved and invested
   (C) The rate of technological improvements
   (D) All of the above
18. Unemployment created by some long term changes in demand or technological conditions in an economy is known as :
   (A) Frictional unemployment
   (B) Cyclical unemployment
   (C) Structural unemployment
   (D) Disguised unemployment

19. The Economic Survey of India is the flagship annual document of :
   (A) Ministry of Finance
   (B) NITI Aayog
   (C) Central Statistical Organisation
   (D) Registrar General of India
20. Which of the following committees is related to doubling the farmer's income ?
   (A) Ashok Dalwai Committee
   (B) R. Gandhi Committee
   (C) Sudarshan Sen Committee
   (D) Janak Raj Committee
21. If nation's terms of trade is 2, its partner's terms of trade will be :
   (A) 4
   (B) 1
   (C) 2
   (D) 1/2
22. The exchange rate is kept the same in all parts of market by :
   (A) Exchange arbitrage
   (B) Hedging
   (C) Interest arbitrage
   (D) Speculation
23. Ricardo's law of comparative advantage is based on :
   (A) Opportunity cost theory
   (B) Labour theory of value
   (C) Law of diminishing returns
   (D) All of the above
24. Tariffs are an example of :
   (A) An expenditure switching policy
   (B) An expenditure reducing policy
   (C) An expenditure expanding policy
   (D) An expenditure stabilisation policy

25. A mismatch between revenues and expenditure responsibilities of different levels of government is termed as :
(A) Horizontal fiscal imbalance
(B) Vertical fiscal imbalance
(C) Horizontal equalisation
(D) Fiscal equalisation

26. If the rate of progression of a tax declines with an increase in the tax base, it is called :
(A) Progressive tax
(B) Regressive tax
(C) Proportional tax
(D) Degressive tax

27. The *first point of contact* of a tax is called :
(A) Incidence
(B) Tax Burden
(C) Impact
(D) NOTA

28. Public goods are characterised by :
(A) Rivalry and excludability
(B) Non-rivalry and non-excludability
(C) Rivalry and non-excludability
(D) Non-rivalry and excludability

29. If X_0 is the level of economic activity which can be pursued without inflicting damage to the environment, then X_0 is called :
(A) Assimilative capacity
(B) Ecological threshold
(C) Absorption rate
(D) Additive capacity

30. Garbage disposal is :
(A) Good
(B) Bad
(C) Public bad
(D) Supra-public bad

31. In a situation, where a positive externality is present, which one of the following conditions hold ?
(A) Private benefits > Social benefits
(B) Social benefits > Private benefits
(C) Social costs > Private costs
(D) All of the above

32. The exclusive privilege to use an asset is called :
(A) Property privilege
(B) Exclusive use agreement
(C) Property right
(D) NOTA

33. The book "Poverty and un-British rule in India" is written by :
(A) Jawaharlal Nehru
(B) M.K. Gandhi
(C) Dadabhai Naoroji
(D) Sardar Vallabhai Patel

34. Who first adopted a scientific approach to measure national income in India ?
(A) C.N. Vakil
(B) Lord Curzon
(C) D.R. Gadgil
(D) V.K.R.V. Rao

35. According to estimates of C.N. Vakil, the drain of wealth from India to England (during 1834-1939) amounted to :
(A) £ 100 crore
(B) £ 50 crore
(C) £ 80 crore
(D) £ 85 crore

36. As per the estimates of Dadabhai Naoroji, India's per capita income in 1867-68 turned out to be :
(A) Rs. 15 per annum
(B) Rs. 20 per annum
(C) Rs. 25 per annum
(D) Rs. 30 per annum

37. Indian Green Revolution is the most successful in :
(A) Wheat and Rice
(B) Wheat and Potato
(C) Tea and Coffee
(D) Jwar and Oil Seeds

38. Industrial Policy Resolution 1956 divided industries into :
    (A) 5 categories
    (B) 3 categories
    (C) 4 categories
    (D) 2 categories

39. Who recommends the MSP and issue prices ?
    (A) Ministry of Agriculture
    (B) NITI Aayog
    (C) Commission of Agricultural Costs and Prices
    (D) NABARD

40. Who introduced the Zamindari System ?
    (A) John Shore
    (B) Lord Minto
    (C) Lord Cornwallis
    (D) Lord William Bentinck

41. For a curvilinear demand function of the form $Q = aP^{-b}$, the price elasticity of demand will be given by :
    (A) a
    (B) P
    (C) I
    (D) $-b$

42. A fall in the price of a commodity, holding everything else constant, results in and is referred to as :
    (A) an increase in demand
    (B) a decrease in demand
    (C) an increase in the quantity demanded
    (D) a decrease in the quantity demanded

43. Reservation price is :
    (A) The minimum amount a person would be willing to pay for a good
    (B) The maximum amount a person would be willing to pay for a good
    (C) Just equal to market price
    (D) NOTA

44. If the inverse demand curve is a linear function $p(q) = a - bq$, then the marginal revenue is given by :
    (A) $a - 2bq$
    (B) $-b$
    (C) a
    (D) $ab - bq^2$

45. If the marginal utility of the last unit of good x consumed is twice the marginal utility of the last unit of good y consumed, the consumer is in equilibrium only if :
    (A) the price of good x is twice the price of good y
    (B) the price of good x is equal to the price of good y
    (C) the price of good x is one half of the price of good y
    (D) NOTA

46. If the MRS_{xy} for individual A exceeds the MRS_{xy} for individual B, it is possible for individual A to gain by giving up :
    (A) x in exchange for more y from individual B
    (B) y in exchange for more x from individual B
    (C) Either x or y
    (D) We cannot say without additional information

47. Indifference curves are downward sloping because of the assumption of :
    (A) Completeness
    (B) Transitivity
    (C) More is better
    (D) All of the above

48. If Johnny likes homework (h) but hates exercise (e), which of the following might best represent his utility function for homework and exercise ?
    (A) $U = h + e$
    (B) $U = h/e$
    (C) $U = h^2 + \sqrt{e}$
    (D) $U = h^2 \times \sqrt{e}$

49. The expansion path of the production theory is analogous in the consumption theory to the :
    (A) Price consumption curve
    (B) Engel curve
    (C) Income consumption curve
    (D) Budget line

50. Which one of the following curves does not have a U-shape ?
    (A) AVC curve
    (B) AFC curve
    (C) AC curve
    (D) MC curve

51. If $MRTS_{LK}$ equals 2, then MP_K/MP_L is :
    (A) 2
    (B) 1
    (C) 1/2
    (D) 4

52. For a cost function given by $C = 50 + 5Q^2$, the MC at $Q = 3$ will be :
    (A) 20
    (B) 30
    (C) 15
    (D) 50

53. The best, or optimum level of output for a perfectly competitive firm is given by the point where :
    (A) MR equals AC
    (B) MR equals MC and MC is falling
    (C) MR is greater than MC
    (D) MR equals MC and MC is rising

54. The market demand curve for a perfectly competitive industry is $Q_d = 12 - 2P$ and the market supply curve is $Q_s = 3 + P$. The market will be in equilibrium if :
    (A) $P = 6$ and $Q = 9$
    (B) $P = 5$ and $Q = 2$
    (C) $P = 4$ and $Q = 4$
    (D) $P = 3$ and $Q = 6$

55. As per marginal productivity theory of distribution, a firm should employ units of a factor up to a point where :
    (A) MR is negative
    (B) MP is positive
    (C) MP is equal to the price of the factor
    (D) MP is rising

56. When the output of a firm increases, its average fixed cost :
    (A) Declines and then rises
    (B) Rises continuously
    (C) First rises then declines
    (D) Declines continuously

57. The ratio of change in investment to change in income is called :
    (A) Investment multiplier
    (B) Accelerator
    (C) Super multiplier
    (D) NOTA

58. By definition, the marginal propensity to consume :
    (A) Equals $\Delta C/\Delta Y_d$
    (B) Is the behavioural coefficient b in the equation $C = a + bY_d$
    (C) Is the slope of the consumption function
    (D) All of the above

59. The difference between GNP and GDP is :
    (A) Indirect taxes
    (B) Net indirect taxes
    (C) Depreciation
    (D) Net factor income from aborad

60. When a linear consumption function undergoes a parallel shift downwards, the investment multiplier will :
    (A) Fall
    (B) Rise
    (C) Remain unchanged
    (D) Get doubled

1. Natural Rate of Unemployment is associated with which type of Inflation?

   (A) Demand Pull Inflation

   (B) Structuralist Inflation

   (C) Cost Push Inflation

   (D) Hyper Inflation

2. The curve that shows inverse relationship between rate of inflation and rate of unemployment has been named after:

   (A) Cagen Philips

   (B) A.G. Philips

   (C) A.W. Philips

   (D) Milton Friedman

3. Consider the following data for an economy:

   If consumption function = C = 200 + 0.75 Y

   Where MPC = 0.75

   What will be the value of multiplier?

   (A) 2.5

   (B) 3

   (C) 3.5

   (D) 4

4. Identify the correct sequence of business cycle:

   (A) Boom   Recession Recovery   Depression

   (B) Recovery   Boom   Recession Depression

   (C) Depression Boom   Recovery   Recession

   (D) Recession Boom   Depression Recovery

5. "Money can be defined as anything that is generally accepted as a means of exchange and at same time acts as a measure and store of value." This definition of money is associated with:

   (A) Walker

   (B) Crowther

   (C) Robertson

   (D) Fisher

6. Consider the following data:

   If Money Supply (M) = 2,000, Output (O) = 4,000

   Velocity (1/k) = 10

   Level of Price using Cambridge approach to demand for money is equal to:

   (A) 4

   (B) 6

   (C) 5

   (D) 7

7. Identify correct sequence of money supply as per descending order of liquidity:

   (A) M1, M2, M3, M4

   (B) M4, M3, M2, M1

   (C) M2, M3, M4, M1

   (D) M1, M3, M2, M4

8. Suppose in an Economy

   r = Reserve ratio of banks, cp = Currency with public

   M = Money supply, H = High powered money,

   R = Currency reserves, K = Currency deposit ratio

   The value of money multiplier is:

   (A) $M/H = (K + 1)/K + r$

   (B) $R/H = (M + 1)/cp + r$

   (C) $H/cp = (1 + cp)/K + 1$

   (D) $H/R = (1 + M)/K + 1$

9. Which approach to development is associated with Amartya Sen?

   (A) Capability approach

   (B) Basic needs approach

   (C) Trickle down approach

   (D) Income approach

10. In the formula for computation of any component of the HDI, which value appears in numerator as well as denominator?

    (A) Maximum value

    (B) Minimum value

    (C) Actual value

    (D) None of these

11. Classical pessimist growth theorists did not include :
    (A) David Ricardo
    (B) Karl Marx
    (C) Adam Smith
    (D) Thomas Malthus

12. The theory of disguised unemployment is associated with :
    (A) Schumpeter
    (B) Singer
    (C) Todaro
    (D) Nurkse

13. Stages-of-growth model of development is associated with :
    (A) Walt W. Rostow
    (B) Karl Marx
    (C) Harod
    (D) Schumpeter

14. Technical progress is Harrod neutral when :
    (A) It augments the productivity of capital only
    (B) It augments the productivity of labour only
    (C) It augments the productivity of both capital as well as labour
    (D) It changes capital-output ratio

15. Who among the following did not advocate Unbalanced Growth Model ?
    (A) Hirschman
    (B) Singer
    (C) Kindleberger
    (D) Nurkse

16. Which among the following is not a classic strand of thought on economic growth ?
    (A) The linear-stages-of-growth model
    (B) The international-dependence revolution
    (C) Material interpretation of history
    (D) The neoclassical, free-market counter revolution

17. Who put forward the law of comparative advantage ?
    (A) David Ricardo
    (B) Adam Smith
    (C) Karl Marx
    (D) Alfred Marshal

18. Which among the following transactions is a debit entry in the BoP accounts ?
    (A) Merchandise exports
    (B) Transportation and travel receipts
    (C) Income received from investments abroad
    (D) Gifts to foreign residents

19. Which is the most important non-tariff trade barrier ?
    (A) Import duty
    (B) Quotas
    (C) Export Subsidies
    (D) Dumping

20. Which country had the largest share in India's imports in 2017-18 ?
    (A) USA
    (B) Russia
    (C) China
    (D) European Union

21. Which public expenditure hypothesis claims that public expenditure increases in jerks or step like manner ?
    (A) Wagner's Hypothesis
    (B) Colin Clark Hypothesis
    (C) Wiseman-Peacock Hypothesis
    (D) Critical-Limit Hypothesis

22. The free-rider problem is associated with :
    (A) Public goods
    (B) Merit goods
    (C) Private goods
    (D) All of the above

23. Which of the following is true about the incidence of taxation ?

    (A) It refers to the initial burden of the tax

    (B) It refers to the ultimate burden of the tax

    (C) It can be shifted easily

    (D) Monetary payment of tax is included in it

24. As per Union Budget 2018-19, the fiscal deficit of central government is :

    (A) 0.3%

    (B) 1.3%

    (C) 2.2%

    (D) 3.3%

25. Which Indian Five Year Plan for the first time accorded highest priority to the removal of poverty ?

    (A) Fifth Five Year Plan

    (B) First Five Year Plan

    (C) Third Five Year Plan

    (D) Seventh Five Year Plan

26. How does NITI Ayog characterize itself ?

    (A) As the centre for monitoring Indian Economy

    (B) As the premier think tank of the Government of India

    (C) As a plan formulating institution

    (D) All of the above

27. As per Census 2011, what was the decadal growth rate of India's population between 2001 and 2011 ?

    (A) 16.7%

    (B) 20.7%

    (C) 17.7%

    (D) 10.7%

28. Which of the following was a cause of India's economic crisis in early 1990s ?

    (A) Unsustainable fiscal deficit

    (B) Unsustainable current account deficit

    (C) Accelerating Inflation

    (D) All of these

29. When was the New Agricultural Strategy resulting in green revolution used in India for the first time ?

    (A) 1960

    (B) 1966

    (C) 1951

    (D) 1971

30. In India the Zamindari system of land tenure was created in :

    (A) 1793

    (B) 1893

    (C) 1693

    (D) 1783

31. The number of industries reserved for public sector in the 1991 Industrial Policy was :

    (A) 17

    (B) 12

    (C) 8

    (D) 5

32. Which scheme bestows a legal right and guarantee to the rural population in matters of employment ?

    (A) Swarnajayanti Gram Swarozgar Yojna

    (B) The National Rural Employment Program

    (C) Rural Landless Employment Program

    (D) Mahatma Gandhi National Rural Employment Scheme

33. Which equation gives y as an explicit function of x ?

    (A) $x^2 + 3x - y - 2 = 0$

    (B) $x(x + 3) - y - 2 = 0$

    (C) $y = x^2 + 3x - 2$

    (D) All of these

34. Which of the following is true for an Identity Matrix ?

    (A) It is a square matrix

    (B) All its elements are 1s

    (C) All elements of its first row are 1s

    (D) All elements of its first column are 1s

35. The derivative of $y = \sqrt{x}$ equals :

(A) $2\sqrt{x}$

(B) $\dfrac{1}{2\sqrt{x}}$

(C) $\dfrac{1}{2x}$

(D) $2x^2$

36. Which of the following equations gives demand curve with unit elasticity throughout ?

(A) $\dfrac{p}{q} = C$

(B) $\dfrac{q}{p} = C$

(C) $p + q = C$

(D) $pq = C$

37. Which one is not a characteristic of a good average ?

(A) It should be loosely defined

(B) It should be based on all observations

(C) It should be easy to calculate

(D) It should not be affected by fluctuations of sampling

38. The formula for coefficient of variation is :

(A) $\dfrac{\text{Arithmetic Mean}}{\text{Standard Deviation}} \times 100$

(B) $\dfrac{\text{Standard Deviation}}{\text{Arithmetic Mean}} \times 100$

(C) $\dfrac{\text{Standard Deviation}}{\text{Harmonic Mean}} \times 100$

(D) $\dfrac{\text{Standard Deviation}}{\text{Geometric Mean}} \times 100$

39. A distribution is positively skewed when :

(A) Mean = Median = Mode

(B) Mean < Median < Mode

(C) Mean > Median > Mode

(D) Mean > Median < Mode

40. The index number which uses current year weights only is :

(A) Laspeyre's index number

(B) Fisher's index number

(C) Marshall Edgeworth index number

(D) Paasche's index number

41. A less than zero income elasticity indicates that with an increase in income, consumption of a product :

(A) Turns negative

(B) Increases

(C) Remains constant

(D) Decreases

42. Suppose price of the coffee increases from Rs. 10 to Rs. 15 per cup and as a result demand for tea increases from 20 to 30 cups, price of tea remains constant. What will be the value of cross elasticity of demand for tea with respect to the price of coffee ?

(A) 1.0

(B) –1.0

(C) –2.0

(D) 1.5

43. The curve showing the relationship between levels of income and quantity purchased of particular commodities holding prices constant is called :

(A) Income consumption curve

(B) Engel curve

(C) Price consumption curve

(D) Compensated demand curve

44. Cost difference method of decomposing price effect has been used by :

(A) Hicksian Approach

(B) Slutsky Approach

(C) Marshallian Approach

(D) All of the above

45. The point on the production curve where total product stops increasing at increasing rate and starts increasing at decreasing rate is called :
   - (A) Break-even point
   - (B) Shut-down point
   - (C) Point of inflexion
   - (D) Point of satiety

46. The locus of the points of tangency between the Iso-quants and Iso-cost lines is known as :
   - (A) Ridged lines
   - (B) Iso-cost lines
   - (C) Budget lines
   - (D) Scale lines

47. Suppose the short-run total cost is given by :
   $$TC = 100 + 50Q - 12Q^2 + Q^3$$
   What will be the level of output at which average variable cost will be minimum ?
   - (A) 8
   - (B) 6
   - (C) 7
   - (D) 5

48. If the price elasticity of a firm's average revenue curve at a given level of output is equal to one. What will be the value of Marginal revenue ?
   - (A) 1
   - (B) −1
   - (C) 0
   - (D) 1.5

49. A firm is operating under perfectly competitive conditions in the market in short run. It faces the following Revenue and Cost functions :
   $TR = 12Q$ where TR = Total Revenue
   $TC = 2 + 4Q + Q^2$ where TC = Total Costs
   What will be the equilibrium level of output and profits ?
   - (A) 4 and 14
   - (B) 5 and 15
   - (C) 6 and 16
   - (D) 7 and 17

50. A Monopolist operating in market faces following cost function :
   $$TC = 10 + 5Q \text{ (where } TC = \text{Total Costs)}$$
   If price elasticity of demand for products is −2. What will be the monopoly price of the product ?
   - (A) 8
   - (B) 10
   - (C) 6
   - (D) 4

51. Maximum possible exploitation of each buyer in the interest of a seller's profit takes place under :
   - (A) Perfect price discrimination
   - (B) Block price discrimination
   - (C) Price discrimination of third degree
   - (D) All of above

52. The problem of proving that the total production will be just exhausted if all the factors are paid rewards equal to their marginal products has been called as :
   - (A) Mark-Up problem
   - (B) Production problem
   - (C) Adding Up problem
   - (D) Subtracting problem

53. According to the Classical Theory, magnitude of national income and employment depends on :
   I.   Supply of Labour
   II. Aggregate production function
   III. Demand for technology
   IV. Demand for labour
   Choose the correct answer from the codes given below :
   - (A) I, II, III
   - (B) I, III, IV
   - (C) I, II, IV
   - (D) I, II, III, IV

54. The view that if wage rate were cut down, demand for labor would increase and ensure full employment was termed as :
   - (A) Real balance effect
   - (B) Substitution effect
   - (C) Ratchet effect
   - (D) Spillover effect

55. Net Domestic Product at market prices NDP$_{mp}$ is equal to :
   (A) GDP$_{MP}$ – Depreciation
   (B) GDP$_{FC}$ – Depreciation
   (C) NDP$_{MP}$ + Subsidies
   (D) NDP$_{FC}$ – Subsidies

56. Which among the following are excluded while calculating National Income of a country ?
   (A) Value of Production from self-consumption
   (B) Imputed rent values of self-occupied houses
   (C) Taxes paid from the past savings
   (D) All of above

57. Consider the following data for an economy. If Autonomous Investment (I) = Rs. 600 and Consumption Function is C = 200 + 0.8 Y. Equilibrium level of income is :
   (A) Rs. 2,000
   (B) Rs. 4,000
   (C) Rs. 4,800
   (D) Rs. 5,800

58. According to Keynes which among the following factors does not explain money wage rigidity ?
   (A) Money illusion
   (B) Efficiency wages
   (C) Minimum wage laws
   (D) Voluntary unemployment

59. Which of the following theories of consumption are irreversible in nature ?
   (A) Keynes theory of consumption
   (B) Consumption smoothing approach
   (C) Relative income hypothesis
   (D) None of the above

60. According to Classical theory, Rate of Interest is determined by :
   (A) Demand and Supply of Money
   (B) Saving and Investment
   (C) Technology and Capital Stock
   (D) Optimism and Pessimism (Animal Spirits)

1. There is an indifference curve through each possible bundle of goods as a consequence of the property of:
   (A) Transitivity
   (B) Completeness
   (C) Non-satiation
   (D) None of the above

2. For a standard shaped convex indifference curve, MRS measures the _____ amount of good 1 which the consumer is willing to scarfice to obtain one more unit of good 2.
   (A) Maximum
   (B) Minimum
   (C) Constant
   (D) All of the above

3. Prices remaining unchanged, change in consumer's income will lead to change in the :
   (A) Position of budget line but not its slope
   (B) Slope of the budget line but not its position
   (C) Position as well as slope of the budget line
   (D) None of the above

4. If demand curve for a normal good is rectangular hyperbolic it has :
   (A) Constant slope
   (B) Constant price elasticity
   (C) Both (A) and (B)
   (D) Both slope and elasticity vary along the curve

5. A rise in input prices shifts average cost curve upwards during :
   (A) Short run
   (B) Long run
   (C) Both (A) and (B)
   (D) Neither (A) nor (B)

6. Given the shapes of traditional long run Average Cost (AC) and Marginal Cost (MC) curves, verify the statement which is correct :
   (A) AC crosses MC at its minimum
   (B) AC crosses MC at its maximum
   (C) MC crosses AC at its minimum
   (D) MC crosses AC at its maximum

7. In the classical theory of employment if prices and money wages decrease by the same proportion, quantity of labour supplied will :
   (A) Fluctuate
   (B) Increase
   (C) Decrease
   (D) Remain unchanged

8. In the classical model :
   (A) Saving is interest elastic while investment is interest inelastic
   (B) Saving is interest inelastic while investment is interest elastic
   (C) Saving and investment are interest inelastic
   (D) Both are interest elastic

9. Government service like education is evaluated at :
   (A) Market price
   (B) Cost of production
   (C) Both (A) and (B)
   (D) Internation price

10. According to Quantity Theory of money, increase in the supply of money will affect only :
    (A) Price level
    (B) Price level and output
    (C) Price level, output and employment
    (D) Price level, output, employment and real interest rate

11. Aggregate demand curve shows, for any given price level, the total quantity of goods and services, demanded by :
    (A) Households
    (B) Households and firms
    (C) Household, firms and governments
    (D) Households, firms, governments and net exports

12. If there is a sharp rise in the stock market, aggregate demand curve will :
    (A) Shift to the right
    (B) Shift to the left
    (C) Not shift at all
    (D) Both (A) and (B)

13. Reduction of inflation rate by slowing down growth rate of money supply, is known as :
    (A) Deflation
    (B) Stagflation
    (C) Disinflation
    (D) All of the above

14. Phillips curve emerged out of unemployment and nominal wage data of :
    (A) Great Britain
    (B) USA
    (C) Germany
    (D) USSR

15. Total effect of initial increase in investment on income through multiplier–accelerator interaction leads to :
    (A) Leakage effect
    (B) Leverage effect
    (C) Linkage effect
    (D) Injection effect

16. The value of Hicksian super multiplier is _____ simple multiplier.
    (A) Greater than
    (B) Less than
    (C) Equal to
    (D) Equal to or less than

17. Which of the following is not a characteristic of fiat money ?
    (A) It has less intrinsic value than face value
    (B) It is convertible into any valuable asset
    (C) It is legal tender
    (D) It is accepted in transactions at face value

18. According to Grisham's law, good money disappears from circulation through :
    (A) Hoarding
    (B) Melting
    (C) Export to foreign countries
    (D) All of the above

19. Keynes' demand for money is a _____ function.
    (A) Additive
    (B) Multiplicative
    (C) Subtractive
    (D) Both (A) and (B)

20. According to Money Multiplier Theory, reserve-deposit ratio is calculated if reserves of a bank are divided by :
    (A) Demand deposits
    (B) Time deposits
    (C) Total deposits
    (D) Either (A) or (B)

21. Standard of living through HDI construction is represented by :
    (A) National income in terms of USA Dollars
    (B) National income at PPP Dollars
    (C) Per capita income at PPP Dollars
    (D) Real per capita income at PPP Dollars

22. According to _____ there is no conflict of distributional interests during the process of development.
    (A) Marx
    (B) Ricardo
    (C) Schumpeter
    (D) Lewis

23. According to Marx, which of the following is not a cause of crises ?
    (A) Falling rate of profit
    (B) Disproportionately among various lines of production
    (C) Over consumption
    (D) All of the above

24. Which of the following is not a feature of stationary state ?
    (A) Rate of profit is zero
    (B) No growth of population
    (C) Real wage is at subsistence level
    (D) Rents are very low

25. According to Rostow transitional state of a society occurs between :
    (A) Feudalism and take-off
    (B) Take-off and drive to maturity
    (C) Drive to maturity and high mass consumption
    (D) Feudalism and high mass consumption

26. If MPK and MPL denote marginal productivity of capital and marginal productivity of labour respectively, a technological innovation is capital-saving if it :
    (A) Raises MPK less than that of labour
    (B) Raises MPL less than that of capital
    (C) Raises MPK and MPL in the same proportion
    (D) Reduces MPK and MPL in the same proportion

27. According to balanced growth theory, indivisibilities are found in case of :
    (A) Inputs
    (B) Processes
    (C) Outputs
    (D) All of the above

28. Proportion of an activity's output that represents purchases from other domestic activities, is known as :
    (A) Forward linkage
    (B) Backward linkage
    (C) Combined linkage
    (D) Total linkage

29. Effects of quota are always certain except in case of :
    (A) Price
    (B) Production
    (C) Revenue
    (D) Consumption

30. Which of the following is not an impact of tariff imposition ?
    (A) Increase in consumer's surplus
    (B) Increase in producer's surplus
    (C) Increase in government revenue
    (D) Increase in protection cost

31. If opportunity cost of producing wheat (W) in terms of cloth (C) in country A is 1 W = 2/3 C while it is 1 W = 2C in country B, then country A has comparative advantage in :
    (A) Wheat
    (B) Cloth
    (C) Both (A) and (B)
    (D) Neither (A) nor (B)

32. Which of the following does not enter the current account balance of a country ?
   (A) Net flow of goods
   (B) Net flow of income
   (C) Both (A) and (B)
   (D) Official holding of foreign assets

33. For a product with inelastic demand, the burden of imposing an indirect tax will be :
   (A) More on seller
   (B) More on buyer
   (C) Uniformly distributed between buyer and seller
   (D) Impact is uncertain

34. In case of social goods, marginal cost is closer to :
   (A) Infinity
   (B) Zero
   (C) Average cost
   (D) Average revenue

35. Ability to pay is measured by :
   (A) Income
   (B) Consumption
   (C) Income or consumption
   (D) Investment

36. Average growth of GDP in India during 1980-2000 has been more than :
   (A) 5%
   (B) 6%
   (C) 7%
   (D) 8%

37. In which employment category the share of workers has increased during 1980-2000 in India ?
   (A) Self employed
   (B) Salaried workers
   (C) Both (A) and (B)
   (D) Casual wage workers

38. Tax holidays are being offered if :
   (A) Infrastructure project is set up in a backward region
   (B) Infrastructure project is set up anywhere in the country
   (C) Both (A) and (B)
   (D) Industry is set up anywhere in the country

39. India switched over to full current account convertibility during :
   (A) 1992
   (B) 1994
   (C) 1998
   (D) 2002

40. Relative productivity witnessed decline during 1980-2000 in _____ sector of Indian economy.
   (A) Agriculture
   (B) Industry
   (C) Services
   (D) Both (B) and (C)

41. Till 2000 land declared surplus under ceiling laws in India has been less than _____ million hectares.
   (A) 1
   (B) 3
   (C) 5
   (D) 10

42. Conference of Chief Ministers regarding new policy on land ceiling was held in :
   (A) 1962
   (B) 1969
   (C) 1972
   (D) 1978

43. Imbalance in the use of nitrogeneous, phosphatic and potassic fertilizers is mainly due to :
   (A) Non-availability of fertilizers
   (B) Timely availability of one or the other fertilizer
   (C) Price variations among fertilizers
   (D) Non-availability of irrigation

44. Which of the following is not an essential component of HVYP ?

(A) Assured irrigation

(B) High yielding varieties of seeds

(C) Use of pesticides

(D) Use of tractors

45. Value of the determinant $\begin{vmatrix} 5 & 7 \\ 2 & 4 \end{vmatrix}$ is :

(A) 5

(B) 7

(C) 4

(D) 6

46. Derivative of the function $Y = \ln x^2$ is :

(A) $2 \ln x$

(B) $\ln 1/x^2$

(C) $\ln 2x$

(D) $2/x$

47. $\int a^x dx =$

(A) a^x

(B) $\dfrac{ax}{a}$

(C) $a^x/\log a$

(D) $\dfrac{a}{x \log a}$

48. Sum of all the diagonal elements of a square matrix is called :

(A) Trace of a matrix

(B) Lower triangular matrix

(C) Diagonal matrix

(D) Negative of a matrix

49. Geometric mean gives :

(A) More weightage to larger items

(B) More weightage to smaller items

(C) Less weightage to smaller items

(D) Equal weightage to larger and smaller items

50. If Q_1 and Q_3 are first and third quartiles of a series, the formula $Q_3 - Q_1/Q_3 + Q_1$ can be used to calculate :

(A) Coefficient of range

(B) Coefficient of variation

(C) Coefficient of quartile deviation

(D) All of the above

51. If the frequency curve has a long tail to the right, skewness will be :

(A) Positive

(B) Negative

(C) Zero

(D) Can not say anything with certainty

52. Fisher's index number takes into account :

(A) Current year quantity

(B) Base year quantity

(C) Either (A) or (B)

(D) Both (A) and (B)

53. For a monopolist :

(A) MR = P

(B) MR < P

(C) P < MR

(D) None of the above

54. A monopolist facing a downward sloping straight line demand curve will increase total revenue as long as price elasticity is :

(A) Equal to 1

(B) Greater than 1

(C) Less than 1

(D) All of the above

55. Given that AVC, AFC and MC denote average variable cost, average fixed cost and marginal cost respectively, law of diminishing returns will eventually increase :
   (A) AVC
   (B) MC
   (C) Both (A) and (B)
   (D) AVC, AFC and MC

56. In the short run a competitive firm can :
   (A) Earn excessive profits
   (B) Incur losses
   (C) Neither earn any profit nor incur any loss
   (D) Any of the above

57. If a firm shuts down, it can eliminate :
   (A) Fixed cost
   (B) Marginal cost
   (C) Variable cost
   (D) All of the above

58. In case of oligopoly, the number of buyers is :
   (A) One
   (B) Two
   (C) Few
   (D) Large

59. Much of the growth of irrigated area in India is from _____ irrigation projects.
   (A) Minor
   (B) Medium
   (C) Large
   (D) Both (B) and (C)

60. Industrial Policy Resolution, 1956 reserved _____ industries for public sector.
   (A) 11
   (B) 13
   (C) 15
   (D) 17

ENTRANCE TEST-2017

SCHOOL OF BUSINESS STUDIES

ECONOMICS

Question Booklet Series **B**

| Total Questions | : | 60 |
| Time Allowed | : | 70 Minutes |

Roll No. :

Instructions for Candidates :

1. Write your Roll Number in the space provided at the top of this page of Question Booklet and fill up the necessary information in the spaces provided on the OMR Answer Sheet.

2. OMR Answer Sheet has an Original Copy and a Candidate's Copy glued beneath it at the top. While making entries in the Original Copy, candidate should ensure that the two copies are aligned properly so that the entries made in the Original Copy against each item are exactly copied in the Candidate's Copy.

3. All entries in the OMR Answer Sheet, including answers to questions, are to be recorded in the Original Copy only.

4. Choose the correct / most appropriate response for each question among the options A, B, C and D and darken the circle of the appropriate response completely. The incomplete darkened circle is not correctly read by the OMR Scanner and no complaint to this effect shall be entertained.

5. Use only blue/black ball point pen to darken the circle of correct/most appropriate response. In no case gel/ink pen or pencil should be used.

6. Do not darken more than one circle of options for any question. A question with more than one darkened response shall be considered wrong.

7. There will be 'Negative Marking' for wrong answers. Each wrong answer will lead to the deduction of 0.25 marks from the total score of the candidate.

8. Only those candidates who would obtain positive score in Entrance Test Examination shall be eligible for admission.

9. Do not make any stray mark on the OMR sheet.

10. Calculators and mobiles shall not be permitted inside the examination hall.

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SEAL

1. Agricultural Prices Commission was set up in India on the recommendations of:

    (A) Food grains policy committee 1947

    (B) Food grains policy committee 1964

    (C) Food grains policy committee 1965

    (D) None of the above

2. Which of the following is not a method of privatization?

    (A) Initial public offering

    (B) Equal Access Voucher Programmes

    (C) Both (A) and (B)

    (D) Neither (A) nor (B)

3. Export promotion programme in India included

    (A) Setting up Export Processing Zones

    (B) Devaluation of currency in 1991

    (C) Income tax concessions to exporters

    (D) All of the above.

4. Pre 1991 trade policy in India was :

    (A) Inward Looking Development Strategy

    (B) Highly Restrictive Policy.

    (C) Partly liberalised with several conditions.

    (D) All of the above

5. India has recorded a positive trade balance in only two years during the entire period 1949-50 to 2011 -12. These are :

    (A) 1951-52 & 1961-62

    (B) 1961-62 & 1971-72

    (C) 1972-73 & 1976-77

    (D) 1992-93 & 1996-97

6. "To double India's share in global trade by 2020" was an objective of :

    (A) Foreign trade policy 1991

    (B) Foreign trade policy 1995

    (C) Foreign trade policy 2007

    (D) Foreign trade policy 2009

7. As per census 2011, J&K is the .... largest state of India in terms of geographical area and occupies ....rank in population.

    (A) 6th and 19th

    (B) 19th and 6th

    (C) 8th and 10th

    (D) 10th and 8th

8. In addition to State Plan, Department of Agriculture, Government of J&K implements:

    (A) National Food Security Mission

    (B) National Mission on Agricultural Extension & Technology

    (C) Both (A) and (B)

    (D) Neither (A) nor (B)

9. With respect to generation of hydropower in the state of J&K a capacity of .... has been added from 1996 & 2013-14 in State, Central and Private Sector.

    (A) 20000.01 MW

    (B) 1946.01 MW

    (C) 2946.01 MW

    (D) 3946.01 MW

10. Which of the following Expert Group (s) recommended Skill, Empowerment and Employment Scheme for J&K (SEE J&K) and the Special Industry Initiative for J&K (SII J&K).

    (A) Prime Minister Expert Group under the Chairmanship of Dr. C. Rangarajan, 2010

    (B) Ministry of Home Affairs Expert Group under the Chairmanship of Dilip Padgaonkar, 2010

    (C) Ministry of Home Affairs Expert Group under the Chairmanship of Justice Rajinder Sachar, 2005

    (D) None of the above

11. NDP_{fc} equals NDP_{mp}

   (A)   Minus indirect taxes + subsidies

   (B)   Minus subsidies + indirect taxes

   (C)   Minus subsidies only

   (D)   Plus indirect taxes

12. ASSERTION (A):   Transfer earnings are not to be included in the national income estimation

   REASON (R):   Transfer earnings are not payments for factor services

   (A)   Both (A) and (R) are true and (R) is correct explanation of (A)

   (B)   Both (A) and (R) are true but (R) is not correct explanation of (A)

   (C)   (A) is true (R) is false

   (D)   (A) is false (R) is true

13. National income at market prices is equal to :

   (A)   National income at factor cost minus subsidies

   (B)   The sum of wages, interest and rent earned

   (C)   The sum of earnings of all factors plus direct taxes minus subsidies

   (D)   Gross national product - depreciation

14. .... school of economics advocated that money performs the function of merely a medium of exchange of goods and services and is therefore demanded only for transaction purposes

   (A)   Keynesian school

   (B)   Classical school

   (C)   Neo-Keynesian school

   (D)   Both (A) and (B)

15. Which among the following factors accounts for horizontal short run Aggregate Supply curve propounded by Keynes?

   (A)   Wage price flexibility

   (B)   Propensity to consume

   (C)   Stickiness of wages and prices

   (D)   Multiplier

16. Which among the following were neglected by Keynes in his theory of employment?

   (A)   Role of expectations

   (B)   Role of capital stock

   (C)   Role of consumption

   (D)   Role of government

17. Aggregate demand curve slopes downwards because an increase in price level leads to:

   (A)   Reduction in real balances & in aggregate spending

   (B)   increase in interest rate

   (C)   Both (A) and (B)

   (D)   Neither (A) nor (B)

18. "Ratchet effect" and "Demonstration effect" belong to:

   (A)   Absolute income hypothesis

   (B)   Relative income hypothesis

   (C)   Keynes psychological law of consumption

   (D)   All of the above

19. ASSERTION (A):   Good money tends to drive bad money out of circulation

   REASON (R):   There exists a divergence of market rate of exchange of two currencies from mint rate.

   (A)   Both (A) and (R) are true and (R) is correct explanation of (A)

   (B)   Both (A) and (R) are true but (R) is not correct explanation of (A)

   (C)   (A) is true (R) is false

   (D)   (A) is false (R) is true

20. The most important asset of a commercial bank is its

   (A)   Demand deposits

   (B)   Loans to businessman and industry

   (C)   Government securities

   (D)   Negotiable stocks and bonds

21. The most active and sensitive part of the organized money market is the

   (A)   Call money market

   (B)   Treasury bill market

   (C)   Commercial bill market

   (D)   Gilt-edged market

22. In case of token money which among the following holds true ?
    (A) Its face value is < its intrinsic value
    (B) Its face value is > its intrinsic value
    (C) Its face value is = its intrinsic value
    (D) All of the above

23. Which among the following is not an assumption of principle of maximum social advantage?
    (A) Resources of the state are only in the form of tax revenue
    (B) Tax receipts are subject to increasing marginal social utility
    (C) Public expenditure is subject to diminishing marginal social benefit
    (D) The state budgets are balanced

24. Readiness of tax payers to tolerate a higher tax burden is known as:
    (A) Displacement level
    (B) Tax tolerance
    (C) Tax impact
    (D) Tax incidence

25. Which among the following is correct about the difference between "impact" and "incidence" of a tax?
    (A) Incidence refers to the ultimate money burden of the tax, while the impact refers to the initial burden of the tax
    (B) Incidence of a tax is felt by the person who actually bears the burden of tax, while the impact of the tax is felt by the person from whom tax is collected
    (C) Incidence of tax cannot be shifted, while the impact of a tax can be shifted
    (D) All of the above

26. Public expenditure does not increase in a smooth and continuous manner, but in jerks or step like fashion. This statement regarding public expenditure is given by :
    (A) Wiseman-Peacock
    (B) Wiseman-Wagner
    (C) Peacock-Wagner
    (D) Bamoul-Wiseman

27. The classical theory of international trade more commonly known as theory of comparative cost was first propounded by :
    (A) David Ricardo
    (B) Alfred Marshall
    (C) J.S. Mill
    (D) Haberler

28. Which of the following is included in the current account of the balance of payments?
    (A) Merchandise imports and exports
    (B) Non-monetary gold movement
    (C) Transportation
    (D) All of the above

29. The imposition of an import tariff by a nation:
    (A) Usually improves the nation's terms of trade and increases the volume of trade
    (B) Worsens the nation's terms of trade but increases the volume of trade
    (C) Worsens the nation's terms of trade but reduces the volume of trade
    (D) Usually improves nation's terms of trade but reduces the volume of trade

30. The measure to correct disequilibrium in the balance of payments is :
    (A) To encourage exports and discourage imports
    (B) To discourage exports and encourage imports
    (C) Appreciation of exchange rate
    (D) Both (A) and (C)

31. The wider set of numbers, integers and fractions is referred to as :
   (A) Rational numbers
   (B) Irrational numbers
   (C) Both (A) and (B)
   (D) Neither (A) nor (B)

32. The sequence 1/2, 3/2, 3/4, 5/4, 5/6, 7/6, ... is:
   (A) An increasing function
   (B) A decreasing function
   (C) Neither Increasing nor decreasing
   (D) Neither Increasing nor decreasing, but tends to limit 1

33. Given the cost function $C = (3 + 2q^2)^2$, where C is the total cost and q is the output, the marginal cost is equal to :
   (A) $3q + 16q^4$
   (B) $9q + 4q^4$
   (C) $24q + 16q^3$
   (D) $24q + 16q^4$

34. $y = 100/x + 4x$ has :
   (A) a maximum point where $x = 5$
   (B) a minimum point where $x = 5$
   (C) a maximum point where $x = -5$
   (D) Both (B) and (C)

35. In a symmetrical distribution given the value of Mean = 10, Mode = 10. Find the value of median :
   (A) 5
   (B) 15
   (C) 10
   (D) 20

36. The degree of Kurtosis of a distribution is measured relative to the peak of :
   (A) Leptokurtic distribution
   (B) Platykurtic distribution
   (C) Asymmetrical distribution
   (D) None of the above

37. Consider the following statements
   1. Dispersion studies the scatter of items around the median value
   2. Skewness tell us about the cluster of deviations about central value of tendency
   3. Kurtosis studies concentration of items above and below central value of a series
   Choose the correct statement from the codes given below:
   (A) Only 1
   (B) Only 2
   (C) Only 3
   (D) All of the above are correct

38. The measure of dispersion which is independent of frequencies of the given distribution is:
   (A) Mean deviation
   (B) Range
   (C) Quartile deviation
   (D) Standard deviation

39. Consider the following statements regarding Human Development index :
   1. It was introduced by the World Bank.
   2. It is a composite index of three social indicators
   3. The minimum value of life expectancy at birth (for its calculation) is taken as 25 years.
   Which of the statements given about is/are correct about HDI?
   (A) Only 1
   (B) 1 & 2
   (C) 2&3
   (D) All of the above

40. One of the conditions of Take-off laid down by Rostow is :
   (A) Rise in rate of productive investment
   (B) Changes in character of working force
   (C) Changes in character of entrepreneurship
   (D) Extensive use of automobiles

41. The most important instances of indivisibility and hence of external economies on the supply side according to Big Push theory is :
    (A) Marginal rate of savings
    (B) Social overhead capital
    (C) Average rate of savings
    (D) Both (A) & (B)

42. Capital devoted to the purchase of labor power in the form of wages or direct subsistence, according to Marx is known as:
    (A) Constant capital
    (B) Variable capital
    (C) Surplus value
    (D) Simple reproduction scheme of production

43. Creation of new products that not only add to utility but also enhance productivity by enabling new way of doing things is called as :
    (A) Process innovation
    (B) Production process
    (C) Product innovation
    (D) Infrastructure investment

44. Consider the following statements regarding indicative planning :
    1. It is known as soft planning
    2. It prevails in France
    3. Indicative planning is used in France since 2000
    4. It guides private sector
    Which of the statements given are correct ?
    (A) 1, 2 & 3 only
    (B) 3 & 4 only
    (C) 1,2 & 4 only
    (D) 2 & 4 only

45. The difference between the value of things that are imported and the value of things that are exported is known as:
    (A) Gains from trade
    (B) Terms of trade
    (C) Comparative cost
    (D) Trade creation

46. Efficiency wages implies :
    (A) Wage rate divided by prices
    (B) Wage rate divided by productivity of labor
    (C) Wage rate divided by capital price
    (D) Money wage divided by shadow price

47. A consumer is said to be in equilibrium when he is buying such a combination of goods as leaves him with some tendency to rearrange his purchase of goods. The statement regarding equilibrium is:
    (A) Incorrect
    (B) Correct
    (C) Partially correct
    (D) None of the above

48. Consider the following statements regarding cross elasticity of demand:
    1. Cross elasticity of demand for complements is positive
    2. In case of positive cross elasticity price consumption curve slopes upward
    3. Cross elasticity of demand for substitutes is negative
    4. In case of negative cross elasticity price consumption curve slopes downwards
    Select the correct statement from below codes:
    (A) 1 & 2 only
    (B) 2 & 3 only
    (C) 1 & 4 only
    (D) None of the statements is correct

49. Which among the following is a necessary but not a sufficient condition for consumer's equilibrium?
    (A) Indifference curve must be convex to the origin
    (B) Indifference curve must be concave to the origin
    (C) Equality between MRS and price ratio
    (D) Equality between MRS and MRTS

50. Which among the following holds valid in case of linear demand curve?
    (A) Price elasticity remains constant
    (B) Price elasticity varies from inelastic to unit elastic
    (C) Price elasticity varies from perfect inelastic to perfect elastic
    (D) Price elasticity varies from unit elastic to moderate inelastic

51. If the production function is homogenous with constant returns to scale the productivity of variable factor will be :
    (A) Increasing
    (B) Decreasing
    (C) Constant
    (D) Any of the above

52. Given the average product of labor $AP = 6L - 0.4L^2$ what will be the value of L?
    (A) 6
    (B) 3.5
    (C) 8
    (D) 7.5

53. Consider the following statements regarding expansion path:
    1. With constant returns to scale in operation
    2. Expansion path assumes that relative prices remains constant
    3. Expansion path is tangency between Iso-cost line and budget line
    4. Expansion path represents maximum cost combinations

    Select the answer from codes below:
    (A) 1 & 4 only
    (B) 1,3 & 4
    (C) 1 & 2 only
    (D) 1, 2 & 3

54. The locus of points of the iso-quants where the marginal product of factors is zero is known as:
    (A) Iso-revenue curve
    (B) Marginal product curve
    (C) Ridge line
    (D) Budget line

55. Long run equilibrium of a firm in case of monopolistic competition is established when:
    (A) MC=MR=AC=P
    (B) MC=MR and AC=P but P>MC
    (C) LMC=SMC=LAC=SAC=P
    (D) All of the above

56. Demand curve of an oligopolistic firm is indeterminate because of :
    (A) Independence between rivals
    (B) Interdependence between rivals
    (C) Barriers to entry
    (D) Both (B) & (C)

57. Quasi rent is equal to:
    (A) Total revenue earned – total fixed cost
    (B) Total revenue earned – total average cost
    (C) Total revenue earned – total variable cost
    (D) Total revenue earned + total average cost

58. A monopoly is a pure monopoly when the cross elasticity of demand with other goods is :
    (A) Elastic
    (B) Perfectly Elastic
    (C) Inelastic
    (D) Perfectly inelastic

59. Forest policy 1952 and 1988 differ with respect to
    a. Realization of the role of tribals
    b. Discouragement to forest based industry
    c. Target for green cover.
    Choose the correct statement (s)
    (A) a, b and c
    (B) a and b not c
    (C) a and c not b
    (D) b and c not a

60. During the last decade (2000-2001 to 2010-2011) (1) the area under cereals, pulses and oil seeds has increased and (2) the area under coarse cereals has declined.
    (A) 1 is true but 2 is false
    (B) Both 1 and 2 are true
    (C) Both 1 and 2 are false
    (D) 1 is false but 2 is true

Sr. No. **0143**

ENTRANCE TEST-2016

FACULTY OF SOCIAL SCIENCES

M.A. ECONOMICS

Total Questions : 60

Time Allowed : 70 Minutes

Question Booklet Series **A**

Roll No. :

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1. A curve that can be defined as the locus of points the product of whose distance from two fixed perpendicular lines is a positive constant, say, α is known as :
    - (A) Hyperbola
    - (B) Asymptote
    - (C) Rectangular Hyperbola
    - (D) None of the above

2. Which one of the below mentioned equations expresses a non-linear function ?
    - (A) $Y + a + bX$
    - (B) $Y = a + bX + cX^2$
    - (C) $Y = aX + b$
    - (D) $Y = a - bX$

3. If y is a single valued function of a continuous variable x, and if y increases in value as x increases, y is increasing function of x and similarly if the value of y decreases as x increases, it is decreasing function of x. The class of increasing and decreasing functions taken together, comprise what are called :
    - (A) Monotonic Function
    - (B) Decreasing Function of y
    - (C) Inverse Single Valued Function
    - (D) None of the above

4. A value which has the greatest frequency density in its immediate neighbourhood is called :
    - (A) Median
    - (B) Geometric Mean
    - (C) Harmonic Mean
    - (D) Mode

5. Which one of the below mentioned methods is appropriate to find out Coefficient of Variation (CV) of a frequency distribution ?
    - (A) $\dfrac{\sigma}{X}$
    - (B) $\dfrac{\sigma}{X} \times 100$
    - (C) $\dfrac{1}{N} \sum f\left(X_i - \bar{X}\right)$
    - (D) $\sqrt{\dfrac{1}{N}\left(X_i - \bar{X}\right)}$

6. Which one of the below mentioned methods provides an accurate Karl Pearson's Coefficient of Skewness ?
    - (A) $Sk = 3(\text{Mean} - \text{Mode})$
    - (B) $Sk = (\text{Mean} - \text{Mode})$
    - (C) $Q3 + Q1 - 3\,Md$
    - (D) None of the above

7. The curve not exactly bell shaped having flatter than normal hump but having + kurtosis is called :

    (A)   Platy Kurtic   (B)   Meso Kurtic

    (C)   Lack Kurtosis   (D)   None of the above

8. When economy's socio economic structure progressively changes in such a way as to tend to have decline in share of agriculture in GDP and increase in the share of industry, trade, banking and services and social sector; the economy's progress is referred to as :

    (A)   Economic Growth   (B)   Economic Development

    (C)   Economic Prosperity   (D)   Human Development

9. In a situation where the marginal productivity of labour over a wide range tends to zero, the economy is said to be suffering from :

    (A)   Disguised Unemployment   (B)   Disguised Underemployment

    (C)   Unemployment   (D)   Seasonal Unemployment

10. The Economic growth that does not focus exclusively on one choice, that is, income, but also embraces enlargement of human choices _____ economic, social, cultural or political, it is known as.

    (A)   Economic Development   (B)   Economic Growth

    (C)   Economic Prosperity   (D)   Human Development

11. The theory that substantiates the view that the economic growth lies in the rate of capital accumulation which in turn is function of surplus value; the theory is associated with the name of economist :

    (A)   J. Schumpter   (B)   Karl Marx

    (C)   R. Nurkse   (D)   J.M. Keynes

12. A decisive stage in economic growth is referred to as "take off stage" of growth and the theory is associated with the name of :

    (A)   W.W. Rostow   (B)   A. Lewis

    (C)   G. Ranis   (D)   Simon Kuznets

13. The three essential components underlying the development of developing nations are (i) indivisibility of production function, (ii) indivisibility of demand and (iii) indivisibility in the supply of savings and is propounded by a theory called :

  (A) Theory of Stage of Growth   (B) Theory of Balanced Growth

  (C) Theory of Unbalanced Growth   (D) Theory of Big Push

14. In the short run to achieve maximum growth of output and employment, it would be appropriate to exercise that choice of technique in the production function which is :

  (A) Capital Intensive Technique   (B) Labour Intensive Technique

  (C) Neutral Choice of Technique   (D) None of the above

15. "The more labour intensive technique maximizes output and consumption in the short run, but more capital intensive technique provides a greater surplus for reinvestment for growth and future output and consumption." The underlying conflict in the production function is raised by :

  (A) Maurice Dobb and A.K. Sen   (B) A.K. Sen and A.P. Thirwall

  (C) A. Lewis and R. Nurkse   (D) Karl Marx

16. The Jammu and Kashmir State has pursued a planned development process based on "single line administration" since 1976 which is called :

  (A) Centralized Planning   (B) Micro-Level Planning

  (C) Macro Level Planning   (D) Decentralized Planning

17. As a result of the assumption of constancy of marginal utility of money, Marshall could not provide a satisfactory solution in case of :

  (A) "Giffen Paradox"   (B) Consumer's Equilibrium

  (C) Measurement of Utility   (D) Superior Goods

18. A curve which shows how the consumption of two goods reacts to changing income when prices of both goods are given and constant, it is called :

  (A) Price Consumption Curve   (B) Income Consumption Curve

  (C) ICC for Giffen Goods   (D) ICC for Superior Goods

19. The income consumption curve, ICC, can slope upward to the left or downward to the right only in case of :
    (A) Normal Good
    (B) Superior Good
    (C) Inferior Good
    (D) Luxury Good

20. When the demand curve shapes vertical straight line, the income elasticity of demand is :
    (A) Zero
    (B) Negative
    (C) Positive
    (D) None of the above

21. When variables x and y are increased or decreased in a fixed proportion from given values, the corresponding increase or decrease in the function $Z = f(x, y)$ may be in greater, in equal or in less proportion, the function is called :
    (A) Linear Homogeneous Function
    (B) Non-linear Function
    (C) Curvilinear Function
    (D) Homogeneous Function

22. In a given production function the point at which the increasing returns to scale ceases and diminishing returns to scale operation sets in motion the corresponding point of the total productivity curve is called :
    (A) Point of Deflection
    (B) Point of Elasticity
    (C) Point of Inflexion
    (D) None of the above

23. In a given production function when total output, Y, reaches maximum corresponding to a particular level of input, the marginal productivity of factor reaches :
    (A) Maximum
    (B) Negative Level
    (C) Zero
    (D) None of the above

24. In case the factor elasticities, in a given production function, tend to unity, the production function will demonstrate :
    (A) Diminishing Returns to Scale
    (B) Constant Returns to Scale
    (C) Increasing Returns to Scale
    (D) Negative Returns to Scale

25. A firm engaged in production of a commodity shall be able to increase its total profits by increasing the output level only up to a point where :
    (A) Marginal Revenue is Greater than Marginal Cost
    (B) Marginal Revenue is Equal to Marginal Cost
    (C) Average Revenue is Equal to Average Cost
    (D) Average Revenue is Greater than Average Cost

26. In a perfect competitive situation when a firm is in the long run equilibrium, the given firm will be confronted with one of the following conditions :

   (A) Marginal Cost is greater than Price

   (B) Marginal Cost equals the Price

   (C) Average Cost is greater than Price

   (D) Average Cost equals the Price

27. "That portion of the produce of earth which is paid to the landlord for the use of original and indestructible power of the soil" is defined 'rent' in Economics. The definition is associated with the name of :

   (A) Adam Smith   (B) David Ricardo

   (C) J.S. Mill   (D) A. Marshall

28. Under the perfect competition and full employment condition the real wage is determined by :

   (A) Marginal Productivity of Labour (B) Subsistence Level of Labour

   (C) Standard of Living of Labour   (D) Supply and Demand for Labour

29. "Far reaching changes of sharing revenues between Centre and States, on the one hand, and between States on the other have been recommended by 14th Finance Commission". Its successful implementation, according to government, will depend upon one of the following :

   (A) Cooperative Federalism   (B) Make in India

   (C) Jan Dhan Yojana   (D) Direct Transfer Benefit Scheme

30. According to Economic Survey 2014-15, the income elasticity of kerosene has declined over the period. Therefore, its policy implication is one of the following :

   (A) Enhance the Kerosene Allocation (B) Reduce Kerosene Allocation

   (C) Maintain Existing Allocation   (D) Create Special Quota System

31. One of the major solutions of poverty alleviation programme addresses how best to deploy fiscal resources, lies in :

   (A) MGNREGA   (B) JAN Number Trinity

   (C) GST   (D) Antyodaya Anna Yojana

32. The improvement or downswing of macroeconomic position of India can be ascertained by estimating :
    (A) Macro Vulnerability Index (MVI)
    (B) Current Account Deficit Index (CADI)
    (C) Fiscal Deficit Index (FDI)
    (D) GDP Index (GDPI)

33. In order to assess macroeconomic stability of Indian economy the investment destination seekers assess the situation in terms of index called :
    (A) Rational Investor Rating Index (RIRI)
    (B) Macroeconomic Vulnerability Index (MVI)
    (C) Foreign Direct Investment Index (FDII)
    (D) Rate of Return on Investment Index (RRII)

34. One of the critical areas of concern in banking industry of India today is :
    (A) Rising Credit Deposit Ratio   (B) Asset Quality Stress
    (C) Declining Capital Adequacy Ratio (D) Falling Credit Deposit Ratio

35. A suggestive evidence, in Indian economy, on food subsidy leakage demonstrates that the leakage is larger in one of the below mentioned food subsidy categories of population :
    (A) Above Poverty Line Population (APL)
    (B) Below Poverty Line Population (BPL)
    (C) Severe Destitute Category of Population
    (D) None of the above

36. On the basis of statistical evidence, in Indian economy, it is established that in Indian industry the high potential for structural transformation is found in :
    (A) Unregistered Manufacturing   (B) Registered Manufacturing
    (C) Coal Industry   (D) IT Industry

37. In respect of the vertical tax devolution, the Finance Commission which radically enhanced the share of states in central divisible pool is :
    (A) 14th Finance Commission   (B) 12th Finance Commission
    (C) 11th Finance Commission   (D) 7th Finance Commission

38. Given the structural changes in Indian economy over the period, which one of the below mentioned sectors has emerged as the major driver of economic growth ?

    (A) Industrial Sector
    (B) Export Sector
    (C) Energy Sector
    (D) Service Sector

39. The Industrial Policy Resolution which empowered the state monopoly of defense, communication and transport and power is one of the below mentioned :

    (A) 1948 Policy Resolution
    (B) 1956 Policy Resolution
    (C) 1971 Policy Resolution
    (D) 1991 Industrial Policy

40. After full employment has been reached, in Keynesian sense, subsequent increase in effective demand occasioned through increase in the quantity of money, the situation that emerges is referred to as :

    (A) Inflationary Gap
    (B) Hyper Inflation
    (C) Disinflation
    (D) Stagflation

41. The quantity theory of money which is associated with the name of Irving Fisher is expressed in one of the below mentioned equations :

    (A) $PT + MV$
    (B) $M = Ky$
    (C) $M = kPT$
    (D) None of the above

42. In Keynesian analysis suppose that marginal propensity to consume out of money income becomes greater than unity, given the high marginal propensity to invest, as a consequence money income expands indefinitely along with price. In that situation the economy will experience :

    (A) Stagflation
    (B) Hyperinflation
    (C) Inflation
    (D) Disinflation

43. The rate of change of total consumption expenditure with respect to total income or derivative of the total consumption function, $C = f(Y)$, in Keynesian system is referred to as :

    (A) Marginal Propensity to Consume (MPC)
    (B) Average Propensity to Consume (APC)
    (C) Marginal Propensity to Invest (MPI)
    (D) Average Propensity to Invest (API)

44. Which one of the following expressions is called marginal propensity to save ?
$C = \alpha + \beta Y + I$, C = consumption, Y = Income, I is investment and α and β are constants :

(A) $(1 - \beta)$

(B) $\dfrac{1}{(1 - \beta)}$

(C) $(1 - \beta) \times I$

(D) $\dfrac{\alpha}{(1 - \beta)}$

45. Given the marginal propensity to consume and investment function as autonomous, expressed as $Y = a + BY + I$ in a simple income determination model, which one of the following is investment multiplier ?

(A) $\dfrac{1}{(-\beta)} \times \Delta I$

(B) $\dfrac{\Delta I}{(1 - \beta)} \times \alpha$

(C) $\dfrac{1}{(1 - \beta)}$

(D) $\alpha(1 - \beta)$

46. In Keynesian system when wealth holders demand for money becomes perfectly absolute and money becomes perfect substitute of bond at a critical rate of interest; it is referred to as :

(A) Inflationary Gap

(B) Liquidity Trap

(C) Interest Elasticity of Money

(D) Interest Elasticity of Bond

47. When the business fluctuations towards downswing are directly caused by fall in the consumer outlay due to fall in money supply and its velocity, the theory which explains the cyclical fluctuation due to above is known as :

(A) Psychological theory

(B) Under-consumption theory

(C) Monetary theory

(D) Over-investment theory

48. The economic crisis that occurred in 1930s was attributed to the deficiency in aggregate demand or effective demand caused by failure of consumption to keep pace with expanding production. The underlying theory of the crisis in the economic literature is given by a theory called :

(A) Over-investment theory

(B) Psychological theory

(C) Under-consumption theory

(D) Monetary theory

49. In order to boost export growth in 1966 the Government of India took a major initiative in monetary reform in the form of :

    (A)   Revaluation of Currency   (B)   Partial Convertibility of Rupee

    (C)   Full Convertibility of Rupee   (D)   Devaluation of Rupee

50. Which one of the following is not true for improving export performance of Indian economy ?

    (A)   Reduction in Fiscal Deficit   (B)   Devaluation of Rupee

    (C)   Export Subsidies   (D)   Import Substitution

51. What does the below mentioned formula in macroeconomic income determination model signify ? $\dfrac{1}{(1-\beta)} \times \Delta I$ or $k.\Delta I$.

where, C is consumption, Y is income :

    (A)   Income multiplier   (B)   Investment multiplier

    (C)   Export multiplier   (D)   Employment multiplier

52. A relationship between the change in the level of output and the volume of investment outlay is given by a coefficient called :

    (A)   Multiplier   (B)   Accelerator

    (C)   Investment multiplier   (D)   None of the above

53. One of the major economic and social emancipation and empowerment programmes to transform the Jammu and Kashmir economy is associated with one of the following :

    (A)   Land Reform Programme 1976

    (B)   Debt Relief Act 1948

    (C)   Big Landed Estates Abolition Act, 1948-49

    (D)   None of the above

54. The sector of Jammu and Kashmir economy whose relative share in GSDP has substantially declined over the period is :

    (A)   Secondary sector   (B)   Primary sector

    (C)   Tertiary sector   (D)   Handicraft sector

55. The high potential sector of Jammu and Kashmir economy yet to be exploited to optimum capacity is :

(A) Tourism sector
(B) Hydrocarbon sector
(C) Agriculture sector
(D) Forest sector

56. The land redistribution programme pressed in to service from time to time in Jammu and Kashmir exempted a specific sector of economy from ceiling laws. The sub-sector comprises :

(A) Irrigated Acreage under Rabi Crops
(B) Horticulture
(C) Irrigated Acreage under Wheat
(D) Irrigated Acreage under Rice

57. Which one of the following taxes constitutes a direct tax ?

(A) Sales Tax/VAT
(B) Excise Duty
(C) Corporate Tax
(D) Customs Duty

58. Given the operation of Engel Law in developing countries exporting primary products, as against developed economies exporting manufacturing products, the consequent adverse impact would be on :

(A) Balance of Payments of Developed Countries
(B) Balance of Payments of Developing Countries
(C) Technical Progress of Developed Countries
(D) Technical Progress of Developing Countries

59. One of the reasons for adverse impact of new trade policy issued by WTO on balance of payments of developing countries is by enforcing provisions of :

(A) TRIMs Provisions
(B) TRIPs Provisions
(C) GAAT Provisions
(D) None of the above

60. Which one of the following is not the basic principle or canons of taxation ?

(A) Canon of Equity
(B) Canon of Certainty
(C) Canon of Elasticity
(D) Canon of Inequity

ROUGH WORK

1. $F(X) = 5$ is a polynomial of degree :

    (A) 0   (B) 1

    (C) 5   (D) x

2. Roots of the quadratic equation $ax^2 + bx + c = 0$ are given by the quadratic formula :

    (A) $x = -b \pm \sqrt{\dfrac{b^2 - 4ac}{2a}}$ (B) $x = b \pm \sqrt{\dfrac{b^2 - 4ac}{2a}}$

    (C) $x = \dfrac{-b \pm \sqrt{b^2 - 4ac}}{2a}$ (D) $x = \dfrac{b \pm \sqrt{b^2 - 4ac}}{2a}$

3. If geometric mean is 4 and the number of values is 3, the product of 3 values is :

    (A) 3   (B) 4

    (C) 12   (D) 64

4. Which of the following is a measure of relative dispersion ?

    (A) Mean deviation   (B) Standard deviation

    (C) Quartile deviation   (D) Coefficient of range

5. According to Rostow, the stage of economic growth where a society can produce not everything but anything it wishes to produce is :

    (A) Pre-conditions for take-off   (B) Take-off

    (C) Drive to maturity   (D) Age of high mass consumption

6. Which indivisibility gives rise to increasing returns to scale ?

    (A) indivisibility of inputs   (B) indivisibility of processes

    (C) indivisibility of outputs   (D) all of the above

7. United Nations in 1995 set a target of ...... percent of GNP of developed countries as development assistance for developing countries of the world.

    (A) 0.7   (B) 0.6

    (C) 0.5   (D) 0.4

8. If marketable surplus declines, it will lead to :
    (A) decrease in the price of food
    (B) deterioration in the terms of trade against industry
    (C) increase in capital accumulation
    (D) all of the above

9. Indifference curves are downward sloping straight lines if goods are :
    (A) Perfect substitutes   (B) Perfect complements
    (C) Imperfect substitutes   (D) One of the goods is bad

10. Given the prices of two commodities A and B and the income of the consumer, budget line will shift upwards if :
    (A) Price of A alone falls   (B) Price of B alone falls
    (C) Price of both A and B falls (D) Income of the consumer falls

11. If isoquant slopes upwards, a firm could produce same level of output with :
    (A) relatively less inputs   (B) relatively more inputs
    (C) either (A) or (B)   (D) neither (A) nor (B)

12. AP and MP denote average product of labour and marginal product of labour respectively for a short run production function. AP is maximum if :
    (A) MP > AP   (B) MP < AP
    (C) MP = AP   (D) MP = 0

13. Which of the following is not a characteristic of monopolistic competition ?
    (A) Price competition   (B) Independent behaviour of firms
    (C) Large number of firms   (D) Freedom of entry and exit

14. Long run supply curve of a competitive industry is :
    (A) Horizontal   (B) Upward sloping
    (C) Downward sloping   (D) All of the above

15. Quality of iron ore found in India is of :
    (A) Poor quality   (B) One of the worst in the world
    (C) Good quality   (D) One of the best in the world

16. During 50 years of planning (1950-2000), per capita income in India registered decline in as many as :

    (A) 13 years   (B) 9 years

    (C) 7 years   (D) 3 years

17. Share of OECD countries in India's exports during 1990's has been _____ percent of total exports.

    (A) 30–40   (B) 40–50

    (C) 50–60   (D) 60–70

18. Which export promotion scheme involved largest Budgetary outlay before 1990 ?

    (A) Cash Compensatory Support

    (B) Duty Drawback System

    (C) Replenishment Licenses

    (D) Subsidies on Domestic Raw Materials

19. Which item constitutes largest export of handicraft goods for J&K economy ?

    (A) Carpets   (B) Paper Machie

    (C) Woollen Shawls   (D) None of the above

20. Tertiary sector accounted for about _____ percent of Gross State Domestic product of J & K economy during 1999-2000.

    (A) 46   (B) 50

    (C) 55   (D) 60

21. Which of the following is not true for the consumption function $C = aY, 0 < a < 1$?

    (A) MPC is constant

    (B) APC is constant

    (C) MPC = APC

    (D) Both MPC and APC are equal to unity

22. Which of the following is included in the estimation of national income ?

    (A) Income from sale of second hand goods

    (B) Imputed rent of owner-occupied houses

    (C) Income from windfall gains

    (D) Income from sale and purchase of old shares

23. Unemployment associated with the changing of jobs in a dynamic economy, is known as :

    (A)   Structural unemployment   (B)   Frictional unemployment

    (C)   Technical unemployment   (D)   Voluntary unemployment

24. Which of the following is not a cause of supply side inflation ?

    (A)   Increase in exports   (B)   Increase in money supply

    (C)   Natural calamities   (D)   Law of diminishing returns

25. If the cash reserve ratio is low, credit destruction will be :

    (A)   Low   (B)   High

    (C)   Unaffected   (D)   None of the above

26. If the Central Bank reduces bank rate, it will :

    (A)   make the credit costlier   (B)   decrease the volume of credit

    (C)   decrease the level of prices   (D)   none of the above

27. Under which system of taxation the gap between the rich and the poor sections of the society will widen ?

    (A)   Proportional taxes   (B)   Progressive taxes

    (C)   Regressive taxes   (D)   All of the above

28. Which of the following is included as an item of development budget ?

    (A)   Collection of taxes

    (B)   Payment of interest on public debt

    (C)   Administration and security services

    (D)   None of the above

29. Comparative cost theory of international trade is based on the assumption that production is subject to :

    (A)   increasing costs   (B)   decreasing costs

    (C)   constant costs   (D)   none of the above

30. 'Debt-service payments' is an item of :

    (A)   Current account   (B)   Capital account

    (C)   Cash account   (D)   All of the above

31. $\lim\limits_{x \to -1} \dfrac{x^2 - 1}{x + 1} =$

   (A) 1
   (B) −1
   (C) 2
   (D) −2

32. If demand curve is P = a − bQ, MR can be written as :

   (A) $aQ - bQ^2$
   (B) $a/Q - b$
   (C) $a - 2bQ$
   (D) $a - bQ$

33. The third moment about mean measures :

   (A) absolute skewness
   (B) relative skewness
   (C) absolute kurtosis
   (D) relative kurtosis

34. Average deviation is computed from :

   (A) Arithmetic average or mode
   (B) Arithmetic average or median
   (C) Geometric average or mode
   (D) Geometric average or median

35. Which of the following is inconsistent with the concept of stationary state ?

   (A) Constant total income
   (B) Subsistence wages
   (C) Absence of net investment
   (D) Changing population

36. The amount of physical capital that labour has to work with in a typical developing country is no more than _____ of the level in Europe and North America.

   (A) One-fifth
   (B) One-half
   (C) One-third
   (D) One-twentieth

37. Which of the factors is not responsible for the use of capital-intensive technologies in labour surplus economies ?

   (A) Distortion of factor markets
   (B) High efficiency wage of labour
   (C) Abundance of skilled labour
   (D) Use of imported technology

38. If TP, MP and AP denote total product, marginal product and average product per head of population, the optimum population will emerge only if :

   (A) TP is maximum
   (B) AP is maximum
   (C) MP > AP
   (D) MP < AP

39. Which assumption is irrelevant for completeness of preferences ?

    (A)   Consumer prefers first bundle to the second

    (B)   Consumer prefers second bundle to the first

    (C)   Consumer is indifferent between two bundles

    (D)   Consumer cannot decide which bundle is preferable

40. The marginal rate of substitution approaches _____ as we move down and to the right along an indifference curve.

    (A)   0   (B)   1

    (C) ∞ (D)   None of the above

41. P_1 is a production process using K_1 and L_1 amount of capital and labour respectively. P_2 uses K_2 and L_2 amount of capital and labour. P_1 is more capital intensive than P_2 if :

    (A) $K_1 \Big/ L_1 > \dfrac{K_2}{L_2}$ (B) $\dfrac{K_1}{L_1} < \dfrac{K_2}{L_2}$

    (C) $K_1 > K_2$ (D) $\dfrac{L_1}{K_1} > \dfrac{L_2}{K_2}$

42. If labour is measured horizontally and capital vertically, short-run expansion path for a producer with constant capital will be :

    (A)   St. line parallel to X-axis

    (B)   St. line parallel to Y-axis

    (C)   45° upward sloping St. line starting from origin

    (D)   None of the above

43. Total revenue of a monopolist is maximum at a point where price elasticity of demand is :

    (A)   0   (B)   1

    (C)   <1   (D) ∞

44. According to Ricardo, price of corn is equal to the cost of production on :

    (A)   Most fertile land   (B)   Less fertile land

    (C)   No-rent land   (D)   Any type of land

45. From 1951 to 2000, the total cropped area under _____ crop has fallen in India.
    (A) Food grains   (B) Cereals
    (C) Rice   (D) Pulses

46. About 40% of India's foodgrain production comes from :
    (A) Northern States   (B) Eastern States
    (C) Western States   (D) Southern States

47. The relationship between FDI approved and FDI realised in India during 1990s can be characterised as :
    (A) FDI approved has exceeded FDI realised
    (B) FDI realised has exceeded FDI approved
    (C) FDI approved and FDI realised have always been equal
    (D) Any of the above

48. During recent years, the largest contribution to India's exports within 'agriculture and allied products' has come from :
    (A) Tea and mate   (B) Cashew kernels
    (C) Rice   (D) Fish and fish preparations

49. The growth of population in J&K during 1991-2001 was about :
    (A) 20%   (B) 23%
    (C) 27%   (D) 29%

50. J&K Agrarian Reforms Act was passed during :
    (A) 1950   (B) 1966
    (C) 1972   (D) 1976

51. According to Keynes if desired investment is greater than desired saving in a simple two-sector closed economy, national income will :
    (A) Rise   (B) Fall
    (C) Fluctuate   (D) Remain unaffected

52. Which of the following is not a determinant of the long run supply curve of an economy ?
    (A) Labour   (B) Natural resources
    (C) Price   (D) Technology

53. Depression phase of a trade cycle is not associated with :

    (A) Low level of output   (B) Low level of unemployment

    (C) Low demand for credit   (D) Low inducement to invest

54. 'Duesenberry effect' is widely used in the analysis of :

    (A) Production   (B) Consumption

    (C) Investment   (D) Employment

55. Which of the following is not classified as near money ?

    (A) Demand deposits   (B) Bonds

    (C) Shares   (D) Bills of exchange

56. Token money is a form of :

    (A) Consumer good   (B) Capital good

    (C) Both (A) and (B)   (D) Exchange good

57. If revenue is measured horizontally and sacrifice vertically, the curve showing marginal sacrifice of taxation will be :

    (A) Parallel to X-axis

    (B) Parallel to Y-axis

    (C) Upward sloping from left to right

    (D) Downward sloping from left to right

58. The principle of taxation which states that if equals are to be taxed equally, then unequals should be taxed unequally, is known as :

    (A) Vertical equity   (B) Horizontal equity

    (C) Ability to pay   (D) Benefit principle

59. The policy of allowing a fixed quantity of a commodity to be imported free or on a low duty is known as :

    (A) Tariff quota   (B) Uni-lateral quota

    (C) Bi-lateral quota   (D) Mixed quota

60. 'Uneconomic use of resources' is an argument :

    (A) in favour of free trade   (B) in favour of protection

    (C) against free trade   (D) against protection

1. A function 'f' is continuous at x = a if :

    (A) f(x) is defined i.e. exists at x = a   (B) $\lim_{x \to a}$ f(x) exists

    (C) $\lim_{x \to a}$ f(x) = f(a)   (D) All of the above

2. Slope indicates the :

    (A) Steepness of a line   (B) Direction of a line

    (C) Both (A) and (B)   (D) Neither (A) nor (B)

3. Given $Q_s = -5 + 3p$

    $Q_D = 10 - 2$ p the equilibrium price is equal to :

    (A) 5   (B) 3

    (C) zero   (D) 15

4. In the context of Marginal Concepts, if TR = 75 Q – 4 Q², MR is equal to :

    (A) 75 – 8 Q   (B) 75 Q – 8

    (C) 75 + 8 Q   (D) 83 Q²

5. A function is differentiable at a point if :

    (A) It is continuous

    (B) It has a unique tangent at that point

    (C) Both (A) and (B)

    (D) Neither (A) nor (B)

6. Which of the following measures of Central Tendency can be used for further algebraic treatment ?

    (A) Arithmetic Mean   (B) Harmonic Mean

    (C) Geometric Mean   (D) All of the above

7. The value of co-relation co-efficient (r) is independent of :

    (A) Point of origin and scale   (B) Unit of measurement

    (C) Both (A) and (B)   (D) Neither (A) nor (B)

8. Which of the following is preferred to arithmetic mean while dealing with extreme observation ?

    (A) Median   (B) Mode

    (C) Geometric Mean   (D) Harmonic Mean

9. Karl Pearson's measure of Skewness is based on relation between :

    (A) Median and Quartiles   (B) Inter-quartile range and Range

    (C) Mean, Median, Mode   (D) All of the above

10. The value of which of the following measures of dispersion cannot be calculated in case of open ended classes ?

    (A) Standard deviation   (B) Mean deviation

    (C) Quartile deviation   (D) All of the above

11. Sustainable development means :

    (A) Ability to meet basic needs

    (B) A level of development that can be sustained across generations

    (C) Sustained increase in country's output

    (D) A level of development that enhances capabilities

12. In Schumpeter's scheme the distinguishing function of the entrepreneur is his concept of :

    (A) Technology   (B) Innovations

    (C) Inventions   (D) Savings

13. In Marxian system the net capital formation depends on :

    (A) Constant Capital   (B) Variable Capital

    (C) Surplus Value   (D) All of the above

14. Which of the following does not figure among the four essential components of Human development paradigm according to Mahbub-ul-Haq ?

    (A) Equity   (B) Sustainability

    (C) Productivity   (D) Poverty

15. PQLI incorporates three components. Choose correct option from following series :

    (1)   Life expectancy   (2)   Per capita income

    (3)   Infant mortality   (4)   Literacy

    (5)   Standard of living

    (A)   3, 4, 5   (B)   1, 2, 3

    (C)   1, 3, 4   (D)   2, 4, 5

16. The choice to opt for labour or capital intensive techniques in developing countries often depends upon :

    (A)   the time horizon one has in view

    (B)   the quantity of labour one has in view

    (C)   the cost of factors of production

    (D)   none of the above

17. Who among the following is of the opinion that the trend towards external imbalance in the developing countries is mainly due to the disparity between the rate of growth of their primary exports and the rate of growth of their imports of industrial goods :

    (A)   Nurkse   (B)   Rostow

    (C)   Prebish-Singer   (D)   Solow

18. The first National Planning Committee under the Chairmanship of J.L. Nehru was established in :

    (A)   1931   (B)   1938

    (C)   1949   (D)   1951

19. According to Arthur Lewis, a system of planning under which State has complete control over means of production is called :

    (A)   Planning by direction   (B)   Decentralised planning

    (C)   Planning through market   (D)   All of the above

20. Which of the following is a practical aspect of planning ?

    (A)   Planning body   (B)   Planning objectives

    (C)   Planning Strategy   (D)   All of the above

21. Which of the following schools postulated that utility can be measured ?
   (A) Cardinalist School
   (B) Oridinalist School
   (C) Historical School
   (D) None of the above

22. When a one percent change in price evokes less than one percent change in quantity demanded, if is called :
   (A) Price-elastic demand
   (B) Price-inelastic demand
   (C) Unit-elastic demand
   (D) None of the above

23. Consumer equilibrium is attained at the point where :
   (A) The budget line is tangent to the highest indifference curve
   (B) The consumers substitution ratio is just equal to the slope of budget line
   (C) Both (A) and (B)
   (D) Neither (A) nor (B)

24. A case where a change in all inputs leads to a proportional change in output denotes :
   (A) Decreasing returns to scale
   (B) Increasing returns to scale
   (C) Law of variable proportions
   (D) None of the above

25. The general mathematical form of the production function is :
   (A) $Q = AL^{\alpha}K^{\beta}$
   (B) $Y = f(L, K, R, S)$
   (C) $Y = (L, K, R, S, v, y)$
   (D) $Q = L, K, R, S, Y$

26. Which of the following is NOT a feature of perfect competition ?
   (A) Profit maximisation
   (B) Product hetrogeneity
   (C) Perfect knowledge
   (D) Free entry

27. Which of the following conditions maximises monopolists short-run profits ?
   (A) When MC = MR
   (B) The slope of MC is greater than the slope of MR at the point of intersection
   (C) Both (A) and (B)
   (D) None of the above

28. According to Ricardo rent is return for usefulness of the :
    (A) Bounty of Nature
    (B) Original and indestructible powers of soil
    (C) Abundance of Produce
    (D) None of the above

29. According to Keynes the rate of interest is determined by demand for and supply of :
    (A) Savings
    (B) Loanable funds
    (C) Money
    (D) None of the above

30. Wage differentials that serve to compensate for relative attractiveness or non-monetary differences among jobs are called :
    (A) Compensating wages
    (B) Compensating differentials
    (C) Differential Wages
    (D) None of the above

31. The central objective of 11th plan in India was :
    (A) Productive employment
    (B) Inclusive growth
    (C) Women empowerment
    (D) Universilization of elementary education

32. The concept of Green Revolution rests on :
    (A) Seeds
    (B) Fertilizers
    (C) Farm Machinery
    (D) All of the above

33. The Industrial Policy Resolution of 1956 was based on the development model of :
    (A) Lewis
    (B) Mahalanobis
    (C) Nurkse
    (D) Harrod & Domar

34. For the purpose of disinvestment the PSE's were classified into strategic and non-strategic areas by GOI in :
    (A) July 1991
    (B) April 1993
    (C) March 1999
    (D) July 2002

35. The phrase "The Hindu Rate of Growth" was coined by :
    - (A) Prof. Sukhmoy Chakarwarti
    - (B) Prof. Raj Krishna
    - (C) Prof. A.K. Sen
    - (D) Prof. Narsimiham

36. The most important export item of India in 1960-61 was :
    - (A) Jute
    - (B) Cotton
    - (C) Tea
    - (D) Handicrafts

37. Full convertibility of the Indian Rupee on trade account was introduced during :
    - (A) 1992-93
    - (B) 1993-94
    - (C) 1994-95
    - (D) None of the above

38. Which period is known as golden period for India's balance of payments position ?
    - (A) 1956-57 to 1975-76
    - (B) 1976-77 to 1979-780
    - (C) 1980-81 to 1992-93
    - (D) None of the above

39. Which of the following is NOT a component of Tenancy Reforms ?
    - (A) Regulation of Rent
    - (B) Consolidation of holdings
    - (C) Abolition of intermediary
    - (D) Security of tennure

40. Which of the following is often designated as the export promotion strategy ?
    - (A) Outward Orientation
    - (B) Inward orientation
    - (C) Both (A) and (B)
    - (D) Neither (A) nor (B)

41. Who among the following based his ideas about National Income on consumption rather than production ?
    - (A) Marshall
    - (B) Pigou
    - (C) Fisher
    - (D) Keynes

42. Net National Income at Market Price is equal to :
    - (A) NNP at FC + Direct-taxes-Subsidies
    - (B) NNP at FC + Indirect-taxes-Subsidies
    - (C) NNP at FC – depreciation
    - (D) None of the above

43. Which of the following is NOT a component of GDP under Income Approach ?
    (A) Rent
    (B) Wages
    (C) Profit
    (D) None of the above

44. Classical Theory treated investment as :
    (A) Direct function of interest rates
    (B) An inverse function of interest rates
    (C) Not a function of interest rates at all
    (D) None of the above

45. The theory that Market Glut is impossible by its very nature was propounded by :
    (A) Malthus
    (B) J.B. Say
    (C) Ricardo
    (D) J.S. Mill

46. The Economy falls in _____ when due to low rate of interest the demand for money becomes perfectly elastic :
    (A) Debt trap
    (B) Liquidity trap
    (C) Foreign trap
    (D) None of the above

47. Keynesian theory of employment is based on :
    (A) Short run view
    (B) Long run view
    (C) Medium term
    (D) All of the above

48. The consumption function relates the level of consumption to the level of :
    (A) Savings
    (B) Propensity to consume
    (C) Disposable income
    (D) All of the above

49. Which of the following is NOT a cause of Cost-Push Inflation ?
    (A) Increase in wages
    (B) Increase in Profit Margin
    (C) Imposition of heavy commodity tax
    (D) None of the above

50. Which of the following types of Inflation is conducive to economic progress, if not allowed to persist too long ?

    (A) Creeping   (B) Walking

    (C) Running   (D) Jumping

51. M_2 is $= M_1$ Plus :

    (A) Time deposits with banking system

    (B) Time deposits with post offices

    (C) Saving deposits with post offices

    (D) Recurring deposits with post offices

52. "Money is matter of functions four _____". Complete the couplet by choosing the right series from the below :

    (1) A Unit   (2) A medium

    (3) A measure   (4) An Exchange

    (5) A standard   (6) A store

    Options :

    (A) 2, 3, 5, 6   (B) 1, 2, 4, 6

    (C) 4, 1, 5, 6   (D) 3, 4, 2, 6

53. Which of the following is NOT a primary objective of Commercial Bank ?

    (A) Liquidity   (B) Solvency

    (C) Profitability   (D) None of the above

54. Bank rate is defined as :

    (A) Prime lending rate of interest

    (B) A rate at which central banks lend money to commercial banks against first class bills of exchange

    (C) A rate of interest at which commercial banks lend money to their preferential clients against first class bills of exchange

    (D) None of the above

55. Which of the following features of open market operations make it technically more efficient than Bank rate ?

    (A) Flexibility   (B) Reversibility

    (C) Both (A) and (B)   (D) None of the above

56. Which of the following is NOT true in case of proportional tax ?
    (A) It is easy to calculate
    (B) It disturbs the pattern of distribution
    (C) It is certain
    (D) None of the above

57. The commonly accepted principle of budget preparations is that of :
    (A) Legislative type   (B) Executive type
    (C) The board or commission type   (D) None of the above

58. Which of the following is NOT a component of Tax Revenue of the Central Government ?
    (A) Income tax   (B) Property tax
    (C) Commodity tax   (D) Interest receipts

59. A levy imposed upon each unit of a commodity imported into country is called :
    (A) Quota   (B) Tariff
    (C) Commodity tax   (D) Duty

60. The merchandise and invisibles are two broad categories of :
    (A) Current account of balance of payments
    (B) Capital account of balance of payments
    (C) Terms of trade
    (D) None of the above

1. If the indifference curve is convex to the origin, marginal rate of substitution of one commodity for another commodity is :
   - (A) Increasing
   - (B) Decreasing
   - (C) Constant
   - (D) None of the above

2. Given the prices of two commodities, an increase in income will lead to :
   - (A) Parallel shift outward of the budget line
   - (B) Parallel shift inward of the budget line
   - (C) Budget line becomes steeper
   - (D) Budget line becomes flatter

3. Inflation means :
   - (A) Persistent rise in general level of prices
   - (B) Appreciable rise in general level of prices
   - (C) Persistent or appreciable rise in general level of prices
   - (D) Persistent and appreciable rise in general level of prices

4. Which payment must be subtracted to calculate the net national income at factor cost ?
   - (A) Wages
   - (B) Interest
   - (C) Net profits
   - (D) Transfer payments

5. Money which is accepted on the basis of trust between the payer and the payee is known as :
   - (A) Fiat money
   - (B) Fiduciary money
   - (C) Credit money
   - (D) Near money

6. Which of the following is true about Chicago approach regarding the definition of money ?
   - (A) Currency is more important
   - (B) Demand deposits are more important
   - (C) Time deposits are more important
   - (D) All the three components are equally important

7. Which of the following is not an assumption of Adam Smith's Cost Theory of Absolute Advantage ?

    (A) Labour is the only factor of production

    (B) There is full employment in the economy

    (C) Law of increasing returns to scale operates in the economy

    (D) Labour is perfectly immobile between the countries

8. If E_x and E_m denote elasticity of demand for exports and imports respectively, Marshal-Lerner condition for success of devaluation to improve the balance of payments position can be written as :

    (A) Ex + Em = 1   (B) Ex + Em > 1

    (C) Ex + Em < 1   (D) Ex = Em = 1

9. The coefficient of correlation :

    (A) Cannot be positive

    (B) Cannot be negative

    (C) Is always positive

    (D) Can be either positive or negative

10. Paashe's index is based on :

    (A) Base year quantities

    (B) Current year quantities

    (C) Arithmetic average of (A) and (B)

    (D) All of the above

11. Construction of HDI is based on :

    (A) Economic indicators

    (B) Economic and social indicators

    (C) Economic, social and political indicators

    (D) Economic, social, political and cultural indicators

12. Self-esteem as a core component of economic development was suggested by :

    (A) Keynes   (B) Mehboob-ul-Haq

    (C) Goulet   (D) A.K.Sen

13. Demand for a commodity as a function of income with all prices being held constant, is represented by :

    (A) Engel curve   (B) Price offer curve

    (C) Inverse demand curve   (D) Lorenz curve

14. The cost involved in painting the walls of a factory is a :

    (A) Fixed cost   (B) Sunk cost

    (C) Both (A) and (B)   (D) Neither (A) nor (B)

15. Which of the following is not included in the tertiary sector ?

    (A) Banking   (B) Transport

    (C) Communication   (D) Mining

16. According to Keynes, demand for money is mainly determined by :

    (A) Income and wealth   (B) Income and price

    (C) Income and interest   (D) Wealth and interest

17. The committee on capital account convertibility was headed by :

    (A) S.S. Tarapore   (B) C. Rangarajan

    (C) Manmohan Singh   (D) A.K. Sen

18. The average GDP growth rate envisaged in the 11th five year plan of India is :

    (A) 8 percent   (B) 9 percent

    (C) 10 percent   (D) 11 percent

19. Live stock ownership in India is skewed in favour of :

    (A) Small farmers

    (B) Medium farmers

    (C) Large farmers

    (D) Landless agricultural labourers

20. If Gini coefficient declines over a period of time, income inequality will tend to :
   (A) Rise
   (B) Fall
   (C) Remain unchanged
   (D) Cannot say anything with certainty

21. Organic composition of capital in Marxian theory of economic growth is measured by a ratio of :
   (A) Constant to total capital
   (B) Variable to total capital
   (C) Constant to variable capital
   (D) All of the above

22. Which average is most appropriate if the distribution is skewed ?
   (A) Arithmetic mean
   (B) Geometric mean
   (C) Mode
   (D) Median

23. In the balance of payments, foreign direct investment is covered under :
   (A) Service account
   (B) Current account
   (C) Capital account
   (D) All of the above

24. Compound duty is the combination of :
   (A) Advalorem and specific duty
   (B) Advalorem and sliding scale duty
   (C) Specific and sliding scale duty
   (D) All of the above

25. Share of total consumption in aggregate demand can be estimated by :
   (A) Average propensity to consume
   (B) Marginal propensity to consume
   (C) Average propensity to save
   (D) Marginal propensity to save

26. According to Keynes, aggregate demand in the short run can be increased by increasing:

    (A) Consumption

    (B) Investment

    (C) Consumption or investment

    (D) Consumption and investment

27. In Fisher's equation of exchange $MV=PT$:

    (A) P is a resultant factor

    (B) P is a causative factor

    (C) P is both resultant and causative factor

    (D) P is either resultant or causative factor

28. If the desired cash reserve ratio increases, the deposit multiplier will :

    (A) Increase   (B) Decrease

    (C) Remain unchanged   (D) Behaviour is uncertain

29. Which proportion of cultivated area in India is currently under irrigation ?

    (A) 30 percent   (B) 40 percent

    (C) 50 percent   (D) 60 percent

30. Which sector contributes maximum to the gross domestic savings in India ?

    (A) Household sector

    (B) Private corporate sector

    (C) Public sector

    (D) Private corporate sector and Public sector

31. Under which technical progress the ratio of marginal product of capital to the marginal product of labour will tend to rise ?

    (A) Neutral technical progress

    (B) Capital saving technical progress

    (C) Labour saving technical progress

    (D) All of the above

32. Which of the following classical economists is not an advocate of stationary state hypothesis?

    (A) Ricardo
    (B) Malthus
    (C) Marx
    (D) Adam Smith

33. The sampling element could be a:

    (A) Person
    (B) Group
    (C) Organisation
    (D) All of the above

34. Given two regression coefficients, correlation between the variables is negative if:

    (A) Both regression coefficients are positive
    (B) Both regression coefficients are negative
    (C) One regression coefficient is positive and other is negative
    (D) All of the above

35. Which terms of trade will deteriorate if there is decline in the prices of exports while as prices of imports remain unchanged?

    (A) Gross barter terms of trade
    (B) Factoral terms of trade
    (C) Income terms of trade
    (D) Commodity terms of trade

36. Unplanned investment which is involuntarily incurred by an investor is known as:

    (A) Replacement investment
    (B) Public investment
    (C) Ex-ante investment
    (D) Ex-post investment

37. Liquidity trap emerges when the rate of interest is:

    (A) Very low
    (B) Very high
    (C) Either high or low
    (D) None of the above

38. According to classical economists demand for money and supply of money functions are homogeneous of degree:

    (A) 0
    (B) 1
    (C) ∞
    (D) Between 1 and ∞

39. The average cost function measures the :
   - (A) Cost per unit of output
   - (B) Variable cost per unit of output
   - (C) Fixed cost per unit of output
   - (D) Change in the cost for a given change in output

40. Limited substitutability of labour and capital is implied by a :
   - (A) Linear isoquant
   - (B) Convex isoquant
   - (C) Kinked isoquant
   - (D) Input-output isoquant

41. Law of variable proportions is not applicable for a homogeneous production function if there are :
   - (A) Decreasing returns to scale
   - (B) Constant returns to scale
   - (C) Increasing returns to scale
   - (D) All of the above

42. Which committee envisaged the concept of Joint Sector in India ?
   - (A) Hazari Committee
   - (B) Dutt Committee
   - (C) Wanchoo Committee
   - (D) Maholonobis Committee

43. Which component of service sector has grown at the fastest rate during the era of economic reforms in India ?
   - (A) Construction
   - (B) Communication
   - (C) Public administration
   - (D) Storage

44. The rule of thumb for ensuring financial prudence suggests that the value of debt-equity ratio should be :
   - (A) 0
   - (B) 1
   - (C) 10
   - (D) 100

45. Risk of default covers :
   - (A) Full default in respect of the principle
   - (B) Full default in respect of the interest
   - (C) Partial default in respect of the principle
   - (D) All of the above

46. Which of the following is a common type of charts ?

    (A)   Bar chart   (B)   Pictogram

    (C)   Statistical map   (D)   All of the above

47. Which of the following is not true about Fisher's ideal method ?

    (A)   It takes into account both current year as well as base year prices and quantities

    (B) . It is free from bias

    (C)   It is based on arithmetic mean

    (D)   It satisfies time reversal test

48. The rent earned by an economic factor will be low if the supply curve is :

    (A)   Less elastic   (B)   Unit elastic

    (C)   More elastic   (D)   None of the above

49. Money supply does not vary inversely with :

    (A)   High powered money   (B)   Currency ratio

    (C)   Reserve ratio   (D)   Excess reserve ratio

50. Short run equilibrium of a competitive firm at a particular point of time implies :

    (A)   Profits only   (B)   Loses only

    (C)   Either (A) or (B)   (D)   Both (A) and (B)

51. Outside the ridge lines marginal products of factors of production are :

    (A)   Negative   (B)   Zero

    (C)   Positive   (D)   All of the above

52. Given that x is the dependent variable and y is the independent variable, the slope of a simple regression equation will measure :

    (A)   Mean value of y when x=0

    (B)   Variance of the value of x

    (C)   Variance of the value of y for a given value of x

    (D)   Change in mean value of y per unit change in x

53. If the official exchange rate is used to convert the per capita income of a developing economy into US dollars, the real standard of living will get :
    (A) Under estimated
    (B) Over estimated
    (C) Remain constant
    (D) Cannot say anything

54. Inflation in the double or triple digit range is known as :
    (A) Moderate inflation
    (B) Hyper inflation
    · (C) Galloping inflation
    (D) Open inflation

55. If marginal efficiency of capital curve is more elastic, slight fall in the rate of interest will lead to :
    (A) large increase in investment
    (B) little increase in investment
    (C) large decrease in investment
    (D) little decrease in investment

56. The number of sick industrial units in India is more than :
    (A) 1.5 lakh
    (B) 2.5 lakh
    (C) 3.5 lakh
    (D) 4.5 lakh

57. Unemployment associated with changing of jobs in a dynamic economy is known as:
    (A) Frictional unemployment
    (B) Seasonal unemployment
    (C) Voluntary unemployment
    (D) Technical unemployment

58. Growth of supply potential of agriculture output is determined by :
    (A) Growth of labour force
    (B) Growth of labour productivity
    (C) Both (A) and (B)
    (D) None of the above

59. If a decrease in the price of a good leads to a reduction in its demand, such a good is known as :
    (A) Normal
    (B) Luxury
    (C) Inferior
    (D) Giffen

60. Which of the following is not true in case of marginal propensity to consume ?

    (A)   It is less than unity

    (B)   It is constant in the long run

    (C)   It falls in the short run

    (D)   It is lower for the poor people

Economics

1. If total utility remains constant with the consumption of one more unit of a commodity, marginal utility must be :

    (a) Positive   (b) Negative

    (c) Zero   (d) All of the above

2. If the marginal rate of substitution of commodity X for commodity Y is declining as the consumer moves down the indifference curve, the shape of indifference curve must be :

    (a) Convex   (b) Concave

    (c) Circular   (d) Parabolic

3. A point where the budget line is tangent to an indifference curve, is known as :

    (a) Consumer equilibrium   (b) Constrained utility maximization

    (c) Consumer optimization   (d) All of the above

4. If the Engel curve is negatively sloped, the commodity is a :

    (a) Luxury   (b) Necessity

    (c) inferior good   (d) None of the above

5. At a point where the slope of short-run production function is zero, marginal product of the variable factor is :

    (a) Positive   (b) Negative

    (c) Zero   (d) Indeterminate

6. What is the relationship between marginal product of labour (MPL) and marginal product of capital (MPK) for a negatively sloped isoquant ?

    (a) MPL is positive and MPK is negative

    (b) MPK is positive and MPL is negative

    (c) Both MPL and MPK are negative

    (d) Both MPL and MPK are positive

7. Given the Cobb-Douglas production function $Q = AL^{\alpha} K^{\beta}$ where Q is the level of output and L and K are labour and capital respectively, the exponent 'α' measures :

   (a) Elasticity of output

   (b) Elasticity of inputs

   (c) Elasticity of output with respect to labour

   (d) ˙Elasticity of output with respect to capital

8. Among the three cost curves namely Average Total Cost (ATC), Average Variable Cost (AVC), and Marginal Cost (MC), which curve will reach its minimum point at a smaller level of output ?

   (a) ATC   (b) AVC

   (c) Both (a) and (b)   (d) MC

9. During the short-run the shape of total revenue curve for a perfectly competitive firm is :

   (a) Downward sloping straight line   (b) Vertical

   (c) Horizontal   (d) None of the above

10. If Price equals Average Variable Cost (P = AVC), a competitive firm will incur losses that are :

   (a) Equal to fixed costs   (b) Equal to variable costs

   (c) Greater than fixed costs   (d) Less than fixed costs

11. For a monopolist marginal revenue equals zero (MR = 0) if demand is :

   (a) Unit Elastic   (b) Inelastic

   (c) Elastic   (d) Perfectly elastic

12. All the payment made to a factor is rent if its supply is :

   (a) Perfectly elastic   (b) Perfectly inelastic

   (c) Positively upward sloping   (d) All of the above

13. If a master marries his maid, the GDP of the country will :

   (a) Increase   (b) Decrease

   (c) Remain unchanged   (d) None of the above

14. Under expenditure approach which of the following is not a component of GDP ?

   (a) Consumption   (b) Saving

   (c) ˙Investment   (d) Net exports

15. GDP deflator reflects :

   (a) Only the prices of goods and services produced

   (b) Only the quantities of goods and services produced

   (c) Both the prices and quantities of goods and services produced

   (d) All of the above

16. Which of the following indicators does not capture the aspects of environmental change ?

   (a) Income indicators   (b) Pressure indicators

   (c) Impact indicators   (d) Sustainable indicators

17. According to Classical theory of employment, demand for labour is a function of :

   (a) Price   (b) Money wage

   (c) Real wage   (d) Interest rate

18. In Keynesian income determination model if saving exceeds investment, income will :

   (a) Increase   (b) Decrease

   (c) First increase and then decrease (d) First decrease and then increase

19. For a linear non-proportional consumption function :

   (a) MPC is constant   (b) APC is constant

   (c) APC < MPC   (d) MPC = APC

20. Which of the following is not a determinant of the long-run supply curve of an economy?

    (a) Capital   (b) Technology

    (c) Price   (d) Natural resources

21. According to Keynes, level of income is an important determinant of:

    (a) Transaction demand

    (b) Transaction and precautionary demand

    (c) Precautionary and speculative demand

    (d) Transaction, precautionary and speculative demand

22. Which version of Quantity Theory of Money recognises money as a store of value?

    (a) Transaction approach   (b) Cash balance approach

    (c) Both (a) and (b)   (d) None of the above

23. Which of the following is a cause of demand-pull inflation?

    (a) Higher wages   (b) Higher profit margin

    (c) Increase in money supply   (d) Higher taxes

24. Depression phase of a trade cycle affects:

    (a) GDP   (b) GDP and prices

    (c) Prices and employment   (d) GDP, prices and employment

25. _____ is not a characteristic of a typical less developed economy.

    (a) Low pressure on land   (b) Low productivity

    (c) Low saving and investment   (d) Backward technology

26. According to Classical theory of growth, technical change can:

    (a) Eliminate the day of doom

    (b) Postpone the day of doom

    (c) Leave the day of doom unaffected

    (d) Impact is uncertain

27. Given the Marxian definition of constant capital (c), variable capital (q) and surplus value (s), the value of a commodity (w) is given as :

    (a) $w = c + q - s$ (b) $w = c - q + s$

    (c) $w = c - q - s$ (d) $w = c + q + s$

28. Nurkse advocates balanced growth so as to eliminate indivisibilities on :

    (a)   Both demand and supply side   (b)   Only the supply side

    (c)   Only the demand side   (d)   Either (b) or (c)

29. Seed-fertilizer revolution is generally expected to result in _____ distribution of income.

    (a)   More equal   (b)   Less equal

    (c)   Unchanged   (d)   Uncertain

30. The miracle seed for the production of rice and wheat was first used in :

    (a)   India   (b)   China

    (c)   South Korea   (d)   Mexico

31. Export instability of LDCs is mainly due to :

    (a)   High price elasticity of demand for exports

    (b)   Commodity concentration of exports

    (c)   Geographical dispersal of exports

    (d)   Small size of the economy

32. Measured in terms of purchasing power parity dollars, World Bank (1990) defined absolute poverty of a person in terms of an annual income of :

    (a) $ 350   (b) $ 360

    (c) $ 370   (d) $ 390

33. Fiduciary monetary system is backed by :

    (a)   Silver   (b)   Gold

    (c)   Foreign exchange reserves   (d)   Trust of people

34. M1 money supply does not include :

(a) Currency held by non-bank public

(b) Traveler's checks

(c) Saving deposits

(d) Other checkable deposits

35. A bank is 'loaned up' when it has :

(a) Zero excess reserves

(b) Zero required reserves

(c) Zero total reserves

(d) All of the above

36. If the currency-deposit ratio increases, money multiplier will :

(a) Increase

(b) Decrease

(c) Remain unchanged

(d) Impact is uncertain

37. Treasury bill market deals with the bills issued by :

(a) Firms

(b) Banks

(c) Government

(d) All of the above

38. Paper money does not always pass the test of :

(a) Durability

(b) Weight

(c) Divisibility

(d) Size

39. 'Money is what money does' is the definition of money given by :

(a) Robertson

(b) Keynes

(c) Walker

(d) Crowther

40. If the central bank raises the reserve ratio, the excess reserves of commercial banks will :

(a) Increase

(b) Decrease

(c) Remain unchanged

(d) None of the above

41. _____ is a debit item in a country's balance of payments account.

(a) Exports of services

(b) Imports of services

(c) Capital inflow from abroad

(d) Transfer receipts from abroad

42. Qx and Qm represent quantity of exports and imports while as Px and Pm represent their respective prices, the commodity terms of trade can be expressed as :

(a) $\dfrac{Px}{Qx}$

(b) $\dfrac{Pm}{Qm}$

(c) $\dfrac{Qx}{Qm}$

(d) $\dfrac{Px}{Pm}$

43. Under decreasing opportunity cost, a country will have :

(a) Complete specialisation in only one product

(b) Complete specialisation in both products

(c) Incomplete specialisation in both products

(d) All of the above

44. If PK and PL denote price of capital and labour respectively and A and B represent two countries, country A, according to Hecksher-Ohlin theory is abundant in capital if :

(a) $\left(\dfrac{PK}{PL}\right)A > \left(\dfrac{PK}{PL}\right)$

(b) $\left(\dfrac{PK}{PL}\right)A < \left(\dfrac{PK}{PL}\right)B$

(c) $\left(\dfrac{PK}{PL}\right)A = \left(\dfrac{PK}{PL}\right)B$

(d) $\left(\dfrac{PK}{PL}\right)A \geq \left(\dfrac{PK}{PL}\right)B$

45. Which of the following years is not a part of plan holiday in India ?

(a) 1966-67

(b) 1968-69

(c) 1984-85

(d) 1991-92

46. Planning which does not involve any change in the existing Socio-economic structure of the society, is known as :

(a) Structural planning

(b) Functional planning

(c) Physical planning

(d) Medium term planning

47. Which of the following price indices is used for the wage indexation in the organised sector of India ?

    (a)   CPI for the urban non-manual employees

    (b)   CPI for industrial workers

    (c)   CPI for agricultural labourers

    (d)   CPI for rural labourers

48. In terms of gross cropped area _____ is the most important crop in India.

    (a)   Wheat   (b)   Rice

    (c)   Sugar Cane   (d)   Rubber

49. The working of industrial licensing was first criticised by :

    (a)   Hazari Committee   (b)   Dutt Committee

    (c)   Monopolies Inquiry Commission   (d)   None of the above

50. Indian rupee was made fully convertible on current account during :

    (a)   1991   (b)   1992

    (c)   1993   (d)   1994

51. Which period is known as the period of stagnant population in India ?

    (a)   1901-1921   (b)   1921-1951

    (c)   1951-1981   (d)   1981-2001

52. Currently the contribution of agriculture in the national income of India is less than :

    (a)   10%   (b)   20%

    (c)   30%   (d)   40%

53. Lorenz curve is a graphical method to study :

    (a)   Correlation   (b)   Index numbers

    (c)   Averages   (d)   Dispersion

54. Which method of measuring dispersion is more suitable for open-ended distribution ?

  (a) Range
  (b) Standard deviation
  (c) Mean deviation
  (d) Quartile deviation

55. If a constant amount is added to each value in a distribution, the arithmetic mean :

  (a) Remains unchanged
  (b) Increases by the same constant value
  (c) Decreases by the same constant value
  (d) None of the above

56. Coefficient of correlation is :

  (a) Always positive
  (b) Always negative
  (c) Always equal to unity
  (d) Either positive or negative

57. Data which are already in existence, are known as :

  (a) Internal data
  (b) External data
  (c) Primary data
  (d) Secondary data

58. For graphical presentation of data which dimension of a bar diagram is relevant ?

  (a) Length
  (b) Width
  (c) Both length and width
  (d) Area of the bar

59. Fisher's ideal index is :

  (a) Median of Laspeyre's and Paasche's indices
  (b) Arithmetic mean of Laspeyre's and Paasche's indices
  (c) Geometric mean of Laspeyre's and Paasche's indices
  (d) None of the above

60. The sum of squares of deviations from arithmetic mean is :

  (a) Minimum
  (b) Zero
  (c) Maximum
  (d) Infinite

Economics - 2010

1. Law of diminishing returns to factors is applicable during :
   - (a) Short run
   - (b) Long run
   - (c) Market period
   - (d) None of the above

2. Input-Output iso-quant is also known as :
   - (a) Leontiff iso-quant
   - (b) Kinked iso-quant
   - (c) Engineering iso-quant
   - (d) Convex iso-quant

3. Prime lending rates are decided by :
   - (a) Central bank
   - (b) Commercial banks
   - (c) Companies
   - (d) Depositors

4. Inter-bank lending and borrowing takes place in :
   - (a) Capital market
   - (b) Money market
   - (c) Debt market
   - (d) Call money market

5. If the frequency curve has a longer tail to the right, skewness will be :
   - (a) positive
   - (b) negative
   - (c) zero
   - (d) indeterminate

6. For which agricultural commodity, procurement in India is open-ended ?
   - (a) maize
   - (b) oilseeds
   - (c) rice
   - (d) pulses

7. Since economic reforms, terms of trade have been _____ for agriculture :
   - (a) favourable
   - (b) unfavourable
   - (c) stagnant
   - (d) fluctuating

8. For which group of consumers, minimum issue price is less than the market price :
   - (a) APL consumers
   - (b) BPL consumers
   - (c) Both (a) and (b)
   - (d) None of the above

9. Inequality of income is high if there is overdependence on :
   - (a) Land
   - (b) Capital
   - (c) Human skills
   - (d) Technology

10. Rate of growth of population in less developed countries is high because of :
    (a) high birth rate and high death rate
    (b) high birth rate and low death rate
    (c) low birth rate and low death rate
    (d) migration from developed countries

11. Transfer payments from the government are received by :
    (a) households   (b) firms
    (c) rest of the world   (d) all of the above

12. In case of Cobb-Douglas production function, elasticity of substitution is always equal to :
    (a) 0   (b) 1
    (c) 2   (d) ∞

13. What is the value of price elasticity of demand if the demand curve is horizontal ?
    (a) 0   (b) -1
    (c) 1   (d) ∞

14. What distinguishes Harrod's model from Solow's model of economic growth ?
    (a) returns to scale
    (b) returns to variable factors
    (c) propensity to save
    (d) degree of substitution between labour and capital

15. The maximum value of HDI is :
    (a) 0   (b) 1
    (c) -1 (d) ∞

16. Which State did not benefit from green revolution ?
    (a) Punjab   (b) Haryana
    (c) Rajasthan   (d) Western U.P.

17. Capital stock of a nation increases if there is an increase in :
    (a) gross investment   (b) net investment
    (c) depreciation   (d) consumption

18. Which of the following is not a property of mean deviation ?
   (a) it is easy to calculate
   (b) it is based on each and every item
   (c) it is capable of further algebraic treatment
   (d) it is rigidly defined

19. When paper money is demonetized, its intrinsic value becomes :
   (a) high   (b) low
   (c) zero   (d) indeterminate

20. If the face value of money equals its intrinsic value, the money is called :
   (a) commodity money   (b) representative money
   (c) credit money   (d) electronic money

21. Geometric average gives more weightage to :
   (a) small items
   (b) large items
   (c) same weightage to both small and large items
   (d) none of the above

22. Which of the following is a property of harmonic mean ?
   (a) it is difficult to understand   (b) it is difficult to calculate
   (c) both (a) and (b)   (d) neither (a) nor (b)

23. India witnessed deceleration in industrial growth during the period :
   (a) 1951-56   (b) 1966-80
   (c) 1980-91   (d) 1992-2000

24. Which Committee advocated the concept of joint sector in India ?
   (a) Abid Hussian   (b) Hazari
   (c) Khusro   (d) Dutt

25. Which of the following items is included in the GNP of a country ?
   (a) services of housewives   (b) services of smugglers
   (c) services of sadhus   (d) services of sweepers

26. Per capita income of a country increases when :
    - (a) GNP increases slower than population
    - (b) GNP increases at the same rate as population
    - (c) GNP increases faster than population
    - (d) None of the above

27. Given that ICOR = incremental capital output ratio and DY = change in income, how much amount of investment is needed to increase the income by a given percentage?
    - (a) ICOR × DY
    - (b) ICOR/DY
    - (c) ICOR − DY
    - (d) ICOR + DY

28. Output/labour is popularly known as :
    - (a) marginal product of labour
    - (b) total product of labour
    - (c) average product of labour
    - (d) both (b) and (c)

29. Balanced growth strategy involves indivisibilities of :
    - (a) demand
    - (b) supply
    - (c) both (a) and (b)
    - (d) neither (a) nor (b)

30. Surplus in the balance of payments can be corrected through :
    - (a) export promotion
    - (b) exchange control
    - (c) increase in interest rate
    - (d) appreciation of currency

31. Which of the following is a positional average ?
    - (a) arithmetic mean
    - (b) median
    - (c) geometric mean
    - (d) harmonic mean

32. The value dividing the series into 10 equal parts, is known as
    - (a) quartiles
    - (b) percentiles
    - (c) deciles
    - (d) mode

33. To maximize profits, a monopolist can set :
    - (a) price
    - (b) output
    - (c) both (a) and (b)
    - (d) either (a) or (b)

34. A temporary tax for covering additional expenditure during emergency times, is known as :
    - (a) surcharge
    - (b) customs duty
    - (c) sales tax
    - (d) cess

35. For a monopolist, demand curve is the same as :
    (a) M R curve
    (b) A R curve
    (c) M C curve
    (d) T C curve

36. Selling costs are incurred in case of :
    (a) perfect competition
    (b) monopolistic competition
    (c) imperfect competition
    (d) all of the above

37. Presently about _____ of cropped area in India still depends on monsoons
    (a) 40%
    (b) 50%
    (c) 60%
    (d) 70%

38. Chronic unemployment in India is measured by :
    (a) usual status
    (b) daily status
    (c) weekly status
    (d) all of the above

39. If we take geometric mean of two regression coefficient, we get :
    (a) arithmetic mean
    (b) dispersion
    (c) skewness
    (d) correlation

40. Lack of symmetry in data is known as :
    (a) moments
    (b) skewness
    (c) kurtosis
    (d) dispersion

41. According to Keynes, consumption function is :
    (a) proportional
    (b) non-proportional
    (c) parabolic
    (d) hyperbolic

42. Given that MEC = marginal efficiency of capital, AEC = average efficiency of capital and r = market rate of interest, it pays to employ one more unit of capital if :
    (a) MEC < r
    (b) AEC < r
    (c) MEC > r
    (d) none of the above

43. Cash balance version of quantity theory is based on the assumption that money serves as
    (a) medium of exchange
    (b) store of value
    (c) unit of account
    (d) none of the above

44. Keynes integrated real sector with the monetary sector through :
    (a) consumption
    (b) saving
    (c) interest rate
    (d) all of the above

45. If a country enters international trade, the income of abundant factor will :
    (a) increase
    (b) decrease
    (c) remain constant
    (d) can not say with certainty

46. Most favoured nation clause was introduced by :
    (a) WTO
    (b) GATT
    (c) IMF
    (d) World Bank

47. Which of the following is the main problem of India ?
    (a) Low rate of investment
    (b) Low rate of savings
    (c) Low growth rate of population
    (d) Low output-capital ratio

48. Who coined the concept of Hindu rate of growth ?
    (a) V.K.R.V Rao
    (b) T.N.Srinivasan
    (c) A.K.Sen
    (d) K.N. Raj

49. The supply curve for a short run competitive firm is the same as :
    (a) AVC curve
    (b) AC curve
    (c) TC curve
    (d) rising portion of MC curve

50. Depression phase of a business cycle is mainly due to :
    (a) voluntary unemployment
    (b) involuntary unemployment
    (c) seasonal unemployment
    (d) disguised unemployment

51. Which of the following measures of money supply is based on 'store of value' definition of money ?
    (a) M1
    (b) M2
    (c) M3
    (d) M4

52. In case of Giffen goods, price effect is :
    (a) negative
    (b) positive
    (c) zero
    (d) indeterminate

53. Demand pull inflation takes place because of an increase in :
    (a) wages
    (b) interest rate
    (c) prices of raw materials
    (d) money supply

54. A phenomenon where central bank fails to control inflation, is known as :
    (a) hyperinflation   (b) creeping inflation
    (c) galloping inflation   (d) stagflation

55. Which State of India had lowest proportion of population below the poverty line in 1999-00 ?
    (a) J&K   (b) Tamil Nadu
    (c) Delhi   (d) Kerala

56. Composition of population includes :
    (a) proportion of dependents (b) proportion of males
    (c) proportion of females   (d) proportion of literates.

57. For take-off to take place, minimum investment requirement is :
    (a) 5%   (b) 7%
    (c) 10%   (d) 15%

58. According to Prebisch-Singer hypothesis, terms of trade deteriorate against the primary exports of developing countries because these products have an income elasticity of :
    (a) 1   (b) < 1
    (c) > 1   (d) ∞

59. Which index satisfies time reversal test ?
    (a) Laspeyre's index   (b) Paasche's index
    (c) Fisher's index   (d) all of the above

60. Which index method has an upward bias ?
    (a) Laspeyre's index   (b) Paasche's index
    (c) Fisher's index   (d) all of the above

ECONOMICS - 2008

1.   Micro-economics is also called :

(A)   Demand theory

(B)   Income theory

(C)   Theory of distribution

(D)   Price theory

2.   We may define economics as a study of the problems arising from:

(A)   The distribution of very scarce goods

(B)   Production, distribution and exchange

(C)   Production and pricing of durable commodities

(D)   Exchange of services of money

3.   Which one of the following will directly increase the GNP ?

(A)   An increase in investment

(B)   A surplus in budget

(C)   A fall in national debt

(D)   A rise in interest rate

4.   Which one of the following represents, at least in part, investment in human capital ?,

(A)   Formal education

(B)   On the job training

(C)   Better health care

(D)   All of the above

5.   Which one of the following would not be considered a near-money?

(A)   Time deposits

(B)   Saving and loan shares

(C)   Treasury bills

(D)   Demand deposits

6.   The supply of money is

(A)   A stock concept

(B)   A flow concept

(C)   Both stock and flow concept

(D)   Neither stock nor flow concept

7.   Lorenz curve is a graphic method of studying

(A)   Correlation

(B)   Index numbers

(C)   Dispersion

(D)   Averages

8.   The maximum number of people in India work in the:

(A)   Primary sector

(B)   Secondary sector;

(C)   Tertiary sector

(D)   None of the above

9.   In Cobb-Douglas production function the relative share of factors remains:

(A)   Diminishing

(B)   Increasing

(C)   Constant

(D)   None of the above

10.   Automobile industry is an example of :

(A)   Perfectly competitive model

(B)   Imperfectly comparative model

(C)   Monopoly model

(D)   Oligopoly model

11.   National Income is less than NP by the amount of :

(A)   Transfer payments

(B)   Capital consumption allowance

(C)   Indirect business taxes

CD)   Personal taxes

12.   In Keynes's General Theory, consumption is a function of:

(A)   Nominal money balances

(B)   Current income minus taxes

(C)   Permanent income

(D)   Real balances

 13.   The real rate of interest is:

A)   The money rate of interest

(B)   The nominal rate adjusted to the changes in the general price level

(C)   The price paid solely for the services of money

(D)   The total payment made as interest to the creditor

14. Development is impossible without:

(A)   Incentive to profit

(B)   Foreign aid

(C)   Domestic savings

(D)   Inflation

15.   During a period of prosperity, credit creation is :

(A)   Small

(B)   Heavy

(C)   Unchanged

(D)   None of the above

16.   The Central Bank of the country:

(A)   can influence deposit creation only now and then

(B)   can influence deposit creation

(C)   cannot influence deposit creation

(D)   none of the above

17.   Which analysis helps us to determine the degree of relationship between variables?

(A)   Dispersion

(B)   Index numbers

(C)   Correlation

(D)   Averages

18.   Which one of the following countries is the largest partner in India's foreign trade?

(A)   U.S.A.

(B)   Russia

(C)   Japan

(D)   OPEC countries

19.   Demand can be defined as:

(A)   Desire to buy

(B)   Willingness to buy

(C)   Ability to buy

(D)   Desire and willingness to buy backed by adequate purchasing power

20.   The demand curve shows that price and quantity demanded are :

(A)   Directly related

(B)   Directly proportional and also directly related

(C)   Inversely proportional and inversely related

(D)   None of the above

21.   The critical minimum effort' theory is due to:

A)   H.Leibenstein

B)   Rosenstein-Rodan

C)   W A Lewis

D)   J H Boeke

22.   Which of the following is/are the part(s) of Public Finance?

(A)   Public   expenditure

(B)   Public   revenue

(C)   Public debt

(D)   All of the above

23.   The coefficient of correlation is independent of :

(A)   Change of scale only

(B)   Change of origin only'

(C)   Both change of scale and origin

(D) None of the above

24.   Among the major agro-based industries in India, sugar industry ranks

(A)   First

(B)   Second

(C)   Third

(D)   Fourth

25.   Indifference curves are associated with:

(A)   Edgeworth

(B)   Fisher

(C)   Pareto

(D)   Hicks

26.   Marginal product of a factor (L) is:

A)   MPL=ΔX/ΔL

B)   ΔK/ΔL

C)   MPL=ΔK/ΔX

D)   None of the above

27.   According to Keynes' consumption is a function of :

(A)   Saving

(B)   Investment

(C)   Income

(D)   None of the   above

28.   The developing countries have been pleading for more :

(A)   Aid only

(B)   Trade only

(C)   Trade and aid

(D)   None of the above

29.   The income of the government through all its sources is called

(A)   Public   expenditure

(B)   Public   revenue

(C)   Public   finance

(D)   None of the above

30.   Which one of the following is a positional average ?

A   Arithmetic mean

B   Median

C   Harmonic mean

(D   Geometric mean

31.   India remained an underdeveloped country for many years due to

(A)   Political reasons

(B)   Social reasons

(C)   Economic reasons

 (D)   All of the above

32.   Ratio of total savings to total income is

(A)   Average propensity to save

(B)   Average propensity to consume

(C)   Marginal propensity to consume

(D)   Marginal propensity to save

33.   Incremental Capital-Output Ratio (ICOR) IS defined as the ratio of the increment in :

(A)   Capital /Output

(B)   Output /Capital

(C)   Income/Consumption

(D)   Saving /Consumption

34.   Which one of the following is likely to help in remedying on adverse balance of payments ?

(A)   Revaluation of currency

(B)   Devaluation of currency

(C)   Reduction in tariffs

(D)   Budgetary deficits

35.   How many types of correlation exist?

(A)   Two

(B)   Four

(C)   Three

(D)   Five

36.   The Green Revolution has made the greatest impact on the production of:

. (A)   Whea t and rice

(B)   Pulses and coarse grains

 (C)   Oil- seeds and cotton

(D)   Jute and tobacco

37.   The difference between the value of the smallest item and the value of the largest item included in the distribution is called :

(A)   Mean

(B)   Median

(C)   Mode

(D)   Range

38.   Which one of the following is the defects in agrarian structure of India ?

(A)   Tenants have little incentive

(B)   Tenants cannot afford to provide capital investment

(C)   Tenants get no benefit by working with better equipment

(D)   All of the above

39.   A country's rate of growth is .determined by :

A)   The average propensity to save

(B)   The law of comparative costs

 (C)   The interaction of supply and demand'

(D)'   The rate of capital accumulation

40.   The 'terms of trade' means :

(A)   . An excess of imports over exports

(B)   Trade agreements

(C)   The relationship between export prices and import prices

(D)   The terms and conditions on which a country participates in foreign trade

41.   Why is bank rate sometimes called as Penal Rates ?

A)   It will be higher than the market rate It is used to restriction only

B)   It is used to restriction only

C)   It will be equal to market rate of discount

D)   All of the above

42.   The coefficient of correlation:

(A)   Cannot be positive

(B)   Cannot be negative

(C)   IS always positive

(D)   Can be either positive or negative

43.   Where does India rank in the world with regard to the size of its population ?

(A)   First place

(B)   Second place

C)   Third place

(D)   Fifth place

44. The mean weight of a student in a group of six students is 119 kgs. The individual weights of five of them are 115, 109, 129, 117 arid 114 kgs. What is the weight of the sixth student

(A)   120 kg

B)   125 kg

(C)   130 kg

(D)   132 kg

45.   From which of the following countries did we earn the highest amount of foreign exchange ?

(A)   Japan

B)   Soviet Union (Russia)

C)   U.S.A.

D)   France

46.   Progress of land reforms has been tardy because of :

(A)   Poor implementation

(B)   Lack of political will

(C)   Loopholes in legislation

(D)   All of the above

47.   A country can meet its deficiency of capital through:

(A)   Internal savings

(B)   Foreign capital

{C)   Diversion of savings to productive uses

(D)   All of the above

48.   The balance of payments

(A)   Is also affected by capital movements

(B)   Is never affected by capital movements

(C)   Nothing can be said in this regard

(D)   The balance is not concerned with the capital movements

49.   Money measure M_3 is

(A)   Wider than M_1

(B)   More liquid than M_1

(C)   Narrower than M_1

(D) None of the above

50. Fisher's Ideal Index is :

A) The median of Laspeyre's and Paasche's index

(B) Arithmetic mean of Laspeyre's and Paasche's index

C) Geometric mean of Laspeyre's and Paasche's index

(D) None of the above

51. The one rupee currency notes bears the signature of :

A) Governor, Reserve Bank of India

B) The Minister of Finance

C) Chairman, State Bank of India

(D) None of the above

52) Which of the following is the least liquid asset ?

(A) Machines

(B) Money

(C) Shares

(D) Bonds'

53. The formula for standard deviation in step deviation method is

(A) $\sigma = \sqrt{\sum d^2/N}$

(B) $\sigma = \sqrt{\sum fd^2/N - (\sum fd)^2/N}$

C) $\sigma = \sqrt{\sum d^2/N - (\sum d)^2/N}$

D) None of the above

54 With economic growth the share of the agricultural sector in labour force:

(A) Declines

(B) Increases

(C) Remains unchanged

(D)   Is uncertain and unpredictable

55.   Out of the given possibilities below, the most favourable capital-output ratio for a country

(A)   6: 1

(B)   5 :1

(C)   4 :1

(D)   3:1

56.   Heckscher-Ohlin theorem is based on t e

(A)   Factor endowments

(B)   Political structure

(C)   Labour productivity

(D)   None of the above

57.   Credit is a :

(A)   Stock concept

(B)   Flow concept

(C)   A stock-flow concept

(D)   Neither stock nor flow concepts

58.   In India 14 major commercial banks were nationalized in:

(A)   July, 1969

(B)   August, 1970

(C)   July, 1967

(D)   August, 1972

59.   Range is the measure of :

(A)   An average

(B)   Dispersion

(C)   Correlation

(D)   Index numbers

60   Indian economy is most appropriately described as a

(A)   Capitalist economy

(B)   Mixed economy

(C)   Socialist economy

(D)   None of the above

ECONOMICS - 2007

1.   Goods and services at the disposal of a society are scarce because

(a)   An individual consumer has fixed income

(b)   Prices are constant

(c)   Productive resources are scarce

(d)   Public enterprises are inefficient

2.   The locus of maximum output of-a commodity for a given quantity of another commodity under the 'assumption of a fixed quantity of inputs and technology is defined as :

(a) Isoquant

(b) Productivity curve

 (c) Utility possibility frontier

(d) Production possibility' curve

,3.   Which of the following is not the assumption of indifference curve technique?

(a) Consumer's income is constant

(b) Utility is ordinal

(c)   Weak ordering

(d) Diminishing marginal rate of substitution

$. If total expenditure of consumer on a commodity increases with the fall in price, price elasticity is

(a)   greater than one

(b)   less than one

(c)   equal to one

(d)   equal to zero

5.   The rate at which one factor input is substituted for another factor input without changing the level of output, is called:

(a) Iso-cost line

(b) Elasticity of substitution

(c)   Expansion path

(d) Marginal rate of technical substitution

6.   Given the u-shape of an average cost curve, a firm achieves optimum output , when A.C. is :

(a)   lowest

(b)   rising

(c)   falling

(d)   zero-

7.   Which of the following is not the characteristic of a perfectly competitive market:

(a) Homogeneous product

(b) Free exit and entry of resources

(c)   Imperfect knowledge

(d) Perfect mobility of resources

8.   The inter-play of monopoly and competitive elements under monopolistic competition is depicted by :

(a) Absence of substitutes

(b) Product differentiation

(c)   Advertising expenditures

(d) High price

9. The amount of income held by consumers and businessmen for 'income motive' and 'business motive' is called:

(a) Precautionary motive

(b) Transaction motive

(c) Speculature motive

(d) All of the above

10. The first positive criterion of welfare economics was given by :

(a) Bentham

(b) Pareto

(c) Hicks

(d) Kaldor

11. The aggregate market value of all goods and services during a specific period is called:

(a) GNP

(b) NNP

(c) NNP at constant prices

(d) NNP at market prices

12. If capital consumption allowance is deducted from the market value of final goods and services counted without duplication, we get:

a) NNP at constant prices

(b) NNP at market prices

(c) Gross national expenditure

(d) one of the above

13. Which of the following is not the assumption of classical theory of employment :

(a) State of full employment

(b) Perfect competition in product and labour markets

(c)   Perfect wage-price flexibility

(d)   Supply of goods exceeds the demand

14.   At higher levels of income there will be an excess saving gap because

 (a)   MPS = APS

(b)   MPS < APS

(c)   MPS > APS

(d)   None of the above

15.   If MPC is equal to 0.5; the investment multiplier -(K) will be equal to

(a) 0.5

(b)   0.8

(c)   2.0

(d) 0.75

16.   Which of the following IS not the assumption of classical theory of interest:

(a)   Full employment

(b)   Savings is interest inelastic

(c)   Investment is interest elastic

(d) Independence of saving and investment

17.   Which of the following phases precedes the phase of depression :

(a)   Boom'

(b)   Recovery

(c)   Prosperity

(d)   Recession

18.   The statement that trade cycle is a purely monetary phenomenon is attributed to :

(a)   Ricardo

(b)   Hayek'

(c)   Keynes

(d)   None of the above

19.   The upper limit of trade cycle according to Hicks increases over time because of:

(a) Growth of population

(b) Autonomous investment

c)   Technological advance

(d) All of the above

20. In Harrod's model if actual rate of growth is greater than warranted rate of growth, there will be :

(a) Unique depletion of stock

(b) Investment will be less than savings

(c)   Deflation

(d) None of the above

21.   One of the assumptions of Solow's 'model is :

(a) Increasing returns 'to scale

          (b)   Constant returns to scale

          (c)   Under employment of labour and capital

(d) Labour and capital cannot be substituted

22.   Near money refers to assets such as:

a)   Currency notes

(b)   Coins

(c)   Demand deposits

(d)   Government bonds

23.   According to Friedman quantity theory is fundamentally .a theory of :

a)   The Demand or money

(b)   The Output

(c)   the Price level

(d) The Money income

24.   Who among the following lose as a result of inflation? (a) Debtors

(b) Businessmen

(c)   Creditors

(d) Equity investors

25.   Which of the following functions does not fall in the category of primary functions of a Commercial Bank ?

(a) Acceptance of deposits

(b) Lending of funds

(c)   Remittance of funds

(d) Arranging safe deposit vaults

26.   The principle by which central bank makes credit, given by commercial banks, costlier or cheaper is by changing

(a) Foreign exchange reserves

(b) Bank rate

(c)   Supply of currency notes

(d) Business expectations

27.   Public finance is one of those subjects which according to Dalton is on the borderline between Economics .and

(a) Sociology

(b) Politics

(c) Philosophy

(d) Psychology

28.   If R denotes receipts from foreigners and P stands for payments to foreigners, then balance of payments is denoted by :

(a)   R + P

(b) R - P

(c)   R/P

(d)   P/R

29.   If diminishing marginal social benefit of public expenditure is equal to increasing marginal social cost of taxes, then which of the following goals of public expenditure is achieved?

(a) Principle of maximum social advantage

(b) Maximization of public revenue

(c)   Minimization of public expenditure

(d) Equal distribution of income

30. Which of the following is not the assumption of Ricardian theory of international trade?

(a) Labour is -perfectly mobile internationally

(b) Constant returns to scale

(c) - Perfect competition

(d) Labour is the measure of value

31.   The IMF commenced its operation in :

(a)   1941

(b)   1947

(c)   1951

(d)   1957

32.   The major limitation of per capita. income as a measure of welfare is that it :

a) indicates nothing about the types of goods and services produced

b) tells everything about exploitation of resources

c) highlights income distribution

d) includes all non-monetary items

33. Which of the following cannot be used as a measure of income distribution:

a) Proportion of income- received by different size groups

b)Lorenz curve

c) Gini coefficient

d) Consumption level 'of high income group

34. Which of the following ratios indicates rate of profit in the Marxian theory

(a) S/V

(b) C/V

(c) C/C+V

(d) S/C+V

35.   The lever by which entrepreneur diverts the factors of production to new uses or gives a new direction to production, is according to Schumpeter :

(a) Invention

(b) Innovation

 (c) Capital

(d) Factor proportion

36.   Which of the following measures is likely to support adoption of new tech¬nology in agriculture?

(a) Providing farmers employment in industry

(b) Provision of credit to progressive farmers

 (c) . Providing better housing facilities

(d) Abolition of minimum support price policy

37.   From the development perspective the relation between agriculture and industry in the long run is :-

(a)   Complementary

(b) . Conflicting

(c)   Inverse

(d) None of the above

38.   The economist who contested the positive relationship between international trade and economic development in the context of under developed countries is :

(a)   Adam Smith

(b)   David Ricardo

(c)   Raul Prebisch

(d)   J.S. Mill

39.   Planning in India has not achieved full 1 desired objectives because of :

(a) consistent plan objectives

(b) appropriate plan strategies

(c) insufficient and unreliable data

(d) proper use of natural resources

 40. Denudation of forest leads to:

a) Shortage of power

b) Soil erosion and floods

c) Increase in water table

d) None of the above

41. What is India's latest ranking in world population?

a) First

b) Second

c)   Third

(d)   Fourth

42.   India accommodates ……………percent of World's population.

a)   10

b) 50

c) 17

(d)   25

43. Which of the following statements is correct regarding the New Industrial policy of 1991

a) It made it compulsory for the industry to obtain License for all projects

b) It abolished licensing for all project except 18 industries of strategic importance

c) It gave dominant position to public sector

d) None of the above

44.   Presently the number of industries reserved for the public sector is:

(a)   5

(b)   7

(c)   8

(d)   3

45.   At present 100 percent FDI is allowed in :

(a) Defence

(b)   Drugs and pharmaceuticals

(c)   Banks

(d)   Insurance

46.   FERA stands for

(a)   Foreign Export Revaluation Act

(b)   Funds Exchange Resources Act

(c)   Finance and Export Regulation Association

(d)   Foreign Exchange Regulation Act

47.   Which of the following refers to the transfer of assets or services function from public to private ownership

(a)   Globalisation

(b)   Privatisation

(c)   Disinvestment

(d)   Liberalisation

48. The service sector in India now accounts for :

(a) more than 80 percent of GDP

(b) more than 70 percent of GDP

(c) more than 50 percent of GDP

(d) more than 90 percent of GDP

49. The   area under irrigation in India has over the years

(a) remained constant

(b) decreased

(c) increased

(d) first increased and then decreased

50. In absolute terms, the number of people engaged in agricultural activities over the planning period in India has

a) remained constant

(b) increased

(c) decreased

(d) none of the above

51. Choose the incorrect statement

(a) Land reforms in J&K provided security of tenure

(b) Reduced land concentration

(c) Eliminated rural poverty

(d) Improved incentive structure

52. In Kashmir province productivity of major food crops has, III the recent years:

(a) increased

(b) decreased

(c) remained constant

d) none of the above

53. If average revenue is kinked, then marginal revenue

a)equals average revenue

b) exceeds average revenue

c) remained constant

d) none of the above

54. The slope of a line parallel to horizontal axis is equal to

(a) Increased

(b) Decreased

(c) Infinity

(d) Zero

55. The amount of non-responses is maximum in :

 (a) Mailed questionnaire method

(b)   Interview method

(c)   Observation method

(d) All of the above

56.   The best method of presentation- of data is

(a) Textual

(b) Tabular

(c)   Diagrammatic

(d)   Both (a) and (c)

57.   What is the value of first quartile for observation 15, 18, 10, 20, 23, 28, 12, 16?

(a)   17

(b)   16

(c)   15.75

(d)   12.25

58.   Karl Pearson's correlation coefficient is used for finding:

(a)   Correlation for any type of relation

(b)   Correlation for linear relations only

(c)   Correlation for curvilinear relation only

(d)   Both (b) and (c)

59.   The test of shifting the base is called:

(a) Unit test

(b) Time reversal test

(c)   Circular test

(d)   None of the above

60.   We use price index numbers to

(a) Measure and compare prices

(b) Measure price

(c)   Compare prices

(d)   None of the above

ECONOMICS - 2006

1.   Giffen Paradox holds that:

(a)   Demand is strengthened with rise in the price

(b)   Demand gets weakened with the rise in the price

(c)   Demand is indifferent to change in the price

(d)   Demand is strengthened with fall in the price

2.   The consumer will maximise his satisfaction:

(a)   Throughout the whole price line

(b)   At the upper end of the price line

(c)   At the lower end of the price line

(d)   Where the price line touches the indifference curve

3.   If the income elasticity of demand of a commodity is negative, the commodity IS :

 (a)   Normal commodity

(b)   Inferior commodity

(c)   Free commodity

(d)   None of the above

4.   Given a marginal efficiency schedule or curve, the investment will depend on :

(a)   Expected rate of interest

(b)   Bank rate

(c)   Discount rate

(d)   Current rate of interest

5.   For the value of multiplier to be 3, the value of MPC should be

(a)   1

(b)   2

(c)   2/3

(d)   3/2

6.   At the "liquidity trap" the liquidity preference curve is

(a)   Elastic

(b)   Inelastic

(c)   Perfectly inelastic

(d)   Perfectly elastic

7.   "Ratchet effect" means that when income falls from its previous peak income level then:

(a)   APS increases

(b)   APS and APe both increase

(c)   APe increases

(d)   APS and APe both decrease

8.   The vicious circle argument points out the connection between :

(a)   Income and population

(b)   Investment and technology

(c)   Productivity and income

(d)   Saving and capital

9.   The supply of money is

(a)   A stock concept

(b)   A flow concept

(c)   Both stock and flow concept

(d)   Neither stock nor flow concept

10.   Which of the following is the least liquid asset?

(a)   Machines

(b)   Money

(c)   Shares

(d)   Bonds

11.   The income of the Government through all its. sources is called

(a)   Public expenditure

(b)   Public revenue

(c)   Public Finance

(d)   None of the above

12.   Ricardo's law of comparative advantage is based on the

(a)   Opportunity cost theory

(b   Labour theory of trade

(c)   Law of diminishing returns

d)   All of the above

13.   The critical minimum effort theory is due to

a)   R. Rodan

(b)   H. Leibenstein

(c)   A. Lewis

(d)   J. H. Boeke

14.   What proportion of world trade is based on absolute advantage ?

(a)   All

b)   Most

(c)   Some

d   None

15.   Keynes terms "active balances" as the money held for

(a   The speculative. motive

(b)   The transaction motive

(c)   The precautionary motive

(d)   The transaction and precautionary motives

16.   The fiat money refers to

(a)   Legal money

(b)   Illegal money

(c)   Deposit money

(d)   Full bodied money

17.   Which one of the following is not a payment to the factors of production ?

(a)   Rental income of persons

(b)   Business transfer payments

(c)   Proprietor's income

(d)   Dividends

18.   Which one of the following would not be considered as near money ?

(a)   Time deposits

(b)   Savings and loans

(c)   Treasury bills

(d)   Demand deposits

19.   Continues to fall at a rate proportionate with the increases in output, is known as:

a)   A.T.C.

(b)   A.V.C.

(c)   T.C.

(d)   A.F.C.

20.   The isoquants are convex the origin because of :

(a)   Increasing MRTS

(b)   Decreasing MRTS

(c)   Increasing returns to scale

(d)   Decreasing returns to scale

21.   The sum of the difference between the poverty line and actual income levels of all people living below that line is termed as

(a)   Poverty line

(b)   Poverty weighted index

(c)   Poverty gap

(d)   Poverty ratio

22.   The argument that the primary-product export orientation of LDC's results in a decline in their terms of trade and loss of income is associated with:

(a)   Prebisch-Singer thesis

(b)   Transfer pricing

(c)   Paradox of thrift

(d)   Paradox of aggregation

23.   An entity that provides benefits to all individuals simultaneously and whose enjoyment by one person is in no way diminished by that of another is called a :

(a)   Public utility

(b)   Public good

(c)   Public bad

(d)   Public expenditure

24.   A market situation in which there are a few sellers and many buyers of similar but differentiated products is called:

(a)   Monopoly

(b)   Monopolistic competition

(c)   Duopoly

(d)   Oligopoly

25.   The formula for standard deviation in step deviation method is

(a) $\sigma = \sqrt{\sum d^2/N}$

(b) $\sigma = \sqrt{\sum fd^2/N - (\sum fd)^2/N}$

c) $\sigma = \sqrt{\sum fd^2/N - (\sum fd)^2/N}$

 (d)   None of the above

 26.   Indian economy is most appropriately described as a

(a)   Capitalist economy

(b)   Mixed economy .

. (c)   Socialist economy

(d)   None of the above

27.   Which items have now emerged largest export earners ?

(a)   Gems, J ewellery and Readymade Garments

(b)   Tea, Coffee and Tobacco

(c)   Cotton and Jute fabrics

(d)   Machinery and Transport equipment

28.   Transfer of funds to a foreign country by a local citizen or business IS called:

(a)   Capital investment

(b)   Foreign direct investment

(c)   Capital flight

(d)   Capital accumulation

29. Inflation that arises because of the existence of excess aggregate demand over aggregate supply is called

(a)   Cost push inflation

(b)   Hyper inflation

(c)   Creeping inflation

(d)   Demand pull inflation

30.   The process of improving the quality of all human lives is termed as

(a)   Economic growth

(b)   Economic development

(c)   Social justice

(d)   None of the above

31.   The green revolution in India has made the greatest impact on the production of :

(a)   Wheat and rice

(b)   Pulses and grains

(c)   Oilseeds and cotton

(d)   Jute and tea

32.   Which one of the following is not a measure of land reforms adopted in India?

(a)   Consolidation of land holdings

(b)   Abolition of intermediaries

(c)   Ceiling on land holdings

(d)   Nationalisation of land

33.   Median is a :

(a)   Positional average

(b)   Mathematical average

(c)   Both of the above

(d)   None of the above

34.   Formula for Geometric Mean is

(a)   G. M = Antilog $\sum$f log m/N

(b)   G. M = Antilog $\sum$fd/N

(c)   G. M = Antilog $\sum$f x/N

(d)   None of the above

35.   Which one of the following is the defects in agrarian structure of India ?

(a)   Tenants have little incentive

(b)   Tenants cannot afford to provide capital investment

(c)   Tenants get no benefit by working with better equipment

(d)   All of the above

36.   If σ denotes standard deviation and X denotes arithmetic mean, the coefficient of variation can be calculated as

a) σ-X/100

b)   100/σ+X

c) σ/X x 100

d)   X/σ x 100

37.   The maximum number of people in India work in the

a)   Primary sector

b)   Secondary sector

c)   Tertiary sector'

d)   None of the above

38.   The increasing integration of national economies into expanding international markets means :

(a)   Global commons

(b)   Global factory

(c)   Globalization

(d)   Global warming

39.   Index measuring deprivation in basic human development in a country is called:

 (a) Human Development Index

(b)   Human Immunodeficiency

(c)   Human Poverty Index

(d)   Human Resources

40.   Which one is not a characteristic of a developing nation?

(a)   Low levels of living

(b)   Low levels of productivity

(c)   High rates of population growth

(d) Prevalence of perfect markets and unlimited information

41.   A situation where population is able to meet only its bare subsistence essentials to maintain minimum levels of living is called:

(a)   Poverty Index

(b)   Absolute Poverty

(c)   Relative Poverty

(d)   Poverty Gap

42.   Which one is not among the characteristics of a multinational corporation?

(a)   Large size

(b)   Heavy investment

(c)   Modern technology

(d)   Labour intensive

43.   To arrive at calculations of net social benefits we need the social measures of the unit value of all project inputs, called as :

(a)   Market prices

(b)   Factor prices

(c)   Product prices

(d)   Shadow prices

44.   Hirschman discussed the strategy of unbalanced growth in terms of :

(a)   Development   Via shortages and via excess capacity

(b)   Development   Via availability of resources

(c)   Development via non-availability of resources

(d)   Development via availability and via excess capacity

45.   Which one is not an indicator of Human Development Index?

(a)   Longevity

(b)   Productivity

(c)   Knowledge

(d)   Standard of living

46.   Which one IS not among the characteristics of modern economic growth ?

(a)   High rates of growth of per capita production

(b)   Rapid structural transformation

(c)   Rapid social and ideological transformation

(d)   Rapid growth of political and administrative constraints

47.   Benefits of Foreign Investment does not include:

(a)   Employment expansion

(b) Technology transfer

(c)   Foreign exchange benefit

(d)   Declining terms of trade

48.   Marginal utility is a function of :

(a)   Demand

(b)   Supply

(c)   Both supply and demand

(d)   None of the above

49.   Gross National Product at market prices less net indirect taxes and less of depreciation equals:

(a)   GNP at factor cost

(b)   GNP at market price

(c)   NNP at factor cost

(d)   GDP at factor cost

50.   Investment which is income inelastic is called

(a)   Planned investment

(b)   Desired investment

(c)   Induced investment

(d)   Autonomous investment

51.   Under perfect competition, the average revenue curve (A.R.) or demand curve : of a firm is :

(a)   A horizontal st. line

(b)   A vertical st. line

(c)   A downward sloping curve

(d)   An upward sloping curve

52.   In the current account of a country's balance of payment includes :

(a)   Foreign Direct Investment

(b)   Aid and Trade

(c)   Exports and Imports

(d)   Borrowings and Lendings

53.   The ratio of index number of export prices and index number of import prices i.e. Px/Pm x 100 is called as :

(a)   Net Barter Term of Trade

(b)   Gros Barter Terms of Trade

(c)   Income Terms of Trade

(d)   Price Terms of Trade

54.   Total savings of a closed economy does not include

(a)   Household savings

(b)   Corporate savings

(c)   Foreign savings

(d)   Govt. savings

55.   The relative change III the factor proportions as a consequence of relative change in the marginal rate of technical substitution is known as :

(a)   Elasticity of production

(b)   Elasticity of substitution between factors.

(c)   Marginal rate of technical substitution

(d)   Optimum factor combination

56.   Personal disposable income minus household consumption equals

(a)   National Income

(b)   Personal Income

(c)   Transfer Income

(d)   Net Personal Savings

57. GNP is not a good indicator of social welfare because it ignores

(a) Income distribution

(b) Inflation

(c) Transfer payments

(d) Foreign aid

58. The rate of change of K (capital) with respect to t (time) i.e. dk/df gives

(a) Gross Investment

(b) Net Investment

(c) Induced Investment

(d) Autonomous Investment

59. As the rate of interest increases the bond prices

(a) Increases

(b) Decreases

(c) Remains constant

(d) None of the above

60. The .two important characteristics of trade-cycles are

(a) Boom and depression

(b) Recession and recovery

(c) Expansion and contraction

(d) Periodicity and synchronism