

CEPT-2021**Economics****Time-90 Minutes****Full Marks- 70****Answer All Questions**

1. Indifference curve technique for consumer behavior was developed by
 - (A) Alfred Marshal
 - (B) J.R. Hicks**
 - (C) Samuelson
 - (D) D. Ricardo

2. Duopoly market refers to
 - (A) One seller
 - (B) Two Sellers**
 - (C) Many sellers
 - (D) Few Sellers

3. Primary function of Money is
 - (A) Medium of Exchange**
 - (B) Store of Value
 - (C) Promotion of Trade
 - (D) Standard of Payment

4. Who developed permanent income hypothesis?
 - (A) J.M. Keynes
 - (B) Alfred Marshal
 - (C) Milton Friedman**
 - (D) P.A. Samuelson

5. Which of the following is a direct tax?
 - (A) GST

- (B) Custom Duty
 - (C) Entertainment Tax
 - (D) Income Tax
6. Which of the following is not a stage in Rostow theory?
- (A) Take Off
 - (B) Drive to Maturity
 - (C) Displacement
 - (D) Traditional Society
7. Which of the following is second stage of demographic transition?
- (A) High Birth Rate, High Death Rate
 - (B) Low Birth Rate, High Death Rate
 - (C) Low birth Rate, Low Death Rate
 - (D) High Birth Rate, Low Death Rate
8. Incidence of tax refers to
- (A) Initial burden of Tax
 - (B) Final Burden of tax
 - (C) Intermediate Burden of Tax
 - (D) No burden of Tax
9. Which bank is called the Bankers Bank in India?
- (A) State Bank of India
 - (B) Reserve Bank of India
 - (C) Axis Bank
 - (D) Punjab National Bank
10. Factor Endowment Theory of trade was developed by
- (A) Ricardo
 - (B) J.S.Mill
 - (C) Heckscher Ohlin
 - (D) Adam Smith
- 11 . An entrepreneur expands his investment up to the point where
- (A) the marginal efficiency of capital is equal to the market rate of interest

- (B) the marginal efficiency of capital is equal to the prospective yield
 - (C) the marginal efficiency of capital is equal to the cost of the capital
 - (D) the cost of the capital is equal to the market rate of interest
12. Elasticity of demand is equal to unity while marginal revenue is
- (A) positive
 - (B) zero
 - (C) negative
 - (D) indeterminate
13. Opportunity costs are also known as
- (A) spill-over costs
 - (B) money costs
 - (C) alternative costs
 - (D) external costs
14. Structural unemployment arises due to
- (A) deficiency in effective demand
 - (B) structural rigidities
 - (C) structural changes in particular area, industry and occupation
 - (D) all of the above
15. The speculative demand for money, according to Keynes, is a function of
- (A) Rate of Interest
 - (B) level of income
 - (C) level of savings
 - (D) level of output
16. In Rostow's theory the Drive to maturity
- (A) starts the development process
 - (B) completes the development process
 - (C) comes before the take-off

(D) follows take-off

17. The ratio of the change in the equilibrium level of income to a change in some autonomous increase in spending is the

- (A) elasticity coefficient.
- (B) multiplier.
- (C) automatic stabilizer.
- (D) marginal propensity of the autonomous variable.

18. Which of the following is a flow concept?

- (A) wealth
- (B) income
- (C) money
- (D) total saving

19. The headquarter of World Bank is situated at

- (A) Manila
- (B) Wasington D.C.
- (C) New York
- (D) Geneva

20. Open Market Operation refers to

- (A) borrowing by scheduled banks from the RBI
- (B) lending by commercial banks to industry and trade
- (C) purchase and sale of government securities by the RBI
- (D) deposit mobilization

21. If the interest rate falls, then

- (A) bond prices will remain the same
- (B) bond prices will rise
- (C) bond prices will fall

(D) None of the above

22. If the quantity of money demanded is less than the quantity of money supplied, then the interest rate will

- (A) either increase or decrease, depending on the amount of excess demand.
- (B) increase.
- (C) decrease.
- (D) not change.

23. A firm enjoys maximum control over the price of its product under

- (A) perfect competition
- (B) monopoly
- (C) oligopoly
- (D) imperfect competition

24. A monopolist who is selling in two markets in which demand is not identical will be unable to maximize his profits unless he

- (A) sells below costs of production in both markets
- (B) practices price discrimination
- (C) equates the volume of sales in both markets
- (D) equates marginal costs with marginal revenue in one market only

25. Revealed preference theory was developed by

- (A) Boumal
- (B) Hicks
- (C) Adam Smith
- (D) Keynes

26. When the consumer's income increases, the budget line on an indifference map moves to

- (A) a parallel position to the right
- (B) a parallel position to the left

- (C) a parallel position to the origin
- (D) none of the above

27. The most appropriate average for constructing the index is

- (A) Arithmetic Mean
- (B) Harmonic Mean
- (C) Geometric Mean
- (D) None of the above

28. MRS_{xy} and MRS_{yx} both will be zero where the commodity x and y are

- (A) complement to each other
- (B) substitutes to each other
- (C) perfect complementarity
- (D) imperfect complementarity

29. Indian Planning Commission was constituted on

- (A) 1948
- (B) 1949
- (C) 1950
- (D) 1951

30. 'Ogive' helps to locate

- (A) standard deviation
- (B) mean
- (C) mode
- (D) median

31. The 'Hindu rate of growth'

- (A) refers to growth of Hindu population
- (B) is the term used by Raj Krishna to represent the nature of the growth of the Indian Economy at around 3.5 per cent per year

(C) is the term used by Amartya Sen to represent the nature of the growth of the Indian Economy at around 3.5 per cent per year

(D) is the term used by V. K. R. V. Rao to decide the nature of the growth of the Indian Economy at around 4 per cent

32. In India, which one among the following formulates the fiscal policy?

- (A) Planning Commission
- (B) Ministry of Finance
- (C) Finance Commission
- (D) The Reserve Bank of India

33. The extent of linear relationship between two variants X and Y is determined by

- (A) Co-efficient of Determination
- (B) Co-efficient of Correlation
- (C) Probable Error
- (D) Standard Error

34. As per Census 2011 data, which of the following state has the lowest literacy in India?

- (A) Bihar
- (B) Arunachal Pradesh
- (C) Nagaland
- (D) Sikkim

35. If mean is 48, Median is 47, Mode value will be

- (A) 44
- (B) 50
- (C) 45
- (D) 49

36. If the scatter diagram is drawn and if the points come to a straight line it is an indication of

- (A) Skewness
- (B) Perfect correlation

- (C) No correlation
- (D) None of the above

37. A statistical measure based upon the entire population is called parameter while measure based upon a sample is known as

- (A) Sample parameter
- (B) Inference
- (C) Statistic
- (D) None of these

38. Given the N values in a series, the geometric mean is

- (A) The third root of the product of N values.
- (B) The square root of the product of N values
- (C) The fourth root of the product of N values
- (D) The Nth root of the product of N values

39. Development process has been viewed as a 'chain of disequilibria' by

- (A) R. N. Rosenstein Rodan
- (B) R.E. Baldwin
- (C) H. Leibenstein
- (D) A.O. Hirschman

40. Trade policy measures for correction of balance of payments disequilibrium include

- (A) export promotion
- (B) import control
- (C) both (A) and (B)
- (D) import substitution

41. In Cobb-Douglas production function Elasticity of factor substitution is equal to

- (A) zero
- (B) infinity

- (C) one
- (D) negative

42. Inflation results from an excess demand over the available supply is known as

- (A) Cost push inflation
- (B) Demand-pull inflation
- (C) Either (A) or (B)
- (D) None of these

43. The relationship between rent and price is as follows

- (A) Rent is price determined , not price determining
- (B) Rent has nothing to do with price and is determined independently
- (C) c) rent determines price
- (D) d) All of these

44. In monopoly, the relationship between average and marginal revenue curves is as follows

- (A) AR curve lies above the MR curve
- (B) AR curve coincides with the MR curve
- (C) AR curve lies below the MR curve
- (D) AR curve is parallel to the MR curve

45. What is Zero Base Budgeting?

- (A) no appraisal of new programmes
- (B) preparation of new budget every time
- (C) no curtailment in unproductive expenditure
- (D) infinite deficit budgeting

46. The rate at which banks lend to RBI is known as

- (A) Bank rate
- (B) Repo rate

- (C) Reverse Repo rate
- (D) Interest rate

47. Mean = 50 and Standard Deviation = 25, then the coefficient of variation is

- (A) 200%
- (B) 25%
- (C) 50%
- (D) 75%

48. Regression Coefficients are independent of

- (A) Change of Origin
- (B) Change of Scale
- (C) Both change of Origin and Scale
- (D) None of the above

49. Dunkel Draft was

- (A) Associated with Uruguay round
- (B) Related to atomic treaty among nations
- (C) Related to super 301
- (D) Related to promoting drugs trade

50. Depreciation means

- (A) Destruction of a plant in a fire accident
- (B) Loss of equipment over time due to wear and tear
- (C) Closure of the plant due to raw material problem
- (D) Closure of the plant due to lockout

51. The VAT is imposed

- (A) directly on consumer
- (B) on final stage of production
- (C) on first stage of production
- (D) on all stages between production and final sale

52. Equilibrium condition of a profit maximizing firm is

- (A) supply equals to demand
- (B) MR equals to AC
- (C) MR equals to MC
- (D) LMR equals LAC

53. Blue Revolution is related to

- (A) space research
- (B) poultry
- (C) fisheries
- (D) drinking water

54. The rate which equates the supply price of a capital asset to its prospective yield is called

- (A) marginal efficiency of investment
- (B) the market rate of interest
- (C) marginal productivity of capital
- (D) marginal efficiency of capital

55. The algebraic sum of deviations from mean is

- (A) zero
- (B) maximum
- (C) minimum
- (D) None of the above

56. Aam Admi Bima Yojana is an insurance scheme for rural landless households introduced by

- (A) National Insurance Co.
- (B) Life Insurance Corporation of India
- (C) UTI
- (D) ICICI Life Prudential Co.

57. Nirmal Bharat Abhiyan Yojana has been announced by the Prime Minister on August 15, 2002 which is associated with

- (A) drinking water
- (B) extension of irrigation
- (C) making community latrines in slums
- (D) none of the above

58. Development expenditure of the Central Government does not include

- (A) expenditure on social and community services
- (B) grants-in-aid to states and Union Territories
- (C) interest payments
- (D) expenditure on economic services

59. Normal price is known as

- (A) short-run equilibrium price
- (B) long-run price
- (C) long-run equilibrium price
- (D) none of the above

60. What is the relationship between mean, median and mode?

- (A) $\text{Mean} - \text{Mode} = 2(\text{Mean} - \text{Median})$
- (B) $\text{Mean} - \text{Mode} = 3(\text{Mean} - \text{Median})$
- (C) $\text{Mean} + \text{Mode} = 3(\text{Mean} - \text{Median})$
- (D) $\text{Mean} - \text{Mode} = 2(\text{Mean} - \text{Median})$

61. The inflation rate

- (A) is positive during stagflation.
- (B) is negative during stagflation.
- (C) is always negative during recession.
- (D) Is positive during recession

62. Demand-side unemployment

- (A) Imperfections in the labour market

- (B) Occupational and geographical immobility of factors
- (C) Demographic changes
- (D) A lack of aggregate demand

63. Which of the following is not a cost of unemployment?

- (A) Frictional
- (B) Casual
- (C) Structural
- (D) Demographic

64. Which of the following might be used by government to lower employment?

- (A) Reduce government spending
- (B) Lower taxation
- (C) Increase taxation
- (D) Increase interest rates

65. Demand-pull inflation is said to exist when:

- (A) Costs are increasing faster than output
- (B) The level of aggregate demand is growing faster than the underlying level of supply
- (C) The prices of imports are rising faster than domestic goods
- (D) An external event has caused prices to rise

66. When there is unemployment caused by a lack of consumer spending, we classify this type of unemployment as?

- (A) Cyclical
- (B) Regional
- (C) Seasonal
- (D) Structural

67. What is economic growth?

- (A) The increase in the amount of spending by consumers
- (B) The percentage in the real GDP
- (C) The increase in annual government spending
- (D) The amount of capital consumed in a year

68. Which of the following best defines cost-push inflation?

- (A) Price rising due to an excessive growth in aggregate spending
- (B) Price rising due to an increase in the price of a firm's inputs.
- (C) Prices rising due to an over rapid growth in the money supply
- (D) Prices falling over a period of time

69. GDP is market value of all the final goods

- (A) Produced domestically
- (B) Produced by domestic factors of production
- (C) Produced by all factors of production
- (D) All of the above

70. Who is credited with bringing the term "the invisible hand"• in economics?

- (A) Adam Smith
 - (B) J. M. Keynes
 - (C) F. Hayek
 - (D) Samuelson
-