

1. As economies develop, services become relatively more expensive and manufacturing goods become relatively less expensive. This is known as:
 

A) Baumol Effect	B) Pigou Effect
C) Keynes Effect	D) Tobin Effect
2. A model of price competition between firms which inevitably leads to a downward spiral in prices until marginal cost:
 

A) Stackelberg Model	B) Limit Pricing
C) Bertrand Competition	D) Cournot Model
3. Match List I with List II on views of business cycle and select the correct answer using the codes given below:

**List I**

- a. Monetary Phenomenon
- b. Unanticipated Fluctuation
- c. Creative Destruction
- d. Technology and Taste Changes

**List II**

1. New Classical Economics
2. Schumpeter
3. Milton Friedman
4. RBC

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

4. If the total cost function of a company is  $TC=2Q^2-5Q+8$ , the marginal cost function is :
 

A) $2Q - 3$	B) $3Q - 3$	C) $4Q - 5$	D) $5Q - 1$
-------------	-------------	-------------	-------------
5. *"It is not from the benevolence of the butcher that we expect our dinner, but from (his) regard to (his) own interest"*. This is stated by :
 

A) David Ricardo	B) J.S.Mill
C) Adam Smith	D) A.C.Pigou
6. Complementary goods have :
  - A) Positive Cross Elasticity of demand
  - B) Negative Cross Elasticity of demand
  - C) Relatively Positive Cross Elasticity of demand
  - D) None of the above
7. Increase in government spending may not necessarily lead to :
  - A) Displacement in private spending
  - B) Increase in domestic interest rate
  - C) Reduction in domestic interest rate
  - D) Rise in domestic aggregate demand

8. Match List I with List II and select the correct answer using the codes given below:

	<b>List I</b>			<b>List II</b>
	a.	Reduction in rate of inflation		1. Deflation
	b.	A general fall in prices		2. Disinflation
	c.	Price rise with unemployment		3. Stagflation
	a	b	c	
A)	2	3	1	
B)	3	1	2	
C)	1	2	3	
D)	2	1	3	

9. With given tastes or preferences, the proportion of income spent on food diminishes as income increases:

- |                 |                        |
|-----------------|------------------------|
| A) Giffen Goods | B) Inferior Goods      |
| C) Engel's Law  | D) Bounded Rationality |

10. Match List I with List II and select the correct answer using the codes given below:

	<b>List I</b>				<b>List II</b>
	a.	UBI			1. Digital payments
	b.	UPI			2. Heritage City
	c.	PMGKY			3. Income Support
	d.	HRIDAY			4. Income Disclosure
	a	b	c	d	
A)	1	2	3	4	
B)	3	1	4	2	
C)	2	3	4	1	
D)	3	4	1	2	

11. The presence of incentives for individuals or institutions to act in ways that incur costs that they do not have to bear may result in:

- A) Asymmetric Information
- B) Moral Hazard
- C) Free rider problem
- D) Principal-agent problem.

12. Governments can only have an impact on economy in so far as their policies are unanticipated. This view is held by :

- A) Classical Economics
- B) Keynesian Economics
- C) New Keynesian Economics
- D) New Classical Economics

13. Match List I with List II and select the correct answer using the codes given below:

**List I**

- a. New Deal
- b. Smoot Hawley Tariff Act
- c. Keynes Plan
- d. Bretton Woods System

**List II**

- 1. Protectionism
- 2. Bancor
- 3. Great Depression
- 4. Pegged Exchange Rates

CODES:

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

14. A tax on foreign exchange spot transactions to regulate the conversion of one currency into another in securities markets:

- A) Anti-dumping tax
- B) Council tax
- C) Tobin tax
- D) Countervailing duty

15. Which of the following shows that inequality in income distribution increased during the early rapid phase of economic growth and subsequently diminished?

- A) Immiseration
- B) Okun's Law
- C) Offer curve
- D) Kuznets curve

16. Marginal propensity to consume (MPC) out of transitory income is:

- A) Zero
- B) One
- C) In between zero and one
- D) Always positive

17. A rule stating the elasticity conditions under which a change in a country's exchange rate would improve its balance of trade:

- A) Scitovsky Criterion
- B) Marshall-Lerner Criterion
- C) Inverse Elasticity rule
- D) Gresham's rule

18. NIFTY index is based on :

- A) 50 shares
- B) 30 shares
- C) 25 shares
- D) 100 shares

19. Identify the correct statements regarding second generation of economic reforms in India:

- 1. Further deepening reforms in factors and inputs markets
- 2. Reforms in the institutional, legal and regulatory framework
- 3. Opening service sector for FDI

- A) Only 3 is correct
- B) 2 and 3 only are correct
- C) 1 and 2 only are correct
- D) 1, 2 and 3 are correct

20. Regarding Gender- related Development Index (GDI), which is a correct statement?
- A) Estimation of GDI is based on variables other than HDI  
 B) Greater is the gender disparity in basic human development, the higher is a country's GDI compared with its HDI  
 C) Smaller is the gender disparity in basic human development, the lower is a country's GDI compared with its HDI  
 D) Greater is the gender disparity in basic human development, the lower is a country's GDI compared with its HDI.
21. Health and safety regulations on trade is:
- A) Tariff barriers  
 B) Non-Tariff barriers  
 C) Free-Trade measure  
 D) MFA
22. Factors intensity reversal may happen due to :
- A) Change in government policy  
 B) Change in technology  
 C) Change in any factor availability  
 D) All the above
23. The possibility that tariffs and exports subsidies might have perverse effects on international prices:
- A) Stolper-Samuelson Theorem  
 B) Metzler paradox  
 C) Leontief paradox  
 D) Neo-Hotelling Model
24. Which theory states that a substantial increase in the export of a commodity can depress its price in the world market?
- A) Rybczynski's Theorem  
 B) Prebisch- Singer thesis  
 C) Immiserising Growth  
 D) H-O Theorem
25. Match List I with List II and select the correct answer using the codes given below:
- |    | <b>List I</b>          |                    |                   |                    | <b>List II</b> |     |     |       |
|----|------------------------|--------------------|-------------------|--------------------|----------------|-----|-----|-------|
|    | a.                     | b.                 | c.                | d.                 | 1.             | 2.  | 3.  | 4.    |
|    | Ministerial Conference | Board of Governors | Secretary General | Board of Directors | UNCTAD         | IMF | WTO | MUDRA |
| A) | 3                      | 2                  | 1                 | 4                  |                |     |     |       |
| B) | 2                      | 3                  | 1                 | 4                  |                |     |     |       |
| C) | 4                      | 1                  | 2                 | 3                  |                |     |     |       |
| D) | 1                      | 2                  | 3                 | 4                  |                |     |     |       |
26. Statement I : The effect of devaluation on exports will depend on the price elasticity of demand for country's exports.  
 Statement II : Marshall-Lerner condition states that devaluation will improve the BOPs of a country and revaluation will worsen it if the sum of elasticities of demand for a country's exports and of its demand for imports is equal to zero:
- A) Both the statements are correct and Statement II is the explanation of Statement I.  
 B) Statement I is wrong and Statement II is correct  
 C) Statement I is correct and Statement II is wrong  
 D) Both the statements are correct and the statement II is not the explanation of Statement I.

27. Which of the following transactions is a credit in the current account?  
 A) Import of merchandise                      B) Gift from foreigners  
 C) Gift to foreigners                            D) Import of factor services.
28. The form of economic integration in which the member nations eliminate tariffs on trade, adopt a common external tariff and allow free movement of labour and capital within the Union is :  
 A) Economic union                                B) Common market  
 C) Customs union                                 D) Free-trade area
29. Agreements that ratified in April 1978 recognized the managed float and led to abolishment of the official price of gold:  
 A) Maastricht Treaty                            B) Smithsonian Agreement  
 C) Jamaica Accords                                D) Swap Arrangements
30. The technological gap model represents an extension of the H-O model because the H-O model:  
 A) Viewed technology dynamic                B) Did not consider technology  
 C) Viewed technology static                    D) None of the above
31. The Registrar General and Census Commissioner of India comes under:  
 A) Ministry of Finance                            B) Ministry of HRD  
 C) Ministry of Home                                D) MOSPI
32. Match List I with List II and select the correct answer using the codes given below:
- | List I                     | List II     |
|----------------------------|-------------|
| a. Division of labour      | 1. Emmanuel |
| b. Urban Bias              | 2. Smith    |
| c. Unequal Exchange        | 3. Marx     |
| d. Immiseration of workers | 4. Lipton   |
- Codes
- |    | a | b | c | d |
|----|---|---|---|---|
| A) | 4 | 2 | 1 | 3 |
| B) | 1 | 4 | 2 | 3 |
| C) | 3 | 2 | 4 | 1 |
| D) | 2 | 4 | 1 | 3 |
33. The Theory of New Economic Geography is associated with:  
 A) Krugman      B) Myrdal      C) Kaldor      D) Baran and Amin
34. Endogenous Growth theory does not assume which of the following?  
 1. Positive externalities from human capital formation  
 2. R& D prevents marginal product of capital from falling  
 3. R&D prevents capital-output ratio from falling  
 4. Diminishing returns to capital.
- A) 1 and 4 only                                      B) 2,3 and 4 only  
 C) 3 and 4 only                                      D) 4 only

35. Sen defines the ratio of the marginal disutility of work to the marginal utility of income as :
- A) Cost of labour    B) Real cost of labour  
 C) Nominal cost of labour                                D) Welfare maximization
36. Firms willingly pay higher than equilibrium wages to induce workers to avoid shrinking or slacking off on the job :
- A) A lower threshold wage                              B) Minimum wage  
 C) Fair wage    D) Efficiency wage
37. The size of population that maximizes the output percapita or income per head :
- A) Average Population                                    B) Maximum Population  
 C) Optimum Population                                  D) Right Base Population
38. Identify the reason /reasons leading to market inefficiency:
- A) Asymmetric information                              B) Adverse selection  
 C) Moral hazard    D) All of these
39. Match List I with List II and select the correct answer using the codes given below:

**List I**

**List II**

- |   |                                 |
|---|---------------------------------|
| a. UNIDO Approach                                   | 1. World Price                  |
| b. Little-Mirrlees Method                           | 2. Hedonic Prices               |
| c. Difference in environmental services/ attributes | 3. Shadow foreign exchange rate |
| d. Willingness to pay for benefits                  | 4. Contingent valuation         |

Codes:

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

40. Which of the following statement is wrong regarding Kaldor's Model of economic growth?
- A) Unlimited supply of labour at a constant wage in terms of wage goods  
 B) MPC of workers is always higher than MPC of capitalists  
 C) Model based on Keynesian full employment  
 D) Income growth rate is determined by the rate of growth of labour and technical progress.
41. Which of the following is incorrect regarding Mrs Joan Robinson's Golden Age Concept?
- A) Growth rate of population equals to the growth rate of capital  
 B) Natural, warranted and the actual rate of growth of national income are all equal  
 C) Full employment of labour and capital  
 D) Technical progress non-neutral

42. Match List I with List II and select the correct answer using the codes given below:

**List I**

- a. Positive sum incentives
- b. Indivisibility of Demand
- c. Balanced growth
- d. Unbalanced growth

**List II**

- 1. Ragnar Nurkse
- 2. Rosenstein Rodan
- 3. Kindleberger
- 4. Leibenstein

Codes:

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

43. The proposed expenditure and the anticipated revenue are equal in the case of:

- A) Interim budget
- B) Supplementary budget
- C) Balanced budget
- D) Emergency budget

44. Identify the correct statement/statements regarding trends in sex ratio in India:

- 1. The sex ratio in India has been unfavorable to females since 1901.
- 2. After 1971 census, there has been a continuous increase favorable to females
- 3. After 1991 census, there has been a continuous increase favorable to females.

- A) 1,2 and 3 are correct
- B) Only 2 and 3 are correct
- C) 1 and 3 only are correct
- D) 3 alone is correct

45. Effective Literacy Rate means:

- A) Literacy rate taking into account the total population in the denominator
- B) Literacy rate taking into account population aged seven years and above in the denominator
- C) Literacy rate taking into account the school dropout ratio
- D) Literacy rate taking into account the neo-literates of all age groups in the denominator.

46. Twin Balance Sheet Challenge (TBS) in Indian economy means:

- A) Impaired financial position of public sector banks (PSBs) and some large corporate houses
- B) Excess inflow of cash to commercial banks after demonetization and crisis of PSBs
- C) Balance sheet vulnerability of public sector units and commercial banks.
- D) Demonetization related problem of banks and loan repayment default of corporates.

47. Match List I with List II and select the correct answer using the codes given below the lists:

- | <b>List I</b>          |  | <b>List II</b> |  |
|------------------------|--|----------------|--|
| a. PAHAL               |  | 1. PDS         |  |
| b. BAPU                |  | 2. Traders     |  |
| c. Indradhanush Scheme |  | 3. LPG Subsidy |  |
| d. BHIM Aadhar         |  | 4. Banks       |  |

Codes:

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

48. The classification of expenditure of Government of India as plan and non-plan ended from financial year:

- A) 2014-15      B) 2015-16      C) 2016-17      D) 2017-18

49. Which of the following statement are correct regarding sustainable Development Goals (SDGs)?

1. The UN General Assembly in its 17<sup>th</sup> session in September 2015 announced a set of 17 SDGs and 169 targets which will stimulate action over the next 15 years.
2. This set of goals replaces the MDGs which were coming to an end in 2015.
3. SDGs aim to work on the areas which could not be completed earlier.

Identify the correct answer:

- A) 1 and 2 only are correct      B) 1 and 3 only are correct  
C) Only 2 and 3 are correct      D) All are correct

50. Which of the following is not a fiscal measure?

- A) Borrowing by the state governments      B) Borrowing excess of FRBM limit  
C) Cutting subsidies      D) Reducing interest rates

51. Identify the wrong statement :

- A) The total outstanding liabilities of the central government were Rs 62.78. lakh crore at the end of March 2015  
B) This amount is 49.6% of GDP  
C) Public debt alone comprises 39.2% of GDP  
D) External debt is a small fraction of the total liabilities of the centre but it is sharply rising over the years as proportion of GDP.



52. Consider the following statements:
1. Pradhan Mantri Mudra Yojana (PMMY) is an initiative for providing finance to informal sector micro enterprises
  2. PMMY was launched on 8<sup>th</sup> April, 2015
  3. PMMY was announced in the Union Budget 2014-2015.
  4. The products designed under the PMMY are categorized into three.
- Identify the correct answer.
- A) All are correct  
 B) 1,2 and 3 only are correct  
 C) 1,2 and 4 only are correct  
 D) 3 and 4 only are correct.
53. Rural Poverty estimates in India based on the NSSO in its 68<sup>th</sup> Round (2011-12) is:
- A) 21.9%  
 B) 25.7%  
 C) 30.5%  
 D) 28.5%
54. Based on Human Development Report (HDR) 2015, which country has the lowest rank in human development in the BRICS grouping?
- A) South Africa  
 B) India  
 C) Brazil  
 D) China
55. Consider the following statements :
1. A standard measure of openness is trade-to-GDP ratio
  2. Large countries tend to trade outside less than small countries
  3. Being large country makes the benefits of trading with the outside world very low relative to trading within the country
- Identify the correct answer.
- A) 1 and 2 are correct; but 3 is not the correct explanation for 2  
 B) 3 is a wrong explanation  
 C) 1 and 2 are correct, and 3 is the correct explanation for 2  
 D) 1 is correct, but 2 and 3 are wrong
56. Asok Mehta Committee (1978) is related to:
- A) Panchayati Raj institutions  
 B) Problem of Central loans to States  
 C) Centre-State financial relations  
 D) Fiscal responsibility of Centre and States
57. In the recent past, there was a discussion on ‘*twin deficits*’ which were :
- A) Primary deficits and fiscal deficits  
 B) Current account deficits and primary deficits  
 C) Current account deficits and fiscal deficits  
 D) Current account deficits and trade account deficits

58. Match List I with List II and select the correct answer using the codes given below:

<b>List I</b>		<b>List II</b>	
a.	M.B.Shah Committee	1.	Infrastructure
b.	Wanchoo Committee	2.	BPL census
c.	N C Saxena Committee	3.	Direct taxes
d.	Rakesh Mohan Committee	4.	Black money

Codes

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

59. Authors of the book “ *Why Nations Fail: The Origins of Power, Prosperity and Poverty*”:

A)	D.Rodrik and A. Subramanian	B)	D.Acemoglu and J.A.Robinson
C)	J.Bhagawati and A Panagaria	D)	Francis Fukuyama and Hirschman

60. Consider the following events:

- |    |                          |    |                              |
|----|--------------------------|----|------------------------------|
| 1. | Kerala Panchayat Raj Act | 2. | KIIFB was established        |
| 3. | People’s Plan Campaign   | 4. | Ombudsman for LSGI of Kerala |

The correct chronological sequence of these events are:

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

61. Consider the following statements on per capita intake of calorie, protein and fat in 2009-10 (NSSO) estimation :

1. Per capita intake of calorie in rural Kerala is less than that of rural India
2. Per capita intake of protein in rural Kerala is less than that of rural India
3. Per capita intake of fat in rural Kerala is greater than that of rural India

Identify the correct answer.

A)	2 and 3 only are correct	B)	Only 1 and 2 are correct
C)	1,2 and 3 are correct	D)	All are false

62. Identify the odd financial year in the history of Five Year Plans in India:

A)	1959-60	B)	1969-70	C)	1979-80	D)	1989-90
----	---------	----	---------	----	---------	----	---------

63. From the following districts, identify the group of districts on the descending order of population above 65 (ageing) based on 2011 census:

- A) Idukki, Kannur, Kollam, Thrissur
- B) Kollam, Idukki, Thrissur, Kannur
- C) Pathanamthitta, Kottayam, Thiruvananthapuram, Ernakulam
- D) Pathanamthitta, Kottayam, Alappuzha, Ernakulam

64. Consider the following issues of Kerala :
1. Direct tax proportion which was 45.6% in 1957-58 fell to 13.3% in 2000-01.
  2. Indirect taxes which was 54% rose to 86.7% in 2000-01.
- Identify the correct answer:
- A) Both 1 and 2 are correct and the issue 2 is the reason for Issue 1
  - B) Both 1 and 2 are correct and issue 2 is not the reason for issue 1
  - C) Issue 1 is not correct but 2 is correct
  - D) Both the issues are wrong
65. Which of the following is a non-debt capital receipt?
- A) Receipts of profits of PSUs
  - B) Non-tax receipts
  - C) Disinvestment receipts
  - D) Securities Transaction Tax (STT)
66. Velocity of circulation of money (V) is negatively affected by :
- A) Shorter time interval of income receipts
  - B) Economic prosperity
  - C) Liquidity preference is less
  - D) High degree of inequality
67. Speculative demand for money is:
- A) Interest elastic
  - B) Interest inelastic and insensitive to income
  - C) Sensitive to income, but stable
  - D) Positively related to interest rate
68. Interest is the reward paid for parting with liquidity, according to:
- A) Classicals
  - B) Keynes
  - C) Knut Wicksell
  - D) Jacob Viner
69. Credit will expand when the RBI :
- A) Raises bank rate
  - B) Raises reverse repo rate
  - C) Raises repo rate
  - D) Lowers reserve requirement ratio
70. Disposable personal income (DPI) is :
- A) Total income of individuals minus taxes
  - B) Total income of individuals plus direct taxes
  - C) Total income excluding transfer payments
  - D) Total income of individuals minus direct taxes
71. Saving and investment equilibrium in classical theory of employment is through :
- A) Say's law of market
  - B) Flexible interest rate
  - C) Level of income
  - D) Investment
72. The price of staplers manufactured by Max Staples Limited varies with the quantity as per the demand equation,  $Q=P-7$ . The marginal revenue function is :
- A)  $Q^2 + 7Q$
  - B)  $Q+7$
  - C)  $2Q+7$
  - D)  $2Q^2+7$

73. Impact of a tax is the :
- |                           |                        |
|---------------------------|------------------------|
| A) First point of contact | B) Final resting place |
| C) Intermediary           | D) None of these       |

74. Zero based budget (ZBB) lays emphasis on which of the following?
1. Unlimited budgetary support
  2. Preparing the new budget right from the scratch
  3. Preparing the budget neglecting history of expenditure
- |                 |                 |
|-----------------|-----------------|
| A) 1, 2 and 3   | B) 1 and 2 only |
| C) 1 and 3 only | D) 2 and 3 only |

75. A mathematical model in the form  $Z=5x^2+3xy+y^2$  is an example of :
- |                          |                  |
|--------------------------|------------------|
| A) Non Linear Model      | B) Linear Model  |
| C) Non-Homogeneous Model | D) None of these |

76. Identify the odd one:
- |                       |                   |
|-----------------------|-------------------|
| A) Range              | B) Mean Deviation |
| C) Standard Deviation | D) Mean           |

77. Match List I with List II and select the correct answer using codes given below:

<b>List I</b>	<b>List II</b>
a. Arithmetic Progression	1. All diagonal elements are non zero and equal
b. Geometric Progression	2. All diagonal elements are equal to 1
c. Scalar Matrix	3. Common difference
d. Identity Matrix	4. Common Ratio

Codes:

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

78. Identify the wrong statement from the following:
- |   |
|---|
| A) In a symmetrical distribution, mean, median and mode are equal |
| B) In a negatively skewed distribution, mean < median < mode      |
| C) In a negatively skewed distribution, mode < median < mean      |
| D) In a positively skewed distribution, mean > median > mode      |

79. The demand for a particular product was found to change from 1200 units to 900 units when the income of the consumer fell from Rs 25000 to Rs 21000. The income elasticity of demand for the product is:
- |         |         |         |         |
|---------|---------|---------|---------|
| A) 0.78 | B) 1.14 | C) 1.07 | D) 1.56 |
|---------|---------|---------|---------|

80. The procedure of combining two or more overlapping series of index numbers into one continuous series is:
- A) Deflating    B) Splicing  
C) Chain Base method                                      D) Fixed base method
81. Lorenz ratio ranges in between:
- A) 0 and 1                      B) -1 and +1                      C) 1 and 100                      D) 0 and -1
82. Identify the odd one:
- A) Binomial distribution                                      B) Exponential Distribution  
C) t- distribution                                      D) Normal distribution
83. GNP at factor cost is :
- A) GNP at market prices plus net indirect taxes  
B) GNP at factor cost minus consumption of fixed capital  
C) GNP at market prices minus net indirect taxes  
D) GNP at market prices plus consumption of fixed capital
84. The concept of quasi-rent was introduced in economic theory by:
- A) Marshall                      B) Ricardo                      C) J S Mill                      D) Adam Smith
85. The sacrifice ratio shows the relationship between:
- A) Inflation and unemployment                      B) Unemployment and output  
C) Interest rate and price level                      D) Inflation and money supply
86. The LM curve is steeper when the demand for money responds:
- A) Weakly to income and strongly to interest rates  
B) Strongly to income weakly to interest rates  
C) Negatively  
D) Positively
87. Debt financing by bond issue merely postpones taxation and in many instances is strictly equal to current taxation:
- A) Keynes effect    B) Keynesian cross  
C) Repercussion effects                                      D) Ricardian equivalence
88. Match List I with List II and select the correct answer using the codes given below:
- |                       |                                  |
|-----------------------|----------------------------------|
| <b>List I</b>         | <b>List II</b>                   |
| a. Paul Craig Roberts | 1. Supply Side Economics         |
| b. James Tobin        | 2. Monetarism                    |
| c. Robert E. Lucas    | 3. New Classical Macro Economics |
| d. Anna Schwartz      | 4. Keynesian Economics           |
- Codes
- |    |   |   |   |   |
|----|---|---|---|---|
|    | a | b | c | d |
| A) | 3 | 1 | 2 | 4 |
| B) | 4 | 3 | 2 | 1 |
| C) | 1 | 4 | 3 | 2 |
| D) | 1 | 2 | 3 | 4 |

89. “Keynesianism is temporary deviation from the mainstream of scientific progress in Economics”. This view is held by:

- A) Supply side economics                      B) Monetarism  
C) Radicalism                                      D) New monetarism

90. Match List I with List II and select the correct answer using the codes given below.

**List I**

- a. Only money matters  
b. Money does not matter  
c. Voluntary unemployment

**List II**

1. Keynesians  
2. Monetarists  
3. New classical macro economists

Codes

- |    | a | b | c |
|----|---|---|---|
| A) | 1 | 2 | 3 |
| B) | 2 | 1 | 3 |
| C) | 1 | 3 | 2 |
| D) | 3 | 2 | 1 |

91. At a price of Rs 240 per unit, the shoe company generates additional revenue of Rs.336 for every one additional pair of shoes sold. The price elasticity of demand is:

- A) 1.5                      B) 1.8                      C) 2.1                      D) 2.5

92. Match List I with List II and select the correct answer using the codes given below for different consumption hypotheses:

**List I**

- a. Constant MPC and Falling APC  
b. Constant APS  
c. Life time average

**List II**

1. Simon Kuznets  
2. Keynes  
3. Richard Brumberg  
4. Friedman

Codes

- |    | a | b | c |
|----|---|---|---|
| A) | 3 | 4 | 2 |
| B) | 4 | 2 | 3 |
| C) | 3 | 2 | 1 |
| D) | 2 | 1 | 3 |

93. From the given summary of (assumed) Union Budget, calculate primary deficit and fiscal deficit (Rs in crores):

Tax Revenue	=	6750
Non Tax revenue	=	3100
Recoveries of loans and other receipts	=	600
PSUs disinvestments	=	500
Borrowing and other liabilities	=	6650
Capital expenditure	=	1800
Revenue expenditure	=	2500
Interest payments	=	1400

	Primary Deficit	Fiscal deficit
A)	5250	6650
B)	3900	8050
C)	7150	9850
D)	6200	4700

94. A production process with increasing amount of capital per worker :

- |                     |                      |
|---------------------|----------------------|
| A) Capital widening | B) Capital deepening |
| C) Capital saving   | D) Labour deepening  |

95. An overall reduction in the price level as a result of wage cuts leads to rise in the real value of money assets and increased spending on goods and services is:

- |                   |                       |
|-------------------|-----------------------|
| A) Pigou effect   | B) Keynes effect      |
| C) Ricardo effect | D) Speculation effect |

96. Inventory approach to the demand for money is associated with :

- |           |                    |
|-----------|--------------------|
| A) Keynes | B) Arthur Laffer   |
| C) Baumol | D) Milton Friedman |

97. The vital factor in the decision to spend is the '*general liquidity*' of the whole economy rather than the money supply. This view is held by :

- |                    |                |
|--------------------|----------------|
| A) Monetarists     | B) Keynesians  |
| C) Radcliff-Sayers | D) Gurley-Shaw |

98. Match List I with List II and select the correct answer using the codes given below:

**List I**

- Returns to a factor
- Returns to scale
- Iso product curves
- Expansion path

**List II**

- All inputs variable
- Production indifference curves
- All factor inputs remain constant and one variable
- Locus of all possible least cost combinations

Codes

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

99. A situation in which the MRS of one good for another in a chosen market basket is not equal to the slope of the budget line:  
A) Contract curve  
B) Co-operative game  
C) Corner solution  
D) Cournot equilibrium

100. Match List I with List II and select the correct answer using the codes given below:

- | <b>List I</b>               | <b>List II</b>            |
|-----------------------------|---------------------------|
| a. Perfect competition      | 1. Interdependence        |
| b. Oligopoly                | 2. Advertisement expenses |
| c. Monopolistic competition | 3. Product homogeneity    |
| d. Monopoly                 | 4. No close substitute    |

Codes

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

101. Tendency of individuals to value an item more when they own it than when they do not :  
A) Endowment effect  
B) Duality  
C) Patinkin effect  
D) Wealth effect

102. Practice of separating consumers with different demand functions into different groups by charging different prices at different points of time :  
A) Peak load pricing  
B) Intertemporal price discrimination  
C) Full cost pricing  
D) Second degree price discrimination

103. The value of elasticity of demand for medicines is :  
A) one  
B) greater than one  
C) Less than one  
D) Zero

104. Match List I with List II and select the correct answers using the codes given below:

- | <b>List I</b>                      | <b>List II</b>                |
|------------------------------------|-------------------------------|
| a. Price-out decisions independent | 1. Collusion model            |
| b. Price output decisions agreed   | 2. Leader-follower model      |
| c. Price takers and price war      | 3. Kinked demand curve theory |
| d. Price rigidity                  | 4. Cournot's model            |

Codes

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



105. A curve illustrating the various amounts of a commodity which a consumer would be willing to purchase at various income levels:  
 A) Envelope curve B) Engel curve  
 C) Production possibility curve D) Concentration curve
106. Rivalry among firms which takes the form of advertising or variation in the product's design or quality :  
 A) Price competition B) Non-price competition  
 C) Price leadership D) Dominant price leadership model
107. The failure of the firm to maximize the output produced from its given inputs due to poor managerial motivation and a weak market for knowledge:  
 A) X-efficiency B) Internal Inefficiency  
 C) X-inefficiency D) Expectation problem
108. The theory that asset prices reflect all publicly available information about the values of an asset :  
 A) Efficient market hypothesis B) Inventory pricing  
 C) Portfolio pricing D) Asset market pricing
109. Goods that are rival in consumption but not excludable:  
 A) Private goods B) Public goods  
 C) Club goods D) Common resources
110. The curve that shows various combinations of two commodities that an economy can produce by fully utilizing all its resources with the best technology available:  
 A) Production contract curve B) Product transformation curve  
 C) Social welfare function D) Grant utility possibility curve
111. An industry whose long run supply curve is negatively sloped is called:  
 A) Loss making industry B) Constant cost industry  
 C) Increasing cost industry D) Decreasing cost industry
112. High rate of GST may lead to a/an :  
 A) Incentive to consumers B) Incentive to producers  
 C) Incentive to investors and producers D) Disincentive to investors
113. Which is not an assumption of linear programming?  
 A) Output and factor prices constant  
 B) Constant returns to scale  
 C) Technologically fixed input or factor proportions  
 D) Increasing returns to scale
114. Find the odd one in terms of its shape:  
 A) AVC curve B) AC curve C) MC curve D) AFC curve

115. Consumer demands a good because of the characteristics of the good and not the good itself that give rise to utility:
- |                                  |                               |
|----------------------------------|-------------------------------|
| A) Theory of Revealed preference | B) Lancasterian Demand Theory |
| C) Ordinal Utility Analysis      | D) Cardinal utility Analysis  |
116. If a firm has no dominant strategy, it is called:
- |                       |                     |
|-----------------------|---------------------|
| A) Prisoner's Dilemma | B) Pure Strategy    |
| C) Saddle Point       | D) Nash Equilibrium |
117. Factor NOT affecting increase in supply:
- |                                   |                      |
|-----------------------------------|----------------------|
| A) Technology                     | B) Government policy |
| C) Natural resources availability | D) Price             |
118. Identify the wrong one:
- A) When marginal cost falls, average cost also falls
- B) When AC rises, MC also rises
- C) MC curve cuts the AC curve at its lowest point
- D) Average costs cuts marginal cost from below
119. If  $MPC=1$ , then the saving function is:
- A) Non-linear and non-proportionate
- B) Linear and proportionate
- C) Linear and non-proportionate
- D) Horizontal straight line coincides with the base line
120. Economic growth leads to:
- |                            |   |
|----------------------------|---|
| A) Increased welfare       | B) Increased standard of living           |
| C) More goods and services | D) Advanced health and education services |

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