



UGC-NET

PAPER -III

NEW PATTERN

OBJECTIVE TYPE QUESTION BANK

ECONOMICS

UGC-NET

PAPER -III

NEW PATTERN
OBJECTIVE TYPE QUESTION BANK

ECONOMICS

Copyright © by Cosmos Bookhive Private Limited India.

Printed in India

Published by **Cosmos Bookhive Private Limited**

Corporate Office: V-6/7, (2nd Floor), DLF Phase -III Gurgaon -122002 , INDIA

PHONES: 124-4371455, +91-9811282855

e-Mail: care@cosmosbookhive.com, Online Book Store: www.CosmosBookhive.com

follow us <https://www.facebook.com/CosmosBookhive> <https://twitter.com/cosmosbookhive>

skype: snanda64

MRP:

Bulk Sales

Cosmos Bookhive offers excellent discounts on this book when ordered in quantity for bulk purchases or special sales. Cosmos Bookhive books may be purchased for educational, business, or sales promotional use. For general information on our other products and services or to obtain technical support, please contact: 124-4371455, +91-9811282855 or Care@CosmosBookhive.com and you can also buy books from online bookstore at www.CosmosBookhive.com.

All rights reserved. No part of this book shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording, or otherwise, except as permitted under Sections of the 1956 Copyright Act of India, without either the prior written permission of the Publisher, or authorisation through payment of the appropriate per-copy fee to the Copyright Clearance should be addressed to the Permissions Department Cosmos Bookhive Private Limited, V-6/7, (2nd Floor), DLF Phase - III Gurgaon -122002, India. No patent liability is assumed with respect to the use of the information contained herein. Although every precaution has been taken in the preparation of this book, the publisher and author assume no responsibility for errors or omissions. Nor is any liability assumed for damages resulting from the use of the information contained herein.

Limit of Liability/Disclaimer of Warranty: the publisher and the author make no representations or warranties with respect to the accuracy or completeness of the contents of this work and specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. No warranty may be created or extended by sales or promotional materials. The advice and strategies contained herein may not be suitable for every situation. This work is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If professional assistance is required, the services of a competent professional person should be sought. Neither the publisher nor the author shall be liable for damages arising herefrom. The fact that an organization or website is referred to in this work as a citation and/or a potential source of further information does not mean that the author or the publisher endorses the information the organization or website may provide or recommendations it may make. Further, readers should be aware that Internet websites listed in this work may have changed or disappeared between when this work was written and when it is read.

TRADEMARKS: Cosmos Bookhive, the CBH, Cosmic Ring, Book and the reading Bee logo is trademarks or registered trademarks of Cosmos Bookhive Private Limited India and/or its affiliates, in India and other countries, and may not be used without written permission. All other trademarks (if appeared or mentioned in the book) are the property of their respective owners. Cosmos Bookhive Private Limited, is not associated with any product or vendor mentioned in this book.

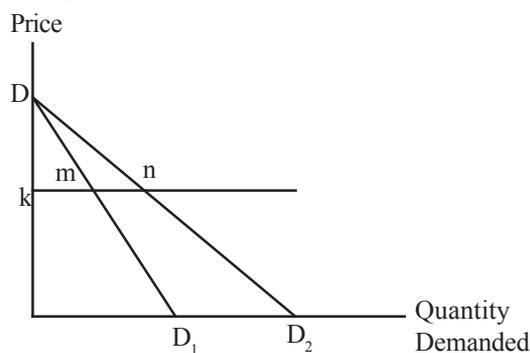
PRACTICE SET – 1

- Consider the following statements :
In competitive market, incidence of tax
 - is shared by buyers and sellers.
 - On buyers increases if elasticity of supply increases.
 - is fully borne by buyers if elasticity of demand is zero.
 - is independent of elasticities.Which of the statements given above is/are correct?
 - 1 and 2 only
 - 1, 2 and 3
 - 3 and 4 only
 - 2 and 4 only
- Which one of the following taxes/cess is levied by States in India?
 - Tax on motor vehicles
 - Tax on hotels
 - Educational cess
 - Tax on wealth
- The Lorenz Curve shows the relationship between
 - Asset creation and income generation
 - Population groups and their respective income shares
 - Unemployment and inflation
 - Wage, labour hours and leisure
- The currency notes in circulation as well as the proportion of the total money supply held in the form of currency are influenced by which of the following?
 - The physical volume of trade and transactions.
 - The level of prices in the economy.
 - The development of banks and banking habits of the people.Select the correct answer using the code given below :
 - 1 only
 - 2 only
 - 1, 2 and 3
 - 1 and 3 only
- Which of the following are the characteristics of the "Traditional Society" in Rostow's Stage theory?
 - Limited production function
 - No government intervention
 - Pre-Newtonian science and technology
 - Dominance of agricultural activitySelect the correct answer using the code given below :
 - 1, 2 and 4
 - 1, 2 and 3
 - 1, 3 and 4
 - 2, 3 and 4
- Capital Deepening refers to which one of the following?
 - Going for more fixed capital
 - Emphasis on social overhead capital
 - A constant capital output ratio
 - An increasing capital output ratio
- Which of the following initiatives is/are identified by the 11th Five Year Plan for accelerating the 'National e-governance programme' ?
 - Making digital signatures mandatory for e-commerce, e-government, and e-banking initiatives.
 - Promoting technologies such as wireless Fidelity (WiFi) for providing the last mile connectivity to the places where copper wiring is not possible.Select the correct answer using the code given below :
 - 1 only
 - 2 only
 - Both 1 and 2
 - Neither 1 nor 2
- Disguised under employments refers to the situation when
 - People seem occupied on a full time basis even though the services they render require less than full time.
 - Workers are underpaid despite doing full time job
 - There is a co-existence of unemployment and inflation
 - The economy experiences under-employment equilibrium
- Which one of the following is explained by Fei-Ranis model?
 - The inter-relationship between the agricultural and the industrial sectors

- (a) 1 only (b) 1 and 2 only
(c) 2 and 3 only (d) 1, 2 and 3
19. Which of the following is/are the reasons for the collapse of Bretton- Woods system?
1. the refusal by the U.S. Treasury to convert short term liability into gold.
 2. The U.S. move to make dollar inconvertible.
 3. The devaluation of U.S. dollar in 1973.
- Select the correct answer using the code given below :
- (a) 1 only (b) 1 and 2 only
(c) 2 and 3 only (d) 1, 2 and 3
20. Tariffication refers to :
- Replacement of quotas by tariffs only
 - Replacement of all existing non-tariff restrictions by tariff
 - Scaling down of tariffs in general
 - Obtaining sanction to increase tariff rates
21. Which one of the following is not correct in the context of IS and LM framework of the theory of interest?
- It integrates money, interest and income into a general equilibrium model of product and money market
 - Investment and interest are the two important variables in the model.
 - the theory is propounded by J.F. Hicks
 - IS represents the money market equilibrium and LM represents the product market equilibrium
22. The accelerator model predicts that the changes in investment is determined by the changes in
- Inventory (b) Capital
 - Interest (c) Output
23. If ΔY = change in national income, ΔI = change in investment, and k = value of multiplier, then the relationship can be written as
- $\Delta Y = \Delta I / k$ (b) $\Delta Y = \Delta I \cdot k$
 - $\Delta Y = k / \Delta I$ (d) $\Delta Y = I \cdot \Delta k$
24. Given, $MPC = 0.8$ and the threshold consumption = 100, which one of the following is the corresponding saving function?
- $100 + 0.2 Y$ (b) $-100 + 0.8 Y$
 - $-100 + 0.2 Y$ (d) $400 + 0.2 Y$
25. According to the classical theory of employment, deviations from the state of full

employment are of

- Permanent nature
 - Purely temporary nature
 - Imaginary situations
 - Normal situations
26. The costs of factors of production, supplies by the entrepreneur himself are known as
- Implicit costs (b) Explicit costs
 - Fixed costs (d) Variable costs
27. Effective demand is that level of demand at which
- Aggregate demand is more than aggregate supply
 - Aggregate demand is less than aggregate supply
 - Aggregate demand is equal to aggregate supply
 - Output is maximum
28. Consider the following two demand curves DD_1 and DD_2 . Supposing $km = mn$, which one of the following is the price elasticity of demand at point m ?



- It is the same as the price elasticity of demand at point n
- It is greater than the price elasticity of demand at point n
- It is smaller than the price elasticity of demand at point n
- It is half the price elasticity of demand at point n

Direction:

All the Assertion (A) – Reason (R) questions in are to be answered based on the options given below:

Codes:

- (a) Both A and R are individually true and R is the correct explanation of A
 (b) Both A and R are individually 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
29. **Assertion (A)** : Marginal cost curve is U shaped.
Reason (R) : The law of variable proportions operates in production sphere.
30. **Assertion (A)** : A firm under monopolistic competition incurs extra expenditure on advertisement.
Reason (R) : There is free entry and free exit of firms under monopolistic competition.
31. **Assertion (A)** : The money creation multiplier is equal to the reciprocal of the minimum reserve ratio.
Reason (R) : The banking system as a whole can grant new credit up to an amount of excess reserves.
32. **Assertion (A)** : Inflationary gap is caused by excess demand.
Reason (R) : Excess demand is due to scarcity of supply of money.
33. **Assertion (A)** : The doctrine of unbalanced growth is based on creation of imbalances in the economy in a conscious manner.
Reason (R) : Unequal development of various sectors often generates conditions for rapid development.
34. The Production function of a commodity is given by $Q = 10\sqrt{LK}$, where Q is the quantity of Output, L is the quantity of Labour and K is the quantity of Capital. Given the above information, which one of the following is the nature of return to scale throughout the function ?
 (a) Constant return to scale
 (b) Decreasing return to scale only
 (c) Increasing return to scale only
 (d) Both decreasing and increasing return to scale.
35. Elasticity of substitution in the case of linear-homogeneous production function equals to
 (a) unity (b) more than unity
 (c) less than unity (d) zero

36. Which of the following are the components of foreign capital ?
 1. Grants and loans
 2. External commercial borrowings
 3. Foreign direct investment
 4. Deposits from non-residents
 Select the correct answer using the code given below :

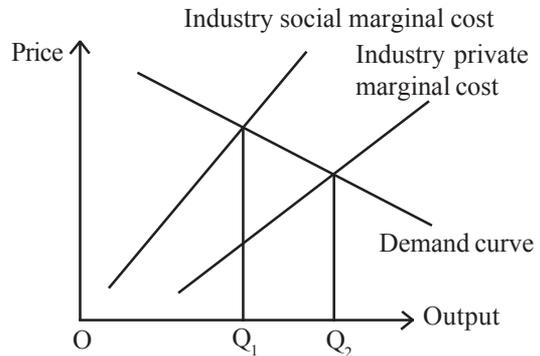
- (a) 1, 2, 3 and 4 (b) 1, 2 and 4 only
 (c) 1 and 2 only (d) 3 and 4 only

37. Consider the following statements :
 The kinked demand curve analysis helps to explain price inflexibility (rigidity) because it implies that an oligopolist would
 1. gain few additional customers from a price reduction since the firm's competitors would also reduce price.
 2. lose many of its customers if it raised its prices since rivals would not follow suit.
 3. often find that $MR = MC$ at the same output level after costs had increased.

Which of the statements given above is/are correct?

- (a) 1 only (b) 1 and 2 only
 (c) 2 and 3 only (d) 1, 2 and 3

38. Consider the following diagram :



The policies which will bring a Pareto optimal position may be

1. a corrective tax on the industry
 2. a production quota by the government.
 3. a subsidy to the industry

Which of the above is/are correct ?

- (a) 1 only (b) 1 and 2 only
 (c) 1, 2 and 3 (d) 2 and 3 only

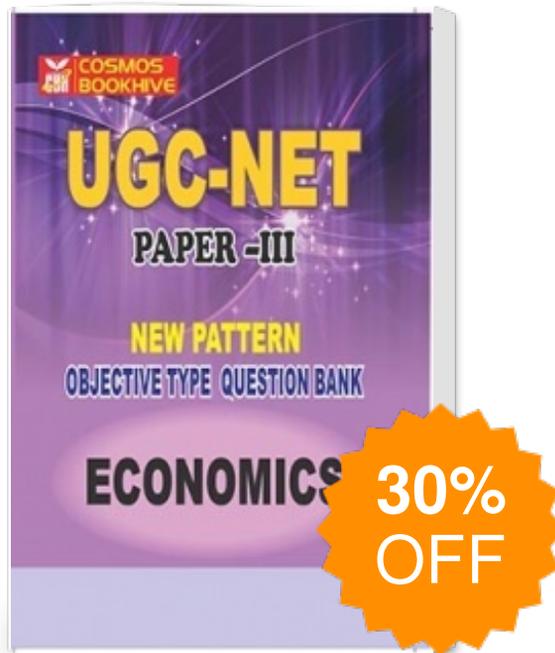
39. Under which one of the following conditions, does product exhaustion theorem hold?
 (a) Increasing return to scale
 (b) Decreasing return to scale
 (c) Constant return to scale
 (d) Constant return to factors of production
40. Public goods are characterized by
 1. Collective consumption
 2. Divisibility
 3. Non-exclusion
 4. Rival-consumption
 Select the correct answer using the code given below :
 (a) 1 and 2 (b) 1 and 3
 (c) 1 and 4 (d) 2 and 4
41. Suppose the market demand function of a perfect competitive industry is given by $Q_d = 4,750 - 50P$ and market supply function is given by $Q_s = 1,750 + 50P$. Price is expressed in rupees. Which one of the following is equal to the market equilibrium price?
 (a) Rs. 30 (b) Rs. 20
 (c) Rs. 25 (d) 26
42. Market failure occurs because if
 1. Externality
 2. Asymmetric information
 3. Perfect competition
 Select the correct answer using the code given below :
 (a) 1, 2 and 3 (b) 1 only
 (c) 1 and 2 only (d) 2 and 3 only
43. Given the total cost as C, the price of labour (L) as P_L , price of capital (K) as P_K ; from which one of the following function, can an iso-cost curve be drawn?
 (a) $K = C/P_K + (C/P_L)L$
 (b) $C = C/P_L + (C/P_K)$
 (c) $C = K \cdot P_K + L \cdot P_L$
 (d) $L = C/P_K - (C/P_L)K$
44. In national income accounting, which one of the following is the difference between gross aggregates and net aggregates?
 (a) The value of net indirect taxes.
 (b) The value of consumption of fixed capital
 (c) The value of intermediate consumption
 (d) The value of final consumption expenditure
45. Consider the following statements relating to gross investment in the national income accounts.
 1. It includes the items relating to residential and non-residential construction.
 2. It takes care of spending on producers durable goods
 3. It includes changes in business inventories.
 Which of the statements given above are correct?
 (a) 1 and 2 only (b) 2 and 3 only
 (c) 1 and 3 only (d) 1, 2 and 3
46. Which one of the following is the difference between value at market prices and value at factor cost for a national income aggregate?
 (a) Value of consumption of fixed capital
 (b) Value of indirect taxes net of subsidies
 (c) Value of net factor income earned abroad
 (d) Value of subsidies net of indirect taxes
47. Given $C = 120 + 0.4Y$, $I = 100$, $G = 56$ (where C = Consumption, I - Investment, G = Government Expenditure and Y = Income); which one of the following is the value of equilibrium income?
 (a) 366.67 (b) 460.00
 (c) 310.00 (d) 266.67
48. Consider the following statements :
 1. Countries with high per capita income do have high physical quality of life index (PQLI).
 2. Countries with high PQLI need not necessarily have high per capita income.
 Which of the statements given above is/are correct?
 (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2
49. Consider the following :
 A good index number is one which satisfies
 1. Unit test
 2. Time-reversal test.
 3. Factor-reversal test.
 Which of the statements given above is/are correct?
 (a) 1 only (b) 2 only
 (c) 2 and 3 only (d) 1, 2 and 3
50. If personal income is Rs. 57,000; personal income tax is Rs. 9,000; consumption Rs. 43,000; interest

- payment Rs. 10,000; personal saving Rs. 40,000; then the disposable personal income would be equal to
- (a) Rs. 50,000 (b) Rs. 47,000
(c) Rs. 48,000 (d) Rs. 40,000
51. A discriminating monopolist charges a
- (a) higher price in the sub-market where price elasticity of demand is high
(b) higher price in the sub-market where price elasticity of demand is low
(c) lower price in the sub-market where price elasticity of demand is low
(d) higher price in the sub-market where demand is low
52. According to Life Cycle Hypothesis, consumption is related to which one of the following?
- (a) Current income
(b) Past peak level income
(c) Life time expected income
(d) Price expectations over one's life time
53. The correlation coefficient is independent of
- (a) scale only (b) origin only
(c) both scale and origin (d) vertex
54. Which one of the following is referred to as lack of peakedness ?
- (a) Skewness (b) Kurtosis
(c) Moments (d) Mode
55. The inequality of income can be measured by using
- (a) Mean (b) Mean deviation
(c) Standard deviation (d) Lorenz curve
56. Which one of the following is the value of mode if mean is equal to 12 and median is equal to 14
- (a) 16 (b) 26
(c) 18 (d) 13
57. The weighted average of price relatives, using base values as weights, is same as the
- (a) Laspeyres quantity index
(b) Paasche's price index
(c) Laspeyres price index
(d) Kelly's price index
58. If every item in a set of data is multiplied by a constant, which of the following measures will remain unchanged ?
- (a) Arithmetic mean

- (b) Geometric mean
(c) Variance
(d) Coefficient of variation
59. Consider the following statements:
- In case of imperative planning, the market mechanism is entirely replaced by a command hierarchy, while in case of indicative planning, it is looked upon as a way to improve the functioning of market system.
 - In case of imperative planning, all economic activities belongs to the public sector, while in case of indicative planning they belong to the private sector
- Which of the statements given above is/are correct?
- (a) 1 only (b) 2 only
(c) Both 1 and 3 (d) Neither 1 nor 2
60. Demographic dividend refers to a rise in population
- (a) between the age group of 1 to 14 years
(b) between the age group of 15 to 64 years
(c) between the age group of 65 to 74 years
(d) above 74 years
61. Match List I with List II and select the correct answer using the code given below the lists :
- | List I
(Nature of MRS_{xy}) | List II
(Shape of Indifference curve) |
|-----------------------------------|------------------------------------------|
| A. MRS_{xy} is equal to zero | 1. Convex to the origin |
| B. MRS_{xy} is constant | 2. Concave to the origin |
| C. MRS_{xy} is positive | 3. L shaped (Right angle) |
| D. MRS_{xy} is negative | 4. Straight line with negative slope |
- Code :**
- | | A | B | C | D |
|-----|---|---|---|---|
| (a) | 1 | 2 | 3 | 4 |
| (b) | 1 | 3 | 2 | 4 |
| (c) | 4 | 2 | 3 | 1 |
| (d) | 4 | 3 | 1 | 2 |
62. In the long run, the cost and output relationship depends on which one of the following?
- (a) Return to scale

- (b) Fixed proportion of the variable
(c) Return to the variable factor
(d) Return to the fixed factor
63. Balance on Capital account refers to the :
(a) Nation's net exports of goods and services
(b) Nation's net exports of financial claims
(c) Nation's net exports of international official reserve assets
(d) Nation's sum of net exports of goods, services and financial claims
64. With which one of the following does the Prebisch -Singer hypothesis deal?
(a) Terms of trade of less developed countries
(b) Terms of trade of developed countries
(c) Balance of payments of less developed countries
(d) Balance of payments of developed countries
65. The effect of trade with different production possibilities curves and identical indifference curves is to make a country
(a) More specialized in consumption and less specialized in production
(b) More specialized in production and less specialized in consumption
(c) Less specialized both in consumption and in production
(d) more specialized both in consumption and in production
66. Keynes states that the aggregate demand function is-
(a) An increasing function of the level of employment
(b) A decreasing function of the level of employment
(c) A constant function of the level of employment
(d) Not related to the level of employment
67. Consider the following statements :
1. Bond price and interest rate vary indirectly.
2. A tax on personal income reduces disposable income.
3. According to Say's Law demand creates its own supply.
Which of the statements given above are correct?
(a) 1 and 2 only (b) 2 and 3 only
- (c) 1 and 3 only (d) 1, 2 and 3
68. Imposition of a tariff will change the income distribution of the tariff-imposing country in favour of the scarce factor and against the abundant factor. This is known as :
(a) Leontief paradox
(b) Lerner paradox
(c) Stolper- Samuelson theorem
(d) Metzler paradox
69. Consider the following statements :
When factor intensity reversal occurs
1. Heckscher - Ohlin trade model fails.
2. Factor price equalization theorem fails.
3. Elasticity of substitution of one factor for the other is much higher in the production of a commodity.
Which of the statements given above is/are correct?
(a) 1 only (b) 2 only
(c) 1 and 3 only (d) 1, 2 and 3
70. Which of the following are the measures of Integrated Slum Development Programme adopted in India in the 11th Five Year Plan?
1. Creating and updating database on slums
2. Using land as a resource for housing and shelter development for slum dwellers.
3. Asking slum dwellers to apply for house loan from government.
4. Granting tenure security to slum dwellers.
Select the correct answer using the code given below :
(a) 1, 2 and 3 (b) 1 and 2 only
(c) 2 and 4 only (d) 1, 2 and 4
71. Under which one of the following conditions is the gain from international trade maximised?
(a) Marginal rate of transformation (MRT) in production is equal to the marginal rate of substitution (MRS) in consumption
(b) MRT in production is greater than MRS in consumption
(c) MRT in production is less than MRS in consumption
(d) MRT in production and MRS in consumption are equal to international price ratio
72. The total public sector outlay in the Eleventh

UGC-NET Paper-III Objective Type Question Bank Economics (New Pattern)



Publisher : [Cosmos Bookhive](#)

Author : [Cosmos Bookhive](#)

Type the URL : <http://www.kopykitab.com/product/8619>



Get this eBook