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TEST BOOKLET

Sl. No.

3345

Subject Code : 07

Subject : Economics

LECTURERS FOR NON-GOVT. AIDED COLLEGES OF ODISHA

Time Allowed : 2 Hours

Maximum Marks : 150

: INSTRUCTIONS TO CANDIDATES :

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET CONTAINS 23 PAGES AND DOES NOT HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
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. The Test Booklet contains **100** questions. Each question comprises four answers. You have to select the correct answer which you want to mark (darken) on the **Answer Sheet (OMR Sheet)**. In any case choose **ONLY ONE** answer for each question. If more than one answer is darkened, it will be considered as wrong.
4. You have to mark (darken) all your answers only on the **OMR Answer Sheet using BLACK BALL POINT PEN** provided by the State Selection Board. You have to do rough work only in the space provided at the end of the Test Booklet. See instructions in the Answer Sheet.
5. All questions carry equal marks i.e. of one and half mark for each correct answer and each wrong answer will result in negative marking of **0.50** mark.
6. Before you proceed to mark (darken) the answers in the **OMR Answer Sheet** to the questions in the Test Booklet, you have to fill in some particulars in the Answer Sheet as per the instructions in your Admit Card.
7. On completion of the examination, you should hand over the **original Answer Sheet (OMR Sheet)** issued to you to the Invigilator before leaving the Examination Hall. You are allowed to take with you the candidate's copy (carbon copy) of the **OMR Answer Sheet** along with the Test Booklet for your reference.

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(Turn over)

2021

1. The Engel curve for necessities goods is :
- (A) Positively sloped at a flatter rate
(B) Positively sloped at a steeper rate
(C) Negatively sloped
(D) Horizontal
2. Which of the following is not a feature of the Revealed Preference Theory of Consumer Behaviour ?
- (A) Behaviourist ordinalist
(B) Transitive
(C) Weak ordering
(D) Consistency of choice
3. In case of Cobb-Douglas Production Function, elasticity of factor substitution is :
- (A) Zero
(B) Equal to Unity
(C) Greater than Unity
(D) Less than Unity
4. With L-shaped Isoquants, the production function exhibits :
- (A) Fixed proportions between two factors
- (B) Variable proportions between two factors
(C) Increasing Returns to Scale
(D) Decreasing Returns to Scale
5. Under perfect competition short run supply curve is identified as :
- (A) Rising portion of the Marginal Cost Curve
(B) Rising portion of the Average Cost Curve
(C) Rising portion of the Marginal Cost Curve lying above the Average Variable Cost Curve
(D) Rising portion of the Average Variable Cost Curve
6. In the Kinked Demand Curve theory of Oligopoly if MC curve shifts upward in the discontinuous range of MR Curve, then at equilibrium :
- (A) Price rises but quantity of output remains the same
(B) Price and quantity of output both remain the same
(C) Quantity of output rises but price remains the same
(D) Price and quantity of output both rise

7. Quasi-Rent is :
- (A) Equal to total profits of the firm
 - (B) Less than total profits of the firm
 - (C) The excess of Total Revenue over Total Variable Cost
 - (D) The excess of total revenue over total cost
8. The inconsistency of which of the following criteria is labelled as Scitovsky Paradox ?
- (A) Little Criterion
 - (B) Pareto Criterion
 - (C) Bergson Criterion
 - (D) Kaldor-Hicks Criterion
9. Which one of the following is the strategic behaviour in case of Prisoner's Dilemma of two rival firms in duopoly games ?
- (A) Both of them cooperate by enforcing agreements
 - (B) Both of them choose the dominant strategy of advertisement
- (C) Both behave selfishly and confess to the crime and cheat each other
- (D) Neither of them confess
10. Equilibrium of Payoff Matrix is achieved at the Saddle point by :
- (A) Maximin Strategy
 - (B) Maximin and Minimax Strategies
 - (C) Minimax Strategy
 - (D) Dominant Strategy
11. Which of the following is not correct in National Income Accounting ?
- (A) National Income = NNP at factor cost
 - (B) NNP = GNP – Depreciation
 - (C) NDP at market price = NDP at factor cost + indirect taxes less subsidies
 - (D) GNP = GDP – Net factor income from abroad

12. Green Accounting is :
- (A) Increasing the forest cover
 - (B) Adoption of the practices of Green Revolution
 - (C) Computation of National Income taking into account the damage and depletion of natural resource base
 - (D) Contribution of renewable sources of energy sector to National Income
13. Which of the following is not considered as wealth in Friedman's demand for money ?
- (A) Money
 - (B) Bonds
 - (C) Equity
 - (D) Gold
14. Expressing 'H' as high-powered money, 'C' as the currency deposit ratio and 'r' as the reserve deposit ratio, the equation $M=H \left(\frac{1+c}{r+c} \right)$ represents :
- (A) Deposit Multiplier
- (B) Money Multiplier
- (C) Bank Credit Multiplier
- (D) Investment Multiplier
15. Non-Accelerating Inflation Rate of Unemployment (NAIRU) represents :
- (A) The steady state rate of unemployment in the long run
 - (B) Short run rate of unemployment
 - (C) Difference between actual rate and expected rate of inflation
 - (D) Disequilibrium due to structural imperfections
16. The ability of commercial banks to increase their loans and advances depends upon :
- (A) Holding of Government Securities
 - (B) Cash Position
 - (C) Excess Cash Reserves
 - (D) Non-Performing Assets

17. Which one of the following is not a Non-Banking Financial Intermediary ?
- (A) LIC
(B) IFCI
(C) SIDBI
(D) IRDA
18. Which of the following is not explored in the Mundell-Fleming Model ?
- (A) Functioning in an open economy
(B) Crowding out investment
(C) Perfect capital mobility
(D) Achieve both internal and external balance
19. The Relative Income Hypothesis states that :
- (A) Short term average consumption function is proportional
(B) Ratchet effect operates from the previous peak level of consumption
- (C) Consumption is determined by transitory income
(D) Equitable distribution of income leads to greater demonstration effect
20. With the IS curves, in the Keynesian range of the LM curve in the Liquidity Trap situation :
- (A) There is no crowding out effect
(B) There is full crowding out effect
(C) Monetary Policy is fully effective
(D) Fiscal Policy is totally ineffective
21. Which one of the following phenomenon explains the 'free rider' problem in Public Economics ?
- (A) Ticketless travel in the Indian Railway
(B) Provision of pure public goods
(C) Provision of Merit goods
(D) Supply of partial Social goods with externalities

22. According to Peacock-Wiseman hypothesis public expenditure grows :
- (A) Steadily over a period of time
 - (B) At a constant proportion in relation to GNP
 - (C) In a step-like manner
 - (D) At a less than proportionate rate in relation to GNP
23. The technique of 'Shadow Prices' used in Social Cost-Benefit Analysis of project evaluation has been contributed by :
- (A) H. B. Chenery
 - (B) E. J. Mishan
 - (C) J. Tinbergen
 - (D) H. Leibenstein
24. Which one of the following is not a measurement of 'deadweight loss' in taxation ?
- (A) Costs in terms of loss of Consumer's Surplus and Producer's Surplus
- (B) Equity effect
- (C) Distortion in allocation of resources
- (D) Welfare loss in terms of shift away from Pareto Optimality
25. The Planning Programming and Budgeting System (PPBS) :
- (A) Stresses on outcome only
 - (B) Emphasises on physical targets
 - (C) Stresses on optimal allocation of resources
 - (D) Considers the budget as a whole rather than to examine the incremental changes only
26. Equity in taxation can best be achieved by applying the principle of :
- (A) Benefit
 - (B) Equal Absolute Sacrifice
 - (C) Equal Proportional Sacrifice
 - (D) Equal Marginal Sacrifice

27. Fiscal deficit in the budget means :
- (A) Budgetary deficit plus the net borrowings of the Government
 - (B) Primary deficit minus Capital deficit
 - (C) Revenue deficit plus the net borrowings of the Government
 - (D) Capital deficit plus the Revenue deficit
28. The FRBM Act, 2003 mandates to establish fiscal discipline by eliminating :
- (A) Fiscal Deficit
 - (B) Revenue Deficit
 - (C) Both Revenue Deficit and Fiscal Deficit
 - (D) Budgetary Deficit
29. Which of the following is a source of non-tax revenue of the Government of India ?
- (A) Borrowing from foreign Government
- (B) Aids from foreign country
- (C) Interest receipts
- (D) Disposing gold reserves of India with foreign Central Banks
30. The Fifteenth Finance Commission has recommended states' Share in the divisible pool of taxes at what percent ?
- (A) 30%
 - (B) 41%
 - (C) 42%
 - (D) 44%
31. The primary objective of Debt Sustainability is :
- (A) Shifting the burden of public debt to posterity
 - (B) To reduce the Debt-GDP ratio
 - (C) Substitution of new loans to reduce the debt burden of the old one
 - (D) Lengthening the maturity period of bonds

32. Denoting the price of capital and labour by P_K and P_L respectively and countries by A and B, if :

$$\left(\frac{P_K}{P_L}\right)_A < \left(\frac{P_K}{P_L}\right)_B$$

- (A) Country B is relatively capital abundant
(B) Country A is relatively labour abundant
(C) Country A is relatively capital abundant
(D) Relative factor abundance is indeterminate

33. What is the ratio between the price of a country's export goods and price of its import goods ?

- (A) Net barter terms of trade
(B) Single factorial terms of trade
(C) Double factorial terms of trade
(D) Income terms of trade

34. If the supply of a commodity is very inelastic in the exporting country and demand for the same is fairly elastic in the importing country the imposition of tariff will have :

- (A) Very large revenue effect

- (B) No protective effect
(C) A very small protective effect
(D) A very large protective effect

35. The Purchasing Power Parity Theory does not explain :

- (A) There is inconvertible paper currency in the two countries
(B) How rate of exchange is fixed
(C) Why and how much is the change in exchange rate
(D) How much is the demand for and supply of foreign exchange

36. Arbitrage in international payments means :

- (A) Settlement between Central Banks
(B) The act of simultaneously buying a currency in cheaper market for sale in the costlier market
(C) Sale and purchase of domestic currency for foreign buyers
(D) Speculation in foreign currencies in a situation of deficit in balance of payments

37. 'Beggar-thy-neighbour Policy' refers to :
(A) Competitive depreciation by each country to increase exports
(B) Expenditure-switching policy
(C) Expenditure-reducing policy
(D) The practice of Dumping
38. Which of the following is not included in Current Account of balance of payments ?
(A) Merchandise
(B) Foreign investment
(C) Transfer payments
(D) Travel and Transportation
39. The IMF corrects which of the following in balance of payments ?
(A) Fundamental disequilibrium
(B) Structural disequilibrium
(C) Secular disequilibrium
(D) SDRs
40. Which one of the following does not constitute a part of the jurisdiction of WTO ?
(A) Regional trade agreement
- (B) Agreement relating to Agriculture
(C) Administer the Trade Policy Review Mechanism
(D) Trade related Intellectual Property Rights
41. Which of the following is not a dimension for measuring the Human Development Index(HDI) ?
(A) Health
(B) Education
(C) Gender Equality
(D) Standard of living
42. What is the correct sequence of the following approaches to development in terms of their chronological emergence ?
1. Basic needs approach
2. Per capita income approach.
3. Human Development Index approach

Select the correct answer using the codes given below :

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

43. Capital fundamentalism refers to which of the following ?
- (A) Capital structure of a country
 - (B) Acceleration of capital accumulation for development
 - (C) A capitalist system of economy
 - (D) Growth of capital expenditure
44. Which of the following is required for steady growth in the Harrod's model ?
- (A) $G > G_w < G_n$
 - (B) $G = G_w = G_n$
 - (C) $\Delta I > \alpha\sigma$
 - (D) $\frac{\Delta I}{I} \leq \frac{\Delta Y}{Y} < \alpha\sigma$
45. Joan Robinson's model of economic growth enunciates that there is Golden Age equilibrium when :
- (A) Forward linkages = Backward linkages
 - (B) Actual rate of capital accumulation is less than Desired rate of capital accumulation
- (C) Rate of growth of labour = Rate of growth of capital
- (D) Rate of growth of population = Rate of growth of income
46. Use of different production functions in the modern sector and the traditional sector is identified as :
- (A) Social Dualism
 - (B) Financial Dualism
 - (C) Technological Dualism
 - (D) International Dualism
47. Suppose there are three curves A, B and C corresponding to the degrees of distribution of income among population of three sections. The curve B is farther and curve C remains farthest from the diagonal line A. Which is the line of Equal Distribution of income ?
- (A) Curve A
 - (B) Curve B
 - (C) Curve C
 - (D) Both the curves B and C

48. The Multidimensional Poverty Index (MPI) has been introduced by the :
(A) NSSO
(B) UNDP
(C) NITI Aayog
(D) CMIE
49. Which of the following is not the influence of change of institutions in economic development ?
(A) Changes in attitude
(B) Technological innovations
(C) Rural-urban imbalance
(D) Growth of entrepreneurship
50. The idea of 'Soft State' used by Gunnar Myrdal in his 'Asian Drama' means :
(A) Laxity in administration by the State Machinery and lenient attitude of State towards social deviance
(B) Non-economic and other attitudinal changes lagging behind material changes
51. Green field investment implies :
(A) Foreign Direct Investment of a parent company in a new venture in a foreign country
(B) Investment in ecological balance
(C) Investment in Shares and Bonds
(D) Investment by Non-resident Indians
52. Which one of the following is not a component of foreign aid of a country ?
(A) Bilateral Grant
(B) Multilateral Grant
(C) Grants from International Financial Institutions
(D) Commercial borrowing

53. The Prebisch-Singer hypothesis enunciates which of the following ?
- (A) International trade has been operating as a mechanism of international inequalities
- (B) Import substitution has led to the malallocation of resources
- (C) Foreign trade encourages healthy competition
- (D) Economic development is accelerated by dualistic nature of the economy
54. The most popular definition of Sustainable development is given by :
- (A) UNDP
- (B) IMF
- (C) Brundtland Commission
- (D) IBRD
55. Which of the following is not a mitigation and adaptation strategy to climate change for environmental sustainability ?
- (A) Use of non-fossil fuels
- (B) Promoting clean and renewable energy
- (C) Establishment of more forest-based industries
- (D) Strategic Disaster Management
56. The Contingent Valuation Method :
- (A) Elicits information on willingness to pay or willingness to accept compensation
- (B) Relies on time and travel costs
- (C) Reflects individuals payment for both environmental assets and non-environmental characteristics
- (D) Use of 'Option Value' for postponing the use of the environmental resources

57. Which of the following is not associated with the Coase theorem ?
- (A) Property rights are clearly defined
(B) Low bargaining cost
(C) Governmental interference
(D) Justification of bribe
58. Which of the following is not a component of Social Forestry Programme ?
- (A) Farm Forestry
(B) Public Woodlots
(C) Community Woodlots
(D) Centralised Management
59. Human capital formation includes investment on :
- (A) Education, Health and Social Security
(B) Education, Health and Training
60. 'Out of pocket expenditure' on health care relates to the problem of :
- (A) Availability of health infrastructure
(B) Affordability in private hospitals at higher cost
(C) Quality and Regulatory Standard on health parameters
(D) Payment of financial incentives and health insurance to the beneficiaries
61. What is the sex ratio in India according to 2011 Census ?
- (A) 933
(B) 938
(C) 940
(D) 946

62. Demographic Dividend means :
- (A) Population explosion due to high birth rate and low death rate
 - (B) The working population in the productive age group 15-64 years leading to a rise in the rate of economic growth
 - (C) Increase in the dependency ratio
 - (D) Work Participation rate of women only
63. Which Five Year Plan in India for the first time emphasised sustained growth of Software and Information Technology (IT) enabled services ?
- (A) Ninth Five Year Plan
 - (B) Tenth Five Year Plan
 - (C) Eleventh Five Year Plan
 - (D) Twelfth Five Year Plan
64. National Income of India is estimated by :
- (A) Central Statistical Organisation
 - (B) NITI Aayog
 - (C) Indian Statistical Institute
 - (D) Centre for Monitoring Indian Economy
65. The NITI Aayog was established replacing the Planning Commission on :
- (A) March 1, 2017
 - (B) November 8, 2016
 - (C) July 1, 2015
 - (D) January 1, 2015
66. Structural transformation of the Indian economy due to the sectoral changes in National Income is :
- (A) Inclusive Growth
 - (B) Equitable Growth
 - (C) Services-led Growth
 - (D) Sustainable Growth

67. Who is the author of the book 'Planned Economy for India' ?
(A) M. Visvesvaraya
(B) D. R. Gadgil
(C) P. C. Mahalanobis
(D) Dadabhai Naoroji
- (B) 2005
(C) 1956
(D) 1991
68. Which of the following is a Kharif Crop ?
(A) Rice
(B) Wheat
(C) Gram
(D) Mustard
71. Which Industrial Policy abolished industrial licensing ?
(A) 1948
(B) 1956
(C) 1980
(D) 1991
69. Rural Infrastructure Development Fund (RIDF) is a product of :
(A) RBI
(B) NABARD
(C) SEBI
(D) UTI
72. Which of the following is a type of foreign collaboration in India ?
(A) Joint participation between indigenous firms and foreign governments
(B) Joint participation between foreign firms and Indian Government
(C) Joint participation between foreign PSUs and Indian PSUs
(D) Joint participation between foreign MNCs and Indian PSUs
70. Special Economic Zones(SEZs) Act was passed in the year :
(A) 2000

73. To lower interest rates the RBI should :
(A) Buy Securities
(B) Decrease the money supply
(C) Raise the Treasury Bill rate
(D) Raise the reserve requirement
74. With which the Call Money market deals ?
(A) Long term funds
(B) Very short term funds
(C) Selling and buying of equities
(D) Selling and buying of Government securities
75. Who has advocated 'Providing Urban Amenities in Rural Areas' (PURA) for alleviating poverty in India ?
(A) A. P. J. Abdul Kalam
(B) Amartya Sen
(C) B. S. Minhas
(D) Nilakanth Rath
76. The new programme launched since 2008-09 by merging two earlier programmes PMRY and REGP is :
(A) SGSY
(B) MGNREGS
(C) PMEGP
(D) SJSRY
77. 'World Economic Outlook Report' is published by :
(A) IMF
(B) World Bank
(C) WTO
(D) ADB
78. The United Nations reframed 8 Millennium Development Goals (MDGs) for the period 2000-2015 into 17 corresponding Sustainable Development Goals (SDGs) for the period :
(A) 2015-2025
(B) 2015-2035
(C) 2015-2050
(D) 2015-2030

79. The female literacy rate in Odisha as per 2011 Census is :
- (A) 81.6%
 - (B) 72.9%
 - (C) 64.0%
 - (D) 68.3%
80. Which of the following is not an objective of the Odisha MSME Development Policy, 2015 ?
- (A) To provide conducive eco-system to attract new industries
 - (B) To enhance competitiveness of MSME sector
 - (C) To develop world class infrastructure
 - (D) To provide opportunities to local entrepreneurial talents
81. Let $f(x) = x + x^{-1}$ then :
- (A) $f(x)$ has a maximum but no minimum
 - (B) $f(x)$ has no maximum but a minimum
- (C) $f(x)$ has no maximum and no minimum
- (D) $\text{Max } f(x) < \text{min } f(x)$
82. If $x = 25 - 3p - p^2$ be a demand function, then the point elasticity of demand at $p = 3$ is :
- (A) $\frac{27}{7}$
 - (B) $\frac{27}{5}$
 - (C) $\frac{28}{8}$
 - (D) $\frac{26}{5}$
83. Using Integration, the area of the region bounded between the lines $x = 2$ and $x = 1$ under the curve $y = x^2$ is :
- (A) $\frac{9}{4}$ sq. units
 - (B) $\frac{7}{3}$ sq. units
 - (C) $\frac{5}{2}$ sq. units
 - (D) $\frac{11}{5}$ sq. units

84. The demand and cost functions of a monopolist are given by $P = 20 - 5x$ and $C = 10x + 2$. The maximum profit is :

- (A) 02
- (B) 05
- (C) 10
- (D) 08

85. What is the area bounded by $x = e^y$, $x = 0$, $y = 0$ and $y = 1$?

- (A) e sq. unit
- (B) $(1 - e)$ sq. unit
- (C) $(e - 1)$ sq. unit
- (D) $(e^2 - 1)$ sq. unit

86. If the value of the objective function Z can be increased or decreased indefinitely, such solution is called :

- (A) Bounded Solution
- (B) Unbounded Solution
- (C) Solution
- (D) Infeasible Solution

87. The arithmetic mean of Series A is twice that of Series B and the standard deviation of Series B is twice that of Series A. The coefficient of variation of Series A in relation to that of series B will be :

- (A) $\frac{1}{4}$
- (B) $\frac{1}{2}$
- (C) Same
- (D) Twice

88. In a certain distribution, the results were obtained as $\bar{X} = 45$, Median = 48 and Coefficient of skewness = -0.3. What is the value of Standard Deviation ?

- (A) 20
- (B) 25
- (C) 28
- (D) 30

89. The standard deviation of natural numbers 1 to 10 will be approximately equal to :
- (A) 1.78
(B) 2.68
(C) 2.87
(D) 1.64
90. If the distribution is positively skewed then :
- (A) Mode > Median > Mean
(B) Mean > Median > Mode
(C) Mean < Mode < Median
(D) Median < Mode < Mean
91. If the two regression coefficients $b_{xy} = -0.5$ and $b_{yx} = -1.5$ then the correlation coefficient 'r' would be :
- (A) + 0.78
(B) + 0.86
(C) - 0.86
(D) - 0.98
92. Which of the following is not correct relating to Regression Analysis ?
- (A) Regression studies the nature of relationship between two variables X and Y.
(B) Obtaining the regression line of Y on X by the line of best fit $Y_c = a + bx$.
(C) The two regression coefficients b_{xy} and b_{yx} are symmetric.
(D) When there is either perfect positive or perfect negative correlation between two variables ($r = \pm 1$), the two regression lines will coincide.
93. If $P(A) = 0.3$ and $P(B) = 0.5$ then $P(A \cup B)$ when A and B are mutually exclusive would be :
- (A) 0.3
(B) 0.5
(C) 0.4
(D) 0.8

94. One card is drawn from a standard pack of 52 cards. What is the probability that it is either a king or a queen ?
- (A) $\frac{1}{13}$
 (B) $\frac{1}{52}$
 (C) $\frac{2}{13}$
 (D) $\frac{1}{4}$
95. The sampling method adopted when units of the population are numerically, geographically or alphabetically arranged is called as :
- (A) Simple Random Sampling
 (B) Systematic Sampling
 (C) Quota Sampling
 (D) Multi-Stage Sampling
96. Which of the following is Non-Sampling error ?
- (A) Bias in the process of sample selection
- (B) Bias due to the faulty collection methods
- (C) Bias due to the wrong analysis
- (D) Errors in data processing operations
97. Which of the following formula is used to test the significance of the mean of a random sample given the population mean ?
- (A) $t = \frac{\bar{X}_1 - \bar{X}_2}{S} \times \sqrt{\frac{n_1 n_2}{n_1 + n_2}}$
- (B) $t = \frac{\bar{X} - \mu \sqrt{n}}{S}$
- (C) $t = \frac{d\sqrt{n}}{S}$
- (D) $t = \frac{r}{\sqrt{1-r^2}} \times \sqrt{n-2}$
98. If we accept a Null hypothesis (H_0) when it is false, we make :
- (A) Type – I Error
 (B) Type – II Error
 (C) Standard Error
 (D) Probable Error

99. Which of the following is not a property of good estimator ?

- (A) Representative
- (B) Consistency
- (C) Efficiency
- (D) Sufficiency

100. In Interval Estimation of a population

parameter when $L < \theta < U$, θ is an estimator then L and U are called :

- (A) Lower limit and Upper limit
- (B) Levels of Significance
- (C) Confidence limits
- (D) Error limits

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Economics

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