ECONOMICS   CODE :- 07

Time Allowed: Two Hours   Marks: 100

Name: _____   Roll No. _____

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1. Use only **BLUE Ball Point Pen.**

2. In case of any defect – Misprint, Missing Question/s Get the booklet changed. No complaint shall be entertained after the examination.

3. Before you mark the answer, read the instruction on the OMR Sheet (Answer Sheet) also before attempting the questions and fill the particulars in the ANSWER SHEET carefully and correctly.

4. There are FOUR options to each question. Darken only one to which you think is the right answer. There will be no Negative Marking.

5. Answer Sheets will be collected after the completion of examination and no candidate shall be allowed to leave the examination hall earlier.

6. The candidates are to ensure that the Answer Sheet is handed over to the room invigilator only.

7. Rough work, if any, can be done on space provided at the end of the Question Booklet itself. No extra sheet will be provided in any circumstances.

8. Write the BOOKLET SERIES in the space provided in the answer sheet, by darkening the corresponding circles.

9. Regarding incorrect questions or answers etc. Candidates kindly see NOTE at the last page of the Booklet.

SEAL

1. Demand for a commodity refers to:
   (A) Need for the commodity
   (B) Desire for the commodity
   (C) Amount of the commodity demanded at a particular price and at a particular time
   (D) Quantity demanded of that commodity

2. Which among the following statement is INCORRECT?
   (A) On a linear demand curve, all the five forms of elasticity can be depicted.
   (B) If two demand curves are linear and intersecting each other then coefficient of elasticity would be same on different demand curves at the point of intersection.
   (C) If two demand curves are linear, and parallel to each other then at a particular price the coefficient of elasticity would be different on different demand curves.
   (D) The price elasticity of demand is expressed in terms of relative not absolute, changes in price and quantity demanded.

3. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to:
   (A) Increase
   (B) Decrease
   (C) Remain the same
   (D) Become zero

4. The horizontal demand curve parallel to x-axis implies that the elasticity of demand is:
   (A) Zero
   (B) Infinite
   (C) Equal to one
   (D) Greater than zero but less than infinity

5. An individual demand curve slopes downward to the right because of the:
   (A) Working of the law of diminishing marginal utility
   (B) Substitution effect of decrease in price
   (C) Income effect of fall in price
   (D) All of the above

6. Income elasticity of demand is defined as the responsiveness of:
   (A) Quantity demanded to a change in income
   (B) Quantity demanded to a change in price
   (C) Price to a change in income
   (D) Income to a change in quantity demanded

7. The supply of a good refers to:
   (A) Stock available for sale
   (B) Total stock in the warehouse
   (C) Actual production of the good
   (D) Quantity of the good offered for sale at a particular price per unit of time

8. In the short run, when the output of a firm increases, its average fixed cost:
   (A) Remains constant
   (B) Decreases
   (C) Increases
   (D) First decreases and then rises

9. The cost of one thing in terms of the alternative given up is called:
   (A) Real cost
   (B) Production cost
   (C) Physical cost
   (D) Opportunity cost

10. Assume that consumer's income and the number of sellers in the market for good X both falls. Based on this information, we can conclude with certainty that the equilibrium:
    (A) Price will decrease
    (B) Price will increase
    (C) Quantity will increase
    (D) Quantity will decrease

11. The economist's objections to monopoly rest on which of the following grounds?
    (A) There is a transfer of income from consumers to the monopolist.
    (B) There is welfare loss as resources tend to be misallocated under monopoly.
    (C) Only A is correct.
    (D) Both A and B are correct.

12. In which of the following market structure is the degree of control over the price of its product by a firm very large?
    (A) Imperfect competition
    (B) Perfect competition
    (C) Monopoly
    (D) In A and B both

13. The offer curves introduced by Alfred Marshall, helps us to understand how the --------- -------------- is established in international trade.
    (A) Terms of trade
    (B) Equilibrium price ratio
    (C) Exchange rate
    (D) Satisfaction level

14. Demand for factors of production is:
    (A) Derived demand
    (B) Joint demand
    (C) Composite demand
    (D) None of the above

15. The producer's demand for a factor of production is governed by the --------------------- -------------- of that factor.
    (A) Price
    (B) Marginal productivity
    (C) Availability
    (D) Profitability

16. Under conditions of perfect competition in the product market:
    (A) MRP= VMP
    (B) MRP > VMP
    (C) VMP > MRP
    (D) None of the above

17. Which among the following statements is INCORRECT?
    (A) Coefficient of correlation can be computed directly from the data without measuring deviation.
    (B) Measures of Dispersion are also called averages of the second order.
    (C) Standard deviation can be negative.
    (D) Mean deviation can never be negative.

18. One of the methods to find out Mode is:
    (A) Mode = 3 Median + 2 Mean
    (B) Mode = 3 Median - 3 Mean
    (C) Mode = 2 Median - 3 Mean
    (D) Mode = 3 Median - 2 Mean

19. Which among the following statements is INCORRECT?
    (A) Index number is a relative measurement.
    (B) In fact all index numbers are weighted.
    (C) Theoretically the best average in construction of index numbers is Geometric mean.
    (D) It is not possible to shift the base if it is the case of fixed base index

20. Mean Deviation can be calculated from:
    (A) Mean
    (B) Median
    (C) Mode
    (D) Any of the above

21. Scatter diagram is used to study ----------------------- in economic statistics.
    (A) Variability in the series
    (B) Nature of Correlation in the two series
    (C) Regression
    (D) Secular trend

22. Coefficient of Correlation (r) is significant, if:
    (A) r > 5 times Probable Error
    (B) r < 6 times Probable Error
    (C) r > 6 times Probable Error
    (D) r = 6 times Probable Error

23. Which statistical measure helps in measuring the purchasing power of money?
    (A) Arithmetic average
    (B) Index numbers
    (C) Harmonic mean
    (D) Time series

24. Fisher's ideal index number is:
    (A) Arithmetic mean of Laspeyre's and Paasche's index
    (B) Harmonic mean of Laspeyre's and Paasche's index
    (C) Geometric mean of Laspeyre's and Paasche's index
    (D) None of the above

25. Which among the following is NOT a correct statement?
    (A) Welfare economics is based on value judgements.
    (B) Welfare economics is also called 'economics with a heart'.
    (C) Welfare economics focuses on questions about equity as well as efficiency.
    (D) The founder of Welfare economics was Alfred Marshall.

26. Who is the 'lender of the last resort' in the banking structure of India?
   (A) State Bank of India
   (B) Reserve Bank of India
   (C) EXIM Bank of India
   (D) Union Bank of India

27. ------------------ is the official minimum rate at which the Central Bank of a country is prepared to rediscount approved bills held by the commercial banks.
   (A) Repo rate
   (B) Bank rate
   (C) Prime lending rate
   (D) Reverse repo rate

28. In order to control credit, Reserve Bank of India should:
   (A) Increase CRR and decrease Bank rate
   (B) Decrease CRR and reduce Bank rate
   (C) Increase CRR and increase Bank rate
   (D) Reduce CRR and increase Bank rate

29. Which among the following is a function of the Reserve Bank of India?
   (A) Bank issues the letters of credit to their customers certifying their creditability
   (B) Collecting and compilation of statistical information relating to banking & other financial sectors
   (C) Banks underwrite the securities issued by public or private organizations
   (D) Accepting deposits from the public

30. Credit creation power of the commercial banks gets limited by which of the following?
   (A) Banking habits of the people
   (B) Cash reserve ratio
   (C) Credit policy of the central bank
   (D) All of the above

31. Number of times a unit of money changes hands in the course of a year is called --------
   (A) Supply of money
   (B) Purchasing power of money
   (C) Velocity of money
   (D) Value of money

32. ----------------- is the difference between total receipts and total expenditure.
   (A) Capital deficit
   (B) Budget deficit
   (C) Fiscal deficit
   (D) Revenue deficit

33. What is meant by Autarky in international trade?
   (A) Monopoly in international trade
   (B) Imposition of restrictions in international trade
   (C) Removal of all restrictions from international trade
   (D) The idea of self sufficiency and no international trade by a country

34. Find the tax which is direct tax among the following:
   (A) House tax
   (B) Service tax
   (C) Entertainment tax
   (D) Value Added tax

35. Which among the following is a cause of inflation?

    (A) Deficit financing

    (B) Rise in external loans

    (C) Unfavorable balance of payment

    (D) A hike in the CRR by the central bank of the country

36. Cost push inflation occurs because of:

    (A) Wage push

    (B) Profit push

    (C) Both A and B

    (D) Ineffective policies of the government

37. Which among the following is NOT correct?

    (A) During inflation lenders suffer and borrowers benefit out.

    (B) Rising inflation indicates rising aggregate demand and indicates comparatively lower supply and higher purchasing capacity among the consumers.

    (C) With rising inflation the currency of the economy depreciates provided it follows the flexible currency regime.

    (D) Inflation decreases the nominal (face) value of the wages while the real value increases.

38. The capital that is consumed by an economy or a firm in the production process is known as :

    (A) Capital loss   (B) Production cost

    (C) Dead-weight loss   (D) Depreciation

39. Who propounded the Opportunity Cost Theory of international trade?

    (A) Ricardo   (B) Marshall

    (C) Heckscher& Ohlin   (D) Haberler

40. Which among the following is NOT correct?

    (A) Floating exchange rate system works on the market mechanism

    (B) Floating exchange rate breeds uncertainties and speculation

    (C) Economic and political factors and value judgments influence the choice of the exchange rate system

    (D) The system of floating exchange rate requires comprehensive government intervention

41. Which among below is NOT a correct statement?

    (A) Bretton Woods conference gave birth to two international organizations.

    (B) Theory of Absolute Advantage in international trade is given by Adam Smith.

    (C) Pure and perfect competition are the same market structures.

    (D) Mint par theory of exchange rate determination is applicable in countries under gold standard.

42. Terms of trade that relate to the Real Ratio of international exchange between commodities is called:

(A) Real cost terms of trade

(B) Commodity terms of trade

(C) Income terms of trade

(D) Utility terms of trade

43. Who among the following enunciated the concept of single factoral terms of trade?

(A) Jacob Viner

(B) G.S.Dorrens

(C) Taussig

(D) J.S.Mill

44. 'infant industry argument' in international trade is given in support of:

(A) Granting protection

(B) Free trade

(C) Encouragement to export oriented Small and tiny industries

(D) None of the above

45. Which of the following is also known as International Bank for Reconstruction and Development?

(A) Asian Development Bank

(B) World Bank

(C) International Monetary Fund

(D) Reserve Bank of India

46. Which among the following is NOT a function of International Monetary Fund?

(A) It serves a medium term and long term credit institution.

(B) It provides a mechanism for improving short term balance of payments position.

(C) It provides machinery for international consultations.

(D) It provides a reservoir of the currencies of the member countries and enables members to borrow one another's currency.

47. The new World Trade Organization (WTO), which replaced the GATT came into effect from ----------------------

(A) 1st January 1991

(B) 1st January 1995

(C) 1st April 1994

(D) 1st May 1995

48. A change in fiscal policy affects the balance of payments through:

(A) The current account only

(B) The capital account only

(C) Both, the current account and capital account

(D) Neither current account nor capital account

49. Fiscal policy means:

(A) Policy relating to money and banking in a country

(B) Policy relating to non-banking financial institutions

(C) Policy relating to government spending, taxation and borrowing

(D) Policy relating to financial matters of international trade

50. Which one of the following is NOT the objective of fiscal policy of government of India?
    (A) Full employment   (B) Price stability
    (C) Regulation of inter-state trade   (D) Economic growth

51. Monetary policy is implemented by ---------------------------- in India.
    (A) The Ministry of Finance   (B) The Parliament
    (C) Planning Commission   (D) Reserve Bank of India

52. Under the Industrial policy of 1991:
    (A) The mandatory convertible clause is applicable to all term loans.
    (B) The mandatory convertible clause is applicable to term loans of more than 10 years.
    (C) The mandatory convertible clause is applicable to term loans of less than 10 years.
    (D) The mandatory convertible clause is no longer applicable.

53. Balance of Payment on capital account includes:
    (A) Balances of private direct investments
    (B) Private portfolio investments
    (C) Government loans to foreign governments
    (D) All of the above

54. Which country was the first to adopt a gold standard in the modern sense?
    (A)   Italy   (B) France
    (C) Great Britain   (D) Portugal

55. To eradicate the problem of poverty, Twenty Point Economic Programme was launched for the first time in India on:
    (A) 7th July, 1971   (B) 7th July, 1975
    (C) 26th January, 1951   (D) 15 August,1983

56. ------------------------- unemployment may result when some workers are temporarily out of work while changing job.
    (A) Seasonal   (B) Disguised
    (C) Frictional   (D) Technical

57. Which among below is the economic effect of population pressure in India?
    (A) Higher burden of unproductive consumers on total population
    (B) Disintegration of family
    (C) Overcrowding of cities
    (D) Ecological degradation

58. Which among the following may be considered as a significant cause of low agr productivity in India?
 (A) Defective tenancy reforms
 (B) Lack of enthusiasm among farmers
 (C) Conservative social systems
 (D) Absence of agricultural inputs to raise productivity

59. What have been the reasons of deficit in India's Balance of Trade in the past?
 (A) Very large rise in imports
 (B) Modest growth of exports
 (C) High cost and low quality production
 (D) All of the above

60. A high average level of real income per head is always associated with a high prop of the working population engaged in -------------- sector.
 (A) Primary
 (C) Tertiary
 (B) Secondary
 (D) None of the above

61. "Natural resources determine the course of development and constitute the challen which may not be accepted by the human mind."Who has said it?
 (A).W. Arthur Lewis
 (C). Jan Tinbergen
 (B) J.I.Fisher
 (D) W.W.Rostow

62. The credit of developing the concept of modern economic growth goes to:
 (A) Arthur Lewis
 (C) Gunnar Myrdal
 (B) Michael P. Todaro
 (D) Simon Kuznets

63. The most simple and popular method of measuring economic development is to calc the trend of gross national product (GNP) at ---------------------------
 (A) Current prices
 (C) Both of the above
 (B) Constant prices
 (D) None of the above

64. "Underdeveloped countries are the slums of the World Economy." This statement is
 (A) RagnarNurkse
 (C) Colin Clark
 (B) A.N.Cairncross
 (D) JagdishBhagwati

65. Which among the following is a characteristic of underdevelopment?
 (A) Vicious circle of poverty
 (B) Rising mass consumption
 (C) Growth of industries
 (D) High rate of urbanization

66. According to W.W.Rostow, the stages of economic growth are:
   (A) Two
   (B) Three
   (C) Four
   (D) Five

67. Most of the underdeveloped economies suffer from -------------------------------- which do not let the rate of growth go up from a lower level.
   (A) High population pressures
   (B) High infant mortality
   (C) Hugh monetary mismanagement
   (D) High level of technological unemployment

68. By ------------------------------ growth rate of an economy can be speeded up.
   (A) Investment in share market
   (B) Investment abroad
   (C) investment in human capital formation
   (D) investment in primary sector

69. When the population growth rate of an economy becomes greater than the achievable economic growth rate, it is known as:
   (A) Population Explosion
   (B) Population Trap
   (C) Population Crisis
   (D) None of the above

70. 'Planning from below' is known as:
   (A) Centralized planning
   (B) Decentralized planning
   (C) Functional planning
   (D) Structural planning

71. ---------------------got the highest priority during the first plan period in India.
   (A) Self reliance
   (B) Growth with social justice
   (C) Development of Agriculture including irrigation
   (D) Removal of unemployment

72. An expression coined by economists to describe an economy that is growing at such a slow pace that more jobs are being lost than are being added:
   (A) Stagflation
   (B) Recession
   (C) Growth Recession
   (D) Ritchet Inflation

73. Which five year plan in India gave emphasis on Co-operative Federalism?
   (A) Ninth five year plan
   (B) Tenth five year plan
   (C) Eleventh five year plan
   (D) Twelfth five year plan

74. Which Five year plan in India had 'poverty alleviation' as one of its objectives?
   (A) First five year plan
   (B) Third five year plan
   (C) Fifth five year plan
   (D) Seventh five year plan

75. Who has contributed the modern theory of interest rate determination?
    (A) Paul A.Samuelson
    (B) Gunnar Myrdal
    (C) Knut Wicksell
    (D) J.R.Hicks

76. Whose name is associated with the "Uncertainty-bearing theory of profit"?
    (A) J.Schumpeter
    (B) F.H.Knight
    (C) J.B.Clark
    (D) F.W.Walker

76. Who has sought to measure Consumer's Surplus with the help of indifference curve technique?
    (A) Alfred Marshall
    (B) Edgeworth
    (C) J..R.Hicks
    (D) Pareto

78. Who among the following has given the modern theory of distribution?
    (A) Nicholas Kaldor
    (B) Wicksteed
    (C) David Ricardo
    (D) Mrs. Joan Robinson

79. In a free enterprise economy, which among the following are the determinants of Investment?
    (A) Rate of interest
    (B) Marginal efficiency of capital
    (C) Both A and B
    (D) None of the above

80.---------------------------------- factors determine the position and slope of consumption curve.
    (A) Objective
    (B) Subjective
    (C) Both A and B
    (D) None of the above

81.Keynes believed that the equality between savings and investment is brought about by:
    (A) Rate of interest
    (B) Changes in income
    (C) Availability of capital
    (D) Marginal efficiency of investment

82.Which among the following is NOT an assumption of Pareto optimality?
    (A) Every consumer wishes to maximize his level of satisfaction.
    (B) All the factors of production are used in the production of every commodity.
    (C) Conditions of perfect competition exist making all the factors of production perfectly mobile
    (D) The concept of utility is cardinal and cardinal utility function of every consumer is given.

83."Money is a matter of functions four, a medium, a measure,a standard and ------------"
    .What is the fourth function of money indicated in this popular phrase?
    (A) A stock
    (B) A flow
    (C) A store
    (D) A payment

84. Which of the following measure of the high-power money supply (H) has been used by RBI in India?
   (A) Currency held by the public + Other deposits with the RBI
   (B) Cash reserves of the commercial banks+ Other deposits with the RBI
   (C) Currency held by the public+ Cash reserves of the commercial banks + Other deposits with the RBI
   (D) Currency held by the public + Cash reserves of the commercial banks + Time deposits of the commercial banks + Other deposits with the RBI

85. Broad Money (M3) constitutes currency with public plus demand deposits with banks plus time deposits with banks plus --------------------
   (A) Other deposits with the RBI
   (C) Government deposits with RBI
   (B) Post office deposits
   (D) Bankers deposits with RBI

86. For measuring the changes in the price level of the country, which among the following index number is used?
   (A) Cost of living index number
   (C) Security Price index number
   (B) Production index number
   (D) Whole sale price index number

87. The Heckscher-Ohlin approach to international trade provides important insights, in theory, about the:
   (A) Gains from trade
   (B) Effect of trade on production and consumption
   (C) Effect of trade on the incomes of production factors
   (D) All of the above

88. Under free exchange markets the rate of foreign exchange is determined by:
   (A) Balance of Payments theory
   (C) Mint par theory
   (B) Purchasing power parity theory
   (D) None of the above

89. When National income is calculated with reference to a base year, it is called:
   (A) Nominal national income
   (C) Net national income
   (B) Real national income
   (D) Gross national income

90. Isoquants are right angled only when:
   (A) Factors are perfect substitutes
   (C) Factors are neutral
   (B) Factors are perfect complements
   (D) Factors are scarce

91. Which of the following is known as long run average cost curve?
   (A) Learning curve
   (C) Envelope curve
   (B) Equal product curve
   (D) Phillips curve

92. Identify which of the following is NOT a correct match?

(A) World Bank   provides loans for reconstruction and development of economies

(B) IMF   helps in correcting balance of payments

(C) RBI   provides technical consultancy to Asian countries

(D) WTO   Generally forbids the use of quantitative restrictions on trade

93. In a perfectly competitive market a firm in the long run will be in equilibrium when:

(A) AC = MC

(B) AR = MR

(C) MR = MC

(D) P = AR = MR = AC = MC

94. Which market structure symbolizes the existence of 'few sellers'?

(A) Oligopoly

(B) Monopoly

(C) Monopolistic competition

(D) Perfect competition

95. Which of the following is a characteristic of capital as a factor of production?

(A) It never depreciates

(B) It is fixed in supply

(C) It is an active factor of production

(D) It is a passive factor of production

96. By Parallel economy is meant an economy:

(A) Which runs side by side of the existing economy

(B) Which has the same characteristics as the main economy

(C) Which has variety of parallel businesses

(D) Which has plentiful of black money

97. On which law of consumption the concept of consumer's surplus is based?

(A) Engel's law

(B) Law of demand

(C) First law of Gossen

(D) Second law of Gossen

98. Which among the following has NOT been a measure adopted by the government to unearth black money in India?

(A) Voluntary Disclosure Schemes

(B) Demonetization of currency

(C) Special Bearer Bond Scheme

(D) Creating Civic consciousness

99. Trace the mismatch between the policy and its year of announcement in the pairs given below:

(A) National Water Policy   2002

(B) New National Forest Policy   1988

(C) New National Mineral Policy   2008

(D) National Population Policy   2012

100. Which among the following are the factors that determine the national income of a country?

(A) Quantity and Quality of factors of production

(B) The state of technical knowledge

(C) Economic and Political stability

(D) All of the above