1. When price elasticity is equal to unity marginal revenue will be
   (A) One
   (B) Zero
   (C) > 1
   (D) < 1

2. Limit price is a price that
   (A) Limits excess profits
   (B) Restricts output
   (C) Prevents entry
   (D) Encourages exit

3. Given the neo-classical aggregate supply curve, an increase in effective demand results in
   (A) An increase in income and prices
   (B) An increase in price levels and decrease in income
   (C) An increase in price levels and unchanged income
   (D) Increase in income and unchanged price

4. In agriculture, marketable surplus can be defined as
   (A) Current production + Stock
   (B) Current production – Marketed surplus
   (C) Current production – Current consumption
   (D) Current production – Stock – Current consumption

5. The gains from devaluation of currency are expected to accrue to a nation in the form of increase in
   (A) Exports
   (B) Imports
   (C) Production
   (D) Investment

6. Which is the first State in India to start a Programme for the Empowerment of Women?
   (A) Karnataka
   (B) Kerala
   (C) West Bengal
   (D) Uttar Pradesh

7. In calculating GNP which of the following is excluded?
   (A) Interest payments
   (B) Government transfer payments
   (C) Rental incomes
   (D) Net income from abroad

8. The derivative of a constant is
   (A) One
   (B) Zero
   (C) Infinity
   (D) Indeterminate
9. In India the ‘National Urban Health Mission’ was launched in the year
   (A) 2012
   (B) 2013
   (C) 2014
   (D) 2015

10. The multidimensional poverty index consists of
   (A) Three dimensions
   (B) Four dimensions
   (C) Five dimensions
   (D) Ten dimensions

11. Who is the custodian of National Reserves of International Currency?
   (A) SBI
   (B) RBI
   (C) IDBI
   (D) EXIM Bank

12. The table below represents a typical production possibility curve of a country.

<table>
<thead>
<tr>
<th>Units of Food</th>
<th>50</th>
<th>60</th>
<th>70</th>
<th>80</th>
<th>90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units of Clothing</td>
<td>150</td>
<td>145</td>
<td>135</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

   Calculate the opportunity cost of increasing food production from 70 units to 80 units
   (A) 80
   (B) 10
   (C) 15
   (D) 120

13. Regression coefficient is independent of
   (A) Origin
   (B) Scale
   (C) Both origin and scale
   (D) Neither origin nor scale

14. The New Growth Theory assumes technology as
   (A) Endogenous
   (B) Exogenous
   (C) Constant
   (D) Neutral

15. Terms of trade is defined as
   (A) \((\text{Price of imports} \times \text{Volume of imports}) ÷ (\text{Price of exports} \times \text{Volume of exports})\)
   (B) \((\text{Price of imports} \times \text{Volume of exports}) ÷ (\text{Price of exports} \times \text{Volume of imports})\)
   (C) \(\text{Volume of imports} ÷ \text{Volume of exports}\)
   (D) \(\text{Volume of exports} ÷ \text{Volume of imports}\)

16. In indifference curve analysis the price effect is a combination of
   I. Income effect
   II. Substitution effect
   III. Negative income effect
   IV. Positive price effect
   Codes :
   (A) I and III
   (B) I, III and IV
   (C) I and II
   (D) I, II, III and IV
17. According to Karl Marx the value of a commodity is equal to
   I. Surplus value
   II. Constant capital
   III. Variable capital

   Codes:
   (A) (I) + (II) + (III)
   (B) (I) – (II) – (III)
   (C) (I) – (II) + (III)
   (D) (I) + (II) – (III)

18. The following is a list of activities in an economy. Which of them fall in the domain of government according to Musgrave?
   i. Allocation
   ii. Production
   iii. Distribution
   iv. Stabilisation

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

19. An expansion of the government debt could result in
   I. Decline in savings
   II. Increase in Interest rates
   III. Decline in investment
   IV. Reduction in interest rates

   Codes:
   (A) I, III and IV
   (B) IV only
   (C) I, II and III
   (D) II and IV only

20. Consider the following distributions:
   1. Z-distribution
   2. t-distribution
   3. Binomial distribution
   4. F-distribution

   Which of these are not sampling distribution/s?

   Codes:
   (A) 1 only
   (B) 3 only
   (C) 1 and 2 only
   (D) 3 and 4 only

21. Identify the right chronological order of the following:
   I. Theory of Monopolistic Competition
   II. Cournot’s Theory of Duopoly
   III. Marshall’s Theory of Quasi-rent
   IV. Sweezy’s Kinked Demand Curve Analysis

   Codes:
   (A) IV III I II
   (B) I III II IV
   (C) II III I IV
   (D) III I IV II
22. Select the option having the right chronological order:

I. Formation of WTO
II. Uruguay Round of GATT
III. Formation of GATT
IV. Formation of UNCTAD

Codes:
(A) I III II IV
(B) IV III II I
(C) III IV II I
(D) II IV I III

23. Starting from the earliest, arrange the following concepts in terms of their development:

I. Revealed Preference Theory
II. Neuman and Morgenstein utility theory
III. Ordinal utility
IV. Cardinal utility

Codes:
(A) III I IV II
(B) IV III II I
(C) I II III IV
(D) IV III I II

24. Give a chronological order of the WTO Conferences:

I. Hongkong
II. Bali
III. Nairobi
IV. Geneva

Codes:
(A) III II IV I
(B) I III II IV
(C) IV II III I
(D) II I IV III

25. Arrange the following in the order starting from the earliest:

I. The Bombay Plan
II. The Gandhian Plan
III. The People's Plan
IV. Sarvodaya Plan

Codes:
(A) I II III IV
(B) II I IV III
(C) IV III II I
(D) I III IV II
26. Arrange the following major urban development programmes by the year of their implementation starting from the earliest to the latest.

I. Integrated Development of Small and Medium Towns
II. Jawaharlal Nehru National Urban Renewal Mission
III. Megacity Programme
IV. Smart Cities Mission

Codes:
(A) I II III IV
(B) III I IV II
(C) II IV III I
(D) I III II IV

27. The utility function is given as $U = f(x, y)$, where $U$ = total utility and $x$ and $y$ are the two goods consumed. The budget constraint is given as $C = P_x \cdot x + P_y \cdot y$, where $P_x$ and $P_y$ are the prices of ‘x’ and ‘y’ respectively. The condition for maximisation of utility is

(A) \( \frac{df}{dx} = \frac{df}{dy} = \frac{P_y}{P_x} \)
(B) \( \frac{df}{dx} = \frac{df}{dy} = \frac{P_x}{P_y} \)
(C) \( \frac{df}{dx} = \frac{df}{dy} = \frac{P_x}{P_y} \)
(D) \( \frac{df}{dx} = \frac{df}{dy} = \frac{P_y}{P_x} \)

28. Following symbols are given $K = \text{Capital}$, $L = \text{Labour}$, $w = \text{wage rate}$, $r = \text{Rate of Interest}$, $C = \text{Cost of Production}$. The slope of the ISO-cost line is given by

(A) \( \frac{C}{w} \)
(B) \( \frac{C}{r} - \frac{w \cdot L}{r} \)
(C) \( \frac{w}{r} \)
(D) \( \frac{C}{L} \)

29. Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Acceptance of $H_0$ when it is sampling falles</td>
<td>1) Simple random</td>
</tr>
<tr>
<td>b) Mean equal to degrees of freedom</td>
<td>2) Type II error</td>
</tr>
<tr>
<td>c) Population is skewed distribution</td>
<td>3) Positively</td>
</tr>
<tr>
<td>d) Mean &gt; Mode</td>
<td>4) $\chi^2$ distribution</td>
</tr>
</tbody>
</table>

Codes:
(A) 2 4 3 1
(B) 1 2 3 4
(C) 2 4 1 3
(D) 4 1 2 3
30. Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Offer curve</td>
<td>1) Market Segmentation</td>
</tr>
<tr>
<td>b) Laffer curve</td>
<td>2) Sticky price</td>
</tr>
<tr>
<td>c) Lorenz curve</td>
<td>3) Reciprocal demand</td>
</tr>
<tr>
<td>d) Kinked demand</td>
<td>4) Inequalities curve</td>
</tr>
<tr>
<td></td>
<td>5) Public revenue</td>
</tr>
</tbody>
</table>

Codes:
- (A) 1 4 5 3
- (B) 3 5 4 2
- (C) 1 5 3 2
- (D) 4 2 3 1

31. Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Theory of Big Push</td>
<td>1) Rodan</td>
</tr>
<tr>
<td>b) Unlimited supply of labour</td>
<td>2) Arthur Lewis</td>
</tr>
<tr>
<td>c) Trade as an engine of growth</td>
<td>3) Emery</td>
</tr>
<tr>
<td>d) Concept of economic growth</td>
<td>4) Kuznets</td>
</tr>
</tbody>
</table>

Codes:
- (A) 4 3 2 1
- (B) 1 2 3 4
- (C) 2 1 3 4
- (D) 4 2 1 3

32. Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Revealed preference theory</td>
<td>1) Karl Marx</td>
</tr>
<tr>
<td>b) Surplus value</td>
<td>2) Paul Sweezy</td>
</tr>
<tr>
<td>c) Kinked demand curve</td>
<td>3) Samuelson</td>
</tr>
<tr>
<td>d) Point of constrained bliss</td>
<td>4) A. Bergson</td>
</tr>
</tbody>
</table>

Codes:
- (A) 3 1 2 4
- (B) 1 3 4 2
- (C) 2 1 3 4
- (D) 4 2 1 3

33. Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Foreign trade policy</td>
<td>1) Minimum support price</td>
</tr>
<tr>
<td>b) Industrial policy</td>
<td>2) Balanced budget</td>
</tr>
<tr>
<td>c) Agricultural policy</td>
<td>3) FEMA</td>
</tr>
<tr>
<td>d) Fiscal policy</td>
<td>4) Exim policy</td>
</tr>
</tbody>
</table>

Codes:
- (A) 2 1 3 4
- (B) 4 3 1 2
- (C) 1 2 4 3
- (D) 3 4 2 1
### Question 34

Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Increasing returns</td>
<td>$\alpha + \beta = 1$</td>
</tr>
<tr>
<td>to scale</td>
<td></td>
</tr>
<tr>
<td>b) Decreasing returns</td>
<td>$\alpha + \beta &gt; 1$</td>
</tr>
<tr>
<td>to scale</td>
<td></td>
</tr>
<tr>
<td>c) Constant returns</td>
<td>$\alpha + \beta &lt; 1$</td>
</tr>
<tr>
<td>to scale</td>
<td></td>
</tr>
<tr>
<td>d) Diminishing returns</td>
<td>$\alpha, \beta &gt; 1$</td>
</tr>
</tbody>
</table>

**Codes:**

<table>
<thead>
<tr>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>(B)</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(C)</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>(D)</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

### Question 35

Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Multiplier</td>
<td>Don Patankin</td>
</tr>
<tr>
<td>b) Liquidity trap</td>
<td>R. F. Khan</td>
</tr>
<tr>
<td>c) Neutrality of Money</td>
<td>J. M. Keynes</td>
</tr>
<tr>
<td>d) Liquidity Spectrum</td>
<td>James Tabin</td>
</tr>
</tbody>
</table>

**Codes:**

<table>
<thead>
<tr>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(B)</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>(C)</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>(D)</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

### Question 36

Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Narasimham Committee</td>
<td>Share market</td>
</tr>
<tr>
<td>b) Chandrate Committee</td>
<td>Food policy</td>
</tr>
<tr>
<td>c) Abhijit Sen Committee</td>
<td>Law reforms</td>
</tr>
<tr>
<td>d) J. J. Irani Committee</td>
<td>Banking reforms</td>
</tr>
</tbody>
</table>

**Codes:**

<table>
<thead>
<tr>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(B)</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>(C)</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>(D)</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

### Question 37

Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Optimal income</td>
<td>Charles Tiebout</td>
</tr>
<tr>
<td>b) An economic theory of</td>
<td>Peter A. Phyrr</td>
</tr>
<tr>
<td>c) Local public goods</td>
<td>F. Ramsey</td>
</tr>
<tr>
<td>d) Zero based budgeting</td>
<td>Anthony Downs</td>
</tr>
</tbody>
</table>

**Codes:**

<table>
<thead>
<tr>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>(B)</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>(C)</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>(D)</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>
**38.** Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Increasing cost industry</td>
<td>1) Horizontal long run supply curve</td>
</tr>
<tr>
<td>b) Decreasing cost industry</td>
<td>2) Positively sloped long run supply curve</td>
</tr>
<tr>
<td>c) Constant cost industry</td>
<td>3) Negatively sloped long run supply curve</td>
</tr>
</tbody>
</table>

**Codes:**

- (A) 1 2 3
- (B) 3 2 1
- (C) 2 3 1
- (D) 2 1 3

**39.** Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Demonstration effect</td>
<td>1) Keynes effect</td>
</tr>
<tr>
<td>b) Wealth effect</td>
<td>2) Duesenbery effect</td>
</tr>
<tr>
<td>c) Interest rate effect</td>
<td>3) Pigou effect</td>
</tr>
</tbody>
</table>

**Codes:**

- (A) 1 2 3
- (B) 2 3 1
- (C) 2 1 4
- (D) 4 3 2

**40.** Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) [ \frac{\sum p_1 q_0}{\sum p_0 q_0} \times 100 ]</td>
<td>1) Fisher</td>
</tr>
<tr>
<td>b) [ \frac{\sum p_1 q_0 \times \sum p_1 q_1}{\sum p_0 q_0 \times \sum p_0 q_1} \times 100 ]</td>
<td>2) Paasche</td>
</tr>
<tr>
<td>c) [ \frac{\sum p_1 q_0 \times \sum p_1 q_1}{\sum p_0 q_1} \times 100 ]</td>
<td>3) Kelly</td>
</tr>
<tr>
<td>d) [ \frac{\sum p_1 q}{\sum p_0 q} \times 100 ]</td>
<td>4) Marshall and Edgeworth</td>
</tr>
</tbody>
</table>

**Codes:**

- (A) 1 2 3 4
- (B) 2 3 4 1
- (C) 2 1 4 3
- (D) 4 3 2 1

**41.** Match the following:

<table>
<thead>
<tr>
<th>List – I</th>
<th>List – II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Indradhanush</td>
<td>1) Urban Infrastructure Programme</td>
</tr>
<tr>
<td>b) RUSA</td>
<td>2) Social Protection Programme</td>
</tr>
<tr>
<td>c) PRASAD</td>
<td>3) Heath Programme</td>
</tr>
<tr>
<td>d) Aam Admi Bima Yojana</td>
<td>4) Education Programme</td>
</tr>
</tbody>
</table>

**Codes:**

- (A) 3 2 1 4
- (B) 2 3 1 4
- (C) 4 1 2 3
- (D) 3 4 1 2
42. Match the following:

List – I
- a) FPO Mark
- b) BIS Hallmark
- c) AG Mark
- d) ISI Mark

List – II
- 1) For purity of gold and silver
- 2) Industrial products
- 3) Processed fruit products
- 4) Agricultural products

Codes:
- a b c d
- (A) 3 4 1 2
- (B) 3 1 4 2
- (C) 2 1 4 3
- (D) 1 4 2 3

43. Match the following:

List – I
- a) Association
- b) Ratio
- c) Cause and effect
- d) National income data

List – II
- 1) Regression
- 2) Time series
- 3) Geometric mean
- 4) Attribute income data

Codes:
- a b c d
- (A) 4 3 1 2
- (B) 3 4 1 2
- (C) 1 4 2 3
- (D) 3 1 4 2

44. Match the following:

List – I
- a) Consumer
- b) Concept of compensating variation
- c) Utility index number
- d) Input output model

List – II
- 1) Leontief surplus
- 2) Neuman Morgenstein variation
- 3) Hicks
- 4) Marshall model

Codes:
- a b c d
- (A) 1 2 3 4
- (B) 4 3 2 1
- (C) 4 2 3 1
- (D) 1 4 3 2

45. Assertion (A): Dusenberry hypothesized that consumption and income relationship is irreversible.

Reason (R): Consumption depends not only on current income but also on previous income.

Codes:
- (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)
- (B) Both (A) and (R) are correct and (R) is not correct explanation of (A)
- (C) (A) is correct, but (R) is not correct
- (D) (A) is incorrect, but (R) is correct
46. Assertion (A): Jagdish Bhagwati stated that a country in its growth process would experience inherent growth and deterioration of terms of trade.

Reason (R): Income elasticity of demand for the country’s exports is high.

Codes:
(A) Both (A) and (R) are true, (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

47. Assertion (A): Free trade among nations will increase world output and income.

Reason (R): Less developed countries do not share equally in the gains from trade.

Codes:
(A) Both (A) and (R) are true, (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

48. Assertion (A): Per capita income figures are poor tools of ordinal ranking of countries with respect to the real well being.

Reason (R): A good portion of the national income in poor countries is unreported.

Codes:
(A) Both (A) and (R) are true, (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

49. Assertion (A): Fisher index number is the geometric mean of Laspeyer and Paasche Indices.

Reason (R): It satisfies both time reversal and factor reversal tests.

Codes:
(A) Both (A) and (R) are true, (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
50. Assertion (A) : Lending by Commercial Banks to agriculture has not increased appreciably.

Reason (R) : Co-operative societies suffer from lack of funds and poor management.

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

51. Assertion (A) : Real rate of interest is a better indicator of returns on savings than nominal rate of interest.

Reason (R) : There exists an inverse relationship between the price level and the return on savings.

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

52. Assertion (A) : In India, monetary policy alone can not reduce inflation.

Reason (R) : There are structural factors which make prices rigid in the downward direction but flexible in the upward direction.

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

53. Assertion (A) : Giffin's paradox rarely occurs in the real world.

Reason (R) : Inferior goods are those for which suitable substitutes are available.

Codes :
(A) Both (A) and (R) are true, (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
54. Assertion (A) : Financial inclusion is desirable to help weaker sections of society in the country.

Reason (R) : Investment activity needs to be promoted to facilitate the access to development benefits by masses.

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)
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(D) (A) is false, but (R) is true

55. Assertion (A) : The open economy Keynesian multiplier is less than the closed economy Keynesian multiplier.

Reason (R) : The marginal propensity to import is always greater than marginal propensity to consume.

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
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56. Assertion (A) : A firm under perfect competition, can not influence prices.

Reason (R) : Homogeneous products are sold in a perfectly competitive market.

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

57. Assertion (A) : For inferior goods, the income elasticity of demand is negative.

Reason (R) : As income rises, goods on which spending grows relatively faster than income will occupy a rising share of income.

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
58. **Assertion (A)**: According to Keynes, individuals hold either cash or all bonds.

**Reason (R)**: Because, according to Keynes, the speculative demand for money is associated with uncertainty.

**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, (R) is false
(D) (A) is false, but (R) is true

59. **Assertion (A)**: In the unbalanced theory of growth, different sectors grow at different rates.

**Reason (R)**: This allows utilization of interdependence of economic sectors.

**Codes**:
(A) Both (A) and (R) are true, (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

60. **Assertion (A)**: Compared to no trade, there are production and consumption gains to a country from free trade.

**Reason (R)**: The magnitude of gain from trade is independent of the magnitude of price change from no trade.

**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

61. **Assertion (A)**: Heckscher-Ohlin theory indicates the classical theory of comparative costs.

**Reason (R)**: Heckscher-Ohlin theory does not go behind the comparative cost theory.

**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
62. Which of the following is NOT correct?

(A) \( APC = \frac{\Delta C}{\Delta Y} \)

(B) \( MPC = \frac{\Delta C}{\Delta Y} \)

(C) \( APC = \frac{C}{Y} \)

(D) \( APC + APS = 1 \)

63. For downward movement along an ISO-quant, MRTS of labour per unit of capital (MRTSLK) is given by

(A) \(- \frac{dK}{dL}\)

(B) \( \frac{dK}{dL} \)

(C) \( \frac{dL}{dK} \)

(D) \(- \frac{dL}{dK}\)

64. While drawing a scatter diagram if all points appear to form a straight line going downward from left to right, then it is inferred that there is

(A) Perfect positive correlation

(B) Simple positive correlation

(C) Perfect negative correlation

(D) No correlation

65. The generally accepted index of a Country’s development is

(A) More and more industries

(B) Higher standard of living

(C) Higher real per capita income

(D) Improved means of transport

66. “Current Daily Status” is a concept used in measuring

(A) Daily average stock of money supply

(B) Daily average stock of foreign exchange reserves

(C) Rate of inflation

(D) Employment and unemployment

67. The new term “Glocalisation” refers to

(A) Think globally and act locally

(B) Think locally and act globally

(C) Accept global village concept

(D) Market openness

68. In the case of a direct tax

(A) Impact and incidence will be on the same person

(B) Impact will be on tax payer

(C) Incidence and impact will be on different persons

(D) Incidence will be on the tax payer

69. Income inequality is measured by

(A) Engle ratio

(B) Giffen ratio

(C) Gini-Lorenz ratio

(D) Gossen ratio
70. Hedging in the foreign exchange market refers to
   (A) An act of devaluation  
   (B) Not covering a risk of foreign exchange in future  
   (C) Covering a risk of foreign exchange in future  
   (D) Foreign exchange control  

Paraphrasing: Read the following passage and answer Q. 71 – 75:
The causes of market segmentation are many differences in remoteness and connectivity, local market power of intermediaries, degree of private sector competition, propensity of regional exposure in shocks, local storage capacity, mandi infrastructure and farmers' access to them, storage life of the crop and specific processing cost. Market segmentation results in large differences in producer and consumer prices. Although these differences are location specific, they result in higher costs for both farmers and consumers alike. Price dispersion is measured as the ratio between the highest and the lowest price of the crop in a country, i.e. if this ratio were equal to one, it would imply that there is no price dispersion and that there is one common market. Price dispersion in India is about 100 percent greater than in the US. Market segmentation also creates a "wedge" at various points in the supply chain from the farm-gate to the final consumer, in India.

71. Market segmentation results in higher
   (A) Productivity  
   (B) Income  
   (C) Price spread  
   (D) Subsidies  

72. Price dispersion is calculation, differences between
   (A) Prices received by categories of farmers  
   (B) Regional price ratios  
   (C) Prices received for different crops  
   (D) Producer's price and consumer's price  

73. The two ends of the supply-chain as indicated in the above paragraph are
   (A) Wholesaler and retailer  
   (B) Government and consumers  
   (C) Farmers and processor  
   (D) Farmer and consumer  

74. For a common market to exist, the price dispersion is expected to be
   (A) One  
   (B) Zero  
   (C) Undefined  
   (D) Lesser than before  

75. In India, market segmentation is reinforced due to
   (A) Poverty of farmers  
   (B) Inactivity of the government  
   (C) Price uncertainties  
   (D) Intermediaries  

### KSET - 2016

Subject: ECONOMICS  
Code: 03

#### KEY - Paper - III

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