

1. If nominal GDP is 500 and real GDP is 100 then the GDP deflator is
 - (A) 6
 - (B) 7.5
 - (C) 5
 - (D) 4

2. One factor which did **NOT** influence the levels of real output and employment in the classical system was the
 - (A) stock of capital
 - (B) level of technology
 - (C) the price level
 - (D) size of the labor force

3. The Cambridge and Fischer versions of the quantity theory are identical if
 - (A) $V=k$
 - (B) $V=k^2$
 - (C) $V=1/k$
 - (D) none of the above

4. Money supply measure M3 compiled by RBI equals
 - (A) currency plus time deposits
 - (B) currency plus demand deposits
 - (C) currency only
 - (D) currency plus demand deposits and time deposits

5. The higher the interest sensitivity of investment, the
 - (A) less effective is monetary policy and the more effective is fiscal policy
 - (B) more effective are both monetary and fiscal policies
 - (C) less effective are both monetary and fiscal policies
 - (D) less effective is fiscal policy and the more effective is monetary policy

6. In the case where the LM schedule is relatively steep and the IS schedule is relatively flat, the most effective policy would be a change in
- (A) money supply
 - (B) government expenditures
 - (C) government spending financed by a change in taxes
 - (D) taxes
7. Which of the following elasticities measure a movement along a curve rather than a shift in the curve
- (A) price elasticity of demand
 - (B) income elasticity of demand
 - (C) cross elasticity of demand
 - (D) none of the above
8. When total utility increases marginal utility is
- (A) positive and declining
 - (B) negative and increasing
 - (C) negative and declining
 - (D) zero
9. The line joining points of consumer equilibrium as a result of varying consumer income is known as
- (A) demand curve
 - (B) Engel curve
 - (C) income consumption curve
 - (D) price consumption curve
10. Which of the following would be an example of a monopoly?
- (A) a local cable television company
 - (B) local cement companies
 - (C) a bakery in a large city
 - (D) a potato farmer

11. If a decrease in income increases the demand for a good, then
- (A) the good is a complement good
 - (B) the good is a normal good
 - (C) the good is a substitute good
 - (D) the good is an inferior good
12. Suppose there is a six percent increase in the price of good X and a resulting six percent decrease in the quantity of X demanded. Price elasticity of demand for X is
- (A) 1
 - (B) 6
 - (C) 0
 - (D) infinite
13. A natural monopoly occurs when
- (A) the monopolist product is sold in its natural state (such as water or diamonds)
 - (B) firms are characterized by rising marginal cost curves
 - (C) a monopoly firm requires the use of free natural resources (such as water or air) to produce its product
 - (D) average total cost of production decreases as more output is produced
14. Patent and copyright laws are major sources of
- (A) resource monopolies
 - (B) natural monopolies
 - (C) government-created monopolies
 - (D) none of the above
15. The actual growth rate of Indian economy was between _____ during 6th to 9th plan
- (A) 5%-7%
 - (B) 3%-4%
 - (C) 8%-9%
 - (D) 5%-6%

16. The eleventh plan average savings rate (as percentage of GDP) was between
- (A) 33-34%
 - (B) 35-36%
 - (C) 26-28%
 - (D) 39-40%
17. The Planning commission has constituted an expert group to review measurement of poverty under chairmanship of
- (A) Dr C Rangarajan
 - (B) Professor S Tendulkar
 - (C) Professor Jean Dreze
 - (D) Professor Martin Ravallion
18. Which one of the following is not a policy rate
- (A) bank rate
 - (B) repo rate
 - (C) call money rate
 - (D) marginal standing facility
19. Suppose the demand curve for a product is given by $Q=300-2P+4I$ where I is average income measured in thousands of rupees. The supply curve is $Q=3P-50$. If $I=5$, the market clearing price and quantity for the product will be
- (A) 74,172
 - (B) 65,160
 - (C) 70, 170
 - (D) 50,120
20. The production function $F(K,L) = K^2L$ exhibits
- (A) constant returns to scale
 - (B) increasing returns to scale
 - (C) decreasing returns to scale
 - (D) none of the above

21. The manager of a watch-making company operating in a competitive market has a cost of production $C=200+2Q^2$ where Q is level of output and C is total cost. If the price of watches is ₹100, how many numbers of watches should be produced to maximize profit?
- (A) 25
(B) 30
(C) 10
(D) 35
22. If $f(x) = x^3 - 2x - 1$ then $f(-2) =$
- (A) - 17
(B) - 10
(C) - 1
(D) - 5
23. If $y = (4x+1)^2 (1-x)^3$ then dy/dx is
- (A) $5(4x+1)(1-x)^2(1-4x)$
(B) $(4x+1)^2(1-x)^2$
(C) $-24(4x+1)$
(D) $(1-x)^2(4x+11)$
24. We use a regression line $y=a+bx$
- (A) to estimate the value of x for a given value of y
(B) to determine the rate of change in y with respect to x
(C) to determine the rate of change in x with respect to y
(D) to estimate the value of y for a given value of x
25. Let X be the outcome of rolling a carefully made six sided die. Then $P(X \leq 2)$ is
- (A) $2/3$
(B) $1/3$
(C) $1/2$
(D) $5/6$

26. Suppose that A and B are two independent events with $P(A) = .2$ and $P(B) = .4$. $P(A \text{ and not } B)$ is
- (A) 0.12
 - (B) 0.60
 - (C) 0.08
 - (D) 0.52
27. Event A has probability 0.4. Event B has probability 0.5. If A and B are disjoint, then the probability that both events occur is
- (A) 0.1
 - (B) 0.0
 - (C) 0.9
 - (D) 0.2
28. A set of data has a mean that is much larger than the median. Which of the following statements is most consistent with this information?
- (A) The data set probably has a few low outliers
 - (B) A histogram of the data is skewed right
 - (C) A histogram of the data is skewed left
 - (D) A histogram of the data is symmetric
29. In the Harrod-Domar equation $g = s/v$, v is defined as
- (A) the value of the country's capital stock
 - (B) the ratio of the country's capital stock to its output
 - (C) the change in the country's capital stock
 - (D) Velocity of money
30. Technical progress is called capital saving when ratio of _____ is held constant
- (A) labour to capital
 - (B) capital to labour
 - (C) capital to output
 - (D) output to capital

31. Overall income disparity can be measured by
- (A) The difference between GDP and GNP
 - (B) The Gini Index
 - (C) The growth rate in Real Gross Domestic Product
 - (D) The population growth rate
32. Input Output Analysis is centered on the idea of
- (A) Inter-state transactions
 - (B) Inter-industry transactions
 - (C) Inter-country transactions
 - (D) Intra-industry transactions
33. If labor in Mexico is less productive than labor in the U.S. in all areas of production,
- (A) neither nation can benefit from trade
 - (B) Mexico can benefit from trade but the U.S. cannot
 - (C) Mexico will not have a comparative advantage in any good
 - (D) both nations can benefit from trade
34. Absolute advantage is found by
- (A) comparing opportunity costs
 - (B) calculating the dollar cost of production
 - (C) comparing the productivity of one nation to that of another
 - (D) first determining which country has a comparative advantage
35. The gains from trade are
- (A) higher from trade between a rich nation and a poor nation
 - (B) based on different wage rates between nations
 - (C) a result of more efficient resource allocation
 - (D) based on the principle of absolute advantage

36. The monetary base consists of
- (A) government securities held by the central bank
 - (B) the money supply
 - (C) currency and bank deposits at the central bank
 - (D) currency and bank reserve deposits at the central bank
37. Which of the following is the largest asset on a consolidated balance sheet for a commercial bank?
- (A) Checkable deposits
 - (B) government bonds
 - (C) Cash assets, including reserves
 - (D) Loans
38. “Lender of last resort” means that the central bank
- (A) has to lend money to failing banks
 - (B) should lend money to individuals if their bankruptcy would threaten the banking system
 - (C) should lend money to banks that are suffering short-term liquidity shortages
 - (D) should lend money to pay for government deficits
39. The Laffer curve
- (A) related income tax rates to total income taxes collected
 - (B) was so ridiculous that economists took it as a joke, hence the name, Laffer Curve
 - (C) related tax rates to deadweight welfare losses
 - (D) related government welfare payments to the birth rate
40. An optimal tax on pollution would be one in which
- (A) producers choose not to produce any pollution
 - (B) producers internalize the cost of the pollution
 - (C) a benevolent social planner is able to maximize production
 - (D) the value to consumers at market equilibrium exceeds the cost of production (including tax)

41. Which of the following choices suggests that the private market can be effective in dealing with externalities?
- (A) the “invisible hand”
 - (B) the law of diminishing social returns
 - (C) the Coase theorem
 - (D) technology policy
42. A survey based on complete enumeration is known as _____.
- (A) sample survey
 - (B) pilot survey
 - (C) ad-hoc survey
 - (D) census survey
43. The data relating to the number of registered allopathic and homeopathic doctors in six different states can be most appropriately represented by diagram:
- (A) histogram
 - (B) pie-diagram
 - (C) double bar diagram
 - (D) line graph
44. As per 2011 Census, the annual growth rate of Indian population during 2001-11 was
- (A) 2.1%
 - (B) 1.64%
 - (C) 1.98%
 - (D) 1.2%
45. Which of the following is **NOT** a transfer payment?
- (A) Pension
 - (B) Scholarship
 - (C) Commission paid to LIC agent
 - (D) Unemployment dole

46. The tax-GDP ratio in India at present stands approximately at
- (A) 9.5%
 - (B) 15.5%
 - (C) 19.5%
 - (D) 22.5%
47. In a symmetrical distribution, $\text{mean} \pm 3\sigma$ covers _____% of area under the curve.
- (A) 68.27
 - (B) 78.75
 - (C) 95.45
 - (D) 99.73
48. As $X \rightarrow 4$, the limit of $(X^2 - 2X - 8)/(X^2 - 16) =$
- (A) $\frac{3}{4}$
 - (B) 0
 - (C) ∞
 - (D) $\frac{1}{2}$
49. Which of the following countries has emerged as India's largest trading partner in the current fiscal?
- (A) UAE
 - (B) USA
 - (C) China
 - (D) Germany
50. Which of the following measures of central tendency is least affected by sampling fluctuations?
- (A) Arithmetic Mean
 - (B) Median
 - (C) Mode
 - (D) Geometric Mean