PREVIOUS YEAR PAPER

UP PGT 2016 — Economics (Series A)

UP PGT · 1 or 2 February 2019

125 questions · +3.4 for a correct answer, −0 for a wrong one · 120 minutes

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Questions from the U.P. Secondary Education Services Selection Board's paper of 1 or 2 February 2019. Each question is followed by its answer, and the answer key is repeated on the last page.

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Economics

1. When with a change in price the total outlay on a commodity remains constant, it is a case of
   (a) Perfectly elastic demand
   (b) Perfectly inelastic demand
   (c) Unitary elastic demand
   (d) Relatively elastic demand

   Answer: (c)

2. For the Cobb Douglas production function $Q = AL^{\alpha}K^{1-\alpha}$ the elasticity of substitution is
   (a) Zero
   (b) Infinity
   (c) One
   (d) None of the above

   Answer: (c)

3. Under price discrimination price will be higher in market where demand is
   (a) less elastic
   (b) more elastic
   (c) unitary elastic
   (d) none of these

   Answer: (a)

4. Who wrote “Economics of Imperfect Competition” ?
   (a) Chamberlin
   (b) Joan Robinson
   (c) Cournot
   (d) Sraffa

   Answer: (b)

5. In case of Malthus theory, if wage increases, then this will lead to

(a) increase in population

(b) increase in production

(c) decrease in population

(d) increase in capital concentration

Answer: (a)

6. Whose analysis started with the recognition that the total quantity demanded of an economy's output was the sum of four types of spendings – consumer expenditure, investment, government spending and net exports ?

(a) Paul A. Samuelson

(b) Milton Friedman

(c) John Maynard Keynes

(d) Sir John Hicks

Answer: (c)

7. Inverse relationship between money wage inflation and unemployment was firstly explained by

(a) A.W. Philips

(b) Milton Friedman

(c) Philip Cagan

(d) Robert Lucas

Answer: (a)

8. Keynes's law of consumption applies on

(a) Socialist economy

(b) Mixed economy

(c) Capitalist economy

(d) All of these

Answer: (c)

9. In which of the following market situation are the firms mutually interdependent in pricing and output decisions ?

(a) Oligopoly

(b) Monopoly

(c) Monopolistic competition

(d) Perfect competition

Answer: (a)

10. The Leontief Paradox stated that

(a) USA's exports were labour-intensive and imports were capital-intensive

(b) USA's exports and imports both were capital intensive

(c) USA's exports and imports both were labour intensive

(d) USA's exports were capital intensive and imports were labour intensive

Answer: (a)

11. Structural adjustment facility is provided by
    (a) IMF
    (b) ADB
    (c) WTO
    (d) IBRD
    Answer: (a)

12. Which one of the following countries is the first one to borrow fund from IMF ?
    (a) United States
    (b) France
    (c) Spain
    (d) India
    Answer: (b)

13. Intellectual Property Rights regime is managed by
    (a) IMF
    (b) WTO
    (c) EU
    (d) SAARC
    Answer: (b)

14. An overvalued currency will have which of the foll ng effects ?
    (a) Make exports and imports cheaper equally
    (b) Make imports relatively cheaper
    (c) Make exports and imports equally e
    (d) Make imports relatively more expensive
    Answer: (b)

15. The Headquarter of IMF and World Bank are located at
    (a) Geneva and Montreal
    (b) Geneva and Vienna
    (c) New York and Geneva
    (d) Washington DC
    Answer: (d)

16. Who suggested government of India to introduce expenditure tax ?
    (a) J.R. Hicks
    (b) A.K. Sen
    (c) N. Kaldor
    (d) Ursula Hicks
    Answer: (c)

17. Which one of the following committees recommended to establish the National Bank for Agriculture and Rural Development (NABARD) in India ?

(a) Narasimhan Commitee
(b) Sivaraman Committee
(c) Abhijit Sen Committee
(d) Chakravarty Committee

Answer: (b)

18. 'Relative taxable capacity is a reality while absolute taxable capacity is a myth'. This statement was given by

(a) R.A. Musgrave
(b) H. Dalton
(c) J.K. Mehta
(d) Findlay Shirras

Answer: (b)

19. If the farmers of a village are divided into three categories-marginal, small and large and then a sample of 50 farmers are taken randomly from each category, then this is called as

(a) Systematic sampling
(b) Stratified sampling
(c) Cluster sampling
(d) Multi-stage sampling

Answer: (b)

20. Goodness of fit of a distribution is teste[illegible] a

(a) t-test
(b) Chi-square test
(c) F-test
(d) All of these

Answer: —

21. T-test was developed by

(a) R.A. Fisher
(b) Sir William Gosset
(c) Karl Pearson
(d) K. Wallis

Answer: —

22. Money which flows quickly from country to country either in response to better earnings or in apprehension of adverse circumstances is called

(a) Hard money
(b) Hot money
(c) Soft money
(d) Cold money

Answer: (b)

23. 'Global Competitiveness Report' is released by which of the following organisations ?
(a) World Trade Organisation
(b) WHO
(c) World Bank
(d) World Economic Forum

Answer: (d)

24. According to Keynesians creeping inflation will help in
(a) Minimising unemployment
(b) Maximising real output
(c) Both (A) and (B)
(d) None of the above

Answer: (c)

25. Which committee recommended tax on agriculture holding in India ?
(a) Tandon Committee
(b) Raj Committee
(c) Kelkar Committee
(d) Dantwala Committee

Answer: (b)

26. The RBI calculates four components of money su[illegible] viz. M^1, M^2, M^3 and M4. Select the incorrect pair out of the following.
(a) M^1 consists of currency and coins with the p[illegible]ic, demand deposits of the bank and other deposits with RBI
(b) M^2 consists of M^1 and demand deposits [illegible]ost office
(c) M^3 includes sum of M^1 and M^2
(d) M4 includes sum of M^3 and demand as well as time deposits of post office

Answer: (c)

27. Which type of trade is not explained by the Heckscher-Ohlin model ?
(a) Trade based on economies of scale
(b) Intra industry trade
(c) Trade based on imitation gaps and product cycles
(d) All of the above

Answer: (d)

28. A forward-shifting tax will affect
(a) Buyers more than sellers
(b) Sellers more than buyers
(c) Buyers and sellers equally
(d) Government revenue negatively

Answer: (a)

29. Which of the following can be considered as leakage in the multiplier ?
    (a) High marginal propensity to save
    (b) Higher propensity to import
    (c) Both (A) and (B)
    (d) None of these

    Answer: (c)

30. Dumping in international trade refers to
    (a) Selling commodities cheaply in domestic market and costly in foreign market
    (b) Selling low priced inferior commodities by the developed countries in LDCs
    (c) Selling commodities cheaper in foreign market and costlier in domestic market
    (d) Selling low priced commodities by LDC's in developed economy

    Answer: (c)

31. The cost incurred by the firm in hiring labour is called as
    (a) Explicit cost
    (b) Implicit cost
    (c) Marginal cost
    (d) Opportunity cost

    Answer: (a)

32. If the demand of the domestic consumers is infini elastic and the supply of the foreign producers is perfectly inelastic, then the whole of th riff will
    (a) Be paid by the domestic consumers
    (b) Be paid by the foreign producer
    (c) Be equally shared by domestic consume d foreign producer
    (d) Yield neither revenue nor give protection

    Answer: (b)

33. The technique used to estimate the over identified system of simultaneous equation is
    (a) Ordinary least squares
    (b) Maximum likelihood
    (c) Limited information maximum likelihood
    (d) Two stage least square

    Answer: —

34. Liquidity trap is a situation when
    (a) All potential investors expect the rate of interest to rise in future
    (b) Natural rate of interest is above the critical rate of interest
    (c) All potential investors expect the rate of interest to fall in future
    (d) Demand for money for speculative purpose is interest – inelastic

    Answer: (d)

35. e - Shakti is a project unveiled by

(a) NABARD

(b) RRB

(c) SIDBI

(d) SBI

Answer: (a)

36. Minimum Alternate Tax (MAT) is imposed by the Indian government in addition to which one of the following taxes ?

(a) Personal Income Tax

(b) Corporation Tax

(c) Service Tax

(d) Expenditure Tax

Answer: (b)

37. Which of the following is not a Direct Tax ?

(a) Sales tax

(b) Income tax

(c) Wealth tax

(d) Estate duty

Answer: (a)

38. National income in India is estimated by

(a) Planning Commission

(b) Finance Commission

(c) Indian Statistical Institute

(d) Central Statistical Organisation

Answer: (d)

39. An agreement among the countries to maintain free trade area, common external tariff, free mobility of capital and labour and degree of unification in government policies and monetary policy is called

(a) Common market

(b) Customs union

(c) Economic union

(d) Free trade area

Answer: (c)

40. International Development Association is administered by

(a) IMF

(b) World Bank

(c) GATT

(d) ADB

Answer: (b)

41. Asian Development Bank operates under the aegis of
(a) IMF
(b) IBRD
(c) ECAFE
(d) Both (A) and (B)

Answer: (c)

42. Among the Indian Economists who had done pioneering work on National income ?
(a) P. N. Dhar
(b) Professor Shenoi
(c) Jagadish Bhagwati
(d) V. K. R. V. Rao

Answer: (d)

43. These banks are entered in the 2n^{d} Schedule of the RBI Act, 1934. They have paid up capital and an aggregate reserve value of not less than ₹ 5 lakh. They also satisfy the RBI that their affairs are carried out in the interest of depositors.
Which bank(s) is/are being referred to ?
(a) Scheduled Banks
(b) State Bank and its Associates
(c) Punjab National Bank
(d) Imperial Bank

Answer: (a)

44. In India, which of the following have the highest share in the disbursement of credit to agriculture and allied activities ?
(a) Microfinance Institutions
(b) Regional Rural Banks
(c) Cooperative Banks
(d) Commercial Banks

Answer: (d)

45. Fiscal deficit in the budget means
(a) Revenue deficit plus the net borrowings of the government
(b) Budgetary deficit plus the net borrowings of the government
(c) Capital deficit plus revenue deficit
(d) Primary deficit minus capital deficit

Answer: (b)

46. Which one of the following is not the objective of monetary policy in India ?
(a) To accelerate economic development
(b) To achieve price stability
(c) To regulate foreign trade
(d) To stabilise exchange rate

Answer: (c)

47. With a regressive tax, as income
(a) Increases, tax rate remains same
(b) Decreases, the tax rate decreases
(c) Increases, the tax rate increases
(d) Increases, the tax rate decreases

Answer: (d)

48. Arrange the structure of Balance of Payments Accounts in which these items appear.
1. Capital Account
2. Errors and Ommissions
3. Current Account
4. Official Settlement Account
(a) 1, 2, 3, 4
(b) 3, 1, 4, 2
(c) 4, 3, 2, 1
(d) 3, 4, 1, 2

Answer: (b)

49. Cannon of equity in taxation is generally considered to be satisfied by
(a) Proportional taxation
(b) Progressive taxation
(c) Regressive taxation
(d) Lump sum tax

Answer: (b)

50. Which one of the following pair is correctly matched ?
(a) MFA : Agricultural Free Trade
(b) UNCTAD : Free Trade Area
(c) IMF : Balance of Payment Difficulties
(d) MFN : Direct Foreign Investment

Answer: (c)

51. The distribution for which mean and variance are equal is
(a) Poisson
(b) Binomial
(c) Normal
(d) Gamma

Answer: (a)

52. Which of the following is not a measure of central tendency ?
(a) The range
(b) The mode
(c) The mean
(d) The median

Answer: (a)

53. Uncertainty theory of profit was propounded by

(a) J.B. Clark

(b) Adam Smith

(c) Frank Knight

(d) Kaldor

Answer: (c)

54. Revealed preference theory was formulated by

(a) Paul Samuelson

(b) Hicks

(c) Keynes

(d) Walker

Answer: (a)

55. Which of the following is the correct sequence in the process of economic integration between different countries ?

(a) Common Market – Free Trade Area – Customs Union – Economic Union

(b) Free Trade Area – Custom Union – Common Market – Economic Union

(c) Free Trade Area – Common Market – Custom Union – Economic Union

(d) Common Market – Free Trade Area – Economic Union – Custom Union

Answer: (b)

56. Consider the statement about 'Venture Capital F
1. A dedicated corpus of capital to promote innovat entrepreneurship
2. It may be public-owned or privately owr
3. The IVCF was India's first such fund set up rivate ownership
Select the correct statement using code.

(a) 1 and 2

(b) 2 and 3

(c) 1 and 3

(d) 1, 2 and 3

Answer: (a)

57. Select the items which India shows in its current account using the code given.
1. Inflow due to exports and outflow due to imports
2. Inflows and outflows due to income repatriation
3. Inflow and outflow due to foreign portfolio investment
4. External lending and borrowing
Code :

(a) 1 and 2

(b) 2 and 3

(c) 3 and 4

(d) 2 and 4

Answer: (a)

58. Which of the following is not a scheme for the upliftment of women in India ?
(a) Beti Bachao and Beti Padavo
(b) Sukanya Samriddhi Yojana
(c) Gender Budgeting
(d) Ujjwala Scheme

Answer: (c)

59. Income tax is generally based on the principle of
(a) Benefit received principle
(b) Ability to pay principle
(c) Willingness to pay principle
(d) None of these

Answer: (b)

60. Which of the following is a capital receipt in the government budget ?
(a) Interest receipts on loans given by the government to other parties
(b) Dividend and profit of public enterprises
(c) Borrowings of the government from the public
(d) Property tax receipts

Answer: (c)

61. The concept of 'Inflationary Gap' was propounded
(a) J.M. Keynes
(b) A.C. Pigou
(c) A. Marshall
(d) J.R. Hicks

Answer: (a)

62. 'Bad' money forces 'good' money out of circulation explains the Gresham's law
1. It analyses the circulation of 'black' money in the Indian economy. usually getting deposited in the tax heavens through halwala route.
2. The Chinese currency Yuan headed to replace the dominance of the US dollar in the world foreign exchange market.
Select the incorrect statement/statements by using the code given below.
(a) Only 1
(b) Only 2
(c) Both 1 and 2
(d) Neither 1 nor 2

Answer: (c)

63. Cross elasticity of demand for a pair of substitute is
    (a) Positive
    (b) Unitary
    (c) Negative
    (d) Infinite

    Answer: (a)

64. In the short run, firm's fixed cost
    (a) is zero
    (b) cannot be escaped
    (c) can be escaped only by cutting production to zero
    (d) varies directly with the output

    Answer: (b)

65. Which of the following is the best example of a perfectly competitive markets ?
    (a) Diamonds
    (b) Farming
    (c) Athletic shoes
    (d) Soft drinks

    Answer: (b)

66. A price and quantity fixing agreement is known as
    (a) collusion
    (b) price concentration
    (c) price leadership
    (d) non collusion

    Answer: (a)

67. "Interest is a reward for parting with liquidity" was conceived by
    (a) Ohlin
    (b) H. Knight
    (c) J.M. Keynes
    (d) A. Marshall

    Answer: (c)

68. Dynamic theory of profit was propounded by
    (a) A. Marshall
    (b) Walras
    (c) J.B. Clark
    (d) Schumpeter

    Answer: (c)

69. If MPC is 0.75, the value of multiplier will be

(a) 3.00

(b) 4.00

(c) 3.75

(d) 0.25

Answer: (b)

70. The features of classical system are
1. Monetary factors determine output and employment
2. Self adjusting mechanism of the economy
3. State action to direct development
4. Optimisation through market in the absence of state control
Which of the above is/are correct ?

(a) 1 and 2

(b) 1, 2 and 3

(c) 2 and 4

(d) 1, 2 and 4

Answer: (c)

71. Under which degree of price discrimination there is absence of consumer's surplus to the buyer ?

(a) Price discrimination of first degree

(b) Price discrimination of second degree

(c) Price discrimination of third degree

(d) All the above

Answer: (a)

72. If the price of a firm under perfect competitive market is ₹ 40, then its average revenue will be

(a) Equal to ₹ 40

(b) More than ₹ 40

(c) Less than ₹ 40

(d) Insufficient data

Answer: (a)

73. All the internationally traded services are covered under which of the following WTO agreement ?

(a) GATs

(b) TRIPs

(c) TRIMs

(d) PTA

Answer: (a)

74. Exporters can reduce their risk by

(a) Speculation

(b) Arbitrage

(c) Hedging

(d) Forwarding

Answer: (c)

75. Which one of the following International Organizations offers political insurance guarantees to protect FDI made in developing countries ?

(a) IDA

(b) IMF

(c) IFC

(d) MIGA

Answer: (d)

76. As of December 2017, how many countries were the members of WTO ?

(a) 160

(b) 164

(c) 165

(d) 162

Answer: (b)

77. "The absorption approach" of analysing balance of payments was formulated by

(a) M. Friedman

(b) Marshall and Learner

(c) Sydney Alexander

(d) Haberler

Answer: (c)

78. Which one of the following is the final session of General Agreement on Tariff and Trade (GATT) ?

(a) Singapore Session

(b) Geneva Session

(c) Washington Session

(d) Uruguay Session

Answer: (d)

79. In which of the five year plans, the National Horticulture Mission (NHM) was launched in India ?

(a) 8^{th} Five Year Plan

(b) 9^{th} Five Year Plan

(c) 10^{th} Five Year Plan

(d) 11^{th} Five Year Plan

Answer: (c)

80. For the revival and restructure of weak banks of Public sector, which committee was Constituted ?

(a) Verma Committee
(b) Narasimhan Committee
(c) Rekhi Committee
(d) Goiporia Committee

Answer: (a)

81. Which of the following will act as the "Lender of intermediate resort" ?

(a) RBI
(b) NABARD
(c) SBI
(d) None of these

Answer: (c)

82. The statistical technique used to determine the degree of relationship between two variables is called

(a) Dispersion
(b) Index number
(c) Correlation
(d) Kurtosis

Answer: (c)

83. Null hypothesis and alternative hypothesis is de .ed by

(a) H1, H0 respectively
(b) α, β respectively
(c) H0, H1 respectively
(d) None of these

Answer: (c)

84. Customs Union always leads to

(a) Trade diversion effect alone
(b) Trade creation effect alone
(c) Both (A) and (B)
(d) Neither (A) nor (B)

Answer: (c)

85. Predatory pricing policy is designed to

(a) Drive competitors out of business
(b) Maximise profit
(c) Encourage entrants into the market
(d) Attain least cost output

Answer: (a)

86. The concept of "Reciprocal Demand" was propounded by

(a) Adam Smith

(b) David Ricardo

(c) J.S. Mill

(d) P.A. Samuelson

Answer: (c)

87. Duesenberry was of the opinion that less developed countries will have serious and adverse effect on their balance of payments due to

(a) Backwash effect

(b) Spread effect

(c) Demonstration effect

(d) Multiplier effect

Answer: (c)

88. The idea of 'currency convertibility' as it is used by economies today originated in which of the following ?

(a) Marshall plan

(b) Washington consensus

(c) IMF plan

(d) Bretton woods

Answer: (d)

89. Input-output technique was invented by

(a) Gunnar Myrdal

(b) Wassily Leontief

(c) Hollis B. Chenery

(d) Robert Solow

Answer: (b)

90. Consider the following items in BOP in India.
1. NRI deposits
2. Remittances
Which among the above are/is part of the capital account of the balance of payments ?

(a) Only 1

(b) Only 2

(c) Neither 1 nor 2

(d) Both 1 and 2

Answer: (a)

91. Which among the following is not a characteristic of stagflation ?

(a) Low growth
(b) High employment
(c) High inflation
(d) High unemployment

Answer: (b)

92. A deficit in BOP can be corrected by

(a) An increase in interest rate
(b) A reduction in interest rate
(c) Restricting remittances
(d) Discouraging FII and FDI

Answer: (a)

93. Alexander Hamilton and Fredrich List are associated with which argument in context of international trade ?

(a) Free trade argument
(b) Infant industry argument
(c) Sun set industry argument
(d) None of the above

Answer: (b)

94. A proportionate increase in tax revenue to a mor oportionate increase in GDP is called

(a) Elasticity of tax
(b) Neutrality of tax
(c) Buoyancy of tax
(d) None of these

Answer: (c)

95. Indian Rupee was devalued in

(a) 2001
(b) 1971
(c) 1991
(d) 1997

Answer: (c)

96. Which is a nonprobability based sampling method ?

(a) Systematic sampling
(b) Quota sampling
(c) Stratified random sampling
(d) Simple random sampling

Answer: (b)

97. A.W. Phillips' wage – inflation unemployment trade off is based on

(a) Static expectation hypothesis

(b) Adaptive expectation hypothesis

(c) Extrapolative expectation hypothesis

(d) Rational expectation hypothesis

Answer: (a)

98. With respect to the monetary aggregates in India, M^1 is also called as

(a) Broad money

(b) Reserve money

(c) Narrow money

(d) Money multiplier

Answer: (c)

99. World Bank classifies countries according to the development based on

(a) Agricultural income

(b) National income

(c) Per capita income

(d) Population growth

Answer: (c)

100. Principle of maximum social advantage is concerned with

(a) Taxation

(b) Public Expenditure

(c) Public debt

(d) Both taxation and public expenditure

Answer: (d)

101. What is the basic message of the theory of comparative advantage ?

(a) Countries are similar in their ability to produce goods efficiently

(b) International trade is rarely beneficial to a country

(c) Potential world production is greater with unrestricted free trade than it is with restricted trade

(d) Trade is a zero-sum game

Answer: (c)

102. Physical delivery of foreign exchange has to take place in case of

(a) Current market

(b) Spot market

(c) Capital market

(d) Forward market

Answer: (b)

103. The United Nations Conference on Trade and Development (UNCTAD) is located at

(a) Geneva
(b) Rome
(c) Paris
(d) Washington DC

Answer: (a)

104. Only factor of production which classical economists considered for international trade was

(a) Capital
(b) Labour
(c) Land
(d) None of these

Answer: (b)

105. The place where bankers meet and settle their mutual claims and account is known as

(a) Treasury
(b) Clearing house
(c) Collection centre
(d) Dumping ground

Answer: (b)

106. The accounting year of the RBI is

(a) July – June
(b) April – March
(c) January – December
(d) None of these

Answer: (a)

107. Which one of following is emerged as a major instrument of monetary policy in the Indian Economy ?

(a) Liquidity Adjustment Facility
(b) Commercial Papers
(c) Treasury Bills
(d) None of the above

Answer: (a)

108. Banks of India are required to maintain a certain ratio between their risky assets and capital which is known as

(a) Capital Adequacy Ratio (CAR)
(b) Statutory Liquidity Ratio (SLR)
(c) General Bank Reserve (GBR)
(d) Capital-to-Risk-weighted Adequacy Ratio (CRAR)

Answer: —

109. Anti-poverty programme for self-employment was

(a) NREP

(b) IRDP

(c) RLEGP

(d) AAY

Answer: (b)

110. Concepts of displacement and concentration effect in public expenditure are attributed to
1. A.C. Pigou and J.K. Mehta
2. Alan T. Peacock and Jack Wiseman
3. Kenneth Arrow and Paul A. Samuelson
4. A.R. Prest and I.M.D. Little
Which of the statement given is/are correct ?

(a) 1 and 2

(b) Only 2

(c) 1, 2 and 3

(d) All the above

Answer: (b)

111. Expenditure on 'General Services' is

(a) Revenue expenditure

(b) Capital expenditure

(c) Plan expenditure

(d) Non-Plan expenditure

Answer: (a)

112. Which one of the following pairs is not correctly matched ?

(a) Exchange depreciation : Market mechanism

(b) Devaluation : Policy action of the government

(c) Deflation : Dear money policy

(d) Exchange control : Foreign exchange rationing

Answer: (c)

113. Special Drawing Rights (SDRs) is the currency of IMF. This is in the form of

(a) Paper currency

(b) Gold

(c) Silver and gold

(d) Book-keeping entry

Answer: (d)

114. For a symmetric distribution skewness (β1) is

(a) 3

(b) 0

(c) 1

(d) 2

Answer: (b)

115. Acceleration principle was used to explain trade cycle by

(a) Arrow

(b) Hicks

(c) Keynes

(d) J.B. Say

Answer: (b)

116. Law of diminishing returns to factors is relevant to

(a) Short period

(b) Long period

(c) Market period

(d) None of these

Answer: (a)

117. Cartel is a part of

(a) Monopoly

(b) Oligopoly

(c) Perfect competition

(d) Monopolistic competition

Answer: (b)

118. Unfair trade practices are included in

(a) FERA

(b) FEMA

(c) MRTP Act

(d) Anti Money Laundering Act

Answer: (c)

119. Select the statement, which correctly defines the concept of 'Debt trap'.

(a) A situation of an economy which borrows to repay its past borrowings

(b) A situation when an economy is borrowing higher than what it is repaying for its past borrowings

(c) A situation when an economy is borrowing to repay even the interest of its past borrowings

(d) A situation when the forex reserves growth rate of an economy starts lagging behind the growth rate of its external borrowings

Answer: (c)

120. Menu cost in relation to inflation refers to

(a) Cost of revaluing currency

(b) Cost of altering price list

(c) Cost of maintenance of monetary base

(d) Cost of finding better rates of return

Answer: (b)

121. Which one of the following statement is correct ?

(a) Global warming is simply another term for greenhouse effect

(b) Global warming is an entirely natural phenomenon

(c) Global warming means melting down of glaciers

(d) Global warming is rise in average temperature at earths surface

Answer: (d)

122. Prebish-Singer hypothesis relates to

(a) Balance of payment problem of developing countries

(b) Terms of trade of developing countries

(c) Prevalence of poverty among developing countries

(d) Inequality of income in developing countries

Answer: (b)

123. What does a 'J-curve effect' mean in the area of foreign exchange management ?

(a) A deficit in BOP is followed after devaluation before posting surplus

(b) Though foreign exchange earnings of an economy in primary articles are loner, they are consistent

(c) All transactions outside a stock exchange get accounted once the stock exchange opens the next day follows a J-curve

(d) None of the world economies are as expert at managing as one preceding successful economy

Answer: (a)

124. Consider the following statements.
1. A situation when people think that they are getting riches during the times of inflation is known as 'money illusion'.
2. It is believed that lower levels of 'money illusion' are beneficial to grease the wheels of the economy.
Select the correct statements using code.

(a) Only 1

(b) Only 2

(c) Neither 1 nor 2

(d) Both 1 and 2

Answer: (d)

125. Recently, India shifted to a new method for measuring its national income. The new method, classifies taxes into 'product' and 'production'. Select the statements given below which are correct about these taxes.
1. Both of the taxes are imposed on the producers.
2. While product taxes are variable, the production taxes are fixed.
3. Land revenue, profession tax, stamps and registration fees are some of the examples of production taxes in India.
4. Sales tax, excise duty, service tax, export and import taxes are the examples of product taxes in India.
Select the correct statement using code.

(a) only 1

(b) 1, 2 and 3

(c) 2, 3 and 4

(d) 1, 2, 3 and 4

Answer: (d)

Answer key

Answer key from the U.P. Secondary Education Services Selection Board's official answer key for this sitting. "—" means the key gave none.

Economics

1	**(c)**	2	**(c)**	3	**(a)**	4	**(b)**	5	**(a)**	6	**(c)**
7	**(a)**	8	**(c)**	9	**(a)**	10	**(a)**	11	**(a)**	12	**(b)**
13	**(b)**	14	**(b)**	15	**(d)**	16	**(c)**	17	**(b)**	18	**(b)**
19	**(b)**	20	—	21	—	22	**(b)**	23	**(d)**	24	**(c)**
25	**(b)**	26	**(c)**	27	**(d)**	28	**(a)**	29	**(c)**	30	**(c)**
31	**(a)**	32	**(b)**	33	—	34	**(d)**	35	**(a)**	36	**(b)**
37	**(a)**	38	**(d)**	39	**(c)**	40	**(b)**	41	**(c)**	42	**(d)**
43	**(a)**	44	**(d)**	45	**(b)**	46	**(c)**	47	**(d)**	48	**(b)**
49	**(b)**	50	**(c)**	51	**(a)**	52	**(a)**	53	**(c)**	54	**(a)**
55	**(b)**	56	**(a)**	57	**(a)**	58	**(c)**	59	**(b)**	60	**(c)**
61	**(a)**	62	**(c)**	63	**(a)**	64	**(b)**	65	**(b)**	66	**(a)**
67	**(c)**	68	**(c)**	69	**(b)**	70	**(c)**	71	**(a)**	72	**(a)**
73	**(a)**	74	**(c)**	75	**(d)**	76	**(b)**	77	**(c)**	78	**(d)**
79	**(c)**	80	**(a)**	81	**(c)**	82	**(c)**	83	**(c)**	84	**(c)**
85	**(a)**	86	**(c)**	87	**(c)**	88	**(d)**	89	**(b)**	90	**(a)**
91	**(b)**	92	**(a)**	93	**(b)**	94	**(c)**	95	**(c)**	96	**(b)**
97	**(a)**	98	**(c)**	99	**(c)**	100	**(d)**	101	**(c)**	102	**(b)**
103	**(a)**	104	**(b)**	105	**(b)**	106	**(a)**	107	**(a)**	108	—
109	**(b)**	110	**(b)**	111	**(a)**	112	**(c)**	113	**(d)**	114	**(b)**
115	**(b)**	116	**(a)**	117	**(b)**	118	**(c)**	119	**(c)**	120	**(b)**
121	**(d)**	122	**(b)**	123	**(a)**	124	**(d)**	12	**(d)**		