MIZORAM PUBLIC SERVICE COMMISSION

TECHNICAL COMPETITIVE EXAMINATIONS FOR RECRUITMENT TO THE POST OF JUNIOR GRADE OF MIZORAM PLANNING, ECONOMICS & STATISTICAL SERVICE OCTOBER, 2015

ECONOMICS
PAPER – II

Time Allowed : 3 hours   Full Marks : 100

PART – A
(20×1=20)
Attempt all questions.

1. Analysis of government decision on welfare aspect is

(a) Positive Economics   (b) Normative Economics

(c) Analytical Economics   (d) Applied Economics

2. Prof. Ragnar Nurkse defined underdevelopment in terms of

(a) Scarcity of natural resources   (b) Scarcity of human resources

(c) Scarcity of technology   (d) Scarcity of capital

3. According to Milton Friedman, people hold money with them

(a) because of speculative motive   (b) to give marginal utility by holding money

(c) because of irrational behaviour   (d) none of these

4. Cess is tax for

(a) Specific purpose   (b) Gift & windfall gains

(c) Fine & fees   (d) Profit

5. If the cost condition of goods in labour mandays between India and USA area as follows:

	1 Unit of Good A	1 Unit of Good B
India	120	100
USA	80	90

USA has the comparative advantage in

(a) Good A   (b) Good B

(c) Goods A & B   (d) No comparative advantage

6. Enhanced structural adjustment facility is provided by

(a) ADB   (b) IMF

(c) EIB   (d) WTO

7. Government's increase in administered prices will lead to

   (a) Cost push inflation   (b) Demand Pull inflation

   (c) Both (a) and (b)   (d) Expansionary pressure

8. Fund which has to be invested in government bonds is called

   (a) Investment ratio   (b) Cash reserve ratio

   (c) Statutory liquidity ratio   (d) Credit ratio

9. Economic Liberalisation in India started with

   (a) Doing away with procedural formalities for foreign direct investment

   (b) Significant reduction in tax rates

   (c) The convertibility of Indian Rupee

   (d) Substantial changes in industrial licensing policy

10. Post Office Saving Deposit is part of

   (a) M_1 (b) M_2

   (c) M_3 (d) M_4

11. Which of the following pairs is not correctly matched?

   (a) Division of labour : Adam Smith   (b) Population growth : T.R.Malthus

   (c) Golden age : Joan Robinson   (d) Critical Minimum effort : J.E.Meade

12. Solow's model of long run growth is an improvement over that of

   (a) J.E.Meade   (b) Harrod - Domar

   (c) Joan Robinson   (d) David Ricardo

13. Sectors which are included in infrastructure are

   (a) transportation   (b) communication

   (c) energy   (d) all of these

14. To raise productivity in agriculture it is necessary that

   (a) productive tariffs are imposed

   (b) better inputs are made available to agriculturists

   (c) bank rate is lowered

   (d) less money is spent on industrial expansion

15. Which form of money has the highest degree of liquidity?

   (a) M_1 (b) M_2

   (c) M_3 (d) M_4

16. Consider the following:

   (i) Power to issue notes   (ii) To act as banker's bank

  (iii) To act as a bank to the government   (iv) To act as a bank to the public

Which of the above are functions of the central bank?

  (a) i and ii

  (b) i, ii and iv

  (c) i, ii and iii

  (d) i, ii, iii and iv

17. Which of the following budgeting systems includes the decisions to spend a particular set of resources for a particular purpose and involves laying down the sequence of steps for executing the project?

  (a) Programme budgeting

  (b) Performance budgeting

  (c) Comparison budgeting

  (d) Economic budgeting

18. A pure public good is subject to

  (a) the law of increasing costs

  (b) the law of constant costs

  (c) the law of decreasing costs

  (d) none of these

19. Match *List I* (Economists) with *List II* (Terms of trade) and select the correct answer using the codes given below :

List I	*List II*
A. Jacob Viner	1. Gross Barter terms of trade
B. Taussig	2. Income terms of trade
C. G.S.Dorrance	3. Single factoral terms of trade

Codes:

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

20. The term 'Hindu rate of growth' was conceptualised by

  (a) V.K.R.V.Rao

  (b) M.N.Roy

  (c) K.N.Raj

  (d) A.K.Sen

PART – B

(5×4=20)

Write short notes on the following

21. Distinction between Development and Growth.

22. Terms of Trade between Agriculture and Industry.

23. Demand-Pull and Cost-Push inflation.

24. Benefit and ability to pay approach to taxation.

25. Export led Growth Strategy.

PART – C

(6×10=60)

*Answer **any six** questions from the following*

26. Briefly outline the Harrod-Domar model of economic growth. How far is the model applicable to developing countries? **(6+4=10)**

27. Discuss the roles of government in economic development of the country. **(10)**

28. Define the concept of sustainable agriculture. Do you think that various agricultural technologies introduced in India would promote sustainable agriculture? **(3+7=10)**

29. Examine the role of agriculture in economic development of a country. Analyse the nature of interdependence between agriculture and industry. **(5+5=10)**

30. Explain Friedman's Restatement of Quantity Theory of Money. Enunciate its weaknesses. **(7+3=10)**

31. What are the components of money supply? Examine the role of central bank in regulation of credit and money supply in the country. **(4+6=10)**

32. Explain the Wagner's Law of Increasing State Activities. What, in your opinion, are the causes of increase in public expenditures in India in recent years? **(6+4=10)**

33. What is meant by Public Goods? Explain in detail how the market fails in providing public goods and the need for government intervention. **(3+7=10)**

34. Distinguish between static and dynamic gains from trade. Describe the factors which influence the terms of trade of a country. **(4+6=10)**

35. What do you mean by Poverty? Suggest measures to tackle the problem of poverty in India. **(3+7=10)**

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