

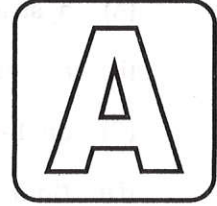
DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

Test Booklet No. :

Series

01973

TEST BOOKLET
Paper—III
(ECONOMICS)



Time Allowed : 2 Hours

Full Marks : 100

Read the following instructions carefully before you begin to answer the questions :

1. The name of the Subject, Roll Number as mentioned in the Admission Certificate, Test Booklet No. and Series are to be written legibly and correctly in the space provided on the Answer-Sheet with Black/Blue ballpoint pen.
2. Answer-Sheet without marking Series as mentioned above in the space provided for in the Answer-Sheet shall not be evaluated.
3. All questions carry equal marks.

The Answer-Sheet should be submitted to the Invigilator.

Directions for giving the answers : Directions for answering questions have already been issued to the respective candidates in the 'Instructions for marking in the OMR Answer-Sheet' along with the Admit Card and Specimen Copy of the OMR Answer-Sheet.

Example :

Suppose the following question is asked :

The capital of Bangladesh is

- (A) Chennai
(B) London
(C) Dhaka
(D) Dhubri

You will have four alternatives in the Answer-Sheet for your response corresponding to each question of the Test Booklet as below :

(A) (B) (C) (D)

In the above illustration, if your chosen response is alternative (C), i.e., Dhaka, then the same should be marked on the Answer-Sheet by blackening the relevant circle with a Black/Blue ballpoint pen only as below :

(A) (B) (C) (D)

The example shown above is the only correct method of answering.

4. Use of eraser, blade, chemical whitener fluid to rectify any response is prohibited.
5. Please ensure that the Test Booklet has the required number of pages (16) and 100 questions immediately after opening the Booklet. In case of any discrepancy, please report the same to the Invigilator.
6. No candidate shall be admitted to the Examination Hall/Room 20 minutes after the commencement of the examination.
7. No candidate shall leave the Examination Hall/Room without prior permission of the Supervisor/Invigilator. No candidate shall be permitted to hand over his/her Answer-Sheet and leave the Examination Hall/Room before expiry of the full time allotted for each paper.
8. No Mobile Phone, Electronic Communication Device, etc., are allowed to be carried inside the Examination Hall/Room by the candidates. Any Mobile Phone, Electronic Communication Device, etc., found in possession of the candidate inside the Examination Hall/Room, even if on off mode, shall be liable for confiscation.
9. No candidate shall have in his/her possession inside the Examination Hall/Room any book, notebook or loose paper, except his/her Admission Certificate and other connected papers permitted by the Commission.
10. Complete silence must be observed in the Examination Hall/Room. No candidate shall copy from the paper of any other candidate, or permit his/her own paper to be copied, or give, or attempt to give, or obtain, or attempt to obtain irregular assistance of any kind.
11. This Test Booklet can be carried with you after answering the questions in the prescribed Answer-Sheet.
12. Noncompliance with any of the above instructions will render a candidate liable to penalty as may be deemed fit.
13. No rough work is to be done on the OMR Answer-Sheet. You can do the rough work on the space provided in the Test Booklet.

N.B. : There will be negative marking @ 0.25 per 1 (one) mark against each wrong answer.

/12-A

[No. of Questions : 100]

SEAL

1. If two factors are perfect substitutes, the isoquant will be

- (A) a straight line
- (B) a rectangular hyperbola
- (C) an L-shaped curve
- (D) None of the above

2. Suppose there is full employment and vertical aggregate supply schedule. An increase in the nominal money supply

- (A) reduces the rate of interest and changes the composition of output
- (B) causes a proportional increase in real output
- (C) has no effect on the real money supply or the composition of output
- (D) causes the real money supply to increase, which changes the composition of output

3. For a differential equation

$$\frac{dy}{dx} + ay = b$$

what is the value of Y_C ?

- (A) $\frac{dy}{dx}$
- (B) Ae^{ax}
- (C) Ae^{-ax}
- (D) 0

4. Which of the following is **not** an assumption of perfectly competitive market?

- (A) Products are homogeneous
- (B) There are large number of buyers and sellers
- (C) There is no close substitute
- (D) There is no transportation cost

5. Which of the following statements is correct concerning the relationship among the firm's cost function?

- (A) $TC = TFC - TVC$
- (B) $TVC = TFC - TC$
- (C) $TFC = TC - TVC$
- (D) $TC = TVC - TFC$

6. Which of the following is **not** a component of Current Account of BOP?

- (A) Portfolio investment
- (B) Balance of trade
- (C) Net factor income from abroad
- (D) Net unilateral transfers from abroad

7. In a competitive market, a tax on wage income falls wholly on labour if

- (A) labour supply is inelastic
- (B) labour supply is elastic
- (C) labour supply is zero
- (D) demand for products has infinite elasticity

8. When income effect becomes stronger than substitution effect, the labour supply curve will
- bend backward
 - rise upward
 - be parallel to X-axis
 - None of the above
9. The price mechanism fails when
- the consumer is sovereign
 - savings and investment are not given equal importance
 - the distribution of income is highly unequal
 - producers act according to the market signals
10. The concept of group equilibrium is applicable to
- monopolistic competition
 - perfect competition
 - monopoly market
 - None of the above
11. In the context of oligopoly, the kinked demand hypothesis is designed to explain
- price and output determination
 - price rigidity
 - price leadership
 - collusion among rivals
12. When $e = 1$, then the value of MR is
- positive
 - zero
 - one
 - negative
13. In the context of linear regression, the value we would predict for the dependent variable when the independent variables are equal to zero is called
- slope
 - sum of residual
 - intercept
 - coefficient of determination
14. The Cambridge equation implies that
- the income elasticity of demand for money is unity
 - the price elasticity of demand for money is unity
- Select the correct answer from the given codes.
- Both I and II are true
 - Neither I nor II is true
 - Only I is true
 - Only II is true
15. Which of the following is **not** the property of binomial distribution?
- n is fixed
 - Has two outcomes
 - Trials are independent
 - Probability of success varies from trial to trial

16. A random variable X has binomial distribution with $n = 10$ and $p = 0.3$, then variance of X is
- (A) 10
 (B) 30
 (C) 2.1
 (D) 3
17. Which among the following comes under capital receipts?
- (A) Provident Funds
 (B) Special Assessment
 (C) Export Duty
 (D) Wealth Tax
18. The marginal product of the variable factors are maximum when marginal cost of the output is
- (A) negative
 (B) zero
 (C) minimum
 (D) maximum
19. The demand for factors of production is determined by
- (A) marginal cost curve
 (B) supply curve
 (C) derived demand curve
 (D) marginal revenue curve
20. Pareto optimality or efficiency conditions can be fulfilled when there is
- (A) imperfect competition
 (B) perfect competition
 (C) Both (A) and (B)
 (D) None of the above
21. Quasi-rent is earned by land even in the long run because
- (A) supply of land can be increased in the long run
 (B) land is a gift of nature and hence its supply cannot be increased
 (C) Both (A) and (B)
 (D) None of the above
22. The very short period supply curve is
- (A) perfectly elastic
 (B) perfectly inelastic
 (C) relatively more elastic
 (D) None of the above
23. The economic system experiences contraction or deflation, when
- (A) injections = withdrawals
 (B) injections > withdrawals
 (C) injections < withdrawals
 (D) None of the above

24. Friedman's monetary approach explains that the rate of inflation is determined by

- (A) growth rate of real income
- (B) growth rate of money supply
- (C) Both (A) and (B)
- (D) None of the above

25. Which one of the following is included in the expansionary fiscal policy?

- (A) Decrease in tax rate
- (B) Decrease in bank rate
- (C) Decrease in cash reserve ratio
- (D) Reduction in margin requirements

26. Fill in the blank :

In the time of depression and wide-spread unemployment, a _____ can push the economy back to the normal level.

- (A) surplus budget
- (B) deficit budget
- (C) balanced budget
- (D) None of the above

27. Adam Smith was an advocate of

- I. laissez-faire
- II. the invisible hand
- III. free-trade policy
- IV. competitive markets

Choose the correct answer from the given codes.

- (A) Only I and II are correct
- (B) Only II and III are correct
- (C) Only I, II and III are correct
- (D) I, II, III and IV are correct

28. Fill in the blank :

Grant-in-aid comes under _____ Fund.

- (A) Contingency
- (B) Consolidated
- (C) Public Accounts
- (D) None of the above

29. Fiscal deficit less interest payment is called

- (A) net fiscal deficit
- (B) monetised deficit
- (C) primary deficit
- (D) budgetary deficit

30. Fill in the blank :

Inflation _____ the real value of accumulated debt.

- (A) increases
- (B) decreases
- (C) has no effect on
- (D) Indeterminate

31. Frictional unemployment appears in the economy due to

- (A) shifting from one company to another
- (B) shifting of season
- (C) Both (A) and (B)
- (D) None of the above

32. The scope of macroeconomics includes

- (A) factor pricing
- (B) product pricing
- (C) national product
- (D) marginal analysis

33. In the context of international trade, balance of payments includes

- (A) balance of visible goods
- (B) balance of invisible goods
- (C) balance of Capital Account
- (D) All of the above

34. In Hicks' neutral technical progress, the technical progress is

- (A) capital augmenting
- (B) labour augmenting
- (C) both labour and capital augmenting
- (D) change in the efficiency and productivity of labour

35. There are 12 white balls, 8 red balls, 5 green balls in a basket. What is the probability that a ball drawn is either red or white?

(A) $\frac{12}{25}$

(B) $\frac{8}{25}$

(C) $\frac{4}{5}$

(D) $\frac{3}{5}$

36. Fill in the blank :

If government introduces a tax holiday in a particular sector of production, the amount of investment in the said sector _____.

- (A) increases
- (B) decreases
- (C) remains constant
- (D) Indeterminate

37. An increase in private investment through an injection of fresh purchasing power in the form of an increase in public expenditure is known as

- (A) pump priming
- (B) crowding out
- (C) subsidy
- (D) None of the above

38. Which of the following is the correct ratio of budget multiplier?

(A) $\frac{\Delta I}{\Delta G}$

(B) $\frac{\Delta G}{\Delta I}$

(C) $\frac{\Delta G}{\Delta Y}$

(D) $\frac{\Delta Y}{\Delta G}$

39. Trade liberalization is associated with

(A) import substitution

(B) export promotion

(C) Both (A) and (B)

(D) None of the above

40. Which one of the following is the most important constraint to economic growth according to the Harrod-Domar model?

(A) Unskilled labour market

(B) Population explosion

(C) Inadequate savings

(D) Environmental pollution

41. The Second Five-Year Plan of India was based on

(A) Mahalanobis model

(B) Solow model

(C) Harrod-Domar model

(D) Leontief input-output model

42. Fiscal deficit is regarded as an indicator of

(A) disinvestment

(B) budget deficit

(C) trade deficit

(D) borrowing by the government

43. Which one of the following is **not** a qualitative method of credit control?

(A) Margin requirements

(B) Moral suasion

(C) Bank rate policy

(D) Credit rationing

44. Which of the following statements is correct?

(A) Public finance is a positive science

(B) Public finance is a normative science

(C) Both (A) and (B)

(D) None of the above

45. On whose recommendations the wealth tax was withdrawn?

(A) Kelkar Committee

(B) Nicholas Kaldor

(C) The Reserve Bank of India

(D) None of the above

46. In case of an inferior good, the income elasticity of demand is

- (A) positive
- (B) zero
- (C) negative
- (D) infinite

47. Which of the following is/are true?

- I. Deficit financing can be used in meeting import surplus.
- II. Deficit financing is a major cause of inflation.
- III. Deficit financing leads to the occurrence of forced saving.

Choose the correct answer from the given codes.

- (A) Only II and III are correct
- (B) Only I and II are correct
- (C) Only II is correct
- (D) All I, II and III are correct

48. The mean of ten numbers is 58. If one of the numbers is 40, what is the mean of other nine?

- (A) 54
- (B) 30
- (C) 60
- (D) 34

49. Fill in the blank :

According to Friedman's expected rate of inflation, when people expect a _____ in the price level, they convert their money holdings into goods or other assets.

- (A) fall
- (B) rise
- (C) constant
- (D) None of the above

50. Production function refers to the relationship between

- (A) physical inputs and physical outputs of a firm
- (B) stock of inputs and stock of outputs
- (C) productivity of one output and another input
- (D) existing input and output over a period of time

51. Which of the following statements is correct?

- (A) When the average cost is rising, the marginal cost must also be rising
- (B) When the average cost is rising, the marginal cost must be falling
- (C) When the average cost is rising, the marginal cost is above the average cost
- (D) When the average cost is falling, the marginal cost must be rising

52. According to Prof. F. H. Knight, profit is received for
- risk taking
 - uncertainty bearing
 - innovations
 - economic dynamics
53. What does NITI stand for?
- National Institution for Technical Issues
 - National Issues and Territorial Integration
 - National Institution for Transforming India
 - National Institution for Transnational India
54. The first measure of India's national income was conducted by
- William Digby
 - Dadabhai Naoroji
 - M. G. Ranade
 - R. C. Dutt
55. The sex ratio of India, according to 2011 Census, was
- 943
 - 971
 - 843
 - 953
56. The literacy rate of India, according to 2011 Census, was
- 74.04 percent
 - 76.05 percent
 - 77.04 percent
 - 73.05 percent
57. Commercial banks were nationalized in India for the first time in
- 1968
 - 1969
 - 1971
 - 1979
58. Dr. Raja J. Chelliah was associated with the
- Tax Reform Committee
 - Banking Reform Committee
 - Trade Reform Committee
 - None of the above
59. *Asian Drama* was written by
- Amartya Sen
 - Abhijit Banerjee
 - Gunnar Myrdal
 - J. M. Keynes
60. The Pradhan Mantri Fasal Bima Yojana was launched in the year
- 2015
 - 2016
 - 2017
 - 2018

61. Which of the following schemes is **not** associated with employment generation in India?
- (A) Food for Work Programme
 (B) Pradhan Mantri Awas Yojana
 (C) Pradhan Mantri Rozgar Yojana
 (D) Jawahar Rozgar Yojana
62. Narasimham Committee—1 which set up in 1991 was associated with
- (A) banking sector
 (B) foreign trade sector
 (C) agriculture sector
 (D) insurance sector
63. Pradhan Mantri MUDRA Yojana is a scheme launched by the Prime Minister in
- (A) 2014
 (B) 2015
 (C) 2016
 (D) 2017
64. Which of the following is true in the context of Slutsky equation?
- (A) $m = x\Delta p_x$
 (B) $\Delta m = xp_x$
 (C) $\Delta m = x\Delta p_x$
 (D) $\Delta m = \Delta x$
65. What would happen to the variance of a data set if we add 5 to every observation?
- (A) Variance will increase by 5
 (B) Variance will decrease by 5
 (C) Variance will increase by 25
 (D) Variance will remain the same
66. Precision or reliability of a statistic is
- (A) the reciprocal of its population parameter
 (B) the reciprocal of its mean
 (C) the reciprocal of its standard error
 (D) the reciprocal of its mode
67. Regression coefficient is independent of change in
- (A) origin but not of scale
 (B) both origin and scale
 (C) scale but not of origin
 (D) None of the above
68. If a card is chosen from a standard deck of cards, what is the probability of getting a five or a seven?
- (A) $\frac{4}{52}$
 (B) $\frac{1}{26}$
 (C) $\frac{8}{52}$
 (D) $\frac{1}{169}$

69. Let elasticity of demand for export for a certain country be ex and elasticity of demand for imports be em . Assume that the country devalues its currency. Its balance of payments will almost certainly show an improvement, if

(A) $ex + em > 1$

(B) $ex + em < 1$

(C) $ex + em = 1$

(D) $ex = em = 1$

70. Which of the following is/are true?

I. $\{\phi\}$ is a null set.

II. Intersections of sets are always contained in their unions.

Choose the correct answer from the given codes.

(A) Both I and II are true

(B) Neither I nor II is true

(C) Only I is true

(D) Only II is true

71. The theory of Absolute Cost Advantage was introduced by

(A) David Ricardo

(B) Heckscher-Ohlin

(C) Adam Smith

(D) Haberler

72. The shape of a demand curve faced by a firm under perfect competition is

(A) vertical

(B) horizontal

(C) positively sloped

(D) negatively sloped

73. Short-run equilibrium of a firm can be determined with

(A) supernormal profits

(B) normal profits

(C) losses

(D) All of the above

74. The comparative cost advantage theory assumes that the production function is

(A) linear homogeneous

(B) non-linear homogeneous

(C) linear non-homogeneous

(D) None of the above

75. The concept of offer curve is based upon

(A) reciprocal demand

(B) joint demand

(C) composite demand

(D) All of the above

76. The Leontif paradox neglects the
- (A) human capital
 - (B) natural capital
 - (C) tariffs
 - (D) All of the above
77. Devaluation can improve terms of trade if
- (A) $D_X \cdot D_M > S_X \cdot S_M$
 - (B) $D_X \cdot D_M = S_X \cdot S_M$
 - (C) $D_X \cdot D_M < S_X \cdot S_M$
 - (D) None of the above
78. The concept of net barter terms of trade (T_C) is measured by
- (A) $T_C = \frac{P_X}{P_M} \times 100$
 - (B) $T_C = \frac{P_M}{P_X} \times 100$
 - (C) $T_C = \frac{Q_X}{Q_M} \times 100$
 - (D) None of the above
79. Balance of payments is the account related to
- (A) transactions in good
 - (B) transactions in services
 - (C) capital transactions
 - (D) All of the above
80. In case of FDI, the foreign investor possesses
- (A) ownership of capital
 - (B) control of capital
 - (C) management of capital
 - (D) All of the above
81. The Geneva negotiations among WTO members in 2014 broke down on the issue of
- (A) Trade Facilitation Agreement (TFA)
 - (B) Food Security
 - (C) Both (A) and (B)
 - (D) None of the above
82. The most fundamental factor governing economic relations of countries is their economic
- (A) independence
 - (B) dependence
 - (C) inter-dependence
 - (D) All of the above
83. Which of the following is **not** a function of the Central Bank?
- (A) Note issue
 - (B) Custodian of foreign exchange
 - (C) Credit control
 - (D) Credit creation

84. Interest on borrowings is shown under the head
- Revenue Receipts
 - Revenue Expenditure
 - Capital Receipts
 - Capital Expenditure
85. Taxation have favourable effect on
- ability to work and save
 - desire to work and save
 - reducing inequality in distribution
 - increase in employment
86. Arrange the following theories in the chronological order :
- Restatement of quantity theory
 - Income theory
 - Quantity theory
 - Cash balance approach
- Select the correct answer from the given codes.
- I, II, IV, III
 - III, I, II, IV
 - IV, III, I, II
 - III, IV, II, I
87. Gilt-edged market means
- bullion market
 - market of pure metals
 - market of government securities
 - market of goods
88. Data collected for the same set of respondents for over 20 years is an example of
- time series data
 - cross-sectional data
 - panel data
 - pooled data
89. In an economy, the GDP deflator is found to be 110 for the current year. If the GDP has registered an annual growth rate of 15 percent in the same year, then the rate of growth of real GDP will be
- 5%
 - 1.5%
 - 25%
 - 2.5%
90. If marginal propensity to import is 0.1 and the MPC is 0.7, the value of the income multiplier will be
- 1.25
 - 2.33
 - 2.5
 - 3.33
91. Which of the following is **not** a characteristic of a good estimator?
- Variability
 - Efficiency
 - Sufficiency
 - Unbiasedness

92. Liquidity preference theory of interest was propounded by
- J. R. Hicks
 - J. M. Keynes
 - A. Marshall
 - A. C. Pigou
93. Green Revolution was pioneered in India by
- M. S. Srinivasan
 - M. S. Subramaniam
 - M. S. Swaminathan
 - C. Rangarajan
94. Atal Pension Yojana was passed in the Union Budget in
- 2014–15
 - 2015–16
 - 2016–17
 - 2017–18
95. Which of the following is **not** a part of economic infrastructure of a country?
- Transportation
 - Power
 - Education
 - Irrigation
96. $Y = C + S$ does **not** indicate
- the volume of total income
 - the volume of total expenditure
 - the volume of total monetary resources
 - the volume of savings and investment
97. When the wage rate rises, the supply of labour
- expands
 - contracts
 - remains constant
 - is elastic
98. The First Finance Commission was constituted in India in the year
- 1948
 - 1950
 - 1951
 - 1952
99. Jal Jeevan Mission is envisioned to provide safe and adequate drinking water through individual household tap connection to all by the year
- 2024
 - 2025
 - 2026
 - None of the above
100. Public utilities are controlled by which of the following bodies?
- Central Government
 - State Governments
 - Local Bodies
 - All of the above

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