

COMMON P. G. ENTRANCE TEST – 2020

Test Booklet No. :

**DEPT. OF HIGHER EDUCATION, GOVT. OF ODISHA
TEST BOOKLET**

Subject Code **51**

Subject **ECONOMICS**

Time Allowed : **90 Minutes**

Full Marks : **70**

: INSTRUCTIONS TO CANDIDATES :

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET **DOES NOT** HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
2. You have to enter your **Hall Ticket No.** on the Test Booklet in the Box provided alongside. **DO NOT** write *anything else* on the Test Booklet.
3. **YOU ARE REQUIRED TO FILL UP & DARKEN HALL TICKET NO. & TEST BOOKLET NO. IN THE ANSWER SHEET AS WELL AS FILL UP TEST BOOKLET SERIAL NO. & ANSWER SHEET SERIAL NO. IN THE ATTENDANCE SHEET CAREFULLY. WRONGLY FILLED UP ANSWER SHEETS ARE LIABLE FOR REJECTION AT THE RISK OF THE CANDIDATE.**
4. **This Test Booklet contains 70 items (questions). Each item (question) comprises four responses (answers). You have to select the correct response (answer) which you want to mark (darken) on the Answer Sheet. In case, you feel that there is more than one correct response (answer), you should mark (darken) the response (answer) which you consider the best. In any case, choose ONLY ONE response (answer) for each item (question).**
5. You have to mark (darken) all your responses (answers) **ONLY** on the **separate Answer Sheet** provided by **using BALL POINT PEN (BLUE OR BLACK)**. See instructions in the Answer Sheet.
6. All items (questions) carry equal marks. All items (questions) are compulsory. Your total marks will depend only on the number of correct responses (answers) marked by you in the Answer Sheet. **There is no negative marking.**
7. **After you have completed filling in all your responses (answers) on the Answer Sheet and after conclusion of the examination, you should hand over to the Invigilator the Answer Sheet issued to you. You are allowed to take with you the candidate's copy / second page of the Answer Sheet along with the Test Booklet, after completion of the examination, for your reference.**
8. Sheets for rough work are appended in the Test Booklet at the end.

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

1. An increase in demand means that :
 - (A) When price falls consumers are willing to purchase greater quantities of the goods
 - (B) Consumers are willing to purchase greater quantities of the goods at the given price
 - (C) When the price rises, consumers are willing to purchase greater quantities of the goods
 - (D) Consumers cause the price to rise by buying greater quantities of the goods

2. The slope of the budget constraint line will change whenever the :
 - (A) Budget of the consumer changes
 - (B) Price of one of the two goods changes
 - (C) Preferences of the consumer changes
 - (D) Slope of an indifference curve changes

3. Economies of scale is said to occur when _____ as the quantity of output increases.
 - (A) Short-run average total cost falls
 - (B) Short-run average total cost rises
 - (C) Long-run average total cost falls
 - (D) Long-run average total cost rises

4. Consumer surplus is the :
 - (A) Difference between what the consumer is willing to pay and what the consumer has to pay
 - (B) Surplus of goods the consumer has after consuming all he needs
 - (C) Excess number of goods consumers purchase over and above what they really need
 - (D) Excess number of units firms produce over and above what consumers want to purchase

5. If the income effect is in the same direction as the substitution effect then the good is :
- (A) Normal
 - (B) Inferior but not Giffen
 - (C) Giffen
 - (D) There is not enough information to answer
6. If a firm is a price taker, its marginal revenue is :
- (A) Equal to market price
 - (B) Less than market price
 - (C) Greater than market price
 - (D) A multiple of market price that may be either greater than or less than one
7. The short-run market supply curve is :
- (A) The horizontal summation of each firm's short-run supply curve
 - (B) The vertical summation of each firm's short-run supply curve
 - (C) The horizontal summation of each firm's short-run average cost curve
 - (D) The vertical summation of each firm's short-run average cost curve
8. If production of a firm is given by $Q = KL$, then doubling both inputs :
- (A) More than doubles output
 - (B) Exactly doubles output
 - (C) Increases output but does not double it
 - (D) Leaves output unchanged
9. The marginal physical productivity of labour is defined as :
- (A) A firm's total output divided by total labour inputs
 - (B) The extra output produced by employing one more unit of labour while allowing other inputs to vary proportionately
 - (C) The extra output produced by employing one more unit of labour while holding other inputs constant
 - (D) The extra output produced by employing one more unit of capital while holding labour input constant

10. When the indifference curve between two goods is a downward sloping straight line, it implies that the two goods are :
- (A) Perfect substitutes
 - (B) Imperfect substitutes
 - (C) Perfectly complementary
 - (D) Not related to each other
11. Other things being equal, if a goods has more substitutes, its price elasticity of demand shall be :
- (A) Zero
 - (B) Unity
 - (C) Larger
 - (D) Smaller
12. Expenditure in Indian economy for one quarter of a year is as follows, all figures being at market prices and in Rs. billion :
- Consumption expenditure by households 80.
 - Consumption expenditure by non-profit institutions 5.
 - Consumption expenditure by general government 35.
 - Gross domestic fixed capital formation 20.
 - Changes in inventories 6.
 - Acquisition less of disposals of valuables 1.
 - Exports 40.
 - Imports 45.
- What is GDP at market prices for that quarter ?
- (A) Rs. 140 billion
 - (B) Rs.142 billion
 - (C) Rs. 240 billion
 - (D) Rs. 242 billion
13. The value of fiat money arises from :
- (A) Its usefulness as a commodity
 - (B) Its ability to be redeemed in precious metals
 - (C) Its historical reputation as a currency that maintains its value in international trade
 - (D) Its official status as a means of exchange

14. The price relative for computers was 82.3 in 2019 calculated with a base period of 2017. This implies that :
- (A) The price of computers was 82.3% higher in 2019 than in 2017
 - (B) The price of computers was Rs. 82.3 higher in 2019 than in 2017
 - (C) The price of computers was 17.7% lower in 2019 than 2017
 - (D) The real price of computers has fallen Rs.17.70 between 2017 and 2019 because of quality change
15. Which out of the following phenomenon is regarded as 'Stagflation' ?
- (A) It is a situation when aggregate demand in an economy outpaces aggregate supply causing persistent price rise.
 - (B) It is a situation of persistent rise in the price level along with dip in growth and increase in unemployment.
 - (C) It is a situation caused by an increase in prices of inputs like labour, raw material etc.
 - (D) It is a situation when a nation experiences very high and accelerating inflation.
16. An increase in the marginal propensity to consume will :
- (A) Lead to the consumption function becoming steeper
 - (B) Shift the consumption function upwards
 - (C) Shift the consumption function downwards
 - (D) Shift the savings function upwards
17. The term 'accelerator' is associated with the name of :
- (A) J.M. Clark
 - (B) J. M. Keynes
 - (C) J. B. Say
 - (D) None of them
18. In business cycles literature the opposite of a trough is :
- (A) An inflation
 - (B) A hyperinflation
 - (C) A trend
 - (D) A peak

19. A situation where people who have taken out insurance behave more recklessly as a result is known as :
- (A) Fraud
 - (B) Asymmetric information
 - (C) Moral hazard
 - (D) Adverse selection
20. In the Mundell-Fleming framework, in a small open economy under a fixed exchange rate :
- (A) Monetary policy is effective and fiscal policy is very ineffective
 - (B) Monetary policy is ineffective and fiscal policy is very effective
 - (C) Both monetary policy and fiscal policy are effective
 - (D) The government must abandon public spending
21. When the value of the Indian Rupee changes from \$1.25 for Rs. 100 to \$1.50 for Rs. 100, then the :
- (A) Rupee has appreciated and the dollar has appreciated
 - (B) Rupee has depreciated and the dollar has appreciated
 - (C) Rupee has appreciated and the dollar has depreciated
 - (D) Rupee has depreciated and the dollar has depreciated
22. Price stability is desirable because :
- (A) Inflation creates uncertainty, making it difficult to plan for the future
 - (B) Everyone is better off when prices are stable
 - (C) Price stability increases the profitability of the central bank
 - (D) It guarantees full employment
23. The vicious circle theory states that :
- (A) Growing government assistance create addiction to welfare programs
 - (B) Low income levels create pressure for money creation
 - (C) Low income levels create pressure for cheap imports
 - (D) Low per capita income creates low savings that keep incomes low

24. The concept of Physical Quality of Life Index was developed by :
- (A) Morris D Morris (B) Karl Marx
(C) Adam Smith (D) UNDP
25. Income inequalities are often shown on a :
- (A) Production possibility curve
(B) Marginal inequality curve
(C) Sen's curve
(D) Lorenz curve
26. According to W.W. Rostow, there are _____ stages of economic growth.
- (A) Two (B) Three
(C) Four (D) Five
27. In the Harris and Todaro model of rural-urban migration :
- (A) The migration of workers is studied in a three-sector economic system
(B) The rural sector is specialized in the production of agricultural goods
(C) The productive process of the rural sector can be described by a CES production function
(D) The productive process in the urban sector is described by the Leontief Production Function
28. As economic development proceeds, income inequality tends to follow a curve that is :
- (A) V-shaped
(B) Inverted U-shaped
(C) L-Shaped
(D) S-Shaped
29. The concept of environmental deficit :
- (A) Suggests that much of environmental damage is intended
(B) Lets us know that the environmental deficit is irreversible
(C) Reminds us that the state of the environment is a social issue
(D) The humans are a liability on the environment

30. The free-rider problem :
- (A) is the tendency for too little of a public goods to be provided if it is produced and sold privately
 - (B) is that the amount of the public goods depends on the actions of politicians, bureaucrats and voters
 - (C) means the principle of minimum differentiation
 - (D) implies that the voters might be rationally ignorant
31. Which of the following would be an example of foreign direct investment from India to Taiwan ?
- (A) An Indian bank buys bonds issued by a Taiwan computer manufacturer
 - (B) An Indian car manufacturer enters into a contract with a Taiwan firm for the latter to make and sell it spark plugs
 - (C) Microsoft hires a Taiwanese computer programmer to debug some software for it
 - (D) Mr. Ram Manohar (an Indian citizen) sets up an electronics firm in Taipei
32. Capital deepening means :
- (A) The ratio of capital to labour, reflecting the quantity of capital used by each labourer in production
 - (B) The increase in the ratio of capital stock to GDP
 - (C) A rise in the ratio of capital to labour
 - (D) Capital and labour are complementary in the production process
33. The stage of growth in which technology spreads to all areas of the economy and the range of production expands is known as the :
- (A) Age of high mass consumption
 - (B) Drive to maturity
 - (C) Take-off
 - (D) Preconditions for take off
34. Which of the following measures of central tendency is not based on all items ?
- (A) Mode
 - (B) Arithmetic mean
 - (C) Harmonic mean
 - (D) Weighted arithmetic mean
35. A matrix with dimension $(m \times 1)$ is known as a :
- (A) Row vector
 - (B) Column vector
 - (C) Symmetric matrix
 - (D) Identity matrix

36. If the order of matrix A is $m \times p$. And the order of B is $p \times n$. Then the order of matrix A x B is :
- (A) $m \times p$ (B) $p \times p$
 (C) $n \times m$ (D) $m \times n$
37. Product of a column vector of order n and a row vector of order n gives us :
- (A) A row matrix of order n (B) A column matrix of order n
 (C) A square matrix of order n (D) An identity matrix of order n
38. The ratio of a new price to the base year price in calculation of an Index number is called the :
- (A) Price relative (B) Price absolute
 (C) Price ratio (D) Price comparative
39. If total sum of square is 20 and the sample variance is 5 then total number of observations are :
- (A) 15 (B) 25
 (C) 4 (D) 10
40. If a number is added to a data set which is far away from the arithmetic mean, then what happens to the standard deviation?
- (A) Increases (B) Decreases
 (C) Does not change (D) May increase or decrease
41. Which of the following is not a measure of the variability of data ?
- (A) Range (B) Median
 (C) Mean deviation (D) Coefficient of Variance
42. Which one of the following sampling designs comes under probability sampling ?
- (A) Quota sampling (B) Random sampling
 (C) Judgement sampling (D) Convenient sampling
43. A skew symmetric matrix is one for which ?
- (A) All diagonal elements are zero (B) All diagonal elements are 1
 (C) $A = A^T$ (D) $A = -A^T$

44. $\lim [e^x - 1] / x$ as x approaches 0 :
- (A) 0 (B) 1
(C) Infinite (D) Does not exist
45. What is the derivative of y with respect to x if $y = (x + 1)^3 - x^3$?
- (A) $3 + 6x$ (B) $3x + 6$
(C) $6x - 3$ (D) $3x - 6$
46. If the average revenue function is given by $AR = 3q + 5$, where q is the level of output, the marginal revenue function is given by :
- (A) $3q + 5$ (B) $6q - 5$
(C) $3q^2 + 5q$ (D) $6q + 5$
47. If total cost function is given by $C = (q^3/3) - q^2 - 35q + 10$, where q is the level of output, the output for which average cost equals marginal cost is :
- (A) 5 (B) 7
(C) 3 (D) 4
48. Increase in the number of patients in the hospital due to heat stroke is :
- (A) Secular trend (B) Seasonal variation
(C) Irregular variation (D) Cyclical variation
49. A trend is the better fitted trend for which the sum of squares of residuals is :
- (A) Positive (B) Negative
(C) Maximum (D) Minimum
50. In a two variable linear regression analysis, if the two regression lines coincide, then it implies that :
- (A) The two variables are independent
(B) The two variables are orthogonal
(C) The two variables are perfectly linearly related
(D) None of the above

51. The function $y = x^2 - 5x + 6$ attains a critical point at which of the following values of x ?
- (A) $X = 3$ and $X = 2$ (B) $X = 2.5$
(C) $X = 3$ (D) $X = 2$
52. What is the probability of drawing a red king card from a well shuffled pack of cards ?
- (A) $1/52$ (B) $1/39$
(C) $1/26$ (D) $1/13$
53. Scientific Method is committed to _____.
- (A) Objectivity (B) Ethics
(C) Proposition (D) Neutrality
54. _____ is the first step of research process.
- (A) Formulation of a problem
(B) Collection of Data
(C) Editing and Coding
(D) Selection of a problem
55. Questionnaire is filled by _____.
- (A) Enumerator
(B) Either enumerator or respondent
(C) Respondent
(D) None of the above
56. Failure to acknowledge the borrowed material is called (Take and use of others as one's own) :
- (A) Acknowledgement (B) Footnote
(C) Plagiarism (D) Index
57. Interview with a detailed standardized schedule is called :
- (A) Structured Interview
(B) Clinical Interview
(C) Direct Interview
(D) Group Interview

58. "Empirically verifiable observation" is :
- (A) Theory (B) Value
(C) Fact (D) Statement
59. A comprehensive full Report of the research process is called :
- (A) Thesis / Dissertation (B) Summary Report
(C) Abstract (D) Article
60. What was the largest source of revenue for Britishers in India ?
- (A) Textile and Jute Industry (B) Gems and Stone Industry
(C) Temple tax (D) Land revenue
61. The compound annual growth rate of population in India during 2001-2011 was :
- (A) 2.11 (B) 1.93
(C) 1.64 (D) 1.22
62. Working population includes those persons who fall in the age group of :
- (A) 0-15 years (B) 6-14 years
(C) 15-59 years (D) 60 years and above
63. NITI Ayog is a/an :
- (A) Statutory Body (B) Constitutional Body
(C) Extra-Constitutional Body (D) Section 8 Company
64. The Apex institution in the space of agriculture credit is :
- (A) State Bank of India (B) Reserve Bank of India
(C) NABARD (D) Regional Rural Bank
65. Land reform program in India includes 1.
Elimination of intermediaries 2.
Determination of ceiling of holdings per family 3.
Excess use of insecticides and fertilizers 4.
Consolidation of holdings :
- (A) 1, 2 and 3 are correct (B) 2, 3 and 4 are correct
(C) 1, 2 and 4 are correct (D) 1, 3 and 4 are correct

66. The biggest public sector undertaking in India is :
- (A) Air India (B) Indian Railway
(C) Iron and Steel Plants (D) None of these
67. Which one of the following is the most significant feature of the Indian population ?
- (A) Declining birth rate
(B) Improvement in literacy rate
(C) Improvement in health conditions
(D) The size of its adolescent population
68. Who made the first attempt to measure National Income of India before the Independence?
- (A) Dada Bhai Naoroji (B) Findlay Shirras
(C) V K R V Rao (D) William Digby
69. Which of the following pairs is not matched correctly ?
- (A) Blue Revolution – Fish Production
(B) Golden Revolution – Horticulture
(C) Round Revolution – Tomato Production
(D) Yellow Revolution – Oilseed and edible oil
70. Which Five Year Plan gave emphasis on removal of poverty for the first time ?
- (A) Fourth Five – Year Plan
(B) Fifth Five – Year Plan
(C) Sixth Five – Year Plan
(D) Seventh Five – Year Plan



SPACE FOR ROUGH WORK