

**SET 2016**  
**PAPER – II**  
**ECONOMICS**

Signature of the Invigilator

Question Booklet No. **121250**

1.

OMR Sheet No. ....

**Subject Code** **12**

**ROLL No.**

**Time Allowed : 75 Minutes**

**Max. Marks : 100**

**No. of pages in this Booklet : 12**

**No. of Questions : 50**

**INSTRUCTIONS FOR CANDIDATES**

1. Write your Roll No. and the OMR Sheet No. in the spaces provided on top of this page.
2. Fill in the necessary information in the spaces provided on the OMR response sheet.
3. This booklet consists of fifty (50) compulsory questions each carrying 2 marks.
4. Examine the question booklet carefully and tally the number of pages/questions in the booklet with the information printed above. **Do not accept a damaged or open booklet.** Damaged or faulty booklet may be got replaced within the first 5 minutes. Afterwards, neither the Question Booklet will be replaced nor any extra time given.
5. Each Question has four alternative responses marked (A), (B), (C) and (D) in the OMR sheet. You have to completely darken the circle indicating the most appropriate response against each item as in the illustration.



6. All entries in the common OMR response sheet for Papers I and II are to be recorded in the original copy only.
7. Use only Blue/Black Ball point pen.
8. Rough Work is to be done on the blank pages provided at the end of this booklet.
9. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Sheet, except in the spaces allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, you will render yourself liable to disqualification.
10. You have to return the Original OMR Sheet to the invigilators at the end of the examination compulsorily and must not carry it with you outside the Examination Hall. **You are, however, allowed to carry the test booklet and the duplicate copy of OMR Sheet** on conclusion of examination.
11. Use of any calculator, mobile phone or log table etc. is strictly prohibited.
12. **There is no negative marking.**

12-16

SEAL

**PAPER-II**  
**ECONOMICS**

**Q.Nos. 1-10 : Read the following questions and choose the correct answer from the option given below these questions :**

1. Which of the following represents elasticity of demand ?
  - (A) Marginal change in demand  $\times$  Average change in demand
  - (B) Marginal change in demand Less Average change in demand
  - (C)  $\frac{\text{Marginal change in demand}}{\text{Average change in demand}}$
  - (D)  $\frac{\text{Average change in demand}}{\text{Marginal change in demand}}$
2. Under perfect competition, for a firm, the factor supply curve takes the shape of :
  - (A) Vertical straight line
  - (B) Horizontal straight line
  - (C) Upward sloping straight line
  - (D) Downward sloping straight line
3. Which of the following is a debit item in the current account of balance of payments statement ?
  - (A) Free on board
  - (B) Travel by foreigners
  - (C) Cost of insurance and freight
  - (D) The value of securities purchased
4. Which of the following is considered as the 'soft loan window' of World Bank ?
  - (A) IDA
  - (B) IBRD
  - (C) IMF
  - (D) RBI
5. Which of the following is not a Canon of public expenditure ?
  - (A) Canon of economy
  - (B) Canon of sanction
  - (C) Canon of convenience
  - (D) Canon of productivity
6. Forward and backward linkages were propounded by :
  - (A) Gunnar Myrdal
  - (B) Hirschman
  - (C) Boeke
  - (D) Leibenstein
7. The third moment around the mean is useful to measure :
  - (A) Central tendency
  - (B) Dispersion
  - (C) Peakedness
  - (D) Symmetry
8. Which of the following distribution function has equal mean and variance ?
  - (A) Normal
  - (B) Binomial
  - (C) Hypergeometric
  - (D) Poisson

9. Which of the following is an ideal index number?

- (A) Lespeyre
- (B) Bowley
- (C) Fisher
- (D) Marshall-Edgeworth

10. Coefficient of determination is given as :

- (A)  $r/1-r^2$
- (B)  $1-r^2$
- (C)  $1+r^2$
- (D)  $r^2$

**Q.Nos. 11-20: Read the following questions and select the correct option for the answer from the list given below :**

11. Which of the following is/are true, In case of Giffen good?

- a. Income effect of a fall in price is always negative
- b. Income effect of a fall in price is always positive
- c. Substitution effect of a fall in price is always negative
- d. Substitution effect of a fall in price is always positive

**Code :**

- (A) a, b, c, and d are true
- (B) a, c, and d are true
- (C) b, c, and d are true
- (D) a and d are true

12. Pareto optimality is indicated by :

- a. Points below the Edgeworth contract curve
- b. Points above the Edgeworth contract curve
- c. All Points on the Edgeworth contract curve
- d. Points above the production possibility curve

**Code :**

- (A) Only b is true
- (B) Only a is true
- (C) Only c is true
- (D) Only d is true

13. India's foreign trade policy pertains to 2004-2009 announced a strategy called special focus initiatives for five sectors. These five sectors are :

- a. Agriculture, Handicrafts, Handlooms, Gems & Jewellery and Leather & Footwear
- b. Agriculture, Handicrafts, Handlooms, Iron and Steel, and Leather & Footwear
- c. Air transport, Agriculture, Handicrafts, Gems & Jewellery and Leather & Footwear
- d. Agriculture, Manufacturing of all types, Handlooms, Gems & Jewellery and Leather & Footwear

**Code :**

- (A) Only b is true
- (B) Only a is true
- (C) Only c is true
- (D) Only d is true

14. If a country impose tariff to offset export subsidy extended by the country from which it is importing is called :

- a. Retaliatory tariff
- b. Optimum tariff
- c. Countervailing tariff
- d. Effective tariff

**Code :**

- (A) Only b is true
- (B) Only a is true
- (C) Only c is true
- (D) Only d is true

15. Which of the following is/are true?

- a. Ad valorem tax is based on value or price of a commodity
- b. If the rate of tax decreases when the amount being taxed increases is called progressive tax
- c. The proposed Goods and Services tax is an Indirect tax
- d. Turn Over Tax is a tax on final stage of transaction

**Code :**

- (A) a, b, c and d are true
- (B) a, c and d are true
- (C) b, c and d are true
- (D) a and c are true

16. Which of the following is/are true ?

- a. Special bearer bonds scheme was first introduced in 1981
- b. The value of balanced budget multiplier is always equal to 1 (one)
- c. Imposing capital levy is a method of public debt redemption
- d. According to Wagner's Law the growth of public expenditure resembles a step like pattern

- (A) a, b, c and d are true (B) a, c and d are true  
(C) a, b and c are true (D) a, b and d are true

17. Arrange the proponents of classical theory of development in a sequential order :

- a. David Ricardo
- b. Adam Smith
- c. J.S. Mill
- d. Robert Malthus

Code :

- (A) b, d, c, a (B) d, c, a, b  
(C) c, b, d, a (D) a, b, c, d

18. Which of the following is/are true ?

- a. Value of money is inversely related to price level
- b. Life cycle hypothesis explained by Friedman
- c. High powered money is also known as base money
- d. According to classical saving is a function of income

Code :

- (A) a and c (B) a, b, c  
(C) a, b, c, d (D) b, a, c, d

19. Which of the following is/are true ?

- a. The sum deviation of a variable is zero
- b. The sum of absolute deviation of a variable is zero
- c. The sum of squared values of a variable is minimum
- d. The sum of squared values of variable is maximum

Code :

- (A) a, b, c, d (B) a and c  
(C) a and d, (D) b and d

20. Which of the following is/are true?

- a. Poor performance of agriculture sector is one of the reasons for poverty in India
- b. Interest payments is the major component towards of public debt
- c. Union Budget is generally presented on January 31<sup>st</sup> every year
- d. Basic of monetary policy is to control rate of interest only

Code :

- (A) b, c, d (B) a and c  
(C) a and b (D) a, b, c, d

Q.Nos. 21-30: Read the following questions and select the right combination of Assertion (A) and Reasons (R) from the codes given below :

- (A) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (B) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (C) (A) is true but (R) is false
- (D) (A) is false but (R) is true

21. **Assertion (A)** : In general, iso-quants are convex to the origin  
**Reason (R)** : In general, factors of production are imperfect substitutes
22. **Assertion (A)** : According to revealed preference approach, a consumer always prefers a combination of commodities represented by a point on the budget line  
**Reason (R)** : Revealed preference approach based on weak ordering hypothesis
23. **Assertion (A)** : Devaluation is an expenditure enhancing policy  
**Reason (R)** : Devaluation shifts expenditure from foreign to domestic
24. **Assertion (A)** : According to Laffer curve, tax rate beyond a point is inversely related to the volume of tax revenue  
**Reason (R)** : High rate of income tax leads to the growth of volume of black money
25. **Assertion (A)** : Market borrowings are an item under 'receipts' of capital account of the budget  
**Reason (R)** : Fiscal deficit is the sum of budgetary deficit and monetized deficit
26. **Assertion (A)** : For normal distribution Mean = Median = Mode  
**Reason (R)** : Normal distribution is mesokurtic
27. **Assertion (A)** : In the agricultural lending mechanism of India, money lenders despite their usurious rates of interest are still predominant  
**Reason (R)** : Most often the commercial banks could not meet the target of 18% of their total lending for the agricultural sector in the country
28. **Assertion (A)** : In India, 'Green Revolution' was also criticized as Wheat Revolution  
**Reason (R)** : The productivity of wheat in India during the 1970's was one of the highest in the World
29. **Assertion (A)** : Philips curve slope downwards from left to right  
**Reason (R)** : Philips curve explain the relationship between wage inflation and rate of unemployment
30. **Assertion (A)** : Underdeveloped countries need big push to move towards the process of development  
**Reason (R)** : Theory of big push was explained by Nurkse
- Q.Nos. 31-40: Read the following and select the correct sequence from the codes given below :**
31. Arrange the following market structures in ascending order of number of suppliers/firms operating in such markets :
- Monopoly
  - Perfect competition
  - Oligopoly
  - Monopolistic competition
- Code :**
- |                |                |
|----------------|----------------|
| (A) a, b, d, c | (B) a, c, d, b |
| (C) a, d, c, b | (D) a, b, c, d |
32. Arrange the following in chronological order of establishment of these institutions :
- |         |        |
|---------|--------|
| a. IBRD | b. IMF |
| c. WTO  | d. ADB |
- Code :**
- |                |                |
|----------------|----------------|
| (A) a, b, d, c | (B) a, c, d, b |
| (C) a, d, c, b | (D) a, b, c, d |

33. Identify the correct chronological order of the following :
- FRBM Act
  - Bhootalingam committee
  - Service tax was first introduced
  - Tax Reforms Committee
- Code :**
- (A) b, a, d, c                      (B) c, a, d, b  
 (C) b, d, c, a                      (D) a, b, c, d
34. Arrange the following in chronological order :
- Wiseman-Peacock Hypothesis
  - Eighth Finance Commission
  - Musgrave's Theory of Public Finance
  - Dalton's Principles of Public Finance
- Code :**
- (A) d, c, a, b                      (B) c, a, d, b  
 (C) d, a, c, b                      (D) a, b, c, d
35. Arrange the following in chronological order :
- New Agricultural Strategy
  - New Industrial Policy
  - FEMA
  - Narsimham Committee Report
- Code :**
- (A) a, b, d, c                      (B) b, c, d, a  
 (C) c, b, d, a                      (D) d, c, a, b
36. Arrange the following in chronological order :
- Human Development Index
  - PQLI Physical Quality of Life Index
  - HPI Human Poverty Index
  - GDI Gender Development Index
- Code :**
- (A) b, a, d, c                      (B) a, b, c, d  
 (C) d, c, b, a                      (D) b, c, d, a
37. Arrange the following in chronological order :
- Marx theory of Value
  - Harrod Domar Growth Model
  - Solow Growth Model
  - Schumpeter theory of Development
- Code :**
- (A) c, b, d, a                      (B) a, b, d, c  
 (C) c, a, b, d                      (D) b, d, a, c
38. Arrange the following in chronological order :
- Keynes consumption function
  - Milton Friedman Permanent Income Hypothesis
  - Fisher Quantities Theory of Money
  - Samuelson Business Cycle Model
- Code :**
- (A) a, b, c, d                      (B) b, c, d, a  
 (C) a, d, b, c                      (D) c, a, b, d
39. Arrange the following in order :
- Range
  - Mean Deviation
  - Standard Deviation
  - Variance
- Code :**
- (A) c, a, b, d                      (B) d, a, b, c  
 (C) a, b, d, c                      (D) a, b, c, d
40. Arrange the following in chronological order :
- Integrated Rural Development Programme
  - Jawahar Rojgar Yojana Programme
  - National Rural Employment Programme
  - Community Development Programme
- Code :**
- (A) a, b, c, d                      (B) d, a, c, b  
 (C) c, b, d, a                      (D) b, d, a, c

**Q.Nos : 41-50: Read the following and match the correct pair from List-I and List-II. Use the code given below.**

41. **List-I** **List-II**
- |   |                            |
|---|----------------------------|
| a. Direct consistency test                  | 1. Samuelson               |
| b. Monopolistic exploitation                | 2. J.R. Hicks              |
| c. Fundamental theorem of consumer behavior | 3. Non-collusive oligopoly |
| d. Cournot's duopoly model                  | 4. Joan Robinson           |

**Code :**

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

42. **List-I** **List-II**
- |  |                      |
|--|----------------------|
| a. Immiserising growth theory                  | 1. J.S. Mill         |
| b. Infant Industry Argument                    | 2. Stopler-Samuelson |
| c. Reciprocal demand theory                    | 3. Jagadish Bhagawti |
| d. Imposition of Tariff benefits scarce factor | 4. F. List           |

**Code :**

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

43. **List-I** **List-II**
- |                                      |   |
|--------------------------------------|---|
| a. Effective tariff                  | 1. Reciprocal of MPS+ MPM                         |
| b. Non-tariff barriers               | 2. Estimated on the basis of value of the product |
| c. Value of Foreign trade multiplier | 3. Import quotas                                  |
| d. Nominal tariff                    | 4. Estimated on the basis of value added          |

**Code :**

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

44. **List-I** **List-II**
- |                 |                 |
|-----------------|-----------------|
| a. Public good  | 1. Healthcare   |
| b. Merit good   | 2. Alcohol      |
| c. Private good | 3. Petrol       |
| d. Demerit good | 4. Radio signal |

**Code :**

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

45. **List-I** **List-II**
- a. Coefficient of Variation i.  $\mu^4/\sigma^4$
- b. Coefficient of Correlation ii.  $\mu^3/\sigma^3$
- c. Coefficient of Skewness ii.  $\sigma/-x$
- d. Coefficient of Kurtosis iv.  $\Sigma xy/\sigma_x \sigma_y$

**Code :**

- a b c d
- (A) i ii iii iv
- (B) ii i iii iv
- (C) iii iv ii i
- (D) iii ii i iv

46. **List-I** **List-II**
- a. Variance i. Sampling distribution
- b. Mode ii. Normal distribution
- c.  $\chi^2$  distribution iii. Measure of dispersion
- d. Mesokurtic distribution iv. Measure of central tendency

**Code:**

- a b c d
- (A) i iii ii iv
- (B) iii iv i ii
- (C) ii iv iii i
- (D) iv ii i iii

47. **List-I** **List-II**
- a. Exchange equation i. Duisenberg
- b. Demonstration effect ii. Keynes
- c. Natural rate of unemployment iii. Irving Fisher
- d. Psychological law of consumption iv. Friedman

**Code :**

- a b c d
- (A) ii iii i iv
- (B) iv ii iii i
- (C) i ii iii iv
- (D) iii i iv ii

48. **List-I** **List-II**
- a. Structural view of Underdevelopment i. Classical Economists
- b. Laissez-faire Policy ii. Hollis Chenery
- c. Departmental Scheme of expanded Reproduction iii. Steady state
- d. Golden age of accumulation iv. Karl Marx

**Code :**

- a b c d
- (A) ii i iv iii
- (B) iv ii iii i
- (C) iii iv i ii
- (D) iii i iv ii



49. **List-I**
- |                              |                    |
|------------------------------|--------------------|
| a. Modern Economic Growth    | i. Harrod          |
| b. Circular causation        | ii. Ragnar Durke   |
| c. Vicious Circle of Poverty | iii. Simun Kuznets |
| d. Knife edge problem        | iv. Gunnar Myrdal  |

**Code :**

- |     |     |     |    |    |
|-----|-----|-----|----|----|
|     | a   | b   | c  | d  |
| (A) | iii | iv  | ii | i  |
| (B) | ii  | iii | i  | iv |
| (C) | iv  | iii | ii | i  |
| (D) | i   | iii | iv | ii |

50. **List-I**
- |                 |                             |
|-----------------|-----------------------------|
| a. Karl Pearson | i. Material Index           |
| b. Spearsman    | ii. Price Index             |
| c. Laspeyre     | iii. Rank Correlation       |
| d. Alfred Weber | iv. Correlation Coefficient |

**Code :**

- |     |     |     |     |    |
|-----|-----|-----|-----|----|
|     | a   | b   | c   | d  |
| (A) | i   | ii  | iii | iv |
| (B) | iv  | iii | ii  | i  |
| (C) | iii | iv  | ii  | i  |
| (D) | ii  | iii | i   | iv |