

Roll No.

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(Write Roll Number from left side exactly as in the Admit Card)

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Signature of Invigilator

Question Booklet Series

X

Subject Code : 07

PAPER-II

Question Booklet No.

(Identical with OMR Answer Sheet Number)

ECONOMICS

Time : 2 Hours

Maximum Marks: 200

Instructions for the Candidates

1. Write your Roll Number in the space provided on the top of this page as well as on the OMR Sheet provided.
2. At the commencement of the examination, the question booklet will be given to you. In the first 5 minutes, you are requested to open the booklet and verify it:
 - (i) To have access to the Question Booklet, tear off the paper seal on the edge of this cover page.
 - (ii) Faulty booklet, if detected, should be got replaced immediately by a correct booklet from the invigilator within the period of 5 minutes. Afterwards, neither the Question Booklet will be replaced nor any extra time will be given.
 - (iii) Verify whether the Question Booklet No. is identical with OMR Answer Sheet No.; if not, the full set is to be replaced.
 - (iv) After this verification is over, the Question Booklet Series and Question Booklet Number should be entered on the OMR Sheet.
3. This paper consists of One hundred (100) multiple-choice type questions. All the questions are compulsory. Each question carries *two* marks.
4. Each Question has four alternative responses marked: **(A) (B) (C) (D)**. You have to darken the circle as indicated below on the correct response against each question.

Example: **(A) (B) (C) (D)**, where **(C)** is the correct response.
5. Your responses to the questions are to be indicated correctly in the OMR Sheet. If you mark your response at any place other than in the circle in the OMR Sheet, it will not be evaluated.
6. Rough work is to be done at the end of this booklet.
7. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Sheet, except in the space allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, such as change of response by scratching or using white fluid, you will render yourself liable to disqualification.
8. Do not tamper or fold the OMR Sheet in any way. If you do so, your OMR Sheet will not be evaluated.
9. You have to return the Original OMR Sheet to the invigilator at the end of the examination compulsorily and must not carry it with you outside the Examination Hall. You are, however, allowed to carry question booklet and duplicate copy of OMR Sheet after completion of examination.
10. **Use only Black Ball point pen.**
11. **Use of any calculator, mobile phone, electronic devices/gadgets etc. is strictly prohibited.**
12. **There is no negative marks for incorrect answer.**

ECONOMICS

PAPER II

1. Marginal product of CES production function is always

- (A) negative
- (B) cubic
- (C) positive
- (D) square

2. Horizontal merger

- (A) is a merger across firms that produces same type of products.
- (B) is a merger across firms that produces intermediate and final products.
- (C) is a merger across firms that produces both homogenous and non-homogenous products.
- (D) is a merger across firms that produces only intermediate products.

3. If Marginal Cost (MC) = $\alpha q + \beta q^2 - \gamma q^3$, then the Average Cost (AC) is

- (A) $\alpha \frac{q}{2} + \beta \frac{q^3}{3} - \gamma \frac{q^4}{4}$
- (B) $\alpha \frac{q^2}{2} + \beta \frac{q^3}{3} - \gamma \frac{q^4}{4}$
- (C) $\alpha \frac{q}{2} + \beta \frac{q^2}{3} - \gamma \frac{q^3}{4} + AFC$
- (D) $\alpha \frac{q}{2} + \beta \frac{q^2}{3} - \gamma \frac{q^4}{4} + AFC$

4. In the uneconomic region of production

- (A) marginal productivity of one factor is negative.
- (B) marginal productivities of both factors are positive.
- (C) marginal productivities of both factors are zero.
- (D) marginal productivities of both factors are negative.

5. The spirit of Engel's Law is that with an increase in family income:

- (A) Proportion of income spent on luxuries decline.
- (B) The savings rate increases.
- (C) The proportion of income spent on food declines.
- (D) Expenditure on food declines.

6. If the CD production function is homogeneous of degree one, then the marginal product of labour

- (A) will depend only on input ratio.
- (B) will be homogenous of degree (-1).
- (C) will depend on absolute quantity of labour only.
- (D) will be a rectangular hyperbola.

7. Match List-I with List-II

List-I	List-II
(a) Oligopoly	(i) Identical price
(b) Monopoly	(ii) Price discrimination
(c) Bilateral monopoly	(iii) Collective bargaining
(d) Perfect competition	(iv) Sales maximisation

Codes:

(a)	(b)	(c)	(d)
(A) (iv)	(ii)	(iii)	(i)
(B) (i)	(ii)	(iii)	(iv)
(C) (iv)	(iii)	(ii)	(i)
(D) (ii)	(iii)	(iv)	(i)

8. A given total outlay on factor inputs at given factor prices is reflected by

- (A) Iso-revenue curve.
- (B) Iso-cost curve.
- (C) Isoquant.
- (D) Production possibility curve.

9. Match items of *List-II* with the items of *List-I*.

<i>List-I</i>	<i>List-II</i>
(a) $MRS_{xy} = 0$	(i) Indifference curve is concave to the origin
(b) MRS_{xy} is constant but not zero	(ii) Indifference curve is right angled
(c) MRS_{xy} is decreasing	(iii) Indifference curve is straight line with negative slope
(d) MRS_{xy} is increasing	(iv) Indifference curve is convex to the origin

Codes:

	(a)	(b)	(c)	(d)
(A)	(ii)	(iii)	(iv)	(i)
(B)	(i)	(iii)	(ii)	(iv)
(C)	(i)	(iv)	(ii)	(iii)
(D)	(iv)	(iii)	(i)	(ii)

10. What describes the graphical relationship between average product (AP) and marginal product (MP)?

- (A) AP cuts MP from above, at the maximum point of MP.
- (B) AP cuts MP from below, at the maximum point of MP.
- (C) MP cuts AP from above, at the maximum point of AP.
- (D) MP cuts AP from below, at the maximum point of AP.

11. For Giffen good

- (A) income elasticity of demand is positive and price effect is positive.
- (B) income elasticity of demand is negative and price effect is negative.
- (C) income elasticity of demand is negative and price effect is positive.
- (D) income elasticity of demand is positive and price effect is negative.

12. Limit Pricing is also termed as

- (A) entry preventive pricing.
- (B) entry encouraging pricing.
- (C) competition enhancing pricing.
- (D) maximum profit generating pricing.

13. Social welfare is

- (i) equal to dead weight loss.
 - (ii) maximum under perfect competition.
 - (iii) what the consumer is willing to pay minus the cost of production.
 - (iv) equal to consumer's surplus plus producer's surplus.
- (A) Only (i) is true
 (B) Only (i) and (ii) are true
 (C) (ii), (iii) and (iv) are true
 (D) Only (iii) is true

14. In case income elasticity of demand for good Y be zero, the income-consumption curve for good X will be

- (A) parallel to horizontal axis.
- (B) parallel to vertical axis.
- (C) positively sloped straight line.
- (D) negatively sloped straight line.

15. A risk-return trade-off function

- (A) slopes upward for a risk averse decision maker.
- (B) slopes downwards for a risk averse decision maker.
- (C) slopes upward for a risk lover.
- (D) slopes upward for a plunger.

16. Information asymmetry exists when

- (A) both parties are equally informed.
- (B) both parties are equally knowledgeable.
- (C) one party has more information than the other.
- (D) one party does not take interest in the subject.

17. Under perfect competition, if the total cost of any firm is $C = 0.3x^3 - 3x^2 + 20x + 15$, then find the supply of the firm when $P < 12.5$?

- (A) 0
- (B) $0.9x^2 - 6x + 20$
- (C) 12.5
- (D) 1.5

18. The purchase or sale of a commodity at the present price with the objective of sale or purchase at some future date at a favourable price is known as

- (A) Hedging
- (B) Speculation
- (C) Market intelligence
- (D) Retailing

19. In a market economy, the market mechanism can achieve all the following except

- (A) signaling changes in consumer tastes.
- (B) causing supply to respond to changes in demand.
- (C) eliminating excess supply and demand.
- (D) ensuring a fair distribution of all types of goods.

20. Interaction of the multiplier and accelerator is known as

- (A) investment multiplier
- (B) employment multiplier
- (C) super multiplier
- (D) dynamic multiplier

21. If $C = a + b(Y - T)$, where $T = ty$ and $I = \bar{I}$, then investment multiplier is

- (A) $\frac{1}{b(1-t)}$
- (B) $\frac{1}{1-b(1-t)}$
- (C) $\frac{1}{1-bt}$
- (D) $\frac{1}{1-b(1+t)}$

22. According to Friedman, a key determinant of money is not

- (A) aggregate wealth.
- (B) precautionary motive.
- (C) relative rates of return obtainable on different forms of assets.
- (D) physical non-human capital goods and human capital.

23. Augmented Phillips Curve makes allowance for the

- (A) effects of price expectations on money wage reductions.
- (B) effects of price expectations on real wage increases.
- (C) effects of price expectations on money wage increases.
- (D) effects of price expectations on real wage reductions.

24. Based on Mankiw, Romer and Weil (1992), with conditional convergence, holding fertility rates, education and government spending as a share of GDP constant

- (A) income per capita is the same regardless of poor or rich countries.
- (B) income per capita in poor countries grows faster than in rich countries.
- (C) income per capita in rich countries grows faster than in poor countries.
- (D) income per capita in poor countries grows conditional upon foreign aid.

25. Which one of the following is not a behavioural ratio in the H-theory of money supply?

- (A) Reserve-deposit ratio
- (B) Interest-deposit ratio
- (C) Time-deposit ratio
- (D) Currency-deposit ratio

26. 'Crowding out effect' implies

- (A) too much private spending and investment is not desirable.
- (B) too much public spending leads to recession.
- (C) increased public sector spending encourages private sector spending.
- (D) increased public sector spending replaces, or drives down, private sector spending.

27. Need for a stronger banking system for which mergers of the PSBs and the financial institutions were suggested, were recommended by

- (A) Narasimham Committee II
- (B) Chelliah Committee
- (C) Sarkaria Commission
- (D) Narasimham Committee I

28. Tobin Tax is a tax on

- (A) transactions in the share market.
- (B) transactions in the commodity market.
- (C) transactions in the money market.
- (D) transactions in the foreign exchange market.

29. Assertion (A) : Money is a link between the present and the future.

Reason (R) : Money is a store of value.

- (A) Both (A) and (R) are true and (R) is the correct explanation of (A).
- (B) Both (A) and (R) are true and (R) is not the correct explanation of (A).
- (C) (A) is true and (R) is false.
- (D) (A) is false and (R) is true.

30. Choose the correct answer:

The aggregate demand curve is downward sloping because of

- (A) wealth effect and interest rate effect of a change in aggregate price level.
- (B) only wealth effect of a change in aggregate price level.
- (C) only interest rate effect of a change in aggregate price level.
- (D) equal wealth effect and interest rate effect of a change in aggregate price level.

31. Consider the following statements:

- (i) Absolute income hypothesis is associated with Keynes.
- (ii) $S = -20 + 0.4y$ and $C = 20 + 0.6y$ yield the same investment multiplier.
- (iii) Investment multiplier rises whenever income tax is introduced in the system.
- (iv) Bond price and interest rates are directly related.

Which of the statement (s) is/are correct?

- (A) (i) alone
- (B) (ii) and (iii)
- (C) (iii) and (iv)
- (D) (i) and (ii)

32. A 'fair bet' is one

- (A) which increases expected income.
- (B) which reduces expected income of the opponent.
- (C) which leaves expected income unchanged.
- (D) which ensures victory.

33. Choose the correct answer:

The short-run aggregate supply curve is upward sloping because

- (A) nominal wages are sticky in the short run, i.e. higher aggregate price level leads to higher profit per unit of output and increased aggregate output in the short run.
- (B) elasticity of wages with respect to price exceeds unity.
- (C) elasticity of wages with respect to price is equal to unity.
- (D) elasticity of demand with respect to price is equal to unity.

34. Markets in 'State-contingent commodities' refer to markets

- (A) where goods are distinguished by their physical characteristics.
- (B) where goods are distinguished by the state of the world in which they will be consumed.
- (C) where goods are sold at the command of the government.
- (D) both (A) and (B)

35. Choose the correct statement—

- (A) In the vertical portion of LM curve, fiscal policy is highly effective while monetary policy is not effective.
- (B) In the vertical portion of LM curve, fiscal policy is ineffective, while monetary policy is highly effective.
- (C) In the horizontal portion of LM curve, fiscal policy and monetary policy both are effective.
- (D) In the horizontal portion of LM curve, neither fiscal policy, nor monetary policy is effective.

36. When a linear consumption function shifts downwards parallelly, the investment multiplier will

- (A) fall.
- (B) rise marginally.
- (C) remain as before.
- (D) become double.

37. The size of the money multiplier is larger in the Keynesian IS-LM model, if

- (A) the more interest inelastic is the demand for money.
- (B) the more interest elastic is the demand for investment goods.
- (C) the less interest elastic is the demand for investment goods.
- (D) the demand for investment goods is perfectly inelastic.

38. If a card is chosen from a standard pack of cards, what is the probability of getting a three or a seven?

- (A) $\frac{4}{52}$
- (B) $\frac{1}{26}$
- (C) $\frac{8}{52}$
- (D) $\frac{1}{169}$

39. By nature, Quota sampling, Judgement sampling and Convenience sampling are classified as

- (A) random sampling.
- (B) non-random sampling.
- (C) direct sampling.
- (D) indirect sampling.

40. Regression slope coefficient of the equation $Y_i = \alpha + \beta X_i$ is independent of changes in

- (A) origin but not of scale.
- (B) both origin and scale.
- (C) scale but not of origin.
- (D) neither origin, nor scale.

41. Choose the correct statement:

For a linear regression model $Y = \alpha + \beta X + u$ the OLS estimators will be BLUE implies

- (A) the OLS estimators will not be efficient.
- (B) the OLS estimators will be unbiased and have minimum variance among the class of all unbiased estimator.
- (C) the OLS estimators will be unbiased but its variance will not be minimum.
- (D) the variance of OLS estimator will be minimum even if it is not unbiased.

42. Choose the correct answer:

The existence of multicollinearity for a linear regression model implies

- (A) the disturbance terms of the model are correlated.
- (B) there is significant correlation between the explanatory variables.
- (C) there is significant correlation between the dependent and the independent variables.
- (D) there is no significant correlation between the explanatory variables.

43. Choose the correct answer:

The existence of autocorrelation for a linear regression model implies

- (A) the disturbance terms of the model are correlated over time.
- (B) the explanatory variables of the model are correlated over time.
- (C) there is correlation between dependent variable and the explanatory variables.
- (D) there is correlation between the dependent variable and the explanatory variables over time.

44. Choose the correct answer:

In a linear regression model the Durbin-Watson test cannot be used if

- (A) the model contains lagged values of the explanatory variables.
- (B) the model contains more than one explanatory variable.
- (C) the model contains the disturbance term.
- (D) the model contains the lagged value of the current dependent variable.

45. Choose the correct answer:

For a simultaneous equation model, the reduced form of the model

- (A) does not contain the current value of endogenous variable as explanatory variable
- (B) does contain the current value of the endogenous variable as explanatory variable.
- (C) does not contain lagged values of the current dependent variables as explanatory variables.
- (D) does not contain lagged values of current exogenous variables as explanatory variables.

46. For a simultaneous equation system, which of the following statement is incorrect?

- (A) If an equation is exactly identified then ILS and 2SLS would give the same result.
- (B) ILS can be applied to an over identified equation.
- (C) 2SLS can be applied to an over identified equation.
- (D) ILS cannot be applied to an over identified system.

47. Choose the correct answer:

Consider a time series process $y_t = y_{t-1} + x_t$

Where x_t is a stationary ARMA (q, p).

Then y_t is an

- (A) integrated series of order 1
- (B) stationary series
- (C) integrated series of order 2
- (D) MA series

48. Choose the correct answer:

Consider a time series process $y_t - y_{t-1} = \alpha + \varepsilon_t$

Where ε_t is a white noise process and also suppose $\alpha \neq 0$. Such a process is known as

- (A) random walk process with drift.
- (B) random walk process without drift.
- (C) ARMA process with drift.
- (D) ARMA process without drift.

49. Choose the correct answer:

White noise process is a random process of random variable

- (A) that are uncorrelated, have mean zero and finite variance.
- (B) that are correlated, have mean zero and finite variance.
- (C) that are uncorrelated, have constant non-zero mean and finite variance.
- (D) that are correlated, have constant non zero mean and finite variance.

50. If $TC = 5 + 3q$ then

- (i) AFC is rectangular hyperbola.
 - (ii) AC is decreasing function of output.
 - (iii) AVC is fixed.
 - (iv) $\frac{5}{q}$ is rectangular hyperbola.
- (A) only (i) is correct
 - (B) only (i), (iii) and (iv) are correct.
 - (C) only (i), (ii) and (iii) are correct.
 - (D) All are correct

51. Following information are given:

$$C = 20 + \frac{3}{4}Y \text{ and } Y = 80$$

What is the value of APC?

- (A) 0
- (B) 1
- (C) 0.5
- (D) 0.075

52. In case of two variables X and Y , given that Covariance (X, Y) = 0.40 and Var (X) = 4.

Then for what value of variance of Y , correlation between X and Y will be 0.50 and $\hat{\beta}_{4x} = 0.10$?

- (A) 4
- (B) 2
- (C) 16
- (D) 0.4

53. In the input-output model if the input coefficient matrix be $\begin{bmatrix} 0.1 & 0.8 \\ 0.7 & 0.3 \end{bmatrix}$ then

- (i) Hawkins-Simon condition is satisfied.
- (ii) feasible output solution is possible.
- (iii) Hawkins-Simon condition is not satisfied.
- (iv) final demand vector would be solvable.

- (A) only (i) correct.
- (B) only (i) and (ii) are correct.
- (C) only (iii) is satisfied.
- (D) only (i) and (iv) are correct.

54. Choose the correct answer:

Heckscher-Ohlin model shows how differences in factor endowment determine comparative advantage: goods differ in factor intensity and

- (A) countries tend to export goods that are intensive in the factors they have in abundance.
- (B) countries tend to import goods that are intensive in the factors they have in abundance.
- (C) countries tend to consume goods that are intensive in the factors they have in abundance.
- (D) countries tend to produce goods that are intensive in the factors they have in abundance.

55. Stolper-Samuelson theorem establishes a relation between

- (A) prices of factors and relative factor awards.
- (B) relative prices of output and relative factor rewards.
- (C) relative prices of output and absolute factor rewards.
- (D) prices of factors and factor rewards.

56. When a country exports a product at a price below its cost of production, then it is said to be

- (A) Price skimming
- (B) Dumping
- (C) Discriminating
- (D) Excessive invoicing

57. Most favoured nation clause means

- (A) some nations should be given more favour.
- (B) advantage granted by one member country (of WTO) to another member country must be granted to all other member countries of WTO.
- (C) some countries are listed as most favoured members and they get some special treatment.
- (D) All the above.

58. Trade creation refers to a situation where

- (A) imposition of trade barriers between members of the trading bloc enables various products to be purchased at lower prices, thereby stimulating intra-regional trade.
- (B) removal of trade barriers between members of the trading bloc enables various products to be purchased at lower prices stimulating intra-regional trade.
- (C) removal of trade barriers between members of the trading bloc enables various products to be purchased at higher prices thereby stimulating intra-regional trade.
- (D) imposition of trade barriers between members of the trading bloc enables various products to be purchased at lower prices, thereby dampening intra-regional trade.

59. According to equal sacrifice principle, total sacrifice of people in payment of tax is minimised under

- (A) equal proportional sacrifice.
- (B) equal absolute sacrifice.
- (C) equal relative sacrifice.
- (D) equal marginal sacrifice.

60. Which of the following is not a test of heteroscedasticity?

- (A) Gleszer test
- (B) White's test
- (C) Breusch-Pagan test
- (D) Breusch-Godfrey test

61. Fiscal Deficit means—

- (A) Public expenditure debts from sources other than RBI.
- (B) Public capital expenditure surplus of revenue account.
- (C) Government expenditure revenue receipts.
- (D) Public expenditure tax and non-tax revenue receipts.

62. Lindahl tax is a form of taxation in which

- (A) individuals pay for public goods according to their marginal benefits.
- (B) individuals pay for private goods according to their marginal benefits.
- (C) individuals pay for public goods according to their willingness to pay.
- (D) individuals pay for public goods according to their average utility.

63. In which of the following tax, the burden cannot be shifted by the taxpayer to others?

- (A) Sales Tax
- (B) Excise duty
- (C) Customs duty
- (D) Inheritance tax

64. Which of the following is not a quasi-public good?

- (i) National defence
- (ii) An automobile
- (iii) Libraries
- (iv) Fire protection

Select the correct code:

- (A) only (ii)
- (B) (ii) and (iv) both
- (C) (ii), (iii) and (iv)
- (D) only (iii)

65. An external benefit is most likely to arise when

- (A) firms are able to reduce their costs of production by undertaking research and development.
- (B) a reduction in the tax on profits increases the amount of money firms have available for investment.
- (C) the government subsidizes commuter rail services in order to reduce road congestion
- (D) a firm is able to dispose off waste products into rivers free of charge.

66. In the presence of a stagnant economy a government should

- (A) spend more, tax less and/or pursue a contractionary monetary policy.
- (B) spend less, tax less and/or pursue an expansionary monetary policy.
- (C) spend more, tax less and/or pursue an expansionary monetary policy.
- (D) tax more, spend less and/or pursue an expansionary monetary policy.

67. Under IPO method

- (A) shares of public sector undertakings are sold to retail investors and institutions.
- (B) shares of private sector undertakings are sold to retail investors and institutions.
- (C) shares of retail undertakings are sold to public sector units.
- (D) shares of private sector are sold to public sector.

68. Which of the following is not related to the concept of financial inclusion?

- (A) Extension of financial services to unbanked areas.
- (B) Reaching out to the people who are still deprived of banking services.
- (C) Provide access to useful and affordable financial products and services that meet the people's needs.
- (D) Enhance the profitability of the financial institutions.

69. The banks are required to maintain a certain ratio between their cash in hand and total assets, which is called

- (A) Central Liquidity Reserve
- (B) Statutory Liquidity Ratio
- (C) Statutory Bank Ratio
- (D) Central Bank Reserve

70. Fictional Unemployment is defined as

- (A) having no jobs when workers are willing to work.
- (B) short term movement of workers between jobs.
- (C) having no jobs due to changing seasons in agriculture.
- (D) unemployment due to business cycles.

71. Stagflation represents a situation where

- (A) rate of growth is faster than the rate of rise in prices.
- (B) rate of economic growth is slower than the rate of rise in prices.
- (C) economic growth is indifferent to changes in prices.
- (D) both national income and prices are declining.

72. According to the Capability Approach to development

- (A) human beings are means to an end and the end is income generation.
- (B) income is a means to an end in human welfare.
- (C) human beings and income are both means and the end is utility maximization.
- (D) higher price leads to rise in income and entitlement to reach the goal.

73. Who among the following advocated the "Basic Needs Approach" (BNA) to development?

- (A) A. K. Sen
- (B) D. Romer
- (C) S. Kuznets
- (D) Paul Streeten

74. Who among the following developed the Theory of Circular Causation?

- (A) G. Myrdal
- (B) R. Nurkse
- (C) J. Robinson
- (D) J. R. Hicks

75. Which of the following variables are used to measure the fertility rate of a population?

- (i) Women in the reproductive age group 15-49.
 - (ii) Females in the total population.
 - (iii) Number of children below 15 years of age.
 - (iv) Number of girls below fifteen years of age.
- (A) (i) and (ii)
 - (B) (i) and (iii)
 - (C) (i) and (iv)
 - (D) (ii) and (iv)

76. Perfectly elastic supplies of labour play a crucial role in

- (A) Malthus' model of growth.
- (B) Kuznets' model of growth.
- (C) The Prebisch hypothesis.
- (D) Lewis model of growth.

77. The 'Technological Dualism' in underdeveloped countries could be broken through

- (A) a gradualist approach of development.
- (B) family planning.
- (C) planning for increased productivity in rural sector.
- (D) focusing on IT sector.

78. The Rostow's model postulates that economic growth occurs in five basic stages of development. Which among the following is not one of those stages?

- (A) Traditional society
- (B) The Pre-conditions to take-off
- (C) Entrepreneurial growth
- (D) High mass consumption

79. "Knife-edge" instability in Harrod Model arises due to the fact that

- (A) savings ratio, output capital ratio and natural rate of growth are determined by three distinct factors.
- (B) savings ratio and output capital ratio are determined by the same factor, but mutual rate of growth is determined by a different set of factors.
- (C) entrepreneurs contribute to the constancy of savings ratio but not to the population growth.
- (D) all the savings ratio, output capital ratio and natural rate of growth are jointly determined.

80. Choose the correct statement:

Considering two inputs capital and labour, Solow residual which is taken as a measure of the rate of technical progress refers to

- (A) growth in output which cannot be explained by growth in capital and labour.
- (B) growth in output which cannot be explained by growth in labour only.
- (C) growth in output which cannot be explained by growth in capital only.
- (D) growth in output which cannot be explained by growth in demand.

81. Indicate the correct statement:

In case of Sweezy duopoly model

- (A) the discontinuity in MR curves does not depend on elasticity of demand curves.
- (B) demand curves are Iso-elastic.
- (C) increasing difference between elasticity of demand curves raises the discontinuity in MR curves.
- (D) MR curve is discontinuous because of consumption rigidity.

82. Match the following:

List-I

List-II

- | | |
|-------------------------|------------------|
| (a) Group equilibrium | (i) Hicks-Hansen |
| (b) IS-LM theory | (ii) Chamberlin |
| (c) Quasi-Rent | (iii) Walras |
| (d) General equilibrium | (iv) Marshall |

Codes:

- | | | | | |
|-----|------|-------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (i) | (ii) | (iv) | (iii) |
| (B) | (ii) | (i) | (iv) | (iii) |
| (C) | (iv) | (iii) | (i) | (ii) |
| (D) | (i) | (ii) | (iii) | (iv) |

83. Answer which one is most appropriate:

Sustainable economic development depends upon

- (A) investment in both natural and man-made capital but not on savings.
- (B) both savings and investment with maintenance of a minimum level of critical natural resources.
- (C) savings and investment without any regard to the maintenance of natural capital.
- (D) neither savings, nor investment but only maintenance of natural resources.

84. According to Prof. Sen

- (A) Labour intensive technology should be employed for maximising production while capital intensive technology should be employed in case of maximising investment.
- (B) A labour surplus country should employ labour intensive technology.
- (C) Labour intensive technology should be adopted for putting an end to disguised unemployment.
- (D) Developing countries should always adopt labour intensive technology.

85. Which of the following is a measure of market performance?

- (A) Product discrimination
- (B) H.H. index
- (C) Concentration ratio
- (D) Rate of return

86. 'Warm glow' refers to a situation faced while asking respondents about their willingness to pay for an environmental service; this implies

- (A) the question makes the respondent feel warm.
- (B) that the respondents state high willingness to pay regardless of the impact of such statement, just to experience the joy of being treated as a person valuing environment.
- (C) that the respondents state high willingness to pay so that others are compelled to pay that price.
- (D) that the respondents state low willingness to pay to protect themselves from paying high prices.

87. Which of the following statements is *not* true?

- (A) Contingent valuation method is applied in a hypothetical market situation.
- (B) To estimate the value of environmental quality with hedonic pricing, actual price in which houses are sold is required.
- (C) Multicollinearity may be encountered in contingent valuation method.
- (D) Starting point bias is associated with contingent valuation method.

88. Which of the following is not related to the Travel Cost method?

- (A) Zonal approach
- (B) Individual approach
- (C) Utility approach
- (D) Random utility approach

89. Choose the best possible combination of *List I* with *List II*.

*List-I**List-II*

- | | |
|-----------------------------|--------------------------|
| (a) Contingent valuation | (i) Market price |
| (b) Valuation of a monument | (ii) Hedonic pricing |
| (c) Rental value of a park | (iii) Travel cost |
| (d) Pricing of soap | (iv) Hypothetical market |

Codes:

- | | | | |
|----------|-------|-------|-------|
| (a) | (b) | (c) | (d) |
| (A) (iv) | (iii) | (ii) | (i) |
| (B) (i) | (ii) | (iii) | (iv) |
| (C) (i) | (iii) | (iv) | (ii) |
| (D) (iv) | (i) | (ii) | (iii) |

90. Go through the following statements:

- In case of negative externality socially optimum output of a commodity must be lower than the private optimum output.
- Coase's theorem states that a costless negotiation can bring about a solution to externality.

Choose the correct explanation given below.

- (i) is correct but (ii) is incorrect.
- (i) is correct and statement (ii) is applicable to (i).
- (ii) is correct but it has no connection with (i).
- (ii) is correct but (i) is not always correct.

91. Which one of the following is an example of market failure?

- Prices do not reflect the full social costs of production.
- Prices rise so that consumers cannot afford to buy all the goods that they used to purchase.
- Demand falls so that firms have to make workers redundant.
- A firm goes out of business because it cannot find a market for its products.

92. In the IPAT expression propounded by Prof. Ehrlich

- $I \Rightarrow$ Impact, $P \Rightarrow$ Population, $A \Rightarrow$ Affluence, $T \Rightarrow$ Technology
- $I \Rightarrow$ Impact, $P \Rightarrow$ Price, $A \Rightarrow$ Affluence, $T \Rightarrow$ Trade
- $A \Rightarrow$ Annuity, $P \Rightarrow$ Price, $I \Rightarrow$ Investment, $T \Rightarrow$ Technology
- $A \Rightarrow$ Assets, $P \Rightarrow$ Population, $I \Rightarrow$ Impact, $T \Rightarrow$ Trade

93. As per the sectoral distribution of national income in India, the percentage share of agriculture is

- 70-80 per cent
- 40-50 per cent
- 50-60 per cent
- less than 20 per cent

94. The Minimum Support Price (MSP) for food grains was introduced in India in the year

- 1954
- 1974
- 1964
- 1994

95. Which of the following is a function of NABARD?

- Monitoring flow of ground level credit to agriculture.
- Credit planning and monitoring.
- Formulation of operational guidelines for rural financial institutions.

Choose the correct code:

- only (i) is correct.
- (i) and (ii) are correct but (iii) is incorrect.
- all (i), (ii) and (iii) are correct.
- (ii) is correct and others are incorrect.

96. Which of the following statements is *not true* about the National Food Security Act 2013?

- (A) It is also known as the Right to Food Act.
- (B) It was notified in September 2013.
- (C) It ensures enhanced production of food grains.
- (D) It ensures food and nutritional security in human life cycle approach.

97. Consider the following statements about the idea of 'inclusive growth':

- (i) The idea of 'inclusive growth' entered into the domain of planning with the eleventh plan.
- (ii) This is not only about economics but also about 'social' inclusion.
- (iii) The main idea behind inclusive growth is to include SCs, STs, OBCs, minorities and women in the country's development process.
- (iv) The 3rd Generation of Economic Reforms runs parallel to the idea of inclusive growth.

Select the correct statement using the code below:

- (A) (i), (ii) and (iii)
- (B) (ii), (iii) and (iv)
- (C) (i), (iii) and (iv)
- (D) (i), (ii), (iii) and (iv)

98. Which of the following are the causes of low productivity in Indian agriculture?

- (i) Rural industrialisation
- (ii) Land ceilings
- (iii) Sub-division and fragmentation of land holdings
- (iv) Rainfed areas
- (A) (i) and (iii)
- (B) (iii) and (iv)
- (C) (i), (iii) and (iv)
- (D) (ii) and (iv)

99. Food based security acts by Government of India involve the following three schemes; Choose the correct option from below:

- (A) PDS, ICDS and MDM
- (B) MDM, MGNREGS and NRLM
- (C) ICDS, PDS and IRDP
- (D) PMRY, RLEGP and PDS

100. The Goods and Services Taxes aimed at integrating the

- (A) indirect taxes of Centre and the states.
- (B) direct taxes of Centre and the states.
- (C) direct taxes of the Centre and indirect taxes of the states.
- (D) indirect taxes of the Centre and direct taxes of Centre.

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