

DO NOT OPEN THIS BOOKLET UNTIL TOLD TO DO SO

Question Booklet No.

400001

**DESCRIPTIVE & OBJECTIVE TYPE (MCQ)
SUBJECT : ECONOMICS**

Roll No.

--	--	--	--

Full Marks : 200 (100 Descriptive & 100 MCQ)

Time : 3 Hours

CANDIDATES SHOULD READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE ANSWERING THE QUESTIONS :

1. The Question Booklet has a seal pasted on it. Candidates should break open the seal only when they are asked to do so by the invigilators.
2. Immediately after breaking open the seal, candidates must check that the Question Booklet contains 100 marks for Section 'A' (Descriptive Type) and 100 marks for Section 'B' (MCQ). If any discrepancy is found, immediately report to the invigilator for changing of the Question Booklet.
3. Candidates must take care to fill up all the required particulars at the appropriate places marked on the Question Booklet as well as on the Answer Booklet. Do not write anything in the spaces provided for office use.
4. For answering Section 'A' questions candidates must answer in Answer Booklet provided.
5. For answering Section 'B' questions candidates must use OMR answer sheet.
 - (i) Each question in Section 'B' has 4 (four) alternative answers given as 1, 2, 3, 4 on the OMR answer sheet. Choose the one which you consider to be the best alternative answer and shade the appropriate bubble on the OMR answer sheet.
 - (ii) Each question carries 1 (one) mark with no negative marking.
 - (iii) Use **only blue or black ball point pen** only.
 - (iv) The OMR answer sheet will be processed by electronic means using scanner. Hence, any irrelevant/stray marking, incorrect/multiple shadings, faulty erasing of answers or any damage to the OMR answer sheet will be the sole responsibility of the candidate.
6. Page(s) for Rough Work is provided at the end of the Question Booklet.
7. Candidates must hand over the Answer Booklets and OMR answer sheets before leaving the examination hall. They may take away the Question Booklet.
8. Mobile phones and electronics devices are strictly prohibited. Any candidate found in possession of mobile phone in the examination hall will be immediately disqualified and expelled from the examination.
9. Any misconduct or indiscipline in the examination hall/resorting to any form of unfair means/failure to follow the examination rules will result in disciplinary action as deemed fit by the Commission.
10. The decision of the Commission on all matters is final.

Correct Method

① ● ③ ④

SEAL

DO NOT OPEN THIS BOOKLET UNTIL TOLD TO DO SO

1601/4

13 / 1

ECONOMICS
SECTION – A (DESCRIPTIVE)

1. Answer any 2(two) of the following questions. (2 × 20) = 40 marks
- (i) What is the IS-LM Model? Why it is considered an improvement over the Keynes theory of employment? Also discuss its application in monetary and fiscal policy?
 - (ii) What do you understand returns to scale? Explain graphically the situation of increasing, decreasing and constant returns to scale.
 - (iii) What is the role and functions of IMF? Discuss in detail with respect to the position of India.
 - (iv) Explain the Harrod-Domar Model of Economic Growth with a diagram and examples.
2. Answer any 2(two) of the following questions. (2 × 10) = 20 marks
- (i) Discuss the Kinked Demand Curve with a diagram. Why there is a kink, at a particular point. Also cite the founder of the curve.
 - (ii) Explain the Role and Functions of RBI.
 - (iii) What is Oligopoly? Discuss its types and features with examples.
3. Answer any 8(eight) of the following questions. (8 × 5) = 40 marks
- (i) Differentiate between Type I and Type II error.
 - (ii) Differentiate between FDI and FII.
 - (iii) Differentiate between GDP and GNP.
 - (iv) Explain the H-O Theory of International Trade and Leontief Paradox.
 - (v) Define the HDI? What are the parameters considered in its construction? Also cite India's current rank worldwide.
 - (vi) Define Arc Elasticity of Demand? Why is it more accurate than percentage method to calculate elasticity.
 - (vii) Differentiate between MRS and MRTS
 - (viii) Differentiate between Consumer Surplus and Producer Surplus.
 - (ix) What is liquidity trap? What are its reason? Illustrate with a diagram
 - (x) Discuss the effects of Globalization on Indian Agriculture.

SECTION – B OBJECTIVE (MCQ)

1. In the economic sense, economic growth is the increase in the
(1) per capita income of people
(2) market value of the goods and services
(3) real GDP
(4) all of the above
2. There is positive correlation between economic development and
(1) real national income
(2) NNP
(3) market value of goods and services
(4) purchasing power parity
3. Human Development Index is established on the basis of
(1) life expectancy
(2) educational standards
(3) income indices
(4) all of the above
4. HDI is maximized when there is no
(1) inequality
(2) economic meltdown
(3) political instability
(4) recession
5. What is India's rank according to HDI in 2015?
(1) 130 (2) 131
(3) 129 (4) 132
6. The government of India initiated the first five year plan in the year
(1) 1950 (2) 1951
(3) 1955 (4) 1948
7. Indian economy was at an all time low in the year?
(1) 1991 (2) 1947
(3) 2008 (4) 1980
8. The reason why planning commission was replaced by NitiAayog by the government was
(1) It was not relevant with the market-economy model where private enterprises are the primary engines of economic growth
(2) Planning commission was not effective
(3) The new government wanted to showcase its strategies for economic growth
(4) all of the above
9. Planning Commission was replaced by NitiAayaog on
(1) January 1, 2015
(2) December 1, 2014
(3) January 26, 2015
(4) April 1, 2015
10. Industrial policy of a country focuses on its sector for economic growth
(1) manufacturing (2) agricultural
(3) infrastructural (4) economic
11. Conspicuous consumption is associated with
(1) Giffen goods (2) Veblen goods
(3) Normal goods (4) Inferior goods
12. The government reoriented the industrial licensing policy in.....
(1) 1948 (2) 1955
(3) 1967 (4) 1980
13. The 1991 Industrial Policy Statement aimed at manufacturing.....
(1) sustained growth
(2) enhancing employment
(3) attaining international competitiveness
(4) all of the above

14. Industrial licensing policy in India is regulated by which act?
 - (1) FEMA 1999
 - (2) Companies Act 2013
 - (3) IDR Act 1951
 - (4) MRTP Act 1969
15. Privatization is by the government resulting in a change of ownership and management.
 - (1) disinvestment of an entity
 - (2) purchasing an entity
 - (3) selling an entity
 - (4) liquidating an entity
16. The Disinvestment Commission of India came into effect in which year?
 - (1) 1991
 - (2) 1996
 - (3) 2001
 - (4) 2012
17. Disinvestment can help the government to
 - (1) distribute wealth among public
 - (2) increase competitiveness
 - (3) raise finances
 - (4) all of the above
18. Globalization involves the cross -border transfer of.....
 - (1) Capital
 - (2) Labour
 - (3) Ideas
 - (4) All of the above
19. GATT was succeeded by which organization?
 - (1) World Trade Organization
 - (2) International Trade Organization
 - (3) World Economic Forum
 - (4) International Association for Trade and Development
20. The Bretton Woods Treaties that made national currencies depended on US Dollar was held in which year?
 - (1) 1945
 - (2) 1947
 - (3) 1944
 - (4) 1971
21. The world faced a great oil crisis in
 - (1) 1944
 - (2) 1951
 - (3) 1970
 - (4) 1973
22. The impact of globalization on the national budget can be.....
 - (1) Reduction in deficit
 - (2) Increase in taxation
 - (3) Increase in government expenditure
 - (4) Balancing payment
23. The national policy of a country to regulate its export and business in the interest of the country is known as its.....
 - (1) foreign trade policy(FTP)
 - (2) export-import policy
 - (3) exim policy
 - (4) all of the above
24. The TRIPS stands for.....
 - (1) Trade-Related Aspects of Intellectual Property Rights
 - (2) Trade-Related Aspects of Import and Principle Services
 - (3) Trade Relations in International Participative System
 - (4) None of the above
25. The agency in India responsible for implementing foreign trade policy is
 - (1) Chief controller of imports and exports (CCI & E)
 - (2) Directorate General of Foreign Trade
 - (3) Department of Foreign Trade
 - (4) NitiAayog

26. In Economics, the term "marginal" usually refers to
- (1) a small change in an economic variable
 - (2) a low-quality product or resource
 - (3) an unimportant and irrelevant economic variable
 - (4) an all or nothing economic decision
27. Macroeconomics is the study of
- (1) the behavior of large firms in the market place
 - (2) the economic behavior of individual decision makers
 - (3) the behavior of economy as a whole
 - (4) how to use the fewest natural resources to produce goods and services
28. If Good B is a complement to Good A, then a decrease in the price of B
- (1) increases the quantity demanded of A
 - (2) decreases the demand for A
 - (3) increases the demand for A
 - (4) decreases the quantity demanded of A
29. A shortage occurs whenever
- (1) quantity demanded exceeds quantity supplied at the equilibrium price
 - (2) price is less than equilibrium price
 - (3) goods are scarce
 - (4) quantity demanded is less than the quantity supplied
30. The most important characteristic of the equilibrium price is that it
- (1) guarantees that producers earn profit
 - (2) clears the market, leaving neither a surplus nor a shortage
 - (3) maximizes the quantity demanded
 - (4) minimizes the quantity demanded
31. Elasticity is always
- (1) measured in rupees
 - (2) measured in rupees per unit of quantity
 - (3) measured in units of quantity
 - (4) independent of the units of measurement
32. In order to prove that Coca Cola and 7-Up are substitutes, one should test the and get a
- (1) price elasticity of demand; number less than negative 1
 - (2) income elasticity; positive number
 - (3) cross-price elasticity; negative number
 - (4) cross-price elasticity; positive number
33. If the marginal utility of each good a consumer buys does not diminish but remains constant, we should see consumers
- (1) buying no goods at all
 - (2) spending all of their income on the good with the highest marginal utility
 - (3) buying one unit of each good
 - (4) buying only the least expensive good
34. Which of the following is not an explicit cost?
- (1) Payment for raw materials
 - (2) The value of the firm's owner own time
 - (3) Wages for the workers
 - (4) Insurance cost
35. Normal Profit is defined as
- (1) accounting profit
 - (2) economic profit
 - (3) profit necessary to ensure that opportunity costs are covered
 - (4) accounting profit minus economic profit

36. The short run is a period of time
 (1) less than one year
 (2) greater than one year
 (3) during which all resources are variable
 (4) during which at least one resource is fixed
37. What is true of MC when marginal returns are increasing?
 (1) It is negative and increasing
 (2) It is negative and decreasing
 (3) It is positive and increasing
 (4) It is positive and decreasing
38. If the isoquant is given by $X+Y=10$ then the MRTS between X and Y is:
 (1) +1
 (2) Zero
 (3) Infinity
 (4) Negative and then positive
39. Which of the following is not a characteristic of perfect competition?
 (1) many buyers and sellers
 (2) brand name advertising
 (3) standardized products
 (4) fully informed buyers and sellers
40. Which of the following does not characterize a perfectly competitive firm that has shut down in the short run?
 (1) total revenue equals zero
 (2) variable costs equal zero
 (3) the firm suffers a loss
 (4) fixed cost is zero
41. A monopolist has no supply curve because
 (1) as demand changes, each output level can be more consistent with more than one profit-maximizing price
 (2) monopolist tends to restrict output
 (3) monopolist have no marginal cost curve
 (4) monopolist can charge any price they want
42. A rise in demand for restaurant meals is likely to cause which of the following in the short run?
 (1) economic losses for each restaurant
 (2) a lower price for each restaurant meal
 (3) fewer restaurants in the industry
 (4) economic profit for restaurants
43. The kinked demand curve model of oligopoly assumes that the elasticity of demand
 (1) is constant regardless of whether price increases or decreases
 (2) is perfectly elastic if price increases and perfectly inelastic if price decreases
 (3) in response to a price increase is less elastic than the elasticity of demand in response to a price decrease
 (4) in response to a price increase is more elastic than the elasticity of demand in response to a price decrease
44. In order to convert nominal GDP to real GDP, we must divide
 (1) real GDP by the price index
 (2) nominal GDP by the price index
 (3) the price index by nominal GDP
 (4) nominal GDP by real GDP
45. GDP is not a perfect measure of welfare because it
 (1) treats the money spent on guns the same as money spent on education
 (2) treats the money spent on exports the same as money spent on imports
 (3) double counts the value of leisure time
 (4) double counts depreciation
46. The economy will expand if
 (1) leakages exceed injections
 (2) injections exceed leakages
 (3) leakages equal injections
 (4) saving exceeds investment

47. That fraction of a change in disposable income that is consumed is called
 (1) autonomous consumption
 (2) induced consumption
 (3) the multiplier
 (4) the marginal propensity to consume
48. Keynes thought that one macroeconomic problem is that the economy
 (1) can tend toward an equilibrium level of output that is below the potential level
 (2) tends toward a potential level of output that is below the equilibrium level
 (3) makes the potential and equilibrium levels of output equal
 (4) can be pushed below the equilibrium level of output by fiscal policy
49. The opportunity cost of holding money is measured by the
 (1) interest rate
 (2) liquidity lost by holding money
 (3) money supply curve
 (4) inflation rate
50. A decrease in the interest rate will
 (1) shift the money demand curve to the right
 (2) shift the money demand curve to the left
 (3) increase the quantity of money people want to hold
 (4) decrease the quantity of money people want to hold
51. Velocity measures
 (1) the average length of time that people hold wealth
 (2) how fast aggregate spending will increase for a given decline in money demand
 (3) how fast inflation will rise for a given increase in the money supply
 (4) how quickly money changes hands
52. According to the Slutsky equation / theorem the change in the demand for a good, caused by a price change, is the result of two effects:
 (1) Substitution effect and Income effect
 (2) Income effect and Price effect
 (3) Substitution effect and Price effect
 (4) Demonstration effect and Price effect
53. In the basic form of Cobb-Douglas production function, $Q(L, K) = AL^\beta K^\alpha$, what is the value of α and β ?
 (1) It lies between 0 and 1
 (2) It is always more than 1
 (3) It cannot be negative
 (4) both (2) and (3)
54. According to Prof. R.G.Hawtrey when credit movements are accelerated the period of cycle is.....
 (1) shortened
 (2) expanded
 (3) remains the same
 (4) none of the above
55. The monthly compilation of the Index of Industrial Production is an activity carried out by the
 (1) Ministry of Commerce and Industry
 (2) Department of Economic Affairs, Ministry of Finance
 (3) NSSO, Ministry of Statistics and Programme Implementation
 (4) Central Statistical Office, Ministry of Statistics and Programme Implementation

56. What is the Rio +20 conference often mentioned in the news?
- (1) It is the United Nations Conference on Sustainable Development
 - (2) It is the Ministerial Meeting of the WTO
 - (3) It is a Conference of the Inter-governmental Panel on Climate Change
 - (4) It is a Conference of the Member countries of the convention on Biological Diversity
57. Which among the following best describes the 'Accommodative Monetary Policy'?
- (1) When the Central Bank takes into consideration growth, as well as, inflation trends while deciding whether to expand or contract money supply in an economy.
 - (2) When the Central Bank attempts to expand the overall money supply to boost the economy, when growth is showing (as measured by GDP)
 - (3) When the Central Bank pays heed to the demands of the Finance Ministry of the Government
 - (4) When the Central Bank and the Finance ministry of the Government, together decides on repurchase agreement rates.
58. Which of the following is not a member of G 20?
- (1) South Korea (2) Indonesia
 - (3) Malaysia (4) Mexico
59. The first Backward Class Commission was the
- (1) Kaka Kalekar Commission
 - (2) Morarji Desai Commission
 - (3) Shastri Commission
 - (4) Jagjivan Ram Commission
60. Consider the following statements:
- A. Tea Board of India comes under the Ministry of Commerce and Industry
 - B. The Tea Board is functioning as a Statutory Body
 - C. Head Office of the Tea Board is located in Chennai, Tamil Nadu, Which of the statements given is /are correct?
- (1) A and B
 - (2) B only
 - (3) C only
 - (4) A, B and C
61. The "Global Innovation Index" is co-published by?
- A. The World Bank
 - B. INSEAD (European Institute of Business Administration)
 - C. World Intellectual Property Organization (WIPO)
 - D. The Organisation for Economic Cooperation and Development, Select the correct answer using the codes given below:
- (1) A, C and D (2) B, C and D
 - (3) A and B (4) C and D
62. The Central Ground Water Authority was constituted under the
- (1) Water (Prevention and Control of Pollution) Act, 1974
 - (2) Environment (Protection) Act, 1986
 - (3) Central Pollution Control Board Act, 2012
 - (4) Protection of Plant Varieties and Farmer's Rights Act, 2001
63. The Global Hunger Index is calculated and released by the
- (1) World Bank
 - (2) International Food Policy Research Institute
 - (3) Food and Agriculture Organisation
 - (4) United Nations Children's Fund

64. The Principle of Maximum Social Advantage is associated with
 (1) Public Debt (2) Interest Rate
 (3) Expenditure (4) Taxation
65. Deficit Financing includes
 (1) Borrowing from Central Bank
 (2) Issue of New currency by the government
 (3) Withdrawal of past accumulated cash balances by the government
 (4) All of the above
66. The most important objective of Fiscal Policy in a developing country is
 (1) Economic Stability
 (2) Economic Development
 (3) Regional Balance
 (4) Reducing Inflation
67. Who was the first to recommend the adoption of an expenditure tax for India?
 (1) K.N. Raj
 (2) Paul Krugman
 (3) Raja J. Chelliah
 (4) N.Kaldor
68. India became the member of GATT in:
 (1) 1952 (2) 1950
 (3) 1947 (4) 1949
69. The five year plan of India which envisaged exchange rate reforms was:
 (1) Sixth (2) Seventh
 (3) Eighth (4) Ninth
70. The World Trade Organization was framed in:
 (1) 1993 (2) 1995
 (3) 1997 (4) 1998
71. Under the Uruguay Round India has bound% of all its tariff lines
 (1) 57 (2) 67
 (3) 69 (4) 72
72. Countervailing duties that countries impose to protect their domestic industry are imposed on
 (1) Domestic Goods
 (2) All Imported Goods
 (3) All Exported Goods
 (4) Subsidized products imported into the country
73. Which equation describes the correct relationship between Mean(\bar{X}), Median (M) and Mode(Z)?
 (1) $\bar{X} = (3M - Z)/2$
 (2) $\bar{X} = (Z - 3M)/2$
 (3) $\bar{X} = (3M + Z)/2$
 (4) $\bar{X} = (Z + 3M)/2$
74. Zero Correlation means
 (1) Absence of a pattern
 (2) Maximum Correlation
 (3) Minimum Correlation
 (4) Both (1) and (3)
75. Consistency can be checked through which statistical measure
 (1) Coefficient of Variation
 (2) Standard Error
 (3) Spearman's Rank Correlation
 (4) Degree of Freedom
76. The difference between the actual value and the forecasted value of the time series is called?
 (1) Residual
 (2) Sum of variation
 (3) Sum of squares of residual
 (4) Square root of the residual

77. In semi-averages method of time series when the number of years in series is odd then
 (1) we drop the mid-year number
 (2) we divide the series into two equal parts after skipping the last number
 (3) we drop the first number
 (4) none of the above
78. Trend line is also called the line of Best Fit, Why?
 (1) Minimizes the error term
 (2) It passes through the origin
 (3) It predicts the future values
 (4) Maximizes the error term
79. Laspeyre's formula is used to calculate
 (1) CPI (2) WPI
 (3) IIP (4) Real GDP
80. Why the Base Year is always taken as 100?
 (1) It is used as a reference point
 (2) It helps in making comparison
 (3) It gives a frame of reference
 (4) All of the above
81. The value of SLR as on June 2, 2016 is
 (1) 21.50% (2) 22.00%
 (3) 21.75% (4) 21.25%
82. The Bank Rate as on June 2, 2016 is
 (1) 7.75% (2) 7.50%
 (3) 7.25% (4) 7.00%
83. According to NitiAayog the five year plan will be replaced byyear Vision Document beginning from 2017-18 financial year
 (1) 10 (2) 15
 (3) 5 (4) 7
84. India's public debt rose to Rs 55.26 lakh crore at the end of December 2015, representing a quarter-on-quarter increase of per cent.
 (1) 3 (2) 2
 (3) 1.5 (4) 2.5
85. Main contribution to the Modern Theory of Interest is of
 (1) J.R.Hicks
 (2) Gunnar Myrdal
 (3) Ragnar Nurkse
 (4) John Maynard Keynes
86. The largest source of revenue for the government of India is
 (1) Excise
 (2) Sales Tax
 (3) Income Tax
 (4) Corporation Tax
87. The largest employment is provided by which industry in India?
 (1) Textiles
 (2) Telecom
 (3) Iron and Steel
 (4) Chemicals
88. Balance of Payments is looked after by
 (1) IMF (2) World Bank
 (3) IFC (4) ADB
89. Which of the following taxes is levied and collected by the union, but assigned to the states?
 (1) Excise
 (2) Sales Tax
 (3) Octroi
 (4) Consignment Tax

90. In India which crop is sown on the largest area?
 (1) Rice (2) Jowar
 (3) Wheat (4) Sugarcane
91. According to the IS-LM framework, an expansionary monetary policy will
 (1) increase both income and the interest rate
 (2) increase saving and decrease consumption
 (3) increase both consumption and investment
 (4) increase the size of the budget deficit
92. Nixon Shock finally lead to the replacement of ?
 (1) Bretton Woods System
 (2) Freely Floating Exchange Rate
 (3) Devaluation of Dollar
 (4) All of the above
93. Which G7 summit concluded in May 2016 in Japan?
 (1) 42nd (2) 41st
 (3) 43rd (4) 40th
94. Which of the terms are associated with Land Reforms? 1.Ryotwari 2.Mahalwari 3.Zamindari 4.Jagirdari
 (1) Only Zamindari
 (2) Both Zamindari and Jagirdari
 (3) All three: Zamindari, Jagirdari, Mahalwari
 (4) All four: Ryotwari, Mahalwari, Zamindari and Jagirdari
95. "corporate borrowers at concessional rates" is the primary domain of
 (1) IDBI (2) IFCI
 (3) NABARD (4) SIDBI
96. If the marginal propensity to consume increases, we should expect that
 (1) the expenditure multiplier will become larger
 (2) the IS-curve will become flatter
 (3) the LM-curve will remain unaffected
 (4) All of the above
97. India rankedin the World in exports of agricultural products in 2013
 (1) sixth (2) fifth
 (3) third (4) fourth
98. According to the world data from IMF the PPP rank of India in 2016 is
 (1) third (2) fourth
 (3) fifth (4) sixth
99. The highest FDI in India has been received so from which country?
 (1) USA (2) Singapore
 (3) Cyprus (4) Mauritius
100. The bullet train MOU involving 98,000 crore in Maharashtra is signed between India and
 (1) Japan
 (2) Germany
 (3) South Korea
 (4) Switzerland