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19706

120 MINUTES

1. According to the second law of H .H. Gossen, the condition for consumer equilibrium is:

- A) $\frac{MU_X}{P_X} = \frac{MU_Y}{P_Y}$ B) $\frac{MU_X}{MU_Y} = \frac{P_X}{P_Y}$
C) $\frac{MU_X}{P_X} > \frac{MU_Y}{P_Y}$ D) Both A & B are correct

Answer the questions 2-3 by considering the following table.

2. Suppose Mr. X has six Rupees at his disposal and he wants to spend on apples and mangoes in order to obtain maximum total utility. Which of the following combination will bring him maximum total utility?

Money Units (in Rs.)	Marginal Utility of Apple	Marginal Utility of Mango
1	8	6
2	7	5
3	6	4
4	5	3
5	4	2
6	3	1

- A) Re.1 on Apple and Rs 5 on mangoes
B) Rs.3 on apple and Rs.3 on mangoes
C) Rs. 4 on Apple and Rs.2 on mangoes
D) Rs. 5 on apple and Re.1 on Mango
3. Considering the above table, which of the following two combinations give the same total utility?
A) Rs 3 each on Apples and Mangoes & Rs.5 on Apples and Re.1 on Mango
B) Re.1 on Apple and Rs 5 on Mangoes & Rs.5 on Apples and Re.1 on Mango
C) Rs. 4 on Apple and Rs.2 on Mangoes & Rs.5 on Apple and Re.1 on Mango
D) Rs. 4 on Apple and Rs.2 on Mangoes & Rs 3 each on Apples and Mangoes
4. Let us suppose that the base year price index is for 2014=100. In the year 2018, national product at current price was Rs.15000 cr and the price index was 120. National product at constant price in the year 2018 would be:
A) 12500 cr B) 10000 cr C) 15000 cr D) 18000 cr
5. If the Keynesian consumption is $C=a+by$, autonomous consumption is 50, $MPC =0.5$ and the increased income is 200, find out the total consumption
A) 100 B) 150 C) 200 D) 300
6. Which of the following variable is termed as Solow residual in the Cobb-Douglas production function, $Q=AL^\alpha K^\beta$
A) β B) α . C) A D) K

7. Government of India in its Economic Survey tabled in July 2019 envisaged an ambitious plan to transform Indian economy into a 5 trillion economy by 2024-25 for which India needs a sustained real GDP growth rate of
 A) 5% B) 5.6 % C) 7 % D) 8 %
8. Which of the following five year plan targeted the twin objectives of removal of poverty and economic self reliance?
 A) First B) Third C) Fourth D) Fifth
9. Which of the following is true about the comparative cost doctrine of David Ricardo?
 I. Nation should specialize in the production of those commodities in which they have comparative cost advantage
 II. Nation should import the commodity in which absolute disadvantage is greater
 III. Nation should import those commodities in which they have comparative disadvantage
 IV. Nation should import those commodities in which absolute disadvantage is less
 A) I alone is correct B) I and II are correct
 C) I, II and III are correct D) III and IV are correct
10. If a nation faces constant cost or MRT, the shape of its production possibility curve should be:
 A) Concave to the origin
 B) Convex to the origin
 C) A negatively sloped straight line
 D) Either A or B
11. In a data table, row heading is designated as:
 A) Caption B) Stub C) Head note D) Sub head
12. Which of the following is an example of averages of the second order?
 I. Mean deviation II. Arithmetic mean
 III. Standard deviation IV. Median
 A) I alone is correct B) I and II are correct
 C) I and III are correct D) I, II, III and IV are correct
13. “For goods that are unrelated in consumption, efficiency requires that tax rates be inversely proportional to elasticities” this definition best explains:
 A) The Ramsey rule B) Laffer curve
 C) Bayer’s rule D) Musgrave hypothesis
14. Money is a “temporary abode of purchasing power “this definition comes under:
 A) Conventional approach
 B) Friedman’s Chicago approach
 C) Gurley and Shaw Approach
 D) Central bank approach

15. Which of the following is true about M_2 as a measure of money supply?
- $M_2 = \text{Currency held by the public} + \text{net demand deposits of banks} + \text{other deposits of the RBI} + \text{savings deposits with post office savings bank}$
 - $M_2 = M_1 + \text{savings deposits with post office savings bank}$
 - $M_2 = M_1 + \text{net time deposits of banks}$
 - $M_2 = M_1 + \text{currency held by the public}$
- A) I alone is correct B) I and II are correct
C) II and III are correct D) I, II, III and IV are correct
16. Which one of the following is a non-marketable financial asset?
- A) NSC B) Bonds C) Shares D) Equities
17. Two financial assets dealt in ISLM model are:
- A) Bond and Equities B) Share and equities
C) Debentures and bonds D) Bond and money
18. In the Solow growth model, steady state exists when:
- A) Investment and depreciation rates are equal
B) Rate of growth of investment is greater than rate of growth of depreciation
C) Rate of growth of depreciation is greater than rate of growth of investment
D) Depreciation per worker is zero
19. In the Arthur Lewis' model, the capitalist surplus arises due to the fact that in the capitalist sector marginal productivity of labour is:
- A) Higher than subsistence wage
B) Equal to subsistence wage
C) Higher than capitalist wage
D) Less than efficiency wage
20. In India, core inflation denotes:
- A) Inflation rate with food and fuel
B) Inflation rate without food items
C) Inflation rate without food and fuels
D) Inflation without food and beverages
21. Minimum Support Price (MSP) for minor forest products in India is declared by:
- A) Ministry of Tribal Affairs
B) Ministry of Environment Forest and Climate change
C) Ministry of Consumer affairs
D) Commission for Agricultural costs and prices
22. The Heckscher-Ohlin theory predicts that international trade would result in:
- A) Difference in factor prices between nations remain unchanged
B) Difference in factor prices between nations increases
C) Difference in factor prices between nations decreases
D) Difference in factor prices between nations sometimes increases, sometimes decreases

23. “At constant relative commodity prices, the growth of only one factor leads to an absolute expansion in the output of the commodity using the growing factor intensively and to an absolute reduction in the output of the commodity using the non growing factor intensively” Identify the theorem
 A) Heckscher- Ohlin theorem B) Rybczynski theorem
 C) Metzler theorem D) Leontief Paradox
24. For a Giffen good, which of the following is true?
 A) Substitution effect is negative
 B) Income effect is negative
 C) Income effect is greater than substitution effect
 D) All of these
25. The equivalent of Income Consumption Curve (ICC) in producer’s equilibrium is called:
 A) Price Consumption Curve B) Expansion path
 C) Corner solution D) Iso-cost line
26. After the formation of the Customs Union, which of the static effect leads to an increase in welfare?
 A) Trade diversion B) Trade creation
 C) Trade optimization D) Trade integration
27. Which one of the following is best defined as “it is the square root of the mean of the squares of the deviations of all values of a series from their arithmetic mean.”
 A) Harmonic mean B) Range
 C) Quartile deviation D) Standard deviation
28. If the market rate of interest rises, the market price of bond may:
 A) Remain unchanged B) Falls
 C) Increases D) First increases then falls
29. Liquidity trap refers to a situation where, at a certain very low interest:
 A) The speculative demand for money becomes perfectly elastic
 B) The speculative demand for money becomes perfectly inelastic
 C) The precautionary demand for money becomes perfectly inelastic
 D) The precautionary demand for money becomes perfectly elastic
30. Match List I with List II and select the correct answer.
- | <u>List I</u> | <u>List II</u> |
|-----------------------------|---------------------------------------------------------------|
| a) Standard Deviation | 1. Deviations may be taken from mean, median or mode |
| b) Mean deviation | 2. Signs of deviation (+ or (–)) are not ignored |
| c) Coefficient of variation | 3. $(SD)^2$ |
| d) Variance | 4. $\frac{\text{Standard deviation}}{\text{Mean}} \times 100$ |
- A) a- 1, b-2, c- 4,d-3 B) a-2, b-1, c-4 , d-3
 C) a-4, b-1, c-2, d-3 D) a-1, b-2, c-3, d-4

41. In macroeconomics a 'general glut' refers to:
 A) Lack of involuntary unemployment
 B) Demand greater than supply
 C) Income greater than expenditure
 D) Excess supply over demand
42. The technique of combining two or more overlapping series of index numbers with different base years into one with a common base year is called:
 A) Splicing B) Interpolation C) Extrapolation D) Index mixing
43. In the short run production function, a rational producer would choose to produce at a stage and point in which:
 A) Stage I where MP and AP rises
 B) Stage II where the MP and AP diminishing but positive
 C) Stage III where MP and AP are negative
 D) Stage II where AP falls and MP rises
44. High powered money in India refers to:
 A) Commercial bank's reserve with RBI
 B) All loans and securities of banks
 C) Dollar and other foreign currencies held by RBI
 D) Currency that has been issued by the Government of India and RBI
45. An 'Open consistency model' of the fourth five year plan of India was designed by
 A) Harrod and Domar B) P C Mahalanobis
 C) A S Manne and Rudra D) K N Raj and Minhas
46. North- south divide among rich and poor countries are depicted by
 A) Radcliff line B) Kuznets line
 C) Brandt line D) Myrdal line
47. The System of National Accounts (SNA) is an internationally agreed standard for the estimation of economic activity and national income, it was envisaged by:
 A) The United Nations
 B) International Bank for Reconstruction and Development
 C) International Finance Corporation
 D) The International Monetary Fund
48. Which among the following is the largest contributor of Green House Gases (GHGs) and resultant global warming?
 A) Carbon dioxide B) Nitrous oxide C) Methane D) CFCs
49. If a tariff that is imposed on the basis of percentage/proportion of the value of the imported good is called:
 A) Compound tariff B) Ad valorem tariff
 C) Specific tariff D) Double column tariff

50. The term Eurocurrency is best explained by:
- I. It is the official currency of the European Union
 - II. Eurocurrency denotes short term borrowing also
 - III. If a Japanese company deposits Yen in a Canadian bank, then Yen will be considered as Eurocurrency
 - IV. If an American company deposits Dollar in a Paris Bank, then dollar will be considered as Eurocurrency
- A) I alone is correct B) IV alone is correct
 C) II and IV are correct D) II, III and IV are correct
51. Which of the following rule tells us that for achieving a desired number of targets require an equal number of instruments?
- A) Golden rule B) Tinbergen rule
 C) Great rule of 70 D) Brandt Rule
52. Which among the following is a method of reducing inflation quickly?
- A) Cold –Turkey method B) Keeping money supply method
 C) Hot-Turkey method D) Snake in the tunnel method
53. Labour Bureau, Shimla for many decades, collecting Rural Prices from the same fixed shops every month across India, is an example of:
- A) Cross sectional data B) Panel data
 C) Pooled data D) Time series data
54. $Y_i = \beta_1 + \beta_2 X_i + U_i$ denotes:
- A) Sample regression function
 B) Population regression function
 C) Nonlinear regression function
 D) Dummy regression function
55. If the Cobb- Douglas production function is $Q = A L^\alpha K^\beta$, and the value of $\alpha=2$ and $\beta=1$, then
- A) Factor intensity is 2 and it is labour intensive
 B) Factor intensity is 2 and it is capital intensive
 C) Factor intensity is 0.5 and it is labour intensive
 D) Factor intensity is 0.5 and it is capital intensive
56. Which of the following statement(s) is (are) correct?
- I. When the MR of a firm becomes negative, this indicates that firm's TR is decreasing with output
 - II. If the AR curve is straight line then MR curve will also be a straight line
 - III. If the TR curve of firm is straight line passing through the origin; it indicates that price is equal to MR
- A) I only B) I and II Only C) I and III only D) I, II and III
57. Deflation is beneficial to:
- I. Pensioners II. Equity holders
 - III. Salaried class IV. Debtors
- A) I alone B) I and II C) I and III D) I, II, III and IV

65. Which among the following is not a part of the five freedoms envisaged by Amartya Sen?
 A) Economic freedom B) Transactional freedom
 C) Procedural freedom D) Creative freedom
66. The Rate at which the Scheduled banks can borrow funds overnight from RBI against government securities:
 A) MSF rate B) Repo rate
 C) Reverse repo rate D) Base rate
67. Who among the following are the first women Managing Director and first woman Chief Economist (Economic Counsellor) of IMF?
 A) Michael Camdessus & Mrs Joan Robinson
 B) Camille Gutt & Jacques Polak
 C) Ivar Rooth & Gita Gopinath
 D) Christine Lagarde & Gita Gopinath
68. Selection of units is based on a sample interval is
 A) Stratified sampling B) Purposive sampling
 C) Systematic sampling D) Cluster sampling
69. An international agreement to control greenhouse gases that went into effect in February 2005.
 A) Montreal Protocol B) Sustainable Development Goal
 C) Kyoto Protocol D) Millennium Development Goal
70. If the determinant of a matrix $A = \begin{bmatrix} 3 & 6 \\ y & x \end{bmatrix}$ is 3, then:
 A) $x = y$ B) $x = y - 1$ C) $x = 1 + 2y$ D) $x = y + 1$
71. Non- sampling errors occurs when
 I. Select a sample that is too small to represent the population
 II. Due to the definitional ambiguity of the investigator and the respondent
 III. Due to mistakes committed by investigators while recording the data
 IV. Pseudo-opinions given by respondents
 A) I and II are correct B) II and III are correct
 C) II, III and IV are correct D) IV alone is correct
72. The Naive behavior of the firms in Cournot model denotes
 A) Each firm, while trying to maximize profit assumes, that its rival will keep its output constant
 B) Firms never learn from their past experiences
 C) Each firm, while trying to maximize profit assumes, that its rival will increase its output
 D) Firms learn from their past mistakes.
73. Who is the author of the book “The Theory of Moral Sentiments”?
 A) Recardo B) Prebisch C) Adam Smith D) Rodan

74. Match list I with list II

- | <u>List I</u> | | <u>List II</u> | |
|---------------|--------------------|----------------|--------------------------------------|
| a) | Brahmanada | 1. | Theory of low level equilibrium trap |
| b) | Morris D Morris | 2. | PQLI |
| c) | Nelson | 3. | Inverted 'U' hypothesis |
| d) | Kuznet | 4. | Wage good model |
| | | 5. | HDI |
| A) | a-4, b-2, c-1, d-5 | B) | a-3, b-2, c-4, d-1 |
| C) | a-4, b-5, c-1, d-3 | D) | a-4, b-2, c-1, d-3 |

75. Musgrave and Musgrave termed the impact point of tax as:

- | | | | |
|----|-----------------------|----|-------------------|
| A) | An economic incidence | B) | Tax incidence |
| C) | Statutory incidence | D) | Social accounting |

76. Which of the following statements are true about Ricardo's growth model?

- I. Ricardo's production function is subject to increasing returns
- II. Agriculture sector is subject to diminishing returns
- III. Manufacturing sector is subject to increasing returns
- IV. From a historical date onwards diminishing return of the agriculture sector outweigh the increasing returns of the manufacturing sector

- | | | | |
|----|----------------------------|----|------------------------|
| A) | I and II are correct | B) | II and III are correct |
| C) | II, III and IV are correct | D) | I and IV are correct |

77. Which of the following pair is NOT correct?

- A) Growth theory: An exposition –R M Solow
- B) Why nations fail –A Lewis
- C) Capital in the twenty first centuries –Thomas Piketty
- D) The augmentative Indian – Amartya Sen

78. Match List I with List II and select the correct answer.

- | <u>List I</u> | | <u>List II</u> | |
|---------------|--------------------|----------------|------------------------------------------------|
| a) | 'Ru Pay' | 1. | Vijay Shekar |
| b) | 'Yono' | 2. | Flipkart |
| c) | 'Phonepe' | 3. | SBI |
| d) | 'PayTM' | 4. | National Payments Corporation of India Limited |
| A) | a-4, b-3, c-2, d-1 | B) | a-2, b-1, c-4, d-3 |
| C) | a-3, b-1, c-2, d-4 | D) | a-4, b-3, c-1, d-2 |

79. In India, the agriculture crop year begins every year in the month of:

- | | | | | | | | |
|----|------|----|------|----|-------|----|---------|
| A) | July | B) | June | C) | April | D) | January |
|----|------|----|------|----|-------|----|---------|

80. Which of the following is not an item of Official Reserve Assets of economies in general?

- I. Gold holdings of the nation's monetary authority
 - II. Nation's Reserve position in the IMF
 - III. Special Drawing Rights
 - IV. Nation's reserve position in WTO
- | | | | |
|----|-----------------------|----|----------------------|
| A) | II and IV are correct | B) | I and II are correct |
| C) | II is correct | D) | IV is correct |

81. According to the Marshall-Lerner condition, currency depreciation has no effect on a country's trade balance if the elasticity of demand for its exports plus the elasticity of demand for its imports equals:
 A) 0.1 B) 0.5 C) 1.0 D) 2.0
82. Government action to stabilize economic activity by stimulating it in a recession and reducing it in an inflationary boom is known as:
 A) Crowding out B) Zero budgeting
 C) Fine -tuning D) Controlled expansion
83. The statistical relationship between unemployment rate and the growth rate of an economy is associated with
 A) Taylor principle B) Okun's law
 C) Phillips curve D) Kuznets law
84. In a Chi-square test to a contingency table of 4 rows and 4 columns, the degree of freedom would be:
 A) 9 B) 4 C) 16 D) 1
85. Multicollinearity is specific to:
 I. Sample estimates II. Population estimates
 III. Time series data IV. Pooled data
 A) I, II, III. and IV are correct B) I,II and IV are correct
 C) I, II and III are correct D) I, III and IV are correct
86. If each factor is paid equal to its marginal physical product, then the total value of the product must get exhausted is called:
 A) Autonomous behavior of Chamberlin
 B) Euler's theorem
 C) Ricardian theory of distribution
 D) Bennett's theorem
87. Game in which the gains of one player are equal to the losses of the other player is known as:
 A) Maxi-min strategy B) Pure strategy
 C) Hog cycles D) Zero-sum game
88. In the case of UDCs
 A) Backwash effect+ Spread effect
 B) Backwash effect< Spread effect
 C) Spread effect < Backwash effect
 D) None of these
89. Which of the following growth model recognizes that economic growth depends on the pattern of income distribution?
 A) Kaldor's model B) Lucas model
 C) Harrod's model D) Romer's model

101. 'There are some projects that appropriate more external economies than they create' which Hirschman termed as
- | | |
|-------------------------|---------------------------|
| I. Convergent series | II. Divergent series |
| III. Induced investment | IV. Autonomous investment |
- A) I alone is correct B) I and II are correct
 C) I and III are correct D) I and IV are correct
102. Which one of the following method is a surrogate market method for the valuation of an environmental good?
- A) Defensive expenditure method
 B) Contingent valuation method
 C) Choice experiments
 D) Hedonic pricing method
103. Arrange the following districts of Kerala in the descending order of sex ratio based on 2011 census
- A) Pathanamthitta, Kannur, Alapuzha, Thrissur
 B) Kannur, Alapuzha, Pathanamthitta, Thrissur
 C) Thrissur, Pathanamthitta, Alapuzha, Kannur
 D) Kannur, Pathanamthitta, Thrissur, Alappuzha
104. Which among the following statement/s is/ are correct?
 Statement I -- The Life Cycle Hypothesis was developed by Albert Ando and Modigliani
 Statement II -- The basic assumption of absolute income hypothesis is that current consumption expenditure is a function of current real income.
- A) Statement I is correct
 B) Statement II is correct
 C) Both statements are correct
 D) None of the above
105. Small industrial Development Bank of India (SIDBI) is a development financial institution in India, headquartered at
- A) New Delhi B) Lucknow C) Mumbai D) Chennai
106. If it rains, a taxi driver can earn Rs 500 per day. If it is fair, he can lose Rs 50 per day. If the probability of rain is 0.30 what is his expectation?
- A) Rs 115 B) Rs 450 C) Rs 535 D) Rs 295
107. If the total cost function is $C=8x^3 + 3x^2 - 6x + 3$, marginal cost is:
- A) $11x^2 + 5x - 3$ B) $24x^2 + 6x + 3$
 C) $24x^2 + 6x - 6$ D) $24x + 3$
108. The revealed preference theory assumes
- A) Single Ordering B) Weak Ordering
 C) Double Ordering D) Strong Ordering
109. Market demand curve is positively sloped in the case of:
- A) Band wagon effect B) Veblen effect
 C) Snob effect D) Price effect

110. Match List I with List II and select the correct answer.

List I

List II

- | | |
|--------------------------------|-----------------------|
| a) Travel cost method | 1. Jordan Louviere |
| b) Choice Modeling | 2. Wood and Trice |
| c) Contingent Valuation method | 3. Ridker and Henning |
| d) Hedonic pricing method | 4. Ciriacy-Wantrup |
| A) a-1, b-2, c-3, d-4 | B) a-4, b-3, c-2, d-1 |
| C) a-3, b-1, c-2, d-4 | D) a-2, b-1, c-4, d-3 |

111. Primary deficit is:

- A) Fiscal deficit – interest payment
- B) Fiscal deficit + interest payment
- C) Fiscal deficit + revenue deficit
- D) Fiscal deficit – Revenue deficit

112. The service tax was introduced in India in

- A) 1993 B) 1998 C) 1994 D) 2000

113. If a monopolist offers a 10% discount to students for his product and charging others the market price, it is a case of:

- A) First degree price discrimination
- B) Second degree price discrimination
- C) Third degree price discrimination
- D) Fourth degree price discrimination

114. Which of the statement(s) is / are the draw backs of CPI?

- I. It is based on whole sale price only so it fails to reflect true cost of living
- II. It fails to reflect the substitution of goods by typical consumers so that it fails to reflect the real cost of living
- III. It is an index of typical goods and typical consumers so that it fails to reflect the real cost of living
- IV. It fails to reflect the changes in the quality of goods so that it fails to reflect the real cost of living

- A) I only B) II, III & IV only
C) I, III & IV only D) I and IV only

115. Match List I with List II and select the correct answer.

List I

List II

- | | |
|---------------------------------|-----------------------|
| a) Indian Statistical Institute | 1. M N Roy |
| b) Expenditure tax | 2. Raja Chelliah |
| c) Tax reforms | 3. P C Mahalanobis |
| d) People's plan | 4. Nicholas Kaldor |
| A) a-4, b-3, c-2, d-1 | B) a-3, b-1, c-2, d-4 |
| C) a-3, b-4, c-2, d-1 | D) a-4, b-3, c-1, d-2 |

116. India's rank according to Human Development Report-2018:
 A) 133 B) 130 C) 135 D) 129
117. Maruthi Suzuki in its Pune plant, it was observed that the probability of a defective engine is (0.1) (assumes binomial distribution) what will be the mean and standard deviation for the distribution of defective engine in a total of 400 ?
 A) 40 and 6 respectively B) 6 and 40 respectively
 C) 100 and 400 respectively D) 4 and 40 respectively
118. In the Harrod's growth model , if the Actual growth rate (G) is less than the Warranted growth rate (G_w), then the economy may experiences:
 I. Inflation II. Deficiency of demand
 III. Over production IV. Recession and depression

 A) I alone is correct B) II and III are correct
 C) I, II and III are correct D) II, III and IV are correct
119. A value of 1 in Gini index represents:
 A) Low inequality B) Maximum inequality
 C) Average inequality D) 1% inequality
120. The Non -Accelerating-Inflation Rate of Unemployment (NAIRU) denotes:
 A) The employment rate when inflation is zero
 B) The rate of unemployment when inflation is zero
 C) The rate of unemployment when fiscal policy is effective
 D) Same as the rate of structural unemployment.
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