

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

Subject Code :

1 1

Test Booklet No. : 02249

TEST BOOKLET

ECONOMICS

Time Allowed : 2 (Two) Hours

Full Marks : 200

INSTRUCTIONS

1. The name of the Subject, Roll Number as mentioned in the Admission Certificate, Test Booklet No. and Subject Code shall be written legibly and correctly in the space provided on the Answer Sheet with black ball pen.
2. Space provided for Series in the Answer Sheet is not applicable for Optional Subject. So the space shall be left blank.
3. All questions carry equal marks. Your total marks will depend only on the number of correct responses marked by you in the Answer Sheet.
4. No candidate shall be admitted to the Examination Hall/Room 20 minutes after commencement of distribution of the paper. The Supervisor of the Examination Hall/Room will be the time-keeper and his/her decision in this regard is final.
5. No candidate shall leave the Examination Hall/Room without prior permission of the Supervisor/Invigilator. No candidate shall be permitted to hand over his/her Answer Sheet and leave the Examination Hall/Room before expiry of the full time allotted for each paper.
6. No Mobile Phone, Pager, etc., are allowed to be carried inside the Examination Hall/Room by the candidates. Any Mobile Phone, Pager, etc., found in possession of the candidate inside the Examination Hall/Room, even if on off mode, shall be liable for confiscation.
7. No candidate shall have in his/her possession inside the Examination Hall/Room any book, notebook or loose paper, except his/her Admission Certificate and other connected paper permitted by the Commission.
8. Complete silence must be observed in the Examination Hall/Room. No candidate shall copy from the paper of any other candidate, or permit his/her own paper to be copied, or give, or attempt to give, or obtain, or attempt to obtain irregular assistance of any kind.
9. After you have completed filling in all your responses on the Answer Sheet and the Examination has concluded, you should hand over to the Invigilator *only the Answer Sheet*. You are permitted to take away with you the Test Booklet.
10. Violation of any of the above Rules will render the candidate liable to expulsion from the Examination Hall/Room and disqualification from the Examination, and according to the nature and gravity of his/her offence, he/she may be debarred from future Examinations and Interviews conducted by the Commission for appointment to Government Service.
11. Smoking inside the Examination Hall/Room is strictly prohibited.
12. This Test Booklet contains one sheet (two pages) for Rough Work at the end.

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

[No. of Questions : 100]

SEAL

1. The wealth based definition of Economics was put forward by
 - (A) Lionel Robbins
 - (B) Alfred Marshall
 - (C) Adam Smith
 - (D) David Ricardo
2. Total utility becomes maximum, when
 - (A) marginal utility is zero
 - (B) marginal utility is negative
 - (C) marginal utility equals one
 - (D) marginal utility is more than one
3. The decrease in the quantity demanded due to a rise in price is called
 - (A) contraction of demand
 - (B) extension of demand
 - (C) shift of demand
 - (D) multiplication of demand
4. When demand of a commodity depends on the demand of some other commodities, it is called
 - (A) joint demand
 - (B) derived demand
 - (C) autonomous demand
 - (D) exclusive demand
5. The zero price elasticity of demand ($ep = 0$) is also called as
 - (A) perfectly inelastic demand
 - (B) perfectly elastic demand
 - (C) unitary elasticity of demand
 - (D) point elasticity of demand
6. Price effect is a combination of
 - (A) income effect and consumption effect
 - (B) consumption effect and substitution effect
 - (C) income effect and substitution effect
 - (D) income effect and investment effect
7. Which of the following statements is correct?
 - (A) Income effect of inferior good is negative.
 - (B) Income effect of inferior good is positive.
 - (C) Income effect of inferior good is neutral.
 - (D) There is no significant correlation between income and the quantity demanded of a inferior good.
8. Engel curve shows the relationship between
 - (A) two goods, say X and Y
 - (B) level of income and quantity purchased
 - (C) level of income and consumption
 - (D) level of income and the relative prices of the commodities

9. Hicksian substitution effect is associated with

- (A) compensating variation in consumption
- (B) compensating variation in profit
- (C) compensating variation in relative price rise of the commodities
- (D) compensating variation in income

10. Which of the following theories of business cycle was put forward by Hicks?

- (A) The innovation theory
- (B) The monetary theory
- (C) The overinvestment theory
- (D) The multiplier accelerator theory

11. What does the term production in Economics refer to?

- (A) Creation of an object
- (B) Creation of utility
- (C) Innovation of an object
- (D) Creation of space

12. Who among the following put forward the innovation theory of profit?

- (A) M. S. Douglas
- (B) A. C. Pigou
- (C) J. S. Mill
- (D) Joseph Schumpeter

13. "Money is what money does." Who said this?

- (A) Crowther
- (B) Robertson
- (C) Walker
- (D) Paul Euizig

14. 'Phillips curve' shows the relationship between

- (A) rate of inflation and rate of employment
- (B) rate of wage increase and rate of unemployment
- (C) rate of wage decrease and rate of unemployment
- (D) rate of wage increase and rate of public investment

15. "Bad money drives good money out of circulation" is known as

- (A) Gossen's law
- (B) Gresham's law
- (C) law of money circulation
- (D) pure theory of money

16. Money burden of a tax refers to

- (A) reduction in consumption
- (B) reduction in expenditure
- (C) reduction in disposable income
- (D) reduction in personal assets

17. Which of the following agencies estimates national income of India?

- (A) Reserve Bank of India
- (B) NITI Aayog
- (C) Ministry of Finance
- (D) Central Statistical Organization

18. The lowering of official exchange rate between one country's currency and those of the rest of the world is known as

- (A) devaluation
- (B) depreciation
- (C) appreciation
- (D) overvaluation

19. What we derive at, when income from abroad is added to the Gross Domestic Product (GDP) of an economy?

- (A) GNP
- (B) GDP at market price
- (C) NNP
- (D) NNP at factor cost

20. In which of the following Five-Year Plans of India, was the slogan of 'Garibi Hatao' (Removal of poverty) coined?

- (A) First Plan
- (B) Third Plan
- (C) Fourth Plan
- (D) Seventh Plan

21. Under the 'Lead Bank Scheme', a bank was expected to adopt a

- (A) State
- (B) District
- (C) Division
- (D) Block

22. Inclusion of intermediate products in the national income estimation leads to

- (A) correct and the most accurate estimation of national product
- (B) underestimation of national product
- (C) overestimation of national product
- (D) Cannot be said accurately

23. Public expenditure includes

- (A) transfer payments
- (B) subsidy offered by the government
- (C) capital expenditure made by the nationalised industries
- (D) All of the above

24. Which of the following is an example of economic activity?

- (A) Mother taking care of her child
- (B) A working wife taking care of her husband
- (C) Husband taking care of his wife
- (D) Servant taking care of his master

25. Marginal utility may be expressed in which of the following way?

- (A) $TU_n - TU_{n+1}$
- (B) $TU_n - TU_{n+2}$
- (C) $TU_{n+1} - TU_{n-2}$
- (D) $TU_n - TU_{n-1}$

26. A deflator is a technique of adjustment for change in

- (A) consumption level
- (B) income level
- (C) expenditure level
- (D) price level

27. In which type of unemployment, marginal productivity is zero or near zero?

- (A) Structural
- (B) Seasonal
- (C) Disguised
- (D) Frictional

28. Which of the following is an example of joint supply?

- (A) Wool and mutton
- (B) Petrol and car
- (C) Ink and pen
- (D) Sugar and tea

29. A locus of constant utility (satisfaction) is called the

- (A) expansion path
- (B) indifference curve
- (C) utility function
- (D) demand function

30. The opportunity cost of a factor of production is

- (A) what the factor is earning in its present use
- (B) what the factor can earn in the short-run
- (C) what the factor can earn in the long-run
- (D) what the factor can earn in its next best alternative use

31. In a perfectly competitive market, if an individual seller wishes to double his sales, he would

- (A) improve the quality of his product
- (B) lower the price of the product by 50%
- (C) spend twice the amount in advertisement
- (D) simply offer double the quantity for sale

32. A profit maximizing firm will stop production in the short-run, if price is

- (A) less than average variable cost
- (B) less than average fixed cost
- (C) less than marginal cost
- (D) less than total fixed cost

33. Which one of the following pairs is not correctly matched?

- (A) Revealed preference theory : Samuelson
- (B) Indifference curve analysis : Hicks
- (C) Cardinal utility approach : Joan Robinson
- (D) Input-output analysis : Leontief

34. Isoquant is the locus of various combinations of

- (A) factors of production yielding same level of output
- (B) factors of production requiring same level of input
- (C) commodities yielding different levels of satisfaction
- (D) factors of production yielding same level of profit

35. Match List-I with List-II and choose the correct option from (A), (B), (C) and (D) :

As per data released by the Census of India, 2011 :

List-I	List-II
a. Female literacy rate of Assam	1. 16.93%
b. Female literacy rate of India	2. 17.64%
c. Decadal growth rate of population of Assam during 2001-2011	3. 67.27%
d. Decadal growth rate of population of India during 2001-2011	4. 65.46%

(A) a-3, b-4, c-2, d-1

(B) a-4, b-3, c-1, d-2

(C) a-4, b-3, c-2, d-1

(D) a-3, b-4, c-1, d-2

36. Match List-I with List-II and choose the correct option from (A), (B), (C) and (D) :

As per data released by the Census of India, 2011, the literacy rate of the States given are as follows :

List-I	List-II
a. Assam	1. 73.18%
b. Arunachal Pradesh	2. 66.95%
c. Meghalaya	3. 75.48%
d. Nagaland	4. 80.11%

(A) a-1, b-2, c-3, d-4

(B) a-1, b-3, c-2, d-4

(C) a-2, b-1, c-3, d-4

(D) a-2, b-3, c-1, d-4

37. Price theory is known as

- (A) microeconomics
- (B) macroeconomics
- (C) public finance
- (D) theory of employment

38. Interest is paid for the postponement of

- (A) consumption
- (B) saving
- (C) investment
- (D) tax payment

39. Match List-I with List-II and choose the correct option from (A), (B), (C) and (D) :

List-I

- a. Household
- b. Business
- c. Government

List-II

- 1. receive tax
- 2. receive revenue
- 3. receive factor income

(A) a-3, b-2, c-1

(B) a-3, b-1, c-2

(C) a-2, b-3, c-1

(D) a-1, b-2, c-3

40. If planned saving is greater than planned investment, then it will lead to

- (A) decrease in national income
- (B) increase in national income
- (C) national income remains constant
- (D) Cannot say with certainty

41. In Keynesian economics, inflation occurs when there is

- (A) increase in money supply
- (B) excess demand
- (C) increase in import
- (D) increase in tax

42. An arrangement by which an individual acting within the letter of the law, reduces his true tax liability, is known as

- (A) tax evasion
- (B) tax deferment
- (C) tax avoidance
- (D) tax reduction

43. 'Parallel economy' is equivalent to

- (A) white money
- (B) paper money
- (C) black money
- (D) bank money

44. The rate at which the central bank exchanges the country's currency for another is called

- (A) bank rate
- (B) transaction ratio
- (C) exchange rate
- (D) business rate

45. The tertiary sector of an economy refers to

- (A) service sector
- (B) primary sector
- (C) manufacturing sector
- (D) information technology

46. Planning by direction is an integral part of

- (A) capitalist economy
- (B) socialist economy
- (C) mixed economy
- (D) free-market economy

47. In Keynesian analysis, the point of interaction of ASC and ADC is known as the point of

- (A) excess demand
- (B) deficit demand
- (C) effective demand
- (D) equilibrium

48. For maximisation of profit, marginal revenue must be equal to marginal cost. This condition is valid

- (A) only under monopoly market
- (B) only under perfect competition
- (C) only under monopolistic competition
- (D) in any type of market

49. The concept of quasi-rent refers to

- (A) the rent of land
- (B) the return to a factor, supply of which is fixed in the short-run
- (C) half of the total rent on land
- (D) the return to agriculture during the short-run

50. Infant mortality rate (IMR) refers to

- (A) the death rate of children before reaching the school-going age
- (B) the death rate of children before reaching three years of age
- (C) the death rate of children within a year of birth
- (D) the death rate of children before reaching six years of age

51. Legal tender money is also known as

- (A) fiat money
- (B) paper money
- (C) credit money
- (D) bank money

52. Match List-I with List-II and choose the correct option from (A), (B), (C) and (D) :

List-I	List-II
a. Revenue receipts	1. taxes
b. Capital receipts	2. salaries
c. Revenue expenditure	3. borrowing
d. Capital expenditure	4. building dams

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

53. Match List-I with List-II and choose the correct option from (A), (B), (C) and (D) :

List-I	List-II
a. $AR = MR$	1. TR is maximum
b. $AR > MR$	2. perfect competition
c. $MR = 0$	3. monopoly
d. $\frac{AR}{AR - MR}$	4. price elasticity of demand

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

54. The relation between income and investment is usually

(A) positive

(B) negative

(C) not related

(D) Cannot say with certainty

55. Net investment - Depreciation = Gross investment. The equation is

(A) false

(B) true

(C) partly true

(D) Cannot say with certainty

56. The upper portion of the kinked demand curve is relatively

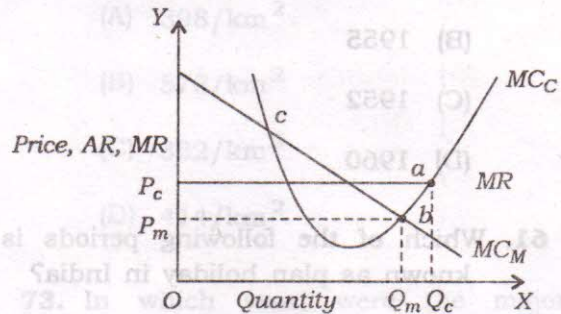
(A) more inelastic

(B) more elastic

(C) less elastic

(D) inelastic

Direction : Question numbers 57-59 are based on the following figure. Study the figure and answer the questions :



57. In the figure, the equilibrium of the firm in case of perfect competition is at point

(A) a

(B) b

(C) c

(D) Cannot say with certainty

58. In the figure, the equilibrium of the firm in case of monopoly is at point

(A) a

(B) b

(C) c

(D) Cannot say with certainty

59. In the figure, the equilibrium price in case of perfect competition is

(A) P_c

(B) P_m

(C) Both (A) and (B)

(D) Cannot say with certainty

60. When was the Planning Commission set up?

- (A) 1951
- (B) 1955
- (C) 1952
- (D) 1960

61. Which of the following periods is known as plan holiday in India?

- (A) 1965–1970
- (B) 1966–1969
- (C) 1972–1978
- (D) 1985–1990

62. Which of the following industrial policies of India laid emphasis on the establishment of heavy industries?

- (A) Industrial Policy Resolution, 1948
- (B) Industrial Policy Resolution, 1952
- (C) Industrial Policy Resolution, 1956
- (D) New Industrial Policy, 1991

63. When were the regional rural banks (RRBs) established?

- (A) 1960
- (B) 1965
- (C) 1970
- (D) 1975

64. When was the NABARD set up?

- (A) 1962
- (B) 1972
- (C) 1982
- (D) 1992

65. Match List-I with List-II and choose the correct option from (A), (B), (C) and (D) :

List-I	List-II
a. Green Revolution	1. milk production
b. White Revolution	2. fish production
c. Yellow Revolution	3. oilseeds production
d. Blue Revolution	4. wheat production

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

66. Perspective planning refers to

- (A) rolling plan
- (B) indicative planning
- (C) annual plan
- (D) long-term planning

67. The book, *Asian Drama* was written by

- (A) J. K. Galbraith
- (B) Gunnar Myrdal
- (C) Ragnar Nurkse
- (D) Amartya Sen

68. Which of the following Five-Year Plans of India laid emphasis on establishment of heavy industries for the first time?

- (A) First Five-Year Plan
- (B) Second Five-Year Plan
- (C) Third Five-Year Plan
- (D) Fourth Five-Year Plan

69. Financial resource allocation between Centre and States is done by

- (A) Planning Commission
- (B) Parliament
- (C) Finance Commission
- (D) Prime Minister's Office (PMO)

70. Which of the following banks have been recently categorised as strategically important banks by the Reserve Bank of India?

- (A) State Bank of India and ICICI Bank
- (B) State Bank of India and Bank of Baroda
- (C) Punjab National Bank and ICICI Bank
- (D) Punjab National Bank and Bank of Baroda

71. What is the sex ratio of Assam according to the Census of India, 2011?

- (A) 940
- (B) 958
- (C) 986
- (D) 947

72. What is the density of population in Assam according to the Census of India, 2011?

- (A) 398/km²
- (B) 573/km²
- (C) 382/km²
- (D) 414/km²

73. In which year, were the major commercial banks nationalised in India?

- (A) 1959
- (B) 1969
- (C) 1974
- (D) 1985

74. Which of the following banks was called imperial bank?

- (A) State Bank of India
- (B) Bank of India
- (C) Indian Overseas Bank
- (D) Reserve Bank of India

75. The rate at which the Reserve Bank of India gives loans to commercial banks is called

- (A) credit rate
- (B) market rate
- (C) bank rate
- (D) official rate

76. Increase in cash reserve ratio leads to

- (A) increase in bank credit
- (B) decrease in bank credit
- (C) constant bank credit
- (D) increase in money supply

77. In India, the fiscal year starts from

- (A) 1st March
- (B) 31st March
- (C) 1st April
- (D) 30th April

78. Tax imposed on value of the goods is

- (A) Ad valorem tax
- (B) specific tax
- (C) value added tax
- (D) cess

79. Tax imposed on the units of the goods is

- (A) Ad valorem tax
- (B) specific tax
- (C) value added tax
- (D) cess

80. What would you derive when total expenditure is deducted from total receipt?

- (A) Capital deficit
- (B) Revenue deficit
- (C) Fiscal deficit
- (D) Budgetary deficit

81. Revenue receipt minus revenue expenditure is equal to

- (A) revenue deficit
- (B) budgetary deficit
- (C) monetary deficit
- (D) fiscal deficit

82. Sales tax is levied by

- (A) State government
- (B) Central government
- (C) Local government
- (D) All of the above

83. Which of the following is direct tax?

- (A) Corporate tax
- (B) Gift tax
- (C) Wealth tax
- (D) All of the above

84. Which type of tax is collected for specific purpose?

- (A) Surcharge
- (B) Cess
- (C) Custom duty
- (D) Excise duty

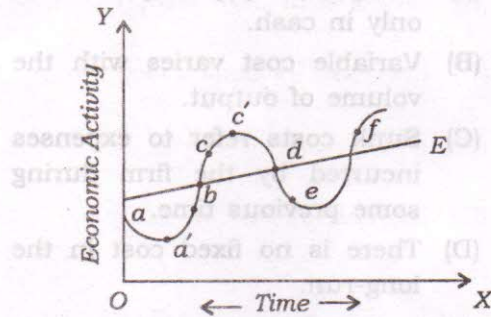
85. Grants-in-aid refers to

- (A) State government receiving funds from the Central government
- (B) State government taking loans from the Central government
- (C) State government receiving funds from external agencies like the IMF, World Bank
- (D) Transfer of resources between the Central and the State Governments

86. Which of the following statements is correct?

- (A) An indifference map represents the consumer's scale of preferences comprising a set of indifference curves.
- (B) An indifference map represents the level of income spent by a consumer comprising a set of indifference curves.
- (C) An indifference map represents the scale of preferences of a number of individuals comprising a set of indifference curves.
- (D) An indifference map represents the level of income spent by a number of individuals comprising a set of indifference curves.

Direction : Question numbers 87-89 are based on the following figure. Study the figure and answer the questions :



87. In the above figure, the lowest point (a') in the 'ab' portion of the curve is termed as

- (A) trough
- (B) recovery
- (C) recession
- (D) depression

88. In the above figure, the portion 'bc' of the curve is termed as

- (A) trough
- (B) recovery
- (C) prosperity
- (D) recession

89. In the above figure, the portion 'de' of the curve represents

- (A) recovery
- (B) recession
- (C) peak
- (D) depression

90. Which of the following statements is incorrect?
- (A) Companies pay implicit cost only in cash.
 - (B) Variable cost varies with the volume of output.
 - (C) Sunk costs refer to expenses incurred by the firm during some previous time.
 - (D) There is no fixed cost in the long-run.
91. Which of the following statements is correct?
- (A) In case of normal goods, substitution effect > income effect.
 - (B) In case of normal goods, substitution effect < income effect.
 - (C) In case of inferior goods, substitution effect < income effect.
 - (D) In case of Giffen goods, substitution effect > income effect.
92. In which of the following market structures, would you find a few large firms?
- (A) Duopoly
 - (B) Monopolistic competition
 - (C) Oligopoly
 - (D) Perfect competition
93. Who said, "Capital consists of those kinds of wealth, other than free gifts of nature, which yield income"?
- (A) Adam Smith
 - (B) David Ricardo
 - (C) Alfred Marshall
 - (D) J. M. Keynes
94. Who said, "Interest is a reward for parting with liquidity"?
- (A) Adam Smith
 - (B) David Ricardo
 - (C) Alfred Marshall
 - (D) J. M. Keynes
95. The book, *Theory of Moral Sentiments* was written by
- (A) Adam Smith
 - (B) David Ricardo
 - (C) Alfred Marshall
 - (D) J. M. Keynes
96. Which of the following factors remains fixed in the long-run?
- (A) Labour
 - (B) Capital
 - (C) Building
 - (D) None of the above
97. The difference between willingness to pay and the actual payment is called
- (A) supplier's surplus
 - (B) producer's surplus
 - (C) consumer's surplus
 - (D) retailer's surplus
98. Product homogeneity is a feature of
- (A) monopoly
 - (B) monopolistic competition
 - (C) oligopoly
 - (D) perfect competition
99. Cartel is a part of
- (A) monopoly
 - (B) oligopoly
 - (C) monopolistic competition
 - (D) perfect competition
100. Impact of change in demand in one sector on other sectors is studied by
- (A) general equilibrium
 - (B) partial equilibrium
 - (C) industry equilibrium
 - (D) constant equilibrium analysis