

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

Subject Code No. : **27**

Sl. No. : **2372**

TEST BOOKLET
LECTURERS IN NON-GOVERNMENT
AIDED COLLEGES
ECONOMICS

Time Allowed : 2 Hours

Maximum Marks : 100

: INSTRUCTIONS TO CANDIDATES :

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET **DOES NOT** HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET OF THE SAME SERIES ISSUED TO YOU.
2. You have to enter your **Roll No.** on the Test Booklet in the Box provided alongside. **DO NOT** write *anything else* on the Test Booklet.

--	--	--	--	--	--	--	--
3. This Test Booklet contains **100** items (questions). Each item (question) comprises four responses (answers). You have to select the correct response (answer) which you want to mark (darken) on the Answer Sheet. In case, you feel that there is more than one correct response (answer), you should mark (darken) the response (answer) which you consider the best. In any case, choose **ONLY ONE** response (answer) for each item (question). If more than one response is darkened it will be considered as wrong answer.
4. You have to mark (darken) all your responses (answers) **ONLY** on the **separate Answer Sheet** provided, by using **BALL POINT PEN (BLACK)**. See instructions in the Answer Sheet.
5. All items (questions) carry equal marks. All items (questions) are compulsory. Each wrong response will result in negative marking of **0.25** mark.
6. Before you proceed to mark (darken) in the Answer Sheet the responses to various items (questions) in the Test Booklet, you have to fill in some particulars in the Answer Sheet as per the instructions in your **Admission Certificate**.
7. After you have completed filling in all your responses (answers) on the Answer Sheet and after conclusion of the examination, you should hand over to the Invigilator the *Answer Sheet* issued to you. You are allowed to take with you the candidate's copy/second page of the Answer Sheet along with the *Test Booklet* after completion of the examination for your reference.

Candidate's full signature

Invigilator's signature

CO – 8/13

2016

(Turn over)



Unit – 1

1. A consumer's demand curve can be obtained from :
 - (A) Engel curve
 - (B) Price-consumption curve
 - (C) Budget line of the consumer
 - (D) Income-consumption curve
2. Compensated demand curve is based on :
 - (A) Income effect and Substitution effect
 - (B) Substitution effect
 - (C) Income effect
 - (D) Elasticity of demand
3. A monopolist always attains equilibrium at a point where :
 - (A) Price is maximum
 - (B) Marginal revenue is greater than marginal cost
 - (C) Elasticity of demand is greater than one
 - (D) Marginal cost is minimum
4. A competitive firm can not earn supernormal profit in the long run because :
 - (A) The product is homogenous
 - (B) Tax is imposed on the firm
 - (C) There is free entry and exit of firms in the long run
 - (D) There is no fixed cost in the long run
5. Which of the following is true ?
 - (A) SAC curves are flatter than LAC curves
 - (B) LAC curve lies above the SAC curves
 - (C) LAC curve intersects the SAC curves
 - (D) LAC curve is tangent with the SAC curves from below
6. In Cournot model of Oligopoly, which statement is correct ?
 - (A) Conjectural variation is zero
 - (B) One firm is leader and the other firm is follower
 - (C) The equilibrium of the firms is always unstable
 - (D) There is competition between the firms with respect to price
7. Under monopolistic competition long run equilibrium output of a firm is determined at a level where :
 - (A) Average cost is rising
 - (B) Average cost is minimum
 - (C) Marginal cost is greater than average cost
 - (D) Average cost is falling

8. Average Fixed Cost (AFC) curve is :
- (A) U-shaped
 - (B) Rectangular hyperbola
 - (C) Horizontal
 - (D) Positively sloped
9. If the factors are perfectly complementary, the isoquant is :
- (A) Negatively sloped
 - (B) L-shaped
 - (C) Linear
 - (D) Concave
10. In case of Giffen good :
- (A) Both income effect and substitution effect are negative
 - (B) Income effect is positive but price effect is negative
 - (C) Both income effect and price effect are positive
 - (D) Both substitution effect and price effect are negative
11. If cross elasticity of demand is positive, it implies that :
- (A) Goods are inferior
 - (B) One good is inferior and the other good is superior
 - (C) Law of demand is violated
 - (D) The goods are substitute
12. Price Discrimination is profitable if :
- (A) There is large no. of buyers in the market
 - (B) There is no advertisement cost
 - (C) Elasticity of demand in different markets are different
 - (D) The average cost of production declines with output
13. Which of the following is true ?
- (A) Rent of a factor depends on the elasticity of supply of the factor
 - (B) Rent is earned only by land
 - (C) Rent does not enter into cost of production of a firm
 - (D) Rent exists only in the short run
14. Pareto Optimality can not be achieved if :
- (A) There is externality in production or consumption
 - (B) There is perfect competition in the market
 - (C) There is CRS in production
 - (D) Marginal Rate of Substitution (MRS) is equal to the price ratio of the goods
15. National income is defined as :
- (A) GDP minus depreciation
 - (B) NNP minus indirect tax
 - (C) Summation of consumption, investment and import
 - (D) Gross value of goods and services produced in the country

16. In Keynesian model equilibrium income is determined by :
- (A) Gross investment
 - (B) Supply of money
 - (C) Wage rigidity in labour market
 - (D) Level of effective demand in the economy
17. Liquidity trap is formed when :
- (A) Supply of money is fixed
 - (B) The demand for money becomes infinite at the minimum rate of interest
 - (C) The demand for money declines with rate of interest
 - (D) Money is demanded for precautionary purposes
18. In Permanent Income Hypothesis of Consumption Function, long run consumption income ratio :
- (A) Fluctuates over time
 - (B) Remains constant
 - (C) Gradually declines
 - (D) Depends on transitory income
19. In Keynesian theory, investment multiplier depends on :
- (A) Investment function
 - (B) Marginal propensity to consume
 - (C) Employment of labour
 - (D) Amount of Government expenditure
20. In IS-LM framework, increase in money supply fails to increase income if :
- (A) Investment is a negative function of rate of interest
 - (B) There is wage rigidity
 - (C) Government expenditure remains constant
 - (D) There is liquidity trap
- Unit – 2**
21. Multiplier-Acceleration Theory of Trade Cycles was developed by :
- (A) Hicks
 - (B) Samuelson
 - (C) Keynes
 - (D) Kaldor
22. Real balance effect increases
- (A) Export
 - (B) Savings
 - (C) Rate of interest
 - (D) Consumption
23. The value of money multiplier depends on :
- (A) The amount of bank deposit
 - (B) The Cash-Reserve Ratio (CRR)
 - (C) Statutory Liquidity Ratio (SLR)
 - (D) Repayment rate of bank credit

24. In the Keynesian Theory, money is demanded for :
- (A) Transaction purposes only
 - (B) Business investment
 - (C) Speculative motive only
 - (D) Transaction, precaution and speculative purposes
25. The long run Phillips curve is :
- (A) Horizontal
 - (B) Vertical
 - (C) Positively sloped
 - (D) Negatively sloped
26. Which of the following is not true ?
- (A) Non-Banking financial institutions can mobilise deposit
 - (B) Non-Banking financial institutions can provide loan
 - (C) Non-Banking financial institutions can issue cheque
 - (D) Non-Banking financial institutions can supply fund for investment
27. If the Central Bank sells bond in the open market :
- (A) Supply of money increases
 - (B) Credit creation of commercial banks increases
 - (C) Supply of money decreases
 - (D) Rate of interest declines
28. Cost-push inflation occurs when :
- (A) The central bank sells bonds in the open market
 - (B) Demand for goods and services increase
 - (C) Wage rate increases
 - (D) Money supply declines
29. To check inflation, the Central Bank :
- (A) Increases bank rate
 - (B) Encourages export of goods
 - (C) Purchases bonds in the open market
 - (D) Reduces cash-reserve ratio
30. In Acceleration Principle, investment is determined by :
- (A) Rate of interest
 - (B) Wage rate
 - (C) Money supply
 - (D) Income level
31. In Ricardian model trade takes place between two countries due to :
- (A) Difference of taste in the two countries
 - (B) Difference in the quality of products in the two markets
 - (C) Difference in production technology of the two countries
 - (D) Difference in labour supply in the two countries

32. Terms of trade is defined as :
- (A) Export minus Import
 - (B) Ratio of Home currency and Foreign currency
 - (C) Ratio of price of export and price of import
 - (D) Share of export in balance of payments
33. If the Production Possibility Frontier (PPF) is concave in a X-Y plane, then the opportunity cost of producing X :
- (A) Remains constant
 - (B) Increases with increase in production of X
 - (C) Decreases with increase in production of X
 - (D) Increases upto a certain point and then declines
34. In Heckscher-Ohlin model the basis of trade between two countries is :
- (A) Distance between the two countries
 - (B) Constant factor coefficients in production
 - (C) Difference in factor endowments in the two countries
 - (D) Difference in taste and preference in the two countries
35. Balance of payments include :
- (A) Value of export and import of merchandise
 - (B) Trade balance and remittances
 - (C) Value of export and import of services and net foreign investment
 - (D) Balance of current account and capital account in external transactions
36. If tariff rate is raised :
- (A) Export increases
 - (B) Import declines
 - (C) Exchange rate declines
 - (D) Balance of payment worsens
37. The effectiveness of devaluation in improving BOP depends on :
- (A) Reduction of export
 - (B) Marshall-Lerner condition
 - (C) Reduction of tariff rates
 - (D) Improvement of terms of trade
38. In flexible exchange rate system :
- (A) The exchange rate is determined by the volume of trade
 - (B) By convertibility of foreign currency
 - (C) By the demand for and supply of foreign exchange
 - (D) By the movement of gold between the countries

39. IMF was established :
- (A) To help economic development of European countries
 - (B) To correct deficit in BOP of member countries
 - (C) To build up infrastructure in developing countries
 - (D) To help Human Development in developing countries
40. WTO was established :
- (A) At Bretton Woods Agreement
 - (B) At the Uruguay Round of Talks of GATT
 - (C) At the Summit of G-8 countries
 - (D) At the meeting of the ASEAN countries

Unit – 3

41. In Harrod Growth model, Knife-edge problem arises due to :
- (A) Flexible production coefficients
 - (B) Fixed capital-output ratio and constant saving rate
 - (C) Period analysis of the model
 - (D) Substitution between capital and labour
42. In steady state of Solow growth model :
- (A) Capital-labour ratio increases
 - (B) Capital-labour ratio declines
 - (C) Saving rate is flexible
 - (D) All the variables grow at the same rate

43. Common property resources are :
- (A) Used beyond sustainable limits
 - (B) Under utilized by private users
 - (C) Preserved for future use by private agents
 - (D) Used efficiently as per market rules
44. For maintaining sustainable development :
- (A) Natural resources need to be used according to private cost only
 - (B) Efficiency in market solution is not always necessary
 - (C) Conservation of natural resources is necessary for future use
 - (D) Govt. intervention always fails to control the use of common property resources
45. In case of renewable resources :
- (A) Growth rate and depletion rate are always equal
 - (B) If depletion rate exceeds growth rate, there will be resource degradation
 - (C) Pigovian tax can not control the use of the resources
 - (D) Excess use of the resource is not a problem for sustainable development

46. In Coase Theorem :
- (A) Externality problems are always solved
 - (B) Imposition of tax does not cause market failure
 - (C) Externality problems are solved if property rights are well-defined and negotiation cost is zero
 - (D) Bargaining power of the individuals does not depend on property rights
47. First Five Year Plan was adopted in India in the year :
- (A) 1947
 - (B) 1991
 - (C) 1951
 - (D) 1962
48. In decentralized planning decisions for economic development are taken :
- (A) By the Central Govt.
 - (B) By the Planning Commission
 - (C) By the State Govt.
 - (D) By the Panchayats at the local level
49. The theory of stages of economic growth was advocated by :
- (A) J. R. Hicks
 - (B) W. W. Rostow
 - (C) P. A. Samuelson
 - (D) Joan Robinson
50. In Lewis model of surplus labour
- (A) Supply of labour is elastic
 - (B) Supply of labour is perfectly elastic
 - (C) Supply of labour is inelastic
 - (D) Supply of labour is perfectly inelastic
51. The theory of Big Push was pioneered by :
- (A) P. Rosenstein-Rodan
 - (B) Morris Dobb
 - (C) Arthur Lewis
 - (D) J. M. Keynes
52. In balanced growth :
- (A) Each sector of the economy is developed on priority basis
 - (B) All the sectors are developed simultaneously
 - (C) Agricultural sector is developed first
 - (D) Emphasis is given on the development of infrastructure
53. In Economic Dualism :
- (A) There is coexistence of agriculture and industry
 - (B) There is coexistence of modern and traditional methods of production
 - (C) There is coexistence of road transport and railways
 - (D) There is coexistence of male worker and female labour

54. In a labour surplus economy :
- (A) Choice of technique should be capital-intensive
 - (B) The growth of heavy industries can absorb more labour
 - (C) Choice of technique should be labour-intensive
 - (D) Investment on small-scale and cottage industries may not be helpful for employment generation
55. In vicious circle of poverty :
- (A) Low saving is the cause as well as effect of low income
 - (B) Saving is high but investment is low
 - (C) People are poor due to illiteracy
 - (D) Income distribution is unequal
56. Which of the following is not included in revenue expenditure of the Govt. ?
- (A) Salary of the Govt. employees
 - (B) Pension of the Govt. employees
 - (C) Purchase of a machine for a power plant of the Govt.
 - (D) Interest payment on public debt
57. One important feature of a public good is :
- (A) High user charge
 - (B) Non-excludability
 - (C) Rivalry
 - (D) Restricted access to the good
58. Which of the following statement is correct ?
- (A) Indirect tax is progressive.
 - (B) Tax evasion is less in direct tax.
 - (C) Indirect tax has excess burden.
 - (D) In proportional tax system, the tax rate increases with income.
59. Which of the following is not used as the basis of ability to pay tax ?
- (A) Income
 - (B) Wealth
 - (C) Consumption
 - (D) Family size
60. Human development index is a composite of basic three indicators of human development :
- (A) Life expectancy, literacy rate and standard of living
 - (B) Longevity, standard of living and standard of income
 - (C) Knowledge, standard of living and gender equality
 - (D) Standard of living, gender development and political empowerment

Unit – 4

61. The function of the Finance Commission of India is :
- (A) To regulate the financial market of the country
 - (B) To control inflation in the country
 - (C) To supply credit to the industrial sector
 - (D) To frame guidelines for allocation of financial resources between the centre and the states
62. What percentage of population are below the poverty line in India in 2011-12 ?
- (A) 21.9%
 - (B) 25.7%
 - (C) 37.2%
 - (D) 28.2%
63. Which of the following is not a poverty removal programme ?
- (A) NREP
 - (B) HYV
 - (C) IRDP
 - (D) RLEGP
64. What is the value of the Gini coefficient for an income distribution characterized by complete equality of income ?
- (A) Zero
 - (B) 0.5
 - (C) 1
 - (D) ∞ (infinity)
65. The percentage of irrigated land in India is :
- (A) 50
 - (B) 60
 - (C) 44
 - (D) 39
66. The share of agriculture in the GDP of India in 2014-15 is :
- (A) 25%
 - (B) 14%
 - (C) 20%
 - (D) 30%
67. The highest rice producing state in India is :
- (A) Punjab
 - (B) Uttar Pradesh
 - (C) West Bengal
 - (D) Andhra Pradesh
68. One important aspect of trade liberalization is :
- (A) Removal of poverty
 - (B) Investment for agriculture
 - (C) Reduction of tariff rates
 - (D) Emphasis on development of cottage industries
69. Policy of disinvestment means :
- (A) Encouragement to FDI
 - (B) Greater subsidy to the industries
 - (C) Sale of equity shares of PSUs to private buyers
 - (D) More investment in PSUs

70. The sectoral composition of GDP in India has changed in favour of :
- (A) Manufacturing sector
 - (B) Agriculture
 - (C) External sector
 - (D) Service sector
71. Under the New Industrial Policy of India emphasis has been given on :
- (A) The expansion of public sector industries
 - (B) The growth of the private sector industries
 - (C) More subsidy to the sick industries
 - (D) Employment generation in agriculture
72. The share of employment in the unorganized informal sector in India is :
- (A) 60%
 - (B) 22%
 - (C) 92%
 - (D) 30%
73. India's fiscal deficit in 2015-16 is :
- (A) 5.6% of GDP
 - (B) 3.99% of GDP
 - (C) 4.47% of GDP
 - (D) 3.2% of GDP
74. The share of service sector in India's GDP in the current year is :
- (A) 48%
 - (B) 72%
 - (C) 62%
 - (D) 51%
75. The wholesale price index of Food Articles has increased in India in the last two decades by :
- (A) More than six times
 - (B) Five times
 - (C) More than ten times
 - (D) Less than ten times
76. The biggest share of India's export goes to :
- (A) China
 - (B) USA
 - (C) UK
 - (D) Latin America
77. FEMA means :
- (A) Foreign Exchange Monitoring Authority
 - (B) Foreign Exchange Management Act
 - (C) Foreign Exchange Management Authority
 - (D) Foreign Exchange Monitoring Act

78. The limit of FDI has been increased upto 100% in India in the field of :
- (A) Education
 - (B) Defence
 - (C) Infrastructure
 - (D) Insurance
79. In the period of trade liberalization :
- (A) Export of India has declined
 - (B) Import of India has declined
 - (C) Both export and import of India have increased
 - (D) Total volume of trade of India has declined
80. India's trade deficit in the period of trade liberalization :
- (A) Has declined
 - (B) Has increased
 - (C) Has remained unchange
 - (D) Has become zero
- (B) National savings certificate
- (C) Certificate of deposit
- (D) Commercial paper
83. NABARD is meant for :
- (A) National bank for agriculture and rural development
 - (B) Growth of National Income
 - (C) Export Promotion
 - (D) Supply of finance to industries
84. The growth in book value per share shows the :
- (A) Rise in the share price
 - (B) Increase in the physical assets of the firm
 - (C) Increase in the net worth
 - (D) Growth in reserves
85. In the bull market :
- (A) The stock prices are increasing
 - (B) Each peak is higher than the previous peak
 - (C) Each bottom is higher than the previous bottom
 - (D) Both (B) and (C) are true
86. Nationalisation of Banks first took place in India in the year :
- (A) 1947
 - (B) 1951
 - (C) 1969
 - (D) 1991

Unit – 5

81. Investment made on a house property is a :
- (A) Financial investment
 - (B) Economic investment
 - (C) Non-negotiable financial investment
 - (D) Non-financial investment
82. Which one of the following is not a money market security ?
- (A) Treasury bills

87. The call option price is higher when :
- The sticking price is higher than the stock price
 - The sticking price is lower than the stock price
 - The option period is shorter
 - The option period is longer and the striking price is lower
88. SEBI became statutory body in the year :
- 1991
 - 1992
 - 1993
 - 1994
89. Which of the following is not included under Microfinance ?
- Supply of credit to small enterprises
 - Supply of finance to Self-Help Groups
 - Supply of credit to big industries
 - Financial support to small savers
90. A market where new securities are bought and sold for the first time is known as a _____ market.
- Primary
 - Secondary
 - Tertiary
 - Capital
91. "National Rural Health Mission (NRHM)" was launched in :
- April, 2004
 - April, 2005
 - October, 2004
 - October, 2005
92. As per Population Census 2011 in which state of India literacy rate is lowest ?
- Bihar
 - Rajasthan
 - Orissa
 - Sikkim
93. The Sarva Shiksha Abhijan (SSA) is being implemented for the children of the age group :
- 6-14 years
 - 4-12 years
 - 5-15 years
 - 7-15 years
94. Which of the following is not a constituent part of the 'green index' constructed by the environmentally sustainable development division of the World Bank ?
- Production assets
 - Natural resources
 - Social assets
 - Human resources

SPACE FOR ROUGH WORK

BRACI EDI... WORK

SEAL

00000000

1971

00000000 - 00