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**Previous Year Paper
PGT 2012 - Economics**





ARMY WELFARE EDUCATION SOCIETY
WRITTEN TEST PAPER FOR TEACHERS SELECTION: 09 DEC 2012
PART-‘B’ : Economics (PGT) : SUBJECT CODE : (P23)
GENERAL INSTRUCTIONS

1. DO NOT open this booklet until you are asked to do so.
2. FILL SCHOOL CODE, REGN NUMBER ON OMR ANSWER SHEET CAREFULLY AND SIGN ON THE RIGHT BOTTOM CORNER OF OMR SHEET.
3. Total duration of the test is 2 Hours and Maximum Marks are 120.
4. There are total 100 questions. All questions are objective type-multiple choices. All questions carrying equal marks.
5. DO NOT write anything on this question booklet.
6. After the test, please return this booklet along with OMR-Answer sheet to the invigilator.
7. You are not allowed to leave the examination hall before 1300h.

Instructions for filling the OMR Sheet

8. Read instructions printed on the OMR Sheet carefully before answering. Each item has four choices; A, B, C and D. Each choice is denoted by a circle. Shade the appropriate circle using Blue/Black Pen. Be absolutely sure of your option before shading the circle since you are not permitted to erase your response once shaded. More than one response will make your answer invalid. There is NEGATIVE MARKING for wrong answer.

Rough Work

9. For any rough work use the separate sheet provided along with the text booklet. DO NOT do any rough work on the answer sheet or any other paper.

PAPER - B
WRITTEN TEST PAPER FOR SELECTION OF TEACHERS : CSB 2013
ECONOMICS(PGT) : SUBJECT CODE : P23

1. Which of the following is not in the infrastructure sector.
 a) Power generation b) Construction of roads
 c) Food production d) Expansion of airports
2. Gini coefficient measures
 a) Inflation b) Unemployment
 c) Income inequality d) Economic growth
3. Amartya Sen was awarded the Nobel Prize for his contribution to
 a) Monetary Economics b) Econometrics
 c) Welfare Economics d) Development Economics
4. Scheduled Banks have to be registered with
 a) SEBI b) RBI
 c) Finance Ministry d) SBI
5. Which of the following is not a characteristic of Labour.
 a) Labour is perishable
 b) Labour has less mobility
 c) Strong bargaining power of labour
 d) In elastic supply of labour
6. Who among the following said "Population increases in the Geometric progression, food increases in the Arithmetic progression"
 a) Malthus b) Gresham
 c) Engels d) Keynes
7. Which organisation collects data for the unorganised sector
 a) NSSO b) CSO
 c) ASI d) RBI
8. Which of the following is not viewed as national debt
 a) Life insurance policies
 b) Long term govt. bonds
 c) National savings certificates
 d) Provident fund
9. Which of the following is a public sector unit
 a) ICICI bank b) TESCO bank
 c) BHEL d) All of these
10. Who among the following was the first chairman of the Planning Commission
 a) Dr. Rajendra Prasad b) Pt. Jawaharlal Nehru
 c) Sardar Vallabhbhai Patel d) J.B. Kripalani
11. Who among the following have won the Nobel Prize for Economics in 2011
 1. Eric S. Maskin
 2. Christopher Sims
 3. Thomas Sargent
 4. Leonid Hurwicz
 Select the right answer using the code given below
 a) 1 and 2 only b) 3 and 4 only
 c) 1, 2 and 4 d) 2 and 3 only
12. The acronym SRO, being used in the Capital Market for various market participant stands for
 a) Self Regulatory Organisations
 b) Small Revenue Operators
 c) Securities Roll-Back Operators
 d) Securities Regulatory Organisations
13. Which of the following is not a Central problem of economy
 a) What to produce b) How to produce
 c) For whom to produce d) When to produce
14. When decrease in the price of one good causes the demand for another good to decrease, the goods are
 a) Complements b) Substitutes
 c) Normal d) Inferior
15. Which of the following is not a cause of decrease in demand
 a) Fall in the income of consumers
 b) Fall in the price of substitute good
 c) Fall in the price of complementary good
 d) Decrease in the number of consumers
16. With 10% fall in the price of a good, its demand rises from 100 units to 120 units. The Price elasticity of demand is
 a) 20 b) 10
 c) 2 d) 1
17. Cross elasticity of demand is
 a) Negative for complementary goods
 b) Unitary for inferior goods
 c) Negative for substitute goods
 d) Positive for inferior goods
18. Giffin goods are a kind of goods whose
 a) Price effect is negative and income effect is positive
 b) Price effect and income effect both are positive
 c) Price effect and income effect both are negative
 d) Price effect is positive and income effect is negative
19. The shape of Production Possibility Curve is
 a) Convex to the point of origin
 b) Concave to the point of origin
 c) Rectangular hyperbola
 d) A Parabola
20. When availability of resources increases, the production possibility curve will
 a) Shift towards the right b) Shift towards the left
 c) No change d) None of the above
21. A consumer is in a state of equilibrium when (P_x =Price of commodity X, MU_x =marginal utility of X, MU_m =marginal utility of money)
 a) $P_x > MU_x / MU_m$ b) $P_x < MU_x / MU_m$
 c) $P_x = MU_x / MU_m$ d) None of the above
22. The slope of the Indifference curve represents the
 a) Elasticity of demand for the good
 b) Marginal rate of substitution between two goods
 c) Ratio of the prices of two goods
 d) Position of Consumer's equilibrium
23. At the point of consumer's equilibrium, the slope of Indifference curve and of the Budget line should be
 a) Same
 b) Slope of Budget line is greater than slope of Indifference curve
 c) Slope of Budget line is lesser than slope of Indifference curve
 d) None of the above
24. Out of the following which is not a reason for decrease in supply
 a) Increase in price of a competing good
 b) Decrease in the number of firms in the market
 c) Improvement in technology
 d) Increase in price of factors of production

25. Demand curve of a firm under perfect competition is
- Perfectly elastic ($E_d = \infty$)
 - Perfectly Inelastic ($E_d = 0$)
 - Relatively elastic ($E_d > 1$)
 - Relatively Inelastic ($E_d < 1$)
26. In short period the production can be increased only through the application of.....factors
- Fixed
 - Variable
 - Semi variable
 - None of the above
27. If elasticity of demand is infinity, equilibrium price.....no matter supply increases or decreases
- Increases
 - Remains same
 - Decreases
 - None of the above
28. As per the law of variable proportion, when marginal product starts diminishing the behaviour of Total Product would be
- TP remains constant
 - TP decreases at increasing rate
 - TP decreases at diminishing rate
 - TP increases at a diminishing rate
29. When Average Cost falls then
- $MC < AC$
 - $MC > AC$
 - $MC = AC$
 - $MC = 0$
30. Under perfect competition and short run, a firm would continue to produce provided
- It is able to recover its variable costs
 - It is able to recover its total costs
 - Its loss does not exceed a specified amount
 - It is able to recover its fixed costs
31. Price Discrimination is possible in.....competition
- Perfect competition
 - Monopoly
 - Monopolistic
 - Oligopoly
32. A firm will shut down rather than carry on producing in the short run if
- AR is less than ATC
 - TR is less than TVC
 - MR is less than MC
 - Price is less than AR
33. Kinked demand curve is a characteristic of
- Duopoly
 - Perfect competition
 - Monopoly
 - Oligopoly
34. The term 'FAD' coined by Prof. Amartya Sen stands for
- Food Agriculture Development
 - Famines and Droughts
 - Food and Development
 - Food Availability Decline
35. According to Ricardian theory of rent, Rent is a
- Economic Surplus
 - Differential Surplus
 - Payment for the use of buildings
 - Payment for the use of land
36. The term "Quasi Rent" was introduced by
- J.S. Mill
 - J.M. Keynes
 - Ricardo
 - Alfred Marshall
37. The "Innovation Theory of Profit" was given by
- Prof. Schumpeter
 - Prof. J.B. Clark
 - Prof. F.B. Hawley
 - Prof. Frank H. Knight
38. If Indirect taxes are subtracted and subsidies are added to Net domestic product at market price we will get
- Net Domestic Product at Factor Cost
 - Net National Product at Factor Cost
 - Gross Domestic Product at Market Price
 - Gross National Product at Market Price
39. An example of Transfer payments is
- Old age pension
 - Bonus received by employees
 - Commission received on sale of land
 - Retirement pension
40. The income of self-employed is referred as
- Operating Surplus
 - Mixed Income
 - Private Income
 - Personal Income
41. Which of the following is not included in the calculation of National Income
- Employers contribution to provident fund
 - Unemployment allowance
 - Free services by Government
 - Defence and security services
42. Which one of the following is not the function of a Commercial Bank
- Credit Creation
 - Advancing Loans
 - Issuing of Notes
 - Agency functions
43. Which of the following is not quantitative instrument for credit control by the Central Bank
- Bank rate
 - Open Market Operations
 - Cash Reserve Ratio
 - Margin requirement of loan
44. To increase the flow of credit in the economy the Central Bank
- Reduces the Statutory Liquidity Ratio
 - Increases the Cash Reserve Ratio
 - Increases the Bank Rate
 - None of the above
45. Which of the following is a Normal Resident of India
- USA ambassador in India
 - Ambassador for India in USA
 - Foreigners working in WHO located in India
 - All of the above
46. Leakages, which have a negative impact on the process of income generation in the economy are
- Savings
 - Imports
 - Taxes by the government
 - All of the above
47. If personal disposable income is Rs. 1000 crore and consumption expenditure is Rs. 750 crore then APS (Average Propensity to Save) is
- 0.25
 - 0.75
 - 2.5
 - 7.5
48. Which of the following is not a Capital Receipt of the govt. budget
- Recovery of loans
 - Money received through disinvestment
 - Tax receipts
 - Borrowings from general public
49. The statistical method used for collection of secondary data is
- Direct personal investigation
 - Indirect oral investigation
 - Through questionnaires and schedules
 - Through govt. publications
50. As per 2011 census the literacy rate of males and females respectively in India is
- 82.14% and 65.46%
 - 75.50% and 65.46%
 - 50% and 40%
 - None of the above

51. As per the 2011 census report the state/union territory with highest literacy rate of 93.91% is
a) Lakshadweep b) Kerala
c) Goa d) Uttar Pradesh
52. The apex bank Reserve Bank of India was nationalised in the year
a) 1945 b) 1930
c) 1949 d) 1950
53. Who amongst the following is most benefitted from inflation
a) Government pensioners
b) Saving bank account holders
c) Debtors
d) Creditors
54. Indian Rupee has got its symbol as ₹. This symbol has been designed by
a) Hitesh Padmashali b) Shubin K K
c) Rakesh Kumar d) D. Udai Kumar
55. Inflation in India is measured on which of the following indexes/indicators
a) Cost of Living Index b) Consumer Price Index
c) Wholesale Price Index d) Gross Domestic Product
56. Who among the following is associated with the theory of Laissez-faire
a) Malthus b) Marshall
c) Adam Smith d) Keynes
57. Who has been appointed the Governor of RBI after the retirement of Sh. Y. V Reddy.
a) Dr. Indra Rangarajan b) Dr. Dilip Sanghvi
c) Dr. Vijay L. Kelkar d) Mr. D Subbarao
58. Five Year Plans in India are finally approved by which of the following bodies.
a) Planning Commission b) Union Cabinet
c) Parliament d) National Development Council
59. The practice of selling goods in a foreign country at a price below their domestic selling price is called
a) Diplomacy b) Discrimination
c) Dumping d) Double Pricing
60. Which of the following states introduced "One kg rice for rupee one" scheme ,the first of its kind in the country.
a) West Bengal b) Orissa
c) Bihar d) Tamil Nadu
61. Which of the following is India's largest Public sector commercial bank at present
a) IDBI Bank b) ICICI bank
c) State Bank of India d) Axis Bank
62. Union Budget is always presented first in
a) The Lok Sabha
b) The Rajya Sabha
c) Joint session of the Parliament
d) Meeting of the Union Cabinet
63. The price at which the Government purchases food grains for maintaining the public distribution is known as
a) Ceiling prices b) Procurement prices
c) Issue price d) Minimum price
64. Which of the following is not shared by the Centre and the states.
a) Sales Tax b) Corporation Tax
c) Income Tax d) None of these
65. Many workers have lost their jobs due to installation of computers which they do not know how to operate. This has caused
a) Frictional unemployment
b) Voluntary unemployment
c) Cyclical unemployment
d) Structural Unemployment
66. Which committee was constituted for reforms in tax structure
a) Narsimhan Committee
b) Chelliah Committee
c) Gadgil Committee
d) Kelkar Committee
67. Narasimhan committee was related to
a) High Education reforms
b) Tax structure reforms
c) Banking sector reforms
d) Planning Implementation reforms
68. One of the problems in calculating national income currently in India is
a) Under employment
b) Inflation
c) Non-monetised consumption
d) Low savings
69. Who wrote the book "Planned Economy for India"
a) M Visvesvaraya b) Sardar Patel
c) Jawaharlal Nehru d) Mahatma Gandhi
70. Inflation can be controlled by
a) Surplus budget
b) Increase in taxation
c) Reduction in public expenditure
d) All of these
71. If GDP is greater than GNP for a country then
a) Net factor income earned abroad is positive
b) Net factor income earned abroad is negative
c) Fiscal deficit is positive
d) Fiscal deficit is negative
72. Closed economy is that economy in which
a) Only exports take place.
b) Money supply is fully controlled
c) Deficit financing takes place
d) Neither exports nor imports take place.
73. Which of the following was the focus area for the Second Five Year Plan
a) Agriculture b) Industrialisation
c) Removing Poverty d) Self Reliance
74. The Phillips curve shows the relationship between inflation and.....
a) The Balance of Trade
b) The rate of growth in the economy
c) The rate of price increase
d) Unemployment
75. In a regressive tax system.....
a) The rate of tax increases as income increases.
b) The rate of tax decreases as income increases.
c) The rate of tax is constant with more income
d) It bears no relation with income increase.
76. In a capitalistic economy,the pattern of output is determined.....
a) By demand and supply powers
b) By the central authority
c) According to the decisions of the owners of the firm
d) According to customs of the society

77. Which of the following is not a flow concept.
a) Production b) Capital
c) Investment d) Consumption
78. Which plan recommended zero-based budgeting as a step to control public expenditure
a) Fifth plan b) Sixth plan
c) Seventh Plan d) Eighth plan
79. The sum of MPC and MPS must be equal to
a) Disposable income b) One
c) The Multiplier d) Zero
80. All revenues received ,loans raised and money received in repayment of loans by the Union government go into
a) Public Account of India b) Contingency Fund of India
c) Consolidated Fund of India d) None of the above
81. If an economy is in equilibrium at a point where plan to save and to invest are equal ,then government expenditure must be
a) Zero b) Equal to govt. income
c) Larger than govt. income d) Negative
82. The Balance of Payments comprises
a) A current account of goods and services only
b) A capital account of financial assets only
c) Official settlement accounts only
d) All of these
83. Which of the following is correct regarding the Gross domestic savings in India
a) Contribution of the corporate sector is the largest
b) Contribution of the government sector is the largest
c) Contribution of the household sector is the largest
d) None of these.
84. From the following data calculate Personal Disposable Income Items Rs. in crores
1 Personal Income 70,000
2 Direct taxes 500
3 Miscellaneous receipts of the Govt. 800
a) 68,700 crore b) 69,500 crore
c) 69,200 crore d) 71,300 crore
85. Savings is a function of
a) Investment b) Export
c) Improvement in productivity d) Income
86. The agency estimating the National Income of India is
a) Reserve Bank of India
b) Planning Commission
c) Ministry Of Finance
d) Central Statistical Organisation
87. The term "Hindu rate of growth" refers to 3.7% per annum growth rate achieved by the Indian economy over the first six Five Year Plans. The term was coined by
a) Chakravarty b) J.N Bhagwati
c) Raj Krishna d) K.N Raj
88. Which one of the following statements of relationship of national income (Y) ,Consumption (C) and and Investment (I) in the famous model of Keynes is correct
a) $Y=C \times I$ b) $Y=C \div I$
c) $Y=C + I$ d) $Y=C - I$
89. Stagflation refers to
a) Recurring booms and depressions in the economy
b) Fluctuations in autonomous investment
c) Low inflation rate and high economic growth
d) High inflation rate and low economic growth
90. The consumer's surplus can be defined as
a) Extra units of a commodity bought
b) Surplus commodity left after consumption
c) Difference between actual price paid and maximum price consumers are willing to pay.
d) Total consumer satisfaction
91. The Open market operations refer to the sale and purchase of.....by the RBI.
a) Foreign exchange b) Gold
c) Government securities d) None of the above
92. Bank rate is
a) The rate at which commercial banks lend
b) The rate at which commercial banks accept deposits
c) The rate at which central bank lends credit to the commercial banks
d) None of the above
93. Which of the following is not an indirect tax
a) Sales tax b) Excise duty
c) Estate duty d) Custom duty
94. Fiscal Deficit is
a) Budget expenditure- Budget receipts excluding borrowings
b) Equal to Primary Deficit
c) Capital expenditure - Capital receipts
d) Revenue expenditure - Revenue receipts
95. Human capital means
a) The population of the country
b) Material capital possessed by the population
c) Skill capacity and ability possessed by the population
d) None of the above
96. Which state has maximum number of people living below the poverty line
a) Bihar b) Uttar Pradesh
c) Madhya Pradesh d) Maharashtra
97. The method by which CSO estimates the national income is
a) Production method b) Income method
c) Expenditure method d) A combination of all the three
98. High Powered money is
a) Currency with public + Cash Reserves of Banks
b) Currency with public + Demand Deposits
c) Time Deposits + Demand Deposits
d) None of the above
99. Fishers method for calculation of Price Index number is given by the formula
a) $P_{01} = \frac{\sum P_1 Q_0 \times 100}{\sum P_0 Q_0}$
b) $P_{01} = \frac{\sum P_1 Q_1 \times 100}{\sum P_0 Q_1}$
c) $P_{01} = \sqrt{\frac{\sum P_1 Q_0}{\sum P_0 Q_0} \times \frac{\sum P_1 Q_1}{\sum P_0 Q_1}} \times 100$
d) $P_{01} = \frac{\sum P_1 Q_0}{\sum P_0 Q_0} \times \frac{\sum P_1 Q_1}{\sum P_0 Q_1}$
100. On 14th September 2012 Govt. of India has allowed FDI in multibrand retail upto.....and in singlebrand retail upto.....
a) 51% and 100% respectively
b) 100% and 50% respectively
c) 74% and 50% respectively
d) 50% and 74% respectively