

1. Given the required reserve ratio (RRR) is 8% and 12.5% for every ₹ 1,00,000 deposited in the banking system, compute the credit multipliers.

- (A) 12.5 ; 8
(C) 12.5 ; 10

- (B) 8 ; 12.5
(D) 8 ; 10

1 (1)

2. Tobin, in his theory of liquidity preference function, framed the relationship between which of the following?

- (A) Demand for money and supply of money
(B) Rate of inflation and demand for money
(C) Rate of interest and demand for money
(D) Rate of interest and disposable income

3. Which equation accurately represents the expanded version of the equation of exchange?

- (A) $P = MV$
(C) $PT = MV + M'V'$

- (B) $P = M'V'$
(D) $PT = MV - M'V'$

(1)

4. Speculative demand for money can be closely linked to which of the following situation?

- (A) Unforeseen and unpredictable contingencies
(B) Current transaction for business exchange
(C) Mismatch between receipt of salary and household expenses
(D) Attractive investment opportunity

(1)

5. Which of the following is not a channel of monetary policy transmission?

- (A) Saving and Investment channel
(B) Cash-flow channel
(C) Exchange Rate channel
(D) Open Market channel

(1)

If Net Factor Income from Abroad is negative:

- ✓ (A) GNP_{MP} would be smaller than GDP_{MP}
- (B) Gross Income earned by country's citizen and companies abroad is negative
- × (C) NNP_{MP} would be greater than GNP_{MP}
- × (D) Huge depreciation component in NNP_{MP}

(1)

$$\begin{array}{r} 40 \\ - 40 \\ \hline 0 \end{array}$$

If marginal propensity to consume is 0.6 and marginal propensity to import is 0.04, what is the value of the foreign trade multiplier?

- (A) 3.33
- (B) 2.27
- (C) 3.66
- (D) 2.54

$$\frac{1}{1 - 0.6 + 0.04}$$

$$= \frac{1}{0.44}$$

Which of the following factor of production is not included in calculating the National Income?

- ✓ (A) Pensions of retired workers
- (B) Wages of labourers
- (C) Employers' contribution to provident fund
- (D) Interest on loans availed for productive services

(1)

National income of the economy which is either consumed or saved is equal to the:

- ✓ (A) Aggregate supply
- × (B) Marginal propensity to consume
- (C) Average supply
- × (D) Marginal propensity to save

$$Y = C + I$$

Given the saving function $S = -20 + 0.5Y$ and autonomous investment $I = 100$ crores, what is the consumption?

- (A) ₹ 240 crores
- ✓ (B) ₹ 140 crores
- (C) ₹ 340 crores
- (D) ₹ 440 crores

$$S = I$$

$$-20 + 0.5Y = 100$$

$$Y = 240 +$$

$$Y = C + I$$

$$C = \bar{C} + mpc \cdot Y$$

$$+ .5$$

$$Y = 20 + .5Y + 100$$

$$.5Y = 120$$

$$Y = \frac{120 \times 2}{.5} = 240$$

PQN

11. State policy aimed to protect domestic producers against foreign competition through the use of tariff, quotes and non-tariff policy instruments is called:

- (A) Protectionism
 - (B) Distortions
 - (C) Safeguard
 - (D) Blanket cover
- (1)

12. Which of the following is not an objective of WTO ?

- (A) To set and enforce rules for international trade.
 - (B) To maintain secrecy of decision making.
 - (C) To resolve trade disputes.
 - (D) To provide a forum for negotiating and monitoring further trade liberalization
- (1)

13. Which of the following currency is often referred to as the - vehicle currency, in the foreign exchange market?

- (A) US Dollar
 - (B) Euro
 - (C) Russian Ruble
 - (D) INR
- (1)

14. What is the primary purpose of countervailing duties charged in an importing country?

- (A) To counteract low quality of goods in importing countries
 - (B) To neutralize artificially low prices charged by exporter resulting from export subsidies in their home country
 - (C) To prevent tariff evasion by importers
 - (D) To address variations in the quality of goods in importing country
- (1)

15. When a foreign investor having no previous experience initiates a FDI in a business which is not related to its existing business in its home country and is usually in the form of a joint venture with a foreign firm operating in the industry, it is known as a _____.

- (A) Two way FDI
 - (B) Vertical FDI
 - (C) Horizontal FDI
 - (D) Conglomerate FDI
- (1)

(0)

PQN

16. Calculate the Nominal exchange rate considering the following data :

Real exchange rate	25
Domestic price index	140
Foreign price index	70

$$R = N \times \frac{F}{D}$$

$$25 = N \times \frac{70}{140} \quad (1)$$

Choose the correct answer from the following options:

- (A) 50.0
(B) 12.5
(C) 40.0
(D) 35.0

$$NER = \frac{RER \times FP}{D.P.}$$
$$= \frac{25 \times 70}{140}$$
$$= 12.5$$

17.

Which of the following represents a technical measure within Non-Tariff Measures (NTMs)?

- (A) Custom formalities
(B) Shipping requirements
(C) Production Processes ✓
(D) Trade-related finance and Investment measures

18.

Which of the following is not a benefit of International Trade?

- (A) Provides greater stimulus to innovative services ✓
(B) Trade provides access to new markets and new materials
(C) Underprivileged countries will be less vulnerable to exploitation by corporations operating globally ✓
(D) Improvement in the quality of output of goods and services for emerging economies

19.

Which of the following is a combination of two policy instruments – quotas and tariffs?

- (A) Tariff rate quotas ✓
(B) Compound tariffs
(C) Mixed tariffs
(D) Applied tariffs

PQN

+

(7)
PQN

20.

In National Accounts, which of the following is considered an 'economic bad' excluded from GDP?

- (A) Traffic Congestion
 (B) Volunteer services
 (C) Rent from self-owned houses
 (D) Consumption of fixed capital

21.

Which of the following is not an example of leakages from income stream?

- (A) Progressive rates of taxation
 (B) High liquidity preference
 (C) Distributed profits of corporations
 (D) Demand for imported goods

22.

All of the following are included in government final consumption expenditure except:

- (A) Government expenditure on defence
 (B) Government expenditure on education
 (C) Government expenditure on healthcare
 (D) Government expenditure on pensions

6.19 Page

(1)

23.

An autonomous increase in imports has _____ effect on equilibrium income.

- (A) Expansionary
 (B) Contractionary
 (C) Balanced
 (D) No

24.

Which of the following is not listed as a common objective of fiscal policy?

- (A) Equitable distribution of income and wealth
 (B) Maintenance of price stability
 (C) Promotion of exports and imports
 (D) Achievement and maintenance of full employment

25.

_____ capital performs its function in production in a single use and is not available for further use. Choose the correct option.

- (A) Real
- (B) Circulating
- (C) Tangible
- (D) Intangible

①

26.

What does the term entrepreneur in economics refers to:

- (A) The person combining factors of production, bearing risk, and innovating
- (B) The person who only owns land or property
- (C) The head of the marketing department
- (D) The investor in machinery and products

①

27.

If cross-price elasticity between two products is zero, the goods are best described as:

- (A) Close substitutes
- (B) Totally unrelated
- (C) Perfect substitutes
- (D) Complements to each other

①

28.

Which of the following is the effect of non-price determinants on the Leftward Shift in Demand Curve?

- (A) Rise in the price of a substitute good
- (B) Rise in the price of a complement
- (C) An Increase in number of buyers
- (D) An expectation that the price will rise in the future

①

29.

Which of the following is NOT a correct statement regarding opportunity cost?

- (A) Is always recorded in the books of account
- (B) Relates to sacrificed alternatives
- (C) Represents the value of foregone opportunity
- (D) Is a useful concept in long-term cost calculations

①

30. Which of the following was not a major reform introduced during the 1980s in India?
- (A) Industrial delicensing
 (C) Currency demonetization
- (B) Formation of SEBI
 (D) Implementation of MODVAT
31. Which sector accounts for the largest recipient of FDI inflows in India?
- (A) Service
 (C) Primary
- (B) Manufacturing
 (D) Secondary
32. What does a Brownfield investment in Foreign Direct Investment (FDI) imply:
- (A) Developing entirely new infrastructure
 (B) Utilizing existing infrastructure by means of mergers, acquisitions or leasing
- (C) Forming partnerships with foreign companies
 (D) Establishing a new subsidiary in another country
33. Which initiative of the NITI Aayog is a one-stop destination for all information on electric vehicles?
- (A) Shooonya Campaign
 (B) E-Amrit
- (C) Methanol economy
 (D) Life
34. Make in India 2.0 focuses on _____.
- (A) 15 manufacturing and 12 service sectors
 (B) 12 manufacturing and 15 service sectors
 (C) 22 manufacturing and 18 service sectors
 (D) 18 manufacturing and 22 service sectors
35. Which of the following industries is included in the eight core sectors assessed by the Index of Industrial Production (IIP)?
- (A) Pharmaceuticals
 (C) Coal
- (B) Textiles
 (D) Tourism

36.

Laissez faire approach advocated:

- (A) Minimum government interference in or regulation of economic activity
- (B) Increase in government spending to combat the recessionary forces (1)
- (C) Having a more active fiscal policy
- (D) Increasing taxes to curtail aggregate demand

37.

What is Net Divisible Pool (NDP)?

- (A) Total funds from which loans can be taken by various states
- (B) Total loans recovered from IMF to be divided among center and states
- (C) Distribution of total revenue of a nation among various sectors of the economy
- (D) Portion of gross tax revenue which is distributed between the center and the states

Using below mentioned data, answer Question No. 38 and 39:

Revenue receipts	₹ 25,000 Cr
Expenses on revenue account	₹ 30,000 Cr
Expenses on capital account	₹ 30,000 Cr
Estimated total expenditure	₹ 60,000 Cr
Estimated total revenue	₹ 54,000 Cr

38.

Calculate the budgetary deficit.

- (A) ₹ 25,000 Crores
- (B) ₹ 5,000 Crores (1)
- (C) ₹ 6,000 Crores
- (D) ₹ 12,000 Crores

39.

Calculate the revenue deficit:

- (A) ₹ 5,000 crores
- (B) ₹ 12,000 crores (1)
- (C) ₹ 2,000 crores
- (D) ₹ 8,000 crores

(11)

PQN

40.

If output increases from 60 units to 70 units, leading to an increase in total revenue from ₹ 100 to ₹ 120. What is the marginal revenue?

- (A) ₹ 10
(B) ₹ 20
(C) ₹ 100
(D) ₹ 2

6550 (1)

$$MR = \frac{20}{10} = 2$$

41.

Which of the following is core characteristic of an oligopoly?

- (A) Efficient allocation of resources
(B) Lease advertising
(C) Unique product
(D) Interdependence between firms

(1)

42.

A curve which shows all the different combinations of inputs that can produce same level of output is known as:

- (A) Marginal Cost Curve
(B) Iso-cost
(C) Isoquant
(D) Total product curve

(1)

43.

“Total Supply of land is perfectly inelastic from the point of view of the economy”, it means:

- (A) Its supply increases with increase in demand
(B) Its supply is unaffected with change in demand
(C) Its supply decreases with increase in demand
(D) Its supply decreases with decrease in demand

(1)

44.

Markets where firms buy the resources they need like land, labour etc. are called:

- (A) Product Markets
(B) Factor Markets
(C) National Markets
(D) Spot Markets

(1)

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45. Precedence of property rights over human rights is a demerit of which type of economy?

- (A) Micro economy
- (B) Macro economy
- ~~(C) Capitalist economy~~
- (D) Socialist economy

①

46. Which of the following is not covered in micro economics?

- (A) Product pricing
- ~~(B) Factor pricing~~
- ~~(C) The general price level and interest rates~~
- (D) The economic conditions of a section of people

①

47. Which of the following is a normative statement?

- ✓(A) Public healthcare increases public expenditure
- (B) Higher interest rates as set by the government's economic policy will reduce house prices
- (C) If consumer income drops, consumers will have less money to spend
- ~~(D) The government should provide healthcare for all~~

①

48. Match the following:

Column A

Column B

- | | |
|------------------------|---|
| (i) Capitalist Economy | (a) Command Economy |
| (ii) Socialist Economy | (b) High Degree of operative Efficiency |
| (iii) Mixed Economy | (c) Encourages enterprise and Risk taking |

①

- (A) (i)-(a), (ii)-(b), (iii)-(c)
- (B) (i)-(b), (ii)-(c), (iii)-(a)
- ~~(C) (i)-(b), (ii)-(a), (iii)-(c)~~
- ~~(D) (i)-(c), (ii)-(a), (iii)-(b)~~

(13)

PQN

Purchase of foreign currency contract at future rate from bank is a transaction involving:

- (A) Forward Market
(B) Regulated Market
(C) Spot Market
(D) Retail Market
- (1)

50.

A market characterized by a small number of large buyers and is mostly relevant to factor market is termed as:

- (A) Duopoly
(B) Monopsony
(C) Oligopsony
(D) Bilateral monopoly
- (1)

51.

Which of the following is not true for long run equilibrium of a perfectly competitive industry?

- (A) All firms in the industry are in equilibrium.
(B) All firms are earning super normal profits.
(C) The price of the product is such that quantity supplied by the industry is equal to the quantity demanded by consumers.
(D) Plants are used to full capacity in the long run.
- (1)

52.

In a monopoly market if $ATC > AR$:

- (A) Firm will earn normal profits
(B) Firm will earn super normal profits
(C) Firm will earn abnormal profit
(D) Firm will incur losses
- (1)

53.

The cross elasticity of demand for monopolist's product and any other product is:

- (A) 1
(B) Greater than 1
(C) Less than 1
(D) Zero or very small
- (1)

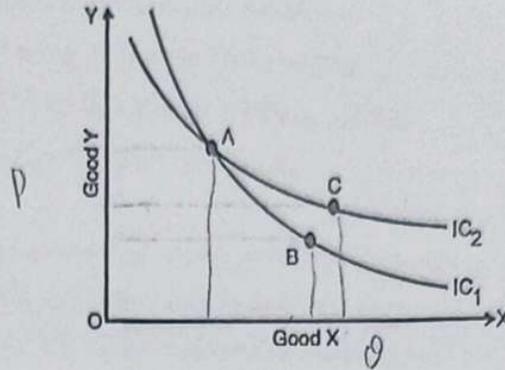
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(14)
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54.

Consider the indifference curves given below. What can you infer about the relationship between Good X and Good Y?



- (A) Good X and Good Y are perfect substitutes of each other
- (B) Good X and Good Y are perfect complements
- (C) The relationship between Good X and Good Y is logically absurd
- (D) Good X and Good Y are same

55.

The product of price quantity ratio at a particular point on the demand curve and the reciprocal of the slope of the demand line is called:

- (A) Point elasticity
- (B) Arc elasticity
- (C) Total outlay method of elasticity
- (D) Total revenue method of elasticity

$$e = \left(\frac{\Delta Q}{\Delta P} \times \frac{P_1}{Q} \right)$$

56.

When even after increase in price, total revenue remains the same the demand is said to be:

- (A) Perfectly elastic
- (B) Elastic
- (C) Inelastic
- (D) Unitary elastic

57.

Which of these is the correct expression for Arc Elasticity?

- (A) $(P_2 - P_1) / (P_2 + P_1) \times (Q_2 + Q_1) / (Q_2 - Q_1)$
- (B) $(P_2 - P_1) \times (P_2 + P_1) / (Q_2 + Q_1) \times (Q_2 - Q_1)$
- (C) $(P_2 + P_1) / (P_2 - P_1) \times (Q_2 - Q_1) / (Q_2 + Q_1)$
- (D) $(P_2 + P_1) \times (P_2 - P_1) / (Q_2 - Q_1) \times (Q_2 + Q_1)$

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+

58. Which of the following is a unique feature in the growth trajectory of the Indian economy?

- (A) Shift from services to the agricultural sector
- (B) Shift from manufacturing to the services sector
- (C) Shift from agricultural to the manufacturing sector
- (D) Shift from agriculture to the services sector

①

59. Introduction of prudential norms of accounting in respect of classification of assets, disclosure of income and provisions for bad debts in case of commercial banks is related to which of the following reform measures?

- (A) Fiscal reforms
- (B) Monetary and financial sector reforms
- (C) Capital market reforms
- (D) Trade policy reforms

60. In India, public sector is limited to which of the following sectors?

- (A) Railway transport and arms and ammunition
- (B) Railway transport and atomic energy
- (C) Atomic energy and arms and ammunition
- (D) Hazardous chemicals and narcotic drugs

①

61. Which of following taxes has not been replaced by the Goods and Service Tax?

- (A) VAT
- (B) Income Tax
- (C) Excise duty
- (D) Service Tax

①

62. How many crops are mandated to receive price support through "Minimum Support Price" (MSP)?

- (A) 22
- (B) 21
- (C) 23
- (D) 24

✓63.

Which item is not included when calculating national income using the income method?

- ✓(A) Compensation of employees ✓(B) Mixed income of self-employed
 ✓(C) Interest paid on consumption loans ✓(D) Rent

①

✓64.

Which of the following is not a characteristic of contraction?

- (A) Fall in level of investments
 (B) Fall in employment levels
 (C) Decrease in input demand pulls input prices down
 ✓(D) Bank credit expands

①

✓65.

Which of the following is not a lagging economic indicator?

- ✓(A) Unemployment ✓(B) Corporate profits
 ✓(C) Labour cost per unit of output ✓(D) Changes in stock price

①

✓66.

Refer to the following data :

Sales : ₹1,000 Crores

Depreciation : ₹ 70 Crores

Opening stock : ₹ 100 Crores

Closing stock : ₹ 90 Crores

GST : ₹ 100 Crores

Intermediate consumption : Rs.440 Crores

Based on the above data, compute the Gross Value Added at Market Price (GVA mp).

- (A) ₹ 380 crores (B) ₹ 620 crores
 (C) ₹ 480 crores ✓(D) ₹ 550 crores

①

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$$\begin{aligned}
 \text{GVAmp} &= 1000 + 10 \\
 \text{GDPmp} &= 990 - 440 + 550
 \end{aligned}$$

67.

Relationship between inputs and outputs, when all inputs are changed in the same proportion are called:

- (A) Law of variable proportion
(C) Isoquants
~~(B) Returns to scale~~
(D) Iso-cost lines

①

Use the table to answer questions 68 and 69 :

Output	0	1	2	3	4	5	6
Total Cost (₹)	270	370	460	540	610	690	780
TVC	-	100	190	270	340	420	570
TFC	270	270	270	270	270	270	270

68.

Average variable cost for 4 units of output is:

- (A) ₹ 150
(C) ₹ 100
(B) ₹ 125
~~(D) ₹ 85~~

①

$$\begin{array}{r} 610 \\ - 270 \\ \hline 340 \\ \div 4 \\ \hline 85 \end{array}$$

69.

The average fixed cost of 3 units of output is:

- ~~(A) ₹ 90~~
(C) ₹ 150
(B) ₹ 100
(D) ₹ 180

①

$$\frac{270}{3} = 90$$

70.

Which of the following is not true with regard to stage of diminishing returns?

- ~~(A) Total product continues to decrease~~
×(B) Both marginal product and average product of the variable factor are diminishing but are positive
(C) A rational producer will seek to produce within the range of this stage
×(D) By the end of this stage, total product reaches its maximum

①

71.

Which of the following factors does not lead to internal economies of scale:

- ×(A) Specialisation of labour
×(C) Use of by-products
(B) Use of superior techniques
~~(D) Supply of skilled labour~~

①

72.

The money multiplier would be larger in which of the following scenarios?

- (A) Smaller expenditure-deposit ratio
- (B) Higher currency-deposit ratio
- (C) Smaller currency-expenditure ratio
- (D) Smaller currency-deposit ratio

①

73.

Which action does the central bank perform during Open Market Operations (OMO) to introduce high-powered money into the economy?

- (A) Purchase of government securities
- (B) Sale of corporate bonds
- (C) Printing additional currency
- (D) Raising interest rates

①

74.

Who is responsible for determining the inflation target for the RBI under the Monetary Policy Framework?

- (A) RBI independently
- (B) The Central Government in collaboration with the RBI
- (C) The Finance Ministry
- (D) The Monetary Policy Committee

①

75.

When the RBI uses persuasion to convince banks to hold government securities instead of lending to certain sectors, it is called:

- (A) Margin requirements
- (B) Statutory Liquidity Ratio
- (C) Market Stabilization Ratio
- (D) Moral Suasion

①

76.

The optimal average money holding is a negative function of which of the following?

- (A) Income
- (B) Nominal interest rate
- (C) Transaction cost
- (D) Price level

①

(19)

PQN

77.

Calculate real GDP if nominal GDP is 450 and price index is 120.

(A) 540

(B) 350

(C) 375

(D) 475

$\frac{450}{120} \times 100$

① $\frac{1500}{4500} \times 100$
 $\frac{120}{375}$

Use the following data to answer question 78 and 79 :

Particulars	₹ Crores
Operating surplus	2,500
Mixed income of Self Employed	1,500
Rent	680
Profit	720
Interest	1,100
Net indirect tax	400
Consumption of fixed capital	300
Compensation of employees	1,000

$GDP_{MP} = NDP_{FC} + Dep + NIT$
 $= 5000 + 300 + 400$

$GDP_{FC} = GDP_{MP} - NIT$
 $= 5700 - 400$

$NDP_{FC} = 5000$
 $5000 = GP_{MP}$
 400

$GDP_{MP} = 5000$
 400
 4600
 $GDP_{FC} = 4600$

78.

Calculate GDP_{FC}

(A) ₹ 5,000 crores

(B) ₹ 7,500 crores

(C) ₹ 7,100 crores

(D) ₹ 5,300 crores

79.

Calculate GDP_{MP}

(A) ₹ 5,700 crores

(B) ₹ 8,200 crores

(C) ₹ 5,000 crores

(D) ₹ 7,500 crores

80.

Operating surplus includes:

(A) Rent, Interest and Compensation of employees

(B) Rent, Interest and Profit

(C) Rent, Profit and Compensation of employees

(D) Rent, Interest and Taxes

① $NDP_{FC} = 5000$
 $+ Dep + 300$
 5300
② GDP_{FC}
 5300
 400
 5700

PQN

$1000 + 2500 + 1500$

PQN

81.

In the kinked demand curve scenario for oligopoly, what happens when a firm raises its price above the prevailing level?

- (A) Competitors follow and raise prices
- (B) The demand becomes perfectly inelastic
- (C) The firm loses market share as competitors do not follow
- (D) The demand curve becomes horizontal

①

82.

First degree price discrimination in a monopolist market is based on:

- (A) Attributes such as location
- (B) Different quantities sold
- (C) Each individual customer
- (D) Different markets

83.

If the price elasticity of demand is 1, MR will be

- (A) 0
- (B) 1
- (C) Positive
- (D) Negative

$$MR = AR \left(\frac{P}{E} \right)$$

84.

Consider a monopolist selling in two markets. At a price of 60, the elasticity of demand in market A is 5 and in market B is 6. Calculate the marginal revenue in both markets and determine which market should receive more output.

300
310

- (A) Market A, MR = 48; Market B, MR = 50, output to market B should increase
- (B) Market A, MR = 50; Market B, MR = 48, output to market A should increase
- (C) Both markets have equal MR
- (D) Neither market should change output

$$AR \times \frac{P}{E}$$

$$60 \times \frac{4}{5}$$

①

85.

Which characteristic is shared by monopoly and monopolistic competition, but NOT by perfect competition?

- (A) Price equal to marginal cost
- (B) Supernormal profits in long run
- (C) Price higher than marginal cost
- (D) No selling costs

①
48

PQN

$$MR = 60 \times \frac{4}{5}$$

$$= 60 \times \frac{5}{6}$$

86. Other things being equal, the demand for a good and the price of its complement has:

- (A) Positive relationship (B) Direct relationship (C) Inverse relationship (D) Proportional relationship

87. The price of a product is ₹ 100 per unit. If price falls by 20% the quantity increases by 120 units. The price elasticity of demand is -1. The new quantity demanded due to fall in price is:

- (A) 480 units (B) 600 units (C) 680 units (D) 720 units

$P = 100$
 $P_1 = 80$
 $\Delta P = 20$
 $Q_2 = 120$
 $\frac{120}{20} \times \frac{100}{100} = 1$

88. Predominance of bureaucracy and the resulting inefficiency and delays which may lead to corruption, red-tapism is a demerit of:

- (A) Capitalist economy (B) Socialist economy (C) Consumer sovereignty (D) Normative economy

89. Consumer surplus is:

- (A) What a consumer is ready to pay over what he actually pays (B) Necessaries and comforts needed by a consumer (C) Desire or wish to buy a commodity backed by adequate ability and willingness to pay (D) Actual demand by a consumer

$P = 100$
 $P_1 = 80$
 $\Delta P = 20$
 $\Delta Q = 120$
 $\frac{120}{20} \times \frac{100}{100} = 1$
 $Q = 600$

90. Which of the following are types of measurement of supply-elasticity?

- I. Point elasticity
II. Inelasticity
III. Arc elasticity
IV. Perfect elasticity

- (A) I only (B) II only (C) Both I and IV (D) Both I and III

$E = \frac{120}{20} \times \frac{100}{100}$
 $E = 600$

$e = \frac{\Delta Q}{Q} \times \frac{P_1}{P}$

$1 = \frac{120}{20} \times \frac{100}{100}$

$1 = \frac{120}{20} \times \frac{100}{100}$

$Q_1 = 150$

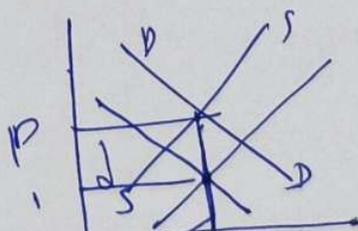
91. Which phase of business cycle is also called ~~down~~downing?
(A) Expansion (B) Contraction (C) Trough (D) Depression

92. What will be the impact on equilibrium price and equilibrium quantity when demand decreases and supply increases?
(A) Both equilibrium price and equilibrium quantity falls
(B) Both equilibrium price and equilibrium quantity will rise
(C) Equilibrium price falls but impact on equilibrium quantity is not certain
(D) Equilibrium quantity decreases but impact on equilibrium price is not certain

93. The slope of MR curve for a monopoly firm is _____ that of the AR curve. Choose the correct answer.
(A) Equal to (B) Twice (C) Three times (D) Half

94. In which phase of business cycle, actual demand stagnates?
(A) Expansion (B) Peak (C) Contraction (D) Trough

95. According to Pigou, modern business activities are based on:
(A) Innovations
(B) Purely monetary phenomena
(C) Anticipations /expectations of business community
(D) Fluctuations in output and employment



96. GST is a:
- (A) Production based taxation system
 - (B) Income based taxation system
 - (C) Turnover based taxation system
 - (D) Consumption based taxation system
97. Stagflation is:
- (A) Increased taxes leading to reduced disposable income
 - (B) Economic situation where inflation and unemployment exist side by side
 - (C) Easy transmission of economic instability from one country to other countries
 - (D) Improved economic stability
98. Which of the following is not one of the three main macroeconomic goals for any nation:
- (A) Universal education to all
 - (B) Economic growth
 - (C) High level of employment
 - (D) Price stability
99. Governments redistribution function leads to dead weight losses because:
- (A) It leads to lower taxes on the rich for the government
 - (B) It emphasizes on production of merit goods only
 - (C) It acts as a disincentive to entrepreneurship and work
 - (D) It decreases social security costs
100. Statement 1 : During recession, the government increases its expenditure or cuts down taxes.
- Statement 2 : Deficit budgets are expected to stimulate economic activity while surplus budget tends to slowdown economic growth.
- (A) Both statements (1) and (2) are correct
 - (B) Statement (1) is correct while statement (2) is incorrect
 - (C) Statement (1) is incorrect while statement (2) is correct
 - (D) Both statements (1) and (2) are incorrect