

Code No.

J – 2246

Entrance Examination for Admission to the P.G. Courses in the Teaching Departments, 2020

CSS

ECONOMICS

General Instructions

1. The Question Paper is having two Parts — Part 'A' Objective type (60%) & Part 'B' Descriptive type (40%).
2. Objective type questions which carry 1 mark each are to be (✓) 'tick marked' in the response sheets against the appropriate answers provided.
3. 8 questions are to be answered out of 12 questions carrying 5 marks each in Part 'B'.
4. **Negative marking** : 0.25 marks will be deducted for each wrong answer in Part 'A'.

Time : 2 Hours

Max. Marks : 100

To be filled in by the Candidate

Register Number	in Figures								
	in words								

PART – A
(Objective Type)

Choose appropriate answer from the options in the questions. **One mark each.**

(60 × 1 = 60 marks)

1. When the price of good X rises, then the demand for good Y falls. Therefore, goods X and Y are said to be
 - a) Inferior goods
 - b) Giffen goods
 - c) Substitutes
 - d) Complements

DO NOT WRITE HERE

2. The statistics on unemployment in India is collected by

- a) Niti Aayog
- b) RBI
- c) CSO
- d) NSSO

3. In normal distribution

- a) Mean = Median = Mode
- b) Mean < Median < Mode
- c) Mean > Median > Mode
- d) None of the above

4. The size of the expenditure multiplier increases with an increase in
 - a) Government transfer payments
 - b) The marginal propensity to save
 - c) Marginal propensity to consume
 - d) The income tax rate

5. Full employment means that there exists
 - a) Only involuntary unemployment
 - b) Only structural and/or frictional unemployment
 - c) No job vacancies at the time
 - d) A measured unemployment rate of zero

6. Who is the regulator of mutual funds in India?
 - a) RBI
 - b) IRDA
 - c) SEBI
 - d) Both SEBI and Government of India

7. Which of the following is a unique characteristic of the oligopolistic market structure?
 - a) Mutual interdependence among firms
 - b) Low barriers to entry
 - c) A large number of firms
 - d) Product differentiation

8. The statement that “inflation is everywhere and always a monetary phenomenon” is associated with
 - a) J.M. Keynes
 - b) Adam Smith
 - c) Paul Martin
 - d) Milton Friedman

9. Who among the following is the Chairman of the first Finance Commission?
- a) Chadha
 - b) K.C. Neogi
 - c) Santhanam
 - d) Y.V. Chavan
10. The Harrod-Domar growth model suggests that growth is
- a) Directly related to savings and inversely related to the capital/output ratio
 - b) Directly related to capital/output ratio and inversely related to savings
 - c) Indirectly related to savings and the capital/output ratio
 - d) Directly related to savings and the capital/output ratio
11. If a person is holding money for the purchase of goods and services, this demand for money is known as the
- a) Speculative motive
 - b) Transactions motive
 - c) Real balance motive
 - d) Precautionary motive
12. Which of the following economists is regarded as having developed the theory of comparative advantage?
- a) Adam Smith
 - b) David Ricardo
 - c) Joseph Stiglitz
 - d) Amartya Sen
13. The system in which the exchange rates are determined by the demand and supply position for the currencies in the foreign exchange market is known as
- a) Target zone arrangement system
 - b) Crawling peg system
 - c) Fixed exchange rate system
 - d) Floating exchange rate system

14. The mean and standard deviation of the binomial probability distribution are respectively
- a) np and npq b) np and \sqrt{npq}
c) np and nq d) n and p
15. A bank customer can give complaints against banking services through
- a) Banking Grievance cell b) Banking Ombudsman
c) Banking Regulation d) Complaints cell
16. Which of the following describes the combinations of interest rates and aggregate output for which the quantity of money demanded equals the quantity of money supplied?
- a) IS curve b) LM curve
c) Consumption function d) Investment schedule
17. In the short run a firm should shut down if the price of its commodity is below
- a) The average fixed cost b) The average variable cost
c) The average total cost d) The minimum marginal cost
18. In the Solow Model, the point where investment is equal to depreciation is known as
- a) The steady state b) The bliss point
c) The growth acceleration point d) The multiplier-accelerator point
19. Which of the following is not a quantitative credit control tool of RBI?
- a) Margin requirements b) Bank rate
c) Open market operation d) Statutory Liquidity Ratio

20. The minimum of the function $y=4x^2+8$ is at
- a) $x=0$
 - b) $x=8$
 - c) $x=4$
 - d) None of these
21. The market for extremely short period load is called
- a) Call money market
 - b) Money at short notice
 - c) T-bill market
 - d) G-sec market
22. Advolorum duties are levied on
- a) Length
 - b) Weight
 - c) Utilities
 - d) Value
23. Wagner's Law is related to
- a) Public revenue
 - b) Public expenditure
 - c) Public debt
 - d) Budget
24. If two events are mutually exclusive, then
- a) They also must be independent
 - b) They also could be independent
 - c) They cannot be independent
 - d) They cannot be complements
25. In India, the Chairman of the Finance Commission is appointed by
- a) The Prime Minister
 - b) The President
 - c) The Chief Justice
 - d) None of the above
26. Dow Theory was developed to explain the
- a) New York stock market movement
 - b) Dow Jones Industrial averages
 - c) Security market price movements
 - d) Buy and sell strategy

27. The buying and selling activities of the arbitrageur
- Increase the profit
 - Ensures the equilibrium price
 - Creates disequilibrium
 - Reduces the profit margin
28. If $C=10+2x+3x^2$ be the total cost function then the marginal cost would be
- $2+6x$
 - $2x+3x^2$
 - $\frac{-10}{x^2}+8$
 - $2x^2+4x^3$
29. In the long run with large scale production, firms in many industries often experience falling average total costs, which is known as
- Gains through trade
 - Economies of scale
 - Increasing marginal returns
 - Comparative advantage
30. The J-curve effect holds that a country's currency depreciation causes its trade balance to
- Deteriorate for a short time
 - Flatten out after an initial deterioration
 - A significant improvement in the long run
 - All of the above
31. The Philips curve shows the association between
- Low employment rates and low rates of inflation
 - High inflation rates and small increases in money wage rates
 - High unemployment rates and low rates of inflation
 - High inflation rates and higher level of money wage rates

32. $\left(\frac{x^6}{x^9}\right)^2$ is equal to

- a) x^9
- b) x^6
- c) $\frac{1}{x^6}$
- d) $\frac{1}{x^9}$

33. When a reduction in the price of a good allows a consumer to purchase more of all goods, this effect is called the

- a) Income effect
- b) Substitution effect
- c) Monetary effect
- d) Elasticity effect

34. A weighted aggregate price index where the weight for each item is its base period quantity is known as the

- a) Paasche Index
- b) Consumer Price Index
- c) Producer Price Index
- d) Laspeyres Index

35. The Reserve Bank of India was set up in the year

- a) 2006
- b) 1971
- c) 1963
- d) 1935

36. Which of the following is the market regulator of Indian Capital Market

- a) Discount and Finance House of India
- b) Securities and Exchange Board of India
- c) Insurance Regulatory and Development Authority
- d) Reserve Bank of India

37. Non-banking financial institutions (NBFIs) are registered under

- a) RBI Act
- b) Banking Regulation Act
- c) Companies Act
- d) SEBI Act

38. In least squares regression, which of the following is not a required assumption about the error term?
- a) The expected value of the error term is one
 - b) The variance of the error term is the same for all values of x
 - c) The values of the error term are independent
 - d) The error term is normally distributed
39. Kerala State Financial Enterprises Ltd. (KSFE) is an example of
- a) Banking Institution
 - b) Investment Institution
 - c) NBFIs
 - d) State level development bank
40. In order to get more tax revenue, a finance minister must tax a commodity having
- a) Unit elasticity
 - b) More than unit elasticity
 - c) Elastic demand
 - d) Inelastic demand
41. The controlling authority of government expenditure is
- a) Reserve Bank of India
 - b) Planning Commission
 - c) Finance Ministry
 - d) Finance Commission
42. In regression analysis, the variable that is being predicted is the
- a) Response or dependent variable
 - b) Independent variable
 - c) Intervening variable
 - d) Explanatory variable
43. Which of the following transactions does not represent a debit transaction in a balance of payment statement of a country?
- a) Exports of goods and services
 - b) Dividends and interest paid to foreign residents
 - c) Transfer payments abroad
 - d) Investments and loans to foreigners

44. The average number of times that a currency unit is used in buying the total amount of final goods and services produced during a given time period is known as
- a) Velocity
b) Gross national product
c) The spending multiplier
d) The money multiplier
45. The value of the coefficient of correlation lies between
- a) 0 and 1
b) $-\infty$ and $+\infty$
c) -1 and $+1$
d) -0.5 and $+0.5$
46. The receipts from disinvestments of public sector undertakings are shown under which one of the following sub-heads in the budget of the Government of India?
- a) Revenue receipts
b) Non-tax revenue receipts
c) Non-debt capital receipts
d) Debt capital receipts
47. Which one of the following is a state subject included in the State list only?
- a) Education
b) Fisheries
c) Forests
d) Railways
48. The birth rate measures the number of birth during a year per
- a) 100 of population
b) 1000 of population
c) Million of population
d) None of these
49. According to the Census 2011, the density of population is the highest in which of the following state?
- a) West Bengal
b) Bihar
c) Kerala
d) Uttar Pradesh

50. Which among the following states has the highest female literacy rate in India as per the Census 2011?
- a) Kerala
b) Bihar
c) Goa
d) Mizoram
51. Who among the following economists pointed attention to the relationship between economic growth and structural changes?
- a) Alfred Marshall
b) J.R. Hicks
c) Samuelson
d) Simon Kuznets
52. Suppose that the probability of event A is 0.2 and the probability of event B is 0.4. Also, suppose that the two events are independent. The $P(A|B)$ is
- a) $P(A)=0.2$
b) $P(A)/P(B)=0.2/0.4=0.5$
c) $P(A) \times P(B)=(0.2)(0.4) = 0.08$
d) None of the above
53. In India, the main source of national income is
- a) Primary sector
b) Secondary sector
c) Tertiary sector
d) Foreign sector
54. Which of the following is an empirical contradiction of Heckscher-Ohlin Theory?
- a) Gibson paradox
b) Keynes paradox
c) Lerner paradox
d) Leontief paradox
55. Who among the following has headed the committee constituted by SEBI for deciding about derivatives trading?
- a) L.C. Gupta
b) R.L. Gupta
c) Vaghul
d) Malhotra

56. The sensitivity or responsiveness of the demand for a commodity with respect to the prices of related commodities is measured using
- a) Price elasticity of demand
 - b) Price ratios of the commodities
 - c) Cross price elasticity of demand
 - d) Income elasticity of demand
57. Open Market Operations occur when the Government :
- a) Reduces spending
 - b) Increases taxation
 - c) Increases the exchange rate
 - d) Buys and sells bonds and securities
58. When the determinant of a matrix is zero, the matrix is called
- a) Singular
 - b) Null
 - c) Non singular
 - d) Identity
59. Public expenditure does not increase in a smooth and continuous manner, but in jerks or step like fashion is the main theme of
- a) Wagner's Law for increasing state activities
 - b) Wiseman-Peacock hypothesis
 - c) The Critical Limit hypothesis
 - d) Pure theory of public expenditure
60. For the planned development in India, the Mahalonobis model laid greater emphasis on the development of which of the following?
- a) Agriculture
 - b) Heavy industries
 - c) Power generation
 - d) Science and technology

ANSWER SHEET — PART — A

1	A	B	C	D	E
2	A	B	C	D	E
3	A	B	C	D	E
4	A	B	C	D	E
5	A	B	C	D	E
6	A	B	C	D	E
7	A	B	C	D	E
8	A	B	C	D	E
9	A	B	C	D	E
10	A	B	C	D	E
11	A	B	C	D	E
12	A	B	C	D	E
13	A	B	C	D	E
14	A	B	C	D	E
15	A	B	C	D	E
16	A	B	C	D	E
17	A	B	C	D	E
18	A	B	C	D	E
19	A	B	C	D	E
20	A	B	C	D	E

21	A	B	C	D	E
22	A	B	C	D	E
23	A	B	C	D	E
24	A	B	C	D	E
25	A	B	C	D	E
26	A	B	C	D	E
27	A	B	C	D	E
28	A	B	C	D	E
29	A	B	C	D	E
30	A	B	C	D	E
31	A	B	C	D	E
32	A	B	C	D	E
33	A	B	C	D	E
34	A	B	C	D	E
35	A	B	C	D	E
36	A	B	C	D	E
37	A	B	C	D	E
38	A	B	C	D	E
39	A	B	C	D	E
40	A	B	C	D	E

41	A	B	C	D	E
42	A	B	C	D	E
43	A	B	C	D	E
44	A	B	C	D	E
45	A	B	C	D	E
46	A	B	C	D	E
47	A	B	C	D	E
48	A	B	C	D	E
49	A	B	C	D	E
50	A	B	C	D	E
51	A	B	C	D	E
52	A	B	C	D	E
53	A	B	C	D	E
54	A	B	C	D	E
55	A	B	C	D	E
56	A	B	C	D	E
57	A	B	C	D	E
58	A	B	C	D	E
59	A	B	C	D	E
60	A	B	C	D	E

ECONOMICS

PART – B (Descriptive Type)

Answer **any eight** questions.

(8 × 5 = 40 Marks)

1. Explain the importance of assumptions in an economic model.
2. What are the difficulties in measuring national income?
3. Explain how a reduction in the cash reserve ratio affects the money supply in the economy.
4. Discuss the relative merits and demerits of different types of exchange rate systems.
5. Explain Kerala's development experience.
6. What is budget and what is the importance of budget?
7. Explain Keynes' liquidity preference approach.
8. Differentiate between money market and capital market.
9. Explain and prove five properties of the determinant of a matrix.
10. What are index numbers? Compare Laspeyres index and Paasche index.
11. Explain Hicks income and substitution effects.
12. Illustrate the price and output determination for a monopolistic competitive market firm.

