

- (D) Index numbers
- 60 Indian economy is most appropriately described as a
- (A) Capitalist economy
- (B) Mixed economy
- (C) Socialist economy
- (D) None of the above

ECONOMICS - 2007

1. Goods and services at the disposal of a society are scarce because
- (a) An individual consumer has fixed income
- (b) Prices are constant
- (c) Productive resources are scarce
- (d) Public enterprises are inefficient
2. The locus of maximum output of-a commodity for a given quantity of another commodity under the 'assumption of a fixed quantity of inputs and technology is defined as :
- (a) Isoquant
- (b) Productivity curve
- (c) Utility possibility frontier
- (d) Production possibility' curve
- ,3. Which of the following is not the assumption of indifference curve technique?
- (a) Consumer's income is constant
- (b) Utility is ordinal
- (c) Weak ordering
- (d) Diminishing marginal rate of substitution
- \$. If total expenditure of consumer on a commodity increases with the fall in price, price elasticity is

- (a) greater than one
- (b) less than one
- (c) equal to one
- (d) equal to zero

5. The rate at which one factor input is substituted for another factor input without changing the level of output, is called:

- (a) Iso-cost line
- (b) Elasticity of substitution
- (c) Expansion path
- (d) Marginal rate of technical substitution

6. Given the u-shape of an average cost curve, a firm achieves optimum output, when A.C. is :

- (a) lowest
- (b) rising
- (c) falling
- (d) zero-

7. Which of the following is not the characteristic of a perfectly competitive market:

- (a) Homogeneous product
- (b) Free exit and entry of resources
- (c) Imperfect knowledge
- (d) Perfect mobility of resources

8. The inter-play of monopoly and competitive elements under monopolistic competition is depicted by :

- (a) Absence of substitutes
- (b) Product differentiation
- (c) Advertising expenditures

(d) High price

9. The amount of income held by consumers and businessmen for 'income motive' and 'business motive' is called:

(a) Precautionary motive

(b) Transaction motive

(c) Speculature motive

(d) All of the above

10. The first positive criterion of welfare economics was given by :

(a) Bentham

(b) Pareto

(c) Hicks

(d) Kaldor

11. The aggregate market value of all goods and services during a specific period is called:

(a) GNP

(b) NNP

(c) NNP at constant prices

(d) NNP at market prices

12. If capital consumption allowance is deducted from the market value of final goods and services counted without duplication, we get:

a) NNP at constant prices

(b) NNP at market prices

(c) Gross national expenditure

(d) one of the above

13. Which of the following is not the assumption of classical theory of employment :

(a) State of full employment

(b) Perfect competition in product and labour markets

- (c) Perfect wage-price flexibility
 - (d) Supply of goods exceeds the demand
14. At higher levels of income there will be an excess saving gap because
- (a) $MPS = APS$
 - (b) $MPS < APS$
 - (c) $MPS > APS$
 - (d) None of the above
15. If MPC is equal to 0.5; the investment multiplier $-(K)$ will be equal to
- (a) 0.5
 - (b) 0.8
 - (c) 2.0
 - (d) 0.75
16. Which of the following IS not the assumption of classical theory of interest:
- (a) Full employment
 - (b) Savings is interest inelastic
 - (c) Investment is interest elastic
 - (d) Independence of saving and investment
17. Which of the following phases precedes the phase of depression :
- (a) Boom'
 - (b) Recovery
 - (c) Prosperity
 - (d) Recession
18. The statement that trade cycle is a purely monetary phenomenon is attributed to :
- (a) Ricardo
 - (b) Hayek'

(c) Keynes

(d) None of the above

19. The upper limit of trade cycle according to Hicks increases over time because of:

(a) Growth of population

(b) Autonomous investment

(c) Technological advance

(d) All of the above

20. In Harrod's model if actual rate of growth is greater than warranted rate of growth, there will be :

(a) Unique depletion of stock

(b) Investment will be less than savings

(c) Deflation

(d) None of the above

21. One of the assumptions of Solow's model is :

(a) Increasing returns to scale

(b) Constant returns to scale

(c) Under employment of labour and capital

(d) Labour and capital cannot be substituted

22. Near money refers to assets such as:

(a) Currency notes

(b) Coins

(c) Demand deposits

(d) Government bonds

23. According to Friedman quantity theory is fundamentally a theory of :

(a) The Demand for money

(b) The Output

(c) the Price level

(d) The Money income

24. Who among the following lose as a result of inflation? (a) Debtors

(b) Businessmen

(c) Creditors

(d) Equity investors

25. Which of the following functions does not fall in the category of primary functions of a Commercial Bank ?

(a) Acceptance of deposits

(b) Lending of funds

(c) Remittance of funds

(d) Arranging safe deposit vaults

26. The principle by which central bank makes credit, given by commercial banks, costlier or cheaper is by changing

(a) Foreign exchange reserves

(b) Bank rate

(c) Supply of currency notes

(d) Business expectations

27. Public finance is one of those subjects which according to Dalton is on the borderline between Economics .and

(a) Sociology

(b) Politics

(c) Philosophy

(d) Psychology

28. If R denotes receipts from foreigners and P stands for payments to foreigners, then balance of payments is denoted by :

(a) $R + P$

(b) $R - P$

(c) R/P

(d) P/R

29. If diminishing marginal social benefit of public expenditure is equal to increasing marginal social cost of taxes, then which of the following goals of public expenditure is achieved?

(a) Principle of maximum social advantage

(b) Maximization of public revenue

(c) Minimization of public expenditure

(d) Equal distribution of income

30. Which of the following is not the assumption of Ricardian theory of international trade?

(a) Labour is -perfectly mobile internationally

(b) Constant returns to scale

(c) - Perfect competition

(d) Labour is the measure of value

31. The IMF commenced its operation in :

(a) 1941

(b) 1947

(c) 1951

(d) 1957

32. The major limitation of per capita. income as a measure of welfare is that it :

a) indicates nothing about the types of goods and services produced

b) tells everything about exploitation of resources

c) highlights income distribution

d) includes all non-monetary items

33. Which of the following cannot be used as a measure of income distribution:

a) Proportion of income- received by different size groups

b) Lorenz curve

c) Gini coefficient

d) Consumption level of high income group

34. Which of the following ratios indicates rate of profit in the Marxian theory

(a) S/V

(b) C/V

(c) $C/C+V$

(d) $S/C+V$

35. The lever by which entrepreneur diverts the factors of production to new uses or gives a new direction to production, is according to Schumpeter :

(a) Invention

(b) Innovation

(c) Capital

(d) Factor proportion

36. Which of the following measures is likely to support adoption of new technology in agriculture?

(a) Providing farmers employment in industry

(b) Provision of credit to progressive farmers

(c) . Providing better housing facilities

(d) Abolition of minimum support price policy

37. From the development perspective the relation between agriculture and industry in the long run is :-

(a) Complementary

(b) . Conflicting

(c) Inverse

(d) None of the above

38. The economist who contested the positive relationship between international trade and economic development in the context of under developed countries is :

- (a) Adam Smith
- (b) David Ricardo
- (c) Raul Prebisch
- (d) J.S. Mill

39. Planning in India has not achieved full 1 desired objectives because of :

- (a) consistent plan objectives
- (b) appropriate plan strategies
- (c) insufficient and unreliable data
- (d) proper use of natural resources

40. Denudation of forest leads to:

- a) Shortage of power
- b) Soil erosion and floods
- c) Increase in water table
- d) None of the above

41. What is India's latest ranking in world population?

- a) First
- b) Second
- c) Third
- (d) Fourth

42. India accommodatespercent of World's population.

- a) 10
- b) 50
- c) 17
- (d) 25

43. Which of the following statements is correct regarding the New Industrial policy of 1991

- a) It made it compulsory for the industry to obtain License for all projects
- b) It abolished licensing for all project except 18 industries of strategic importance
- c) It gave dominant position to public sector
- d) None of the above

44. Presently the number of industries reserved for the public sector is:

- (a) 5
- (b) 7
- (c) 8
- (d) 3

45. At present 100 percent FDI is allowed in :

- (a) Defence
- (b) Drugs and pharmaceuticals
- (c) Banks
- (d) Insurance

46. FERA stands for

- (a) Foreign Export Revaluation Act
- (b) Funds Exchange Resources Act
- (c) Finance and Export Regulation Association
- (d) Foreign Exchange Regulation Act

47. Which of the following refers to the transfer of assets or services function from public to private ownership

- (a) Globalisation
- (b) Privatisation
- (c) Disinvestment
- (d) Liberalisation

48. The service sector in India now accounts for :
- (a) more than 80 percent of GDP
 - (b) more than 70 percent of GDP
 - (c) more than 50 percent of GDP
 - (d) more than 90 percent of GDP
49. The area under irrigation in India has over the years
- (a) remained constant
 - (b) decreased
 - (c) increased
 - (d) first increased and then decreased
50. In absolute terms, the number of people engaged in agricultural activities over the planning period in India has
- a) remained constant
 - (b) increased
 - (c) decreased
 - (d) none of the above
51. Choose the incorrect statement
- (a) Land reforms in J&K provided security of tenure
 - (b) Reduced land concentration
 - (c) Eliminated rural poverty
 - (d) Improved incentive structure
52. In Kashmir province productivity of major food crops has, in the recent years:
- (a) increased
 - (b) decreased
 - (c) remained constant
 - d) none of the above

53. If average revenue is kinked, then marginal revenue

- a) equals average revenue
- b) exceeds average revenue
- c) remained constant
- d) none of the above

54. The slope of a line parallel to horizontal axis is equal to

- (a) Increased
- (b) Decreased
- (c) Infinity
- (d) Zero

55. The amount of non-responses is maximum in :

- (a) Mailed questionnaire method
- (b) Interview method
- (c) Observation method
- (d) All of the above

56. The best method of presentation- of data is

- (a) Textual
- (b) Tabular
- (c) Diagrammatic
- (d) Both (a) and (c)

57. What is the value of first quartile for observation 15, 18, 10, 20, 23, 28, 12, 16?

- (a) 17
- (b) 16
- (c) 15.75
- (d) 12.25

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