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120 MINUTES

- Who first used the multiplier relationship together with the key role played by unstable investment, which he expressed in terms of the accelerator theory of investment to construct cumulative upwards and downwards movements in real output?
A) Hicks
B) Samuelson
C) Keynes
D) Harrod
- Which among the following is NOT a way by which Government expenditure can be financed?
A) By levying taxes
B) By selling interest bearing government debt
C) By issuing non-interest bearing high powered money
D) By decreasing taxes
- The effect of monetary and fiscal policies on private sector's demand for goods and financial assets must be taken into account if there is to be a complete and consistent analysis of policy. This was first stated by:
A) D.J. Ott and A.F. Ott
B) D. Laldler and M. Parkin
C) G. Maynard and W. Van Ryckeghem
D) D. Purdy and G. Zis
- Tinbergen rule of economic policy states that if government has 'n' independent targets, it must then have at least ----- effective instrumental variables if it is to achieve all the targets.
A) n-1 B) n+1 C) n+2 D) n
- The social welfare function plotting inflation on the Y axis and unemployment on the X axis will be ----- to the origin.
A) Convex B) Kinked
C) L - shaped D) Concave
- The new classical writers point to the repeated breakdown of econometric models because:
A) Structural coefficients cannot be treated as invariant
B) Investment is related to interest rate
C) Existence of underemployment in the economy
D) None of the above
- Relative Income Hypothesis is propounded by:
A) M. Friedman B) J.M. Keynes
C) Duesenbery D) Modigliani

8. The locus of goods market equilibrium values of real output and interest rate is called:
- A) LM schedule
 - B) BOP schedule
 - C) IS schedule
 - D) Aggregate demand schedule.
9. A fall in marginal propensity to save
- A) Shifts the IS curve down to the left
 - B) Shifts the LM curve down to the left
 - C) Shifts the IS curve up to the right
 - D) Shifts the LM curve up to the right.
10. An increase in the interest rate following a fiscal expansion will be greater when:
- A) the more interest elastic is the demand for money
 - B) the more interest inelastic is the demand for money
 - C) the demand for money is unitary elastic
 - D) none of the above
11. An increase in government spending which shifts the IS function upwards to the right will move:
- A) AD schedule outward to the right
 - B) AD schedule inward to the left
 - C) AS schedule outward to the right
 - D) AS schedule inward to the left
12. The stability of demand for money is seen as a crucial theoretical and empirical idea for the:
- A) Keynesians
 - B) Post Keynesians
 - C) Monetarists
 - D) New Keynesians
13. The cost of employing the services of a unit of capital includes:
- A) Interest charged on the price of one unit of capital stock
 - B) Depreciation charge
 - C) Rise in the price of a unit of capital stock
 - D) All the above
14. According to Tobin, firms have an incentive to invest when the ratio of return on investment to cost of capital (q) is:
- A) excess of one
 - B) less than one
 - C) Zero
 - D) None of the above
15. Theory which states that recessions and booms are primarily due to shocks in real activity rather than to changes in monetary factors is known as:
- A) Quantity Theory
 - B) Real Business Cycle Theory
 - C) Political Business Cycle Theory
 - D) Supply Side Theory

16. The time required for a policy change to take effect is known as -----
 A) Inside Lag B) Recognition Lag
 C) Outside Lag D) None of the above
17. A situation where more money is leaving the country than is entering leads to:
 A) BOP surplus B) BOP deficit
 C) Balanced Budget D) Equilibrium Budget
18. Okun's Law refers to:
 A) The positive relationship between unemployment and GDP
 B) The negative relationship between unemployment and GDP
 C) The negative relationship between inflation and unemployment
 D) The positive relationship between inflation and unemployment
19. When marginal propensity to consume is 0.8, the value of the multiplier is:
 A) 8 B) 5 C) 2 D) 1
20. Under Liquidity Trap:
 A) The demand for money is perfectly elastic
 B) The demand for money is perfectly inelastic
 C) The supply of money is perfectly elastic
 D) The supply of money is unit elastic
21. A market consisting of a single seller and a single buyer is termed as:
 A) Monopoly B) Monopsony
 C) Duopoly D) Bilateral monopoly
22. Under Cournot's duopoly model each firm assumes that:
 A) Competitor will not change its output
 B) Competitor will not change its price
 C) Competitor will not change its advertisement
 D) None of the above
23. The shape of Leontiff isoquant is:
 A) Convex to the origin B) Concave to the origin
 C) Horizontal D) L- shaped
24. The Law of supply refers to:
 A) Price – supply relationship
 B) Price-cost relationship
 C) Supply- demand relationship
 D) Supply – income relationship
25. Extension of demand means:
 A) More quantity demanded at a higher price
 B) More quantity demanded at a lower price
 C) More quantity demanded at the same price
 D) None of the above

26. A consumer reaches equilibrium at the point where:
 A) Marginal Utility equals Price
 B) Marginal Utility is greater than Price
 C) Marginal Utility is less than Price
 D) None of the above
27. All of the following curves are U shaped, except:
 A) The AVC curve B) The AFC curve
 C) The AC curve D) The MC curve
28. The Revealed Preference Theory was formulated by:
 A) Lionel Robbins B) Paul Samuelson
 C) J.M. Keynes D) Alfred Marshall
29. The slope of the isoquant measures:
 A) The marginal rate of product transformation
 B) The marginal rate of technical substitution
 C) The marginal rate of substitution
 D) The marginal returns to scale
30. Average fixed cost:
 A) Increases as output increases
 B) Remains the same whatever the level of output
 C) Diminishes as output increases
 D) All these are possible
31. Under perfect competition, the Average Revenue curve is:
 A) Horizontal straight line B) Upward sloping
 C) Downward sloping D) Rectangular hyperbola
32. The elasticity of substitution in Cobb-Douglas production function is:
 A) One B) Two C) Infinity D) Zero
33. The flat bottom of the modern saucer shaped average variable cost represents:
 A) Minimum capacity B) Excess capacity
 C) Maximum capacity D) Reserve capacity
34. If, with a fall in price, the total expenditure increases and with a rise in price the total expenditure decreases, the demand for the commodity is said to be:
 A) Unit elastic B) Inelastic
 C) Elastic D) None of the above
35. If a rise in price of one good leads to a fall in the demand for other, then the two goods are said to be:
 A) Substitutes B) Unrelated
 C) Competitive D) Complementary

36. What is NOT a feature of monopolistic competition?
 A) Large number of sellers B) Freedom of entry and exit
 C) Homogenous products D) Selling costs
37. Pareto optimality requires the satisfaction of the following condition/s:
 A) Efficiency in exchange B) Efficiency in production
 C) Efficiency in product mix D) All the above
38. According to Euler's theorem, in a competitive factor market:
 A) A factor is paid a price equal to the value of the marginal product
 B) A factor is paid a price greater than the value of the marginal product
 C) A factor is paid a price lesser than the value of the marginal product
 D) Either B or C
39. The input-output analysis is associated with:
 A) Samuelson B) Walras
 C) Ricardo D) Leontiff
40. A firm operating at the minimum point of the LAC is the:
 A) Equilibrium firm B) Optimum firm
 C) Representative firm D) Marginal firm
41. In a two dimensional space, a linear function is a:
 A) Circle B) Curve
 C) Straight line D) Parabola
42. When the first derivative of a function is positive and the second derivative is negative, then the function is:
 A) Increasing at an increasing rate
 B) Increasing at a decreasing rate
 C) Decreasing at an increasing rate
 D) Decreasing at a decreasing rate
43. The slope of the line $y = ax + b$ is:
 A) y B) a C) x D) b
44. Which of the following is a positional average?
 A) Arithmetic Mean B) Geometric Mean
 C) Harmonic Mean D) Mode
45. Fractiles that divide the data into ten equal parts are called:
 A) Quartiles B) Deciles C) Percentiles D) Range
46. Which of the following is NOT a measure of central tendency?
 A) Geometric mean B) Median
 C) Mode D) None of the above

47. A normal curve is:
 A) Symmetrical B) Positively skewed
 C) Negatively skewed D) Bimodal
48. ----- gives the percentage variation in the dependent variable in relation with the independent variable.
 A) Coefficient of skewness
 B) Kurtosis
 C) Coefficient of determination
 D) Correlation
49. ----- of a matrix is the sum of the elements of the leading diagonal.
 A) Order B) Transpose
 C) Trace D) Cofactor
50. Derivative of $2x$ with respect to x is -----
 A) $2x$ B) 2 C) x D) 0
51. The presence of linear relationship among explanatory variables is termed as:
 A) Autocorrelation B) Heteroscedasticity
 C) Multicollinearity D) Errors in variables
52. Positive correlation between X and Y indicates that:
 A) When X increases Y increases
 B) When X increases Y decreases
 C) When X decreases Y increases
 D) When X increases Y remains the same
53. Which formula of index number satisfies the Factor Reversal Test?
 A) Paasche's formula B) Fisher's formula
 C) Laspeyer's formula D) None of the above
54. ----- means combining two or more overlapping series of Index Numbers with different base years into a common base year.
 A) Differencing B) Integrating
 C) Splicing D) Correlating
55. When the coefficient of skewness is zero the distribution is:
 A) J- shaped B) U- shaped
 C) Symmetrical D) L- shaped
56. If an event cannot take place, probability will be:
 A) Zero B) Positive
 C) Negative D) None of these
57. Rolling Plan was introduced in India in:
 A) 1948 B) 1951 C) 1962 D) 1958

58. In India, Planning Commission came into existence in:
 A) 1951 B) 1948 C) 1950 D) 1947
59. Which of the five year plans in India is based on Mahalanobis Model?
 A) First Five Year Plan B) Second Five Year Plan
 C) Third Five Year Plan D) Fourth Five Year Plan
60. In which year, the term social forestry was first used in India?
 A) 1968 B) 1976 C) 1980 D) 1983
61. According to Indian Economic Survey 2014-15, the State with highest cotton yield is
 A) Punjab B) Maharashtra
 C) Haryana D) Bihar
62. The least populated State in India as per the Census 2011 is:
 A) Sikkim B) Jammu and Kashmir
 C) Haryana D) Kerala
63. Female literacy rate in India according to the Census 2011 is:
 A) 56.75 B) 65.46 C) 76.87 D) 46.45
64. How many states in India are categorized as special category states, as on 2014?
 A) Seven B) Ten C) Eight D) Eleven
65. The motto of Census 2011:
 A) Our Census, Our future B) Our Census, Our Present
 C) Our Census, Our Past D) Our Census, Our Success
66. Pradhan Manthri Jan-Dhan Yojana (PMJDY) was launched on:
 A) 28 August 2014 B) 28 September 2013
 C) 28 July 2015 D) 28 October 2012
67. Kerala's density of population as per 2011 Census is----- persons per square kilometer.
 A) 545 B) 987 C) 860 D) 657
68. Indian Green Revolution was the most successful in:
 A) Pulses and Potato B) Jowar and Oil Seeds
 C) Wheat and Rice D) Tea and Coffee
69. As per Economic Review, 2013, during 2012-13, the contribution of primary sector to the Kerala's GSDP at constant prices (2004-05) was -----
 A) 23.9 per cent B) 9.3 per cent
 C) 25.2 per cent D) 14.3 per cent

70. ----- is a plan monitoring software developed by Information Kerala Mission for the formulation and monitoring of plan projects of local governments in Kerala.
 A) Sankhya B) Sulabha C) Sulekha D) Saphalya
71. The Indian State having the lowest Infant Mortality Rate is:
 A) Maharashtra B) Goa C) Gujarat D) Kerala
72. The nationalization of the major commercial banks took place in -----
 A) 1947 B) 1969 C) 1991 D) 1956
73. The concept of technological dualism has been put forward by:
 A) J.H. Boeke B) B. Higgins
 C) A. Lewis D) R. Rodan
74. According to the theory of demographic transition, in the second stage of population growth:
 A) The birth rate and death rate are high
 B) The birth rate remains stable but the death rate falls rapidly
 C) The birth rate starts falling and tends to equal the death rate
 D) The birth rate decreases and death rate increases
75. If there exists perfect inequality in income distribution, Gini-coefficient is:
 A) One B) Zero C) Infinity D) Two
76. Environmental Kuznets Curve is:
 A) An inverted U shaped curve B) U shaped curve
 C) L shaped curve D) Horizontal straight line
77. Approaches to national income accounting in which an attempt is made to account for changes in the quality of the environment in physical and/or value measures is:
 A) Blue accounting B) Yellow accounting
 C) Green accounting D) Red accounting
78. The critical minimum effort theory is due to:
 A) H. Leibenstein B) R. Rodan
 C) W.A. Lewis D) J.H. Boeke
79. The Unbalanced growth strategy was propounded by:
 A) R. Rodan B) A. O. Hirschman
 C) R.E. Lucas D) J.H. Boeke
80. What is assumed regarding marginal product of labour in the first stage of Fei – Ranis model?
 A) Marginal Product is greater than zero
 B) Marginal Product is zero
 C) Marginal Product is less than zero
 D) None of the above

81. The Human Development Index is published by:
 A) UNDP B) World Bank C) IMF D) UNIDO
82. According to ----- theory, the finale of the growth process is the attainment of stationary state.
 A) Marxian B) Monetarist
 C) Classical D) Keynesian
83. The World Development Report, 2015 is titled as:
 A) Jobs B) Mind, Society and Behaviour
 C) Gender Equality D) Attacking Poverty
84. The Harrod Domar growth model suggests that growth is:
 A) Directly related to savings and inversely related to the capital output ratio
 B) Directly related to the capital output ratio and inversely related to savings
 C) Indirectly related to savings and capital output ratio
 D) Directly related to savings and capital output ratio
85. Who among the following is NOT a classical economist?
 A) D. Ricardo B) A. Smith
 C) T.R Malthus D) G. Mankiw
86. Disguised unemployment is:
 A) When marginal revenue productivity of labour is zero
 B) The same as seasonal unemployment
 C) The same as cyclical unemployment
 D) None of the above
87. *Argumentative Indian* is a book written by:
 A) Raghuram Rajan B) Amartya Sen
 C) Joseph Stiglitz D) Nicolas Kaldor
88. Progress that meets the needs of the present without compromising the abilities of the future generation to meet their own needs is -----
 A) Tragedy of Commons B) Sustainable Development
 C) Net Primary Progress D) Collective Choice
89. Which among the following is NOT a feature of mercantilism?
 A) Highly nationalistic B) Favouring regulation
 C) Promoting imports D) Planning of economic activity
90. Which among the following is NOT an assumption of Heckscher-Ohlin Theorem?
 A) There are no transport costs
 B) Production functions exhibit constant returns to scale
 C) There is perfect competition in both commodity and factor markets
 D) Labour and capital are perfectly immobile between industries within the same country, but perfectly mobile between countries

91. According to Posner, trade is generated by technology change when:
- A) Imitation lag is longer than demand lag
 - B) Imitation lag is shorter than demand lag
 - C) Imitation lag is equal to demand lag
 - D) None of the above
92. Who introduced the product cycle theory of international trade?
- A) Leontiff
 - B) Vernon
 - C) Leamer
 - D) Buchanan
93. Identify which among the following is NOT an effect of tariff:
- A) Increase price within the importing country
 - B) Stimulate production in the import competing industry
 - C) Increase in imports in the importing country
 - D) Decrease in imports in the importing industry
94. Offer Curves in international trade is developed by:
- A) Marshall
 - B) Lerner
 - C) Leontief
 - D) Scitovsky
95. Stolper Samuelson theorem states that the imposition of a tariff will result in:
- A) A decrease in the real returns to the factor used intensively in the import competing industry and an increase in the real returns to the other factor
 - B) An increase in the real returns to the factor used intensively in the import competing industry and to an increase in the real returns to the other factor
 - C) An increase in the real returns to the factor used intensively in the import competing industry and to a decrease in the real returns to the other factor
 - D) A decrease in the real returns to the factor used intensively in the import competing industry and to a decrease in the real returns to the other factor
96. The pioneering study of the theory of customs unions was made by:
- A) Scitovsky
 - B) Jacob Viner
 - C) Truman
 - D) David Ricardo
97. According to Dunning the condition/s that determine whether a firm, industry or company will be a source or a host of FDI include:
- A) Ownership advantage
 - B) Internationalization gains
 - C) Locational considerations
 - D) All of the above
98. If the marginal propensity to save is 0.2 and if the marginal propensity to import is 0.3, the value of the multiplier will be:
- A) 2
 - B) 0.3
 - C) 5
 - D) 1
99. The theory of Purchasing Power Parity was formalized in the 1920s by:
- A) Robert Mundell
 - B) Gustav Cassel
 - C) Samuelson
 - D) J.R. Hicks

100. The objective/s of GATT were:
- A) Reduction or elimination of trade barriers
 - B) Incorporation of the Most Favoured Nation principle
 - C) The principle of reciprocity
 - D) All the above
101. Dumping aims at flooding a foreign country with:
- A) High priced commodities
 - B) Low priced commodities
 - C) Commodities with similar prices
 - D) Commodities with fluctuating prices
102. Which of the following is/are true for a dirty float?
- A) It is a purely fixed exchange rate system
 - B) It is a compromise between fixed and floating exchange rate system
 - C) Central banks sometimes intervene in the forex market to curb sharp changes
 - D) Both B and C
103. Which of the following is a non- tariff barrier to international trade?
- A) Export duty
 - B) Embargo
 - C) Counter veiling duty
 - D) Import duty
104. A straight line production possibility curve refers to:
- A) Constant cost
 - B) Decreasing cost
 - C) Increasing cost
 - D) Increasing investment
105. Wiseman and Peacock described a ----- effect, which refers to the apparent tendency for central government economic activity to grow faster than that of the state and local governments when a society is experiencing economic growth.
- A) Displacement effect
 - B) Inspection effect
 - C) Concentration effect
 - D) Imitation effect
106. If a tax on all incomes is levied at the same rate, it is called:
- A) Proportional tax
 - B) Progressive tax
 - C) Regressive tax
 - D) None of the above
107. The Chairman of the Committee on Taxation of Agricultural Wealth and Income (1972) was:
- A) K.N. Raj
 - B) Mahavir Tyagi
 - C) John Mathai
 - D) K.N. Wanchoo
108. The First Finance Commission in India was under the Chairmanship of:
- A) K. Santhanam
 - B) Y. V. Reddy
 - C) K.C. Neogy
 - D) J.M. Shelat

109. The gilt edge market deals in:
 A) Worn and torn currency notes
 B) Currency notes in circulation
 C) Government securities
 D) Corporate bonds
110. A curve which shows the relationship between tax rate and tax revenue is known as:
 A) Laffer Curve
 B) Phillips Curve
 C) Ogive
 D) Lorenz Curve
111. Interest payments is an item of:
 A) Revenue expenditure
 B) Plan expenditure
 C) Capital expenditure
 D) None of the above
112. The Fourteenth Finance Commission is chaired by:
 A) Y.V. Reddy
 B) Vijay Kelkar
 C) C. Rangarajan
 D) Reghuram Rajan
113. *Indian Tax Reforms* is a book written by:
 A) A.M. Khusro
 B) J. K. Mehta
 C) P.R. Brahmananda
 D) N. Kaldor
114. Given the Quantity Theory of Money Equation, $MV = PT$, MV represents:
 A) Supply of money
 B) Demand for money
 C) Supply of foreign reserves
 D) Demand for foreign reserves
115. According to Keynes, speculative demand for money is inversely related to:
 A) Employment
 B) Exchange rate
 C) Rate of interest
 D) Foreign reserves
116. The coexistence of unemployment and inflation in the economy is termed as:
 A) Reflation
 B) Deflation
 C) Disinflation
 D) Stagflation
117. Which of the following is NOT a function of Central Bank?
 A) Lender of Last Resort
 B) Bank of Issue
 C) Custodian of Cash Reserves
 D) Accepting deposits from the public
118. The ratio of after tax income while unemployed to after tax income while employed:
 A) Sacrifice ratio
 B) Hysteresis effect
 C) Replacement ratio
 D) Unemployment debt ratio

119. The economist who argues that industrial fluctuations are caused by monetary factors is:
- | | |
|------------|------------------|
| A) Keynes | B) Joan Robinson |
| C) Hawtrey | D) Sraffa |
120. The argument that net capital flows between countries occurred in response to differences between domestic and foreign interest rates was first propounded by:
- | | |
|-------------------|-------------------|
| A) Hicks- Hansen | B) Mundel-Fleming |
| C) Pigou-Marshall | D) Baro- Ricardo |
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