# CUET PG Economics 2023 (Shift-2) (With Answers)

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|---|---|
| 1. | Markets fail in the presence of<br>A. Market power<br>B. Positive Externalities<br>C. Negative Externalities<br>D. Competitive market<br>E. Asymmetric information |
| B & C only | A, B, C only |
| B, C, D only | A, B, C, E only |

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|---|---|
| 2. | Match List-I with List-II |

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|---|---|
| A. Private Goods | I. Non-rival in consumption and excludable |
| B. Club Goods | II. Rival in consumption and excludable |
| C. Common Pool Resources | III. Non-rival in consumption and excludable |
| D. Public Goods | IV. Rival in consumption and non-excludable |

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|---|---|
| A-I, B-II, C-III, D-IV | A-II, B-IV, C-I, D-III |
| A-II, B-I, C-IV, D-III | A-IV, B-III, C-II, D-I |

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| 3. | Which of the following statements are correct?<br>A. Life cycle hypothesis was propounded by Francois Modigliani<br>B. Absolute Income Hypothesis was propounded by Milton Friedman<br>C. Relative Income Hypothesis was propounded by James Duesenberry<br>D. Permanent Income Hypothesis was propounded by John Maynard Keynes |
| A & C only | A, B, C only |
| A & D only | B & C only |

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| 4. | Given below are two statements: One is labelled as Assertion A and the other is labelled as Reason R:<br>**Assertion A**: Pareto optimality implies that an allocation of resources is inefficient when it is possible, through some change in the allocation of resources to benefit at least one person without making anyone else worse off.<br>**Reason R**: Pareto efficiency takes into account distributive justice and compensation of people affected negatively. |

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| Both A and R are correct and R is the correct explanation of A. | Both A and R are correct but R is NOT the correct explanation of A. |
| A is correct but R is not correct. | A is not correct but R is correct. |

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| 5. | What is the number of degrees of freedom of the residual sum of squares in a simple bivariate linear regression with 100 observations? |

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| 100 | 97 |
| 98 | 2 |

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| 6. | For a level curve of $f(x,y) = x^2y$, what is the value of $\frac{dy}{dx}$? |

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|---|---|
| $-\frac{2x}{y}$ | $-\frac{2y}{x}$ |
| $-2$ | $\frac{y}{x}$ |

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| 7. | What is the degree of homogeneity of $f(x,y) = \frac{x^3}{y} + \frac{y^3}{x}$ ? |

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|---|---|
| 3 | 1 |
| 2 | 6 |

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| 8. | Data collected at a point in time are called |

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|---|---|
| Cross-sectional data | Time series data |
| Pooled data | Panel data |

| 9. | The budget presented in the Parliament on the 1st of February 2023 for the financial year 2023-24 has the Revised Estimated (RE) and Actuals, of the financial years _____ and _____ respectively. |
|---|---|
| 2023-24 and 2022-23 | 2022-23 and 2021-22 |
| 2021-22 and 2022-23 | 2021-22 and 2023-24 |

| 10. | The maximum value of the monetary policy multiplier is _____ (where b implies sensitivity of planned investment spending to interest rate, c implies marginal propensity to consume and t = marginal tax rate, k implies sensitivity of money demand to interest rate). |
|---|---|
| $\frac{b}{1 - c(1-t)}$ | $\frac{k}{1 - c(1-t)}$ |
| $\frac{1}{k}$ | $\frac{1}{b}$ |

| 11. | A firm in a perfectly competitive market is making zero economic profit in the long run. It will have the incentive to: |
|---|---|
| Shut down | Continue to operate as it is |
| Exit | Relocate to another industry |

| 12. | Which of the following production function is NOT homogenous of degree one? |
|---|---|
| $Q = aL + bK$ | $Q = aL^{\frac{3}{4}} K^{\frac{1}{2}}$ |
| $Q = 23\sqrt{KL}$ | $Q = A\left[\alpha L^{-\beta} + (1-\alpha) K^{-\beta}\right]^{-\frac{1}{\beta}}$ where |

| 13. | The law of diminishing returns to a factor is observed when employment of additional units of a resource lead to |
|---|---|
| A decline in total product | A decline in average product |
| A decline in marginal physical product | A decline in marginal cost |

14. Match List-I with List-II

| List-I (Book) | List-II (Author) |
|---|---|
| A. An Inquiry into the Nature and Causes of Wealth of Nations | I. David Ricardo |
| B. Principles of Political Economy and Taxation | II. John Maynard Keynes |
| C. Theories of Surplus Value | III. Karl Marx |
| D. General Theory of Employment, Interest and Money | IV. Adam Smith |

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|---|---|
| A-I, B-II, C-III, D-IV | A-II, B-I, C-III, D-IV |
| A-IV, B-I, C-III, D-II | A-IV, B-III, C-I, D-II |

15. Which of the following are correct in presence of negative externalities?
A. Negative externalities lead to an inefficient allocation of resources.
B. Marginal external cost curve is added vertically to the private marginal cost curve to yield the social marginal cost curve.
C. The efficient level of output attained is more than the market equilibrium output.
D. The intersection of the marginal social cost curve with the demand curve gives the efficient level of output.

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| A, C only | C, D only |
| A, B and D only | B, C, D only |

16. Given below are two statements:

**Statement I:** In the extreme case of perfect price discrimination the dead weight loss of monopoly is completely eliminated and all the surplus in the market goes to the monopolist.
**Statement II:** Imperfect price discrimination necessarily increases welfare compared to the outcome of a single monopoly price.

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| Both **Statement I** and **Statement II** are correct | Both **Statement I** and **Statement II** are incorrect |
| **Statement I** is correct but **Statement II** is incorrect | **Statement I** is incorrect but **Statement II** is correct |

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| 17. | Given below are two statements:<br>**Statement I:** Coefficient of correlation can not be less than -1.<br>**Statement II:** Regression coefficient can not be less than -1. |

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| Both **Statement I** and **Statement II** are true | Both **Statement I** and **Statement II** are false |
| **Statement I** is true but **Statement II** is false | **Statement I** is false but **Statement II** is true |

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| 18. | Given below are two statements:<br>**Statement I:** Normal distribution is positively skewed.<br>**Statement II:** Normal distribution is leptokurtic. |

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| Both **Statement I** and **Statement II** are true | Both **Statement I** and **Statement II** are false |
| **Statement I** is true but **Statement II** is false | **Statement I** is false but **Statement II** is true |

19. Match List-I with List-II

| List-I | List-II |
|---|---|
| A. For TC (Total Cost) = $20 + 10q - 3q^2 + q^3$, AFC (Average Fixed Cost) is | I. $10 - 6q + 3q^2$ |
| B. Given TC = $20 + 10q - 3q^2 + q^3$, MC (Marginal Cost) is | II. $10 - 3q + q^2$ |
| C. Given TC = $20 + 10q - 3q^2 + q^3$, AVC (Average Variable Cost) is | III. $(20/q) + 10 - 3q + q^2$ |
| D. Given TC = $20 + 10q - 3q^2 + q^3$, ATC (Average Total Cost) is | IV. $20/q$ |

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|---|---|
| A-II, B-III, C-I, D-IV | A-IV, B-II, C-I, D-III |
| A-IV, B-I, C-II, D-III | A-III, B-IV, C-II, D-I |

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| 20. | Choose the correct statement(s) for an open economy:<br>A. Sterilisation implies nullifying the impact of foreign exchange transactions on domestic money supply.<br>B. In a sterilized intervention in the foreign exchange market by the central bank, a purchase of foreign assets should be matched by a sale of domestic assets.<br>C. In an open economy with fixed exchange rates and perfect capital mobility, the central bank can pursue independent monetary policy.<br>D. Sterilised intervention with perfect asset substitutability under fixed exchange rate allows the exchange rate to depreciate.<br>E. Real exchange rate can change only due to changes in nominal exchange rate.<br>Choose the correct answer from the options given below: |

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|---|---|
| C and D only | C, B and E only |
| A and B only | B, C and D only |

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| 21. | Suppose the US interest rate is 3% per annum. The exchange rate (rupee-dollar) in spot market is 80 and in 3-month forward market is 81. What is the per annum return on US bond in rupee terms? |

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|---|---|
| 4.25% | 8% |
| 1.75% | -2% |

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| 22. | The function $e^{-\frac{1}{2}x^2}$ is: |

| | |
|---|---|
| convex for $\|x\| < 1$ and concave for $\|x\| > 1$ | concave for $\|x\| < 1$ and convex for $\|x\| > 1$ |
| convex everywhere | concave everywhere |

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| 23. | The Garran Tribunal was constituted during the colonial times to: |

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|---|---|
| discuss about the division of taxes between the provinces and centre in colonial India | discuss and decide about the division of financial responsibilities between India and Britain on military expenditure. |
| decide on the pricing of railway tariffs in colonial India | decide about the famine relief strategy in the background of the Great Bengal Famine |

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| 24. | Suppose in a closed economy aggregate demand is given by $AD = A(y, i)$ where y is real income and i is rate of interest. IS curve represent a locus of y and i for which $y = A(y, i)$. What is $\frac{dy}{di}$ along the IS curve? |

| | |
|---|---|
| $\frac{A_i'}{1 + A_y'}$ | $\frac{A_i'}{1 - A_y'}$ |
| $\frac{1 - A_y'}{A_i'}$ | $\frac{1 + A_y'}{A_i'}$ |

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| 25. | Among the new monetary aggregates of RBI (suggested by Y.V. Reddy working group) which one includes time deposits of maturity up to 1 year but not longer maturity? |

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|---|---|
| NM1 | NM2 |
| NM3 | M0 |

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| 26. | The rate of growth of the output of an economy during a period is 5%. If the shares of capital and labour are 0.6 and 0.4 respectively and capital and labour grow at 10% and 5% respectively, what is the Solow residual for the output function given as $y = A \cdot k^{\alpha} L^{1-\alpha}$ |

| | |
|---|---|
| 3% | 2% |
| -3% | 4% |

| | |
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| 27. | For the per capita production function $y = k^{0.5}$ what is the level of savings rate at which the consumption per capita is maximised at steady state? Assume depreciation (δ) = 0.1 and no population growth. |

| | |
|---|---|
| 10% | 20% |
| 40% | 50% |

| 28. | Consider an economy with perfect capital mobility, fixed price level, and flexible exchange rate. What will be the effect of a rise in foreign interest rate on output? |
|---|---|
| rise | decline |
| no change | falls at a decreasing rate |

| 29. | If the inverse demand function is $P = A - BQ$, where A and B are positive constants, what is the elasticity at $Q = \frac{A}{2B}$ ? |
|---|---|
| -B | $\frac{1}{B}$ |
| 2A | 1 |

| 30. | Which one of the following renowned economists was a member of the Royal Commission on Currency and Finance of 1913? |
|---|---|
| Alfred Marshall | John Maynard Keynes |
| Lionel Robbins | Joan Robinson |

31. Match List-I with List-II

| List-I | List-II |
|---|---|
| A. Quantitative Theory of Money | I. James Tobin |
| B. Exchange Rate Overshooting | II. Irving Fisher |
| C. Law of One Price | III. Rudiger Dornbusch |
| D. Liquidity Inference as a Behaviour toward Risk | IV. Gustav Cassel |

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| A-IV, B-I, C-III, D-II | A-II, B-III, C-IV, D-I |
| A-III, B-II, C-IV, D-I | A-II, B-I, C-IV, D-III |

32. Which of the following statements is/are correct in **AX = 0**

A. A system of linear equations is homogeneous if each constant to the right of the equality is zero.

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| | B. A system of linear equations has either a trivial solution or an infinite number of solutions.<br>C. A system of homogeneous equations with more unknowns than equations (m < n) is consistent and has infinitely many solutions.<br>D. In cases where there are solutions other than the trivial solution, the equations are linearly independent. |

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| A, B, and D only | A, B, and C only |
| A, C, and D only | C, D, and B only |

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| 33. | During the high noon of the British Empire, which of the following statement(s) is/are true?<br>A. Britain had a current account surplus with India, but a current account deficit with the rest of the world.<br>B. Britain had a current account deficit with India, but a current account surplus with the rest of the world.<br>C. Britain had a current account surplus with India and it had an even higher current account surplus with the rest of the world.<br>D. Britain had a current account deficit with India and even higher current account deficit with the rest of the world.<br>E. The current account surplus which Britain had with India was sufficient to tide over the current account deficit with the rest of the world. |

| | |
|---|---|
| A, E | C, D |
| D, B | A, C |

| | |
|---|---|
| 34. | Given below are two statements:<br>**Statement I:** A large share of the expenditure in the government budget during the colonial period is referred to as Home charges and had to be paid in sterling.<br>**Statement II:** On the depreciation of the Indian rupee, the expenditure of the colonial government in India used to decrease because of this reason. |

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|---|---|
| Both **Statement I** and **Statement II** are true | Both **Statement I** and **Statement II** are false |
| **Statement I** is true but **Statement II** is false | **Statement I** is false but **Statement II** is true |

| 35. | Suppose massive capital outflows cause nominal exchange rate to depreciate by 10%. At the same time, foreign and domestic price levels rise by 5% and 20% respectively. What will be the approximate change in real exchange rate? |
|---|---|
| Depreciation by 2.5% | Depreciation by 5% |
| Appreciation by 25% | Depreciation by 25% |

| 36. | The inverse of a function: $x = \sqrt{3y + 9}$ is |
|---|---|
| $x^2 - \frac{3}{2}$ | $\frac{1}{3}x^2$ |
| $-3x^2 + 1$ | $\frac{1}{3}x^2 - 3$ |

| 37. | With good X on the horizontal axis and good Y on the vertical axis, a U-shaped indifference curve indicates: |
|---|---|
| X good, Y bad | X and Y both good |
| X good then bad; Y good | Y good then bad; X good |

| 38. | Second order Taylor series expansion of $y = \ln(1-x)$ is: |
|---|---|
| $x - \frac{x^2}{2}$ | $x + \frac{x^2}{2}$ |
| $-x - \frac{x^2}{2}$ | $-x + \frac{x^2}{2}$ |

| 39. | Suppose that in a given college, proportion of admitted students who complete their degree is 0.7, what is the expected number of students who will complete their degree from a random sample of 20 students from a given batch? |
|---|---|
| 14 | 6 |
| 2 | 4 |

| 40. | Find the general solution of the differential equation: $\frac{dx}{x} + \frac{dy}{y} = 0$ |
|---|---|
| $\frac{1}{x} + \frac{1}{y} = C_1 x + C_2$ | $\log x + \log y = c_1 + c_2$ |
| $xy = c$ | $x + y = c$ |

| 41. | The possible inflection points for $f(x) = \frac{1}{9}x^3 - \frac{1}{6}x^2 - \frac{2}{3}x + 1$ is/are: |
|---|---|
| $x = \frac{1}{2}$ | $x = -\frac{1}{2}$ |
| $x = \frac{1}{2}$ and $x = -\frac{1}{2}$ | 2 |

| 42. | Find the scalars $\lambda_1$ and $\lambda_2$ that are attached to $v = \begin{bmatrix} 1 \\ 2 \end{bmatrix}$ and $w = \begin{bmatrix} 3 \\ 1 \end{bmatrix}$ to yield $\begin{bmatrix} 1 \\ 0 \end{bmatrix}$ |
|---|---|
| $\lambda_1 = \frac{2}{5}, \lambda_2 = -\frac{2}{5}$ | $\lambda_1 = -\frac{1}{5}, \lambda_2 = \frac{2}{5}$ |
| $\lambda_1 = 5, \lambda_2 = \frac{1}{5}$ | $\lambda_1 = -\frac{1}{5}, \lambda_2 = -\frac{2}{5}$ |

| 43. | Suppose the correlation coefficient between two variables X and Y is 0.6, what proportion of variation in Y is explained by variation in X? |
|---|---|
| 0.60 | 0.36 |
| 0.40 | 0.2 |

| 44. | For a strictly convex function $f(x)$, which one of the following is true? $[0 < \lambda < 1]$ |
|---|---|
| $\lambda f(x_1) + (1-\lambda) f(x_2) > f[\lambda x_1 + (1-\lambda) x_2]$ | $\lambda f(x_1) + (1-\lambda) f(x_2) < f[\lambda x_1 + (1-\lambda) x_2]$ |
| $\lambda f(x_1) + (1-\lambda) f(x_2) \geq f[\lambda x_1 + (1-\lambda) x_2]$ | $\lambda f(x_1) + (1-\lambda) f(x_2) \leq f[\lambda x_1 + (1-\lambda) x_2]$ |

| 45. | Linear regression model is: |
|---|---|
| Linear in explanatory variables but may not be linear in parameters | Nonlinear in parameters and must be linear in variables |
| Linear in parameters and must be linear in variables | Linear in parameters and may not be linear in variables |

| 46. | In the expression<br>$Y_i = \widehat{\beta_1} + \widehat{\beta_2} X_i + \widehat{u_i}$<br>$\widehat{u_i}$ gives the difference between |
|---|---|
| the actual and estimated Y values | the actual and estimated X values |
| the actual and estimated values of $\beta_1$ | actual and estimated values of $\beta_2$ |

| 47. | You are given the following data for two variables X and Y:<br>$\overline{X} = 2.00$ , $\overline{Y} = 4.67$<br>Regression coefficient of Y on X = 1.50<br>What is the estimated value of intercept in the regression of Y on X? |
|---|---|
| 7.67 | 67 |
| 335 | 2/4.67 |

| 48. | Suppose that for a random sample of size 10, sample covariance between variables X and Y is 100, and sample variances of X and Y are 25 and 400 respectively.<br>What is the value of sample correlation coefficient between X and Y? |
|---|---|
| 1 | 0.01 |
| 0.1 | 0.001 |

| | |
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| 49. | The consumption function is given by C = 100 + 0.8y and the investment is given by I = 50. For which of the following level of output the level of unplanned inventories would be negative? |
| 790 | 750 |
| 800 | 740 |

| | |
|---|---|
| 50. | The maximum value of Fiscal policy multiplier is _____.<br>(b implies sensitivity of planned investment spending to interest rate, c implies marginal propensity to consume, t is marginal tax rate, k refers to sensitivity of money demand to interest rate) |
| $\frac{1}{k}$ | $\frac{1}{1-c(1-t)}$ |
| $\frac{1}{b}$ | $\frac{b}{1-c(1-t)}$ |

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| 51. | The following data of an economy is given:<br>Consumption function $C = 300 + 0.8(1-t)Y$;<br>Investment Function $I = 900 - 50i$;<br>Government expenditure $G = 800$;<br>Marginal tax rate $t = 0.25$<br>The IS equation corresponding to the above is: |
| Y=5000+125i | Y=5000−125i |
| Y=4250−125i | Y=4250+125i |

| | |
|---|---|
| 52. | The currency to deposit ratio of an economy is 0.2 and the reserve to deposit rates is 0.1, at present. What happens to the value of money multiplier if the currency to deposit ratio for whatever reason is now at 0.4? |
| The money multiplier increases from 0.25 to 2.8 | The money multiplier increases from 0.25 to 1.25 |
| The money multiplier falls from 4 to 2.8 | The money multiplier increases from 2.8 to 4 |

| 53. | What is RBI's target of inflation for the period 2021-26? |
|---|---|
| 5 ± 2% | 3 ± 2% |
| 4 ± 1% | 4 ± 2% |

| 54. | As per the Marshall Lerner conditions, for the trade balance to improve following depreciation of the currency: |
|---|---|
| the sum of the elasticities of exports and imports should be greater than 1 | the sum of the elasticities of exports and imports should be less than 1 |
| the sum of the elasticities of exports and imports should be equal to 1 | the sum of the elasticities of exports and imports should be equal to zero |

| 55. | Given below are two statements:<br>**Statement I:** In case of inferior goods, Engel curve is upward sloping.<br>**Statement II:** In case of normal goods, Engel curve is downward sloping. |
|---|---|
| Both **Statement I** and **Statement II** are true | Both **Statement I** and **Statement II** are false |
| **Statement I** is true but **Statement II** is false | **Statement I** is false but **Statement II** is true |

| 56. | Arrange the following former Governors of RBI in the chronological order of their tenure as Governors starting from the earliest:<br>A. C. Rangaswami<br>B. D. Subbarao<br>C. I. G. Patel<br>D. Y. V. Reddy<br>E. Bimal Jalan |
|---|---|
| C, E, A, B & D | A, C, E, D & B |
| C, A, E, D & B | B, A, C, D & E |

| | |
|---|---|
| 57. | Arrange the following events in the Indian economy in chronological order, starting from the earliest:<br>A. Passing of integrated Goods and Services Tax bill in India (by Lok Sabha)<br>B. Information Technology Act<br>C. Demonetisation of ₹500 & ₹1000 notes in India<br>D. Launching of Pradhan Mantri Jan Dhan Yojana<br>E. Launching of Sugamya Bharat Abhiyan |

| | |
|---|---|
| D, B, E, C, A | B, D, E, C, A |
| B, D, E, A, C | E, B, D, A, C |

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| 58. | Arrange the following in correct chronological order starting with the earliest:<br>A. 1st meeting of Monetary Policy committee<br>B. Export Import Bank of India commenced operations<br>C. Enactment of FEMA<br>D. Digital India campaign<br>E. Narasimhan Committee–II |

| | |
|---|---|
| D, A, C, E, B | B, E, D, A, C |
| B, E, C, D, A | E, B, C, D, A |

| | |
|---|---|
| 59. | Arrange the following in the chronological order starting with the earliest:<br>A. Leontief Paradox<br>B. Factor proportions Theory of International Trade<br>C. Absolute Advantage Theory of International Trade<br>D. Comparative Advantage Theory of International Trade |

| | |
|---|---|
| A, B, C, D | D, C, B, A |
| B, A, D, C | C, D, B, A |

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|---|---|
| 60. | Given below are two statements: one is labelled as **Assertion A** and the other is labelled as **Reason R**.<br>**Assertion A:** For a random variable X which has mean $E(X) = 10$ and variance $Var(X) = 100$, the variance of $(5X + 10)$ is 2500.<br>**Reason R:** $Var(aX + b) = Var(X)$<br>and so the variance of (aX+b)<br>or Var$(5X + 10)$ is 100. |

| | |
|---|---|
| Both **A** and **R** are true and **R** is the correct explanation of **A** | Both **A** and **R** are true but **R** is NOT the correct explanation of **A** |
| **A** is true but **R** is false | **A** is false but **R** is true |

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|---|---|
| 61. | Given below are two statements: one is labelled as **Assertion A** and the other is labelled as **Reason R**.<br>**Assertion A:** For matrix $A = \begin{bmatrix} 1 & 2 \\ 8 & 16 \end{bmatrix}$, rank of A = r(A) = 1<br>**Reason R:** For matrix A, if \|A\|=0, then it implies that the rank of matrix A given by r(A) is less than full rank. |

| | |
|---|---|
| Both **A** and **R** are correct and **R** is the correct explanation of **A** | Both **A** and **R** are correct but **R** is NOT the correct explanation of **A** |
| **A** is correct but **R** is not correct | **A** is not correct but **R**is correct |

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|---|---|
| 62. | Given below are two statements: one is labelled as **Assertion A** and the other is labelled as **Reason R**.<br>**Assertion A:** General equilibrium is attained in an economy when demand equals supply in all markets simultaneously.<br>**Reason R:** In a general equilibrium model, relative prices cannot be determined. |

| | |
|---|---|
| Both **A** and **R** are correct and **R** is the correct explanation of **A** | Both **A** and **R** are correct but **R** is NOT the correct explanation of **A** |
| **A**is correct but **R** is not correct | **A**is not correct but **R** is correct |

| | |
|---|---|
| 63. | Given below are two statements: one is labelled as **Assertion A** and the other is labelled as **Reason R**.<br>**Assertion A:** Let vector **a** = (x,y,z) and vector **b** = (2,3,5).<br>Then **a** = **b** if and only if x=2, y=3, and z=5.<br>**Reason R:** Two vectors are equal if all their corresponding components are equal. |

| | |
|---|---|
| Both **A** and **R** are correct and **R** is the correct explanation of **A** | Both **A** and **R** are correct but **R** is NOT the correct explanation of **A** |
| **A**is correct but **R** is not correct | **A**is not correct but **R** is correct |

| | |
|---|---|
| **64.** | Given below are two statements: one is labelled as **Assertion A** and the other is labelled as **Reason R**.<br>**Assertion A:** According to the Heckscher-Ohlin model, free trade results in equalisation of factor prices across nations.<br>**Reason R:** This is because the model assumes perfect international mobility of the factors of production. |

| | |
|---|---|
| Both **A** and **R** are true and **R** is the correct explanation of **A** | Both **A** and **R** are true but **R** is NOT the correct explanation of **A** |
| **A** is true but **R** is false | **A**is false but **R** is true |

65. Match List-I with List-II

| List-I | List-II |
|---|---|
| A. Neoclassical Theory of Investment | I. Keynes |
| B. q Theory | II. Jorgenson |
| C. Marginal Efficiency of Capital | III. Samuelson |
| D. Multiplier-Accelerator Model | IV. Tobin |

| | |
|---|---|
| A-II, B-IV, C-I, D-III | A-IV, B-III, C-II, D-I |
| A-IV, B-II, C-I, D-III | A-II, B-IV, C-III, D-I |

66. Match List-I with List-II

| List-I | List-II |
|---|---|
| A. Cournot Equilibrium | I. Joint Profit Maximisation |
| B. Nash Equilibrium | II. Largest Firm Sets Price to Maximise Profits |
| C. Cournot Collusive Equilibrium | III. Equilibrium in which each firm correctly assumes how much its competitor will produce and sets its own production level |
| D. Dominant Firm Model | IV. Set of strategies or actions in which each firm does its best given its competitor's actions |

| | |
|---|---|
| A-I, B-III, C-II, D-IV | A-I, B-II, C-III, D-IV |
| A-III, B-IV, C-I, D-II | A-II, B-I, C-III, D-IV |

67. Match List-I with List-II

| List-I | List-II |
|---|---|
| A. PLI Scheme | I. Collateralised lending by Central Bank for longer periods |
| B. Insolvency and Bankruptcy Code | II. Liquidity enhancing and investment boosting measures |
| C. Long-Term Repo Operations | III. Quick resolution of non-performing assets of banks |
| D. UPI | IV. Largest digital retail payment system in the country |

| | |
|---|---|
| A-IV, B-III, C-I, D-II | A-II, B-I, C-IV, D-III |
| A-IV, B-I, C-III, D-II | A-II, B-III, C-I, D-IV |

68. Given below are two statements: one is labelled as **Assertion A** and the other is labelled as **Reason R**.

**Assertion A:** Walras' law states that the value of aggregate excess demand for all markets is zero.

**Reason R:** If (K-1) markets are in equilibrium, then the market for good K will automatically have demand equal to supply.

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|---|---|
| Both **A** and **R** are correct and **R** is the correct explanation of **A** | Both **A** and **R** are correct but **R** is NOT the correct explanation of **A** |
| **A**is correct but **R** is not correct | **A**is not correct but **R** is correct |

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|---|---|
| 69. | Which of the following are correct regarding market structures:<br>A. Monopolistic competition is characterised by free entry/exit with each firm producing differentiated goods.<br>B. Oligopoly allows free entry.<br>C. Cartels are formed when firms explicitly collude and maximise joint profits.<br>D. Monopoly power arises when price > AC.<br>E. Competitive market does not allow free entry. |

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|---|---|
| A and B only | A and E only |
| C and D only | A and C only |

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| 70. | Which of the following statements are correct?<br><br>A. Under fixed exchange rates and perfect capital mobility, a country cannot pursue an independent monetary policy.<br>B. Under flexible exchange rates and perfect capital mobility, a country cannot pursue independent fiscal policies.<br>C. Under fixed exchange rates and perfect capital mobility, fiscal expansion is extremely effective.<br>D. Under flexible exchange rates and perfect capital mobility, a country can pursue an independent monetary policy.<br>E. Both under fixed and flexible exchange rates, there are no constraints on pursuing fiscal or monetary policies independently. |

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|---|---|
| A and C only | A, C and D only |
| B and D only | B and E only |

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|---|---|
| 71. | Which of the following points lie in the convex set of points (2, 3) and (4, 1)?<br>A. (3.6, 1.4)<br>B. (3.0, 2.0)<br>C. (2.4, 2.6)<br>D. (1.2, 3.8) |

| | |
|---|---|
| A only | B only |
| C and D only | A, B, and C only |

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|---|---|
| 72. | Arrange in the chronological order of the occurrence of events:<br>A. Great Depression<br>B. Golden Age of Capitalism<br>C. Second World War<br>D. Setting up of WTO<br>E. Second international oil price shock |
| C, A, B, E, D | A, C, B, D, E |
| A, C, B, E, D | A, C, E, B, D |

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|---|---|
| 73. | Given below are two statements:<br>**Statement I:** Price signalling refers to implicit collusion in which a firm announces a price increase in the hope that other firms will not follow suit.<br>**Statement II:** Price leadership refers to a pattern of pricing in which one firm regularly announces price changes that other firms then match. |
| Both **Statement I** and **Statement II** are true | Both **Statement I** and **Statement II** are false |
| **Statement I** is true but **Statement II** is false | **Statement I** is false but **Statement II** is true |

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|---|---|
| 74. | Given below are two statements:<br>**Statement I:** When the economy is in liquidity trap, the LM curve is vertical.<br>**Statement II:** Monetary policy is ineffective when the economy is in liquidity trap. |
| Both **Statement I** and **Statement II** are true | Both **Statement I** and **Statement II** are false |
| **Statement I** is true but **Statement II** is false | **Statement I** is false but **Statement II** is true |

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|---|---|
| 75. | Given below are two statements: one is labelled as **Assertion A** and the other is labelled as **Reason R**.<br>**Assertion A:** If a proposition P implies proposition Q, then we can say that P is a sufficient condition for Q or P ⇒ Q<br>**Reason R:** For proposition Q to be true it is sufficient that P is true i.e., Q is a necessary condition for P. |

| | |
|---|---|
| Both **A** and **R** are correct and **R** is the correct explanation of **A** | Both **A** and **R** are correct but **R** is NOT the correct explanation of **A** |
| **A** is correct but **R** is not correct | **A** is not correct but **R** is correct |

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# Exams

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