Economics Sample Paper

Section-1

Q 1. If tea leaves are used in a restaurant for tea brewing, and the drinkable tea is sold to the customers, then the tea leaves will be __________.

a) Final goods **b)** Intermediate good **c)** Consumption goods **d)** Capital goods

Q 2. Final goods are:

a) Consumption goods **b)** Capital goods **c)** Both (a) and (b) **d)** Intermediate goods

Q 3. Demand deposits created by the commercial banks are called ___________.

a) High powered money **b)** Money **c)** Bank money **d)** Time deposits

Q 4. Which of the following is not included in money supply?

a) High powered money **b)** Bank money **c)** Time deposits **d)** Inter –bank deposits

Q 5. The ratio of change in consumption to change in income is called ________.

a) Marginal propensity to consume **b)** Marginal propensity to save **c)** Average propensity to consume **d)** Average propensity to save

Q 6. Which of the following is not true for MPC in an economy?

a) MPC can be zero **b)** MPC lies between zero and one. **c)** MPC can exceed one **d)** None of these

Q 7. _________ means that public goods are financed through the budget and can be used without any direct payment public goods may be produced by the government or the private sector. When public goods are produced directly by the government it is called __________.

a) Public provision/ public production **b)** Private provision/ private production

c) Both **d)** None of the above

Q 8. The government affects the (i) _______ of household by making transfers and collection taxes. it is through this that the government can changed the distribution of income and bring about a distribution that is considered fair by society.This is the (ii) ________________ function of government budget.

a) (i) private income, (ii) allocation **b)** (i) personal income, (ii) stabilisation

c) (i) personal disposable income,(ii) redistribution **d)** (i) public income, (ii) redistribution

Q 9. What does the balance of payment (BoP) account record?

a) Transactions in goods, services and assets between residents of a country with the rest of the world

b) Transactions in foreign exchange assets and liabilities during a fiscal year

c) Inflows and outflows of foreign exchange during a fiscal year

d) None of these

Q 10. Which of the following is true for Transfer payments in the Current account of balance of payments

a)

Transfer payments are the receipts which the residents of the country get for free, without having to provide any goods and services in return.

b) They consist of gifts, remittances and grants.

c) They could be given by the government or by private citizen living aboard.

d) All of these

Q 11. Indian economy at the time of independence was

a) developed b) Underdeveloped c) stagnant d) Both (b) and (c)

Q 12. From the following, whose estimates of national income were considered very significant during British period?

a) Findley Shiras b) William Digboy c) Dada Bhai Naroji d) V.K.R.V. Rao

Q 13. Who is regarded as the architect of Indian planning?

a) P.C Mahalanobis b) M.N. Roy c) M. Visheshvarya d) Jawaharlal Nehru

Q 14. Planning commission was constituted in __________

a) 1952 b) 1950 c) 1947 d) 1997

Q 15. The trade policy reforms aimed at:

a) Lifting of quantitative restrictions on import and exports b) Reduction of tariff rates

c) Removal of licensing procedures for imports d) All of these

Q 16. Which of the following industry is not reserved for the public sector?

a) Atomic energy b) Rail transport c) Iron & steel d) None of the above

Q 17. Which is the calorie measurement for defining poverty in urban areas?

a) 2100 calories b) 2400 calories c) 2250 calories d) 2500 calories

Q 18. Poverty line has been defined at MPCE of __________for rural areas

a) Rs. 828 b) Rs. 729 c) Rs. 816 d) Rs. 1000

Q 19. Following is the source of human capital formation:

a) Education b) Health

c) Expenditure on the job training d) All the above

Q 20. Which of the following is not source of human capital formation?

a) Expenditure on construction of roads b) Expenditure on health

c) Expenditure on education d) Expenditure on the job training

Q 21. Loan taken for buying tractor comes under:

a) Short period credit b) Medium term credit c) Long period credit d) None of the above

Q 22. Which of the following is the major source of institutional credit in rural areas?

a) Co- operative banks b) Commercial banks c) Regional rural banks d) None of the above

Q 23. Those person who are hired by others and are paid wages or salary for their services are called

a) Workers b) Regular workers c) Hired workers d) Casual Workers

Q 24. Construction workers who are hired on temporary basis fall under the category of

a) Regular workers **b)** Casual workers **c)** Formal workers **d)** None of these

Q 25. To which type of infrastructure transport is related?

a) Economy **b)** Social **c)** Both (a) and (b) **d)** None of the above

Q 26. Which of the following comes under social infrastructure?

a) Transport **b)** Education **c)** Energy **d)** Communication

Q 27. Following is a biotic element of environment:

a) Land **b)** Plants **c)** Water **d)** Mountains

Q 28. Following is an abiotic element of environment:

a) Plants **b)** Animals **c)** Water **d)** Birds

Q 29. The largest source of GDP in India is:

a) Agriculture **b)** Industrial sector **c)** Service sector **d)** External sector

Q 30. The great leap forward campaign was launched in china in:

a) 1978 **b)** 1988 **c)** 1958 **d)** 1949

Q 31. Assertion (A): Central Bank is called as Bank of Issue
Reason (R): Central, Bank advises the government on various monetary and financial matters of the economy.

a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

c) Assertion (A) is true but Reason (R) is false.

d) Assertion (A) is false but Reason (R) is true.

Q 32. Assertion (A): Money Supply is a flow concept
Reason (R): Money Supply is the total amount of money held in the hands of general public at a particular point of time.

a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

c) Assertion (A) is true but Reason (R) is false.

d) Assertion (A) is false but Reason (R) is true.

Q 33. Assertion (A): Demand Deposits with commercial banks is not a component of Money Supply.
Reason (R): The amount in demand deposits can be withdrawn without any prior permission from the commercial banks.

a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

c) Assertion (A) is true but Reason (R) is false.

d) Assertion (A) is false but Reason (R) is true.

Q 34. Assertion (A): Commercial Banks are able to create credit which is much more than their initial deposits and reserves. This is called as Credit Creation Process.
Reason (R): Even though the right to issue currency in the economy is with central bank, the commercial banks are still called as the creators of money.

a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

c) Assertion (A) is true but Reason (R) is false.

d) Assertion (A) is false but Reason (R) is true.

Q 35. A PPC can never be

a) Concave **b)** Convex **c)** Straight line **d)** Upward sloping straight line

Q 36. Selection of production technique is a problem of _________

a) What to production **b)** How to produce **c)** For whom to produce **d)** None of the above

Q 37. Economic problem arises due to

a) Limited resources **b)** Unlimited wants **c)** Both (a) and (b) **d)** Neither (a) and (b)

Q 38. Problem of allocation of resources includes

a) What to produce **b)** How to produce **c)** For whom to produce **d)** All of the above

Read the following paragraph and answer the questions. (39-42)

The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of the Indian economy. Such policies transformed the country into a supplier of raw materials and consumer of finished industrial products from Britain.

Q 39. Which of the following is the major concern of the policies introduced by the Britishers?

a) Growth of India's national income **b)** Growth of British industries

c) Growth of Indian agriculture **d)** All of these

Q 40. India became supplier or raw material under the British rule reflects:

a) Direction of trade **b)** Composition of trade **c)** Both (a) and (b) **d)** None of these

Q 41. India became consumer of finished industrial products from the Britain indicate:

a) Growth of industries in India **b)** Decline of industries in India

c) Growth of industries in Britain **d)** Both (b) and (c)

Q 42. Which of the following was the outcome of policies introduced by the Britishers in India?

a) India became diversified in industries **b)** Productivity in agriculture increased

c) Social indicators improved in India **d)** None of these

Read the following news report and answer the questions. (43-45)

India's record pump price of gasoline and diesel are the newest threat to the economy's nascent recovery, as high local taxes on retail fuel risk fanning inflation and driving a wedge between the objectives of fiscal and monetary policymakers. Gasoline price were at an all –time high of 97.6 rupees ($1.3) a litre in Mumbai Tuesday, while diesel sold for a record 88.6 rupees, data from state run Indian oil corporation show. Taxes make up more than half of that cost and represent a sore point for the inflation – targeting reserve bank of India, which has vowed to keep borrowing costs low for as long as needed to support economic growth

Q 43. Fiscal policy is a policy undertaken by:

a) Central bank **b)** Government **c)** Both of these **d)** None of these

Q 44. To reduce the price level of petrol, government should;

a) Increase taxes **b)** Decrease taxes **c)** Increase borrowings **d)** Decrease borrowing

Q 45. Monetary policy tool used by the central bank to curtail inflation is :

a) Sell bonds **b)** Increase CRR **c)** Increase repo rate **d)** All of the above

Q 46.

Write the correct pair

Column I	Column II
A. Increase in demand For foreign currency, Supply remaining unchanged	(i) Deprecation of domestic currency
B. Decrease in supply of Foreign currency, demand	(ii) Appreciation of domestic currency

Remaining unchanged
C. Increase in supply of foreign (iii) Devaluation of Currency, demand remaining Unchanged domestic currency

Codes

a) A–(i) **b)** B–(ii) **c)** C–(iii) **d)** None of the above

Q 47.

Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I.

Column I	Column II
A. Gift Tax	(i) Regressive tax
B. Goods and services Tax	(ii) Direct tax
C. Income Tax	(iii) Paper tax

Codes

a)

A	B	C
(ii)	(i)	(iii)

b)

A	B	C
(iii)	(i)	(ii)

c)

A	B	C
(ii)	(iii)	(i)

d)

A	B	C
(i)	(iii)	(ii)

Q 48.

Match the correct pair from given below.

Column I	Column II
A. Limited Legal Tender	(i) RBI
B. Unlimited Legal Tender	(ii) Coins
C. Banker to the Public	(iii) Currency Notes
D. Banker to the Government	(iv) Commercial Banks

Choose from the option given below.

a)

A	B	C	D
(i)	(ii)	(iii)	(iv)

b)

A	B	C	D
(ii)	(i)	(iv)	(iii)

c)

A	B	C	D
(ii)	(iii)	(iv)	(i)

d)

A	B	C	D
(ii)	(iv)	(i)	(iii)

Q 49. A consumer buys 200 units of a good at a price of Rs. 20 per unit. Price elasticity of demand is (-) 2. At what price will he be willing to purchase 300 units? Calculate.

a) 15 **b)** 10 **c)** 5 **d)** None of above

Q 50.

From the following data about a firm, calculate the firm's net value added at factor cost.

S. No.	Items	(Rs. in lakh)
(i)	Subsidy	40
(ii)	Sales	800
(iii)	Depreciation	30
(iv)	Exports	100
(v)	Closing stock	20
(vi)	Opening stock	50
(vii)	Intermediate purchases	500
(viii)	Purchase of machinery for won use	200
(ix)	Import of raw material	60

a) 280 lakh **b)** 180 lakh **c)** 220 lakh **d)** None of above

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1	**b**	2	**c**	3	**c**	4	**d**	5	**a**	6	**c**	7	**a**	8	**c**	9	**c**	10	**d**
11	**d**	12	**d**	13	**a**	14	**b**	15	**d**	16	**c**	17	**a**	18	**c**	19	**d**	20	**a**
21	**c**	22	**b**	23	**c**	24	**b**	25	**a**	26	**b**	27	**b**	28	**c**	29	**c**	30	**c**
31	**b**	32	**d**	33	**d**	34	**b**	35	**d**	36	**b**	37	**c**	38	**d**	39	**b**	40	**b**
41	**d**	42	**d**	43	**b**	44	**b**	45	**d**	46	**a**	47	**b**	48	**c**	49	**a**	50	**a**