PREVIOUS YEAR PAPER

UP TGT 2016 — Social Science: Economics (Series A)

UP TGT · 8 or 9 March 2019

63 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 8 or 9 March 2019. Each question is followed by its answer, and the answer key is repeated on the last page.

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Economics

1. The quantity of a good that a consumer purchases in a market at a particular price, at a particular time is known as

(a) Supply
(b) Demand
(c) Utility
(d) Desire

Answer: (b)

2. The open market operations aim at

(a) Regulation of the use of credit
(b) Determination of cash reserves of banks
(c) Switch operations
(d) Sale and purchase of Govt. securities

Answer: (d)

3. Ricardo explained the law of comparative advantage on the basis of

(a) Opportunity cost
(b) The law of diminishing returns
(c) Economies of scale
(d) The labour theory of value

Answer: (d)

4. The transfer of assets or service functions from public to private ownership is known as

(a) Liberalization
(b) Nationalization
(c) Globalization
(d) Privatisation

Answer: (d)

5. Most of the unemployment in India is
   (a) Technical
   (b) Cyclical
   (c) Disguised
   (d) Structural
   Answer: (c)

6. Giffen goods refers to
   (a) Prestige goods
   (b) Necessary goods
   (c) Speculative goods
   (d) Inferior goods
   Answer: (d)

7. On the basis of which of the following we have perfect competition and imperfect market ?
   (a) Area
   (b) Time
   (c) Volume of business
   (d) Competition
   Answer: (d)

8. _____ function is the relationship between physical inputs and physical output of a firm.
   (a) Production
   (b) Consumption
   (c) Investment
   (d) Demand
   Answer: (a)

9. The sum total of the transactions demand, precautionary demand and speculative demand for money is called
   (a) Speculative motive
   (b) Supply of money
   (c) Loanable fund
   (d) Liquidity preference for money
   Answer: (d)

10. Classical economists advocated which of the following for public finance ?
   (a) Principle of economy
   (b) Principle of minimum collective sacrifice
   (c) Principle of minimum taxation
   (d) Principle of maximum social advantage
   Answer: (c)

11. Who wrote “External aid is like a sulpha drug. We must know when to use it, when to stop it and we should always have a B-complex to neutralise its effects” ?

(a) Otto Eickstein
(b) V. K. R. V. Rao
(c) David Ricardo
(d) J. S. Mill

Answer: (b)

12. P = KR/M is the Cambridge equation given by

(a) A. C. Pigou
(b) J. M. Keynes
(c) Robertson
(d) Marshall

Answer: (a)

13. Notes issued by the Central Government are unlimited legal tender. It is also called

(a) Credit money
(b) Electronic money
(c) Fiat money
(d) Metallic money

Answer: (c)

14. The rate at which the currency of one country is converted into the currency of another country is known as

(a) Devaluation
(b) Rate of exchange
(c) Foreign exchange
(d) Foreign liquidity

Answer: (b)

15. Which Agency gives “Soft loans” to the member countries ?

(a) I.D.A.
(b) I.M.F.
(c) I.A.F.
(d) I.F.C.

Answer: (a)

16. Who has classified public expenditure under two heads ?

(a) Dr. Hugh Dalton
(b) Prof. Adam Smith
(c) Prof. Pigou
(d) Prof. J. S. Mill

Answer: —

17. 1/cash reserve ratio or 1/r is
    (a) Statutory liquidity ratio
    (b) Liquidity ratio
    (c) Credit multiplier
    (d) Investment multiplier

    Answer: (c)

18. The most important outcome of the Uruguay Round Agreement was the establishment of
    (a) GATT
    (b) WTO
    (c) OECD
    (d) European Union

    Answer: (b)

19. _____ is the sum of the gross domestic product and net factor incomes from abroad.
    (a) N. N. P.
    (b) G. N. P.
    (c) G. D. P.
    (d) N. D. P.

    Answer: (b)

20. In the production process, point of equilibrium is where
    (a) Marginal cost = Marginal product
    (b) Marginal cost = Average cost
    (c) Marginal cost = Marginal revenue
    (d) Marginal cost = Average revenue

    Answer: (c)

21. The types of measures of central tendency are except which of the following ?
    (a) Mean
    (b) Median
    (c) Mode
    (d) Correlation

    Answer: (d)

22. If two goods are substitutes (like tea and coffee), the cross elasticity between them is
    (a) Negative
    (b) Positive
    (c) Infinite
    (d) Zero

    Answer: (b)

23. Theory of demographic transition correlates population growth and
    (a) Economic development
    (b) Per-capita income
    (c) Standard of living
    (d) Food supply

    Answer: (a)

24. A monopolist is able to maximize his profits when
    (a) His output is maximum
    (b) His average cost is minimum
    (c) He charges a high price
    (d) His marginal cost is equal to marginal revenue

    Answer: (d)

25. K = 1/MPs
The above formula speaks about the
    (a) Multiplier
    (b) Accelerator
    (c) MPC
    (d) Investment

    Answer: (a)

26. Which are levied on exports and imports ?
    (a) Excise duties
    (b) Customs duties
    (c) Wealth tax
    (d) Corporation tax

    Answer: (b)

27. Finance Commission is appointed by the President of India, under Article
    (a) 180
    (b) 35
    (c) 280
    (d) 275

    Answer: (c)

28. The inverse relation between inflation and unemployment is called the
    (a) Inflationary Gap
    (b) Multiplier
    (c) Phillips Curve
    (d) Production Possibility Curve

    Answer: (c)

29. That portion of total deposits which a Commercial Bank has to keep with the Central Bank in the form of cash reserves is known as
    (a) Repo rate
    (b) Statutory Liquidity Ratio
    (c) Bank rate
    (d) Cash Reserve Ratio
    Answer: (d)

30. The ratio of internal purchasing power of two currencies is called the
    (a) Comparative cost theory
    (b) Payment equilibrium theory
    (c) Absolute cost theory
    (d) Purchasing power parity
    Answer: (d)

31. Where is the headquarter of Asian Development Bank situated ?
    (a) New Delhi
    (b) Manila
    (c) Kathmandu
    (d) Sri Lanka
    Answer: (b)

32. Which debt is a permanent burden on tax-payers
    (a) Long-term debt
    (b) External debt
    (c) Forced debt
    (d) Non-redeemable debt
    Answer: (d)

33. The Regional Rural Banks were established for the first time in which year ?
    (a) 1960
    (b) 1971
    (c) 1975
    (d) 1980
    Answer: (c)

34. The most controversial topic in the yet to conclude in the Doha Agenda is
    (a) Trade in manufactured goods
    (b) Trade in Intellectual Property Rights based goods
    (c) Trade in agricultural goods
    (d) Market-access to goods from developed countries
    Answer: (c)

35. _____ programme was started in 2005 to provide electricity to all the villages.
(a) Rajiv Gandhi Grameen Vidhyutikaran
(b) Compact fluorescent lamps
(c) Ultra-mega power plants
(d) Partnership in excellence programme

Answer: (a)

36. According to the law of variable proportions, the best stage of production is
(a) 1st stage
(b) 2nd stage
(c) 3rd stage
(d) None of the above

Answer: (b)

37. A change in demand caused by a change in purchasing power of a consumer is called
(a) Income effect
(b) Price effect
(c) Substitution effect
(d) Demonstration effect

Answer: (b)

38. A consumer is said to be in equilibrium when he d ves maximum _____
(a) Profit
(b) Benefit
(c) Satisfaction
(d) None of the above

Answer: (c)

39. Which stage of population transition is being experienced by India ?
(a) First
(b) Third
(c) Second
(d) Fourth

Answer: (b)

40. "Rent is that portion of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil" – is given by
(a) J. S. Mill
(b) Adam Smith
(c) David Ricardo
(d) J. M. Keynes

Answer: (c)

41. M1 in the money stock of India refers to

(a) Post office saving deposits

(b) Time deposits with banks

(c) Total post office deposits

(d) Currency + demand deposits + other deposits with RBI

Answer: (d)

42. Burden of taxation must be distributed equally among all citizens in relation to ability to pay taxes refers to

(a) Canon of certainty

(b) Canon of equality

(c) Canon of economy

(d) Canon of diversity

Answer: (b)

43. The value of money is the reciprocal of the level of

(a) Income

(b) Quantity

(c) Prices

(d) Expenditure

Answer: (c)

44. "Banks are not merely purveyors of money but a[illegible] in an important sense, manufacturers of money". This statement was given by

(a) R. S. Sayers

(b) Prof. Edwin Cannon

(c) Hawtrey

(d) Johnson

Answer: (a)

45. Policy of non-interference by government in foreign trade is referred as

(a) Liberalisation

(b) Free trade

(c) Globalization

(d) Protectionist trade

Answer: (b)

46. I.M.F. and I.B.R.D. came into existence simultaneously in 1944 as a result of

(a) GATT

(b) WTO

(c) Bretton Woods Conference

(d) Dunkel Agreement

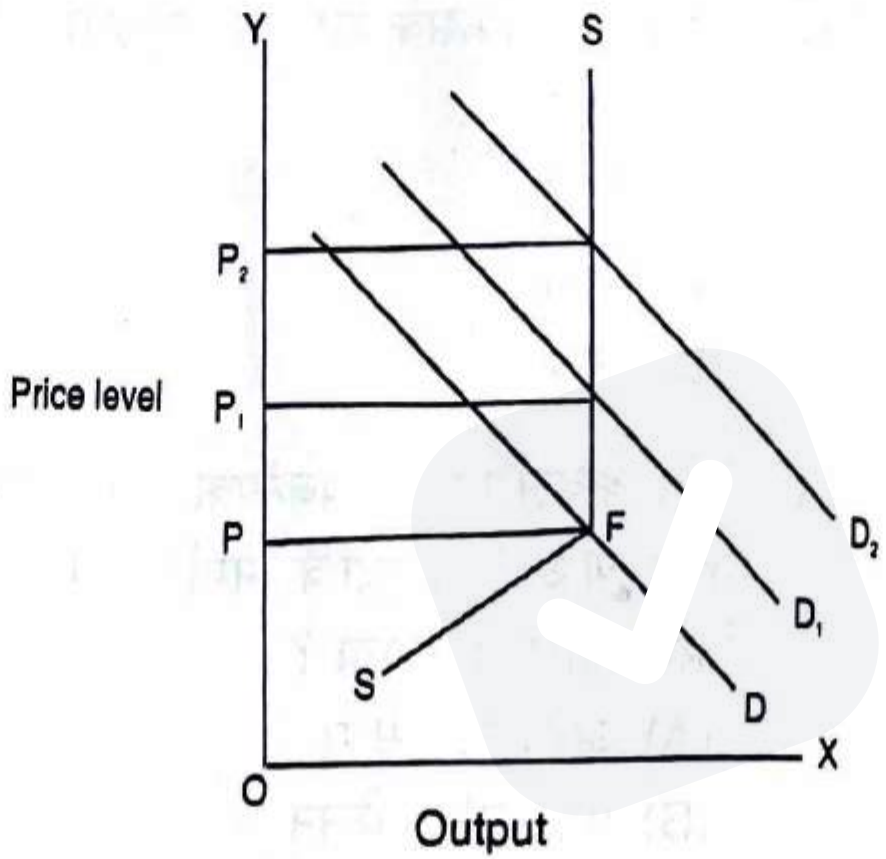
Answer: (c)

47. When the economic burden of the tax is passed onto other person by the tax payer, it is known as

(a) Tax evasion
(b) Shifting of taxation
(c) Impact of tax
(d) None of the above

Answer: (b)

48.



The above diagram speaks about the

(a) Cost-push theory of inflation
(b) Phillips curve
(c) Demand-pull theory of inflation
(d) Inflationary gap

Answer: (c)

49. Who propounded the theory of comparative costs ?

(a) Adam Smith
(b) David Ricardo
(c) J. S. Mill
(d) G. V. Haberler

Answer: (b)

50. _____ is the difference between total receipts and total expenditure.
(a) Budget deficit
(b) Fiscal deficit
(c) Revenue deficit
(d) Deficit budget
Answer: (a)

51. Under New Industrial Policy, obtaining of industrial licence is compulsory for all of the below sector except
(a) Clothes
(b) Electronic aerospace
(c) Cigarettes or tobacco
(d) Specified hazardous chemicals
Answer: (a)

52. "Numerical facts systematically collected" is the definition of statistics from the viewpoint of
(a) Singular sense
(b) Plural
(c) Economics
(d) Mathematical
Answer: (b)

53. The elasticity can be found out by using the follo ng formula.
(a) $Ep = (q1 - q2)/(q2 + q2) \times (p1 + p2)/(p1 - p2$
(b) $Ep = q/p \times p/q$
(c) $Ep = \Delta q/\Delta p \times p/q$
(d) $Ep = \Delta q/\Delta y \times y/q$
Answer: (c)

54. _____ explain the physical relationship between input and output in the long-run.
(a) Law of variable proportions
(b) Laws of returns
(c) Laws of returns to scale
(d) Isoquants
Answer: (c)

55. Product differentiation is one of the characteristics of
(a) Monopolistic competition
(b) Monopoly
(c) Duopoly
(d) Oligopoly
Answer: (a)

56. According to Prof. Knight, profit is due to
    (a) Insurable risk
    (b) Non-insurable risk
    (c) Uncertainties
    (d) Risk-taking

    Answer: —

57. The taxes which are not shifted to others are known as
    (a) Direct taxes
    (b) Indirect taxes
    (c) Sales taxes
    (d) G. S. T.

    Answer: (a)

58. Which of the following is not an instrument of fiscal policy ?
    (a) Taxation
    (b) Public expenditure
    (c) Bank rate
    (d) Public debt

    Answer: (c)

59. Prices being pushed up by an increase in product costs is known as
    (a) Demand-pull inflation
    (b) Cost-push inflation
    (c) Stagflation
    (d) Partial inflation

    Answer: (b)

60. "International trade is but a special case of interlocal or interregional trade" – the statement was given by
    (a) David Ricardo
    (b) Adam Smith
    (c) Bertil Ohlin
    (d) Heckscher

    Answer: (c)

61. Identify the bilateral method in the following.
    (a) Payments agreement
    (b) Clearing agreement
    (c) Transfer moratoria
    (d) All the above

    Answer: (d)

62. Who contributed Principle of Minimum Taxation ?
    (a) J. B. Say
    (b) J. M. Keynes
    (c) H. Dalton
    (d) Hicks
    Answer: (a)

63. The Fourth Five Year Plan was launched in
    (a) 1969
    (b) 1966
    (c) 1968
    (d) 1962
    Answer: (a)

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	**(b)**	2	**(d)**	3	**(d)**	4	**(d)**	5	**(c)**	6	**(d)**
7	**(d)**	8	**(a)**	9	**(d)**	10	**(c)**	11	**(b)**	12	**(a)**
13	**(c)**	14	**(b)**	15	**(a)**	16	—	17	**(c)**	18	**(b)**
19	**(b)**	20	**(c)**	21	**(d)**	22	**(b)**	23	**(a)**	24	**(d)**
25	**(a)**	26	**(b)**	27	**(c)**	28	**(c)**	29	**(d)**	30	**(d)**
31	**(b)**	32	**(d)**	33	**(c)**	34	**(c)**	35	**(a)**	36	**(b)**
37	**(b)**	38	**(c)**	39	**(b)**	40	**(c)**	41	**(d)**	42	**(b)**
43	**(c)**	44	**(a)**	45	**(b)**	46	**(c)**	47	**(b)**	48	**(c)**
49	**(b)**	50	**(a)**	51	**(a)**	52	**(b)**	53	**(c)**	54	**(c)**
55	**(a)**	56	—	57	**(a)**	58	**(c)**	59	**(b)**	60	**(c)**
61	**(d)**	62	**(a)**	63	**(a)**						