

1. Which of the following is the fundamental problem of an economy ?
 - (1) Economic Welfare
 - (2) Exchange
 - (3) Scarcity of resources and multiplicity of wants
 - (4) Decision making by the government

2. **Assertion (A) :** Production possibility curve represents graphically alternative production possibilities faced by an economy.
Reason (R) : As the total productive resources of the economy are limited, the economy has to choose between different combination of goods as productive resources can be employed for the production of various alternative goods.
Choose **correct** answer :
 - (1) Both (A) and (R) are true and (R) is the correct explanation of (A)
 - (2) Both (A) and (R) are true but (R) is not the correct explanation of (A)
 - (3) (A) is true but (R) is false
 - (4) (A) is false but (R) is true

3. Which of the followings is correct about opportunity cost ?
 - (1) The opportunity cost of anything is the alternative that has been sacrificed.
 - (2) The opportunity cost relates to the cost which involve cash payment by the entrepreneur
 - (3) The opportunity cost relates to fixed costs
 - (4) The opportunity cost is not related to variable costs

4. The price elasticity of demand is equal to one for a demand curve, which is :
 - (1) Horizontal line
 - (2) Upward sloping
 - (3) Vertical line
 - (4) Rectangular hyperbola

5. In case of Giffen good, the demand curve will be :
 - (1) upward sloping to right
 - (2) downward sloping to right
 - (3) horizontal line
 - (4) backward falling to left

6. An increase in consumer's income, price remaining constant, will result into :
 - (1) An increase in demand
 - (2) An extension of demand
 - (3) No change in demand
 - (4) A shift in demand curve to the left

7. The consumer is in equilibrium provided :

$$(1) \quad \frac{MU_x}{MU_y} < \frac{P_x}{P_y}$$

$$(2) \quad \frac{MU_x}{MU_y} > \frac{P_x}{P_y}$$

$$(3) \quad \frac{MU_x}{MU_y} = \frac{P_x}{P_y}$$

$$(4) \quad \frac{MU_{xy}}{MU_y} = \frac{P_y}{P_x}$$

8. Which among the following statements is **incorrect** ?

- (1) If two demand curves are linear and parallel to each other, then, at a particular price, the coefficient of elasticity would be same on different demand curves.
- (2) On a linear demand curve, all the five forms of elasticity can be depicted.
- (3) If two demand curves are linear and intersecting each other, then coefficient of elasticity would be same on different demand curves at the point of intersection.
- (4) The price elasticity of demand is expressed in terms of relative not absolute changes in price and quantity demanded.

9. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to :

- (1) Increase
- (2) Decrease
- (3) Remain the same
- (4) Become zero

10. Which of the following is **true** ?

- (A) Indifference curves slope downward from left to right
- (B) Indifference curves slope downward from right to left
- (C) Indifference curves are always convex to the point of origin of the two axes
- (D) Indifference curves never intersect each other

Select **right** answer from the following :

- (1) (A), (B) and (C) are true
- (2) (B), (C) and (D) are true
- (3) (A), (C) and (D) are true
- (4) (A) and (D) are true

11. Identify the **incorrect** statement :

- (1) Land includes all free gifts of nature
- (2) Land is fixed in supply
- (3) Wages are the price paid for use of labour
- (4) Labour is a passive factor of production

12. Average product is maximum when :

- (1) Marginal product is lower than average product
- (2) Marginal product is more than average product
- (3) Marginal product equals the average product
- (4) Marginal product becomes negative

13. Law of variable proportions refers to amount of extra output secured by :

- (1) Increasing quantities of a variable factor to other fixed factor
- (2) Increasing quantities of both fixed factor and variable factor
- (3) Increasing quantities of fixed factor keeping variable factor quantity constant
- (4) Changing the scale of the plant

14. Returns to scale refers to changes in output when :

- (1) All factors of production are changed in the same proportion
- (2) Some factors are changed while other remain constant
- (3) There is change in factor proportions
- (4) Fixed factor kept constant but the quantity of variable factor is increased

15. When the supply of a commodity does not change at all irrespective of any change in its price, what will be the elasticity of supply curve ?

- (1) Perfectly elastic
- (2) Perfectly inelastic
- (3) Unitary elastic
- (4) Both (1) and (2)

16. Which of the following is not determinants of elasticity of supply ?

- (1) Cost of production of additional unit of a good
- (2) Nature of commodity
- (3) Time period
- (4) Disposable Income of Consumer

17. Forward and backward linkages were propounded by :

- (1) Gunnar Myrdal
- (2) Hirschman
- (3) Boeke
- (4) Leibenstein

18. Golden Age Hypothesis is concerned with :

- (1) Natural rate of growth > Warranted rate of growth
- (2) Actual rate of growth > Warranted rate of growth
- (3) Warranted rate of growth > Natural rate of growth
- (4) Warranted rate of growth = Natural rate of growth

19. According to Milton Friedman Theory of Permanent component of consumption-expenditure depends on :

- (A) Transitory Income alone
- (B) Transitory and Permanent Income
- (C) Permanent Income alone
- (D) Windfall gains

Select **correct** code :

- (1) (A) and (B) are correct
- (2) (A) and (C) are correct
- (3) (B) and (D) are correct
- (4) Only (C) is correct

20. The most popular definition of sustainable development is given by :

- (1) IMF Report
- (2) UNDP Report
- (3) World Development Report
- (4) Brundtland

21. The locus of Pareto Optimality in Production and Consumption is given by :

- (1) The Social Welfare function
- (2) The Utility Possibility Curve
- (3) The Grand Utility Possibility Curve
- (4) The Transformation Curve

22. **Assertion (A) :** There is no incentive for a profit maximizing producer to supply the public goods.

Reason (R) : If producer produces public goods, he will be unable to exclude people from consuming it and hence he cannot charge a price.

Select **correct** code/answer :

- (1) (A) is true but (R) is false
- (2) (A) is not correct but (R) is correct
- (3) Both (A) and (R) are correct but (R) is not correct explanation of (A)
- (4) Both (A) and (R) are correct and (R) is the correct explanation of (A)

23. According to Keynes, the Aggregate Supply Curve during depression :

- (1) Tilts upward to right
- (2) Is horizontal line
- (3) Is vertical line
- (4) Tilts downward to right

24. Product differentiation is relevant to which set of the following market forms ?
- (1) Monopoly, Monopolistic Competition and Oligopoly
 - (2) Perfect Competition, Monopoly and Bi-lateral Monopoly
 - (3) Monopolistic Competition, Oligopoly and Oligopsony
 - (4) Perfect Competition, Monopoly and Oligopoly
25. The traders reduce the risk of loss in currency fluctuations through which of the following ?
- (1) Arbitrage
 - (2) Hedging
 - (3) Speculation
 - (4) Both Speculation and Hedging
26. Who among the following developed the 'Wage goods model' of planning ?
- (1) R. Nurkse
 - (2) P.C. Mahalanobis
 - (3) C.N. Vakil and P.R. Brahmanand
 - (4) A.K. Sen
27. In the following Cobb-Douglas Production function $Q = AL^\alpha K^\beta$, if $\alpha + \beta > 1$ then the share of labour would be :
- (1) α
 - (2) $\frac{\beta}{\alpha + \beta}$
 - (3) $\frac{\alpha}{\alpha + \beta}$
 - (4) $\frac{\alpha \cdot \beta}{\alpha + \beta}$
28. The negative relationship between the gap between actual GDP and its trend value and the difference between actual unemployment rate and its equilibrium value is called :
- (1) The Phillips curve
 - (2) Okun's Law
 - (3) The Aggregate Supply Curve
 - (4) The Natural Rate of Unemployment Hypothesis
29. The premise, that benefit of economic growth will reach all sections of population is called :
- (1) Take off effect
 - (2) Backlash effect
 - (3) Trickle down effect
 - (4) Trickle up effect

30. It is often true that as the economy begins to recover from a recession, the unemployment rate rises because :
- (1) As the economy initially recovers from a recession, firms do not immediately increase the number of workers they hire. Firms wait to hire more individuals until they are convinced that the recovery is strong.
 - (2) As the economy begins to recover from a recession because of the errors in the way the data are collected.
 - (3) As the economy begins to recover from a recession, workers who were previously discouraged about their chances of finding a job begin to look for work again.
 - (4) As the economy initially recovers from a recession the demand for goods and services falls, so the demand for workers falls.
31. Select the pair of economists, who first gave the canons of the taxation and public expenditure :
- (1) A.C. Pigou and David Ricardo
 - (2) A.R. Prest and Ursula K Hicks
 - (3) Adam Smith and Findlay Shirras
 - (4) R.N. Bhargav and R.A. Musgrave
32. Which of the following satisfies time reversal test but not factor reversal test ?
- (1) Laspeyre's Index Number
 - (2) Paasche's Index Number
 - (3) Marshall-Edgeworth Index Number
 - (4) Fisher Index Number
33. Which of the following is the positional average ?
- (1) Arithmetic Mean
 - (2) Geometric Mean
 - (3) Harmonic Mean
 - (4) Median
34. In a class of 100 students, the arithmetic mean of amount of pocket money is Rs. 35/- per student. If the arithmetic mean is Rs. 25/- for girls and Rs. 50/- for boys, then the number of girls in the class will be :
- (1) 60
 - (2) 20
 - (3) 40
 - (4) 80
35. Which of the following measures of dispersion is based on all the data observations ?
- (1) 10-90 percentile range
 - (2) Standard deviation
 - (3) Inter-quartile range
 - (4) Range

36. **Assertion (A) :** Under the census method, data are collected for each and every unit of the population or universe which is the complete set of items which are of interest in any particular situation.

Reason (R) : In the sampling technique only a part of the universe or population is studied and conclusions are drawn on that basis for the entire universe (population).

Select **correct** code/answer :

- (1) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (2) Both (A) and (R) are true but (R) is not the correct explanation of (A)
- (3) (A) is true but (R) is false
- (4) (A) is false but (R) is true

37. Which of the following can be evaluated with the help of Lorenz curve ?

- (1) The Allocative and technical efficiency of markets
- (2) The degree of equity in Income distribution
- (3) The equilibrium of market prices and quantities throughout the world
- (4) The comparative advantage of trading partners and terms of trade

38. Laffer curve measures :

- (1) Total income and total expenditure
- (2) Aggregate Tax and Aggregate non-tax revenue
- (3) Total tax burden and total payment burden
- (4) Relation between tax rate and tax revenue

39. **Assertion (A) :** Financial inclusion is desirable to help weaker section of society in the country.

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

Select **correct** code :

- (1) Both (A) and (R) are correct and (R) is not the correct explanation of (A)
- (2) (A) is not correct but (R) is correct
- (3) Both (A) and (R) are correct and (R) is the correct explanation of (A)
- (4) (A) is correct but (R) is not correct

40. The cost incurred by the firm in hiring labour is called :

- (1) Explicit cost
- (2) Marginal cost
- (3) Implicit cost
- (4) Total cost

41. The value of foreign trade multiplier will be high under the condition when :

- (1) Marginal propensity to save is high
- (2) Marginal propensity to consume domestic good is high
- (3) Marginal propensity to import is high
- (4) There is increase in exports

42. Match List - I with List - II :

List - I	List - II
(A) Hamilton and F. List	(I) Trade creation and Trade diversion effect
(B) Marshall-Lerner	(II) Infant Industry Argument
(C) Haberler	(III) Elasticity Approach
(D) Jacob Viner	(IV) Opportunity cost

Select **correct** answer :

- (1) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)
- (2) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
- (3) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
- (4) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

43. **Assertion (A) :** Marshall-Lerner condition should be fulfilled if devaluation is to be successful.

Reason (R) : Devaluation makes exports costly and imports cheaper.

Select **correct** answer :

- (1) Both **(A)** and **(R)** are correct and **(R)** is the correct explanation of **(A)**
- (2) **(A)** is correct but **(R)** is incorrect
- (3) **(A)** is incorrect but **(R)** is correct
- (4) Both **(A)** and **(R)** are correct but **(R)** is not the correct explanation of **(A)**

44. Which of the following is not the objective of the World Bank ?

- (1) To assist in reconstruction and development by providing capital for productive purpose
- (2) To promote private foreign investment by means of guarantees
- (3) To maintain stable exchange rate
- (4) To participate in providing loans to supplement private investment

45. Anticipation of an increase in the rate of inflation will cause :

- (1) The short run Phillips curve to shift upward to the right
- (2) An increase in the real rate of inflation
- (3) Reduction in the normal rate of unemployment in the long run
- (4) The rate of inflation to slow down provided other things remain constant

46. Which of the following are the functions of WTO ?

- (A) To facilitate the implementation, administration and operation of trade agreement.
- (B) To carryout periodic review of the trade policies of its member country.
- (C) To assist in the establishment of a multilateral system of payments.
- (D) To promote international monetary cooperation.

Choose the **correct** answer :

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

47. Who has become the first women and first African Director General of the WTO(in the year 2021) ?
- (1) Yoo Myung-hee
 - (2) Amina Mohamed
 - (3) Ngozi Okonjo-Iweala
 - (4) Kamene Okonjo
48. Which of the following statements correctly describes the process of privatisation ?
- (1) The privatisation process involves transferring a company to a non profit organisation.
 - (2) The privatisation process involves outsourcing services to other companies.
 - (3) The privatisation process involves selling some of the public sector units to the private sector
 - (4) The privatisation process involves reduction of the tax rates.
49. Which of the following is not responsible for the collapse of the Bretton Woods System ?
- (1) The Liquidity Problem
 - (2) Maastricht Treaty
 - (3) Attempt to some European banks to convert part of their holding into gold.
 - (4) The massive flight of liquid capital from U.S.A.
50. Which among the following imposes a greater burden on the poor than on the rich ?
- (1) Lump-sum Tax
 - (2) Proportional Tax
 - (3) Regressive Tax
 - (4) Progressive Tax
51. Which among the following phrases generally denotes National Income ?
- (1) Net National Product at Factor cost.
 - (2) Gross National Product at Market prices.
 - (3) Gross National Product at Factor cost.
 - (4) Net National Product at Market prices.
52. According to Keynes, interest is a payment for :
- (1) Consumer's Preferences
 - (2) Liquidity Preference
 - (3) Use of capital
 - (4) Use of durable goods
53. The Iron Law of Wages is related to :
- (1) Collective bargaining
 - (2) The marginal productivity theory of wages
 - (3) The wage fund theory of wages
 - (4) The subsistence theory of wages

54. Which of the following is **not** included in the assumption of Clark's marginal productivity theory of distribution ?

- (1) Labour is heterogeneous
- (2) Perfect competition
- (3) Constant amount of capital
- (4) Constant population

55. Who has measured consumer's surplus with the help of indifference curve technique ?

- (1) Edgeworth
- (2) Alfred Marshall
- (3) J.R. Hicks
- (4) Pareto

56. Which one of the following is **correct** formula of elasticity of substitution ?

(1) $\frac{d\left(\frac{K}{L}\right)/\left(\frac{K}{L}\right)}{d(MRS)/(MRS)}$

(2) $\frac{d(MRS)/\frac{K}{L}}{d\left(\frac{K}{L}\right)/(MRS)}$

(3) $\frac{d\left(\frac{K}{L}\right)/d(MRS)}{d(MRS)/\left(\frac{K}{L}\right)}$

(4) $\frac{d(MRS)/d\left(\frac{K}{L}\right)}{\left(\frac{K}{L}\right)/(MRS)}$

57. **Assertion (A) :** Globalisation can be defined as the opening of nationalistic and local outlooks to a broader perspective of an interlinked and interdependence world with free transfer of goods, capital and services across the national border.

Reason (R) : Globalisation is the process of rapid disintegration of countries for which MNCs are playing important role.

Select the **correct** answer :

- (1) Both **(A)** and **(R)** are true and **(R)** is the correct explanation of **(A)**
- (2) Both **(A)** and **(R)** are true and **(R)** is not the correct explanation of **(A)**
- (3) **(A)** is true but **(R)** is false
- (4) **(A)** is false but **(R)** is true

58. Which of the following is not the reason for initiating the Economic Reforms in the country in year 1991 ?
- (1) India was facing huge fiscal deficit
 - (2) India had an adverse balance of payments position
 - (3) The rise in the prices of several essential commodities
 - (4) Sudden fall in the Sensex
59. Which of the following statements are **true** about financial sector reforms ?
- (A) Financial Sector Reforms mainly relate to the Banking sector.
 - (B) Financial Sector Reforms mainly relate to the foreign exchange markets.
 - (C) Financial Sector Reforms mainly relates to urbanisation in the country.
 - (D) Financial Sector Reforms mainly relates to Agriculture.
- Select **correct** answer :
- (1) Both (A) and (B) are correct
 - (2) Both (A) and (C) are correct
 - (3) Both (A) and (D) are correct
 - (4) Both (B) and (D) are correct
60. The payment of a dividend by an Indian company to a foreign stakeholder represents in the Balance of payments as :
- (1) A debit in the capital account
 - (2) A credit in the capital account
 - (3) A credit in the official reserve account
 - (4) A debit in the current account
61. The Stolper-Samuelson theorem postulates that the imposition of tariff by a nation causes the real income of the nation's :
- (1) Scarce factor to fall
 - (2) Scarce factor to rise
 - (3) Abundant factor to rise
 - (4) Scarce and abundant factors to rise
62. Which of the following is the first computerised Stock Exchange in India ?
- (1) National Stock Exchange (NSE)
 - (2) Bombay Stock Exchange (BSE)
 - (3) Multi Commodity Exchange (MCX)
 - (4) Over the Counter Exchange of India (OCTEI)
63. The SEBI is not responsible for :
- (1) Promoting efficient services by brokers
 - (2) Investor's investment protection
 - (3) Ensuring fair practices by companies
 - (4) Improving the earnings of Shareholders

64. Debenture indicate the :

- (1) Short term borrowings of a company
- (2) Long term borrowings of a company
- (3) The investment of equity shareholders
- (4) Director's share in the company

65. Salaries and pensions paid by governments are called :

- (1) Capital expenditure
- (2) Revenue expenditure
- (3) Plan expenditure
- (4) Development expenditure

66. Economic Reforms were introduced by China in :

- (1) 1950
- (2) 1971
- (3) 1978
- (4) 1991

67. Non-rivalry and non-excludability are the characteristics of :

- (1) Normal goods
- (2) Public goods
- (3) Demerit goods
- (4) Inferior goods

68. The imposition of an import tariff by a large nation :

- (1) Usually improves the nation's terms of trade and increases the volume of trade
- (2) Worsens the nation's terms of trade but increases the volume of trade
- (3) Worsens the nation's terms of trade and reduces the volume of trade
- (4) Usually improves the nation's terms of trade but reduces the volume of trade

69. If the interest payments are subtracted from gross fiscal deficit, the remainder will be :

- (1) Capital deficit
- (2) Budgetary deficit
- (3) Gross primary deficit
- (4) Revenue deficit

70. The Twelfth Plan covers the period between :

- (1) 1997 to 2002
- (2) 2012 to 2017
- (3) 2001 to 2006
- (4) 2006 to 2011

71. In the First Five Year Plan top priority was given to :

- (1) Industrial development
- (2) Agricultural development
- (3) Reduction in inequalities of income and wealth
- (4) Poverty eradication

72. **Assertion (A) :** Effective demand can be increased by more equitable distribution of wealth.

Reason (R) : Effective demand for investment is more complex and more unstable than effective demand for consumption.

Select the **correct** answer :

- (1) Both (A) and (R) are correct and (R) is not the correct explanation of (A)
- (2) Both (A) and (R) are correct and (R) is the correct explanation of (A)
- (3) (A) is correct but (R) is incorrect
- (4) (A) is incorrect but (R) is correct

73. Identify the **correct** chronological order of the following :

- (A) Keynes' consumption function
- (B) Life Cycle Hypothesis
- (C) Relative Income Hypothesis
- (D) Friedman's Permanent Income Hypothesis

Select **correct** answer :

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

74. A term financial liberalisation is concerned with :

- (1) Control by RBI
- (2) Decontrol and deregulation of financial system in an economy
- (3) Asset-liability efficient management of nationalised banks
- (4) Only decontrolling interest rate structure

75. If the demand for money is perfectly interest inelastic, the LM curve will be :

- (1) Vertical line
- (2) Horizontal line
- (3) Downward sloping curve
- (4) Upward sloping curve

76. Select the **correct** option having the right chronological order :

- (A) Integrated Rural Development Programme
- (B) Twenty Point Programme
- (C) Community Development Programme
- (D) National Rural Employment Guarantee Programme

Select **correct** answer :

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

77. A point of 'Kink' on the Kinked demand curve indicates :

- (A) Price rigidity
- (B) Quantity rigidity
- (C) Price flexibility
- (D) Quantity flexibility

Select **correct** answer :

- (1) (A) and (B) are correct
- (2) (B) and (C) are correct
- (3) (C) and (D) are correct
- (4) (A) and (D) are correct

78. The coefficient of correlation between demand and price of a commodity is -0.7 , then the coefficient of determination is :

- (1) 0.7
- (2) 0.14
- (3) 0.42
- (4) 0.49

79. Marshall Edgeworth Index Number can be calculated from which of the formula ?

(1) $\frac{\sum p_1(q_0 + q_1)}{\sum p_0(q_0 + q_1)} \times 100$

(2) $\sum \left[\frac{p_1(q_0 + q_1)}{p_0(q_0 + q_1)} \right] \times 100$

(3) $\frac{\sum p_0(q_0 + q_1)}{\sum p_1(q_0 + q_1)} \times 100$

(4) $\sum \left[\frac{p_1(q_0 - q_1)}{p_0(q_0 + q_1)} \right] \times 100$

80. **Assertion (A) :** The process of adjusting a series of salary or wages or income according to current price change to find out the level of real salary wages or income is called Deflating of Index Numbers.

Reason (R) : Index numbers are devices for measuring differences in the magnitude of a group of related variables.

Select the **correct** code/answer :

- (1) (A) and (R) both are correct and (R) is the correct explanation of (A)
- (2) (A) and (R) both are correct and (R) is not the correct explanation of (A)
- (3) (A) is correct but (R) is incorrect
- (4) (A) is incorrect but (R) is correct