

1. Continuous substitutability of capital and labour is shown by
 - A) Smooth convex isoquant
 - B) Kinked isoquant
 - C) Linear isoquant
 - D) None of these
2. Input output analysis was put forward by
 - A) Leon Walras
 - B) Keynes
 - C) Wassiley Leontief
 - D) Marshall
3. If the income elasticity of demand is greater than 1, the commodity is
 - A) Luxury
 - B) Inferior
 - C) Non related good
 - D) Necessity
4. Cross elasticity of a complementary good is
 - A) Positive
 - B) Negative
 - C) Zero
 - D) None of these
5. Slope of total product curve measures
 - A) Marginal product
 - B) Total product
 - C) Average product
 - D) MRTS
6. The short run average variable cost has a flat stretch which reflects the fact that firms build into their plants some ----- which allows flexibility in their operation.
 - A) Excess capacity
 - B) Marginal capacity
 - C) Reserve capacity
 - D) None of these
7. The demand curve becomes the marginal revenue curve of the monopolist under
 - A) First degree price discrimination
 - B) Second degree price discrimination
 - C) Third degree price discrimination
 - D) None of the above
8. *The Theory of Monopolistic Competition* is authored by
 - A) Joan Robinson
 - B) E.Chamberlin
 - C) Augustin Cournot
 - D) Sweezy
9. The upper section of a kinked demand curve has a ----- price elasticity than the lower part.
 - A) Higher
 - B) Lower
 - C) Equal
 - D) None of these
10. All of the following are true about a monopolist except
 - A) Average and marginal revenue are not the same
 - B) Marginal revenue is greater than price
 - C) Marginal revenue is zero if price elasticity of demand equals one.
 - D) Marginal revenue decreases with increases in output

11. The Lerner Index equals
 A) $(P-MC)/P$ B) $P/(MC-P)$
 C) $(MC-P)/MC$ D) $MC/(MC-P)$
12. Negative network externality in which a consumer wishes to own an expensive or unique good
 A) Snob effect B) Bandwagon effect
 C) Ratchet effect D) None of these
13. When the price lines are parallel it implies
 A) The same commodity prices, but different amounts of money expenditure
 B) Different commodity prices, but same amount of money expenditure
 C) Same commodity prices and same amount of money expenditure
 D) Different amounts of commodity prices and different amounts of money expenditure.
14. The Prisoner's Dilemma illustrates
 A) The lack of co-operation among firms in a competitive market
 B) The lack of co-operation among firms in a monopolistic market
 C) The lack of co-operation between a monopoly and its customers
 D) Why in an oligopoly market, co-operation is difficult to achieve even when it is mutually beneficial.
15. Which of the following is not true about revealed preference curve?
 A) It was pioneered by American economist Paul Samuelson
 B) It establishes the law of demand without indifference curves
 C) It proves the existence of indifference curves
 D) It is based on cardinal measurement of utility
16. When negative income effect is greater than substitution effect, it is the case of which one of the following?
 A) Giffen good B) Inferior good
 C) Normal good D) Luxury good
17. A firm has a certain initial equilibrium price when demand function $Q(D)=100-4P$ and supply function is $30+3P$. If the firm's demand function is shifted to $170-4P$, what is the initial equilibrium price and new equilibrium price?
 A) 10 and 20 B) 20 and 10
 C) 5 and 15 D) 7 and 17
18. Which one of the following is a necessary condition for barometric price leadership?
 A) Must be a large firm
 B) Must have control over a large portion of the market
 C) Must have good knowledge about the prevailing market conditions
 D) Must be a low cost firm

19. The Engel curve for a giffen good is
 A) Negatively sloped B) Positively sloped
 C) Vertical D) Horizontal
20. The locus of general equilibrium points of exchange in a two individual two commodity economy is called
 A) The consumption contract curve
 B) The production contract curve
 C) The social welfare function
 D) The transformation curve
21. By leading to a higher nominal interest rate, inflation leads to lower money balances and hence people are required to go to banks more frequently. This cost is termed as
 A) Shoe leather cost B) Menu cost
 C) Tax cost D) None of these
22. Macroeconomic impact of one firm's price adjustment on the demand for all firm's products is called
 A) Aggregate supply externality
 B) Aggregate demand externality
 C) Aggregate income externality
 D) None of these
23. According to quantity theory of money equation, an increase in-----causes inflation.
 A) Money supply B) Money demand
 C) Rate of interest D) None of these
24. The horizontal parallel section of the Keynesian speculative demand for money indicates that
 A) There is no speculative demand for money
 B) There is small but limited demand for money
 C) Monetary policy ineffective
 D) Monetary policy becomes effective
25. When investment is negatively related to the rate of interest, equilibrium output in the goods market
 A) Is unrelated to the rate of interest
 B) Is inversely related to the rate of interest
 C) Is positively related to the rate of interest
 D) falls as the rate of interest decreases
26. The slope of IS curve ----- when investment spending becomes less interest sensitive
 A) Increases B) Decreases
 C) Remains unchanged D) None of these

27. A rapid and decisive reduction in growth rate of money supply aimed at reducing the rate of inflation is called
 A) Cold turkey
 B) Gradualism
 C) Reflation
 D) None of these
28. Okun's law states that output falls by 2.5% for each percentage point increase in
 A) Inflation
 B) Unemployment
 C) Productivity
 D) Investment
29. The proposition that changes in the government budget deficit caused entirely by changes in tax collections have no effect on the economy is known as
 A) Seignorage
 B) Ricardian equivalence
 C) Purchasing power parity
 D) Fiscal accommodation
30. Tendency of inflation and nominal interest rate to move together is called
 A) Pigou effect
 B) Fisher effect
 C) Keynes effect
 D) Real balance effect
31. Relative Income Hypothesis was propounded by
 A) James Duessenberry
 B) Keynes
 C) Milton Friedman
 D) Modigliani
32. When marginal propensity to consume is 0.5, the value of multiplier is
 A) 1
 B) 5
 C) 10
 D) 2
33. Rational Expectations Hypothesis was propounded by
 A) Lucas
 B) Smith
 C) Marx
 D) Schumpeter
34. GDP at factor cost equals
 A) GNP at market price+ indirect taxes- subsidies
 B) GNP at market price + Direct taxes
 C) GDP at market price-indirect taxes+ subsidies
 D) None of the above
35. Efficiency wage model is a feature of
 A) New keynesian school
 B) Monetarism
 C) New Classical school
 D) Supply side economics
36. Unemployment in Keynes model is caused by
 A) Demand deficiency
 B) Supply deficiency
 C) Demand sufficiency
 D) Supply sufficiency
37. National Income is
 A) Per capita at factor cost
 B) NDP at factor cost
 C) GDP at market price
 D) GNP at market price

38. Which of the variables shift the classical aggregate demand curve?
 A) An increase in government spending
 B) Decrease in taxes
 C) An increase in autonomous investment expenditure
 D) An increase in the money stock
39. An increase in marginal propensity to import
 A) Has no effect on the multiplier
 B) Increases the value of the multiplier
 C) Decreases the value of the multiplier
 D) None of the above
40. In a two sector model, consumption is $40+0.90Y$ and investment is 50, equilibrium output is
 A) 900 B) 500 C) 400 D) 90
41. The characteristic feature(s) of a good estimator
 A) Best B) Linear
 C) Unbiased D) All of these
42. Probability is associated with
 A) Certain events B) Uncertain events
 C) Impossible events D) None of these
43. Suppose in a binomial distribution, n =number of trials, p =probability of success and q =probability of failure, the mean of binomial distribution is
 A) npq B) np C) pq D) nq
44. The coefficient of skewness of normal distribution is
 A) 3 B) Less than 3
 C) More than 3 D) 0
45. The level of significance is the probability of
 A) Type 1 error B) Type 2 error
 C) Power of a test D) None of these
46. The percentage of total variation explained by explanatory variable is
 A) f B) z C) t D) R^2
47. t test is used for
 A) Small sample B) Large sample
 C) Both D) None of these
48. The algebraic sum of the deviations of various values from the ----- = 0
 A) Co-efficient of variation B) Arithmetic mean
 C) Variance D) None of these

49. When the observed and expected frequencies completely coincide, χ^2 will be
A) Less than 1 B) Greater than 1
C) Zero D) One
50. The method of making research inference from general to particular is
A) Deductive B) Inductive
C) Both D) None of these
51. The y intercept of a line is a point when
A) y is 0 B) y is negative
C) x is 0 D) x is negative
52. Mode can be obtained by
A) $3\text{Mean}-2\text{Median}$ B) $1\text{Mean}-2\text{Median}$
C) $3\text{Median}-3\text{Mean}$ D) $3\text{Median}-2\text{Mean}$
53. When 2 coins are tossed, what is the probability of getting two tails?
A) $1/4$ B) $1/2$ C) $4/2$ D) 1
54. Derivative of $\log x$ is
A) 1 B) 0 C) $1/5$ D) $1/x$
55. If the marginal revenue is 25 and the elasticity of demand with respect to price is 2, find the average revenue.
A) 25 B) 50 C) 12.5 D) 27
56. ----- of a matrix is the sum of the elements of the leading diagonal.
A) Transpose of a matrix B) Trace of a matrix
C) Order of a matrix D) None of these
57. As per economic survey 2011-12, agriculture including allied activities accounted for ----- of GDP in 2010-11, at 2004-05 prices.
A) 13.9% B) 12.5% C) 15.3% D) 14.5%
58. According to Census of India 2011, the literacy rate of India is
A) 65.73% B) 64.83% C) 74.04% D) 75.05%
59. As per the Human Development Report 2011, the HDI rank of India is
A) 123 B) 134 C) 157 D) 127
60. R.N. Malhotra committee gave recommendations in the field of
A) Agricultural sector B) Sick industries
C) Insurance sector D) Banking sector
61. NABARD was established on the recommendations of
A) Public Accounts Committee B) Shivaraman Committee
C) Narasimhan Committee D) None of these

62. The Competition Commission of India became operational with effect from the year
 A) 2009 B) 2008 C) 2010 D) 2007
63. The States which do not have RRB's
 A) Goa and Sikkim B) Assam and Kerala
 C) Bihar and Rajasthan D) Mizoram and Manipur
64. According to 2011 census ,which is the most populous State in India?
 A) Maharashtra B) Bihar
 C) Uttar Pradesh D) West Bengal
65. The Green revolution is associated with
 A) Oil seeds B) Fertilizers
 C) Petroleum D) Meat\Tomato
66. The share of industry in total employment in India increased from 16.2% in 1999-2000 to ----- % in 2009-10.
 A) 28.5% B) 25.6% C) 19.4% D) 21.9%
67. As per Indian Economic Survey 2011-12, fiscal deficit as a percentage of GDP was ----- in 2009-10.
 A) 5.6% B) 6.5% C) 4.5% D) 3.5%
68. The per capita income of Kerala during 2008-09 at current prices is
 A) Rs 59716 B) Rs 80366
 C) Rs 47900 D) Rs 67916
69. The primary sector's contribution to SDP of Kerala at factor cost during 2008-09 at current prices
 A) 15.99% B) 20.80% C) 24.31% D) 33.45%
70. The sex ratio (females per 1000 males) in Kerala according to 2011 Census of India is
 A) 1032 B) 1058 C) 1084 D) 1056
71. ----- is a self employment scheme meant for uplifting the most backward and segregated women in Kerala belonging to ST community.
 A) SURAKSHA B) SARANYA
 C) SURABHI D) SUKANYA
72. District-wise analysis of Kerala's literacy rate according to 2011 census shows that ----- district has the lowest literacy rate.
 A) Palakkad B) Pathanamthitta
 C) Wayanad D) Idukki
73. The author of the book *Problems of Capital Formation in UDCs*.
 A) Rosenstein Rodan B) Arthur Lewis
 C) Ricardo D) Ragner Nurkse

74. According to Hick's classification of technical progress, given constant capital output ratio, technical progress is said to be----- if it raises the marginal product of labour in greater proportion than marginal product of capital.
- A) Capital saving B) Labour saving
C) Neutral D) None of the above
75. According to Rostow, in which stage growth becomes a normal condition of the society?
- A) The pre take off stage B) The take off stage
C) Drive to Maturity D) The Age of High Mass Consumption
76. According to Joan Robinson, which type of golden age has a situation where a steady rate of accumulation of capital takes place below full employment?
- A) A Leaden Golden age B) A Bastard Golden age
C) A Restrained Golden Age D) A Limping Golden Age
77. The Gender Empowerment Measure(GEM) was introduced by the Human Development Report of the year
- A) 1995 B) 1990 C) 1985 D) 1975
78. The Optimum population theory was propounded by
- A) Thomas Robert Malthus B) Dalton
C) Edwin Cannan D) C.P. Blacker
79. For any component of HDI, individual indices are calculated according to the formula
- A) Actual value-Minimum Value/maximum value-minimum value
B) Maximum value-minimum value/actual value-minimum value
C) Actual value-maximum value/maximum value-minimum value
D) None of the above
80. 'The problem of population is not of mere size but efficient production and equitable distribution' has been remarked by
- A) Malthus B) Seligman
C) Smith D) Ricardo
81. Industrial Reserve Army denotes
- A) A wing of government which inspects quality of products introduced in industries
B) The army reserved for the supply of industries
C) The reserve raw materials kept by firms
D) The unemployed population due to the growth of constant capital.
82. Passinetti model is an extension of ----- model of distribution
- A) Kaldor model B) Harrod model
C) Joan Robinson model D) Solow model

83. If the capital-output ratio is 4 and targeted growth rate is 5%, the required level of savings is
 A) 25% B) 15% C) 20% D) 10%
84. Tragedy of commons was first described in his thesis by
 A) G. Debru B) D. Kenneth Arrow
 C) S.H. Hahn D) Garrett Hardin
85. ----- method gives a minimum estimate of the benefits received from the environment protection programme.
 A) Delphi method
 B) Costless choice method
 C) Preventive expenditure method
 D) None of the above
86. Which of the following characteristic is widely regarded as being an important aspect of sustainable development?
 A) Intergenerational equity B) Increasing consumer expenditure
 C) Increased level of savings D) None of these
87. ----- is a tax levied on a non market activity that generates Negative externalities which is intended to correct the market outcome.
 A) Specific tax B) Ad velorem tax
 C) Carbon tax D) Pigovian tax
88. ----- is a measure of income inequality which is equal to the portion of the total community income that would have to be redistributed for there to be perfect equality.
 A) Herfindahl index B) Hoover index
 C) Solow index D) Pareto index
89. ----- curve shows how much of its import commodity is required by a nation in exchange for various quantities of its export commodity
 A) Offer curve B) Indifference curve
 C) Demand curve D) Production possibility curve
90. A graph showing all the combinations of goods and services that can be produced if all of society's resources are used efficiently is
 A) Capital consumption curve B) Circular flow diagram
 C) Production possibility curve D) Lorenz curve
91. The Leontief paradox presented by Wassily Leontief in 1951, found that USA exported ----- and imported ----- in apparent contradiction with Heckscher-Ohlin theorem.
 A) Labour intensive commodities, capital intensive commodities
 B) Capital intensive commodities, labour intensive commodities
 C) Capital intensive commodities, capital intensive commodities
 D) Labour intensive commodities, labour intensive commodities

92. A hot money or refugee capital is
 A) One which is transferred from one centre to another for greater safety
 B) Earned by refugees
 C) Deposited by refugees before taking refuge
 D) None of these
93. Match the following:
- | | |
|--------------------------|--|
| a. Adjustable peg system | 1. IMF fixed exchange rate system in which the exchange rate can be varied, if there is fundamental equilibrium. |
| b. Crawling Peg system | 2. Changing the exchange rate little by little continuously to check speculation. |
| c. The wider band | 3. Flexible movements within a definite range. |
- A) a1, b2, c3 B) a3, c2, b1
 C) a2, b3, c1 D) a3, b1, c2
94. If depreciation is to improve the country's BoP, the Marshall Lerner condition requires that the sum of elasticities of demand for imports and demand for exports should be
 A) Smaller than unity B) Greater than unity
 C) Equal to unity D) Equal to 0
95. Which of the following items is within the total of BoP?
 A) The merchandise balances B) The basic balance
 C) The current account balance D) All of these
96. The OLI paradigm (ownership advantages, locational considerations and international gains) as an explanation for FDI has been put forward by
 A) Emmanuel B) Dunning
 C) Kindle Berger D) Hymer
97. Under fixed exchange rate system, an expansionary monetary policy always leads to ----- in BoP, while a contractionary monetary policy always leads to ----- in the BoP.
 A) Deterioration, improvement B) Improvement, deterioration
 C) Deterioration, deterioration D) Improvement, improvement
98. The essence of ----- is that the importing country negotiates with its foreign suppliers on quantitative restrictions on the amount of exports they will supply to the domestic market.
 A) Voluntary Export Restraints B) Import Tariff
 C) Export tariff D) None of these

99. The neo Chamberlinian models of intra industry trade differ from neo Heckscher Ohlin model in that the goods in question are
 A) Vertically differentiated B) Identical
 C) Horizontally differentiated D) None of these
100. The Rybczynski theorem states that if the endowment of one of the factors of production increases, the endowment of the other being constant, the output of the good using the accumulating factor intensively will ----- and the output of other good will ----- in absolute terms provided that commodity and factor prices are kept constant.
 A) Increase,decrease B) Increase,increase
 C) Decrease,decrease D) Decrease, increase
101. The offer curve of a nation bulges or bends towards the axis which measures its
 A) Import commodity B) Export commodity
 C) Export or import commodity D) Non traded commodity
102. Increasing opportunity costs to produce more and more units of a commodity are given by the production possibility curve
 A) Convex to the origin B) Concave to the origin
 C) Straight line D) None of these
103. The Stolper Samuelson theorem postulates that imposition of a tariff by a nation causes the real income of the nation's
 A) Scarce factor to fall
 B) Abundant factor to rise
 C) Scarce and abundant factors to rise
 D) Scarce factors to rise
104. Factor intensity Reversal refers to a situation where
 A) The same commodity is more labour intensive in one nation than in the other
 B) One commodity is the labour intensive commodity in one nation and the capital intensive commodity in the other nation.
 C) Both commodities are more labour intensive in one nation than in the other nation.
 D) None of the above.
105. The part of public finance which deals with the study of methods and causes of public borrowings.
 A) Public expenditure B) Public debt
 C) Public revenue D) None of these
106. ----- is established by a government agency or business for the purpose of reducing debt by repaying or purchasing outstanding loans and securities held against the entity.
 A) Capital levy B) Surplus revenue
 C) Sinking fund D) Annuities

107. The demand for a commodity is perfectly elastic and supply is inelastic, then the burden of taxation will be
 A) Fully on buyer
 B) Is equally shared by buyer and seller
 C) Fully on seller
 D) More burden on seller and less on buyer
108. According to Arthur Laffer, when rate of tax is 100%, the tax revenue will be
 A) 0 B) 25% C) 50% D) 100%
109. VAT is imposed
 A) Directly on consumers
 B) On final stage of production
 C) On first stage of production
 D) On all stages between production and final sale
110. Which of the following has made recommendations in respect of centre-state financial relation in India?
 A) Sarkaria Commission B) Kelkar Commission
 C) Rekhi Committee D) Chelliah Committee
111. In 2010, the Government of India earned maximum revenue from
 A) Excise duties B) Customs duties
 C) Income tax D) None of these
112. Which of the following taxes is/are levied by the union and collected and appropriated by the state?
 A) Stamp duties B) Passenger and goods taxes
 C) Estate duties D) Taxes on newspapers
113. The issue authority of one rupee currency note is
 A) RBI B) State Bank of India
 C) Ministry of Finance D) Finance Commission
114. The profit from sale of a house property which is earned by an owner is taxed by the government. This form of tax is known as
 A) Sales tax B) Capital gains tax
 C) Wealth tax D) None of these
115. Pump priming means
 A) Increase in government expenditure in times of recession to boost economic activity.
 B) Reducing government expenditure to cut fiscal deficit
 C) Prioritizing government expenditure towards social sectors.
 D) None of the above

