

2013 September UGC NET Solved Question Paper in Economics Paper 2

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1. Marginal Cost is less than the Average Cost when Average Cost falls with

- (A) an increase in output
- (B) a decrease in output
- (C) constant output
- (D) no change in output

Answer: (A)

2. The pure monopolist obtains equilibrium level of output when

- (A) Marginal Revenue = Marginal Cost
- (B) Price = Marginal Cost
- (C) Price is the lowest
- (D) Price is the highest

Answer: (A)

3. The transformation curve is derived from the

- (A) Consumption Curve
- (B) Utility Possibility Curve
- (C) Social Welfare Function
- (D) Production Contract Curve

Answer: (D)

4. Match the items in List – I with the items in List – II :

List – I

List – II

a. Principles of Economics

1. Paul Sweezy

- | | |
|--|---------------|
| b. Kinked Demand Curve | 2. Adam Smith |
| c. Principle of Maximum Social Advantage | 3. Marshall |
| d. Law of Invisible Hand | 4. Dalton |

Codes :

a b c d

(A) 3 1 4 2

(B) 3 2 4 1

(C) 2 1 3 4

(D) 4 3 1 2

Answer: (A)

5. Assertion (A) : The imposition of Sales Tax does not affect the profit of the monopolist.

Reason (R) : The monopolist shifts the burden of Sales Tax on to the consumer.

Codes :

(A) Both (A) and (R) are true and (R) is the correct explanation of (A).

(B) Both (A) and (R) are true, but (R) is not the correct explanation of (A).

(C) (A) is true, but (R) is false.

(D) (A) is false, but (R) is true.

Answer: (D)

6. Market demand for any goods is a function of

- i. price per unit of that goods
- ii. price per unit of related goods
- iii. income of the consumer
- iv. taste and preference of the consumer

Codes :

(A) i and ii only are true.

(B) i and iii only are true.

(C) i, ii and iii only are true.

(D) i, ii, iii and iv are true.

Answer: (D)

7. If the railways are making loss on passenger traffic they should lower their fares. The suggested remedy would work only if the demand for rail travel has a price elasticity of

i. $e_p > 1$

ii. $1 > e_p > 0$

iii. Zero

iv. One

(A) ii and iii

(B) i and ii

(C) i and iii

(D) ii and iv

Answer: (Wrong Question)

8. Macro economics distinguishes between the real economy and

(A) virtual economy

(B) monetary economy

(C) normative economy

(D) underground economy

Answer: (B)

9. Match the items in List – I with the items in List – II :

List – I

List– II

i. Psychological Law of Consumption

1. Ratchet Effect

- ii. Relative Income Hypothesis
- iii. Permanent Income Hypothesis
- iv. Life Cycle Hypothesis

- 2. Age Structure of the Population
- 3. Distribution of Income www.netugc.com
- 4. Backward Looking Expectations

Codes :

i ii iii iv

- (A) 3 1 4 2
- (B) 2 4 1 3
- (C) 3 1 2 4
- (D) 4 2 3 1

Answer: (A)

10. Assertion (A) : There exists inverse relationship between interest rates and bond prices.

Reason (R) : A bond price represents the present discounted value of the payments agreed upon at the time when the bond was issued.

Codes :

- (A) Both (A) and (R) are correct, and (R) is the correct explanation of (A).
- (B) (A) is correct, but (R) is not the correct explanation of (A).
- (C) (A) is correct, but (R) is incorrect.
- (D) (A) is incorrect, but (R) is correct.

Answer: (A)

11. Assertion (A) : The Natural Rate of Unemployment Hypothesis yields in the long run a vertical Phillips Curve.

Reason (R) : The Natural Rate of Unemployment assumes static price expectations.

Codes :

- (A) (A) is correct and (R) is the correct explanation of (A).
- (B) Both (A) and (R) are correct and (R) is not the correct explanation of (A).
- (C) (A) is correct, but (R) is incorrect.
- (D) Both (A) and (R) are incorrect.

Answer: (C)

12. In the context of different business cycle theories match the nature of cycle/approach given in List – I with the propounders in List – II :

List– I

List – II

i. Constrained Cycles

1. Paul A. Samuelson

ii. Acceleration – Multiplier Interaction Approach

2. J. R. Hicks

iii. Capital – Stock Adjustment Principle

3. Nicholas Kaldor

iv. Real Business Cycles

4. Robert J. Barro

Codes :

i ii iii iv

(A) 2 1 3 4

(B) 1 2 4 3

(C) 2 1 4 3

(D) 1 3 2 4

Answer: (A)

13. Assuming fixed prices, which of the following statements are true?

1. Monetary policy is more effective, flatter the IS-curve.

2. Fiscal policy is less effective, flatter the LM curve.

3. Fiscal policy is more effective, flatter the LM curve.

4. Monetary policy is ineffective and fiscal policy is fully effective in liquidity trap.

Codes :

(A) 1, 2, 4

(B) 1, 3, 4

(C) 2, 3, 4

(D) None of the above

Answer: (B)

14. Match items given in List – I with those given in List – II :

List– I

List – II

a. Inventory Theoretic Approach

1. J.M. Keynes

b. Liquidity Preference as Behaviour Towards Risk

2. Milton Friedman

c. Money as a Temporary Abode of Purchasing Power

3. James Tobin

d. A Discontinuous Individual Speculative Demand for Money Function

4. W. Baumol

Codes :

a b c d

(A) 1 4 3 2

(B) 2 3 4 1

(C) 3 2 1 4

(D) 4 3 2 1

Answer: (D)

15. Which country stands at the top in 2011 Human Development Index ranking of 187 countries in H.D.I. Report – 2011 ?

(A) Norway

(B) Australia

(C) New Zealand

(D) U.S.A.

Answer: (A)

16. By an unlimited supply of labour, Lewis meant

(A) infinite elasticity of demand for labour

(B) infinite elasticity of supply for labour

- (C) infinite labour available at prevailing wage rate
- (D) none of the above

Answer: (C)

17. According to Mrs. Robinson, the stage of 'Golden Age' = _____.

- (A) Capital growth rate > Labour growth rate
- (B) Capital growth rate = Labour growth rate
- (C) Capital growth rate < Labour growth rate
- (D) Capital growth rate > 1

Answer: (B)

18. According to whom, surplus value should be given to labour ?

- (A) Adam Smith
- (B) Karl Marx
- (C) Gandhiji
- (D) Sen

Answer: (B)

19. According to Kuznets, innovation is

- (A) Application of new knowledge to production process
- (B) Improvement of efficiency of machines
- (C) Discovery of new consumption needs
- (D) Improvement of marketing techniques

Answer: (C)

20. The approach of social dualism is connected with the following country :

- (A) Indonesia

- (B) U.K.
- (C) Iran
- (D) Pakistan

Answer: (A)

21. Assertion (A) : A lump sum tax imposed on a monopolist cannot be shifted to the consumers.

Reason (R) : The lump sum tax becomes a part of his fixed cost and it does not affect the marginal cost of production.

Codes :

- (A) (A) is true, but (R) is false.
- (B) Both (A) and (R) are false.
- (C) (A) is not correct, but (R) is correct.
- (D) Both (A) and (R) are correct and (R) is the correct explanation of (A).

Answer: (D)

22. The case for progressive tax rates exists in terms of

- (A) Benefits received
- (B) Cost of service
- (C) Ability to pay
- (D) Voluntary exchange approach

Answer: (C)

23. According to Peacock and Wiseman's analysis, public expenditure increases

- (A) in smooth and continuous manner
- (B) as time passes
- (C) in jerks or step like fashion
- (D) both in the short and long runs

Answer: (C)

24. Which one of the following debt redemption method is a process by which maturing debts are replaced by new bonds and there is no liquidation of the money burden of debt ?

- (A) Repudiation
- (B) Refunding
- (C) Conversion
- (D) Capital levy

Answer: (B)

25. Fiscal deficit less interest payments is called

- (A) Net fiscal deficit
- (B) Monetised deficit
- (C) Primary deficit
- (D) Budgetary deficit

Answer: (C)

26. Mercantilism was based on the ideology of

- (A) Globalization
- (B) Nationalism
- (C) Regionalism
- (D) Privatization and Globalisation

Answer: (B)

27. Policy of Protection will benefit

- (A) Abundant factor of production
- (B) Scarce factor of production
- (C) Both (A) & (B) are correct

(D) None of the above

Answer: (B)

28. The Stolper-Samuelson Theorem postulates that the imposition of tariff by a nation causes the real income of the nation's

(A) both and abundant factors to rise

(B) abundant factor to rise

(C) scarce factor to fall

(D) scarce factor to rise

Answer: (D)

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29. Match the items of List – I and with items of List – II from the given codes :

List – I

List – II

I. Adam Smith

1. Opportunity cost

II. David Ricardo

2. Factor endowment

III. Ohlin

3. Absolute advantage

IV. Haberler

4. Comparative advantage

Choose the correct code :

Codes :

I II III IV

(A) 3 4 2 1

(B) 4 2 1 3

(C) 2 3 4 1

(D) 1 2 3 4

Answer: (A)

30. Match List – I with List – II :

List – I

I. Rybczynski Theorem

II. Metzler Effect

III. Stolper- Samuelson Theorem

IV. Immiserising growth

List – II

a. The effect of tariffs on factor prices

b. The effect of factor growth on production and growth

c. The effect of tariffs on domestic prices

d. The effect of growth on terms of trade

Codes :

I II III IV

(A) d c a b

(B) d a c b

(C) b a c d

(D) b c a d

Answer: (D)

31. Match items in List – I with the items in List – II :

List – I

a. Rajiv Gandhi Udyami Mitra Yojana
Government of India & SIDBI

b. Credit Guarantee Fund Trust of Medium and Small Enterprises

c. National Manufacturing Competitiveness Programme

d. National Competition Commission of India
entrepreneurs

List – II

1. Jointly set up by

2. Lean Manufacturing

3. Control of Cartels

4. Promotion of first generate

Codes :

a b c d

(A) 4 1 2 3

(B) 4 2 1 3

(C) 4 3 1 2

(D) 3 4 1 2

Answer: (A)

32. Which of the following is not correct about the micro, small and medium enterprises in India ?

- (A) It covers both registered and informal sectors.
- (B) Its classification criteria is investment in plant and machinery.
- (C) The fourth Census of the MSMEs is for the year 2009-10.
- (D) According to the fourth Census of MSME, total registered MSME sector comprised 67.1 percent manufacturing units while 32.9 percent were service enterprises.

Answer: (C)

33. What is the ceiling on investment in plant and machinery for small enterprises in India ?

- (A) Rs. 25 lakhs
- (B) Rs. 5 crore
- (C) Rs. 1 crore
- (D) Rs. 10 crore

Answer: (B)

34. What is the weight of the manufacturing sector in the Industrial Production Index (2004-05 = 100) ?

- (A) 69.0 percent
- (B) 72.3 percent
- (C) 75.5 percent
- (D) 79.2 percent

Answer: (C)

35. Match items of List – I with items of List – II :

List – I

a. Bharat Nirman Yojana

b. National Food for Work Programme

List – II

1. Rural Housing

2. Merged with SGSY

c. Indira Awas Yojana

3. Merged with SGRY

d. Supply of Improved Tool Kits to Rural Artisans 4. Rural Infrastructure

Codes :

a b c d

(A) 4 3 1 2

(B) 4 2 1 3

(C) 4 1 2 3

(D) 2 4 1 3

Answer: (A)

36. Which one of the following is not reserved for public sector ?

(A) Atomic energy

(B) Railways

(C) Insurance

(D) Port Trust of India

Answer: (C)

37. Assertion (A) : The public distribution system in India has close links with food security for the vulnerable segments of population.

Reason (R) : Public distribution system is failure in India.

Codes :

(A) Both (A) and (R) are true and (R) is correct explanation for (A).

(B) Both (A) and (R) are true and (R) is not correct explanation for (A).

(C) (A) is true, but (R) is false.

(D) (A) is false, but (R) is true.

Answer: (C)

38. What is the share of agriculture sector in India's National Income at present ?

- (A) 5%
- (B) 15%
- (C) 25%
- (D) 27%

Answer: (B)

39. The Service Area Approach was implemented under the purview of

- (A) Lead Bank Scheme
- (B) Integrated Rural Development Programme
- (C) Training the Rural Youth for Self-employment
- (D) Mahatma Gandhi National Rural Employment Guarantee Scheme

Answer: (A)

40. During the British Raj, the Mahalwari System in Indian Agriculture was introduced by

- (A) Cornwallis
- (B) Curzon
- (C) Johnson
- (D) W. Bentinck

Answer: (D)

41. Technology Mission on oilseeds was started in India in the year

- (A) 1975
- (B) 1980
- (C) 1986
- (D) 1992

Answer: (C)

42. High Yielding Varieties Programme in India does not include

- (A) Wheat
- (B) Pulses
- (C) Jowar
- (D) Maize

Answer: (B)

43. As per the latest SRS data, which of the following age-group has the lowest age-specific fertility rate in India ?

- (A) 15-19
- (B) 20-29
- (C) 30-34
- (D) 35-39

Answer: (D)

44. Endogenous technological change is not caused by

- (A) FDI
- (B) Population size
- (C) Population density
- (D) Educational level

Answer: (A)

45. Match Group – I with Group– II :

Group – I

Group – II

a. Variance

i. Sampling distribution

b. Mode

ii. Normal distribution

c. χ^2 distribution

iii. Measure of dispersion

d. Mesokurtic distribution

iv. Measure of central tendency

Codes :

a b c d

(A) i iii ii iv

(B) iii iv i ii

(C) ii iv iii i

(D) iv ii i iii

Answer: (B)

46. Assertion (A) : Fisher's Index No. is ideal Index No.

Reason (R) : Fisher's Index satisfies time reversal and factor reversal tests.

Codes :

(A) Both (A) and (R) are true and (R) is the correct explanation of (A).

(B) Both (A) and (R) are true, but (R) is not correct explanation of (A).

(C) (A) is true, but (R) is false.

(D) (A) is false, but (R) is true.

Answer: (A)

47. There are 12 white balls, 8 red balls and 5 green balls in a basket. What is the probability that a ball drawn is either red or white ?

(A) $\frac{12}{25}$ www.netugc.com

(B) $\frac{8}{25}$

(C) $\frac{20}{25}$

(D) $\frac{15}{25}$

Answer: (C)

48. If the mean and variance of a given distribution is 8 and 0.25, then the coefficient of variation will be

- (A) 4 percent
- (B) 8 percent
- (C) 12 percent
- (D) 16 percent

Answer: (D)

49. Coefficient of determination is given as

- (A) $r/1 - r^2$
- (B) $1 - r^2$
- (C) $1 + r^2$
- (D) r^2

Answer: (D)

50. For testing the equality of population variances the test to be applied is

- (A) Student's t test
- (B) χ^2 test
- (C) F distribution
- (D) Z distribution

Answer: (C)