1. Match List I with List II

List I	List II
a) Pre condition to take off	1) Stage of self-sustaining economic growth
b) Take off	2) Period of consumers sovereignty
c) Drive to maturity	3) Rate of saving and investment below 5 %
d) Stage of high mass consumption	4) Investment rises to 20 % of GDP

A. a-3, b-4, c-2, d-1
B. a-3, b-1, c-4, d-2
C. a-1, b-2, c-3, d-4
D. a-2, b-3, c-1, d-4

2. Environmental Kuznets Curve is:
A. An inverted U-shaped curve
B. U shaped curve
C. L shaped curve
D. Horizontal straight line

MA

3. 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

4. Trickle down strategy means
A. Reduction in the income of the upper class by deliberate redistribution
B. Higher economic growth taking care of poverty
C. Direct achievement of better health and education before growth of GDP
D. None of the above

5. Hedging refers to
A. Acceptance of Foreign exchange risk
B. Covering Foreign exchange risk
C. Foreign exchange Speculation
D. Foreign exchange arbitrage

6. The trade theory that states that nations should accumulate financial wealth, usually in the form of gold, by encouraging exports and discouraging imports is called
A. Keynesianism
B. Individualism
C. Socialism
D. Mercantilism.

7. A graph reflecting the relationship between a country's per capita income and its inequality of income distribution is the
A. Lorenz Curve
B. Phillips Curve

C. Laffer Curve
D. Kuznets Curve

8. Who among the following economists are associated with the 'Balanced Growth' doctrine?
   a) W A Lewis
   b) H W singer
   c) R Nelson
   d) Ragnar Nurkse

   Choose the correct option

   A. a and d
   B. c and d
   C. a and b
   D. b and c

9. Which one of the following growth models takes technology as exogenous variable?
   A. Solow model
   B. Robinson model
   C. Lucas model
   D. Todaro model

10. The basic rationale behind the theory of 'Big-Push' is based upon the idea of
   A. size of population
   B. external economies
   C. internal economies
   D. None of the above

11. Which of the following is a capital receipts in the Government budget?
   A. Interest receipts on loans given by the Government to other parties.
   B. Dividend and profit of public enterprises.
   C. Borrowings of the government from the public.
   D. Property tax receipts.

12. Which of the following statement(s) is/are true?

   (a) a common resource is rival and non-excludable.
   (b) a public good is non-rival and non-excludable.

   Select the correct answer from the codes given below:
   A. Both (a) and (b)
   B. Only (a)
   C. Only (b)
   D. Neither (a) and (b)

13. The greater the elasticity of supply, the greater is:
   A. Incidence of tax on buyers
   B. Incidence of tax on sellers

C. Impact of tax on sellers
D. Impact of tax on buyers

14. A tax levied at 5 percent on the first Rs. 10,000 of income, 10 percent on the next Rs 20,000 and 12 percent on the next Rs 30,000 would be:
A. Progressive
B. Degressive
C. Regressive
D. Proportional

15. Merit goods are those which, when consumed, generate positive external benefits. This implies that, in a free market economy, such goods will be:
A. Over-consumed.
B. Over-supplied.
C. Subject to VAT.
D. Under-supplied

16. Fiscal policy under inflationary conditions should
I. Increase taxation
II. Decrease public expenditure
III. Reduce internal borrowing
A. I only
B. I and II only
C. I, II and III
D. III only

17. All revenues and loans raised and recovered, of which no amount can be spent without the approval of the Indian Parliament:
A. Public Accounts
B. Contingency Fund
C. EPF and GPF
D. Consolidated Fund of India

18. Income tax is generally based on the principle of:
A. Benefit received principle
B. Ability to pay principle
C. Willingness to pay principle
D. None of these

19. Which of the following is relevant for Wagner's Law of Increasing State Activities?
A. Public expenditure does not increase in smooth and continuous manner
B. Public expenditure increases in step like fashion
C. There are inherent tendencies for the activities of the government to increase both intensively and extensively.
D. Economy grows faster than the governmental sector

20. By imposing a lump sum tax, the government can:
    - A. Reduce or eliminate the monopolist's profits by raising the commodity price
    - B. Reduce or eliminate the monopolist's profits by lowering the quantity of the output
    - C. Reduce or eliminate the monopolist's profits by lowering both commodity price and output
    - D. Reduce or eliminate the monopolist's profits without affecting either the commodity price or output

21. From the data given below

Calculate I- Revenue Deficit, II- Fiscal Deficit and, III- Primary Deficit

Items	$ (dollars)
Revenue Receipts	400
Revenue Expenditure	500
Capital receipts	360
Capital expenditure	250
Recovery of loans and other receipts	100
Borrowings	[illegible] 300
Interest Payments	200

- A. I = $100, II = $250 and III. = $50
- B. I = $100, II = $550 and III = $350
- C. I = $200, II = $250 and III = $50
- D. I = $100, II = $250 and III = $150

760
750
760
~~800~~
1160
860
780
$\boxed{110}$

22. A tax will be fully borne by the buyers if the demand elasticity is
    - A. 1
    - B. 0
    - C. ∞
    - D. < 0

23. The principle of Maximum Social Advantage has been suggested by
    - A. Pigou
    - B. Dalton
    - C. Musgrave
    - D. Adam Smith

24. Who proposed the Zero-based budgeting for the first time:
    - A. David Ricardo
    - B. Alfred Marshall
    - C. Adam Smith
    - D. Peter Phyrr

25. The chairman of the sixteenth Finance Commission:
    A. Ajay Narayan Jha
    B. Arvind Panagariya
    C. Y.V Reddy
    D. N. K. Singh

26. Maximum social advantage is achieved when:
    A. Total Social Sacrifice=Total Social Benefits
    B. Marginal Social Sacrifice=Marginal Social Benefits
    C. Net Social Sacrifice=Net Social Benefits
    D. Average Social Sacrifice=Average Social Benefits

27. Expenditure Tax for India was recommended by:
    A. Kaldor
    B. Colin Clarke
    C. Adam Smith
    D. Adolph Wagnor

28. The FRBM Act was passed in:
    A. 1991
    B. 2001
    C. 2003
    D. 2011

29. The Marxist theory of dialectical materialism theoretically follows a sequence:
    A. Synthesis -thesis - antithesis.
    B. Antithesis -synthesis - thesis.
    C. Thesis - antithesis - synthesis.
    D. Synthesis - antithesis – thesis

30. A proportionate increase in tax revenue to a proportionate increase in the tax base is called
    A. Elasticity of a tax
    B. Buoyancy of a tax
    C. Neutrality of a tax
    D. None of the above

31. Which of the following statements are correct regarding Finance Commission in India?
    (a) Finance commission is constituted under Article 275 of the Constitution.
    (b) The provision for Grants-in-aids to the states are provided for under Article 280.
    Which of the above statement(s) is/are correct. Choose the correct answer from the codes given below:
    A. Only (a)
    B. Only (b)
    C. Both (a) and (b)
    D. Neither (a) nor (b)

32. Which of the following is not part of the Peacock- Wiseman hypothesis?
    A. Announcement effect
    B. Inspection effect
    C. Concentration effect
    D. Displacement effect

33. In presence of negative externality social marginal cost would be
    A. less than the private marginal cost
    B. greater than private marginal cost
    C. equal to private marginal cost
    D. none of the above

34. According to Coase theorem allocation of property rights is crucial for
    A. achieving Efficiency
    B. achieving Equity
    C. protecting natural resources
    D. having successful firms

35. In multiple linear regression model, the presence of multi collinearity would result in:
    A. Low standard errors
    B. A sharp decrease in the ‘t’ value for one of the variables when another variable is dropped from the model
    C. A sharp increase in the ‘t’ value for one of the variables when another variable is dropped from the model
    D. Low variance and sharp decrease in the ‘t’ value

36. A matrix is called Symmetric matrix if it is equal to its -----.
    A. adjoint
    B. transpose
    C. inverse
    D. negative transpose

37. Fisher's ideal index number is the geometric mean of the:
    A. The Marshall-Edgeworth's Index and Paasche indices
    B. Marshall-Edgeworth's Index and Laspeyres indices
    C. The Laspeyres and Paasche indices
    D. Marshall-Edgeworth's Index and Paasche indices

38. A bag contains 20 tickets with marked numbers 1 to 20. One ticket is drawn at random. Find the probability that it will be a multiple of 2 or 5.
    A. 2/5
    B. 3/5
    C. 4/5
    D. 1/5

2, 4, 6, 8, 10, 12, 14, 16, 18, 20
5, 10, 15, 20
3/5

39. Rejecting a true null hypothesis is an example of ------.
    A. Type 1 error
    B. Type 11 error
    C. Correct decision
    D. Power of a test

40. Which among the following is not an assumption for the application of ordinary Least Squares?
    A. Non zero mean value of the random term
    B. No correlation among the explanatory variables
    C. Homoscedasticity
    D. No correlation among the random terms

41. Power of a test is obtained by
    A. probability of type II error
    B. 1 - probability of type I error
    C. 1-probability of type III error
    D. None of the above

42. Suppose in a binomial distribution, n=number of trials, p=probability of success and q=probability of failure, the mean of binomial distribution is
    A. npq
    B. np
    C. pq
    D. nq

43. The mean of a series with 15 observations is 80. Later on, it was found that one the values was wrongly recorded as 57 while the right value was 75. The correct mean of that series would be
    A. 89.2
    B. 81.2
    C. 80.2
    D. 81.4

$80 = \frac{\Sigma X_i}{15}$

$80 \times 15 = \Sigma X_i$

44. If random variable x has variance of 3 then what would the variance of a transformed variable y, if y=2x+5.
    A. 6
    B. 11
    C. 12
    D. None of the above

4×3

$\frac{1200 - 57 + 75}{15}$

45. If a random variable is monotonically transformed its mean would be
    A. dependent on both origin and scale
    B. dependent only on scale
    C. dependent only on origin
    D. independent of both origin and scale

$\Rightarrow 1275 - 57$

$\frac{1218}{15}$ 81.2

46. If cov(x, y) =10 find cov(z, w), where where z=3x+5 and w=4y+3
A. 10
B. 100
C. 120
D. None of the above

$cov(x,y)=10$
$cov(z,w) \Rightarrow cov(3x+5, 4y+3)$
$\Rightarrow 3\times4\, cov(x,y)$
12×10.

47. *Assertion(A)*: India is a service sector driven economy
Reason (R): Share of the service sector in total employment is highest
Codes:
A. A is true but R is false
B. A is false but R is true
C. Both A and R are true, but R is not the correct explanation of A
D. Both A and R are true, and R is the correct explanation of A

48. Which five-year plan was focused on 'Faster and more inclusive growth.'
A. Ninth Plan
B. Eighth Plan
C. Tenth Plan
D. Eleventh plan

49. In which of the Five-Year Plans in India, for the first time an extensive input-output model was used?
A. First Plan
B. Second Plan
C. Third Plan
D. Seventh Plan

50. State Governments in India finance their Gross fiscal deficit by
I. Loans from the Central Government.
II. Market Borrowings.
III. External Borrowings.
Select the correct answer from the codes given below:
Codes:
A. I and II
B. II and III
C. II only
D. I only

51. Which of the following is correct about the 'Hindu Growth Rate'?
A. This is about economic growth of the Hindu population.
B. Shows economic disparities among different social groups in India.
C. Reflects low growth performance of the Indian economy during 1950-80.
D. Hints at accelerated growth in India since 1980

52. If mean of a random variable x is 13 then mean of a monotonically transformed variable y=3x+1 would be
A. 13
B. 39

$39+1$
$\Rightarrow 40$

C. 40
D. None of the above

53. What is essential, according to Vakil and Brahmananda, to eliminate poverty as per their economic development model?
   A. Increase in foreign aid
   B. Bridging the wage-goods gap
   C. Emphasis on fixed capital
   D. Allocation of investment resources to industries other than agriculture

54. A die is manufactured such that each even number is twice as likely to occur as each odd number. Find the probability of an event that a number less than 4 occurs on a single roll of the die.
   A. 5/9
   B. 4/9
   C. 2/9
   D. None of these

1, 2, 3, 4, 5, 6

9

55. Which of the following is not matched correctly?
   A. Zamindari System : West Bengal, Bihar.
   B. The Ryotwari System : Odisha and Awadh.
   C. The Mahalwari System : Punjab and Agra
   D. Operation Barga : West Bengal

56. f the total revenue function is $TR = 500q - 2q^2$, find the value of MR when $q = 20$
   A. 800
   B. 500
   C. 420
   D. 400

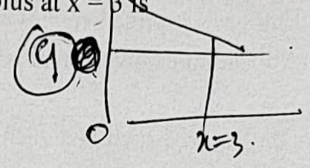
MR = 500 - 4q
500 - 80
⇒ 420

57. Among cost curves which one of the following curves does not have a minimum point?
   A. Average cost
   B. Marginal cost
   C. Average variable cost
   D. Average fixed cost

58. Slutsky compensation criteria keeps real income constant when the price of a commodity falls by
   A. Keeping the consumer on the same indifference curve for which consumer was before the price change
   B. pushing the consumer to a lower indifference curve
   C. By keeping the consumer at same level of utility that he enjoyed before the price change
   D. By drawing a parallel shift of new budget line such that consumer is back to purchasing power that he enjoyed before the price change

59. Which of the following will be true for both monopoly and monopolistic competition in the short run?
    A. Price is greater than marginal revenue.
    B. Price is equal to marginal revenue.
    C. Price is equal to marginal cost.
    D. Price is equal to average cost.

60. If demand for a consumer is given by the function $P = 27-3x-x^2$ (where x= quantity demanded, P = price), the consumers surplus at x = 3 is
    A. 50.5
    B. 49.5
    C. 31.5
    D. 32.5



$P = 27-9-9 = 9$

61. The kinked demand curve of an oligopolist implies that
    A. Will not follow suit with price cuts, but with price rises
    B. Will follow suit with price cuts, but not price rises
    C. Will follow suit with price cuts as well as price rises
    D. Will not follow suit with price cuts as well as price rises

62. The monopolist has no supply curve because
    A. There is a single seller in the market.
    B. The relationship between price and quantity depends on both marginal cost and average cost.
    C. The monopolist's marginal cost curve changes considerably over time
    D. The quantity supplied at any particular price depends on the monopolist's demand curve.

63. The demand curve becomes the MR curve of the monopolist;
    A. In case of first-degree price discrimination.
    B. In case of second-degree price discrimination
    C. In case of third-degree price discrimination
    D. All of the above cases

64. The supply curve of the firm under perfect competition is
    A. Average cost curve from the lowest minimum point on marginal cost curve
    B. Average cost curve from its lowest minimum point
    C. Marginal cost curve from its lowest minimum point
    D. Part of the marginal cost curve laying above the average cost curve.

65. At higher wage rate, the supply curve of labour is
    A. Always positively sloped
    B. Forward bending because substitution effect is stronger than income effect
    C. Backward bending because substitution effect is weaker than income effect
    D. Both substitution effect and income effect are equally stronger

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66. The author of the book 'Economics of imperfect competition'
   A. E. Chamberlin
   B. J. Robinson
   C. Piero sraffa
   D. Paul Sweezy

67. The concept of 'average cost' pricing includes
   A. Explicit cost and implicit cost
   B. Opportunity cost and marketing cost
   C. Opportunity cost and normal profit
   D. Explicit cost, implicit cost, and normal profit

MR>P

68. Suppose a profit maximising monopolist is producing 800 units of output and is charging a price of Rs. 40 per unit. If the elasticity of demand for the product is – 2, marginal cost of the last unit produced is ________.
   A. 10
   B. 25
   C. 40
   D. 20

$MC = 40\left(1 - \frac{1}{2}\right) = 20$

$\int_0^3 27 - 3x - x^2$

$27x - \frac{3x^2}{2} - \frac{x^3}{3}$

69. When elasticity of demand is greater than one, Marginal Revenue is:
   A. negative
   B. zero
   C. positive
   D. infinity

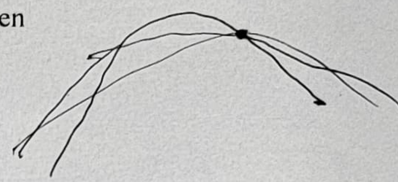
$MR = P\left(1 - \frac{1}{E}\right)$

70. Marginalism and the idea that pricing reflects marginal utility and demand was a movement away from:
   A. The quantity theory of money.
   B. The labour theory of value.
   C. Mercantilism.
   D. Marx's business cycle theory.

71. Ricardo Theory of Rent is based on ------ reasoning
   A. Deductive
   B. Empirical
   C. Illogical
   D. Inductive

72. If mean of a random variable x is 13 then mean of a monotonically transformed variable y=3x+1 would be
   A. 13
   B. 39
   C. 40
   D. None of the above

73. Marginal product is greater than average product when
   A. Average falling is falling
   B. Average product rising
   C. Marginal product is falling
   D. Marginal product is rising



74. When revenue rises as a result of reduction in prices then demand must be
   A. Inelastic
   B. Elastic
   C. Unit elastic
   D. It has nothing to do with elasticity

75. In other than perfectly competitive markets, price is always higher that marginal cost. The gap between them is determined by
   A. Gap in marginal revenue and marginal cost
   B. Price elasticity of demand
   C. Number of suppliers in the market
   D. Number of buyers in the market

P>MC

76. What is essential, according to Vakil and Brahmananda, to eliminate poverty as per their economic development model?
   A. Increase in foreign aid
   B. Bridging the wage-goods gap
   C. Emphasis on fixed capital
   D. Allocation of investment resources to industries other than agriculture

77. High powered money is:
   A. Currency with banks + Cash reserves of banks
   B. Currency with public + Cash reserves of banks
   C. Time deposits + Demand deposits
   D. Currency with public + Currency with banks

78. Which of the following statements on the psychological law of consumption is not correct?
   A. When the total income increases, the consumption expenditure of the community will also increase, but less proportionately.
   B. Marginal Propensity to Consume is less than one but greater than Zero (i.e 1> MPC>0).
   C. An increment of income will be equally divided between saving and consumption.
   D. An increase in income will, thus, lead to an increase in both consumption and savings.

79. Problem of lemons refers to the problem of valuation by the buyer due to:
   A) Moral Hazard
   B) Asymmetric information
   C) Adverse selection
   D) None of these

80. Suppose the money supply is $90, the average price of output is $1.5, and Q is 300. Find nominal GDP and velocity.
    A. (390, 5)
    B. (450, 5)
    C. (270, 20)
    D. (300, 5)

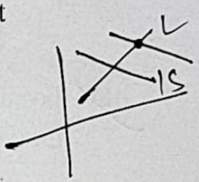
$M \times V = P \times Q.$

$90 \times V = 1.5 \times 300$

$\boxed{V=5}$

81. The classical neutrality proposition implies that the level of ------.
    A. Real output will be independent of the quantity of money in the economy.
    B. Real output will be dependent of the quantity of money in the economy.
    C. Nominal output will be independent of the quantity of money in the economy.
    D. Nominal output will be dependent of the quantity of money in the economy.

82. An increase in the level of government spending, other things being equal, will.........the IS-LM model
    A. increase the income for all interest rates, shifting the IS curve right
    B. Increase interest rates, shifting the LM curve to the left
    C. Lower interest rates, shifting LM curve to the right
    D. Always move an economy to full employment



83. GNP deflator is defined as
    A. Ratio of nominal GNP in a year to the real GNP of that year
    B. Ratio of GNP in a year to the GDP of that year
    C. Ratio of nominal GNP in a year to the nominal GDP of that year
    D. Ratio of GNP to the nominal GDP of that year

84. Which of the following best describes a liquidity trap?
    A. A situation where interest rates are so low that monetary policy becomes ineffective.
    B. A situation where banks are unable to meet the demand for loans due to strict lending regulations.
    C. A situation where investors prefer holding cash rather than investing in bonds or other interest-bearing assets.
    D. A situation where the money supply exceeds the demand for money, leading to hyperinflation.

85. The natural rate of unemployment equals the sum of those who are:
    A. Frictionally and structurally unemployed
    B. Frictionally and cyclically unemployed
    C. Structurally and cyclically unemployed
    D. Frictionally structurally and cyclically unemployed

86. Crowding out occurs when:
    A. An increase in government spending raises the rate of interest which crowds out interest – sensitive private sector spending
    B. An increase in taxes for the private sector reduces private sector disposable income and spending

C. A reduction in income taxes results in a higher interest rate, which crowds out interest–sensitive private sector spending

D. A reduction in government spending induces less consumption spending

87. People's attempt to save more may lead to fall in output is ----------

A. Real Balance Effect

B. Keynes Effect

C. Paradox of Thrift

D. Liquidity Trap

88. What is the value of the equilibrium income level for the data given below for an economy where $C = 50 + 0.8\,Y_d$, $t = 20\%$, $I = 100$ and $G = 30$

A. 400

B. 300

C. 500

D. 600

$Y = C + I + G$

$= 50 + 0.8\left(\frac{80}{100}Y\right) + 100 + 30$

$Y = 50 + \frac{8}{10} \times \frac{80}{100}Y + 130$

$0.64Y + 180$

$0.36Y = 180$

$Y = \frac{180 \times 100}{36}$

89. For the classical economists, the quantity theory of money provided an explanation of movements in the price level. Movements in the price level result

A. Solely from changes in the quantity of money

B. Primarily from changes in the quantity of money

C. Only partially from changes in the quantity of money

D. From changes in factors other than the quantity of money

90. The most prominent representative of supply side economics was:

A. Keynes

B. Arthur Laffer

C. Richard Hey

D. A.C. Pigou

91. If $C = 100 + 0.75Y$, where C = Consumption and Y = Income, then multiplier is

A. 0.6

B. 0.4

C. 2

D. 4

$\frac{1}{1-c} \Rightarrow \frac{1}{1-0.75} \Rightarrow \frac{100}{0.25}$

92. Which of these developments is most closely associated with Alfred Marshall

A. The introduction of time into economic analysis

B. The theory of comparative advantage

C. The development of general equilibrium analysis

D. The theory of comparative advantage

Y↓ → S↓ I↓ Y↓

93. Choose the correct sequence of the supply side of vicious circle:
    A. Low Income → Low Saving → Low Investment → Low Production → Low Income
    B. Low Income →Low Production →Low Saving → Low Investment → Low Income
    C. Low Income → Low Demand →Low Investment → Low Productivity → Low Income
    D. Low Income → Low Investment → Low Productivity→ Low Demand → Low Income

94. In Harrod Domar model, the saving in the economy is 20% and ICOR is 10, then the growth rate of output is-----.
    A. 2%
    B. 0.5%
    C. 2.5%
    D. 1.5 %

$\frac{S}{O} = g$

$\frac{20}{100 \times 10} \times 100$

95. According to the Harrod Domer model, the warranted rate of growth, given the incremental capital output ratio, depends on:
    A. Rate of growth of labour force
    B. Marginal productivity of investment
    C. Rate of growth of capital
    D. Saving income ratio

96. Population replacement level of total fertility rate is:
    A. 2.1
    B. 1.0
    C. 2.5
    D. 4.0

97. The Marshell Learner condition states that the trade balance improves following a devaluation or real depreciation of the currency, if the sum of the export and import elasticities is:
    A. greater than zero
    B. greater than unity
    C. greater than two
    D. less than unity

98. The Current Account of Balance of Payments does not include:
    A. Trade in goods
    B. Factor Remittances
    C. Income on Investments
    D. Loans received.

CA:

BOP = CA +

99. "Individual rationality leads to collective irrationality" is best explained by
   A. Tragedy of the commons
   B. First law of thermodynamics
   C. Pigouvian law
   D. Coase theorem

100. The ratio of total physical quantities of imports to the total physical quantities of exports of a given country is called:
   A. Commodity terms of trade
   B. Income terms of trade
   C. Gross barter terms of trade
   D. Double factoral terms of trade