

58. Karl Pearson's correlation coefficient is used for finding:

- (a) Correlation for any type of relation
- (b) Correlation for linear relations only
- (c) Correlation for curvilinear relation only
- (d) Both (b) and (c)

59. The test of shifting the base is called:

- (a) Unit test
- (b) Time reversal test
- (c) Circular test
- (d) None of the above

60. We use price index numbers to

- (a) Measure and compare prices
- (b) Measure price
- (c) Compare prices
- (d) None of the above

ECONOMICS - 2006

1. Giffen Paradox holds that:

- (a) Demand is strengthened with rise in the price
- (b) Demand gets weakened with the rise in the price
- (c) Demand is indifferent to change in the price
- (d) Demand is strengthened with fall in the price

2. The consumer will maximise his satisfaction:

- (a) Throughout the whole price line
- (b) At the upper end of the price line
- (c) At the lower end of the price line

- (d) Where the price line touches the indifference curve
3. If the income elasticity of demand of a commodity is negative, the commodity IS :
- (a) Normal commodity
 - (b) Inferior commodity
 - (c) Free commodity
 - (d) None of the above
4. Given a marginal efficiency schedule or curve, the investment will depend on :
- (a) Expected rate of interest
 - (b) Bank rate
 - (c) Discount rate
 - (d) Current rate of interest
5. For the value of multiplier to be 3, the value of MPC should be
- (a) 1
 - (b) 2
 - (c) $2/3$
 - (d) $3/2$
6. At the "liquidity trap" the liquidity preference curve is
- (a) Elastic
 - (b) Inelastic
 - (c) Perfectly inelastic
 - (d) Perfectly elastic
7. "Ratchet effect" means that when income falls from its previous peak income level then:
- (a) APS increases
 - (b) APS and APe both increase
 - (c) APe increases

- (d) APS and APe both decrease
8. The vicious circle argument points out the connection between :
- (a) Income and population
 - (b) Investment and technology
 - (c) Productivity and income
 - (d) Saving and capital
9. The supply of money is
- (a) A stock concept
 - (b) A flow concept
 - (c) Both stock and flow concept
 - (d) Neither stock nor flow concept
10. Which of the following is the least liquid asset?
- (a) Machines
 - (b) Money
 - (c) Shares
 - (d) Bonds
11. The income of the Government through all its. sources is called
- (a) Public expenditure
 - (b) Public revenue
 - (c) Public Finance
 - (d) None of the above
12. Ricardo's law of comparative advantage is based on the
- (a) Opportunity cost theory
 - (b) Labour theory of trade
 - (c) Law of diminishing returns

- d) All of the above
13. The critical minimum effort theory is due to
- a) R. Rodan
 - (b) H. Leibenstein
 - (c) A. Lewis
 - (d) J. H. Boeke
14. What proportion of world trade is based on absolute advantage ?
- (a) All
 - b) Most
 - (c) Some
 - d None
15. Keynes terms "active balances" as the money held for
- (a) The speculative. motive
 - (b) The transaction motive
 - (c) The precautionary motive
 - (d) The transaction and precautionary motives
16. The fiat money refers to
- (a) Legal money
 - (b) Illegal money
 - (c) Deposit money
 - (d) Full bodied money
17. Which one of the following is not a payment to the factors of production ?
- (a) Rental income of persons
 - (b) Business transfer payments
 - (c) Proprietor's income

(d) Dividends

18. Which one of the following would not be considered as near money ?

(a) Time deposits

(b) Savings and loans

(c) Treasury bills

(d) Demand deposits

19. Continues to fall at a rate proportionate with the increases in output, is known as:

a) A.T.C.

(b) A.V.C.

(c) T.C.

(d) A.F.C.

20. The isoquants are convex the origin because of :

(a) Increasing MRTS

(b) Decreasing MRTS

(c) Increasing returns to scale

(d) Decreasing returns to scale

21. The sum of the difference between the poverty line and actual income levels of all people living below that line is termed as

(a) Poverty line

(b) Poverty weighted index

(c) Poverty gap

(d) Poverty ratio

22. The argument that the primary-product export orientation of LDC's results in a decline in their terms of trade and loss of income is associated with:

(a) Prebisch-Singer thesis

(b) Transfer pricing

- (c) Paradox of thrift
- (d) Paradox of aggregation

23. An entity that provides benefits to all individuals simultaneously and whose enjoyment by one person is in no way diminished by that of another is called a :

- (a) Public utility
- (b) Public good
- (c) Public bad
- (d) Public expenditure

24. A market situation in which there are a few sellers and many buyers of similar but differentiated products is called:

- (a) Monopoly
- (b) Monopolistic competition
- (c) Duopoly
- (d) Oligopoly

25. The formula for standard deviation in step deviation method is

- (a) $\sigma = \sqrt{\sum d^2/N}$
- (b) $\sigma = \sqrt{\sum fd^2/N - (\sum fd)^2/N}$
- (c) $\sigma = \sqrt{\sum fd^2/N - (\sum fd)^2/N}$
- (d) None of the above

26. Indian economy is most appropriately described as a

- (a) Capitalist economy
- (b) Mixed economy .
- (c) Socialist economy
- (d) None of the above

27. Which items have now emerged largest export earners ?

- (a) Gems, Jewellery and Readymade Garments

(b) Tea, Coffee and Tobacco

(c) Cotton and Jute fabrics

(d) Machinery and Transport equipment

28. Transfer of funds to a foreign country by a local citizen or business IS called:

(a) Capital investment

(b) Foreign direct investment

(c) Capital flight

(d) Capital accumulation

29. Inflation that arises because of the existence of excess aggregate demand over aggregate supply is called

(a) Cost push inflation

(b) Hyper inflation

(c) Creeping inflation

(d) Demand pull inflation

30. The process of improving the quality of all human lives is termed as

(a) Economic growth

(b) Economic development

(c) Social justice

(d) None of the above

31. The green revolution in India has made the greatest impact on the production of :

(a) Wheat and rice

(b) Pulses and grains

(c) Oilseeds and cotton

(d) Jute and tea

32. Which one of the following is not a measure of land reforms adopted in India?

(a) Consolidation of land holdings

(b) Abolition of intermediaries

(c) Ceiling on land holdings

(d) Nationalisation of land

33. Median is a :

(a) Positional average

(b) Mathematical average

(c) Both of the above

(d) None of the above

34. Formula for Geometric Mean is

(a) $G. M = \text{Antilog } \frac{\sum f \log m}{N}$

(b) $G. M = \text{Antilog } \frac{\sum fd}{N}$

(c) $G. M = \text{Antilog } \frac{\sum f x}{N}$

(d) None of the above

35. Which one of the following is the defects in agrarian structure of India ?

(a) Tenants have little incentive

(b) Tenants cannot afford to provide capital investment

(c) Tenants get no benefit by working with better equipment

(d) All of the above

36. If σ denotes standard deviation and X denotes arithmetic mean, the coefficient of variation can be calculated as

a) $\frac{\sigma}{X} \times 100$

b) $\frac{100}{\sigma + X}$

c) $\frac{\sigma}{X} \times 100$

d) $\frac{X}{\sigma} \times 100$

37. The maximum number of people in India work in the

a) Primary sector

- b) Secondary sector
- c) Tertiary sector'
- d) None of the above

38. The increasing integration of national economies into expanding international markets means :

- (a) Global commons
- (b) Global factory
- (c) Globalization
- (d) Global warming

39. Index measuring deprivation in basic human development in a country is called:

- (a) Human Development Index
- (b) Human Immunodeficiency
- (c) Human Poverty Index
- (d) Human Resources

40. Which one is not a characteristic of a developing nation?

- (a) Low levels of living
- (b) Low levels of productivity
- (c) High rates of population growth
- (d) Prevalence of perfect markets and unlimited information

41. A situation where population is able to meet only its bare subsistence essentials to maintain minimum levels of living is called:

- (a) Poverty Index
- (b) Absolute Poverty
- (c) Relative Poverty
- (d) Poverty Gap

42. Which one is not among the characteristics of a multinational corporation?

- (a) Large size

- (b) Heavy investment
- (c) Modern technology
- (d) Labour intensive

43. To arrive at calculations of net social benefits we need the social measures of the unit value of all project inputs, called as :

- (a) Market prices
- (b) Factor prices
- (c) Product prices
- (d) Shadow prices

44. Hirschman discussed the strategy of unbalanced growth in terms of :

- (a) Development Via shortages and via excess capacity
- (b) Development Via availability of resources
- (c) Development via non-availability of resources
- (d) Development via availability and via excess capacity

45. Which one is not an indicator of Human Development Index?

- (a) Longevity
- (b) Productivity
- (c) Knowledge
- (d) Standard of living

46. Which one IS not among the characteristics of modern economic growth ?

- (a) High rates of growth of per capita production
- (b) Rapid structural transformation
- (c) Rapid social and ideological transformation
- (d) Rapid growth of political and administrative constraints

47. Benefits of Foreign Investment does not include:

- (a) Employment expansion

- (b) Technology transfer
 - (c) Foreign exchange benefit
 - (d) Declining terms of trade
48. Marginal utility is a function of :
- (a) Demand
 - (b) Supply
 - (c) Both supply and demand
 - (d) None of the above
49. Gross National Product at market prices less net indirect taxes and less of depreciation equals:
- (a) GNP at factor cost
 - (b) GNP at market price
 - (c) NNP at factor cost
 - (d) GDP at factor cost
50. Investment which is income inelastic is called
- (a) Planned investment
 - (b) Desired investment
 - (c) Induced investment
 - (d) Autonomous investment
51. Under perfect competition, the average revenue curve (A.R.) or demand curve : of a firm is :
- (a) A horizontal st. line
 - (b) A vertical st. line
 - (c) A downward sloping curve
 - (d) An upward sloping curve
52. In the current account of a country's balance of payment includes :

- (a) Foreign Direct Investment
- (b) Aid and Trade
- (c) Exports and Imports
- (d) Borrowings and Lendings

53. The ratio of index number of export prices and index number of import prices i.e. $P_x/P_m \times 100$ is called as :

- (a) Net Barter Term of Trade
- (b) Gros Barter Terms of Trade
- (c) Income Terms of Trade
- (d) Price Terms of Trade

54. Total savings of a closed economy does not include

- (a) Household savings
- (b) Corporate savings
- (c) Foreign savings
- (d) Govt. savings

55. The relative change in the factor proportions as a consequence of relative change in the marginal rate of technical substitution is known as :

- (a) Elasticity of production
- (b) Elasticity of substitution between factors.
- (c) Marginal rate of technical substitution
- (d) Optimum factor combination

56. Personal disposable income minus household consumption equals

- (a) National Income
- (b) Personal Income
- (c) Transfer Income
- (d) Net Personal Savings

57. GNP is not a good indicator of social welfare because it ignores
- (a) Income distribution
 - (b) Inflation
 - (c) Transfer payments
 - (d) Foreign aid
58. The rate of change of K (capital) with respect to t (time) i.e. dk/df gives
- (a) Gross Investment
 - (b) Net Investment
 - (c) Induced Investment
 - (d) Autonomous Investment
59. As the rate of interest increases the bond prices
- (a) Increases
 - (b) Decreases
 - (c) Remains constant
 - (d) None of the above
60. The two important characteristics of trade-cycles are
- (a) Boom and depression
 - (b) Recession and recovery
 - (c) Expansion and contraction
 - (d) Periodicity and synchronism