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## ECONOMICS

## PAPER II

1. A circumstance where it may pay a monopolist to cut the price of his product is where
- MC is falling.
  - MR is greater than MC.
  - his advertisement costs are increasing.
  - average cost is about to fall.
2. Consider  $q = f(x_1, x_2)$  as the production function of two inputs  $x_1$  and  $x_2$
- Choose the correct option.
- Scale elasticity is the sum of output elasticities of the two inputs of production.
  - Scale elasticity is the sum of input elasticities of the two factors of production.
  - Scale elasticity is not equal to the sum of output elasticities of the two inputs of production.
  - The notion of scale elasticity can not be defined.
3. Relation between elasticity of demand, average revenue and marginal revenue is shown by the following formula:
- $e = \frac{AR}{MR}$
  - $e = \frac{MR}{AR - MR}$
  - $e = \frac{TR}{AR - MR}$
  - $e = \frac{AR}{AR - MR}$
4. Which of the following has more elastic demand?
- A commodity without substitutes
  - A commodity with substitutes
  - A commodity on which a small fraction of income is spent
  - A commodity the use of which cannot be postponed
5. A kinked demand curve has
- a lower elasticity above the point of kink and a higher elasticity below it.
  - a higher elasticity above the point of kink and a lower elasticity below it.
  - a uniform elasticity both above and below the point of kink.
  - None of the above
6. In case of the problem of output maximisation subject to cost constraint, the Lagrange multiplier is interpreted as
- Reciprocal of marginal cost
  - Marginal cost
  - Marginal utility of money
  - Marginal productivity of one unit of money
- Both (i) and (iv) are correct.
  - Only (ii) is correct.
  - Only (iii) is correct.
  - Both (i) and (iii) are correct.
7. Income elasticity of demand for a commodity equals the
- negative of the sum of own and cross price elasticity of demand.
  - sum of own and cross price elasticity of demand.
  - difference of own and cross price elasticity of demand.
  - product of own and cross price elasticity of demand.
8. Choose the correct answer.
- Quasi rent = Total revenue earned – total variable cost
  - Quasi rent = Total revenue earned – total opportunity cost
  - Quasi rent = Transfer earnings – total opportunity cost
  - Quasi rent = Total revenue earned – total fixed cost

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9. If the average cost function is  $C = 40 - 6x + x^2$ , the minimum average cost is

- (A) 29
- (B) 30
- (C) 31
- (D) 32

10. Match the following:

- |                      |   |
|----------------------|---|
| (1) Opportunity cost | (i) Air Pollution                                 |
| (2) Social cost      | (ii) Normal profit                                |
| (3) Implicit cost    | (iii) Wage payments                               |
| (4) Explicit cost    | (iv) Value of labour in an alternative employment |

- |         |    |     |     |
|---------|----|-----|-----|
| 1       | 2  | 3   | 4   |
| (A) iv  | ii | i   | iii |
| (B) iv  | i  | ii  | iii |
| (C) iii | i  | ii  | iv  |
| (D) i   | ii | iii | iv  |

11. When unemployment rate is lower than before, frictional unemployment now will account for

- (A) smaller share of total unemployment.
- (B) larger share of total unemployment.
- (C) unchanged share of total unemployment.
- (D) smaller share of hired worker.

12. When Tobin' q is greater than unity, it is profitable to invest in additional capital because

- (A) the market value of capital exceeds the cost of acquiring it.
- (B) the price of the acquiring new capital is very high.
- (C) the market value of capital is lower than the cost of acquiring it.
- (D) both the market value of capital and the cost of acquiring it falls.

13. Monetary base is the sum of bank's reserves and

- (A) checkable deposits with banks.
- (B) non-checkable deposits.
- (C) currency in circulation.
- (D) bank lending to corporates and households.

14. In Growth Accounting, rising total factor productivity growth is on account of

- (A) higher capital productivity.
- (B) higher labour productivity.
- (C) higher human capital productivity.
- (D) technological progress.

15. A negative supply shock reduces output at any given price level with

- (A) unchanged production cost but with a leftward movement of Short-run Aggregate Supply (SRAS) curve on account of demand factors.
- (B) falling product cost along with the change in the slope of the SRAS curve.
- (C) rising production cost and a leftward movement of SRAS curve.
- (D) falling demand and unchanged SRAS curve.

16. Okun's law describes the relationship between

- (A) real GDP and unemployment.
- (B) prices and unemployment.
- (C) government expenditure and unemployment.
- (D) net exports and unemployment.

17. Choose the correct answer:

The demand function  $q_1 = f(p_1, p_2, M)$  is

- (A) homogeneous of degree zero because of Jevon's law.
- (B) homogeneous of degree zero.
- (C) homogeneous of degree one.
- (D) homogeneous of degree zero because of Euler's theorem.

18. The Fisher's version of quantity theory of money is given by  $MV = PT$ , where  $M$  is money supply,  $V$  represents velocity of money circulation,  $P$  is price level, and  $T$  is

- (A) land
- (B) term deposits
- (C) transactions
- (D) output

19. In the long run, following an increase in money supply, the interest rate

- (A) rises from the original rate of interest.
- (B) falls from the original rate of interest.
- (C) remains same as the original rate.
- (D) rises depending on the extent of increase in output.

20. Money multiplier is the ratio of

- (A) bank reserves to currency in circulation.
- (B) excess reserves to money supply.
- (C) excess reserves to currency in circulation.
- (D) money supply to the monetary base.

21. Who developed the concept of Physical Quality of Life Index (PQLI) in the mid-1970s?

- (A) Morris David Morris
- (B) Amartya Sen
- (C) Nanak Kakwani
- (D) Adam Wagstaff

22. The capacity and demand creating aspect of investment in growth theory was explained by

- (A) R. F. Harrod
- (B) E. D. Domar
- (C) R. M. Solow
- (D) P. A. Samuelson

23. Solow neutral technical progress is characterised by

- (A) capital augmenting.
- (B) labour augmenting.
- (C) both labour and capital augmenting.
- (D) productivity increasing.

24. The incremental capital output ratio reflects

- (A) average output.
- (B) productivity of capital.
- (C) marginal output.
- (D) None of the above

25. The notion of 'backwash effect' was propounded by

- (A) Hans Singer
- (B) Dos Santos
- (C) Karl Marx
- (D) Gunnar Myrdal

26. Which one of the following is not a criterion for choosing an investment project in developing economies?

- (A) Social marginal product criterion
- (B) Maximum capital output ratio criterion
- (C) Marginal growth contribution criterion
- (D) Social welfare function criterion

27. Arrange the following in chronological order.

- (i) The Indirect Tax Enquiry Committee (Jha Committee)
- (ii) Tax Reform Committee (Chelliah Committee)
- (iii) Taxation Enquiry Commission (Matthai Commission)
- (iv) The Direct Tax Enquiry Committee (Wanchoo Committee)

Select the correct answer from the codes given below:

Codes:

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

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28. The case for progressive tax rates exists in terms of

- (A) voluntary exchange approach
- (B) benefit received
- (C) ability to pay
- (D) cost of service

29. Assertion (A) : A lumpsum tax imposed on a monopolist can not be shifted to the consumers.

Reason (R) : The lumpsum tax becomes a part of his fixed cost and it does not affect the marginal cost of production.

Consider the above statements and select the correct answer from the codes given below:

Codes:

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

30. Fiscal deficit minus interest payments is called

- (A) Net fiscal deficit
- (B) Monetised deficit
- (C) Primary deficit
- (D) Budgetary deficit

31. Indicate the sequence of the following in terms of the implementation

- (i) Income Tax
- (ii) Expenditure Tax
- (iii) Goods and Services Tax
- (iv) Value Added Tax

Select the correct answer from the codes given below:

Codes:

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

32. Gains from trade arises on account of

- (A) investment and exchange.
- (B) specialisation only.
- (C) exchange only.
- (D) specialisation and exchange.

33. Which one of the following is not a debit entry in the balance of payments account?

- (A) Import of goods
- (B) Gifts from foreigners
- (C) Import of services
- (D) Purchase of assets from foreigners

34. WTO deals with, among others,

- (i) Market access in Agriculture and Non-agriculture
  - (ii) General Agreement of Trade in Services
  - (iii) Bilateral Investment Treaty
  - (iv) Trade-related Intellectual Property Rights
- Say which combination is correct?

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

35. Which of the following is not an assumption of the Heckscher-Ohlin thesis?

- (A) Perfect competition exists in both the product and factor market.
- (B) Perfect mobility of factors.
- (C) Trade is not cost less.
- (D) Factor supplies in each country are fixed and fully employed.

36. Marshall Lerner condition is derived based on the assumption of

- (A) infinite elasticity of demand for imports and exports.
- (B) infinite elasticity of supply of imports and demand for exports.
- (C) infinite elasticity of supply of imports and exports.
- (D) infinite elasticity of demand for imports and supply of exports.

37. Select the correct statement out of the following:

- (A) Multilateral trade negotiations are a process of reducing tariff and non tariff barriers to trade among member countries.
- (B) Multilateral trade negotiations are a process of increasing tariffs to trade among member countries.
- (C) Multilateral trade negotiations are a process of increasing tariffs but decreasing non tariff barriers.
- (D) Multilateral trade negotiations are a process of increasing non tariff barriers to trade.

38. Reverse Repo rate is the rate at which

- (A) Commercial banks borrow money from RBI.
- (B) RBI borrows money from commercial banks.
- (C) Public sector banks borrow money from private sector banks.
- (D) Commercial banks borrow from foreign banks.

39. The amount of funds that the banks have to keep with the RBI is

- (A) Cash Reserve Ratio (CRR)
- (B) Statutory Liquidity Ratio (SLR)
- (C) High powered money
- (D) Ordinary money

40. The probable environmental impact on migration in India has been due to unfavourable climate change such as

- (A) low agricultural productivity as a result of increased salinity of soil.
- (B) drought and water scarcity.
- (C) desertification and melting glaciers.
- (D) All of the above

41. In India, public debt refers to a part of the total borrowings by the Union Government which includes such items as

- (A) market loans.
- (B) special bearer bonds and outstanding external debt.
- (C) treasury bills and securities issued by RBI.
- (D) All of the above

42. In India, census provides data on migrants based on

- (A) Place of Birth (POB)
- (B) Place of Last Residence (POLR)
- (C) Duration of residence in the place of enumeration
- (D) All of the above

43. In India, the unemployment rate measures

- (A) the number of people actively looking for a job as a percentage of the work force.
- (B) the number of people actively looking for a job as a percentage of the labour force.
- (C) the number of people actively looking for jobs among the non-workers.
- (D) the number of people actively looking for jobs as percentage of total population.

44. For testing of mean if  $\sigma$  is known, which of the following tests is normally applied

- (A) Z test
- (B) F test
- (C)  $\chi^2$  test
- (D) None of the above

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45. Given the following data:

Number of observations = 100

Coefficient of variation = 20%

Arithmetic Mean = 450

The variance will be

(A) 8100

(B) 810

(C) 81

(D) 4500

46. The median of a distribution is 33.6, the mode is 42.5 and the mean is 28. It is most likely that the distribution is

(A) Positively skewed

(B) Asymptotic

(C) Negatively skewed

(D) Symmetrical

47. State which of the following statements is not correct?

(A) Laspeyre's Price Index =  $\frac{\sum P_1 q_0}{\sum P_0 q_0} \times 100$  and

Paasche's Price Index =  $\frac{\sum P_1 q_1}{\sum P_0 q_1} \times 100$

(B) Dorbhish Bowley Price Index  
 $= \frac{1}{2} \left[ \frac{\sum P_1 q_0}{\sum P_0 q_0} + \frac{\sum P_1 q_1}{\sum P_0 q_1} \right] \times 100$

(C) Fisher's Price Index =  $\frac{\sum P_0 q_1}{\sum P_0 q_0} \times 100$

(D) All of the above

48. Which of the following can be represented by a qualitative data?

(A) Height of students in a class

(B) Having and not having of car by the families in a city

(C) GDP across the countries

(D) Number of times a park is visited by the tourists in a year

49. Which one of the following statements is incorrect?

(A) Absolute value of correlation between two variables is always independent of origin and scale.

(B) Standard deviation is always affected by the changes in scale but not by origin.

(C) Correlation coefficient sometimes depends on origin but not on scale.

(D) For data with same mean, the greater the spread, the greater the standard deviation.

50. If two dice are thrown simultaneously probability of total outcome of 4 will be

(A)  $\frac{3}{12}$

(B)  $\frac{5}{36}$

(C)  $\frac{2}{36}$

(D)  $\frac{1}{12}$

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## ECONOMICS

## PAPER III

1. Suppose  $MC = a - \frac{q}{2}$

Then total cost is

(A)  $aq - \frac{q^2}{4}$

(B)  $a - \frac{q^3}{2} + b$

(C)  $aq - \frac{q^2}{4} + b$

(D)  $a - \frac{q^2}{2}$

2. Total utility curve is

(A) convex to X-axis.

(B) concave to X-axis.

(C) concave or convex depending on situations.

(D) concave to Y-axis.

3. Consider  $u = w - \alpha w^2$   
where  $w \rightarrow$  wealth

Here

(A) Risk aversion rises with wealth.

(B) Risk aversion falls with wealth.

(C) Risk aversion does not change with wealth.

(D) Risk aversion cannot be measured.

4. In a cartel form of market

(i) producers always stick to the agreement.

(ii) producers may have a tendency to break away from the agreement.

(iii) producers' tendency to break the agreement can be checked by threat strategy.

(iv) producers maximise individual profit.

Choose the correct answer:

(A) Only (i) and (iv) are true.

(B) Only (ii) and (iii) are true.

(C) Only (ii) is true.

(D) Only (i) is true.

5. The total cost curve meets the total fixed cost curve at

(A) a point on the vertical axis.

(B) a point to the right of the vertical axis.

(C) a point to the left of the vertical axis.

(D) they can not cut each other.

6. The law of diminishing returns refers to an eventual fall in

(A) total production of all the factors of production.

(B) total earnings of the firm.

(C) marginal product of the variable factor.

(D) marginal product of the fixed factor.

7. With which of the following economists would you associate the model of managerial enterprise?

(A) W. Baumol

(B) R. Marris

(C) T. Scitovsky

(D) R. A. Gordan

8. Given the following statements:

(i) Contract curve contains those allocations for which Consumer's indifference curves are tangent.

(ii) Contract curve shows all allocations from which no mutually beneficial trade can be made.

(iii) Contract curve is the locus of a subset of efficient allocations.

(iv) Points on contract curve are pareto efficient.

Choose the correct answer:

(A) Only (i) and (iii) are correct.

(B) (i), (ii) and (iv) are correct.

(C) Only (i) and (ii) are correct.

(D) Only (iii) is correct.

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9. In the Stackelberg model of duopoly the Cournot behaviour assumption is applied to

- (A) the Leader
- (B) the Follower
- (C) Both (A) and (B)
- (D) Neither (A) nor (B)

10. If a demand curve exhibits unit elasticity for all prices, the MR curve

- (A) is identical with it.
- (B) lies below the demand curve.
- (C) is identical with X-axis.
- (D) is identical with Y-axis.

11. A consumer's demand curve can be obtained from

- (A) Income consumption curve
- (B) Engel's curve
- (C) Lorenz curve
- (D) Price-consumption curve

12. Fisher effect shows, other things remaining same, that an increase in expected inflation in the home country leads to

- (A) a rise in home rate of interest.
- (B) a fall in home rate of interest.
- (C) a rise in foreign rate of interest.
- (D) a fall in foreign rate of interest.

13. Suppose in the given economy at the initial point of time  $(\frac{s}{v})$ , where  $v$  is the capital-output ratio, was equal to 0.1. Then one of the statements is true.

- (A) It will go on rising over time.
- (B) It will go on rising over time until the point of time  $T$  is reached.
- (C) It will go on falling over time.
- (D) It will go on falling over time until the point of time  $T$  is reached.

14. Other factors remaining same, a higher expected inflation leads to a lower demand for money on account of

- (A) higher return on money.
- (B) unchanged return on money.
- (C) lower return on money.
- (D) lower return on alternate assets.

15. Given the rental rate of capital and wage rate, an increase in planned output leads the marginal benefit of capital schedule to

- (A) shift leftward.
- (B) shift rightward.
- (C) bend backward after a threshold planned output.
- (D) change trajectory beyond a threshold planned output.

16. In the Mundell — Fleming framework, under perfect capital mobility, monetary policy is

- (A) fully effective in output expansion.
- (B) partially effective in output expansion.
- (C) ineffective in output expansion.
- (D) effective in raising rate of interest.

17. In a complete Keynesian Model, aggregate demand for goods and services is insensitive to interest rate. It is a function of  $Y$  alone. The aggregate demand schedule in the  $(Y, p)$  plane is

- (A) horizontal
- (B) vertical
- (C) upward sloping
- (D) backward bending

18. A fall in the price of crude oil — an input — leads to an increase in aggregate output at any given price level because the short run aggregate supply curve will shift out following:

- (A) Improved efficiency
- (B) Lower production costs
- (C) Lesser use of the input
- (D) Lesser use of alternate inputs

19. A vertical long run aggregate supply curve implies that changes in the aggregate price level accompanied by equal proportional changes in all input prices have

- (A) no effect on real GDP.
- (B) marginal effect on real GDP.
- (C) full effect on real GDP with the economy at less than potential output.
- (D) declining effect on real GDP.

20. In Permanent Income Hypothesis, permanent changes in income affects consumption in a bigger way than does a temporary change in income on account of

- (A) smaller changes in consumer's present value of life time resources (PVLRL).
- (B) larger changes in consumer's PVLRL.
- (C) unchanged consumer's PVLRL.
- (D) changes conditional upon changes in temporary income.

21. Industrial productivity is not measured by applying

- (A) Kendrick index
- (B) Solow index
- (C) Harry and Kay index
- (D) Translog index

22. The level of concentration in an industry relates to the notion of its

- (A) Structure
- (B) Performance
- (C) Conduct
- (D) All of the above

23. Working population includes those persons who fall in the age group of

- (A) 6–14 years
- (B) 15–59 years
- (C) 14–60 years
- (D) 14–65 years

24. The book 'The Ultimate Resource' was written by

- (A) R. Repetto
- (B) J. Myers
- (C) J. L. Simon
- (D) J. Robinson

25. One of the following is not considered to be Marx's contribution to the Theory of Economic development.

Identify the incorrect contribution:

- (A) In terms of providing an economic interpretation of history.
- (B) In terms of explaining the 'circular flow' where same products are produced every year in the same manner.
- (C) In terms of specifying the motivating forces of capitalist development.
- (D) In terms of suggesting an alternative path of planned economic development.

26. Identify the correct statement about the relationship between total fertility rate and gross reproductive rate:

- (A) TFR = GRR is possible
- (B) TFR < GRR is possible
- (C) TFR > GRR is possible
- (D) All of the above are possible

27. The Human Development Report Office does not release one of the following indices:

- (A) Human Development Index (HDI)
- (B) Gender Development Index (GDI)
- (C) Gender Equality Index (GEI)
- (D) Multidimensional Poverty Index (MPI)

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28. Items of social sector expenditure of the State Governments include

- I. Education and Sports
- II. Energy and Transport
- III. Medical and Public Health
- IV. Water supply and Sanitation

Find the correct answer from given codes:

Codes:

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

29. Which are the two gaps affecting growth process of an economic system in the two gap model of growth?

- (A) Saving gap and investment gap
- (B) Income gap and consumption gap
- (C) Foreign-exchange gap and domestic saving gap
- (D) Export gap and import gap

30. In Harrod's model of economic growth, if warranted rate is below the natural rate of growth then it is possible to maintain steady growth at the warranted rate with

- (A) continually increasing unemployment
- (B) a constant rate of unemployment
- (C) continually decreasing unemployment
- (D) None of the above

31. The 'Golden Age' model was developed by

- (A) Nicholas Kaldor
- (B) Joan Robinson
- (C) J. R. Hicks
- (D) R. F. Harrod

32. If  $X$  be exports,  $M$  be imports and  $i$  be the industry, then Grubel and Lloyd intra-industry trade index is equal to

- (A)  $1 + \frac{(X_i + M_i)}{|X_i - M_i|}$
- (B)  $1 - \frac{|X_i - M_i|}{(X_i + M_i)}$
- (C)  $\frac{(X_i + M_i)}{|X_i - M_i|}$
- (D)  $\frac{|X_i - M_i|}{(X_i + M_i)}$

33. Which of the following is true with respect to the monetary approach of the balance of payments?

- (A) A balance of payments deficit results from an excess demand of money in the nation.
- (B) A balance of payments surplus results from an excess supply of money.
- (C) It views the balance of payments as an essentially monetary phenomenon.
- (D) Balance of payments disequilibrium are not automatically corrected in the long run.

34. Assertion (A) : Devaluation can correct imbalance in the Balance of Payments.

Reason (R) : Devaluation raises the price of imported goods and reduces the foreign price of exports of the devaluating country.

Consider the above statements and select the correct answer from the codes given below:

Codes:

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

35. Which of the following are not the kinds of balances associated with BOP?

- (A) Merchandise on trade balance
- (B) Current account balance
- (C) Overall an official settlements balance
- (D) Revenue account balance

36. Match the items of the left column with the items of the right column and choose the correct one.

- |                       |                         |
|-----------------------|-------------------------|
| (a) Green Revolution  | (i) Fish production     |
| (b) White Revolution  | (ii) Oilseed production |
| (c) Blue Revolution   | (iii) Milk production   |
| (d) Yellow Revolution | (iv) Wheat production   |
- 
- |                  |       |       |     |
|------------------|-------|-------|-----|
| (a)              | (b)   | (c)   | (d) |
| (A) (iv), (iii), | (ii), | (i)   |     |
| (B) (iv), (iii), | (i),  | (ii)  |     |
| (C) (iii), (iv), | (i),  | (ii)  |     |
| (D) (i), (ii),   | (iv), | (iii) |     |

37. Who is the pioneer of Green Revolution in India?

- (A) M. L. Dantwala
- (B) Nilkanta Rath
- (C) Dadabhai Naoroji
- (D) M. S. Swaminathan

38. Contract farming can be defined as agricultural production carried out according to an agreement between a buyer and farmers which establishes conditions for the

- (A) production and marketing of a farm product.
- (B) only purchase of farm seeds from the middleman.
- (C) only sale of seeds by farmers.
- (D) None of the above

39. National Rural Employment Guarantee Act was introduced in

- (A) 2005
- (B) 2004
- (C) 2007
- (D) 2008

40. The Indian capital market is the market for

- (A) Capital goods
- (B) Short term loanable funds
- (C) Long term loanable funds
- (D) None of the above

41. The primary monetary policy technique employed by the Reserve Bank of India is

- (A) Open Market Operations
- (B) Reserve Requirements
- (C) Discount Policy
- (D) Margin Requirements

42. For the regression model given below:

$$Y = \beta_0 + \beta_1 X + U$$

the estimated equation is

$$\hat{Y} = 20 + 2x$$

$$S.E. = 0.04$$

To test  $H_0 : \beta_1 = 2.1$  against  $H_1 : \beta_1 \neq 2.1$  test statistic  $|t|$  is equal to

- (A) 4.609
- (B) 4.34
- (C) 2.5
- (D) 0.33

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43. Brain drain indicates mostly the

- (A) drainage of intellectual capacity of brain.
- (B) drainage of educated people from one institution to another in a state.
- (C) migration of educated youth from India to other countries.
- (D) immigration of uneducated youth into India.

44. For the regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + e$$

The degrees of freedom of test statistic  $|t|$ , with 'n' observations is

- (A)  $n - k$
- (B)  $n - k + 1$
- (C)  $n - k - 1$
- (D)  $n + k - 1$

45. The shape of the Laffer curve is

- (A) U - shaped
- (B) J - shaped
- (C) Inverted U shaped
- (D) L - shaped

46. Which of the following is correct?

- (A) If  $ed = \infty$  then the entire burden of tax falls upon buyers.
- (B) If  $ed = 0$  then the entire burden of tax falls upon sellers.
- (C) If  $ed = \infty$  then the entire burden of tax falls upon sellers.
- (D) If  $ed = 0$  then the entire burden of tax will be equally divided between buyers and sellers.

47. Assertion (A) : Use of goods and services from which one can be excluded are pure private goods.

Reason (R) : Such goods and services are not provided free by the state.

Consider the above statements and select the correct answer from the codes given below:

Codes:

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

48. The forms of restoring the resource balance between Central and State Governments are

- (i) Tax sharing
- (ii) Loans
- (iii) Grants

Give the correct answer from the codes given below:

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

49. In the estimated model  $\ln q_i = 3.25 - 0.6 \ln p_i + 0.02y_i$  where  $p$  is the price and  $q$  is the quantity demanded of a commodity and  $y$  is disposable income, what is the meaning of the coefficient of  $\ln p_i$ ?

- (A) If the price is increased by 1%, the quantity demanded will be lowered by 0.006, ceteris paribus.
- (B) If the price is increased by 1%, the quantity demanded will be lowered by 60, ceteris paribus.
- (C) If the price is increased by 1%, the quantity demanded will be reduced by 0.6, ceteris paribus.
- (D) None of the above

50. Match the following:

- |                          |                         |
|--------------------------|-------------------------|
| (a) Goldfeld-Quandt test | (i) Causality           |
| (b) D-Statistic          | (ii) Auto correlation   |
| (c) Sims test            | (iii) Cointegration     |
| (d) Johansen's test      | (iv) Heteroscedasticity |

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

51. Assertion (A) : There exists inverse relationship between interest rates and bond prices.

Reason (R) : A bond price represents the present discounted value of the payments agreed upon at the time when the bond was issued.

Consider the above statements and select the correct answer from the codes given below:

Codes:

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

52. The linear programming problem is so called because

- (A) both the objective function and constraints are linear in structure.  
 (B) objective function is linear whatever be the form of the constraints.  
 (C) the constraints are linear whatever be the structure of objective function.  
 (D) there is non-negativity constraints for the choice variables.

53. Fiscal reform measures in India included

- (i) Increasing Tax-GDP Ratio  
 (ii) Expenditure Management  
 (iii) Increasing liquidity in the economy  
 (iv) Managing revenue deficit and fiscal deficit

Find the correct answer from the given codes.

Codes:

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

54. Match the following:

List I

List II

- |  |                                      |
|--|--------------------------------------|
| (a) Acceptance of $H_0$ when it is false | (i) Simple random sampling           |
| (b) Rejection of $H_0$ when it is true   | (ii) Type II error                   |
| (c) Population is homogeneous            | (iii) Positively skewed distribution |
| (d) Mean > Mode                          | (iv) Type I error                    |

Codes:

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

55. Match the items of left column with that of right column:

- |                   |                             |
|-------------------|-----------------------------|
| (a) Dickey Fuller | (i) GLS                     |
| (b) Aitken        | (ii) Fixed vs Random effect |
| (c) Granger       | (iii) Stationarity          |
| (d) Hausman       | (iv) Causality              |

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

0717-III

X-10

56. Given finance refers to

- (A) financial investments flowing towards sustainable development projects and initiatives that encourage sustainable economy.
- (B) financial policy aimed at developing education base of an economy.
- (C) financial directive issued by the Central Govt. of India.
- (D) financial institution meant for implementing sustainable growth.

57. Natural growth of population is the out come of the following:

- (i) Crude Birth Rate
- (ii) Migration
- (iii) Crude Death Rate
- (iv) Marriages

Select the correct answer from the codes given below:

Codes:

- (A) Only (i)
- (B) Only (iii)
- (C) (ii) and (iii)
- (D) (i) and (iii)

58. Select the correct statement of Adding up Theorem:

- (A) Total income derived from the output will be exhausted if all the factors are paid according to their marginal productivity.
- (B) Total income derived from the output will be exhausted if all factors are paid at the same rate.
- (C) Total income will be exhausted if all factor rewards are proportional to commodity prices.
- (D) Total income will be exhausted if all factors are paid according to their average product.

59. In a stagnant economy, the 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.

60. India has made significant progress on the MDG's and had already achieved the targets of

- (A) universal primary school enrolment.
- (B) reducing child and infant mortality.
- (C) gender parity in primary school enrolment.
- (D) None of the above

61. Men and Women's paid work, that is visible is accounted for by the

- (A) Sector Skill Councils (SSCs).
- (B) Time Use Survey.
- (C) System of National Accounts (SNA).
- (D) National Skill Development Corporation (NSDC).

62. What is a greenfield location?

- (A) Investment by a firm in a new manufacturing unit in a new location.
- (B) Institutional and government support to Green Revolution.
- (C) An area consisting of unused or agricultural land developed to set up new industrial plants.
- (D) Selling of additional shares to the public if the demand for shares exceed the expectation.

63. Environment has the following functions:

- (A) It provides materials and minerals, waste sink services and housing facilities.
- (B) It provides materials & minerals, waste sink services and amenity values.
- (C) It provides land, air and water.
- (D) It provides waste sink services and amenity values only.

64. The NSSO reports on 'Situation Assessment Survey of Agricultural Households in India' defines an agricultural household as

- (A) a household receiving value of produce of more than Rs. 2000/- from agriculture.
- (B) a household receiving value of produce of more than Rs. 3000/- from agriculture.
- (C) a household receiving value of produce of more than 5000/- from agriculture.
- (D) a household receiving value of produce of more than Rs. 3000/- from agriculture with at least one member self-employed in farming.

65. Which authority recommends the principles governing the grants-in-aid of the revenues of the states out of the Consolidated Fund of India?

- (A) Inter-State Council
- (B) Finance Commission
- (C) Union Ministry of Finance
- (D) Public Accounts Committee

66. Suppose the technology matrix in input-output system is  $\begin{bmatrix} .2 & .4 \\ .5 & .6 \end{bmatrix}$

- (i) The Hawkins - Simon condition is satisfied in this case.
- (ii) The Hawkins - Simon condition is not satisfied.
- (iii) The inverse of the technology matrix exists.
- (iv) The inverse is non-existent.

Choose the correct option:

- (A) Both (ii) and (iv) are correct
- (B) Both (i) and (iii) are correct
- (C) Only (i) is correct
- (D) Only (iii) is correct

67. Prisoner's dilemma is a type of

- (A) zero sum non-cooperative game.
- (B) non-zero sum non-cooperative game.
- (C) non-zero sum cooperative game.
- (D) zero sum cooperative game.

68. The exchange rate between home and foreign currencies is same across foreign exchange markets through

- (A) interest arbitrage
- (B) exchange arbitrage
- (C) hedging
- (D) speculation

69. Hedging refers to

- (A) the acceptance of a foreign exchange risk.
- (B) covering of a foreign exchange risk.
- (C) foreign exchange speculation.
- (D) foreign exchange arbitrage.

70. The Bretton-Woods system finally collapsed at the global level in the year

- (A) 1960
- (B) 1971
- (C) 1974
- (D) 1970

71. Which one of the following characteristics is widely regarded as being an important aspect of sustainable development?

- (A) Inter-generational equity
- (B) Increasing consumption expenditure
- (C) Intra-generational inequity
- (D) Increased levels of saving

0717-III

X-12

72. Suppose the 2 regression coefficients are  $b_{yx}$  and  $b_{xy}$

Then

(i)  $r^2 = b_{yx} \cdot b_{xy}$

(ii)  $r = \pm \sqrt{b_{yx} \cdot b_{xy}}$

(iii)  $r = b_{yx} \cdot b_{xy}$

(iv)  $r = \sqrt{b_{yx}^2 \cdot b_{xy}^2}$

- (A) Both (i) and (ii) are correct  
(B) Both (i) and (iii) are correct  
(C) Only (ii) is correct  
(D) Only (iii) is correct

73. If more capital and labour are applied to a fixed piece of land, the system of cultivation of farming is known as

- (A) Extensive cultivation  
(B) Cooperative farming  
(C) Intensive cultivation  
(D) Double cropping

74. Which one of the following is not a 'renewable' energy source?

- (A) Bio-diesel  
(B) Coal  
(C) Wave  
(D) Wind

75. The growth of light industries is hampered by the fact that

- (A) these are run by small entrepreneurs with inadequate financial resources.  
(B) these do not enjoy economics of scale.  
(C) perpetuate the dependence on imports of capital goods.  
(D) All of the above

## SET—2017 SUBJECT : ECONOMICS(07)

## PAPER – II

## PAPER – III

QUESTION NO.	ANSWER KEYS	QUESTION NO.	ANSWER KEYS
1	B	1	C
2	A	2	B
3	D	3	A
4	B	4	B
5	B	5	A
6	A	6	C
7	A	7	B
8	A	8	B
9	C	9	B
10	B	10	C
11	B	11	D
12	A	12	A
13	C	13	B
14	D	14	C
15	C	15	B
16	A	16	C
17	A	17	B
18	C	18	B
19	C	19	A
20	D	20	B
21	A	21	C
22	B	22	A
23	A	23	B
24	D	24	C
25	D	25	B
26	B	26	C
27	D	27	C
28	C	28	B
29	A	29	C
30	C	30	A
31	C	31	B
32	D	32	B
33	B	33	C
34	C	34	A
35	C	35	D
36	C	36	B
37	A	37	D
38	B	38	A
39	A	39	A
40	D	40	C
41	D	41	A
42	D	42	C
43	B	43	C
44	A	44	C
45	A	45	C
46	C	46	C
47	C	47	C
48	B	48	D
49	C	49	C
50	D	50	B

		51	C
		52	A
		53	D
		54	C
		55	C
		56	A
		57	D
		58	A
		59	C
		60	C
		61	C
		62	C
		63	B
		64	D
		65	B
		66	B
		67	B
		68	B
		69	B
		70	B
		71	A
		72	A
		73	C
		74	B
		75	D

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