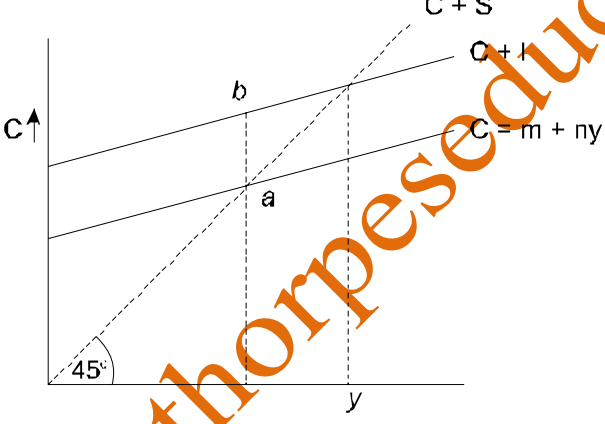# Economics
Civil Services (Pre) Examination

1.	In the theory of production with one variable input, which one of the following will not hold when the Average Product (AP) is at its peak? (a) Declining Total Product (TP) curve (b) Increasing Total Product (TP) curve (c) Declining Marginal Product (MP) curve (d) MP = AP
2.	 Which one of the following is represented by the diagram given above (where, L = labour, K = capital, X = output)? (a) Laws of production (b) Decreasing returns to scale (c) Diminishing returns to variable factor, labour (d) All of the above
3.	Which one of the following statements is correct? (a) A firm's long-run average cost curve is derived from a series of short-run average cost curves (b) There is no relationship between short-run and long-run average cost curves (c) A firms' short-run average cost curve is derived from its long-run average cost (d) Long-run total cost is the sum of long-run fixed and long-run average costs
4.	Consider the following statements: 1. Explicit and implicit costs are not included in opportunity cost 2. Explicit and implicit cost are included in opportunity cost 3. The economic costs include both explicit and implicit costs 4. The imputed value of the enterpreneur's own resources and services is called explicit costs Which of the statements given above are correct? (a) 1 and 2 (b) 2 and 3 (c) 1 and 3 (d) 2 and 4
5.	Which one of the following is represented by a rectangular hyperbola? (a) Average fixed cost curve (b) Average variable cost curve (c) Production possibility curve (d) Expansion path

6.	Match List-I (Type of Isoquant) with List-II (Factor Substitutability) and select the correct answer using the codes given below the lists— **List-I** (Type of Isoquant) (I) Linear isoquant (II) Leontief isoquant (III) Kinked isoquant (IV) Smooth, convex isoquant **List-II** (Factor Substitutability) 1. Zero substitutability 2. Continuous substitutability 3. Perfect substitutability 4. Limited substitutability **Code:** (I) (II) (III) (IV) (a) 3 2 4 1 (b) 4 1 3 2 (c) 3 1 4 2 (d) 4 2 3 1
7.	In the Cobb-Douglas production function of the form, $X = b_o, L^{b}1, K^{b}2$, which one of the following is correct? (X = output, L = labour and K = capital) (a) Elasticity of substitution is equal to unity (b) Factor-intensity is measured by the ratio, b_1/b_2 (c) Organisational and entrepreneurial efficiency is measured by b_0 (d) All of the above
8.	Suppose a consumer is consuming tow somewhat substitutable good X and Y and the price of X increases. What is the nature of consumer's demand for X if he decreases his expenditure of X? (a) Unitary elastic (b) Perfectly inelastic (c) Elastic (d) Inelastic
9.	Which one of the following is not the basic assumption of indifference curve approach of consumer theory? (a) Consumer is able to set up preference ranking of the combination of goods and services (b) Consumer is able to measure the utility (c) The ranking is consistent (d) Consumer prefers more to less of a commodity
10.	Consider the following statements— 1. Cross elasticity of demand for petrol with respect to price of diesel is close to zero in short-run but it may increase in the long-run if the price differential between these two products remains high for long 2. Cross elasticity of demand of X with respect of Y would be negative if X and Y are substitutes 3. Cross elasticity of demand of X with respect to Y would be positive if X and Y are complements 4. Cross elasticity of demand of X with respect to Y would be close to zero if X and Y are unrelated products Which of the statements given above correct? (a) 1, 3 and 4, only (b) 2 and 3, only (c) 1 and 4, only (d) 1, 2, 3 and 4

11.	Which one of the following is the correct statement? In the case of Giffen goods— (a) Substitution effect is negative (b) Income effect is negative (c) Income effect is stronger than the substitution effect (d) All of the above
12.	Which one of the following is the correct statement? Given two parallel straight-line demand curves, the price-elasticity of demand in case of each curve is equal— (a) At each price level (b) At each demand level (c) Only at points on these demand curves which fall on a straight line emanating from the origin (d) In none of the above cases
13.	Which of the following are the characteristics of the kinked demand curve? (1) Equilibrium is defined by the point of kink (2) Price rigidity under oligopoly (3) The upper portion of the kinked demand curve is highly elastic (4) To the point right of kink, marginal cost is larger than marginal revenue Select the correct answer using the code given below: (a) 1, 2 and 3, only (b) 1 and 4, only (c) 2, 3 and 4, only (d) 1, 2, 3 and 4
14.	Consider the following statements regarding determination of factor prices— 1. The mechanism of determination of factor prices does not differ fundamentally from that of prices of commodities 2. Factor prices are determined by the forces of demand and supply 3. The difference lies in the determinants of the demand and supply of productive resources Which of the statements given above are correct? (a) 1, 2 and 3 (b) 1 and 2, only (c) 2 and 3, only (d) 1 and 3, only
15.	Which one of the following is the correct statement? The demand for labour is a derived demand because it depends on — (a) The elasticity of labour suply (b) The demand for other factors of production (c) The wage rate (d) The demand for goods and services produced by labour
16.	Consider the following statements regarding Pareto-optimality in consumption (two commodities and two individuals case)— 1. Each point in the Edgeworth Box, in this case, specifies six variables 2. Each point on the contract curve represents a Pareto-optimal distribution 3. Each point on the contract curve depicts a situation of general equilibrium in consumption Which of the statements given above are correct? (a) 1, 2 and 3 (b) 1 and 2, only (c) 2 and 3, only (d) 1 and 3, only
17.	What does the Coase's theorem deal with? (a) Internalisation of externalities (b) Pricing of public goods (c) Solution to the problem of externalities of terms of well-defined and exchangeable property rights (d) None of the above
18.	Which one of the following is the correct statement? Consumer surplus is largest in — (a) Discriminating monopoly (b) Monopolistic competition (c) Single-price monopoly (d) Perfect competition

19.	Consider the following statements relating to consumer surplus— 1. Boulding renamed consumer surplus as buyer surplus 2. Hicks explained consumer surplus through indifference curves 3. There is direct relationship between price and consumer surplus 4. Consumer surplus is nothing but the difference between the price that 'one is willing to pay' and the price 'one actually pays for a particular product' Which of the statements given above are correct? (a) 1, 2 and 3 (b) 2, 3 and 4 (c) 1, 3, and 4 (d) 1, 2 and 4
20.	Which one of the following is not included in Net National Product (NNP) at factor cost? (a) Undistributed profits (b) Rent (c) Consumption of fixed capital (d) Interest
21.	In utensils worth Rs. 1000/- are produced with copper worth Rs. 500/-, wages paid are Rs. 100/-, other material purchased is worth Rs. 100/- and depreciation of machinery is zero, then what is the value added in the process? (a) Rs. 1000/- (b) Rs. 500/- (c) Rs. 400/- (d) Rs. 300/-
22.	Consider the following statements— 1. GDP at current prices and GDP at constant prices are identical in the base year 2. GDP at current prices is the economy's final output valued at the base year's prices 3. GDP at constant prices is the economy's final output valued at the base year's prices 4. GDP at current prices and GDP at constant prices are identical in the current year Which of the statements given above are correct? (a) 1 and 3 (b) 1 and 2 (c) 3 and 4 (d) 2 and 4

23.	
	Based on the above graph, match List-I (Variable) with List-II (Identified in the graph) and select the correct answer using the code given below the lists—
	
	List-I (Variable) **List – II (Identified in the graph)**
	(A) Aggregate Demand 1. C + I
	(B) Aggregate Supply 2. C + S
	(C) Consumption at zero level of income 3. ab
	(D) Level of Investment 4. n
	                                 5. m
	
	Code:
	     (A) (B) (C) (D)
	(a) 1 5 4 3
	(b) 3 2 5 1
	(c) 1 2 5 3
	(d) 3 5 4 1

24.	Suppose in two economies A and B, both of which are closed, Y = C + G (Y = real income, C = real consumption and G = real govt. expenditure) Assume that both economies have identical consumption function C = 200+ 0.25 Y. Further, assume G = 200 units Finally in economy A, G is spent on building roads and bridges while in economy B, G is spent on running cars and air-conditioners for public servants What will be the equilibrium level of Y in economies A and B? (a) A : 400, B : 400 (b) A : 800, B : 600 (c) A : 1600, B : 800 (d) A : 1600, B : 1600
25.	Consider the following: Their will be a change in the level of national income with the following changes— 1. Government spending and taxes increased by amount x 2. Government spending and taxes decreased by amount x 3. Only Government spending increased by amount x 4. Only Government spending decreased by amount x What is the correct sequence of the changes in level of national income in descending order? (a) 2—4—3—1 (b) 3—1—2—4 (c) 2—1—3—4 (d) 3—4—1—2
26.	Which one of the following statements is correct? Investment increases with— (a) an increase of output and a decrease in capital stock (b) a decrease of output and an increase in capital stock (c) an increase in both output and capital stock (d) a decrease in both output and capital stock
27.	Compared with monopolist charging single price, a monopolist adopting discriminatory practices would not end up with which one of the following? (a) Larger revenue and larger profit (b) Larger output and larger revenue (c) Larger profit and larger output (d) Shorter output but larger profit
28.	Which one of the following is the correct statement? Price of a commodity does not go down when— (a) only supply curve moves rightward (b) only supply curve moves leftward (c) only demand curve moves leftward (d) supply curve moves rightward and demand curve moves leftward
29.	Which one of the following statements is correct? A monopolist charging different prices in two different markets will charge a higher price in the market in which the price elasticity of — (a) Demand is greater (b) Supply is greater (c) Demand is smaller (d) Supply is smaller
30.	Which one of the following statements is correct? A firm under perfect competition will be in stable equilibrium in the long-run if the price is equal to — (a) Marginal revenue (b) Marginal cost (c) Average fixed cost (d) Average variable cost

31.	Between two periods, in a closed economy, the savings propensity triples while the level of investment remains unchanged. As a result of this, which one of the following is correct? (a) Savings triple (b) National Income triples (c) National Income remains unchanged (d) Savings remain unchanged
32.	If money supply rises, then in the IS-LM framework which one of the following statements is correct? (a) LM curve shifts to the right (b) IS curve shifts to the right (c) IS and LM curves both shits to the right (d) LM curve does not undergo any change
33.	Reserve Bank of India calculates four components of money supply, M_1, M_2, M_3, M_4. Which one of the following statements is not correct? (a) M_1 = currency with public + demand deposits with banks (b) $M_2 = M_1$ + post office savings deposit (c) $M_3 = M_1 + M_2$ (d) $M_4 = M_3$ + totals post office deposits
34.	Which one of the following factors does not influence velocity of circulation of money? (a) Quantity of money (b) Selling costs of business firms (c) Credit facilities (d) Business conditions
35.	Slutsky's decomposition of price effect is not possible without a prior knowledge of which one of the following? (a) Income-elasticity of demand (b) Price elasticity of demand (c) Substitution-elasticity (d) Cross-elasticity of demand
36.	Which one of the following statements is correct? In India, estimates of National Income are based on — (a) net income method only (b) net output method only (c) net income, net output and next expenditure methods (d) net expenditure method only
37.	Consider the following statements: 1. Whenever a bank grants a loan, it creates a deposit or a liability against itself 2. Deposits of the bank circulate as money, the creation of such deposits lead to a net increase in the money stock 3. Whenever a bank grants a loan, it creates a loan Which of the statements given above is/are correct? (a) 1 only (b) 2 and 3 (c) 3 only (d) 1 and 2
38.	Which one of the following statements is correct? The money multiplier in an economy increases with— (a) Improvement in banking habit of the population (b) Increase in statutory liquidity ratio (c) Increase in the cash reserve ratio (d) Increase in the population of the country

39.	Match List-I (Activity of bank) with List-II (Function performed) and select the correct answer using the codes given below the lists— **List-I** (Activity of bank) (A) Bank of Issue (B) Custodian of foreign balances of the country (C) Lender of last resort (D) Controller of credit **List-II** (Function performed) 1. It is the provision of extra liquidity to an illiquid but presumably solvent bank by the central bank 2. Government delegates the right to print currency notes 3. It maintains both gold and foreign currencies as reserves against note issue 4. It controls credit operation of commercial banks **Code:** (A) (B) (C) (D) (a) 1 3 2 4 (b) 2 4 1 3 (c) 1 4 2 3 (d) 2 3 1 4
40.	How can the inflationary gap at full employment be wiped out? 1. By rise in voluntary saving of the community 2. By imposition of tax to mop up the surplus 3. By increasing output to absorb excess demand 4. Through increase in money supply Select the correct answer using the code given below: (a) 1 only (b) 1, 2 and 3 (c) 2, 3 and 4 (d) 1 and 2, only
41.	In which one of the following sequences the change in quantity of money leads to change in price level in the Keynesian models? (a) Change in quantity of money—change in investment—change in employment and output—change in rate of interest—change in price level (b) Change in quantity of money—change in employment and output—change in investment—change in rate of interest—change in price level (c) Change in quantity of money—change in investment—change in rate of interest—change in employment and output—change in price level (d) Change in quantity of money—change in rate of interest—change in investment—change in employment and output—change in price level
42.	Match List-I (Type of Inflation) with List-II (characteristic) and select the correct answer using the codes given below the lists— **List-I** (Type of Inflation) (A) Demand-pull inflation (B) Cost-push inflation (C) Suppressed inflation (D) Creeping inflation **List-II** (Characteristic) 1. Initially price rises 2. Price-rise controlled by rationing and other means 3. Inflation in which prices increase as a result of increased as a result of increased production costs, as labour and raw materials, even when demand remains the same

	4. Inflation in which rising demand results in a rise in prices 5. Fall in price of raw materials
43.	Match List-I (Nature of price change) with List-II (Linked phenomenon) and select the correct answer using the code given below the lists— **List-I** (Nature of price change) (A) Relation between a monetary and real variable (B) Price rise at full employment (C) Reflation (D) Stagflation **List-II** (Linked phenomenon) 1. Inflation deliberately undertaken to relieve a depression 2. Relationship between money wage increase and level of unemployment 3. Rise in prices with little change in output 4. Continuous inflation **Code:** (A) (B) (C) (D) (a) 3 4 1 2 (b) 2 1 4 3 (c) 3 1 4 2 (d) 2 4 1 3
44.	Match List-I (Economic function) with List-II (Used for) and select the correct answer using the codes given below the lists— **List-I** (Economic function) (A) Allocation function (B) Distribution function (C) Stabilisation function (D) Management of public debt **List-II** (Used for) 1. Manage government borrowing 2. Control of economic fluctuation 3. Efficient public distribution 4. Efficient provision of government fund for various uses 5. To reduce inequality in the Society **Code:** (A) (B) (C) (D) (a) 4 1 2 5 (b) 2 5 3 1 (c) 4 5 2 1 (d) 2 1 3 5
45.	What is the excess burden of a Lumpsum tax? (a) 1.0 (b) 0.0 (c) 2.0 (d) >5
46.	On which one of the following is the benefits received principle of taxation to achieve optimality based? (a) Marginal benefit received (b) Total benefit received (c) Average benefit received (d) Ability to pay for the benefit

47.	Match List-I (Relative elasticity) with List-II (Burden of tax) and select the correct answer using the code given below the lists— **List-I** (Relative elasticity) (A) $e^s > e^d$ (B) $e^s < e^d$ (C) $e^s = e^d$ (D) $e^s = \infty$, $e^d = 0$ **List-II** (Burden of tax) 1. The proportion of tax burden on buyer is less than upon the seller 2. The proportion of tax burden on buyer is equal to seller 3. The entire burden on tax will be on the seller 4. The proportion of tax burden on buyer is higher than upon the seller 5. The entire burden of tax will be upon the buyer **Code:** (A) (B) (C) (D) (a) 4 5 2 1 (b) 2 1 3 5 (c) 2 5 3 1 (d) 4 1 2 5
48.	Which one of the following is the correct statement? In industries displaying increasing returns to scale and operated by the public sector to achieve optimality, there has to be— (a) A subsidy to the consumer only (b) A tax on the industry (c) A tax on the consumer and subsidy to the producer (d) A subsidy to the consumer and a tax on the producer
49.	If the fiscal deficit of the Union Government is Rs. 75,000 crores relending to State is Rs. 25,000 crores, interest payments are Rs. 25,000 crores, what is the amount of the primary deficit? (a) Rs. 50,000 crores (b) Rs. 25,000 crores (c) Rs. 1,00,000 crores (d) Rs. 1,25,000 crores
50.	Which one of the following phenomenon explains the free rider problem in public finance? (a) Ticketless travel in the Indian Railways (b) Economics of horse racing and the breeding of houses (c) Economics of all types of pure public goods (d) Preference non-revelation in the case of goods where consumption is joint
51.	Consider the following statements: The Heckscher-Ohlin theory of trade is based on the assumption that — 1. Factors are mobile within the country 2. Factors are immobile within the country 3. Factors are mobile internationally 4. Factors are immobile internationally Which of the statements given above are correct? (a) 1 and 3 (b) 1 and 4 (c) 2 and 3 (d) 2 and 4
52.	Which one of the following is the correct statement? The factor price equalization theorem is a corollary of — (a) the Ricardian trade theorem (b) the Heckscher-Ohlin theorem (c) imperfect competition model of trade (d) None of the above

53.	Consider the following statements: The dynamic gains from trade include— 1. gains based on the law of comparative advantage 2. widening of the total market for a country's producers 3. gains to take advantage of the relatively favourable price ratio 4. acquisition of new knowledge, arrival of new ideas and the dissemination of technical knowledge etc. Which of the statements given above are correct? (a) 1, 3 and 4 (b) 2 and 4, only (c) 1, 2 and 3 (d) 2, 3 and 4
54.	Which one of the following pairs is not correctly matched? (a) Tariff quota : Non-tariff barrier (b) Export : Tariff barrier (c) Ad valorem duty : Tariff barrier (d) Multi-fibre arrangement : Non-tariff barrier
55.	What is a countervailing duty? (a) A lower import duty on raw material by the importing country to enhance the competitiveness of final product exports (b) A duty to raise more revenue by the government for subsidizing exports (c) An import duty or tariff imposed by an importing country to raise the price of a subsidized export product to offset its lower price (d) A lower tariff on imported commodity produced by a monopoly industry in the exporting country
56.	Which one of the following is the effective rate of protection? (a) The percentage increase in the value added of an industry per unit of output as a result of tariff relative to free trade situation but with the same exchange rate (b) Official nominal rate of tariff on the value of import of final product (c) When the effect of tariff in imposing country results in improvement of terms of trade (d) Effective of tariff on the level of income and employment in the tariff imposing country
57.	Which of the following would cause disequilibrium in the balance of payments? 1. The level of domestic demand 2. Variations in the degree of inflation 3. International capital flows Select the correct answer using the code given below: (a) 1, 2 and 3 (b) 1 and 2, only (c) 2 and 3, only (d) 1 and 3, only
58.	Which one of the following can not be considered as the fundamental disequilibrium in the balance of payment of a country? (a) Changes in consumer tastes within the country or abroad which reduce a country's exports (b) Decline in the competitive strength of the country in the world market which adversely affects exports of the country (c) Technological changes in the methods of production of domestic industries or in the industries of other countries (d) Decline in the agricultural production due to natural calamities
59.	Which one of the following items is included in the capital account of the balance of payments of a country? (a) Invisibles (b) Investment income (c) Commercial borrowings (d) Private transfers
60.	Which of the following items constitute(s) international reserves? (a) Gold (b) Foreign Exchange (c) S.D.Rs. (d) I.F.C. loans
61.	Which one of the following is the nature of convertibility of the Indian currency? (a) Convertibility at trade account (b) Convertibility at current account (c) Convertibility at capital account (d) Freely convertible
62.	Which one of the following is not an affiliate of the World Bank?

	(a) The International Finance Corporation (b) The Multi-lateral Investment Guarantee Agency (c) The International Development Association (d) The Asian Development Bank
63.	Special Drawing Rights (SDRs) scheme is criticized on which of the following grounds? 1. Inequitable distribution 2. Not linked with development finance 3. Low rate of interest 4. Failure to meet the requirement of international liquidity Select the correct answer using the code given below: (a) 1 and 3, only (b) 1, 2, 3 and 4 (c) 2, 3 and 4, only (d) 1, 2 and 4, only
64.	Which of the following are among the types of assistance provided by the I.M.F.? 1. Buffer stock financing 2. Compensatory and contingency financing 3. Financing agricultural development 4. Financing agricultural development Select the correct answer using the code given below: (a) 1 and 2 (b) 2 and 3, only (c) 2, 3 and 4 (d) 1,3 and 4
65.	The Geographical Indications of Goods (Registration of Goods) Act, 1999, was enacted in India to meet commitment of which one of the following agreements under the WTO? (a) Trade Related Investment Measures (TRIMs) (b) Trade Related Investment Measures (TRIPs) (c) General Agreement on Trade in Services (GATS) (d) Agreement on Agriculture (AoA)
66.	Match List-I (Term) with List-II (Used for) and select the correct answer using the code given below the lists— **List-I** (Terms) (A) Gini Coefficient (B) Lorenz Curve (C) Trickel-down Effect (D) Capacity Approach **List-II** (Used for) 1. Analysis of benefits of development going to the lowest level 2. Study of improvement of ability level of a person 3. To calculate ratio of the concentration are to the total area under the line of equality 4. Study to leakage of water and its waste 5. To study percentile shares of population in income distribution **Code:** (A) (B) (C) (D) (a) 3 1 4 2 (b) 2 5 1 3 (c) 3 5 1 2 (d) 2 1 4 3
67.	Which of the following items are included in the Human Development Index? 1. Life expectancy 2. Education 3. GDP per capita (PPP US$) 4. Infant mortality Select the correct answer using the code given below: (a) 1, 2 and 3

	(b) 1, 3 and 4 (c) 2, 3 and 4 (d) 1, 2 and 4
68.	What does inverted U shaped Kuznet's curve depict where PCY stands for per capita income? (a) As PCY increases, equality of income increases and then falls (b) As PCY increases, inequality of income increases and then falls (c) PCY and inequality are inversely related to each other (d) PCY and equality of incomes are inversely related to each other
69.	Which one of the following is the correct statement? 'Verdoorn Coefficient' reflects a relationship between— (a) growth of labour productivity in agriculture and growth of agricultural output (b) growth of labour productivity in agriculture and growth of manufacturing output (c) growth rate of labour productivity in manufacturing and growth of manufacturing output (d) growth rate of labour productivity in manufacturing and growth of agriculture output
70.	Sum of a set of 100 observations is 500. If its Standard Deviation is 4, which one of the following is equal to the value of sum of squares of these observations? (a) 2500 (b) 4100 (c) 2516 (d) 50000
71.	Which one of the following is the correct statements? According to Harrod, technical change is said to be capital saving if it— (a) raises the capital output ratio (b) leaves the capital output ration unchanged (c) lowers the capital output ratio unchanged (d) raises the capital labour ratio
72.	Consider the following statements: In Harrod's Growth Model (assuming no technical progress) the "knife edge" problem arises because— 1. the natural rate of growth is exogenously given 2. capital output ratio is constant 3. there is no technical progress Which of the statements given above is/are correct? (a) 1 only (b) 2 and 3, only (c) 1 and 2, only (d) 1, 2 and 3
73.	Match List-I (Term) with List-II (Occurrence) and select the correct answer using the code given below the lists— **List-I** (Term) (A) East Asian Miracle (B) Brazilian model of development of the serventies (C) Neo-Marxist view of development (D) Success of planning in achieving rapid economic development **List-II** (Occurrence) 1. Economic relations between developed and developing countries could only lead to development of under developed countries 2. Soviet Union is the early 20th century 3. Success of free-market economies like South Korea, Hong Kong, Taiwan etc 4. Those countries where share of industrial output in GDP is rising most rapidly 5. Growth based on increased international borrowing (A) (B) (C) (D) (a) 2 3 4 1 (b) 3 4 1 2 (c) 2 5 3 1 (d) 3 5 1 2

74.	Consider the following statements:
	Market failure refers to a situation in which—
	1. true benefit of output may not reflect price because of externalities
	2. price may not reflect marginal cost because or market imperfections
	3. there is disequilibrium in demand and supply
	Which of the statements given above is/are correct?
	(a) 2 only
	(b) 1 and 2, only
	(c) 1 and 3, only
	(d) 1, 2 and 3

75. Match List-I (Economic term) which List-II (Applicability of the term) and select the correct answer using the code given below the lists—

List-I
(Economic term)
(A) Asymmetric information
(B) Lack of government credibility
(C) Rent-seeking behaviour
(D) Institutional environment

List-II
(Applicability of the term)
1. Failure to protect law and order, property and interest of vulnerable group
2. Abuse of public office for private gain
3. Imbalance of knowledge in a market between buyers and sellers
4. Effective economic policies with improved state capability

Code:

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

76. Which one of the following is not include under WTO regulations?
(a) Removal of industrial licenses
(b) Removal of import tariffs
(c) Removal of foreign portfolio investments
(d) Removal of price controls

77. Match List-I (Type of planning) with List-II (Method of implementation) and select the correct answer using the code given below the lists—

List-I
(Type of planning)
(A) Totalitarian Planning
(B) Democratic Planning
(C) Indicative Planning
(D) Decentralised Planning

List-II
(Method of implementation)
1. Planning by inducement
2. Planning from grass roots
3. Planning by direction
4. Planning with flexibility

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

78.	Which one of the following is the correct statement? The "Sen measure" of poverty is said to measure the distribution of welfare rather than merely the distribution of wealth in a society because— (a) it defines poverty in terms of minimum level of living (b) it measures the energy requirements of household (c) it prescribes a universal standard of well being (d) it seeks to measure the income shortfall of each person below the poverty line
79.	 **Sectoral shares in GDP** In the pie-Chart given above, the shares different sectors in a country's GDP are shown. Rank the following sectors in the descending order of their shares: 1. Tertiary sector 2. Secondary sector 3. Primary sector Select the correct answer using the codes given below— (a) 1—2—3 (b) 1—3—2 (c) 3—1—2 (d) 3—2—1
80.	Consider the following statements relating to Mahalanobis model of planning: 1. The co-efficient λ_k (output of capital goods sector ploughed back) is the crucial determinant of growth of national income 2. The long term growth of income depends on growth of C-sector 3. The per capita income is targeted to double after 2 plans Which of the statements given above is/are correct? (a) 1 only (b) 2 only (c) 2 and 3 (d) 1 and 3
81.	The point of intersection of the curves 'less then Ogive' and 'more than Ogive' gives which one of the following measures? (a) Median (b) Harmonic Mean (c) Arithmetic Mean (d) Geometric Mean

82.	Match List-I (Correlation between Variables) with List-II (Sign/Nature) and select the correct answer using the code given below the lists— **List-I** (Correlation between Variables) (A) Correlation between fixed cost and variable cost (B) Correlation between ex-post savings and ex-post investments (C) Correlation between investment and rate of interest (D) Correlation between demand for money for transaction and national income **List-II** (Sing/Nature) 1. Positive 2. Negative 3. Positive and perfect 4. Negative and perfect 5. Zero **Code:** (A) (B) (C) (D) (a) 2 4 1 3 (b) 3 1 4 2 (c) 2 1 4 3 (d) 3 4 1 2
83.	Consider the following two ranking series R_1 and R_2: $R_1 : a_1, a_2 \ldots, a_{n-1}, a_n$ $R_2 : a_n, a_{n-1}, \ldots, a_2, a_1$ What is value of the Spearman's correlation coefficient? (a) -1 (b) -0.5 (c) 1 (d) 0.5
84.	If $z = x + y$, and if x and z are positively correlated, then what is the nature of the correlation between variable y and variable z? (a) Negative (b) Positive (c) May be negative or positive (d) None of the above
85.	If food prices increase at relatively faster rates than other items, then at what rate will the consumer price index for agricultural labour in relation to that for urban non-manual workers increase? (a) Slower rate (b) Same rate (c) Faster rate (d) Cannot be determined
86.	Consider the following statements: National Water Policy, 2002 provides for— 1. Stress on maintenance of irrigation projects 2. Participatory approach to water management 3. Conventional methods of water conservation 4. Dam safety Legislation to ensure proper inspection, maintenance and surveillance Which of statements given above are correct? (a) 1, 2 and 3 (b) 1, 2 and 4 (c) 2, 3 and 4 (d) 1, 3 and 4

87.	According to 2001 Census, what is the approximate value of work participation rate (WPR) in India? (a) 37 per cent (b) 39 per cent (c) 41 per cent (d) 43 per cent
88.	Consider the following statements: The unemployment rate differs in the different sections of the people in India. Arrange the different sections, given below in the order of increasing rate of unemployment— 1. Youth (15-29 years of age) 2. Educated youths 3. Technically educated youth Select the correct answer using the code given below: (a) 1—3—2 (b) 2—3—1 (c) 1—2—3 (d) 3—2—1
89.	Consider the following statements: The dependency rate depends on— 1. Rate of growth of population 2. Birth rates 3. Population profile by age groups Which of statements given above is/are correct? (a) 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3
90.	Match List-I (Types of Average) with List-II (Properties of Average) and select the correct answer using the code given below the lists— **List-I** (Types of Average) (A) Geometric Mean (B) Harmonic Mean (C) Arithmetic Mean (D) Mode **List-II** (Properties of Average) 1. Gives largest weight to smallest item 2. Sum of the deviations from it is zero 3. Value can also be determined graphically 4. Best suited for averaging of ratios and percentages 5. Not capable of mathematical manipulation **Code:** (A) (B) (C) (D) (a) 4 5 2 1 (b) 2 1 3 5 (c) 4 1 2 5 (d) 2 5 3 1
91.	Which one of the following criteria gives the estimate of the extent of under-utilisation of the labour force in terms of person days? (a) CWS criterion (b) CDS criterion (c) UPS criterion (d) UPSS criterion

92.	Consider the following statements: In order to augment employment opportunities, the draft Tenth Five Year Plan has proposed some labour intensive sectors that require policy intervention. These sectors are: 1. Agriculture and allied activities 2. Small and medium enterprises 3. Export promotion activities 4. Services sectors Which of the statements given above are correct? (a) 1 and 3, only (b) 3 and 4 (c) 1, 2 and 3 (d) 1, 2 and 4
93.	In which type of unemployment, marginal productivity is zero or near zero? (a) Structural (b) Disguised (c) Seasonal (d) Frictional
94.	Consider the following statements: The major challenge to the viability of agriculture in Indian is posed by— 1. High domestic support 2. Export-subsidies 3. Market-imperfections 4. Denial of market access through various tariff and non-tariff barriers Which of the statements given above are correct? (a) 1 and 2, only (b) 1, 2 and 4 (c) 1, 3 and 4 (d) 2, 3 and 4
95.	Which one of the following is not correct? (a) The share of primary sector in GDP has been declining over the years (b) Stationary position of the secondary sector indicates lack of employment orientation of the part of the industrial growth (c) Rising share of tertiary sector seems to be more employment oriented (d) The proportion of employees' compensation has been declining over the years
96.	Consider the following statements: Direction of India's Foreign Trade on the basis of share in total exports during 1987-88 to 2001-02 shows— 1. Fall in relative importance of OECD (Organisation for Economic Co-operation and Development) countries over the years mentioned above 2. Rise in importance of OPEC (Organisation of Petroleum Exporting Countries) countries over the same years 3. Rise in importance of Eastern European countries 4. Rise in importance of developing countries Which of the statements given above is/are correct? (a) 1 only (b) 1 and 2, only (c) 1, 2 and 4 (d) 2, 3 and 4
97.	Which one of the following statements holds good for Indian economy? (a) The rate of growth of black income generated in India is faster than the rate of growth of Gross National Product (b) The rate of growth of black income generated in India is equal to the rate of growth of its industrial sector (c) The rate of growth of black income generated in India is equal to the rate of growth of its agricultural sector (d) The rate of growth of black income generated in India has been brought down significantly in the post reform period

98.	Match List-I (Committee/Commission) with List-II (Chairperson) and select the correct answer using the code given below the lists— **List-I** (Committee/Commission) (A) Foreign Direct Investment (B) Venture Capital (C) Disinvestment (D) Capital Account Convertibility **List-II** (Chairperson) 1. N.K. Singh 2. Chandrashekhar 3. Tarapore 4. G.V. Ramakrishna 5. Raja Chellaiah **Code:** <table><tr><td></td><td>(A)</td><td>(B)</td><td>(C)</td><td>(D)</td></tr><tr><td>(a)</td><td>4</td><td>2</td><td>1</td><td>3</td></tr><tr><td>(b)</td><td>1</td><td>3</td><td>4</td><td>5</td></tr><tr><td>(c)</td><td>4</td><td>3</td><td>1</td><td>5</td></tr><tr><td>(d)</td><td>1</td><td>2</td><td>4</td><td>3</td></tr></table>
99.	Match List-I with List-II and select the correct answer using the code given below the lists— **List-I** (A) Crowding out effect (B) Rolling settlements (C) Special economic zones (D) Development of social sector **List-II** 1. Surplus budget 2. Off-shore banking units 3. Equity markets 4. Deficit budget 5. Disinvestment fund **Code:** <table><tr><td></td><td>(A)</td><td>(B)</td><td>(C)</td><td>(D)</td></tr><tr><td>(a)</td><td>5</td><td>2</td><td>1</td><td>4</td></tr><tr><td>(b)</td><td>4</td><td>3</td><td>2</td><td>5</td></tr><tr><td>(c)</td><td>5</td><td>3</td><td>2</td><td>4</td></tr><tr><td>(d)</td><td>4</td><td>2</td><td>1</td><td>5</td></tr></table>
100	Which of the following forms can be assumed by the inter-relationship between economic growth and human development? 1. High human development is possible at low level of economic growth 2. High economic growth may not get translated into high human development 3. High economic growth and high human development is impossible 4. High economic growth and high human development is possible depending on the policy choices of a country Select the correct answer using the code given below: (a) 1, 2 and 4 (b) 2 and 3, only (c) 1, 3 and 4 (d) 1, 2 and 3
101	In which three years, there had been negative rate of growth for agriculture and allied sectors? (a) 1996-97, 1998-99, 1999-2000 (b) 1997-98, 2000-2001, 2002-2003 (c) 1996-97, 2001-2002, 2002-2003 (d) 1998-99, 1999-2000, 2000-2001

102	Consider the following statements: 1. Integrated Forest Protection Scheme has been formulated by merging two existing schemes 'Forest Fire Control and Management' and "Bridging of Infrastructure Gaps in the Foresty Sector in the North Eastern Region and Sikkim." 2. Integrated Forest Protection Scheme is a joint venture of Central and State governments What of the statements given above is/are correct? (a) 1 only (b) 2 only (c) Both 1 and 2 (d) Neither 1 nor 2
103	India achieved more than 8 per cent rate of growth in Real Gross Domestic Product in 2003-04. In which three years in the past Indian achieved a growth rate in Real GDP at more than 8 per cent? Select the correct answer using the code given below: (a) 1967-68, 1975-76 and 1988-89 (b) 1966-67, 1980-81, 1994-95 (c) 1955-56, 1982-84, 2001-2002 (d) 1972-73, 1985-86, 1999-2000
104	Consider the following statements with respect to measures adopted by the Government of India to control black income: 1. Voluntary disclosure scheme 2. Issue of five hundred rupee notes 3. Issue of special bearer bond on nominal rate of interest 4. Privatisation of economy Which of the statements given above are correct? (a) 1 and 3, only (b) 2 and 3, only (c) 2, 3 and 4, only (d) 1, 2, 3 and 4
105	Mahalanobis plan model was adopted from which growth model? (a) Harrod-Domar model (b) Feldman's model (c) Lewis model of economic growth (d) Ranis-Fei model
106	Which one of the following is the basic objective of monetary policy? (a) To control deficit of the budget (b) To control deficit in the balance of payment (c) To control cost and availability of money (d) To control public expenditure
107	Match List-I (Committee) with List-II (Subject) and select the correct answer using the code given below the lists: **List-I** (Committee) (A) Tandon Commitee (B) Rakesh Mohan Committee (C) Narasimhan Committee (D) Omkar Goswami Committee **List-II** (Subject) 1. Capital Financing 2. Infrastructure Development 3. Financial Sector Reforms 4. Industrial Sickness **Code:** (A) (B) (C) (D) (a) 1 3 2 4 (b) 4 2 3 1 (c) 1 2 3 4 (d) 4 3 2 1
108	The heavy industries strategy under the Second Five Year Plan has been criticized for several reasons. Which one of the followings is not among them? (a) Inadequate emphasis on agriculture, small scale and cottage industries (b) Emergence of continuous trade deficits (c) Growing unemployment and inequality of income and wealth (d) Failure to achieve expansion in the capital goods sector and diversification of industrial capacity

109	Which one of the following statements is correct? (a) Rural urban income disparities have increased over period of time (b) Rural urban income disparities have not changed over a period of time (c) Rural urban income disparities have declined over a period of time (d) Income distribution does not influence growth
110	Consider the following statements: The National Agricultural Policy of 2000 in India aims at — 1. A growth rate of 6% per annum in agriculture 2. Growth with equity 3. Supply driven growth rate 4. Demand driven growth rate Which of the statements given above are correct? (a) 1 and 2 (b) 2 and 3 (c) 2 and 4 (d) 3 and 4
111	In India, which one among the following formulates the fiscal policy? (a) Planning Commission (b) Ministry of Finance (c) Finance Commission (d) The Reserve Bank of India
112	Consider the following statements— 1. The first Industrial Policy of Government of India was introduced in 1948 2. The Industrial Policy introduced by Government of India in 1956 is also known as 'Economic Constitution' of India 3. The Committee on Growth of concentration of economic powers in India was appointed under the chairmanship of Prof. P.C. Mahalanobis in 1961 4. A special group on targeting ten million employment opportunities per year was constituted by Planning Commission with one of its member as Chairman Which of the statements given above an correct? (a) 1, 2 and 3 (b) 2, 3 and 4 (c) 1, 3 and 4 (d) 1, 2 and 4
113	Which one of the following is correct in respect of India? Percentage of workers engaged in— (a) agricultural sector is increasing (b) industry sector is more than tertiary sector (c) tertiary sector is decreasing (d) tertiary sector is more than industry sector
114	Consider the following statements— 1. Tenth Five Year Plan aims at a reduction of poverty ratio by 5 percentage points by 2007. 2. Tenth Five Year Plan aims at a reduction in gender gaps in literacy and wage rates by at least 40 per cent by 2007 3. Tenth Five Year Plan aims at a reduction in the decadal rate of population growth between 4. Tenth Five Year Plan aims at an enhancement in literacy rates to 75 per cent by 2007 Which of the statements given above are correct? (a) 1and 2 (b) 2 and 3, only (c) 2, 3 and 4 (d) 1, 3 and 4

115	**Assertion (A):** VAT is less inflationary than multi-stage turnover tax **(Reason (R):** VAT reduces the cascading effect on prices
116	**Assertion (A):** Indirect taxes do not satisfy the canon of equity **(Reason (R):** Indirect taxes fall on all person indiscriminately, irrespective of their ability to pay
117	**Assertion (A):** Variance of X is always greater than the Standard Deviation of X **(Reason (R):** Variance is square of Standard Deviation
118	**Assertion (A):** Index numbers are useful tools in economic planning **(Reason (R):** Consumer price index number estimates the changes in the standard of living of the people
119	**Assertion (A):** Reducing fiscal deficit is a challenging job for the government of India **(Reason (R):** Reduction in government expenditure reduces social investment
120	**Assertion (A):** Real income is greater than money income during inflation **(Reason (R):** $\text{Real Income} = \dfrac{\text{Money Income}}{\text{Price Index Number}}$

Answer Keys

1.	(a)	25.	(d)	49.	(a)	73.	(d)	97.	(d)
2.	(c)	26.	(c)	50.	(d)	74.	(d)	98.	(d)
3.	(a)	27.	(d)	51.	(a)	75.	(a)	99.	(c)
4.	(b)	28.	(b)	52.	(b)	76.	(d)	100	(b)
5.	(a)	29.	(c)	53.	(b)	77.	(d)	101	(b)
6.	(c)	30.	(b)	54.	(b)	78.	(d)	102	(a)
7.	(d)	31.	(a)	55.	(c)	79.	(b)	103	(a)
8.	(c)	32.	(a)	56.	(a)	80.	(a)	104	(a)
9.	(b)	33.	(c)	57.	(a)	81.	(a)	105	(a)
10.	(c)	34.	(a)	58.	(d)	82.	(c)	106	(c)
11.	(c)	35.	(d)	59.	(c)	83.	(a)	107	(c)
12.	(d)	36.	(c)	60.	(c)	84.	(b)	108	(a)
13.	(d)	37.	(d)	61.	(b)	85.	(c)	109	(a)
14.	(a)	38.	(a)	62.	(d)	86.	(a)	110	(c)
15.	(d)	39.	(d)	63.	(d)	87.	(b)	111	(b)
16.	(c)	40.	(b)	64.	(a)	88.	(c)	112	(d)
17.	(c)	41.	(d)	65.	(b)	89.	(b)	113	(d)
18.	(d)	42.	(c)	66.	(c)	90.	(c)	114	(d)
19.	(d)	43.	(d)	67.	(a)	91.	(b)	115	(a)
20.	(c)	44.	(c)	68.	(b)	92.	(c)	116	(a)
21.	(d)	45.	(b)	69.	(c)	93.	(b)	117	(a)
22.	(a)	46.	(d)	70.	(b)	94.	(b)	118	(c)
23.	(c)	47.	(d)	71.	(c)	95.	(d)	119	(a)
24.	(c)	48.	(d)	72.	(b)	96.	(c)	120	(d)