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JKSET

**Previous Year Paper
Economics 2013 Paper II**



SET 2013

PAPER – II

ECONOMICS

Signature of the Invigilator

Question Booklet No.

1.

OMR Sheet No..

Subject Code **12**

ROLL No.

Time Allowed : 75 Minutes

Max. Marks : 100

No. of pages in this Booklet : 12

No. of Questions : 50

INSTRUCTIONS FOR CANDIDATES

1. Write your Roll No. and the OMR Sheet No. in the spaces provided on top of this page.
2. Fill in the necessary information in the spaces provided on the OMR response sheet.
3. This booklet consists of fifty (50) compulsory questions each carrying 2 marks.
4. Examine the question booklet carefully and tally the number of pages/questions in the booklet with the information printed above. **Do not accept a damaged or open booklet.** Damaged or faulty booklet may be got replaced within the first 5 minutes. Afterwards, neither the Question Booklet will be replaced nor any extra time given.
5. Each Question has four alternative responses marked (A), (B), (C) and (D) in the OMR sheet. You have to completely darken the circle indicating the most appropriate response against each item as in the illustration.

☐ A ☐ B ☒ C ☐ D
6. All entries in the common OMR response sheet for Papers I and II are to be recorded in the original copy only.
7. Use only Blue/Black Ball point pen.
8. Rough Work is to be done on the blank pages provided at the end of this booklet.
9. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Sheet, except in the spaces allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, you will render yourself liable to disqualification.
10. You have to return the Original OMR Sheet to the invigilators at the end of the examination compulsorily and must not carry it with you outside the Examination Hall. **You are, however, allowed to carry the test booklet and the duplicate copy of OMR Sheet** on conclusion of examination.
11. Use of any calculator, mobile phone or log table etc. is strictly prohibited.
12. There is no negative marking.

CLA-48879

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12-13
Paper-II

ECONOMICS PAPER-II

Note :— This paper contains **fifty (50)** objective type questions, each question carrying **two (2)** marks.
Attempt **all** the questions.

Nos. 1-10: Read the following questions and choose the correct answer from the option given below these questions :

1. The key objective of the FRBMA 2003 was
 - (A) To ensure intergenerational equity in fiscal management
 - (B) To increase the tax-GDP ratio
 - (C) To increase the revenue
 - (D) To protect the revenue deficit of the government
2. As usually applied, the value-added tax (VAT) is a :
 - (A) Tax on domestic production
 - (B) Tax on consumption
 - (C) Form of excise tax
 - (D) Tax on income
3. Spaghetti-bowl Phenomena is the matter of
 - (A) Multilateralism
 - (B) Regionalism
 - (C) Bilateralism
 - (D) None of the above
4. In the equation $X_1 = \alpha_{11} X_1 + \alpha_{12} X_2 + \alpha_{13} X_3 + F$, the term α_{13} represents the
 - (A) Income elasticity of demand for good 1 by factor 3
 - (B) Income elasticity of demand for good 3 by factor 1
 - (C) Input of good 1 required per unit of output in industry 3
 - (D) Input of good 3 required per unit of output in industry 1
5. The turning point in the Fei-Ranis model is achieved when
 - (A) The price of the food begins to rise relative to the price of industrial products
 - (B) The isoquants in industry and agriculture become smooth, bowed curves
 - (C) The aggregate growth rate becomes positive
 - (D) Labour demand has increased enough to pull up real wages in both agriculture and industry
6. The central idea of Engel's law is that , as family incomes rise
 - (A) Households face diminishing returns to labor
 - (B) The working class becomes more revolutionary
 - (C) Spending on food declines as a proportion of total consumption expenditure
 - (D) Industry becomes more capital intensive
7. For complementary goods the indifference curve takes the shape of
 - (A) A straight line
 - (B) A downward sloping line
 - (C) A right angle
 - (D) A negatively sloped curve
8. If the correlation coefficient between two variables is equal to -1 , then these variables are
 - (A) Uncorrelated
 - (B) Moderately correlated
 - (C) Highly correlated
 - (D) Perfectly correlated

9. The Laffer curve depicts the relationship between
 (A) Tax rate and tax revenue
 (B) Tax rate and expenditure
 (C) Tax rate and consumption
 (D) Tax rate and welfare
10. The principle of absolute advantage in international trade was propagated by
 (A) John Stuart Mill
 (B) Adam Smith
 (C) Bertil Ohlin
 (D) David Ricardo

Q. Nos. 11-20 : Read the following questions and select the correct option for the answer from the list given below :

11. Consider the following statements:
 a. Quartile deviation is more instructive range as it discards the dispersion of extreme items
 b. Coefficient of quartile deviation can not be used to compare the degree of variations in different distributions
 c. There are 10 deciles for a series
 d. Output elasticities with respect to factors are constant

Codes :

- (A) a, b and c are true
 (B) only b is true
 (C) only c is true
 (D) only a is true

12. For Hicksian type technical progress, consider the following statements and choose the correct answer from the code below :
 a. The capital-labour ratio is constant
 b. It occurs in the short run
 c. It can be labour saving or labour using
 d. It can only be neutral

Codes :

- (A) a, b and c are true
 (B) b and d are true
 (C) only b is true
 (D) only c is true

13. According to Nurkse, disguised unemployment is a source of capital formation in an underdeveloped economy, if all unproductive workers are
 a. maintained by productive workers
 b. provided assets through loans
 c. mobilised on works immediately raising productivity

Codes :

- (A) a, b and c are correct
 (B) a and b are correct
 (C) a and c are correct
 (D) b and c are correct

14. According to Joan Robinson, 'golden age' refers to a situation where
 a. There is a full employment at a high standard of living
 b. There is full utilization of capacity
 c. The rate of growth of population is higher than the rate of growth of the economy
 d. The per capita income increases at an increasing rate

Codes :

- (A) c and d are correct
 (B) a and d are correct
 (C) a and c are correct
 (D) a and b are correct

15. The two main objectives of Fiscal Policy in developing countries are
 a. rapid economic growth
 b. price stability
 c. full employment
 d. equitable distribution

Codes :

- (A) a and b are correct
 (B) b and c are correct
 (C) b and d are correct
 (D) a and d are correct

16. The revealed preference theory incorporates the axioms of

- a. Rationality
- b. Consistency
- c. Transitivity
- d. Non-satiation

Codes :

- (A) a and b
- (B) All four
- (C) a and c
- (D) a, b and c

17. According to the theory of optimum tariff

- a. The higher a country's share of foreign trade, the larger is the scope for its optimum tariffs
- b. Larger the change in relative prices on demand and supply, lower the country should set its optimal tariff
- c. If second country's price elasticity is high, the first country will not gain much by changing its tariff
- d. As long as the foreign country's offer curve elasticity is less than or equal to unity, the home country can improve or increase tariff

Codes :

- (A) a and b
- (B) a, b and c
- (C) a, b and d
- (D) all four

18. Square root formula for money demand was developed by

- a. Milton Freidman
- b. James Tobin
- c. A. C. Pigou
- d. William Baumol

Codes :

- (A) a and b
- (B) a and c
- (C) b and d
- (D) b and c

19. Some of the factors taken into account by the Planning Commission of India for estimating the number of persons below the poverty line in India are

- a. Per capita income
- b. Calorie intake in rural and urban areas
- c. Family expenditure
- d. Per capita consumption

Codes :

- (A) a, b and c
- (B) b and c
- (C) a and d
- (D) a, c and d

20. The National Rural Employment Guarantee Scheme launched in February 2006 in India

- a. Had initially been launched in 200 districts of the country
- b. Replaces the National Rural Employment Programme
- c. Assures a minimum employment of 100 days in a year
- d. Is being implemented by State Governments

Codes :

- (A) b, c and d
- (B) a, b and c
- (C) a, c and d
- (D) all four

Q. Nos. 21-30 : Read the following questions and select the right combination of Assertion (A) and Reasons (R) from the codes given below :

Codes :

- (A) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A)
- (C) (A) is true but (R) is false
- (D) (A) is false but (R) is true

21. **Assertion (A) :** According to Keynes, at lower rate of interest, there is greater inducement to invest.

Reason (R) : At lower rate of interest, supply price of capital is low.

22. **Assertion (A) :** Free trade among nations will increase world output and income.

Reason (R) : Less developed countries do not share equally in the gains from trade.

23. **Assertion (A) :** Price elasticity on a downward sloping demand curve varies from point to point.

Reason (R) : Elasticity does not depend upon the slope of the demand curve.

24. **Assertion (A) :** Stratified random sampling is often used for socio-economic surveys.

Reason (R) : Social stratification is a social reality.

25. **Assertion (A) :** When the IS curve is not vertical, monetary policy cannot change the level of aggregate demand.

Reason (R) : Monetary policy depends on the existence of some interest-sensitive spending for its success.

26. **Assertion (A) :** Jharkhand, Chhattisgarh and Orissa are poverty-ridden States of India.

Reason (R) : These states are rich in mineral resources.

27. **Assertion (A) :** Low levels of labour productivity exist in underdeveloped countries.

Reason (R) : It is due to the lack of physical capital.

28. **Assertion (A) :** Other things being equal, devaluation helps in reducing the balance of payments deficit of a country.

Reason (R) : It lowers the prices of exports and raises the prices of imports.

29. **Assertion (A) :** India is a favoured destination for Western Business Process Outsourcing.

Reason (R) : India has a large pool of English speaking population.

30. **Assertion (A) :** In an economy operating at less than full employment level, crowding out need not occur.

Reason (R) : Monetary authorities can provide an accommodating monetary policy to avoid the rise in interest rates along with output expansion.

Q. Nos. 31-40 : Read the following questions and select the correct sequence from the codes given below :

31. Arrange the following summits of ASEAN members in order in which these were organized:

- a. Kuala Lumpur
- b. Singapore
- c. Ha Noi
- d. Jakarta

Codes :

- (A) a, b, c, d
- (B) d, b, c, a
- (C) c, b, d, a
- (D) b, d, a, c

32. Identify the correct chronology of Rostow's stages of economic growth

- a. Takeoff
- b. Traditional society
- c. Age of high mass consumption
- d. Drive to maturity

Codes :

- (A) a, c, b, d
- (B) d, b, c, a
- (C) c, b, d, a
- (D) b, a, d, c

33. Identify the correct chronological order of the following :

- a. Heckscher- Ohlin Model
- b. Ricardo-Sraffa Trade Theory
- c. Harberler's Opportunity Cost Theory
- d. Mill's Theory of Reciprocal Demand

Codes :

- (A) a, c, b, d
- (B) c, b, d, a
- (C) c, a, b, d
- (D) d, c, a, b

34. The sequencing process of Solow-Swan growth model is

- a. Natural growth rate
- b. Warranted growth rate
- c. Actual growth rate
- d. Divergences

Codes :

- (A) d, c, b, a
- (B) c, b, a, d
- (C) b, a, d, c
- (D) a, b, c, d

35. Determine the order in which the following were developed :

- a. Fisher's F test of significance of difference between the means of more than two samples.
- b. Gosset's t-test of difference between the means of two samples
- c. Pearson's correlation coefficient
- d. Spearman's rank correlation coefficient

Codes :

- (A) d, a, b, c
- (B) c, b, a, d
- (C) b, a, c, d
- (D) a, b, c, d

36. Starting from the earliest, arrange the following concepts in terms of their development in Demand Theory:

- a. Revealed Preference
- b. Neumann and Morgenstern Utility Theory
- c. Ordinal utility
- d. Cardinal utility

Codes :

- (A) c, a, d, b
- (B) d, c, b, a
- (C) a, b, c, d
- (D) d, c, a, b

37. Arrange the following States in descending order of State-wise literacy rates in India, 2011 :
- Kerala
 - Mizoram
 - Lakshadweep
 - Goa

Codes :

- (A) d, c, a ,b
- (B) a, c, b, d
- (C) b, a, d, c
- (D) c, d, b, a

38. Starting with the earliest, arrange the following schemes chronologically :
- Jawahar Rozgar Yojana
 - Prime Minister’s Employment Generation Programme
 - Sampoorna Grameen Rozgar Yojana
 - National Food for Work Programme

Codes :

- (A) a, b, c, d
- (B) d, b, c, a
- (C) c, d, b, a
- (D) a, c, d, b

39. Arrange the following books in chronological order :
- General Theory of Employment, Interest and Money
 - Affluent Society
 - Wealth of Nations
 - Principles of Economics

Codes :

- (A) c, a, d, b
- (B) d, c, b, a
- (C) a, b, c, d
- (D) b, a, d, c

40. Arrange the following in chronological order :
- Peacock-Wiseman Hypothesis
 - Voluntary Exchange Approach
 - Laffer Curve
 - Canons of Taxation

Codes :

- (A) a, b, c, d
- (B) d, b, a, c
- (C) d, c, a, b
- (D) b, c, d, a

Q. Nos. 41-50 : Read the following questions and match the correct pair from List-I and List-II. Use the codes given below :

41.	List-I	List-II
a.	Classical theory of comparative cost advantage	1. David Ricardo
b.	Vent for surplus theory	2. G. Haberler
c.	Theory of opportunity cost	3. J.S. Mill
d.	Theory of reciprocal demand	4. Adam Smith

Codes :

	a	b	c	d
(A)	1	4	2	3
(B)	1	2	3	4
(C)	4	1	2	3
(D)	3	1	2	4

42. **List I** **List II**
- | | |
|--|------------------------------|
| (a) Increase in potential GNP | (i) X-inefficiency |
| (b) Output per unit of input | (ii) Balanced growth |
| (c) Production at a point inside production possibility frontier | (iii) Economic growth |
| (d) Development through expansion of all sectors of the economy | (iv) Allocative inefficiency |
| | (v) Productivity |

Codes :

- | | | | | |
|-----|-------|-------|------|------|
| | (a) | (b) | (c) | (d) |
| (A) | (ii) | (iii) | (iv) | (v) |
| (B) | (iii) | (v) | (i) | (ii) |
| (C) | (i) | (iii) | (iv) | (ii) |
| (D) | (iii) | (i) | (iv) | (v) |

43. **List I** **List II**
- | | |
|--------------------------|-------------------------------|
| (a) Rangarajan Committee | (i) Tax reforms |
| (b) Narasimham Committee | (ii) Insurance reforms |
| (c) Kelkar Committee | (iii) Disinvestment |
| (d) Malhotra Committee | (iv) Financial sector reforms |

Codes :

- | | | | | |
|-----|-------|-------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (iii) | (iv) | (i) | (ii) |
| (B) | (i) | (iii) | (ii) | (iv) |
| (C) | (i) | (ii) | (iii) | (iv) |
| (D) | (ii) | (i) | (iv) | (iii) |

44. **List I** **List II**
- | | |
|--------------------------|----------------------------|
| (a) Foreign Trade Policy | (i) Minimum Support Prices |
| (b) Industrial Policy | (ii) Balanced Budget |
| (c) Agricultural Policy | (iii) Marginal Utility |
| (d) Fiscal Policy | (iv) FDI |
| | (v) Exim Policy |

Codes :

- | | | | | |
|-----|-------|------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (ii) | (i) | (iii) | (iv) |
| (B) | (v) | (iv) | (i) | (ii) |
| (C) | (i) | (ii) | (v) | (iii) |
| (D) | (iii) | (iv) | (ii) | (i) |

45. **List I** **List II**
- | | |
|---|---|
| (a) Rejection of H_0 when it is true | (i) Stratified random sampling |
| (b) Mean is equal to degrees of freedom | (ii) Type I error |
| (c) Population is heterogeneous | (iii) Positively skewed distribution |
| (d) Mean > Mode | (iv) χ^2 (chi-square) distribution |

Codes :

- | | | | | |
|-----|------|------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (ii) | (iv) | (iii) | (i) |
| (B) | (i) | (ii) | (iii) | (iv) |
| (C) | (ii) | (iv) | (i) | (iii) |
| (D) | (iv) | (i) | (ii) | (iii) |

46. **List I** **List II**
- (a) Trend (i) $(S.D/Mean) \times 100$
- (b) Coefficient of variation (ii) Normal
- (c) Mean = np (iii) Time Series
- (d) Symmetric distribution (iv) Binomial

Codes :

- | | | | | |
|-----|-------|-------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (ii) | (iv) | (i) | (iii) |
| (B) | (i) | (iii) | (iv) | (ii) |
| (C) | (iv) | (i) | (iii) | (ii) |
| (D) | (iii) | (i) | (iv) | (ii) |

47. **List I** **List II**
- (a) J. R. Hicks (i) Differential rent
- (b) Karl Marx (ii) Four measures of consumer surplus
- (c) Francis Quesnay (iii) Mode of production
- (d) David Ricardo (iv) Tableau Economique
- (v) Transfer earnings

Codes :

- | | | | | |
|-----|-------|-------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (i) | (iv) | (ii) | (iii) |
| (B) | (ii) | (iii) | (iv) | (i) |
| (C) | (iii) | (v) | (i) | (ii) |
| (D) | (v) | (ii) | (iii) | (iv) |

48. **List I** **List II**
- (a) 1966 (i) Creation of SDR
- (b) 1969 (ii) Collapse of the Bretton Woods System
- (c) 1971 (iii) Devaluation of the rupee during '60s
- (d) 1995 (iv) Creation of WTO

Codes :

- | | | | | |
|-----|-------|-------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (iv) | (ii) | (i) | (iii) |
| (B) | (iii) | (i) | (ii) | (iv) |
| (C) | (i) | (iii) | (iv) | (ii) |
| (D) | (ii) | (iv) | (iii) | (i) |

49. **List I** **List II**
- (a) $MV = PT$ (i) Marshall
- (b) $MV = kPY$ (ii) Friedman
- (c) $MV = f(r, y, w)$ (iii) Fisher
- (d) $M_d/P = 1/2\sqrt{2bT/r}$ (iv) Baumol

Codes :

- | | | | | |
|-----|-------|-------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (iv) | (iii) | (ii) | (i) |
| (B) | (i) | (ii) | (iii) | (iv) |
| (C) | (ii) | (iv) | (i) | (iii) |
| (D) | (iii) | (i) | (ii) | (iv) |

50. **List I** **List II**
- (a) Physical Quality of Life Index (i) W. W. Rostow
- (b) Organic composition of capital (ii) R. F. Harrod
- (c) Warranted rate of growth (iii) D. Morris
- (d) Stages of growth theory (iv) Karl Marx

Codes :

- | | | | | |
|-----|-------|-------|------|------|
| | (a) | (b) | (c) | (d) |
| (A) | (iv) | (iii) | (i) | (ii) |
| (B) | (iii) | (iv) | (i) | (ii) |
| (C) | (ii) | (iii) | (i) | (iv) |
| (D) | (iii) | (iv) | (ii) | (i) |

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