

Government of Puducherry
Directorate of School Education
Competitive Examination for Empanelment of Guest Lecturers-2019

QUESTION BOOKLET

SUBJECT: ECONOMICS

ROLL NO:

Time: 2:00 Hours

Total Marks: 90

INSTRUCTIONS TO CANDIDATES

- 1) Write Roll Number in the space provided in this Question Booklet above.
- 2) The Candidate should check the question paper that question paper consists of all the pages and that it is not torn.
- 3) Please write the Roll No. etc., on the OMR sheet using Black Ball point pen only.
- 4) The candidate shall use only "**BLACK BALL POINT PEN**" for marking the answers.
- 5) There are **90 questions**. For every correct answer 1 (One) mark will be awarded and for each wrong answer 0.25 mark will be deducted.
- 6) Use of eraser/ whitener/ correction fluid is prohibited on OMR answer sheets.
- 7) Use of calculators, cell phones, logarithmic table, electronic gadgets etc., is strictly prohibited.
- 8) For any rough work, use the rough page given at the end of the Question Booklet.
- 9) The candidate has to deposit the original copy of OMR sheet along with the Hall Ticket after the completion of examination and may carry the duplicate OMR (impression) sheet for reference.
- 10) No candidate is allowed to leave the examination centre premises till the completion of the entire examination process.
- 11) Please avoid marking of answers on Question Booklet.
- 12) The questions in English version alone will be taken as authentic though questions are given in other languages for the convenience of the candidates.

1. When economic principles or theories are developed from factual evidence, this method of economic reasoning is called
 - a. descriptive economics
 - b. hypothesis testing
 - c. deduction
 - d. induction

2. When we look at the whole economy or its major aggregates, our analysis would be at the level of
 - a. microeconomics
 - b. macroeconomics
 - c. positive economics
 - d. normative economics

3. Which of the following economic goals is subject to reasonably accurate measurement?
 - a. economic security
 - b. full employment
 - c. economic freedom
 - d. an equitable distribution of income

4. An economy is efficient when it has achieved
 - a. full employment
 - b. full production
 - c. either full employment or full production
 - d. both full employment and full production

5. The production possibility curve is
 - a. concave
 - b. convex
 - c. linear
 - d. positive

6. The law of demand can be best explained in terms of
 - a. supply
 - b. complimentary goods
 - c. the rationing function of prices
 - d. diminishing marginal utility

7. Engel curve represent the relationship between which of the following
- Income and demand for good
 - Income demand and supply
 - Income and demand for food
 - Income effect and substitution effect
8. If two goods are substitutes for each other, an increase in the price of one will necessarily
- decrease the demand for the other
 - increase the demand for the other
 - decrease the quantity demanded of the other
 - increase the quantity demanded of the other
9. In the circular flow model businesses
- demand both products and resources
 - supply both products and resources
 - demand products and supply resources
 - supply products and demand resources
10. An indifference curve is a curve which shows the different combinations of two products that
- give a consumer equal marginal utilities
 - give a consumer equal total utilities
 - cost a consumer equal amounts
 - have the same prices
11. Income elasticity of demand for a necessary good is
- Income $E_d > 0$
 - Income $E_d < 1$
 - Income $E_d > 0$ $E_d < 1$
 - Income $E_d > 1$
12. According to modern economist shape of long run AC is
- L shaped
 - U shaped
 - Saucer shaped
 - Both a and b
13. Average variable cost may be increasing or decreasing when

- a. marginal cost is decreasing
- b. marginal product is increasing
- c. average fixed cost is decreasing@
- d. average total cost is decreasing

14. In perfect competition profit is maximized where

- a. $AR=AC$
- b. $MC=MR$
- c. $P=MC$
- r. Both b and c

15. Steel sheets used in production of furniture is an example of

- a. An intermediate goods
- b. A final goods
- c. An investment goods
- d. A consumption goods

16. Which of the following is NOT characteristic of pure competition?

- a. large number of sellers
- b. Differentiated product
- c. easy entry
- d. no advertising

17. In a decreasing cost industry, the long run

- a. demand curve would be perfectly inelastic
- b. demand curve would be perfectly elastic
- c. supply curve would be upsloping
- d. supply curve would be down slopping

18. In the circular flow model businesses

- a. demand both product and resources
- b. supply both products and resources
- c. demand products and supply resources
- d. supply products and demand resources

19. If two goods are substitutes for each other, an increase in the price of one will necessarily

- a. decrease the demand for the other
- b. increase the demand for the other
- c. decrease the quantity demanded of the other

d. increase the quantity demanded of the other

20. The difference between GDP and GNP consists of

- a. the consumption of fixed capital
- b. indirect business taxes
- c. public and private transfer payments
- d. net foreign factor income earned by the nation

21. Which of the following contributes to cost-push inflation?

- a. an increase in employment and output
- b. an increase in per unit production costs
- c. a decrease in resource prices
- d. an increase in unemployment

22. Which of the following is more likely to be affected by changes in the rate of interest?

- a. consumer spending
- b. investment spending
- c. the spending of the Union government
- d. the exports of the country

23. The Keynesian aggregate supply curve

- a. is horizontal(to full employment output)
- b. slopes upwards
- c. is vertical
- d. slopes downward

24. Which of the following is NOT a supply factor in economic growth?

- a. an expansion in purchasing power
- b. an increase in the economy's stock of capital goods
- c. more natural resources
- d. technological progress

25. If a 1% fall in the price of a commodity causes the quantity demanded of the commodity to increase 2% demand is

- a. inelastic
- b. elastic
- c. unitary elasticity
- d. perfectly elastic

26. In the short run, a representative monopolistically competitive firm
- obtains an economic profit
 - breaks even
 - suffers an economic loss
 - may have an economic profit or loss or break even
27. If the economy is experiencing depression with substantial unemployment, an increase in total spending will cause
- a decrease in the real income of the economy
 - little or no increase in the prices
 - an increase in the real income and a decrease in the nominal income of the economy
 - proportionate increases in the price level, output and income in the economy
28. In the Keynesian Theory, output and employment in the economy depend
- directly on the level of total expenditure
 - inversely on the quantity of resources available to it
 - directly on the level of disposable income
 - directly on the rate of interest
29. As the disposable income of the economy increases
- both the APC and the APS rise
 - the APC rises and the APS falls
 - the APC falls and the APS rises
 - both the APC and the APS fall
30. Which of the following is an injection?
- investment
 - saving
 - taxes
 - imports
31. Inputs are combined with technology to produce outputs. The fundamental inputs (also called factors of production) are
- land and capital
 - land and labor
 - land, labor, and capital
 - land, labor, capital, and investment.

32. Goods produced to produce yet other goods is called
- final goods
 - capital
 - investment
 - resources
33. Which economic term is used to represent inequality in income distribution?
- GDP
 - GNP
 - Gini
 - HDI
34. The value of the good or service forgone by choosing another investment is called
- opportunity cost
 - purchasing power parity
 - disposable income
 - consumer price index
35. The central role of markets is to determine the
- quality of goods
 - quantity of goods
 - level of income
 - price of goods.
36. Income elasticity of demand is defined as the responsiveness of:
- Quantity demanded to a change in income
 - Quantity demanded to a change in price
 - Price to a change in income
 - Income to a change in quantity demanded
37. The supply of a good refers to:
- Stock available for sale
 - Total stock in the warehouse
 - Actual Production of the good
 - Quantity of the good offered for sale at a particular price per unit of time
38. In the short run, when the output of a firm increases, its average fixed cost:
- Remains constant
 - Decreases

- c. Increases
- d. First decreases and then rises

39. The cost of one thing in terms of the alternative given up is called:

- a. Real cost
- b. Production cost
- c. Physical cost
- d. opportunity cost

40. Assume that consumer's income and the number of sellers in the market for good X both falls. Based on this information, we can conclude with certainty that the equilibrium:

- a. Price will decrease
- b. Price will increase
- c. Quantity will increase
- d. Quantity will decrease

41. Which among the following is NOT a correct statement?

- a. Welfare economics is based on value judgements.
- b. Welfare economics is also called 'economics with a heart'.
- c. Welfare economics focuses on questions about equity as well as efficiency.
- d. The founder of Welfare economics was Alfred Marshall.

42. Who is the 'lender of the last resort' in the banking structure of India?

- a. State Bank of India
- b. Reserve Bank of India
- c. EXIM Bank of India
- d. Union Bank of India

43. ____ is the official minimum rate at which the Central Bank of a country is prepared to rediscount approved bills held by the commercial banks.

- a. Repo rate
- b. Bank rate
- c. Prime lending rate
- d. Reverse repo rate

44. In order to control credit, Reserve Bank of India should:

- a. Increase CRR and decrease Bank rate

- b. Decrease CRR and reduce Bank rate
- c. Increase CRR and increase Bank rate
- d. Reduce CRR and increase Bank rate

45. Which among the following is a function of the Reserve Bank of India?

- a. Bank issues the letters of credit to their customers certifying their creditability
- b. Collecting and compilation of statistical information relating to banking & other financial sectors**
- c. Banks under write the securities issued by public or private organizations
- d. Accepting deposits from the public

46. Credit creation power of the commercial banks gets limited by which of the following?

- a. Banking habits of the people
- b. Cash reserve ratio
- c. Credit policy of the central bank
- d. All of the above

47. Number of times a unit of money changes hands in the course of a year is called _____

- a. Supply of money
- b. Purchasing power of money
- c. Velocity of money
- d. Value of money

48. Which of the following is also known as International Bank for Reconstruction and Development?

- a. Asian Development Bank
- b. World Bank
- c. Reserve Bank of India
- d. International Monetary Fund

49. Which among the following is not a function of International Monetary Fund?

- a. It serves a medium term and long term credit institution
- b. It provides a mechanism for improving short term balance of payments position
- c. It provides machinery for international consultations
- d. It provides reservoir of the currencies of the member countries and enables members to borrow one another's currency

50. The new world Trade organization (WTO), which replaced the GATT came into effect from _____

- a. 1ST January 1991
- b. 1st January 1995
- c. 1st April 1994
- d. 1st May 1995

51. A change in fiscal policy affects the balance of payments through:

- a. The current account only
- b. The capital account only
- c. Both, the current account and capital account
- d. Neither current account nor capital account

52. Fiscal Policy means:

- a. Policy relating to money and banking in a country
- b. Policy relating to non-banking financial institutions
- c. Policy relating to government spending' taxation and borrowing
- d. Policy relating to financial matters of international trade

53. Which one of the following is NOT the objective of fiscal policy of government of India?

- a. Full employment
- b. Price stability
- c. Regulation of inter-state trade
- d. Economic growth

54. Monetary policy is implemented by in India.

- a. The Ministry of Finance
- b. Planning Commission
- c. The Parliament
- d. Reserve Bank of India

55. Under the Industrial policy of 1991:

- a. The mandatory convertible clause is applicable to all term loans.
- b. The mandatory convertible clause is applicable to term loans of more than 10 years.
- c. The mandatory convertible clause is applicable to term loans of less than 10 years.
- d. The mandatory convertible clause is no longer applicable.

56. Balance of Payment on capital account includes:
- Balances of private direct investments
 - Private portfolio investments
 - Government loans to foreign governments
 - All of the above
57. Which country was the first to adopt a gold standard in the modern sense?
- Italy
 - France
 - Great Britain
 - Portugal
58. To eradicate the problem of poverty, Twenty Point Economic Programme was launched for the first time in India on:
- 7th July, 1971
 - 7th July, 1975
 - 26th January, 1951
 - 15th August, 1983
59. _____ unemployment may result when some workers are temporarily out of work while changing job
- Seasonal
 - Frictional
 - Disguised
 - Technical
60. Which among below is the economic effect of population pressure in India?
- Higher burden of unproductive consumers on total population@
 - Disintegration of family
 - Overcrowding of cities
 - Ecological degradation
61. Which among the following may be considered as a significant cause of low agriculture productivity in India?
- Defective tenancy reforms
 - Lack of enthusiasm among farmers
 - Conservative social systems
 - Absence of agricultural inputs to raise productivity
62. What have been the reasons of deficit in India's Balance of Trade in the past?

- a. Very large rise in imports
- b. Modest growth of exports
- c. High cost and low quality production
- d. All of the above

63. A high average level of real income per head is always associated with a high proportion of the working population engaged in _____ sector.

- a. Primary
- b. Secondary
- c. Tertiary
- d. None of the above

64. Natural resources determine the course of development and constitute the challenge which may not be accepted by the human mind. "Who has said it"?

- a. W. Arthur Lewis
- b. J.I. Fisher
- c. Jan Tinbergen
- d. W.W. Rostow

65. The credit of developing the concept of modern economic growth goes to:

- a. Arthur Lewis
- b. Michael P. Todaro
- c. Gunnar Myrdal
- d. Simon Kuznets

66. The most simple and popular method of measuring economic development is to calculate the trend of gross national product (GNP) at _____

- a. Current prices
- b. Constant prices
- c. Both of the above
- d. None of the above

67. Who gave the call for "Ever Green Revolution"?

- a. M.S. Swaminathan
- b. Varghese Kurien
- c. Thirubhuvandas Patel
- d. H.M. Dalaya

68. In India, the second largest provider of employment after agriculture is

- a. Textile sector

- b. Chemical sector
- c. Iron and Steel Sector
- d. Telecommunications sector

69. The concept of Zero based budgeting was given by

- a. Peter A. Payer
- b. Peter Drucker
- c. JagdishBhagawathi
- d. None of the above

70. Excess of total expenditure over total receipt is

- a. Deficit budget
- b. Surplus budget
- c. Balanced budget
- d. None of the above

71. In the 2nd nationalization of commercial banks, -----banks were nationalized

- a. 4
- b. 5.
- c. 6
- d. 8

72. As per 2011 census the state with the highest Urban population is

- a. Madhya Pradesh
- b. Maharashtra
- c. Punjab
- d. Uttar Pradesh

73. Infant Mortality Rate is the no of deaths per 1000 live births of children

- a. Under one year of age
- b. Under two years of age
- c. Under three years of age
- d. None of the above

74. The Crude Death Rate is the number of deaths occurring among the population of given geographical area during a given year

- a. Per 100 mid-year total population
- b. Per 1000 mid-year total population
- c. Per 500 mid-year total population
- d. Per 10000 mid-year total population

75. Limitations of alternative energy source mainly include

- a. High installation cost
- b. Unavailability of renewable source of energy
- c. Frequent requirement of maintenance
- d. Lower dependence on fossil fuel

76. Conversion of bare or cultivated land into forest is

- a. Deforestation
- b. Afforestation
- c. Farming
- d. Soil Erosion

77. Causes of desertification are

- a. Continuous cutting of trees
- b. Excessive evaporation
- c. Overgrazing
- d. All of the above

78. If $AR=15$, $MR=5$, then the price elasticity of demand is

- a. 2.3
- b. 1.5
- c. 1.75
- d. 1

79. The cost function of a monopolist is $C=40+12x$, write the demand function as $P=60-3x$. What is his profit maximizing output level?

- a. 12
- b. 11
- c. 8
- d. 9

80. Type 1 error is defined as

- a. Reject Null Hypothesis when it is false
- b. Reject Null Hypothesis when it is true
- c. Accept Null Hypothesis when it is true
- d. Accept Null Hypothesis when it is false

81. If $A = \begin{bmatrix} 6 & 5 & 5 \\ 3 & -11 & -5 \end{bmatrix}$

3 -5 -2

Then I A I is equal to

- a. 15
- b. 16
- c. 27
- d. 20

82. Which among the following statements is INCORRECT?

- a. Coefficient of correlation can be computed directly from the data without measuring deviation.
- b. Measures of Dispersion are also called averages of the second order.
- c. Standard deviation can be negative.
- d. Mean deviation can never be negative.

83. One of the methods to find out Mode is:

- a. $\text{Mode} = 3 \text{ Median} + 2 \text{ Mean}$
- b. $\text{Mode} = 3 \text{ Median} - 3 \text{ Mean}$
- c. $\text{Mode} = 2 \text{ Median} - 3 \text{ Mean}$
- d. $\text{Mode} = 3 \text{ Median} - 2 \text{ Mean}$

84. Which among the following statements is INCORRECT?

- a. Index number is a relative measurement.
- b. In fact all index numbers are weighted.
- c. Theoretically the best average in construction of index numbers is Geometric mean.
- d. It is not possible to shift the base if it is the case of fixed base index

85. Mean Deviation can be calculated from:

- a. Mean
- b. Median
- c. Mode
- d. Any of the above

86. Scatter diagram is used to study ____ in economic statistics.

- a. Variability in the series
- b. Nature of Correlation in the two series
- c. Regression
- d. Secular trend

87. Coefficient of Correlation (r) is significant, if:

- a. $r > 5 \text{ times Probable Error}$

- b. $r < 6$ times Probable Error
- c. $r > 6$ times Probable Error
- d. $r = 6$ times Probable Error

88. Which statistical measure helps in measuring the purchasing power of money?

- a. Arithmetic average
- b. Index numbers
- c. Harmonic mean
- d. Time series

89. Fisher's ideal index number is:

- a. Arithmetic mean of Laspeyre's and Paasche's index
- b. Harmonic mean of Laspeyre's and Paasche's index
- c. Geometric mean of Laspeyre's and Paasche's index
- d. None of the above

90. In case there is no relation between two variables, value of coefficient of correlation will be

- a. -2
- b. +2
- c. 1
- d. 0