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SET 2016

PAPER – III

ECONOMICS

Signature of the Invigilator | Question Booklet No. 121307

1. | OMR Sheet No.. .....

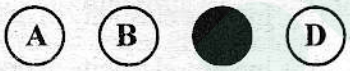
Subject Code 12 | **Roll No.** | | | | | | | | |

Time Allowed : 150 Minutes | **Max. Marks : 150**

No. of pages in this Booklet : **12** | No. of Questions : **75**

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 seventy five (75) 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 OMR response sheet 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

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PAPER-III
ECONOMICS

1. Select the right combination of Assertion (A) and Reason (R) from the codes given below :

Assertion (A): Nash equilibrium is a situation in which one firm cannot improve its profit position given the reaction of rival firm.

Reason (R): Nash equilibrium forms part of co-operative game theory.

(A) Both (A) and (R) are true and (R) is the correct explanation of (A)

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

(C) (A) is true but (R) is false

(D) (A) is false but (R) is true

2. Which one of the following pair is not correctly matched ?

(A) Value and Capital : J.R.Hicks

(B) A Reconstruction of Economics : A.P. Lerner

(C) Choice of Techniques : Amartya Sen

(D) Scope and Method of Political Economy : J.N.Keynes

3. In monopolistic competition, DD curve is known as :

(A) Expected sales curve

(B) Firms individual demand curve

(C) Actual sales curve

(D) Excess demand curve

4. Arrange the following market structures in ascending order based on number of buyers in such markets

a. Oligopoly

b. Oligopsony

c. Monopsony

(A) a, c, b (B) b, c, a

(C) c, b, a (D) c, a, b

5. Which one of the following is not related to Isoquant analysis ?

(A) Ridge lines

(B) Reaction curves

(C) Expansion path

(D) Least cost input combination

6. Samuelson derived the law of demand by assuming :

(A) Marginal utility of money remains constant

(B) Income elasticity of demand is positive

(C) Income elasticity of demand is negative

(D) Weak ordering of commodities

7. According to Marris, the objectives of business firm is :

(A) Balanced Rate of Growth

(B) Sales Revenue Maximisation

(C) Owner's Utility Maximisation

(D) Manager's Utility Maximisation

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8. Corresponding to the point of equilibrium employment in labour market, the Value Marginal Product of Labour in excess of Marginal Revenue Product of Labour is called :
(A) Monopolistic Exploitation
(B) Monopsonistic Exploitation
(C) Dead-weight Exploitation
(D) Costing Margin Difference

9. Who stated that the welfare of society improves 'when the greatest good is secured for the greatest number' ?
(A) Wilfred Pareto
(B) A.C. Pigou
(C) Lancaster
(D) Jeremy Bentham

10. 'India's Food Crisis and Steps to meet it' was a report submitted to Indian Government by :
(A) Royal Foundation
(B) Ford Foundation
(C) Clinton -Hillary Foundation
(D) Swaminadhan Committee

11. Select the right combination of Assertion (A) and Reason (R) from the codes given below :
Assertion (A): Adoption of outmoded methods of production is one of the causes of low productivity in Indian agriculture.
Reason (R): Government on its part encouraging the farmers, through price and non-price incentives, to go for the adoption of new methods of cultivation.
(A) Both (A) and (R) are true and (R) is the correct explanation of (A)
(B) Both (A) and (R) are true but (R) is not the correct explanation of (A)
(C) (A) is true but (R) is false
(D) (A) is false but (R) is true

12. Which of the following was set up by the government in the year 1965 ?
(A) Agricultural Marketing Commission
(B) Agricultural Inputs Commission
(C) Agricultural Prices Commission
(D) Agricultural Subsidies Commission

13. Poverty Gap index refers to :
(a) Mean distance above the poverty line
(b) Standard deviation of the poverty line
(c) Gap between the urban and rural poverty
(d) Mean distance below the poverty line
(A) (a) and (c)
(B) (c) only
(C) (d) only
(D) (d) and (c)

14. Which of the following recommended a three tier storage system in India ?
(A) Rural Credit Survey Committee -1954
(B) Rural Credit Survey Committee -1959
(C) Rural Credit Survey Committee -1947
(D) Rural Credit Survey Committee -1964

15. The provision of rural credit through Co-operative Credit Societies, Commercial Banks and Regional Rural banks is often described as :
(A) Multi Pronged Approach
(B) Multi Window Approach
(C) Multi Source Approach
(D) Multi Agency Approach

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16. Article 13 of World Trade Organization's Agreement On Agriculture (AoA) is generally referred to as:

(A) Peace Clause

(B) Binding Clause

(C) Blue Clause

(D) Green box Clause

17. Nutrient Based Subsidy policy for the Fertilizer was introduced by the government from :

(A) 1st April 2008

(B) 1st April 2014

(C) 1st April 2010

(D) 1st April 2015

18. Match the lists and select the correct answer from the code given below :

List-I	List-II
a. Offer curve technique	i. B. Kravis
b. Non- reversal of factor intensities	ii. Leontief paradox
c. Factor intensity reversals	iii. Marshall-Edgeworth
d. Availability Doctrine of International Trade	iv. Heckscher-Ohlin theory

Code :

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

19. According to absorption approach to balance of payments, absorption implies :

(A) Consumption plus imports

(B) Consumption plus investment

(C) Consumption plus exports

(D) Consumption plus profits

20. In International trade, a theory dealing with the reasons for and the results of obstructions to free flow of goods is called :

(A) Theory of Commercial Policy

(B) Pure Theory of Trade

(C) Theory of Free Trade

(D) Opportunity Cost Theory of Trade

21. Trade in differentiated products refers to :

(A) Inter-industry trade

(B) Intra-industry trade

(C) Intra-country trade

(D) Inter-country trade

22. Covering of foreign exchange risk is called :

(A) Arbitrage

(B) Countervailing duty

(C) Hedging

(D) Forward discount

23. International monetary fund provides financial resources to the member nations :

(A) To construct Irrigation projects

(B) To correct disequilibrium in balance of payments

(C) To tide over budget deficits

(D) To establish green field airports

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24. Which of the following is/are optimum currency area/s?

(a) Organization of Petroleum Exporting Countries

(b) South Asian Association of Regional Cooperation

(c) European Union

(d) Association of South East Asian Nations

Select the correct code :

(A) (a), (b) and (c) (B) (b) and (c)

(C) (d) only (D) (c) only

25. Neutral effect of increase in government's expenditure is called :

(A) Crowding-out effect

(B) Crowding-in effect

(C) J-curve effect

(D) Inverted 'U' curve effect

26. Match the lists and select the correct answer from the code given below :

List-I	List-II
a. Tax elasticity	i. First burden of tax
b. Tax buoyancy	ii. Last burden of tax
c. Incidence of tax	iii. Change in tax rate
d. Impact of tax	iv. Change in tax base

Code :

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

27. According to 14th finance commission recommendations, States' share in the net proceeds of union tax revenues :

(A) 32% (B) 42%

(C) 36% (D) 29%

28. Arrange the following in chronological order:

(a) Committee on Agricultural Holding Tax.

(b) Direct Taxes Enquiry Committee

(c) Indirect Taxes Enquiry Committee

(d) Introduction of Gift Tax

Code :

(A) (a) (b) (c) (d)

(B) (b) (c) (d) (a)

(C) (d) (b) (a) (c)

(D) (d) (c) (b) (a)

29. Who stated that the government spending tends to evolve in a step-like pattern coinciding with social upheavals, notably wars ?

(A) Wagner-Peacock (B) Peacock-Wiseman

(C) Lerner-Peacock (D) Lerner-Wiseman

30. A population pyramid that is very wide at the base indicates :

(A) High birth and high death rates

(B) High birth and low death rates

(C) Low birth and low death rates

(D) Low birth and high death rates

31. We come across free-rider problem in relation to :

(A) Sewer system

(B) Petrol consumption

(C) Stay in luxury hotels

(D) Air travel

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32. Match the lists and select the correct answer from the code given below :

List–I	List–II
a. Club of Rome model	i. 1992
b. Optimum theory of population	ii. 1798
c. Beyond Limits	iii. 1924
d. Essay on the principles of population	iv. 1972

Code :

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

33. 'Probability of death' is indicated by which of the following ?

(A) Statistical table (B) Barometric table
(C) Life table (D) Green table

34. Hydrosphere, Atmosphere and Lithosphere meet at a common interface on the surface of the earth called :

(A) Biosphere (B) Nanosphere
(C) Stratosphere (D) Ozone sphere

35. Global warming is due to :

(A) Rise in forest cover over time
(B) Increase in atmospheric pollution
(C) Expansion of sea water
(D) Melting down of glaciers

36. According to whom economic growth creates environmental problems ?

(A) A.C. Pigou (B) K. Boulding
(C) G. Hardin (D) H. Daly

37. Select the right combination of Assertion (A) and Reason (R) from the codes given below :

Assertion (A) : Without controlling the rate of growth and size of population, India cannot achieve sustainable development.

Reason (R) : High rate of Population acts as an obstacle in the process of moving towards sustainable development.

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

38. In India, Water (Prevention and Control of Pollution) Act was passed in the year :

(A) 1979 (B) 1986
(C) 1974 (D) 1957

39. For testing the equality of population variances the test to be applied is :

(A) Student's t test (B) χ^2 test
(C) F distribution (D) Z distribution

40. Given the two regression lines estimated from given data as under :

$Y = 4 + 0.4X$

$X = -2 + 0.9Y$

Then coefficient of correlation between X and Y will be

(A) 0.4 (B) 0.5
(C) 0.6 (D) 0.8

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41. In a regression r2 is the ratio between :
(A) Explained and total variation
(B) Explained and unexplained variation
(C) Unexplained and total variation
(D) None of the above

42. Which is a non-probability based sampling method ?
(A) Systematic Sampling
(B) Stratified Random Sampling
(C) Quota Sampling
(D) Simple Random Sampling

43. The mean absolute deviation is minimised when calculated from :
(A) Mean (B) Mode
(C) Harmonic mean (D) Median

44. Linear Programming Technique was developed for the first time by :
(A) Koopmans (B) Dantzig
(C) Leontief (D) Mahalanobis

45. Regression coefficient is independent of change in :
(A) Origin but not of scale
(B) Both origin and scale
(C) Scale but not of origin
(D) None of these

46. In a multiple regression with two independent variables and 12 observations, F value calculated is to be tested. What will be degrees of freedom for numerator and denominator in testing procedure ?
(A) 1 and 12 (B) 2 and 11
(C) 2 and 10 (D) 1 and 10

47. There are 12 white balls, 8 red balls and 5 green balls in a basket. What is the probability that a ball drawn is either red or white ?
(A) 12/25 (B) 8/25
(C) 20/25 (D) 15/25

48. Which of the following economist developed the concept of "immiserzing growth" ?
(A) Jagdish Bhagwati (B) Samuelson
(C) Mrs. Joan Robinson (D) Harrod-Domer

49. Human Development Index was formulated by :
(A) World Bank
(B) International Monetary Fund
(C) UNTAD
(D) UNDP

50. Critical minimum effort theory is given by :
(A) Leibenstein (B) Rosenstein Rodan
(C) Arthur Lewis (D) Marx

51. **Assertion (A) :** In Marxian scheme of things,
$$M \rightarrow C \rightarrow M',$$
Where $M' > M$ and $M' - M$ is surplus value.
Reason (R) : The main cause of this surplus value is raw materials, machines, etc.
Code :
(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

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52. During the British Raj, the Mahalwari System in Indian Agriculture was introduced by :

(A) Cornwallis (B) Curzon

(C) Johnson (D) W. Bentinck

53. Which one of the following does not come under land reforms in India ?

(a) Abolition of Intermediaries

(b) Ceiling on Land Holding

(c) Tenancy Legislation and

(d) Abolition of Intermediaries and Commission Agents

Code :

(A) (a) and (d)

(B) (a) and (c)

(C) (d) only

(D) (b) and (d)

54. Match items given in List–I with those in List–II :

List-I	**List - II**
a. Green Revolution	i. Oilseeds
b. Yellow Revolution	ii. Milk
c. White Revolution	iii. Fish
d. Blue Revolution	iv. Wheat

Code :

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

55. Cobb-Douglas production function $Q = AL\alpha\ K1\text{-}\alpha$ does not possess the characteristics of :

(A) Constant Returns to Scale

(B) Unit Elasticity of Substitution

(C) Variable Elasticity of Substitution

(D) Linear Homogeneity

56. The doctrine of unbalanced growth has not been advocated by :

(A) H.W. Singer (B) W.A. Lewis

(C) A.O. Hirchman (D) C.P. Kindelberger

57. Components of the Capital market :

(A) Call Money Market (B) Commercial Paper

(C) Bill Market (D) Primary Market

58. Stagflation is accompanied by :

(A) Stagnation

(B) Unemployment

(C) Inflation

(D) Inflation with unemployment

59. In case of Keynes' Psychological Law of Consumption Function, which one of the following statements is not correct ?

(A) As disposal income increases,consumption also increases, but less than proportionately

(B) Marginal propensity to consume is positive but less than unity

(C) As disposable income increases,average propensity to consume falls, and vice versa

(D) Average propensity to consume equals marginal propensity to consume at all levels of income

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60. According to which of the following hypotheses, consumption is irreversible ?
(A) Absolute Income Hypothesis
(B) Relative Income Hypothesis
(C) Permanent Income Hypothesis
(D) Life Cycle

61. If the economy is in the liquidity trap, then :
(A) Fiscal policy will be more effective
(B) Monetary policy will be more effective
(C) Crowding out effect will make fiscal and monetary policy effective
(D) None of the above

62. The rational expectations hypothesis does not imply :
(A) People do not make systematic errors
(B) On average the economy will be close to Long-run Average Supply (LAS) Curve
(C) Policy makers have better information about the economy than other economic actors
(D) Macroeconomic policy changes must come as a surprise in order to have an impact on the real economy

63. Fisher's quantity theory of money states that velocity of circulation of money is :
(A) Constant (B) Variable
(C) Flexible (D) More than one

64. Primary market deals with :
(A) Issue of new shares
(B) Buying and selling of already issued shares
(C) NSE
(D) HSE

65. Narrow money refers to :
(A) M1 (B) M4
(C) M2 (D) M3

66. Forward and backward linkages were propounded by :
(A) Gunnar Myrdal (B) Hirschman
(C) Boeke (D) Leibenstein

67. Arrange the following in chronological order :
(a) Mahalanobis Planning Model
(b) Introduction of Rolling Plan
(c) Declaration of Plan Holiday
(d) Inclusive Growth Strategy

Code :
(A) (d) (b) (c) (a)
(B) (a) (b) (d) (c)
(C) (b) (c) (a) (d)
(D) (a) (c) (b) (d)

68. Match the lists and select the correct answer from the code given below :

List–I	List–II
(a) Population mean with Known variance	(i) t-distribution
(b) Population mean with Unknown variance	(ii) F-distribution
(c) Comparison of variance	(iii) χ^2- distribution
(d) Goodness of a fit	(iv) Z-distribution

Code :

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

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69. Match the lists and select the correct answer from the code given below :

List -I	List-II
(a) Asian Drama	(i) V.K.R.V. Rao
(b) Purchasing Power of money	(ii) Dadabhai Naoroji
(c) Drain Theory	(iii) Irving Fisher
(d) India's National Income	(iv) Gunnar Myrdal

Code :

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

70. The capacity creating aspect of investment in growth theory was emphasised by :

(A) R.F. Harrod (B) E.D. Domar
(C) R.M. Solow (D) P.A. Samuelson

71. Which of the following is not specifically mentioned as a determinant of the demand for Money as per Friedman ?

(A) Wealth
(B) Nominal yield on alternative assets
(C) Inflation rate
(D) Real rate of interest

72. Which of the following is not an interpretation of the golden rule of accumulation ?

(A) 'Invest your profits, consume your wages'
(B) The share of profit in output is equal to the ratio of investment to output
(C) Saving ratio should be equal to the elasticity of output with respect to capital
(D) Animal spirits

73. OLS method of estimating the regression model is used when :

(A) Expected value of mean is zero
(B) Covariance of independent variable and error term is not zero
(C) Covariance of error terms in successive years is not zero
(D) Time series data is non stationary

74. Planning Commission was replaced by :

(A) Jana Dhana Yojana
(B) Niti Ayog
(C) Jana Sammrudha Ayog
(D) Digitial India

75. Which of the following is not a phase of Business Cycle ?

(A) Boom (B) Recession
(C) Depression (D) Trend

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