

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, Marshall-Lerner condition for success of devaluation to improve the balance of payments position can be written as :
- (A)  $E_x + E_m = 1$
  - (B)  $E_x + E_m > 1$
  - (C)  $E_x + E_m < 1$
  - (D)  $E_x = E_m = 1$
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) $\infty$ | (D) Between 1 and $\infty$ |

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) Losses 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

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 ' $\alpha$ ' measures :
- Elasticity of output
  - Elasticity of inputs
  - Elasticity of output with respect to labour
  - 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 ?
- ATC
  - AVC
  - Both (a) and (b)
  - MC
9. During the short-run the shape of total revenue curve for a perfectly competitive firm is:
- Downward sloping straight line
  - Vertical
  - Horizontal
  - None of the above
10. If Price equals Average Variable Cost ( $P = AVC$ ), a competitive firm will incur losses that are :
- Equal to fixed costs
  - Equal to variable costs
  - Greater than fixed costs
  - Less than fixed costs
11. For a monopolist marginal revenue equals zero ( $MR = 0$ ) if demand is :
- Unit Elastic
  - Inelastic
  - Elastic
  - Perfectly elastic
12. All the payment made to a factor is rent if its supply is :
- Perfectly elastic
  - Perfectly inelastic
  - Positively upward sloping
  - 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.  $Q_x$  and  $Q_m$  represent quantity of exports and imports while as  $P_x$  and  $P_m$  represent their respective prices, the commodity terms of trade can be expressed as :
- (a)  $\frac{P_x}{Q_x}$     (b)  $\frac{P_m}{Q_m}$   
(c)  $\frac{Q_x}{Q_m}$     (d)  $\frac{P_x}{P_m}$
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)  $\left(\frac{PK}{PL}\right)_A > \left(\frac{PK}{PL}\right)_B$     (b)  $\left(\frac{PK}{PL}\right)_A < \left(\frac{PK}{PL}\right)_B$   
(c)  $\left(\frac{PK}{PL}\right)_A = \left(\frac{PK}{PL}\right)_B$     (d)  $\left(\frac{PK}{PL}\right)_A \geq \left(\frac{PK}{PL}\right)_B$
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

## M.A. Economics

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)  $\infty$
13. What is the value of price elasticity of demand if the demand curve is horizontal ?
- (a) 0
  - (b) -1
  - (c) 1
  - (d)  $\infty$
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)  $\infty$
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 :
- GNP increases slower than population
  - GNP increases at the same rate as population
  - GNP increases faster than population
  - 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?
- $ICOR \times DY$
  - $ICOR/DY$
  - $ICOR - DY$
  - $ICOR + DY$
28. Output/labour is popularly known as :
- marginal product of labour
  - total product of labour
  - average product of labour
  - both (b) and (c)
29. Balanced growth strategy involves indivisibilities of :
- demand
  - supply
  - both (a) and (b)
  - neither (a) nor (b)
30. Surplus in the balance of payments can be corrected through :
- export promotion
  - exchange control
  - increase in interest rate
  - appreciation of currency
31. Which of the following is a positional average ?
- arithmetic mean
  - median
  - geometric mean
  - harmonic mean
32. The value dividing the series into 10 equal parts, is known as
- quartiles
  - percentiles
  - deciles
  - mode
33. To maximize profits, a monopolist can set :
- price
  - output
  - both (a) and (b)
  - either (a) or (b)
34. A temporary tax for covering additional expenditure during emergency times, is known as :
- surcharge
  - customs duty
  - sales tax
  - 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)  $\infty$
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
  - (D) 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)  $MPL = \Delta X / \Delta L$
- B)  $\Delta K / \Delta L$
- C)  $MPL = \Delta K / \Delta X$
- 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) Wheat 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 technology 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, in 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, Jewellery 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)  $G. M = \text{Antilog } \frac{\sum f \log m}{N}$

(b)  $G. M = \text{Antilog } \frac{\sum fd}{N}$

(c)  $G. M = \text{Antilog } \frac{\sum f x}{N}$

(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  $\sigma$  denotes standard deviation and  $X$  denotes arithmetic mean, the coefficient of variation can be calculated as

a)  $\frac{\sigma}{X} \times 100$

b)  $\frac{100}{\sigma + X}$

c)  $\frac{\sigma}{X} \times 100$

d)  $\frac{X}{\sigma} \times 100$

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.  $P_x/P_m \times 100$  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 in 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