

1. When the Engel curve is negatively sloped, the commodity is a/an:

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|------------------|----------------|
| A) Normal good | B) Luxury good |
| C) Inferior good | D) Necessity |

2. Identify the correct statement related to the new approach to consumer theory:
 - a. The new approach to consumer theory was pioneered by Lancaster
 - b. A consumer demands a good because of the characteristics of the good
 - c. The new approach is superior to traditional consumer theory because substitute goods are explained in terms of possessing some common characteristic

A) a and b only B) a and c only C) b and c only D) a, b and c

3. Identify the correct statements related to Arrow's Impossibility Theorem:
 - a. It is a social-choice paradox illustrating the flaws of ranked voting systems
 - b. It is widely used for analyzing problems in welfare economics
 - c. It is also known as the general impossibility theorem

A) a and b only B) a and c only
 C) b and c only D) a, b and c

4. Cobb-Douglas production function satisfies ----- theorem.

| | | | |
|------------|-----------|----------|------------|
| A) Euler's | B) Hawk's | C) Coase | D) Arrow's |
|------------|-----------|----------|------------|

5. The slope of an isoquant is called:

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|----------------|-------------------------------|
| A) MRS | B) MRTS |
| C) Price ratio | D) Elasticity of substitution |

6. Match the following

| List I | List II |
|-------------------------|---|
| a. Veblen effect | 1. The desire to possess a unique commodity having a prestige value |
| b. Bandwagon effect | 2. Abnormal market behavior where consumers purchase the higher-priced goods whereas similar low-priced substitutes are available. |
| c. Snob effect | 3. The behavior of individuals caused by observation of the actions of others and their consequences |
| d. Demonstration effect | 4. The desire or demand for a good by a person who wants to be in style because possession of a good is in fashion and therefore many others have it. |

A) a – 3, b – 4, c- 1, d- 2 B) a – 4, b – 1, c- 2, d- 3
 C) a – 2, b – 4, c- 1, d- 3 D) a – 2, b – 3, c- 4, d- 1

24. Lump-sum tax multiplier is represented by:
 A) k/h B) $1/K_e b$ C) $1/1-c$ D) $-c/1-c$
25. According to Keynes, the quantity theory of money is a truism because the theory states that:
 A) The supply of money is assumed as an exogenously determined constant
 B) Total quantity of money paid for goods and services must equal their value
 C) Velocity of circulation of legal tender money is constant
 D) Price is a passive factor in the equation of exchange
26. Choose the incorrect statement related to the shape of LM curve:
 A) It is flatter if the interest elasticity of the demand for money is high
 B) It is steep if the interest elasticity of the demand for money is high
 C) It shifts to the right when the stock of money supply is increased
 D) It shifts to the left if there is an increase in money demand function which raises the quantity of money demanded at the given interest rate and income level
27. According to the Permanent Income Hypothesis:
 A) Consumption expenditure is proportional to permanent income
 B) Observed values of aggregate income has two components such as permanent income and transitory income
 C) In the long run observed level of income is equal to permanent income
 D) All the above
28. The algebraic sum of the deviations of 12 observations measured from 14 is 24. Thus the mean is::
 A) 14 B) 16 C) 12 D) 22
29. Probability that X solves the problem is 0.4, probability that Y solves is 0.7. What is the probability that the problem is solved by at least one of them?
 A) 0.28 B) 0.90 C) 0.72 D) 0.55
30. Which of the following measures is least affected by extreme items:
 A) Range B) Standard deviation
 C) Mean deviation D) Quantile deviation
31. The measure of Kurtosis for a normal distribution is:
 A) 3 B) 1 C) 0 D) ∞
32. The Durbin Watson test is used to detect:
 A) Heteroscedasticity B) Autocorrelation
 C) Simultaneous Equation bias D) Multicollinearity
33. Mean, median and mode are equal in:
 A) Symmetrical distribution B) Positively skewed distribution
 C) Poisson distribution D) Negatively skewed distribution

41. Match the horizontal devolution criteria and weights of the Fifteenth Finance Commission:
- | | |
|----------------------------|----------|
| a. Population | 1. 2.5 % |
| b. Forest and ecology | 2. 12.5% |
| c. Tax and fiscal efforts | 3. 15 % |
| d. Demographic performance | 4. 10 % |
- A) a – 3, b -4, c- 1, d- 2 B) a – 4, b -3, c- 2, d- 1
 C) a – 2, b -3, c- 1, d- 4 D) a – 3, b -4, c- 2, d- 1
42. The fiscal deficit and revenue deficits in Kerala are -----and -----respectively as per 2020-21 BE:
- | | |
|----------------------|--------------------|
| A) 2.99 % and 1.55 % | B) 3.0% and 2.01% |
| C) 2.5 % and 0.97% | D) 1.55% and 2.23% |
43. Arrange the following in the ascending order of their contribution to States Own Tax Revenue of Kerala during 2019-20:
- | | |
|---------------------------------|------------------------|
| 1. Land revenue | 2. Motor vehicle tax |
| 3. Stamps and registration fees | 4. State excise duties |
- A) 1, 2, 4, 3 B) 4, 3, 2, 1 C) 1, 4, 3, 2 D) 4, 2, 1, 3
44. Match the rates announced by RBI on 7th April 2021:
- | | |
|----------------------|-----------|
| List I | List II |
| a. CRR | 1. 4.25 % |
| b. Bank Rate | 2. 3.25% |
| c. Repo Rate | 3. 3.0% |
| d. Reverse Repo Rate | 4. 4.0% |
- A) a – 3, b – 1, c –4, d – 2 B) a – 4, b – 3, c–2, d – 1
 C) a – 3, b – 4, c –1, d – 2 D) a – 2, b – 1, c –4, d – 3
45. The following are facts about the Fifteenth Finance Commission except:
- The report is entitled, 'Finance Commission in Covid Times'
 - Chairman of the Fifteenth Finance Commission is Dr. Y V Reddy
 - The Fifteenth Finance Commission submitted its Report for the period 2021-22 to 2025-26
- A) a only B) b only C) a and b only D) b and c only
46. Adam Smith's theory of economic development concludes all the following facts except:
- Progressive state is endless
 - Progressive state ultimately leads to a stationary state
 - Stationary state is dull and happens in a free market economy
 - It is the scarcity of natural resources that finally stops growth

47. Solow model shows that ----- can bring equality between warranted growth rate and natural growth rate:
- Increasing saving ratio
 - Flexible prices and wages
 - Substitutability between capital and labour
 - Increasing availability of capital stock
48. The rupee-denominated bonds issued by Indian entities in the overseas market to raise funds are known as:
- Sovereign gold bonds
 - Masala bonds
 - Options
 - Preference shares
49. Identify the correctly matched stage of demographic transition given by C P Blacker:
- Stage I – Early expanding stage
 - Stage II – Late expanding stage
 - Stage III – High stationary stage
 - Stage IV – Low stationary stage
 - Stage V – Declining stage
- a and e only
 - a, c and e only
 - d and e only
 - c, d and e only
50. Which among the following indicators are common for measuring PQLI and HDI?
- Standard of living and infant mortality rate
 - Per capita income and life expectancy
 - Infant mortality rate and maternal mortality rate
 - Life expectancy and literacy rate
51. Who termed the difference between the marginal productivity of labour and the capitalist wage as capitalist surplus?
- Karl Marx
 - Arthur Lewis
 - W. W. Rostow
 - Adam Smith
52. Rostow's take off stage is followed by:
- Traditional society
 - Drive to maturity
 - Pre-condition to take off
 - Stage of high mass consumption
53. ----- is a revealed preference method of economic valuation used in cost-benefit analysis to calculate the value of something that cannot be obtained through market prices:
- Hedonic pricing method
 - Property value method
 - Preventive expenditure method
 - Clawson method
54. Consider the statements related to Solid Waste Management (SWM) Rules, 2016:
- Statement I: It replaced the Municipal Solid Waste (Management and Handling) Rules, 2000
- Statement II: It included the informal sector into the waste management process for the first time
- I only is correct
 - I and II are correct
 - II only is correct
 - I and II are incorrect

63. ----- postulates that trade will lead to the elimination of or reduction in the pre-trade difference in relative and absolute factor prices between nations:
- A) The factor price equalization theorem
 - B) The theory of absolute advantage
 - C) The theory of comparative advantage
 - D) All the above
64. Devaluation:
- A) Raises the domestic price of imports and reduces the foreign price of exports of a country devaluating its currency in relation to the currency of another country
 - B) Raises the domestic price of exports and reduces the foreign price of imports of a country devaluating its currency in relation to the currency of another country
 - C) Raises the domestic price of imports and raises the foreign price of exports of a country devaluating its currency in relation to the currency of another country
 - D) Reduces the domestic price of imports and reduces the foreign price of exports of a country devaluating its currency in relation to the currency of another country
65. Haberler's opportunity cost theory overcomes the limitations of Ricardo's theory and explains the doctrine of comparative cost in terms of:
- A) Substitution curve
 - B) Transformation curve
 - C) Production frontier
 - D) All the above
66. Choose the correct statements related to Asian Development Bank (ADB):
 Statement I: ADB was set up in 1966 with its headquarters at Manila
 Statement II: Membership of ADB is open only to members of the ECAFE
 Statement III: ADB provides 3 types of loans such as project loans, sector loans and programme loans
- A) I and II only
 - B) I and III only
 - C) II and III only
 - D) I, II and III
67. Adolf Wagner divided public expenditure into two categories such as:
- A) Expenditure for internal security and welfare
 - B) Expenditure for internal and external security and expenditure for production of the government services
 - C) Expenditure for internal and external security and expenditure for culture and welfare
 - D) Expenditure for maintaining law and order and expenditure for military operations
68. Choose the features of public goods from the following:
- a. Indivisible b. Divisible c. Non-rival d. Exclusion principle
- A) a and c only
 - B) b and c only
 - C) a, c and d only
 - D) b, c and d only
69. If the spot rate is higher than the forward rate, it is called:
- A) Depreciation
 - B) BoP surplus
 - C) Forward premium
 - D) Forward discount

70. Trade results from differences in factor endowments in different countries according to:
 A) David Ricardo B) Adam Smith
 C) G Haberler D) Hecksher- Ohlin
71. The purchasing power parity theory of exchange rate was developed by:
 A) Kindleberger B) Haberler
 C) Gustav Cassel D) David Ricardo
72. Match the following:
 List I List II
 a. Wild Life (Protection) Act 1. 1991
 b. Forest (Conservation) Act 2. 1980
 c. Public Liability Insurance Act 3. 2002
 d. Biological Diversity Act 4. 1972
- A) a - 4, b - 2, c - 1, d - 3 B) a - 4, b - 3, c - 2, d - 1
 C) a - 3, b - 4, c - 1, d - 2 D) a - 2, b - 3, c - 4, d - 1
73. By imposing a lump sum tax, the government can:
 A) Reduce or eliminate the monopolist's profits by raising the commodity price
 B) Reduce or eliminate the monopolist's profits by lowering the quantity of the output
 C) Reduce or eliminate the monopolist's profits by lowering both commodity price and output
 D) Reduce or eliminate the monopolist's profits without affecting either the commodity price or output
74. Two goods for which the MRS is infinite; the indifference curves are shaped as right angles
 A) Perfect substitutes B)) Prefect complements
 C) Both A and Bb D) None of these
75. Match the following:
 List I List II
 a. Substitution Effect 1. Quantity demanded may move in the same direction as price change
 b. Income Effect 2. Increase in the price of one good leads to a decrease in the quantity demanded of the other
 c. Giffen Good 3. Price remains constant while satisfaction changes
 d. Complements 4. Satisfaction remains constant while price changes
- A) a-4, b-3, c- 1, d-2 B) a-4, b-3, c- 2, d-1
 C) a-4, b-2, c- 1, d-3 D) a-3, b-2, c-4, d-1
76. Find the Marginal Revenue function for the demand function $Q = 18 - 2P$ and evaluate them at $Q = 2$ and $Q = 5$
 A) $Q = 2, MR = 11; Q = 5, MR = 9$
 B) $Q = 2, MR = 7; Q = 5, MR = 2$
 C) $Q = 2, MR = 7; Q = 5, MR = 4$
 D) $Q = 2, MR = 9; Q = 5, MR = 7$

77. Match the following:
- | | |
|------------------|---|
| List I | List II |
| a. Normal Good | 1. Two goods for which an increase in the price of one leads to an increase in the demand for the other |
| b. Inferior Good | 2. Two goods for which an increase in the price of one leads to a decrease in the demand for the other |
| c. Substitutes | 3. A good for which, other things equal, an increase in income leads to decrease in demand |
| d. Complements | 4. A good for which, other things equal, an increase in income leads to increase in demand |
- A) a-4, b-3, c-1, d-2 B) a-3, b-4, c-1, d-2
C) a-4, b-3, c-2, d-1 D) a-3, b-1, c-4, d-2
78. Given the production function $Y = \sqrt{KN}$ What will be the production if $K=20$ and $N=45$ and another production function where $K=40$ and $N=90$, on comparing the results above, the relation of production in two cases exhibits
- A) Increasing Returns to scale B) Decreasing Returns to scale
C) Constant Returns to scale D) Data inadequate
79. Which of the following statements about monopolistic competition is correct?
- a. In a monopolistic market, firms have some monopoly power
b. They have some flexibility to set their own prices
c. The price is set with a mark-up on marginal cost
d. Firms are demand constrained
- A) a and b only B) b and c only C) a, b and c only D) a, b, c and d
80. ----- arises when products of different qualities are sold at a single price because buyers and sellers are not sufficiently informed to determine the true quality at the time of purchase
- A) Asymmetric information B) Adverse selection
C) Moral hazard D) None of these
81. Good whose demand curve slopes upward because the positive income effect is larger than negative substitution effect
- A) Inferior good B) Giffen good
C) Normal good D) None of these
82. Real interest is (approximately) equal to the nominal interest minus inflation
- A) Keynes Equation B) Fisher Equation
C) Both A and B D) Robin's Equation

83. Which of the following statements are correct?
- Theories of money demand that emphasize the role of money as a store of value are called portfolio theories
 - Portfolio theories predict that the demand for money should depend on the risk and return offered by money and by the various assets households can hold instead of money
- A) a only B) b only C) Both a and b D) Neither a nor b
84. Quantity theory of money explains
- An increase in the real money supply causes a proportional increase in the price level, ceteris paribus
 - An increase in the nominal money supply causes a proportional increase in the price level, ceteris paribus
 - Both A and B
 - Neither A nor B
85. Suppose in an economy, there is an increase in investment by 250 crores, which led to increase in national income by 500crores. Calculate MPC
- A) 0.75 B) 0.5 C) 0.25 D) 0.15
86. The underlying idea behind Ricardian equivalence is that:
- There is no difference between taxes and the accumulation of debt
 - Debt is thought to be the same as future taxes
- A) a is correct B) b is correct
 C) Both a and b are correct D) Both a and b are incorrect
87. Rejecting true null hypothesis is:
- Type I error
 - Type II error
 - Sampling Error
 - Non-sampling error
88. Linear relationship among the independent variables in a regression model is termed as:
- Multicollinearity
 - Homoscedasticity
 - Autocorrelation
 - Heteroscedasticity
89. Gauss Markov theorem states that:
- The ordinary least square estimators are unbiased
 - The ordinary least square estimators are linear
 - The ordinary least square have minimum variance
 - All the above
90. Find the second central moment of the set 4, 6, 14, 12, 3, 1, 2
- A) 17 B) 22 C) 21 D) 13

91. Which of the following is true?
 A) The coefficient of determination is negative if the coefficient of the correlation is negative
 B) The coefficient of determination is negative if the coefficient of the correlation is positive
 C) The coefficient of determination is positive always
 D) The coefficient of determination is the square root of the coefficient of correlation
92. If two variables have the linear relationship $X + Y = 150$, the correlation will be:
 A) + 1 B) - 1 C) 0.75 D) 0.25
93. For a binomial distribution mean is 3 and variance 2. Then the parameter n will be:
 A) 6 B) 18 C) 9 D) 8
94. Which of the following is a unit free number?
 A) Variance B) Mean deviation
 C) Standard deviation D) Coefficient of variation
95. A square matrix whose square equals that matrix is called -----.
 A) Nilpotent matrix B) Idempotent matrix
 C) Involuntary matrix D) Scalar matrix
96. The average revenue and price elasticity accounted for a firm for its output is given by Rs 30 and 2 units respectively. Find the marginal revenue.
 A) 5 B) 10 C) 15 D) 20
97. There is no reasonable relationship between the variables, but the regression results exhibits a significant relation. This is the case of----.
 A) Non linear regression B) Spurious regression
 C) Linear regression D) Curvelinear regression
98. The demand function is $y = 85 - 4X - X^2$, y is price, x is quantity demanded. Find the consumers surplus for $y = 64$
 A) Rs 36 B) Rs 34 C) Rs 38 D) Rs 32
99. Public Sector Asset Rehabilitation Agency (PARA) has been set up to
 a. Solve the NPA problem of PSBs
 b. It is expected to be a Special Purpose Vehicle (SPV) that will raise money
 c. It can issue government bonds to buy big bad loans of PSUs
 A) a and b only are correct B) b and c only are correct
 C) a, b and c are correct D) a and c only are correct
100. SARFAESI Act has been enacted in the year:
 A) 2001 B) 2000 C) 2002 D) 2005

101. Match the following
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|---------------------|---|
| List I | List II |
| a. NORKA | 1. Providing financial assistance to NRKs (returnees) |
| b. Santhwana | 2. Scheme to address those NRKs jailed abroad |
| c. Swapna Saphalyam | 3. Department Project for return Emigrants |
- A) a-3, b-1, c-2 B) a-2, b-3, c-1 C) a-1, b-2, c-3 D) a-3, b-2, c-1
102. From the data given below calculate I- Revenue Deficit II- Fiscal Deficit and III- Primary Deficit
- | | |
|--------------------------------------|--------------|
| Items | \$ (dollars) |
| Revenue Receipts | 400 |
| Revenue Expenditure | 500 |
| Capital receipts | 360 |
| Capital expenditure | 250 |
| Recovery of loans and other receipts | 100 |
| Borrowings | 300 |
| Interest Payments | 200 |
- A) I = \$100, II = \$250 and III = \$50
 B) I = \$100, II = \$550 and III = \$350
 C) I = \$200, II = \$250 and III = \$50
 D) I = \$100, II = \$250 and III = \$150
103. If a borrower does not pay dues for 90 days, the loan becomes an NPA and it is termed as -----.
- A) Special Mention Account B) ReStressed assetsverse Repo rate
 C) Strategic Debt D) Strategic Assets
104. Which of the following statements are correct?
- a. MGNREGA scheme is applicable only in rural areas
 b. 'Haritha Keralam Mission' converges MGNREGA scheme activities in the state
- A) a only B) b only
 C) Both a and b D) Neither a nor b
105. Pradhan Mantri Mudra Yojana is a scheme to extend
- a. collateral free loans for enterprises in agricultural and non agricultural sector
 b. to expand micro business activities and generate self employment
 c. it acts as a refinance scheme to support micro enterprise sector
- A) a and b only are correct B) b and c only are correct
 C) a, b and c are correct D) a and c only are correct

106. Match the following:
- | | |
|---|--|
| <p>List I</p> <p>a. Vaghul Committee</p> <p>b. Urjit Patel Committee</p> <p>c. Kelkar Committee</p> <p>d. Basel Committee</p> <p>A) a- 3, b-4,c-2, d- 1</p> <p>C) a- 4, b-3, c-1, d-2</p> | <p>List II</p> <p>1. For Banking Supervision</p> <p>2. For tax structure reforms</p> <p>3. To examine the current monetary policy framework</p> <p>4. For money market in India</p> <p>B) a- 4, b-3, c-2, d- 1</p> <p>D) a-1, b-3, c-2, d- 4</p> |
|---|--|
107. Match the following:
- | | |
|--|---|
| <p>List I</p> <p>a. K N Raj Committee</p> <p>b. L K Jha Committee</p> <p>c. Wanchoo Committee</p> <p>d. Chelliah Committee</p> <p>A) a-3, b-4, c-2, d-1</p> <p>C) a-3, b-4, c-1, d-2</p> | <p>List II</p> <p>1. Direct Taxation Enquiry Committee</p> <p>2. Taxation of Agricultural wealth and income</p> <p>3. Wealth Tax</p> <p>4. Indirect Taxation Enquiry Committee</p> <p>B) a-4, b-3, c-2, d-1</p> <p>D) a-2, b- 4, c-1, d-3</p> |
|--|---|
108. In the solow model, the level of capital that maximizes steady state consumption is called:
- | | |
|--|---|
| <p>A) Golden Rule level</p> <p>C) Optional Capital stock</p> | <p>B) Steady state growth</p> <p>D) None of these</p> |
|--|---|
109. Match the following
- | | |
|--|---|
| <p>List I</p> <p>a. Financial Dualism</p> <p>b. Technological Dualism</p> <p>c. Social Dualism</p> <p>A) a- 3, b- 1, c-2</p> <p>C) a- 2, b- 3, c-1</p> | <p>List II</p> <p>1. B.Higgins</p> <p>2. Boeke</p> <p>3. Myint</p> <p>B) a- 2, b- 1, c-3</p> <p>D) a-1, b- 2, c-3</p> |
|--|---|
110. Labour force constitute
- A) Employed workers only
- B) Unemployed workers only
- C) Employed and unemployed workers taken together
- D) Employed, unemployed and discouraged workers
111. Which of the following statements about Asian Development Bank is/ are correct?
- a. Its vision –inclusive growth, environmentally sustainable growth and regional integration among member countries
- b. Reduce poverty and improve the quality of life of their people in member countries
- c. The ADB was modeled on the World Bank and has a similar weighted voting system
- A) a and b only B) b and c only C) a and c only D) a, b and c

120. IMF decides on the quota of each country on the basis of:
- a. member country's GDP
 - b. its economic openness
 - c. its 'economic variability'
 - d. international reserves
- A) a and b only B) b and donly
- C) b and c only D) All of these
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