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1

NATURE AND SCOPE OF BUSINESS ECONOMICS

- The famous book abbreviated as “The Wealth of Nations”, which is also considered as the first modern work of Economics, was written by _____
 - Frederic Engels
 - Karl Marx
 - David Ricardo
 - Adam Smith
- The concept of socialist economy was propounded by Karl Marx and Frederic Engels in their work. The Communist Manifesto was published in the year.
 - 1947
 - 1848
 - 1949
 - 1950
- Which one is the feature of Marshall’s definition?
 - Limited ends
 - Scarce means
 - Study of wealth as well as study of man
 - Study of allocation of resources
- According to Robbins, ‘means’ are:
 - Scarce
 - Unlimited
 - Undefined
 - All of these
- Scarcity definition of Economics is given by.
 - Alfred Marshall
 - Samuelson
 - Robinson
 - Adam Smith
- The definition “Science which deals with wealth of Nation” was given by:
 - Alfred Marshall
 - A C Pigou
 - Adam Smith
 - JB Say
- Economics is the study of:
 - How society manages its unlimited resources
 - How to reduce our wants until we are satisfied
 - How society manages its scarce resources
 - How to fully satisfy our unlimited wants

8. In Economics, we use “scarcity” the term to mean:
- (a) Absolute scarcity and lack of resources in less developed countries.
 - (b) Relative scarcity i.e. scarcity in relation to the wants of the society.
 - (c) Scarcity during times of business failure and natural calamities.
 - (d) Scarcity caused on account of excessive consumption by the rich.
9. In Economics, we use the term scarcity to mean:
- (a) Absolute scarcity and lack of resources in less developed countries.
 - (b) Relative scarcity i.e. scarcity in relation to the wants of the society.
 - (c) Scarcity during times of business failure and natural calamities.
 - (d) Scarcity caused on account of excessive consumption by the rich.
10. An economy exists because of two basic facts i.e. _____.
- (a) Human wants are limited and resources are unlimited
 - (b) Human wants are unlimited and resources are unlimited
 - (c) Human wants are unlimited and resources are scarce
 - (d) Human wants are limited and resources are abundant
11. What implication(s) does resource scarcity have for the satisfaction of wants?
- (a) Not all wants can be satisfied.
 - (b) We will never be faced with the need to make choices.
 - (c) We must develop ways to decrease our individual wants.
 - (d) The discovery of new natural resources is necessary to increase our ability to satisfy wants.
12. Adam Smith defined Economics In terms of
- (a) The Science of welfare
 - (b) The Science of scarcity
 - (c) The Science of wealth
 - (d) The Science of wealth and welfare
13. Who defines Economics in terms of Dynamic Growth and Development?
- (a) Robbins
 - (b) Paul A Samuelson
 - (c) Adam Smith
 - (d) None of these

14. Which of the following is not a basic problem of an economy?
- (a) Whether to produce more of consumer goods or capital goods
 - (b) Whether to lay emphasis on labour-intensive techniques or on capital intensive techniques
 - (c) Whether to produce for rich people or for poor people
 - (d) Whether to accept foreign direct investment in the economy
15. In every economic system, scarcity imposes limitations on
- (a) Households, business firms, governments and the nation as a whole.
 - (b) Households and business firms, but not the governments.
 - (c) Local and state governments, but not the federal government.
 - (d) Households and governments, but not business firms.
 - (e) Business firms, governments, and the nation as a whole.
16. Economic goods are considered scarce resources because they
- (a) Cannot be increased in quantity.
 - (b) Do not exist in adequate quantity to satisfy the requirements of the society.
 - (c) Are of primary importance in satisfying social requirements.
 - (d) Are limited to man made goods.
17. 'Economics is the study of man-kind in the ordinary business of life' was given by:
- (a) Adam Smith
 - (b) Lord Robbins
 - (c) Alfred Marshall
 - (d) Samuelson
18. Consider the following and decide which, if any, economy is without scarcity:
- (a) The pre-independent Indian economy, where most people were farmers.
 - (b) A mythical economy where everybody is a billionaire.
 - (c) Any economy where income is distributed equally among its people.
 - (d) None of the above.
19. Human wants are _____ in response to satisfy their wants?
- (a) Unlimited
 - (b) Limited
 - (c) Scarce
 - (d) Multiple
20. There is need of economic study, because-
- (a) The resources are limited
 - (b) The wants are unlimited
 - (c) The resources are unlimited
 - (d) Both (a) and (b)

21. The benefit of economic study is-
- (a) It ensure that all problems will be appropriately tackled
 - (b) It helps in identifying problems
 - (c) It enable to examine a problem in its right perspective
 - (d) It gives exact solutions to every problem.
22. Economic goods are considered as scarce resources because _____.
- (a) Inadequate quantity to satisfy the needs of the society
 - (b) Not possible to increase in quantity
 - (c) Limited hands to make goods
 - (d) Primary importance in satisfying social requirements
23. The meaning of time element in Economics is:
- (a) Calendar time
 - (b) Clock time
 - (c) Operational time in which supply adjusts with the market demand
 - (d) None of the above
24. All wants of an individual are not of:
- (a) Equal importance
 - (b) Immediate importance
 - (c) Fixed importance
 - (d) All of the above
25. _____ refers to the process of selecting an appropriate alternative that will provide the most efficient means of attaining a desired end, from two or more alterative courses of action.
- (a) Decision making
 - (b) Strategy
 - (c) Problem Solving
 - (d) Effectiveness
26. Which of the following is not within the scope of Business Economics?
- (a) Capital Budgeting
 - (b) Risk Analysis
 - (c) Business Cycles
 - (d) Accounting Standards
27. Business Economics is
- (a) Abstract and applies the tools of Microeconomics.
 - (b) Involves practical application of economic theory in business decision making.
 - (c) Incorporates tools from multiple disciplines.
 - (d) (b) and (c) above.

28. Business Economics is also known as?
- (a) Applied Economics (b) Managerial Economics
(c) Micro Economics (d) All of the above
29. The question of choice arises because our productive resources _____
- (a) Are limited (b) Can be employed in alternatives
(c) Both (a) & (b) (d) None of the above
30. The management of a business unit generally needs to make _____.
- (a) Strategic Decision (b) Tactical Decision
(c) Operational Decision (d) All of the above
31. Concept of Business Economics was given by:
- (a) Joel Dean (b) Alfred Marshall
(c) Adam Smith (d) L. Robbins
32. Which one of the following is in-correct about Business Economics?
- (a) It is applied economics that fills the gap between economic theory and business practice.
(b) Business Economics integrates economic theory with business practice.
(c) Business Economics is also referred to as Managerial Economics.
(d) Business Economics is more concerned with Macro Economics.
33. The managerial economics-
- (a) Is Applied Economics that fills the gap between economic theory and business practice
(b) Is just a theory concept
(c) Trains managers how to behave in recession
(d) Provides the tools which explain various concepts
34. _____ defined Business Economics in terms of the use of economics analysis in the formula- tion of business policies.
- (a) Joel Dean (b) Karl Marks
(c) Adam Smith (d) Schumpeter

35. Business Economics is essentially a component of _____ as it includes application of selected quantitative techniques.
- (a) Pure Economics (b) Applies Economics
(c) Statistical Economics (d) None of the above
36. Which of the following is not included in Economics?
- (a) Family Structure (b) Managerial Economics
(c) Micro Economics (d) Macro Economics
37. The heart of Business Economics is
- (a) Micro Economic Theory of the behaviour of consumers and firms in competitive markets.
(b) Macro-Economic Theory of the national income
(c) Income Economic analysis to analyze the industry
(d) All of the above
38. Which one of the following is not a subject matter of Micro-Economics?
- (a) Behaviour of Firms (b) External Value of Currency
(c) Factor Pricing (d) Location of Industry
39. Micro economics does not study
- (a) Consumer behaviour (b) Factor pricing
(c) General price level (d) Firms equilibrium
40. Micro Economics is also known as _____.
- (a) Public Economics (b) Income Theory
(c) Demand Theory (d) Price Theory
41. Micro Economics is the study of:
- (a) Individual parts of the economy (b) The economy as a whole
(c) Choice making (d) Development of the economy
42. Economics is classified into _____.
- (a) Normative & positive (b) Micro & Macro
(c) Internal & External (d) None of the above

43. Mrs. Reshma, a CEO of a company had decided to expand the business by introducing a new product into market. She hires a consultant to guide her for deciding the pricing of the new product, study the consumer behaviour and the staff requirements. Approach of consultant will be towards _____.
- (a) Applied Economics (b) Econometrics
(c) Macro Economics (d) Micro Economics
44. The branch of economic theory that deals with the problem of allocation of resources is
- (a) Micro-Economic theory. (b) Macro-Economic theory.
(c) Econometrics. (d) None of the above.
45. Which of the following is not the subject matter of micro economics?
- (a) Consumer Behaviour (b) Foreign Exchange Rate
(c) Behaviour of Firms (d) Location of Industry
46. Micro economics theories deal with _____.
- (a) Productions and Cost analysis (b) Government Policies
(c) Total Consumption (d) Social and political environment
47. Which of the following is used for allocation of resources?
- (a) Micro-Economics (b) Marco-Economics
(c) Econometrics (d) Descriptive Economics
48. Which of the following is not the subject matter of Business Economics?
- (a) Should our firm be in this business?
(b) How much should be produced and at price should be kept?
(c) How will the product be placed in the market?
(d) How should we decrease unemployment in the economy?
49. The branch of economic theory that deals with the problem of al- location of resources is:
- (a) Micro Economics (b) Macro Economics
(c) Econometrics (d) None of these

50. Which of the following is not a subject matter of micro economics?
- (a) Behaviour of firms
 - (b) Location of industry
 - (c) Consumer behaviour
 - (d) Foreign exchange rate
51. An example of 'positive' economic analysis would be:
- (a) An analysis of the relationship between the price of food and the quantity purchased.
 - (b) Determining how much income each person should be guaranteed.
 - (c) Determining the 'fair' price for food.
 - (d) Deciding how to distribute the output of the economy.
52. Which of the following is not a correct statement?
- (a) Business Economics is a normative science
 - (b) Business Economics is an art
 - (c) Business Economics is based largely on Micro Economics
 - (d) Business Economics does not incorporate elements of Macro Economics
53. Which of the following is not a correct statement?
- (a) Business economics is a normative science
 - (b) Business economics is an art
 - (c) Business economics is based largely on micro economics
 - (d) Business economics does not incorporate elements of macro economic analysis
54. Business Economics is _____ in its approach as it tackles practical problems which the firm faces in the real world.
- (a) Scientific
 - (b) Programmatic
 - (c) Theoretical
 - (d) Mathematical
55. In a socialistic economy the allocation of resources is done by
- (a) Market prices
 - (b) Consumer preferences
 - (c) A central planning authority
 - (d) The level of corporate profits

56. _____ involves the predominance of bureaucracy and resulting in inefficiencies and delays.
- (a) Socialistic economy (b) Capitalist economy
(c) Mixed economy (d) Free market economy
57. The erstwhile U.S.S.R. is an example of _____ economy.
- (a) Capitalist (b) Socialist (c) Mixed (d) Price
58. The concept of Socialist economy was propounded by _____.
- (a) Karl Marx and Adam Smith (b) Frederic Engels and Adam Smith
(c) Frederic Engels (d) Karl Marx and Frederic Engels
59. Which one of the following is Not a feature of socialist economy?
- (a) Collective ownership (b) Absence of consumer choice
(c) Minimum role of Price Mechanism (d) High Competition
60. Which of the following is an example of Socialist economy?
- (a) Erstwhile U.S.S.R. (b) North Korea
(c) China and Cuba (d) All of the above
61. A socialist economy is called as which of the following
- (a) Command economy (b) Military economy
(c) Behaviouralist economy (d) Applied economy
62. The demerits of Socialism do not include:
- (a) Predominance of bureaucracy (b) Red tapism & favouritism
(c) Corruption (d) Consumer Sovereignty
63. _____ involves the predominance of bureaucracy and resulting inefficiencies and delays.
- (a) Socialistic economy (b) Capitalist economy
(c) Mixed economy (d) Free market economy
64. Under _____ the Consumers have no freedom of choice.
- (a) Capitalist (b) Socialist
(c) Mixed (d) None of the above

65. Socialist Economy is also known as
- (a) Mixed Economy (b) Planned Economy
(c) Capitalist Economy (d) None of the above
66. Socialist economy is called as _____.
- (a) Centrally planned economy (b) Mixed economy
(c) Private economy (d) Consumer economy
67. In which economic system production and distribution of goods and services aim at maximizing the welfare of community as a whole
- (a) Normative (b) Mixed
(c) Socialism (d) Capitalistic economy
68. In which economy market and government both play an important role?
- (a) Mixed economy
(b) Socialistic economy
(c) Capitalistic economy
(d) Business economy
69. Important feature of mixed economy is _____.
- (a) Only Public Sector
(b) Absence of consumer behaviour
(c) Absence of government interferences
(d) Co-existence of both private and public enterprises
70. Which economic system is described by Schumpeter as capitalism in the oxygen tent?
- (a) Laissez-faire Economy
(b) Command Economy
(c) Mixed Economy
(d) Agrarian Economy
71. The Government itself must run important and selected industries and eliminate the free play of profit motive and self-interest. It is applicable in case of _____ economy.
- (a) Capitalist (b) Socialist (c) Mixed (d) Price

72. _____ both are the tools used in the Mixed economy.
- (a) Price mechanism and market
 - (b) Central planning and bureaucracy
 - (c) Price mechanism and central planning
 - (d) Administered prices and competition
73. Co-existence of public and private sector is the feature of _____.
- (a) Capitalist Economy
 - (b) Mixed Economy
 - (c) Socialist Economy
 - (d) Federal Economy
74. The term “Mixed Economy” denotes:
- (a) Co-existence of both consumers and producers goods’ industries in the economy.
 - (b) Co-existence of both private and public sectors in the economy.
 - (c) Co-existence of both rural and urban sectors in the economy.
 - (d) Co-existence of both large and small industries in the economy
75. In which economy, cost benefit analysis is used to answer fundamental questions of the economy
- (a) Socialistic economy
 - (b) Capitalistic economy
 - (c) Regulatory economy
 - (d) Mixed economy

2

THEORY OF DEMAND AND SUPPLY

1. Demand for a commodity refers to:
 - (a) Desire backed by ability to pay for the commodity.
 - (b) Need for the commodity and willingness to pay for it.
 - (c) The quantity demanded of that commodity at a certain price.
 - (d) The quantity of the commodity demanded at a certain price during any particular period of time.

2. The term 'demand' refers to:
 - (a) Demand of money
 - (b) Need for the commodity
 - (c) Need for services
 - (d) The quantity of a good or service that buyers are willing and able to purchase at various prices during a given period of time

3. Demand is the:
 - (a) The desire for a commodity given its price and those of related commodities.
 - (b) The entire relationship between the quantity demanded and the price of a good other things remaining the same.
 - (c) Willingness to pay for a good if income is larger enough.
 - (d) Ability to pay for a good.

4. The quantity demanded is always expressed _____.
 - (a) Separately in isolation
 - (b) Separately with quantity supplied
 - (c) At a given price
 - (d) None of these

5. Which of the following statements is correct?
 - (a) With the help of statistical tools, the demand can be forecasted accurately.
 - (b) The more the number of substitutes of a commodity, more elastic is the demand.
 - (c) Demand for butter is perfectly elastic.
 - (d) Gold jewellery will have negative income elasticity.

6. The demand for a firm's product when expressed as a percentage of industry demand it signifies the _____ of the firm
- (a) Product share (b) Market share
(c) Demand (d) Supply
7. The quantity demanded is a _____.
- (a) Flow (b) Stock
(c) Single isolated purchase (d) Concept without reference to time
8. Effective demand depends on.
- (a) Price (b) Cost (c) Desire (d) Product
9. In economics, Effective Demand for a thing depends on:
- (a) Desire
(b) Means to purchase
(c) Willingness to use those means for that purchase
(d) All of the above
10. All of the following are determinants of demand except:
- (a) Tastes and preferences. (b) Quantity supplied.
(c) Income of the consumer. (d) Price of related goods.
11. _____ is not a determinant of demand for commodity.
- (a) Price of substitute commodities
(b) Price of complementary goods
(c) Consumer expectations about future price of the commodity
(d) Quantity of stock of the commodity.
12. Which is not an important factor that determines demand?
- (a) Price of commodity
(b) Disposable income of consumer
(c) Tastes and preferences of buyers
(d) Educational qualification of buyer
13. Price of goods expresses value.
- (a) Exchange (b) Cost (c) Demand (d) Fair

14. Which of the following will affect the demand for non-durable goods?
(a) Disposable income (b) Price
(c) Demography (d) All of the above
15. What is not a determinant of demand?
(a) Consumer's expectations (b) Consumer's tastes and preferences
(c) Income of the consumers (d) Prices of unrelated goods.
16. The term "Ceteris Paribus" refers to _____.
(a) Other things being equal (b) Other things also change
(c) Other things may change (d) None of the above
17. Ceteris Paribus, the demand for a commodity is inversely related to its price. This happens because of:
(a) Income Effect (b) Substitution Effect
(c) Both (a) & (b) (d) None of above
18. _____ is/are the types of Related Commodities.
(a) Complementary (b) Substitutes
(c) Complementary and Substitutes (d) Complementary or Substitutes
19. The increase in demand on account of an increase in real income is known as:
(a) Substitution effect (b) Income effect
(c) Marginal effect (d) Demand effect
20. Which one of the following set of Commodities represents Complementary goods?
(a) Tea and Sugar (b) Automobile and Petrol
(c) Pen and ink (d) All of the above
21. _____ are those goods which are consumed together or simultaneously.
(a) Complementary (b) Substitutes
(c) Similar (d) Unrelated
22. Goods which are inferior, with no close substitutes easily available and which occupy a substantial place in consumer's budget are called _____ goods.
(a) Speculative (b) Prestige (c) Conspicuous (d) Giffen

23. When two commodities are complementary, a fall in the price of one (other things being equal) will cause the demand for the other to _____.
- (a) Fall (b) Rise
(c) Remain constant (d) Fall substantially
24. Two Commodities are called _____ when they satisfy the same want and can be used with ease in place of one another.
- (a) Substitutes (b) Complementary
(c) Unrelated (d) Opposite
25. There is a _____ relation between the demand for a product and the price of its substitutes.
- (a) Direct (b) Positive (c) Indirect (d) Both (a) & (b)
26. In case of Veblen goods, the demand curve is
- (a) Horizontal (b) Vertical
(c) Upward sloping to the right (d) Downward sloping to the right
27. Highly priced goods are consumed by status seeking rich people to satisfy their need for conspicuous consumption. This is called as _____.
- (a) Veblen Effect (b) Snob Effect
(c) Helen Effect (d) None of these
28. Name the term which refers to the demand for consumer goods which is decreased owing to the fact that others are also consuming the same commodity.
- (a) Halo effect (b) Snob effect
(c) Veblen effect (d) Demonstration effect
29. _____ are the commodities for which the quantity demanded rises only up to a certain level of income and decreases with an increase in money income beyond this level.
- (a) Inferior Goods (b) Normal Goods
(c) Consumption Goods (d) Durable Goods
30. The substitution effect will be what when the price of the product falls?
- (a) Zero (b) Negative
(c) Positive (d) Lower cost

31. When goods are substitutes, a fall in the price of one (Ceteris Paribus) leads to in the quantity demanded of its substitutes.
(a) Rise (b) Fall (c) Constant (d) No effect
32. A group of people decrease or altogether stop consumption of a common to which of the following effect?
(a) Bandwagon effect (b) Veblen effect
(c) Snob effect (d) Marshall effect
33. The term demonstration effect was coined by _____.
(a) Hicks (b) Veblen
(c) James Duesen berry (d) Marshall
34. Which of the following will affect the demand for non-durable goods?
(a) Disposable income (b) Price
(c) Demography (d) All of the above
35. Which of the following pairs of goods is an example of substitutes?
(a) Tea and sugar (b) Tea and coffee.
(c) Pen and ink. (d) Shirt and trousers.
36. When the price of petrol decreases, people reduce the consumption of diesel, then the goods are:
(a) Complementary (b) Substitutes
(c) Superior (d) Any of the above
37. If the price of Pepsi decreases relative to the price of Coke and 7-UP, the demand for:
(a) Coke will decrease.
(b) 7-Up will decrease.
(c) Coke and 7-UP will increase.
(d) Coke and 7-Up will decrease.
38. Which of the following is an in-correct statement?
(a) When goods are substitutes, a fall in the price of one (ceteris pari- bus) leads to a fall in the quantity demanded of its substitutes.

- (b) When commodities are complements, a fall in the price of one (other things being equal) will cause the demand of the other to rise.
- (c) As the income of the consumer increases, the demand for the commodity increases always and vice versa.
- (d) When a commodity becomes fashionable people prefer to buy it and therefore its demand increases.

39. What will happen in the rice market if buyers are expecting higher rice prices in the near future?

- (a) The demand for rice will increase.
- (b) The demand for rice will decrease.
- (c) The demand for rice will be unaffected.
- (d) None of the above.

40. Conspicuous goods are also known as:

- (a) Prestige goods.
- (b) Snob goods.
- (c) Veblen goods.
- (d) All of the above.

41. A good which cannot be consumed more than once is known as

- (a) Durable good
- (b) Non-durable good
- (c) Producer good
- (d) None of the above

42. A relative price is

- (a) Price expressed in terms of money.
- (b) What you get paid for baby-sitting your cousin.
- (c) The ratio of one money price to another.
- (d) Equal to a money price.

43. The price of tomatoes increases and people buy tomato puree. You infer that tomato puree and tomatoes are

- (a) Normal goods.
- (b) Complements.
- (c) Substitutes.
- (d) Inferior goods.

44. Chicken and fish are substitutes. If the price of chicken increases, the demand for fish will
- (a) Increase or decrease but the demand curve for chicken will not change.
 - (b) Increase and the demand curve for fish will shift rightwards.
 - (c) Not change but there will be a movement along the demand curve for fish.
 - (d) Decrease and the demand curve for fish will shift leftwards.
45. If the price of X commodity increases and due to that the demand for Y commodity increases, then x and y goods are_____.
- (a) Complementary
 - (b) Substitutes
 - (c) Normal
 - (d) Giffen
46. A Table which represents the different prices of a good and the corresponding quantity demanded per unit of time is called as _____.
- (a) Demand Curve
 - (b) Demand Table
 - (c) Demand Schedule
 - (d) Demand Tabulation
47. The Demand Schedule depicts _____ relationship between price and quantity demanded.
- (a) Direct
 - (b) Inverse
 - (c) Adverse
 - (d) None of these
48. _____ is a graphical presentation of the _____.
- (a) Demand Curve, Demand Schedule
 - (b) Demand Schedule, Demand Curve
 - (c) Demand Curve, Supply Schedule
 - (d) Supply Curve, Demand Schedule
49. All but one of the following are assumed to remain the same while drawing an individual's demand curve for a commodity. Which one is it?
- (a) The preference of the individual.
 - (b) His monetary income.
 - (c) Price of the commodity.
 - (d) Price of related goods,
50. In the case of a straight line demand curve meeting the two axes, the price-elasticity of demand at the mid-point of the line would be:
- (a) 0
 - (b) 1
 - (c) 1.5
 - (d) 2

51. The Concept of point elasticity is used for measuring price elasticity where the change in price is _____.
- (a) Finite (b) Limited
(c) Infinite small (d) None of the above
52. If indifference curve is 'L' shaped then two goods will be called as _____.
- (a) Perfect superior goods (b) Perfect inferior goods
(c) Perfect quality goods (d) Perfect complementary goods
53. Which one of the following Statement is incorrect about Indifference Curve?
- (a) Always Convex to the origin
(b) Never intersects each other
(c) Higher Curve represents higher level of satisfaction.
(d) It may touch X axis but never Y axis.
54. A higher indifference curve shows a higher level of satisfaction than a lower one. Therefore, a consumer, in his attempt to maximize satisfaction will try to reach the _____ possible indifference curve.
- (a) Highest (b) Lowest
(c) Any of (a) or (b) (d) None of these
55. The consumer is in equilibrium at a point where the budget line:
- (a) Is above an indifference curve.
(b) Is below an indifference curve.
(c) Is tangent to an indifference curve.
(d) Cuts an indifference curve.
56. The scope of the indifference curve shows consumer equilibrium at point where $MRS_{(xy)} = \frac{P_x}{P_y}$ (Price line).
- (a) Less than (b) More than
(c) Equal to (d) None of the above
57. The Slope of Indifference curve is _____.
- (a) Marginal Rate of Substitution (b) Minimal Rate of Substitution
(c) Average Rate of Substitution (d) Total Rate of Substitution

58. Supply is the:
- Limited resources that are available with the seller.
 - Cost of producing a good.
 - Entire relationship between the quantity supplied and the price of good.
 - Willingness to produce a good if the technology to produce it becomes available.
59. The quantity supplied of a good or service is the amount that
- Is actually bought during a given time period at a given price.
 - Producers wish they could sell at a higher price.
 - Producers plan to sell during a given time period at a given price.
 - People are willing to buy during a given time period at a given price.
60. In a very short period, the supply:
- Can be changed.
 - Cannot be changed.
 - Can be increased.
 - None of the above.
61. Which of the following statement is correct?
- Supply is inversely related to its cost of production
 - Price and quantity demand of a goods have direct relationship
 - Taxes and subsidy has no impact on the supply of the product
 - Seasonal changes have no impact on the supply of the commodity

62. If a short run supply curve is plotted for the following table which presents price and quantity of the aeroplanes, what will be its shape?

Price in Million \$	Number of Aeroplanes
248	52
280	52
300	52
320	52
350	52

- Horizontal straight line parallel to the quantity axis
- A perfectly elastic supply curve
- A perfectly inelastic supply curve
- Steeply rising with elasticity less than one

63. The term supply refers to the amount of goods or services that the producers are _____ to the market at value prices during a given period of time.
- (a) Willing to offer (b) Able to Offer
(c) Actually Sold (d) Both (a) & (b)
64. Which of the following is a factor determining the supply?
- (a) Price of the good (b) Price of related goods
(c) Price of factor of Production (d) All of the above
65. Other things being equal, the _____ the _____ the relative price of a good the quantity of it that will be supplied.
- (a) Higher, Lesser (b) Higher, Greater
(c) Lower, Lower (d) None of these
66. Under _____ conditions, Supply will be more than that under _____ conditions.
- (a) Competitive, Monopolized (b) Monopolized, Competitive
(c) Monopolized, Oligopoly (d) Duopoly, Monopolized
67. The supply of a particular product depends upon the state of technology also. Inventions and innovations tend to make it possible to produce _____ goods with the same resources.
- (a) More (b) Better (c) Lesser (d) More and/or Better
68. According to law of supply, change in supply is related to?
- (a) Price of goods (b) Price of related goods
(c) Factors of production (d) None of the above
69. If the demand is more than supply, then the pressure on price will be:
- (a) Upward (b) Downward
(c) Constant (d) None of the above
70. If the supply of bottled water decreases, other things remaining the same, the equilibrium price _____ and the equilibrium quantity _____.
- (a) Increases; decreases. (b) Decreases; increases.
(c) Decreases; decreases. (d) Increases; increases.

71. In the book market, the supply of books will decrease if any of the following occurs except
- (a) A decrease in the number of book publishers.
 - (b) A decrease in the price of the book.
 - (c) An increase in the future expected price of the book.
 - (d) An increase in the price of paper used.
72. An increase in the number of sellers of bikes will increase the
- (a) The price of a bike.
 - (b) Demand for bikes.
 - (c) The supply of bikes.
 - (d) Demand for helmets.
73. If good growing conditions increases the supply of strawberries and hot weather increases the demand for strawberries, the quantity of strawberries bought.
- (a) Increases and the price might rise, fall or not change.
 - (b) Does not change but the price rises.
 - (c) Does not change but the price falls.
 - (d) Increases and the price rises.
74. The supply curve for perishable commodities is _____.
- (a) Elastic
 - (b) Inelastic
 - (c) Perfectly elastic
 - (d) Perfectly inelastic
75. When supply price increase in the short run, the profit of the producer _____.
- (a) Increases
 - (b) Decreases
 - (c) Remains constant
 - (d) Decreases marginally
76. The _____ is a graphical presentation of the _____.
- (a) Supply Curve, Demand Schedule
 - (b) Supply Curve, Supply Schedule
 - (c) Demand Curve, Supply Schedule
 - (d) None of these
77. Contraction of supply is the result of:
- (a) Decrease in the number of producers.
 - (b) Decrease in the price of the good concerned.
 - (c) Increase in the prices of other goods,
 - (d) Decrease in the outlay of sellers.

78. When the supply of a good increase as a result of an increase in its price, then it is an increase in _____ and there is an upward the _____ supply curve.
- (a) Quantity Supplied, movement on (b) Quantity Supplied, Shift of
(c) Supply, movement on (d) Supply, Shift of
79. Movements on the supply curve may be due to:
- (a) Change in price of goods (b) Change in price of related goods
(c) Change in technology (d) None of the above
80. Contraction of supply implies _____.
- (a) Decrease in cost of production
(b) Decrease in price of the good concerned
(c) Decrease in price of related good
(d) Increase in price of the good concerned
81. When supply curves moves to right, it means
- (a) Supply increases (b) Supply decreases
(c) Supply remains constant (d) Supply expands
82. An increase in the supply of a good is caused by:
- (a) Improvements in its technology.
(b) Fall in the prices of other goods.
(c) Fall in the prices of factors of production.
(d) All of the above.
83. When supply curve moves to right, it means
- (a) Supply increases. (b) Supply decreases.
(c) Supply remains constant. (d) None of the above.
84. When supply curve shifts to the right there is:
- (a) An increase (b) Expansion (c) Contraction (d) Decrease”
85. When supply curve moves to the left, it means
- (a) Smaller supply at a given price. (b) Larger supply at a given price.
(c) Constant supply at a lower price. (d) None of the above.

86. When the supply curve shifts to the left or right, it is called as _____ or _____ in supply, respectively.
- (a) Decrease, Decrease (b) Decreases, Increase
(c) Increase, Increase (d) Increase, Decrease
87. Elasticity of supply refers to the degree of responsiveness of supply of a good to changes in its:
- (a) Demand. (b) Price.
(c) Cost of production. (d) State of technology.
88. If there are large number of producers in the market of a product and there is high competition among them, then the elasticity of supply will be:
- (a) More (b) Less (c) Zero (d) Infinity
89. A vertical supply curve parallel to the Y-axis exhibits that the elasticity of supply is
- (a) Zero (b) Infinite (c) Elastic (d) Inelastic
90. If elasticity of supply is infinite, the supply curve will be:
- (a) Parallel to x axis (b) Parallel to y axis
(c) Upward sloping (d) Downward sloping
91. Price elasticity of supply refers to change in responsiveness of quantity to change in:
- (a) Price (b) Price in substitute (c) Income (d) Preference
92. The elasticity of supply is defined as the
- (a) Responsiveness of the quantity supplied of a good to a change in its price.
(b) Responsiveness of the quantity supplied of a good without change in its price.
(c) Responsiveness of the quantity demanded of a good to a change in its price.
(d) Responsiveness of the quantity demanded of a good without change in its price.
93. Elasticity of supply is measured by dividing the percentage change in quantity supplied of a good by _____.
- (a) Percentage change in income.
(b) Percentage change in quantity demanded of goods.
(c) Percentage change in price.
(d) Percentage change in taste and preference.

94. Which of the following statements is correct?
- (a) When the price falls the quantity demanded falls.
 - (b) Seasonal changes do not affect the supply of a commodity.
 - (c) Taxes and subsidies do not influence the supply of the commodity.
 - (d) With lower cost, it is profitable to supply more of the commodity

3

THEORY OF PRODUCTION AND COST

1. What is Production in Economics:
 - (a) Creating/Addition of Utility
 - (b) Production of food grains
 - (c) Creation of services
 - (d) Manufacturing of goods
2. Which of the following is considered as production in economics?
 - (a) Helping a blind person in crossing the road
 - (b) Group dance performance in a college annual function
 - (c) Holding a child who is falling from a wall
 - (d) Performing an art in a theatre
3. Which of the following is considered production in Economics?
 - (a) Tilling of soil.
 - (b) Singing a song before friends.
 - (c) Preventing a child from falling into a manhole on the road.
 - (d) Painting a picture for pleasure.
4. Which of the following statements is true?
 - (a) The services of a doctor are considered production.
 - (b) Man can create matter.
 - (c) The services of a housewife are considered production.
 - (d) When a man creates a table, he creates matter.
5. Production may be defined as an act of:
 - (a) Creating utility
 - (b) Destroying utility
 - (c) Earning profit in best way
 - (d) Providing services professionally
6. In Economics, entire process of _____ is nothing but creation of utilities in the form of goods and services.
 - (a) Consumption
 - (b) Production
 - (c) Exchange
 - (d) Distribution

7. Which activity is the base of all production activities
(a) Consumption (b) Production (c) Exchange (d) Investment
8. Production is defined as:
(a) Creation of matter (b) Creation of utility in matter
(c) Creation of infrastructural facilities (d) None of the above
9. According to _____, Production is the organized activity of transforming resources into finished products in the form of goods and services, and the objective of production is to satisfy the demand of such transformed “resources”.
(a) James Bates (b) J.R. Parkinson
(c) Marshall (d) Both (a) and (b)
10. _____ to exchange in the market is an essential component of production.
(a) Intention (b) Ability (c) Capacity (d) Possibility
11. Production does not include work done _____.
(a) Within a household out of love & affection
(b) Voluntary services
(c) For self consumption
(d) All of the above.
12. Factors of production refer to:
(a) Inputs (b) Outputs (c) Both (a) & (b) (d) Either (a) or (b)
13. _____ are the factors or resources which make it possible to produce goods and services.
(a) Land, Labour, and Bank
(b) Capital, Owner and manpower
(c) Land, Labour and Entrepreneurial ability
(d) Land, Labour, Capital and Entrepreneurial ability
14. Which of the following factors of production is a free gift of nature and refers to Natural resources?
(a) Land (b) Labour
(c) Capital (d) Entrepreneurial Ability

15. Which of the following is not a characteristic of land?
- (a) Its supply for the economy is limited.
 - (b) It is immobile.
 - (c) Its usefulness depends on human efforts.
 - (d) It is produced by our forefathers.
16. Which of the following is not a characteristic of Land?
- (a) It is a free gift of nature
 - (b) It is a mobile factor of production
 - (c) It is limited in quantity
 - (d) Its productive power is indestructible
17. The term _____ means any mental or physical exertion directed to produce goods or services.
- (a) Land (b) Labour (c) Capital (d) Entrepreneur
18. Which among the following is not a characteristic of land?
- (a) It is an active factor
 - (b) It has variety of uses
 - (c) Its production powers are indestructible
 - (d) Its supply is limited
19. Which one of the following is not a characteristic of land?
- (a) Land is immobile (b) Land is active factor
 - (c) Land has multiple uses (d) Land is heterogeneous
20. Which of the following statement about factors of production is not true?
- (a) Land is a passive factor (b) Land is a free gift of nature
 - (c) Land is immobile (d) Land is perishable
21. 'Land is heterogeneous' implies which of the following?
- (a) Two lands are alike
 - (b) Two lands are not alike
 - (c) Two lands are fixed
 - (d) Two lands are mobile

22. No two pieces of land are alike. They differ in fertility and situation. Therefore, Land is _____
- (a) Homogeneous (b) Heterogeneous
(c) Bitogeneous (d) None of these.
23. Which of the following is correct about Land?
- (a) It is mobile (b) It has single use
(c) Its supply is fixed (d) It is homogeneous.
24. Supply of land is :
- (a) Elastic (b) Perfectly Elastic
(c) Perfectly Inelastic (d) Inelastic
25. The total supply of Land is _____ from the point of view of the economy. However, it is relatively _____ from the point of view of a firm.
- (a) Perfectly Inelastic, Inelastic (b) Perfectly Inelastic, Relatively Elastic
(c) Perfectly Elastic, Inelastic (d) Perfectly Elastic, elastic
26. Labour force wants more _____.
- (a) Facility (b) Leisure (c) Benefit (d) All of the above
27. Which of the following is not a characteristic of labour?
- (a) It is perishable
(b) It has weak bargaining power
(c) Labour and Labour power cannot be separated
(d) Labour is not mobile
28. The concept of “innovative entrepreneurship” was given by
- (a) Adam Smith (b) Marshall (c) JK Mehta (d) Schumpeter
29. The labour power or efficiency of labour depends upon the _____.
- (a) Laborer’s inherent and acquired qualities.
(b) Features of work environment
(c) Incentive to work
(d) All of the above.

30. Labour is highly perishable in the sense that _____.
- (a) A labourer cannot store his labour.
 - (b) The life of labour is short.
 - (c) The labourer sells his labour against wages, but retains the capacity to work.
 - (d) The labour is always low priced.
31. Without the active participation of labour, land and capital may not produce anything. It means labour is _____ factor.
- (a) Passive
 - (b) Active
 - (c) Working
 - (d) Executing
32. Profit is income from which of the following?
- (a) Labour
 - (b) Business
 - (c) Land
 - (d) Investment
33. Which one of the following is not a necessary function of an entrepreneur?
- (a) Innovations.
 - (b) Risk and uncertainty bearing
 - (c) Initiating a business enterprise
 - (d) Supervision of day-to-day production activities.
34. Human capital refers to:
- (a) Savings by individuals
 - (b) Mobilisation of saving
 - (c) Human skills and abilities
 - (d) Productive investment
35. _____ Capital performs its function in production in a single use and is not available for future use.
- (a) Circulating
 - (b) Fixed
 - (c) Tangible
 - (d) Human
36. Which of the following is not a passive factor of production?
- (a) Building
 - (b) Machine
 - (c) Land
 - (d) Labour
37. Which one of the following may be regarded as a part of social capital?
- (a) Roads
 - (b) Bridges
 - (c) Machinery
 - (d) Both (a) & (b)

38. The three stages of capital formation are:
- (a) Savings, Mobilization of Savings and investment
 - (b) Mobilization of Saving, Savings, and investment
 - (c) Investment, Saving and mobilization of Saving
 - (d) Saving, Investment and mobilization of savings.
39. _____ means a sustained increase in the stock of real capital in a Country.
- (a) Capital formation
 - (b) Savings
 - (c) Mobilization of Savings
 - (d) Mobilization of Capital
40. Which one of the following statements is not correct?
- (a) Land has indestructible powers
 - (b) Labour is mobile
 - (c) Capital is nature's gift
 - (d) Land is a passive factor.
41. Functions of the entrepreneur are:
- (a) Risk bearing
 - (b) Initiating a business enterprise and resource co-ordinating
 - (c) Introducing new innovations
 - (d) All of the above
42. An Entrepreneur undertakes which one of the following functions?
- (a) Initiating a business and resource co-ordination
 - (b) Risk or uncertainty bearing
 - (c) Innovations.
 - (d) All of the above
43. Innovation theory of entrepreneurship is propounded by:
- (a) Knight
 - (b) Schumpeter
 - (c) Max Weber
 - (d) Peter Drucker
44. Concept of innovative entrepreneurship was propounded by _____.
- (a) Joel dean
 - (b) Schumpeter
 - (c) Marshall
 - (d) Karl Marx
45. The most important function of an entrepreneur is to _____.
- (a) Innovate
 - (b) Bear the sense of responsibility
 - (c) Finance
 - (d) Earn profit

46. Who, has given the concept of Innovative Entrepreneurship?
(a) Robbins (b) Adam Smith (c) Schumpeter (d) Sweezy
47. The basic minimum objective of all kinds of enterprises is to survive or to stay alive. It may be regarded as _____ objective of the enterprise.
(a) Organic (b) Economic (c) Social (d) National
48. _____ objective implies the profit maximizing behaviour of the firm.
(a) Organic (b) Economic (c) Social (d) National
49. _____ mobilizes factors of production, combines them in the right proportion, initiates the process of production and bears the risks involved in it.
(a) Businessman (b) Manager (c) CEO (d) Entrepreneur
50. Which one of the following function is performed by entrepreneur?
(a) Initiating Business Enterprise and resource Co-ordination
(b) Risk-bearing or uncertainty bearing
(c) Innovations
(d) All of the above
51. Marginal, average and total product of a firm in the short run will not comprise with
(a) When marginal production is at a maximum, average product is equal to marginal product, and total product is rising
(b) When average product is maximum, average product is equal to marginal product, and total product is rising
(c) When marginal product is negative, total product and average product are falling
(d) When total product is increasing. average product and marginal product may be either rising or falling
52. When average product rises as a result of an increase in the quantity of variable factor, marginal product is:
(a) Equal to average product (b) More than average product
(c) Less than average product (d) Becomes negative

53. The marginal product curve is above the average product curve when the average product is:
- (a) Increasing (b) Decreasing (c) Constant (d) None
54. Identify the correct statement:
- (a) The average product is at its maximum when marginal product is equal to average product.
- (b) The law of increasing returns to scale relates to the effect of changes in factor proportions.
- (c) Economies of scale arise only because of indivisibilities of factor proportions.
- (d) Internal economies of scale can accrue when industry expands beyond optimum.
55. Which of the following is correct in relation to Marginal Product?
- (a) What is produced units when all factors of production are employed at optimum efficiency?
- (b) The extra output obtained from employing an additional unit of a factor
- (c) The left revenue to the entrepreneur after he has incurred all expenses
- (d) None of the above
56. If the marginal product of labour is below the average product of labour, it must be true that:
- (a) The marginal product of labour is negative.
- (b) The marginal product of labour is zero.
- (c) The average product of labour is falling.
- (d) The average product of labour is negative.
57. The average product of labour is maximized when marginal product of labour:
- (a) Equals the average product of labour.
- (b) Equals zero.
- (c) Is maximized.
- (d) None of the above.
58. The marginal, average, and total product curves encountered by the firm producing in the short run exhibit all of the following relationships except:
- (a) When total product is rising, average and marginal product may be either rising or falling.

- (b) When marginal product is negative, total product and average product are falling.
- (c) When average product is at a maximum, marginal product equals average product, and total product is rising.
- (d) When marginal product is at a maximum, average product equals marginal product, and total product is rising.

59. If the marginal product of labour is below the average product of labour. It must be true that:

- (a) Marginal product of labour is negative
- (b) Marginal product of labour is zero
- (c) Average product of labour is falling
- (d) Average product of labour is negative

60. In the production of wheat, all of the following are variable factors that are used by the farmer except:

- (a) The seed and fertilizer used when the crop is planted.
- (b) The field that has been cleared of trees and in which the crop is planted.
- (c) The tractor used by the in and cultivating not only wheat but also corn and barley.
- (d) The number of hours that the farmer spends in cultivating the wheat fields.

61. Law of variable proportion is valid when:

- (a) Only one input is fixed and all other inputs are kept variable
- (b) All factors are kept constant
- (c) All inputs are varied in the same proportion
- (d) None of these

62. Diminishing marginal returns implies:

- (a) Decreasing average variable costs
- (b) Decreasing marginal costs
- (c) Increasing marginal costs
- (d) Decreasing average fixed costs

63. Diminishing marginal returns for the first four units of a variable input is exhibited by the total product sequence:

- (a) 50, 50, 50, 50
- (b) 50, 110, 180, 260
- (c) 50, 100, 150, 200
- (d) 50, 90, 120, 140

64. In short run the Law of variable proportions is also known as _____.
- (a) Law of increasing returns
 - (b) Law of diminishing returns
 - (c) Law of decreasing returns
 - (d) Law of constant returns
65. Production activity in the short period is analysed with the help of:
- (a) Law of variable proportion
 - (b) Laws of returns to scale
 - (c) Both (a) & (b)
 - (d) None of the above
66. The Law of Variable Proportions is associated with:
- (a) Short period
 - (b) Long period
 - (c) Both short and long periods
 - (d) Neither short nor long period
67. The law of diminishing returns” applies to:
- (a) The short run, but not the long run.
 - (b) The long run, but not the short run.
 - (c) Both the short run and the long run.
 - (d) Neither the short run nor the long run.
68. The law of variable proportions is drawn under all of the assumptions mentioned below except the assumption that:
- (a) The technology is changing.
 - (b) There must be some inputs whose quantity is kept fixed.
 - (c) We consider only physical inputs and not economically profitability in monetary terms.
 - (d) The technology is given and stable.
69. Law of increasing returns is applicable because of _____.
- (a) Indivisibility of factors.
 - (b) Specialization.
 - (c) Economies of scale.
 - (d) Both (a) & (b) above.

70. In the first stage of law of variable proportions, total product increases at the _____.
- (a) Decreasing rate (b) Increasing rate
(c) Constant rate (d) Both (a) and (b).
71. During 2nd stage of law of Diminishing returns:
- (a) MP and TP is maximum
(b) MP and AP are decreasing
(c) AP is negative
(d) TP is negative
72. A rational producer will produce in the stage in which marginal product is positive and:
- (a) $MP > AP$ (b) $MP = AP$ (c) $MP < AP$ (d) MP is zero
73. Diminishing marginal returns implies:
- (a) Decreasing average variable costs
(b) Decreasing marginal costs
(c) Increasing marginal costs
(d) Decreasing average fixed costs
74. The phenomenon of diminishing returns rests upon the _____ of the fixed factor:
- (a) Divisibility (b) Flexibility (c) Indivisibility (d) None of these
75. Law of diminishing returns is applicable in:
- (a) Manufacturing industry
(b) Agriculture
(c) Neither (a) nor (b)
(d) Any economic activity at a point of time.
76. In the third of the three stages of production:
- (a) The marginal product curve has a positive slope.
(b) The marginal product curve lies completely below the average product curve.
(c) Total product increases.
(d) Marginal product is positive.

77. Consider the following combinations of inputs and outputs:

This production technology satisfies

Labour	Capital	Output
5	10	1
6	12	2
7	14	3
8	16	4
9	18	5
10	20	6

- (a) Increasing returns to scale
- (b) Diminishing returns to scale
- (c) Constant returns to scale
- (d) Increasing returns initially, following by decreasing returns to scale.

78. Linear homogeneous production function is based on:

- (a) Increasing returns to scale
- (b) Decreasing returns to scale
- (c) Constant returns to scale
- (d) None of the above

79. If decreasing returns to scale are present, then if all inputs are increased by 10% then:

- (a) Output will also decrease by 10%.
- (b) Output will increase by 10%.
- (c) Output will increase by less than 10%.
- (d) Output will increase by more than 10%.

80. In Cobb-Douglas Production function [$Q = KL^aC^b$], there will be increasing returns to scale if:

- (a) $a + b > 1$
- (b) $a + b = 1$
- (c) $a + b = 0$
- (d) $a + b < 1$

81. A change in scale means that _____ factors of production are increased or decreased in the same production.

- (a) Two
- (b) Three
- (c) No
- (d) All

82. Increase in all input leading to less than proportional increase in output is called _____.
- (a) Increasing returns to scale
 - (b) Decreasing returns to scale
 - (c) Constant returns to scale
 - (d) Both increasing and decreasing returns to scale
83. When output decreases by 20% due to increase in inputs by 20%, this stage is called the law of _____.
- (a) Increasing returns to scale.
 - (b) Decreasing returns to scale.
 - (c) Constant returns to scale.
 - (d) None of the above.
84. Constant Returns to Scale are also called as Function Production
- (a) Linear
 - (b) Curvilinear
 - (c) Linear Homogenous
 - (d) Curvilinear Homogenous
85. With a view to increase his production, Hariharan a manufacturer of shoes, increases all the factors of production in his unit by 100%. But at the end of the year, he finds that instead of an increase of 100%, his production has increased by only 80%. Which law of returns to scale is operating in this case?
- (a) Increasing returns to scale
 - (b) Decreasing returns to scale
 - (c) Constant returns to scale
 - (d) None of the above
86. When output increase in a smaller proportion with an increase in all inputs _____ returns to scale set in.
- (a) Increasing
 - (b) Decreasing
 - (c) Constant
 - (d) Circular
87. ISO quants are equal to:
- (a) Product Lines
 - (b) Total utility lines
 - (c) Cost lines
 - (d) Revenue lines
88. Among the following statements which is incorrect in relation to isoquants
- (a) These are negatively sloped
 - (b) These are concave to origin
 - (c) These are not intersecting
 - (d) These are convex to origin

89. ISO quants are also known as:
- (a) Production possibility curves (b) Indifference curves
(c) Production indifference curves (d) None of the above
90. An Isoquant is _____ to an Isocost line at equilibrium point:
- (a) Convex (b) Concave (c) Tangent (d) Perpendicular
91. Large production of _____ goods would lead to higher production in future.
- (a) Consumer Goods (b) Capital Goods
(c) Agricultural Goods (d) Public Goods
92. An ISO quant shows
- (a) All the alternative combinations of two inputs that can be produced by using a given set of output fully and in the best possible way.
(b) All the alternative combinations of two products among which a producer is indifferent because they yield the same profit.
(c) All the alternative combinations of two inputs that yield the same total product.
(d) Both (b) and (c).
93. ISO quants are negatively sloped & _____ to the origin due to _____ Marginal Rate of Technical Substitution (MRTS).
- (a) Convex, Increasing (b) Convex, Decreasing
(c) Concave, Increasing (d) Concave, Decreasing
94. Which of the following statement is true in relation to an ISO Quant Curve?
- (a) It represents those combination of two factors of production that will give the same level of output
(b) It represents those combinations of all the factors that will give the same level of output
(c) It slopes upward to the right
(d) It can touch either axis
95. Suppose, the total cost of production of commodity X is ₹1,25,000. Out of this cost implicit cost is ₹35,000 and normal profits is ₹25,000. What will be the explicit cost of commodity X?
- (a) 90,000 (b) 65,000 (c) 60,000 (d) 1,00,000

96. Which of the following is an example of “explicit cost”?
- (a) The wages a proprietor could have made by working as an employee of a large firm.
 - (b) The income that could have been earned in alternative uses by the resources owned by the firm.
 - (c) The payment of wages by the firm.
 - (d) The normal profit earned by a firm.
97. Which of the following is an example of an “implicit cost”?
- (a) Interest that could have been earned on retained earnings used by the firm to finance expansion.
 - (b) The payment of rent by the firm for the building in which it is housed.
 - (c) The interest payment made by the firm for funds borrowed from a bank.
 - (d) The Payment of wages by the firm.
98. Implicit cost can be defined as:
- (a) Money payments made to the non-owners of the firm for the self-owned factors employed in the business and therefore not entered into books of account.
 - (b) Money not paid out to the owners. of the firm for the self owned factors employed in a business and therefore not entered into books of account.
 - (c) Money payments which the self owned and employed resources could have earned in their next best alternative employment and therefore entered into books of account.
 - (d) Money payments which the self owned and employed resources earn in their best use and therefore entered into books of account.
99. Which statement among below is correct in reference in Average Fixed Cost.
- (a) Never becomes zero
 - (b) Curve never touches x-axis
 - (c) Curve never touches y-axis
 - (d) All of the above
100. Average fixed cost curve is always:
- (a) Declining when output increases
 - (b) U-Shaped, if there are increasing returns to scale
 - (c) U-Shaped, if there are decreasing returns to scale
 - (d) Intersected by marginal cost at its minimum point

101. Which of the following curves never touch any axis but is downward.
- (a) Marginal cost curve (b) Total cost curve
(c) Average fixed cost curve (d) Average variable cost curve
102. A firm's average fixed cost is 20 at 6 units of output. What will it be at 4 units of output?
- (a) ₹60 (b) ₹30 (c) ₹40 (d) ₹20
103. A firm's average fixed cost is 40 at 12 units. What will be the average fixed cost at 8 units:
- (a) ₹60 (b) ₹70 (c) ₹90 (d) ₹80
104. A firm's AFC is 200 at 10 units of output what will be it at 20 units of output?
- (a) 500 (b) 100 (c) 150 (d) 200
105. A firm producing 7 units of output has an average total cost of rupees 150 and has to pay rupees 350 to its fixed factors of production whether it produces or not. How much of the average total cost is made up of variable cost?
- (a) 100 (b) 200 (c) 50 (d) 300
106. Average cost of producing 50 units of any commodity is ₹250 and fixed cost is ₹1,000. What will be the average fixed cost of producing 100 units of the commodity?
- (a) ₹10 (b) ₹30 (c) ₹20 (d) ₹05
107. External economies can be achieved through:
- (a) Foreign trade only
(b) Superior managerial skill
(c) Extension of transport and credit facilities
(d) External assistance
108. When output increases more than the increase in input, it occurs due to:
- (a) External and internal diseconomies
(b) External and internal economies
(c) External diseconomies and internal economics
(d) External economies and internal diseconomies

109. External economies can be achieved through

- (a) External assistance
- (b) Development of unskilled labour
- (c) Superior managerial efficiency
- (d) Technological external economies

110. Economies of scale exist because as a firm increases its size in the long-run:

- (a) Labour and management can specialize in their activities more.
- (b) As a larger input buyer, the firm can get finance at lower cost and purchase inputs at a lower per unit cost.
- (c) The firm can afford to employ more sophisticated technology in production.
- (d) All of these.

111. External Economies of Scale are obtained by:

- (a) A firm
- (b) A group of firm
- (c) Small Production
- (d) Society

112. External economics are enjoyed:

- (a) By large producers only
- (b) As firm expands
- (c) Both (a) and (b)
- (d) None of the above

113. How many kinds are of Economies of scale?

- (a) 5
- (b) 3
- (c) 2
- (d) 1

114. Issue requiring decision making in the context of business are:

- (a) How much should be the optimum output at what price should the firm sell?
- (b) How will the product be placed in the market?
- (c) How to combat the risks and uncertainties involved?
- (d) All of the above

115. Long-run price is also called by the name of _____.

- (a) Market price
- (b) Normal price
- (c) Administered price
- (d) Wholesale price.

116. Which of the following equation represents profit maximization condition?

- (a) $MC = MR$
- (b) $MC > MR$
- (c) $MC < MR$
- (d) None

117. Large scale production is associated with

- (a) Technical Economies
- (b) Un-managerial economies
- (c) Commercial Economies
- (d) Financial Economies

118. Which of the following statements is true?

- (a) Accumulation of capital depends solely on income of individuals.
- (b) Savings can be influenced by government policies.
- (c) External economies go with size and internal economies with location.
- (d) The supply curve of labour is an upward sloping curve.

4

PRICE DETERMINATION IN DIFFERENT MARKET

1. In Economics, the term 'market' refers to a:
 - (a) place where buyer and seller bargain a product or service for a price.
 - (b) place where buyer does not bargain
 - (c) place where seller does not bargain
 - (d) none of the above

2. Which one is not a part of the elements of a market?
 - (a) Buyers and sellers
 - (b) A product or service
 - (c) Bargaining for a price
 - (d) Volume of business

3. A market is a network of dealings between which of the following?
 - (a) Dealers and wholesalers
 - (b) Buyers and sellers
 - (c) Owners and channel partners
 - (d) Sales man and competitors

4. Which of the following is not an element of a market?
 - (a) Knowledge about market condition
 - (b) No bargaining for a price
 - (c) A product or service
 - (d) Buyers and seller

5. Which of the following is not the element of markets?
 - (a) A product/service
 - (b) Bargaining of price
 - (c) Knowledge about market conditions
 - (d) Advertisement (or) brand aware- ness

6. Which one of the following is not element of market?
 - (a) buyer
 - (b) service
 - (c) firm
 - (d) bargaining for price

7. Market consists of:
 - (a) Buyer and Seller
 - (b) One price for one product at a given time
 - (c) Both (a) and (b)
 - (d) None

8. The Price Elasticity of demand of a firm in Pure Competition is:
(a) Infinite (b) Finite (c) Large (d) Small
9. On the basis of nature of transaction, a market may be classified into:
(a) Wholesale and retail market (b) Cash and forward rate
(c) National and international market (d) Regulated and unregulated market
10. When commodities are sold in small quantities are called as which of the following?
(a) Wholesale market (b) Regulated market
(c) Spot market (d) Retail market
11. For market the essential condition is:
(a) A particular geographical place (b) Control of the government
(c) Close contact between buyers and sellers
(d) None of these
12. Who conceived the 'time element' in markets?
(a) Alfred Marshall (b) Adam Smith
(c) Robert Malthus (d) Schumpeter
13. On the basis of nature of transaction, a market can be classified into which of the following?
(a) Cash and forward market (b) National and international market
(c) Organized and unorganized market (d) Retail and wholesale market
14. _____ conceived the "Time" element in markets and on the basis of this markets are classified into very short period, Short-Period, Long-Period & Very Long period.
(a) Alfred Marshall (b) Schumpeter
(c) Adam Smith (d) Paul Samuelson
15. On the basis of nature of trans- actions, a market may be classified into:
(a) Spot market and future market
(b) Regulated market and unregulated market
(c) Wholesale market and retail market
(d) Local market and national market.

16. Secular period is also known as:
- (a) Very short period (b) Short period
(c) Very long period (d) Long period
17. Very short period market is suitable for which of the following products?
- (a) Gold and silver (b) Vegetable and fruits
(c) Bricks and sand (d) Supply of capital
18. On the basis of nature of transactions, market can be classified a _____.
- (a) Wholesale market and retail market
(b) Future market and spot market
(c) Regulated market and unregulated market
(d) Money market and Future market
19. Example of a commodity said to have an International Market is?
- (a) Perishable Goods.
(b) High Value and Small Bulk Commodities.
(c) Product whose trading is restricted by government.
(d) Bulky Articles.
20. Stock exchange market is an example of:
- (a) Unregulated market (b) Regulated market
(c) Spot market (d) None of the above
21. The market for ultimate consumer is known as:
- (a) Wholesale market (b) Regulated market
(c) Unregulated market (d) Retail market
22. The _____ is the market where the commodities are bought and sold in bulk or large quantities. Transactions generally take place between trades.
- (a) Wholesale market
(b) Regulated market
(c) Local market
(d) Retail market

23. _____ are those markets in which firm buy the resources they need (Land, Labour, Capital and entrepreneurship) to produce goods and services.

- (a) Regular Markets (b) Producer's Markets
(c) Product Markets (d) Factor Markets

24. A market where goods are exchanged for money payable either immediately or within short span of time is:

- (a) Forwarded market (b) Regulate market
(c) Wholesale market (d) Spot market

25. When the commodities are sold in small quantities, it is called as:

- (a) Retail Market (b) Wholesale Market
(c) Small Market (d) Local Market

26. From the following table, what will be equilibrium market price?

Price (in ₹)	Demand (Tonnes per annum)	Supply (Tonnes per annum)
1	500	200
2	450	250
3	400	300
4	350	350
5	300	400
6	250	450
7	200	500
8	150	550

- (a) ₹2 (b) ₹3 (c) ₹4 (d) ₹5

27. The equilibrium is restored automatically through:

- (a) The fundamental working of the market.
(b) Price movements eliminate shortage or Surplus.
(c) Both (a) and (b)
(d) None of these.

28. _____ is the price at which demand for a commodity is equal to its supply:

- (a) Normal Price (b) Equilibrium Price
(c) Short run Price (d) Secular Price

29. When increase in demand is equal to increase in supply and equilibrium price remains constant, then what about equilibrium quantity?
- (a) Increases (b) Decreases
(c) Remains Constant (d) None of the above
30. With a given supply curve, a decrease in demand causes:
- (a) An overall decrease in price but an increase in equilibrium quantity.
(b) An overall increase in price but a decrease in equilibrium quantity.
(c) An overall decrease in price and a decrease in equilibrium quantity.
(d) No change in overall price but a reduction in equilibrium quantity.
31. If supply decreases and demand remains constant, then equilibrium price will be:
- (a) Increases (b) Decreases[Ⓜ]
(c) No change (d) Become Negative
32. Assume that in the market for good Z there is a simultaneous increase in demand and the quantity supplied. The result will be:
- (a) An increase in equilibrium price and quantity.
(b) A decrease in equilibrium price and quantity.
(c) An increase in equilibrium quantity and uncertain effect on equilibrium price.
(d) A decrease in equilibrium price and increase in equilibrium quantity.
33. An increase in supply with demand remaining the same, brings about.
- (a) An increase in equilibrium quantity and decrease in equilibrium price.
(b) An increase in equilibrium price and decrease in equilibrium quantity.
(c) Decrease in both equilibrium price and quantity.
(d) None of these.
34. An increase in supply with unchanged demand leads to:
- (a) Rise in price and fall in quantity
(b) Fall in both price and quantity
(c) Rise in both price and quantity
(d) Fall in price and rise in quantity

35. Suppose the technology for producing personal computers improves and, at the same time, individuals discover new uses for personal computers so that there is greater utilisation of personal computers. Which of the following will happen to equilibrium price and equilibrium quantity?
- (a) Price will increase; quantity can- not be determined.
 - (b) Price will decrease; quantity can- not be determined.
 - (c) Quantity will increase; price can- not be determined.
 - (d) Quantity will decrease; price can- not be determined.
36. Which of the following may lead to changes in demand and Supply?
- (a) Income and population
 - (b) Tastes and Preferences
 - (c) Technology & Prices of Factors of Production
 - (d) All of the above.
37. Changes in Demand & Supply may be due to:
- (a) Increase in Price
 - (b) Decrease in Price
 - (c) Change in determinants of Dem- and & other
 - (d) None of the above.
38. If price is forced to stay below equilibrium price then consequently it can be said that:
- (a) Excess supply exists
 - (b) Excess demand exists
 - (c) Either (a) or (b)
 - (d) Neither (a) nor (b)
39. Lower prices in railways for senior citizens is a typical example of:
- (a) Concessional pricing
 - (b) Marginal cost pricing
 - (c) Differential pricing
 - (d) Subsidized pricing
40. If the price of a commodity is fixed, then with every increase in its sold quantity the total revenue will _____ and the marginal revenue will _____.
- (a) Increase, also increase
 - (b) Increase, remain unchanged
 - (c) Increase, decline
 - (d) Remain fixed, increase

41. If supply increases in a greater proportion than demand:
- (a) The new equilibrium price and quantity will be greater than the original equilibrium price and quantity
 - (b) The new equilibrium price will be greater than the original equilibrium price but equilibrium quantity will be higher.
 - (c) The new equilibrium price and quantity will be lower than the original equilibrium price and quantity.
 - (d) The new equilibrium price will be lower than the original equilibrium and the new equilibrium quantity will be higher.
42. Assume that consumers' incomes and the number of sellers in the market for a good both decrease. Based upon this information, we can conclude, with certainty, that the equilibrium:
- (a) Price will increase.
 - (b) Price will decrease.
 - (c) Quantity will increase.
 - (d) Quantity will decrease.
43. When demand for commodity is decreasing as a result of fall in income and its supply remains constant, what will be the impact on its price?
- (a) Price increases
 - (b) Price decreases
 - (c) No change
 - (d) Uncertain change in price
44. It is assumed in economic theory that:
- (a) Decision making within the firm is usually undertaken by managers, but never by the owners.
 - (b) The ultimate goal of the firm is to maximize profits, regardless of firm size or type of business organization.
 - (c) As the firm's size increases, so do its goals.
 - (d) the basic decision making unit of any firm is its owners.
45. Suppose that a sole proprietor ship is earning total revenues of ₹1,00,000 and is incurring explicit costs of ₹75,000. If the owner could work for another company for ₹30,000 a year, we would conclude that:
- (a) The firm is incurring an economic loss.
 - (b) Implicit costs are ₹25,000.
 - (c) The total economic costs are ₹1,00,000.
 - (d) The individual is earning an economic profit of ₹25,000.

46. Shift of the Demand curve to the _____ means increase in demand.
- (a) right (b) left
(c) downward (d) no change in Demand Curve.
47. If demand does not change but improved technology, then:
- (a) Demand Curve will shift to the right.
(b) Demand Curve will shift to the Left.
(c) Supply curve will shift to the right.
(d) Supply curve will shift to the Left.
48. When the Supply and demand curves shift in the same direction and both demand and Supply _____, the equilibrium quantity _____ but the change in equilibrium price is _____.
- (a) Increase, Increases, Uncertain (b) Increase, Increases, Increases
(c) Increase, Increases, decreases (d) None of the above
49. When demand increases and supply _____, the equilibrium price _____ but nothing certain can be said about the change in equilibrium quantity.
- (a) Decreases, decreases (b) Decreases, rises
(c) Decreases, remain constant (d) None of the above
50. If demand increases without any corresponding increase in supply, there will be:
- (a) Increase in equilibrium price (b) Quantity sold increases
(c) Quantity purchased increases (d) All of the above.
51. Identify correct possible out- come when the supply and demand curves shift in the same direction.
- (a) When demand increases and supply decreases, the equilibrium price rises but nothing certain can be said about the change in equilibrium quantity.
(b) When both demand and supply increase, the equilibrium quantity increases but the change in equilibrium price is uncertain.
(c) When both demand and supply decrease, the equilibrium quantity increases but the change in equilibrium price is uncertain.
(d) When demand decreases and supply increases, the equilibrium price falls but nothing certain can be said about the change in equilibrium quantity.

52. There can be simultaneous change in both demand and Supply. In that case, the equilibrium price will be:
- (a) Increased
 - (b) Decreased
 - (c) Changes as per the Proportionate change in demand & Supply.
 - (d) None of the above
53. Identity the effect on equilibrium price and quantity demanded due to Increase in supply, with demand remaining the same.
- (a) The equilibrium price will go up, quantity demanded will go up.
 - (b) The equilibrium price will go down, quantity demanded will go up.
 - (c) The equilibrium price will go down, quantity demanded will go down.
 - (d) The equilibrium price will go up, quantity demanded will go down.
54. Which of the following is not an essential condition of pure competition?
- (a) Large number of buyers and sellers
 - (b) Homogeneous product
 - (c) Freedom of entry
 - (d) Absence of transport cost
55. Under perfect competition, price elasticity of demand of a firm is:
- (a) Large
 - (b) Slight
 - (c) Infinite
 - (d) Extreme
56. Under which of the following forms of market structure does a firm has no control over the price of its product:
- (a) Monopoly
 - (b) Oligopoly
 - (c) Monopolistic competition
 - (d) Perfect competition
57. Which of the following is not a coalition of perfect competition?
- (a) A large number of firms
 - (b) Perfect mobility of factors
 - (c) Informative advertising to ensure that consumers have good information
 - (d) Freedom of entry and exit into and out of the market

58. Which of the following is not a condition of perfect competition?
- (a) A large number of firms.
 - (b) Perfect mobility of factors.
 - (c) Informative advertising to ensure that consumers have good information.
 - (d) Freedom of entry and exit into and out of the market.
59. Which is not the characteristic of perfect competition?
- (a) Large number of sellers
 - (b) Freedom of entry and exit
 - (c) No supernormal profits in the long-run
 - (d) Inefficient allocation of resources
60. _____ is an ideal Market.
- (a) Monopoly
 - (b) Monopolistic
 - (c) Perfect Competition
 - (d) Oligopoly
61. A firm, to attain the equilibrium position under perfect competition has to satisfy which of the following conditions?
- (a) $MR > MC$
 - (b) $MR = MC$
 - (c) MR curve should cut MC curve from below
 - (d) MC curve should cut MR curve from below
62. Which of these are characteristics of Perfect Competition
- (a) Many Sellers & Buyers
 - (b) Homogeneous Product
 - (c) Free Entry and Exit
 - (d) All of the above
63. Under which of the following market conditions both average and marginal revenue are the same?
- (a) Perfect competition
 - (b) Monopoly
 - (c) Monopolistic competition
 - (d) Oligopoly
64. In the market structure, demand curve is also known as:
- (a) Marginal cost curve
 - (b) Average revenue curve
 - (c) Total production curve
 - (d) Marginal utility curve

65. Price-taking firms, i.e., firms that operate in a perfectly competitive market, are said to be "small" relative to the market. Which of the following best describes this smallness?
- (a) The individual firm must have fewer than 10 employees.
 - (b) The individual firm faces a downward-sloping demand curve.
 - (c) The individual firm has assets of less than ₹20 lakhs.
 - (d) The individual firm is unable to affect market price through its output decisions.
66. Suppose that the demand curve for the XYZ Co. slopes downward and to the right. We can conclude
- Suppose that the demand curve for the XYZ Co. slopes downward and to the right. We can conclude:
- (a) The firm operates in perfectly competitive market.
 - (b) The firm can sell all that it was to at the established market price.
 - (c) The XYZ Co. is not a price taker in the market because it must lower price to sell additional units of output.
 - (d) The XYZ Co. will not be maximize profits because price and revenue are subject to change.
67. Conditions for equilibrium of a firm are:
- (a) $MR = MC$
 - (b) MC should cut MR from below.
 - (c) $MR = AR$ and MC should cut MR from below.
 - (d) $MR = MC$ and MC should have a positive slope.
68. What is true about the perfect competition market?
- (a) $AR = MR = PRICE$
 - (b) $AR = AC = P$
 - (c) $AR > AC$
 - (d) None
69. The firm in a perfectly competitive market is a price-taker. This designation as a price-taker is based on the assumption that:
- (a) The firm has some, but not complete, control over its product price.
 - (b) There are so many buyers and sellers in the market that any individual firm cannot affect the market.
 - (c) Each firm produces a homogeneous product.
 - (d) There is easy entry into or exit from the market place.

70. MR Curve = AR = Demand Curve is a feature of which kind of Market?
(a) Perfect Competition (b) Monopoly
(c) Monopolistic (d) Oligopoly
71. Which of the following is NOT characteristic of a "Price taker"?
(a) $TR = P \times Q$ (b) $AR = \text{Price}$
(c) $MR = \text{Price}$ (d) Negatively sloping demand curve
72. If a perfect competition firm is making losses then which condition is suitable. To carry on business as long as it covering variable cost.
(a) Shutdown (b) Expand its plant
(c) Do nothing (d) Reduce productions
73. Demand curve is equal to M.R. curve in which market?
(a) Oligopoly (b) Monopoly
(c) Monopolistic Competition (d) Perfect Competition
74. A perfect market is characterized by:-
(a) Existence of large number of buyers and sellers -
(b) Homogenous products
(c) Perfect knowledge of the market
(d) All of the above
75. Elasticity of demand under perfect competition is:
(a) One (b) Two (c) Zero (d) Infinite
76. 'Zero economic profit' emerges due to which of the following condition?
(a) Average revenue is more than average total cost.
(b) Average revenue is just equal to average total cost.
(c) Marginal revenue is just equal to average total cost.
(d) Marginal revenue is just equal to marginal cost.
77. Which perfect completion firm is described as:
(a) Price taker and not price maker. (b) Price maker and not price taker,
(c) Neither price maker nor price taker. (d) None of the above.

78. Which of the following State. ment is false as regards Perfect Competition?
- (a) Firm is said to be in equilibrium when it maximizes its profit.
 - (b) The output which gives maximum profit to the firm is called equilibrium output.
 - (c) In the equilibrium State, the firm has no incentive either to increase or decrease its output.
 - (d) Firms in a Competitive market are Price Makers.
79. Which is the first order condition for the profit of a firm to be maximum?
- (a) $AC = MR$
 - (b) $MC = MR$
 - (c) $MR = AR$
 - (d) $AC = AR$
80. For maximum profit, the condition is:
- (a) $AR = AC$
 - (b) $MR = MC$
 - (c) $MR = AR$
 - (d) $MC = AR$
81. Condition for producer equilibrium is:
- (a) $TR = TVC$
 - (b) $MC = MR$
 - (c) $TC = TAC$
 - (d) None of these
82. In market, the price and output equilibrium is determined on the basis of:
- (a) Total revenue and total cost
 - (b) Total cost and marginal cost
 - (c) Marginal revenue and marginal cost
 - (d) Only marginal cost
83. In a perfectly competitive market the demand curve of a firm is:
- (a) Elastic
 - (b) Perfectly elastic
 - (c) Inelastic
 - (d) Perfectly inelastic
84. The firm will attain equilibrium at a point where MC curve cuts _____ from below.
- (a) AR curve
 - (b) MR curve
 - (c) AC curve
 - (d) AVC curve
85. If in a short run perfect competition earn super per normal profit then which condition satisfy?
- (a) $ATC > MC$
 - (b) $ATC < MC$
 - (c) $MR < AR$
 - (d) $MR > AR$
86. Which is the first order condition for the firm to maximize the profit.
- (a) $AC = MR$
 - (b) $AC = AR$
 - (c) $MC = MR$
 - (d) $MR = AR$

87. Average revenue curve is also known as:
- (a) Profit Curve
 - (b) Demand Curve
 - (c) Average Cost Curve
 - (d) Indifference Curve
88. Condition for equilibrium of firm:
- (a) $MR = MC$
 - (b) $AR = AC$
 - (c) MC curve cuts MR curve from below
 - (d) Both (a) and (c)
89. Demand curve is horizontal in the case of:
- (a) Monopoly
 - (b) Perfect Competition
 - (c) Imperfect Competition
 - (d) Monopolistic Competition
90. In the short run, a firm operates with a _____ amount of capital and must choose the level of its _____ so as to _____ profit.
- (a) Fixed, Variable inputs, maximize
 - (b) Variable, fixed inputs, minimize
 - (c) Fixed, Fixed inputs, maximize
 - (d) Valuable, Variable inputs, minimize.
91. At the equilibrium position of a firm Under perfect Competition, _____.
- (a) The Marginal revenue is equal to the marginal Cost.
 - (b) The MC Curve cuts MR Curve from below.
 - (c) Both (a) & (b)
 - (d) Either (a) or (b)
92. A purely competitive firm's supply schedule in the short run is determined by:
- (a) Its average revenue.
 - (b) Its marginal revenue.
 - (c) Its marginal utility for money curve.
 - (d) Its marginal cost curve.
93. Which of the following conditions exhibits long run equilibrium of the industry under perfect competition?
- (a) $MR = LMC = AR = LAC = SAC = SMC$
 - (b) $MR = LMC = AR > LAC$
 - (c) $MR = LMC = AR < LAC$
 - (d) $MR = LMC = AR > SAC$

94. In a perfectly Competitive Industry, the MC Curve of a firm depicts:
- (a) The industry demand Curve (b) The Firm's demand Curve
(c) The industry's supply Curve (d) The Firm's supply Curve.
95. As regards short run supply curve of the firm in a Competitive market, for Prices _____ Average Variable Cost, the firm will Supply _____ units because the firm is _____ to meet even its variable Cost.
- (a) Above, maximum, Unable (b) Below, Zero, Unable
(c) Above, Maximum, able (d) Below, Zero, able
96. When the average revenues are more than its average total Cost, the Firm is said to have earned:
- (a) Normal Profits (b) Super Normal Profits
(c) Exceptional Profits (d) Expected Profits.
97. The total Cost of production is ₹40,000 (1,000 units). If the firm is selling the product at ₹ 45 per unit, it is earning
- (a) Normal Profits @ ₹5 Per Unit (b) Normal Profits @ ₹45 Per Unit
(c) Super normal profits @ ₹5 Per Unit (d) Super Normal profits @ ₹45 Per Unit.
98. Price discrimination is one of the features of:
- (a) Monopolistic competition (b) Monopoly
(c) Perfect competition (d) Oligopoly
99. When the monopolist divides the consumers into separate sub- markets and charges different prices in different sub-markets it is known as:
- (a) First degree of price discrimination. (b) Second degree of price discrimination.
(c) Third degree of price discrimination. (d) None of the above.
100. Under _____ the monopolist will fix a price which will take away the entire consumers' surplus.
- (a) Second degree of price discrimination.
(b) First degree of price discrimination.
(c) Third degree of price discrimination.
(d) None of the above.

101. Price discrimination is related to:

- (a) Time
- (b) Size of the purchase
- (c) Income
- (d) Any of the above

102. Under monopoly price discrimination depends upon:

- (a) Elasticity of demand for commodity.
- (b) Elasticity of supply for commodity
- (c) Size of market
- (d) All of the above

103. Which one of the following statement is Incorrect?

- (a) Competitive firms are price takers and not price makers.
- (b) Price discrimination is possible in monopoly only. [Ⓡ]
- (c) Duopoly may lead to monopoly.
- (d) Competitive firm always seeks to discriminate prices.

104. For a discriminating monopolist the condition for equilibrium is:

- (a) $MR > MC$
- (b) $MR_1 = MR_2$
- (c) $MR_a = MR_b = MC$
- (d) All of the above

105. Price discrimination can take place only in:

- (a) Monopolistic competition
- (b) Oligopoly
- (c) Perfect competition
- (d) Monopoly

106. Price Discrimination is possible only when.

- (a) Seller is alone
- (b) Goods are homogeneous
- (c) Market is controlled by the government
- (d) None of the above.

107. For price discrimination to be successful, the elasticity of demand for the commodity in the two markets should be:

- (a) Same
- (b) Different
- (c) Constant
- (d) Zero

108. Price discrimination will be profitable only if the elasticity of demand in different markets is:

- (a) Uniform
- (b) Different
- (c) Less
- (d) Zero

109. A discriminating monopolist to reach equilibrium position, his decision on total output depends upon:
- (a) How much total output should be produce?
 - (b) How the total output should be distributed between the two sub- market?
 - (c) Both (a) and (b)
 - (d) None
110. When new firm enter into the market and compete with the existing firm is a situation called as _____
- (a) Pure oligopoly
 - (b) Open oligopoly
 - (c) Collusive oligopoly
 - (d) Competitive oligopoly
111. Market which have two firms are known as:
- (a) Oligopoly
 - (b) Duopoly
 - (c) Monopsony
 - (d) Oligopsony
112. Firms in oligopoly are likely to:
- (a) Try to differentiate its products
 - (b) Invest heavily in branding
 - (c) Act independently of other firms
 - (d) Try to be a price maker
113. Smart phones market is an example of:
- (a) Perfect competition
 - (b) Monopoly
 - (c) Monopolistic competition
 - (d) Oligopoly
114. Non-price competition are observed in which type of following market?
- (a) Monopoly
 - (b) Monopolistic competition
 - (c) Duopoly
 - (d) Oligopoly
115. The market structure in which the number of sellers is small and there is inter dependence in decision making by the firms is known as:
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopoly
 - (d) Monopolistic competition

116. Who propounded the price rigidity under kinked demand curve model of oligopoly?
(a) Adam Smith (b) Karl Marx (c) Keynes (d) Paul A. Sweezy
117. A Kinked Demand Curve is also known as:
(a) Samuelson's (b) Chamberlin's model
(c) Stigler model (d) Sweezy's model
118. OPEC is an example of:
(a) Monopolistic competition (b) Monopoly
(c) Oligopoly (d) Duopoly
119. Aluminium industry is the example of which type of oligopoly?
(a) Full oligopoly (b) Open oligopoly
(c) Pure oligopoly (d) Syndicated oligopoly
120. Price rigidity concept is related to:
(a) Duopoly (b) Monopoly
(c) Oligopoly (d) Monopolistic competition
121. One characteristic not typical of oligopolistic industry is:
(a) Horizontal demand curve
(b) Too much importance to non- price competition
(c) Price leadership
(d) A small number of firms in the industry
122. The structure of the cold drink industry in India is best described as:
(a) Perfectly competitive. (b) Monopolistic.
(c) Monopolistically competitive. (d) Oligopolistic
123. Kinked demand hypothesis is designed to explain the under oligopolistic market:
(a) Collusion between firms
(b) Price and output determination
(c) Rigidity of price
(d) Price leadership

124. Pure oligopoly occurs when:

- (a) The product is homogeneous
- (b) The product is differentiated
- (c) The industry is dominated by one large firm
- (d) The absence of price leadership

125. "Let and live philosophy" concern from which market?

- (a) Perfect competition
- (b) Monopoly
- (c) Oligopoly
- (d) Monopolistic Competition

126. Oligopoly having identical products is:

- (a) Pure oligopoly
- (b) Imperfect oligopoly
- (c) Price leadership
- (d) Collusion.®

127. Non-price competition is observed in which type of the following market?

- (a) Monopoly
- (b) Monopolistic Competition
- (c) Duopoly
- (d) Oligopoly

128. Price rigidity is a situation found in which of the following market forms?

- (a) Perfect competition
- (b) Monopoly
- (c) Monopolistic competition
- (d) Oligopoly

129. Oligopoly having identical products is known as:

- (a) Pure oligopoly
- (b) Collusive oligopoly
- (c) Independent oligopoly
- (d) None of these

130. When an oligopolistic firm chooses its level of production to maximize its profits then it charges a price that is:

- (a) More than the price charged by either monopoly or a competition
- (b) Less than the price charged by either monopoly or a competition.
- (c) More than the price charged by a monopoly and less than a competitive market firm.
- (d) Less than the price charge by a monopoly, and more than a competitive market firm.

131. Which one of the following is not a characteristic of Oligopoly?
- (a) Strategic interdependence
 - (b) Large number of firms selling close substitutes
 - (c) Importance of selling cost
 - (d) Group behaviour
132. The market for hand tools (such as hammers and screwdrivers) is dominated by Draper, Stanley, and Craftsman. This market is best described as:
- (a) Monopolistically competitive
 - (b) A monopoly
 - (c) An oligopoly
 - (d) Perfectly competitive
133. When the industry is dominated by one large firm which is considered as the leader of the group, the market is described as:
- (a) Open oligopoly
 - (b) Perfect oligopoly
 - (c) Partial oligopoly
 - (d) Organized oligopoly
134. Sweezy's Model explains the concept of price rigidity relating to following market form:
- (a) Oligopoly Market
 - (b) Perfect Competition Market
 - (c) Monopoly Market
 - (d) Monopolistic Market
135. Which of these is the best example of oligopoly?
- (a) OPEC
 - (b) SAARC
 - (c) WTO
 - (d) GATT
136. In oligopoly, when the industry is dominated by one large firm which is considered as leader of the group, Then it is called:
- (a) Full oligopoly
 - (b) Collusive oligopoly
 - (c) Partial oligopoly
 - (d) Syndicated oligopoly
137. When the industry is dominated by one large firm it is called:
- (a) Full oligopoly
 - (b) Partial oligopoly
 - (c) Organized oligopoly
 - (d) Closed oligopoly
138. When the products are sold through a centralized body, oligopoly is known as:
- (a) Organized oligopoly
 - (b) Partial oligopoly
 - (c) Competitive oligopoly
 - (d) Syndicated oligopoly

139. The demand curve of oligopoly is:

- (a) Horizontal
- (b) Vertical
- (c) Kinked
- (d) Rising left to right

140. When new firms of the oligopoly market come to a common understanding or act in collusion with each other either in fixing price or output or both, then it is called as:

- (a) Competitive oligopoly
- (b) Syndicated oligopoly
- (c) Collusive oligopoly
- (d) Partial oligopoly

141. When the industry is dominated by one large firm which is considered or looked upon as the leader of the group, the oligopoly is regarded as:

- (a) Competitive oligopoly
- (b) Syndicated oligopoly
- (c) Collusive oligopoly
- (d) Partial oligopoly

142. OPEC is an example of:

- (a) Monopolistic competition
- (b) Monopoly
- (c) Oligopoly
- (d) Duopoly

143. Which of the following is not a feature of oligopoly market?

- (a) Interdependence of the firms in decision making
- (b) Price rigidity
- (c) Group behaviour
- (d) Existence of large number of firms.

144. _____ is that situation in which a firm bases its market policy, in part on the expected behaviour of a few close rivals.

- (a) Oligopoly
- (b) Monopolistic Competition
- (c) Monopoly
- (d) Perfect Competition

145. When an oligopolist individually chooses its level of production to maximize its profits, it charges a price that is:
- (a) More than the price charged by either monopoly or a competitive market.
 - (b) Less than the price charged by either monopoly or a competitive market.
 - (c) More than the price charged by a monopoly and less than the price charged by a competitive market.
 - (d) Less than the price charged by a monopoly and more than the price charged by a competitive market
146. Group behaviour from which market belongs:
- (a) Perfect Competition
 - (b) Monopolistic Competition
 - (c) Monopoly
 - (d) Oligopoly
147. Pure oligopoly is based on the _____ products.
- (a) Differentiated
 - (b) Homogeneous
 - (c) Unrelated
 - (d) None of the above
148. What is/are feature(s) of oligopoly?
- (a) Kinked Demand curve
 - (b) Cartel
 - (c) Downward sloping demand curve
 - (d) Both (a) and (b) are correct
149. Which of these is the best example of oligopoly?
- (a) OPEC
 - (b) SAARC
 - (c) WTO
 - (d) GATT
150. Which one of the following is not the feature of Oligopoly?
- (a) Interdependency
 - (b) Selling cost
 - (c) Free Entry
 - (d) One of the above/group behaviour
151. The theory of oligopoly is a theory of:
- (a) Group Behaviour
 - (b) Mass Behaviour
 - (c) Individual Behaviour
 - (d) Single Behaviour

152. Which one of following statement is incorrect as regards oligopoly?

- (a) It is dominated by a Small number of large firms.
- (b) There is importance of advertising & selling cost.
- (c) The oligopoly is interdependent in decision-making of the new firms which comprise the industry.
- (d) No new firm is allowed to enter in oligopoly market in any case.

153. Price leadership is the characteristic of:

- (a) Oligopoly
- (b) Monopoly
- (c) Perfect competition
- (d) Discriminating Monopoly

5

BUSINESS CYCLES

- The term business cycle refers to:
 - The ups and downs in production of commodities.
 - The fluctuating levels of economic activity over a period of time.
 - Decline in economic activities over prolonged period of time.
 - Increasing unemployment rate and diminishing rate of savings.
- The rhythmic fluctuations in aggregate economic activity that an economy experiences over a period of time are called:
 - Inflation
 - Unemployment
 - Business cycles
 - Growth rate
- Which of the following statement is correct for a business cycle?
 - A Typical feature of depression is the rise in the interest rate.
 - A typical feature of depression is the constant interest rate.
 - Recession is the severe form of depression.
 - Depression is the severe form of recession.
- The economy-wide fluctuations in production, trade and general economic activity is referred as:
 - Business Cycle
 - Economic cycle
 - Boom-bust Cycle
 - All of the above
- Greatest depression suffered by economy in which year?
 - 1924
 - 1930
 - 2008
 - 2009
- According to _____ trade cycle is a purely monetary phenomenon.
 - Schumpeter
 - Nicholas Kaldor
 - Keynes
 - Hawtrey

7. According to _____ trade cycle occurs due to the onset of innovations.
- (a) Hawtrey (b) Adam Smith
(c) JM. Keynes (d) Schumpeter
8. Trade cycles occur as a result of the mismatch between the aggregate demand function and aggregate supply function. Who said this?
- (a) Pigou (b) Schumpeter
(c) Hawtrey (d) Keynes
9. Which is not related to great depression of 1930?
- (a) It started in USA
(b) John Maynard Keynes regarded lower aggregate expenditure as the cause
(c) Excess Money Supply
(d) Both (a) and (b)
10. Which of the following is not correct about the business cycles?
- (a) Business cycles have distinct phase of expansion, peak, contraction and trough
(b) Business cycles generally originate in capitalist economies
(c) Business cycles are contagious and are internal in character
(d) All sectors of the economy are adversely affected in equal proportion
11. The world economy suffered the longest deepest and most widespread depression of the 20th century during _____.
- (a) 1934 (b) 1928 (c) 1930 (d) 1932
12. Recent example of the Business cycle is the housing bubble of the US economy bubble got bust in the year _____.
- (a) 1930 (b) 1998 (c) 2000 (d) 2007
13. Which among the following is not a feature of Business Cycles?
- (a) Business Cycles are sporadic in nature.
(b) Business Cycles have serious consequence on the well-being of the society.
(c) Business Cycles are exceedingly complex Phenomena.
(d) Business Cycles are contagious.

14. The rhythmic fluctuations in aggregate economic activity that an economy experiences over a period of time is called:
- (a) Business cycle (b) Recession
(c) Contraction phase (d) Recovery
15. The business Cycles or the periodic booms and slumps in economic activities reflect the _____ in economic activities.
- (a) Upward movements
(b) Downward movements
(c) Upward and downward movements
(d) Extreme rise
16. Which statement is incorrect?
- (a) Depression of Severe form of trough.
(b) Depression causes fall in Interest rate.
(c) Peak is highest point.
(d) All of the above.
17. When aggregate economic activity is increasing in an economy, the economy is said to be in _____.
- (a) Peak (b) Contraction (c) Expansion (d) Trough
18. During the phase of trough of business cycle, the growth rate became _____.
- (a) Negative (b) Zero (c) High (d) Low
19. When aggregate economic activity is expanding it is said to be in:
- (a) Contraction (b) Expansion
(c) At turning point (d) A peak
20. During _____ there is fall in level of investment and employment.
- (a) Boom (b) Recovery (c) Contraction (d) Depression
21. The term _____ refers to the top or the highest point of business cycle.
- (a) Top (b) Expansion (c) Peak (d) Equilibrium

22. Select the odd out:
(a) Expansion (b) Boom (c) Upswing (d) Trough
23. _____ represents the steady growth line or the growth of the economy when there are no business cycles.
(a) Peak (b) Trend (c) Depression (d) Expansion
24. In which phase of Business Cycles levels of investment & employment falls
(a) Peak (b) Recession (c) Expansion (d) Contraction
25. Which one of the following is not a phase of business cycle
(a) Peak (b) Trough (c) Expansion (d) Reconstruction
26. Actual demand stagnates in which of the following stage of a business cycle?
(a) Expansion (b) Peak (c) Contraction (d) Recovery
27. The phase of business cycle in which growth rate becomes negative and the level of national income and expenditure declines rapidly resulting in widespread unemployment.
(a) Contraction (b) Recession
(c) Depression (d) Recovery
28. Which indicators coincide or occur simultaneously with the business cycle movements?
(a) Legal (b) Lagging (c) Leading (d) Concurrent
29. Expansion phase is characterized by increases in _____.
(a) National output, employment and demand
(b) Excessive investment over production
(c) Unemployment, workers accept work at lower wages
(d) Decrease in input demand and prices fall down
30. Which business cycle phases are known as Turning Points?
(a) Trough and Depression (b) Peak and Trough
(c) Expansion and Contraction (d) Peak and Boom

31. Peaks and troughs of the business cycle are known collectively as:
- (a) Volatility (b) Turning points
(c) Equilibrium points (d) Real business cycle events
32. _____ sector cannot be included as 'cyclical' businesses.
- (a) Electric goods (b) House builder
(c) Agriculture (d) Restaurants
33. Which of the following is not an example of cyclical business?
- (a) Fashion retailers (b) Ensure builders
(c) Restaurants (d) Washing powder
34. The four phases of the business cycle are:
- (a) peak, recession, trough and boom
(b) peak, depression, trough and boom
(c) peak, recession, trough and recovery
(d) peak, depression, bust and boom
35. Expansion phase of business cycle depicts characteristics except _____
- (a) Consumer spending on goods and services tend to rise
(b) Business confidence tends to rise
(c) Interest rates and profits tend to rise
(d) Unemployment tends to rise
36. _____ state continues till there is full employment of resources and production is at its maximum possible level using available productive resources.
- (a) Expansion (b) Peak (c) Contraction (d) Depression
37. At 'trough' the production in the economy reaches at which of the following:
- (a) High (b) Low (c) Constant (d) Negative
38. The lowest level of economic activity is called:
- (a) Depression (b) Boom (c) Expansion (d) Contraction

39. The different phases of a business cycle:
- (a) Do not have the same length and severity
 - (b) Expansion phase always last more than ten years
 - (c) Last many years and are difficult to get over in short periods
 - (d) None of the above
40. Which phase of business cycle is characterised by increase in national Output, employment, aggregate demand, capital and consumer expenditure sales, profits etc.?
- (a) Depression
 - (b) Contraction
 - (c) Trough
 - (d) Expansion
41. A typical feature of depression is _____ in the interest rate.
- (a) Rise
 - (b) Constant
 - (c) Fall
 - (d) Infinity
42. In _____ phase, the overall economic activities (i.e. Production and Employment) are at the lowest level.
- (a) Expansion
 - (b) Trough
 - (c) Peak
 - (d) Bottom
43. Increase in national output and other economic variables is a characteristic of _____ in Business Cycles.
- (a) Trough
 - (b) Depression
 - (c) Contraction
 - (d) Expansion
44. Peaks and troughs of the business cycle are known collectively as:
- (a) Volatility
 - (b) Turning points
 - (c) Equilibrium points
 - (d) Real business cycle events
45. Actual demand stagnates in which stage:
- (a) Peak
 - (b) Trough
 - (c) Recovery
 - (d) Contraction
46. Identify the odd-one in the following:
- (a) Downswing
 - (b) Recession
 - (c) Boom
 - (d) Contraction
47. In which stage of the business cycle involuntary unemployment is almost zero?
- (a) Expansion
 - (b) Peak
 - (c) Contraction
 - (d) Recovery

48. Which of the following characteristics does not belong to expansion path of business cycles?
- (a) Consumer spending on goods and service tend to rise
 - (b) Business confidence tends to rise
 - (c) Interest rates and profits tend to rise
 - (d) Unemployment tends to rise
49. The expansion phase is characterized by high growth rate. What is the next phase after expansion?
- (a) Peak
 - (b) Contraction
 - (c) Downstream
 - (d) None of the above
50. Which of the following does not occur during an expansion?
- (a) Consumer purchases of all types of goods tend to increase.
 - (b) Employment increases as demand for labour rises.
 - (c) Business profits and business confidence tend to increase.
 - (d) None of the above
51. Which of the following is not a variable in the index of leading indicators?
- (a) Prime Rate
 - (b) Delayed Deliveries
 - (c) Construction permits
 - (d) New consumer goods orders
52. Which of the following is not an example of coincident indicator?
- (a) Industrial production
 - (b) Inflation
 - (c) Retail sales
 - (d) New orders for plant and equipment
53. Those variables that change before the real output changes are called.
- (a) Leading indicators
 - (b) Lagging indicators
 - (c) Concurrent indicators
 - (d) Business indicators
54. Friction unemployment is the characteristic of which of the following stages:
- (a) Expansion
 - (b) Peak
 - (c) Construction
 - (d) Recovery

55. Identify which among the following is an example of a lagging indicator?
- (a) Stock market prices (b) Gross domestic product
(c) Unemployment (d) Industrial production
56. Leading economic indicators:
- (a) Are used to forecast probable shifts in economic policies.
(b) Are generally used to forecast economic fluctuations.
(c) Are indicators of stock prices existing in an economy.
(d) Are indicators of probable recession and depression.
57. Variables that give information about the rate of change of the expansion or contraction of an economy more or less at the same time it happens are called:
- (a) Lagging indicators (b) Coincident indicators
(c) Leading indicators (d) Economic indicators
58. A leading indicator is:
- (a) A variable that tends to move along with the level of economic activity.
(b) A variable that tends to move in advance of aggregate economic activity.
(c) A variable that tends to move consequent on the level of aggregate economic activity.
(d) None of the above.
59. Coincident indicators are also known as:
- (a) Lagging indicators (b) Concurrent indicators
(c) Effective indicators (d) Leading indicators
60. Those variables that change after the real output changes are called as:
- (a) Lagging indicators (b) Leading indicators
(c) Concurrent indicators (d) Coincident indicators
61. From the following change after real output changes that areas _____
- (a) Coincide indicator (b) Coincide economy indicator
(c) Lagging indicator (d) Concurrent indicator
62. Which of the following is not an example of lagging indicator?
- (a) Consumer price index (b) Labour cost price per unit
(c) Commercial lending (d) Personal income

63. _____ is measurable economics factor that changes before economy starts to follow a particular pattern of trend.
- (a) Lagging indicators
 - (b) Leading indicators
 - (c) Coincident indicators
 - (d) Concurrent indicator
64. Which of the following is an example of a leading indicator?
- (a) Change in stock prices
 - (b) Change in unemployment rate
 - (c) Change in GDP
 - (d) Change in commercial lending activity
65. A measurable economic factor that changes before the economy starts follows particulars pattern/ trend is:
- (a) Leading Factor
 - (b) Lagging Factor
 - (c) Coincident Factor
 - (d) Concurrent Factor
66. Coincident economic indicators are also called as which of the following?
- (a) Leading indicators
 - (b) Concurrent indicators
 - (c) Headed indicators
 - (d) Capacity indicators
67. A variable that tends to move later than aggregate economic activity is called:
- (a) A leading variable
 - (b) A coincident variable
 - (c) A lagging variable
 - (d) A cyclical variable
68. Those variables that change before the real output changes prior to large economic adjustments are called as _____.
- (a) Coincident indicator
 - (b) Leading indicator
 - (c) Concurrent indicator
 - (d) Lagging indicator
69. Coincident indicators are also called as:
- (a) Lagging indicator
 - (b) Leading indicator
 - (c) Concurrent indicators
 - (d) None

70. Endogenous factors refers to causes.
(a) Internal (b) External (c) Economic (d) Ecological
71. According to which economist trade cycle is a purely monetary for phenomenon:
(a) Schumpeter (b) Pigou (c) Hawtrey (d) Marshall
72. According to whom “Business fluctuations are the outcome of some psychological states of mind of business community”?
(a) Marshall (b) A.C. Pigou (c) J.K. Hicks (d) Schumpeter
73. The difference between exports and imports is the _____ for goods and services.
(a) Net foreign demand (b) Gross Foreign demand
(c) Net Outflow (d) Net Inflow
74. The external causes which may lead to boom or bust do not include:
(a) Psychological Factors (b) Wars
(c) Technology Shocks (d) Natural Factors
75. According to Keynes, fluctuations in Economic activities are due to:
(a) Fluctuation in aggregate effective demand
(b) Innovations
(c) Changes in money supply
(d) Fluctuation in agricultural output

6

DETERMINATION OF NATIONAL INCOME

1. National Income is a Concept of
 - (a) Macro-Economics
 - (b) Micro-Economics
 - (c) Both (a) and (b)
 - (d) None of above

2. Which of the following Ministry is responsible in India for the compilation of National Accounts Statistics?
 - (a) Ministry of Commerce & Industry
 - (b) Ministry of Social Affairs
 - (c) Ministry of Finance
 - (d) Ministry of Central Statistical and program Implementation

3. National Income Accounting was pioneered by
 - (a) Simon Kuznets
 - (b) Simon Kuznets and Richard Stone
 - (c) Simon Kuznets, Richard Stone and Adam Smith
 - (d) None of these

4. National Income accounts are extremely useful:
 - (a) For analyzing and evaluating the performance of an economy.
 - (b) For knowing the composition and structure of the national income, income distribution and economic forecasting.
 - (c) For choosing economic policies and evaluating them.
 - (d) All of the above.

5. _____ is a government bookkeeping system that measures a country's economic activity offering insight into how an economy is performing.
 - (a) National Income Accounting
 - (b) Economy Accounting
 - (c) Notional Inflow Accounting
 - (d) Net Income Accounting

6. National Income Statistics provide a _____ basis for macro economic modelling and analysis.
- (a) Quantitative (b) Qualitative
(c) Descriptive (d) Analytical
7. Gross Domestic Product at market Price (GDP) refers to the Gross Market Value of all goods and services produced within the domestic territory of a country during a given period.
- (a) intermediate (b) final
(c) work-in-progress (d) None of the above
8. "Market Price" in GDP MP Signifies that _____.
- (a) It Includes amount of indirect taxes paid.
(b) It excludes amount of subsidy received.
(c) The Net Indirect Taxes (NIT) have been included.
(d) All of the above
9. "Gross" in GDP MP Signifies that _____.
- (a) No provision has been made for depreciation.
(b) Only final goods and services have to be included.
(c) Only domestic territory has been considered for goods/Services
(d) Net Indirect Taxes have been included.
10. _____ refers to net market value of all the final goods and services produced within the domestic territory of the country during a period of one year.
- (a) GDP_{MP} (b) GNP_{MP} (c) NDP_{MP} (d) NNP_{MP}
11. What is the relationship between GDP_{MP} and NDP_{MP} ?
- (a) $NDP_{MP} = GDP_{MP} - \text{Depreciation}$
(b) $NDP_{MP} = GDP_{MP} + \text{Depreciation}$
(c) $NDP_{MP} = GDP_{MP} - \text{Net Indirect Taxes}$
(d) $NDP_{MP} = GDP_{MP} + \text{Net Indirect Taxes.}$
12. The concept of 'resident unit' involved in the definition of GDP denotes
- (a) A business enterprise which belongs to a citizen of India with production units solely situated in India

- (b) The unit having predominant economic interest in the economic territory of the country for one year or more irrespective of the nationality or legal status
- (c) A citizen household which had been living in India during the accounting year and one whose economic interests are solely in India
- (d) Households and business enterprises composed of citizens of India alone living in India during the accounting year.
13. GDP_{MP} may be regarded as _____.
- (a) National GDP (b) Nominal GDP
(c) Real GDP (d) Aggregate GDP
14. _____ is a price index which is calculated by dividing the nominal GDP in a given year by the real GDP for the same year and multiplying it by 100?
- (a) GDP Deflator (b) GDP Inflator
(c) GDP Velocity (d) GDP Accelerator
15. The formula for computing Real GDP is _____.
- (a) GDP for the Current year x Base Year (100)
(b) GDP for the Base year x current year Index
(c) $\frac{\text{Base Year (100)}}{\text{Current year Index}}$
(d) $\frac{\text{Current year Index}}{\text{Base Year (100)}}$
16. GDP at Current Prices means _____.
- (a) Nominal GDP (b) Real GDP
(c) GDP at constant prices (d) None of these
17. Which one of the following is the correct formula for computation of GDP Deflator?
- (a) $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$ (b) $\frac{\text{Real GDP}}{\text{Nominal GDP}} \times 100$
(c) $\frac{\text{Nominal GDP} \times \text{Real GDP}}{100}$ (d) $\text{Nominal GDP} - \text{Real GDP} \times 100$

18. GDP Deflator is a price index used to convert _____.
- (a) Nominal GDP to Real GDP (b) Nominal GDP to National GDP
(c) Real GDP to National GDP (d) Nominal GDP into percentage.
19. The GDP deflator measures the _____ level of prices relative to the level of prices in the year.
- (a) base, current (b) current, base
(c) base, base (d) current, current
20. What is Real GDP if Nominal GDP is 1150 Units and GDP Deflator is 143.75?
- (a) 800 (b) 1,653.125 (c) 12.5 (d) None of these
21. The formula to compute GDP at Factor Cost is:
- (a) GDP at Factor Cost – Indirect Taxes – Subsidies
(b) GDP at Market Price – Indirect Taxes
(c) GDP at Market Price – Indirect Taxes + Subsidies
(d) GDP at Factor Cost + Indirect Taxes – Subsidies
22. Which of the following needs to be deducted to derive NDP from GDP?
- (a) Net Sales (b) Depreciation
(c) Net Profit (d) Net Loss
23. Normally, NNP at market prices is higher than NNP at factor cost because _____.
- (a) Indirect taxes exceed government subsidies.
(b) Government subsidies exceed Indirect taxes.
(c) Indirect taxes equal to government subsidies.
(d) Depreciation is always Nil.
24. In a particular year, the value of nominal GNP of an economy was 9,000 crores. The value of GNP of that economy during the same year, evaluated at the price of the base year, was ₹10,000 crores. The value of GNP deflator for that year in percentage terms was:
- (a) 110% (b) 111% (c) 90% (d) 10%

25. The value of NDP at FC will be _____ if the following information is given: -
- | | | | | | |
|--------------------|---|----------|--|--|--|
| GNP at MP | : | ₹ 15,000 | | | |
| Depreciation | : | ₹ 1,000 | | | |
| NFIA | : | ₹ 800 | | | |
| Net Indirect Taxes | : | ₹ 1,500 | | | |
- (a) 11,700 (b) 16,000 (c) 16,800 (d) None of these
26. Which of the following formula to be used for deriving GNP at Market Prices?
- (a) NNP at Market Prices + Depreciation
(b) NNP at Market Prices – Depreciation
(c) NNP at Factor Cost + Depreciation
(d) GNP at Factor Cost – Depreciation.
27. Which of the following is the correct formula?
- (a) Net Domestic Product (at factor cost) = Gross Domestic Product (at Market Price) – Depreciation
(b) Net Domestic Product (at Market Prices) = Gross Domestic Product (at Market Prices) – Depreciation
(c) Net Domestic Product (at Market Prices) = Gross Domestic Product (at Market Prices) + Depreciation
(d) Gross Domestic Product (at factor cost) = Net Domestic Product (at factor costs) – Depreciation
28. Which of the following represents National Income?
- (a) NNP at MP (b) NNP at FC
(c) GNP at MP (d) GNP at FC
29. In which type of economy, domestic income is equal to national income?
- (a) Flexible Economy (b) Rigid Economy
(c) Open Economy (d) Closed Economy
30. Which of the following is not a component of operating surplus?
- (a) Compensation of Employees (b) Interest
(c) Royalty (d) Rent

31. What is the formula to compute Operating Surplus?
- Gross Value Added at Factor Cost - Compensation of Employees + Depreciation
 - Gross Value Added at Factor Cost + Compensation of Employees + Depreciation
 - Gross Value added at Factor Cost - Compensation of Employees Depreciation
 - Gross Value Added at Market Price - Compensation of Employees
32. The ratio [(Nominal GDP)/(Real GDP)] is known as:
- Wholesale Price Index
 - GNP deflator
 - Consumer price index
 - GDP deflator
33. Which of the following is not included in Domestic Income?
- Wage & Salaries
 - Interest & Dividends
 - Income earned from abroad
 - None of the above
34. Which of the following will give Personal Income?
- Private Income - Undistributed Corporate Profits - Profits Taxes
 - Private Income + Undistributed Corporate Profits - Profits Taxes
 - Private Income + Undistributed Corporate Profits + Profits Taxes
 - Private Income - Undistributed Corporate Profits - All Taxes
- 35.
- | | | |
|---------------------------------|---|----------|
| Private Income | : | ₹ 10,000 |
| Undistributed Corporate Profits | : | ₹ 2,000 |
| Profit Taxes | : | ₹ 500 |
- What is personal Income?
- ₹ 7,500
 - ₹ 8,000
 - ₹ 8,500
 - ₹10,000
36. When imports exceed exports, which of the following is incorrect?
- Net income earned from abroad is negative
 - Domestic income will be different from national income
 - Domestic income is greater than national income
 - National income is more than domestic income.

37. The GDP per capita is
- a measure of a country's economic output per person
 - actual current income receipts of persons
 - national income divided by population
 - (a) and (c) above
38. Which of the following is an example of transfer payment?
- Old age pensions and family pensions
 - Scholarships given to deserving diligent students.
 - Compensation given for loss of property due to floods
 - All of the above
39. Which of the following is added to national income while calculating personal income?
- Transfer payments to individuals
 - Undistributed profits of corporate
 - Transfer payments made to foreigners
 - Mixed income of self employed
40. What is the relationship of Disposable Personal Income (DI) and Personal Income (PI)?
- $DI = PI + \text{Personal Income Taxes} + \text{Non-Tax Payments}$
 - $DI = PI - \text{Personal Income Taxes} + \text{Non-Tax Payments}$
 - $DI = PI - \text{Personal Income Taxes} - \text{Non-Tax Payments}$
 - None of the above

41. Consider the following data:

Particulars	₹ in crores
GNP at MP	9,500
Depreciation	540
Net Factors Income from abroad	410
Net indirect Taxes	630

Calculate NDP at FC.

- ₹ 7,920
- ₹ 8,550
- ₹ 8,960
- None of these

42. The net domestic product at market price of an economy is ₹6,400 crores. The Capital Stock is worth ₹6,000 crores and it depreciates at the rate of 10% p.a Indirect Taxes amounted to ₹290 Crores, Subsidies amounted to 30 Crores, Factor Income from the rest of the world is 500 crores & to rest of the world is ₹650 Crores. What will be GNP_{FC} ?
- (a) ₹ 7,190 Crores (b) ₹ 6,590 Crores
(c) ₹ 6,330 Crores (d) ₹ 6,180 Crores

43. Consider the following information:

Particulars	₹ in crores
GNP_{FC}	35,600
Consumption of fixed capital	3,900
Indirect Taxes	210
Factor Income from abroad	600
NDP_{MP}	32,000
Factor Income to Abroad	750

Calculate the amount of subsidies.

- (a) ₹ 40 crores (b) ₹ 50 crores (c) ₹ 60 crores (d) None of these
44. Calculate consumption of Fixed Capital from the following data:

Particulars	₹ in crores
NNP at Factor Cost	6,250
GDP at Market Price	7,000
Net Indirect Taxes	250
Net Factor Income from Abroad	150

- (a) ₹ 450 Crores (b) ₹ 550 Crores (c) ₹ 650 Crores (d) None of these

45. Consider the following data:

Particulars	₹ in crores
Compensation of Employees	1,200
Operating Surplus	2,400
Consumption of fixed capital	480
Mixed income of Self employed	1,320
Net Indirect Tax	540
Rent	660
Profit	960
Net factor Income from abroad	-60

Which of the following is incorrect?

- (a) GDP at MP = ₹ 5,940 Crores. (b) GNP at MP = ₹ 5,880 Crores.
(c) NNP at MP = ₹ 5,400 Crores. (d) NNP at FC = ₹ 5,940 Crores.

46. $NNP_{MP} = ₹ 15,053$ Crores

Indirect Taxes = ₹ 335 Crores

$NNP_{FC} = ₹ 14,980$ Crores

What will be the amount of subsidies and Net Indirect Taxes?

- (a) ₹ 262 crores & ₹ 73 crores, (b) ₹ 73 crores & 262 crores,
(c) ₹ 335 crores & ₹ 189 crores, (d) ₹ 189 crores & ₹ 335 crores,

47. The GDP at market price of a Country in a particular year was ₹1,900 crores. The National Income and Net factor Income from abroad were ₹1671 crores and ₹107 Crores. If the Value of Net Indirect Taxes was ₹210 Crores. What is aggregate value of Depreciation?

- (a) ₹126 Crores (b) ₹142 Crores (c) ₹336 Crores (d) None of these

48. $NNP_{MP} = ₹ 2,850$ Crores

Indirect Taxes = ₹ 209 Crores

Subsidies = ₹ 32 Crores

Net Indirect Taxes = ₹ 177 Crores.

Saving of Private Corporate Sector = ₹28 Crores.

Personal Income = ₹ 2,215 Crores.

What is the amount of National Income?

- (a) ₹ 3,059 Crores (b) ₹ 2,673 Crores
(c) ₹ 2,645 Crores (d) None of these

49. $GNP_{MP} = ₹ 58,350$ Crores.

Depreciation = ₹ 1,625 Crores.

Subsidies = ₹ 1,540 Crores.

Indirect Tax = ₹ 2,590 Crores.

Net factor Income from abroad = ₹ 240 Crores.

Calculate Domestic Income.

- (a) ₹ 58,590 Crores (b) ₹ 56,965 Crores
(c) ₹ 55,915 Crores (d) None of these

50. GNP_{FC} is equal to NNP_{FC} When:
- (a) Net factor income from abroad is zero
 - (b) Net Indirect tax is zero
 - (c) Consumption of Fixed Capital is zero
 - (d) None of the above
51. Which of the following is a phase of circular flow of Income?
- (a) Generation Phase
 - (b) Distribution Phase
 - (c) Disposition Phase
 - (d) All of the above
52. The expenditure on goods and services which is meant for final consumption and investment is called as _____.
- (a) Final Consumption
 - (b) Intermediate Consumption
 - (c) Basic consumption
 - (d) None of these
53. If purchase of raw material from domestic firm is given at 158 crore and imports are 28 crore, what will be the amount of intermediate consumption under value added method?
- (a) ₹ 8 crore
 - (b) ₹150 crore
 - (c) ₹ 158 crore
 - (d) ₹166 crore
54. What is the value of output on the basis of following information?
- | | |
|---------------|------------------|
| Sales | : ₹ 40,000 Lakhs |
| Closing Stock | : ₹ 2,000 Lakhs |
| Opening Stock | : ₹ 500 Lakhs |
- (a) ₹ 42,500 Lakhs
 - (b) ₹ 42,000 Lakhs
 - (c) ₹ 41,500 Lakhs
 - (d) ₹ 38,500 Lakhs
55. Which of the following is not a part of Primary Sector?
- (a) Farming
 - (b) Fishing
 - (c) Transport
 - (d) Mining
56. Which of the following is not a part of Tertiary Sector?
- (a) Transport
 - (b) Education
 - (c) Finance
 - (d) Animal Husbandry

57. The industrial classification of producing enterprises does not include which of the following?

- (a) Primary Sector (b) Secondary Sector
(c) Mixed Sector (d) Tertiary Sector

58. Under Value Added Method, the sum total of Gross Value Added at market price of each sector is called as:

- (a) GVA_{MP} (b) GDP_{MP} (c) GVA_{FC} (d) GDP_{FC}

59. As per Value Added method, the net domestic product at Factor Cost (NDP_{FC}) is calculated as per which of the following equation?

- (a) $GDP_{MP} - \text{Depreciation} + \text{Net Indirect Taxes}$
(b) $GDP_{MP} - \text{Depreciation} - \text{Net Indirect Taxes}$
(c) $GDP_{MP} + \text{Depreciation} - \text{Net Indirect Taxes}$
(d) $GDP_{MP} + \text{Depreciation} - \text{Net Indirect Taxes}$

60. Consider the following information:

GDP_{MP}	: ₹ 8,000 crore
Depreciation	: ₹ 400 crore
Net Indirect Taxes	: ₹ 300 Crore
GVA_{MP} (Primary Sector)	: ₹ 4,000 crore
GVA_{MP} (Secondary Sector)	: ₹ 1,200 crore
GVA_{MP} (Tertiary Sector)	: ₹ 2,800 crore

What is the value of NDP at Factor Cost?

- (a) ₹ 7,300 crore (b) ₹ 8,400 crore (c) ₹ 8,700 crore (d) ₹ 16,400 crore

61. Which of the following equation is true?

- (a) $NNP_{FC} = NDP_{FC} + NFIA$ (b) $NNP_{FC} = NDP_{MP} + NFIA$
(c) $NNP_{FC} = NDP_{FC} - NFIA$ (d) $NNP_{FC} = NDP_{MP} - NFIA$

62. Under value added method, which of the following will be included while computing National Income?

- (a) Sale and purchase of second-hand goods
(b) Intermediate goods
(c) Production of goods for self consumption
(d) Production of services for self consumption

63. For computation of National Income using value added method, which of the following shall not be included?

- (a) Change in store of goods
- (b) Imputed value of owner-occupied house
- (c) Production of goods for self- consumption
- (d) Intermediate goods

64. Consider the following data:

Sales : 20,00,000

Closing Stock : 40,000

Opening Stock : 10,000

Indirect Taxes : 1,00,000

Depreciation : 60,000

Intermediate : 3,20,000

Consumption

Purchase of Raw : 25,000

Material

Rent : 1,35,000

The amount of Net value added at market price is _____.

- (a) ₹ 16,30,000 (b) ₹ 16,50,000 (c) ₹ 16,80,000 (d) ₹ 16,90,000

65. What is the value of output in respect of following data?

Amount (₹)

Net value Added at : 70,000

Factor Cost

Intermediate consumption : 30,000

Goods and Services Tax : 25,000

Subsidy : 4,000

Depreciation : 10,000

- (a) ₹ 1,10,000 (b) ₹ 1,01,000 (c) ₹ 89,000 (d) None of these

66. Wages, Rents, Interest and Profits are variables considered for computing national income under which of the following methods?

- (a) Product Method
- (b) Expenditure Method
- (c) Income Method
- (d) Turnover Method

67. If GDP at Market Prices is INR 200 Cr. and Net Income from Abroad is INR 100 Cr., then what will be the value of GNP at Market Prices?
(a) INR 100 Cr. (b) INR 400 Cr. (c) INR 300 Cr. (d) INR 500 Cr.
68. Consider the following information:
A. NDP at market price 77,000
B. Net Factor Income from abroad (-) 700
C. Depreciation 1,700
D. Subsidies 6,600
E. Indirect Taxes 7,700
The value of National Income is:
(a) 75,000 (b) 75,200 (c) 75,400 (d) 75,500
69. Which of the following is not covered under Income Method of computing Gross National Product?
(a) Rents (b) Private consumption expenditure
(c) Wages and salaries (d) Interest
70. Windfall gains like, prizes won, lotteries, etc. should not be included in the estimation of national income is the precaution to be followed under which of the following methods of computing national income?
(a) Profit Method (b) Product Method
(c) Expenditure Method (d) Income Method
71. _____ is the total measure of the flow of goods and services at market value resulting from current production during a year in a country, including net income from abroad.
(a) Gross Domestic Product (b) Gross National Product
(c) Net Domestic Product (d) None of the above
72. The formula to compute GNP at Market Prices is:
(a) $\text{GNP at Market} = \text{Prices GDP at Market Prices} + \text{Depreciation}$
(b) $\text{GNP at Market Prices} = \text{GDP at Market Prices} - \text{Net Income from Abroad}$
(c) $\text{GNP at Market Prices} = \text{GDP at Market Prices} + \text{Net Income from Abroad}$
(d) $\text{GNP at Market Prices} = \text{GNP at Market Prices} + \text{Depreciation}$

73. The formula to calculate Personal Income is:
- (a) National Income - Undistributed Corporate Profits + Profit Taxes - Social Security Contribution - Interest on Public Debt
 - (b) National Income + Undistributed Corporate Profits + Profit Taxes + Social Security Contribution
 - (c) National Income - Undistributed Corporate Profits - Profit Taxes Social Security Contribution + Transfer Payments + Interest on Public Debt
 - (d) National Income - Undistributed Corporate Profits + Profit Taxes Social Security Contribution Transfer Payments
74. Which of the following formula would be used to calculate Disposable Income?
- (a) Private Income - Direct Taxes
 - (b) Private Income + Direct Taxes
 - (c) Personal Income - Direct Taxes
 - (d) Personal Income + Direct Taxes
75. What is the formula to calculate GDP at Market Prices?
- (a) GNP at Market Prices + Net Indirect Taxes
 - (b) GNP at Market Prices + Net Income from Abroad
 - (c) GNP at Market Prices - Net Income from Abroad
 - (d) GNP at Market Prices - Net Indirect Taxes
76. Transfer payments such as gifts, donations, scholarships etc. should not be included in the estimation of national income is the precaution to be followed under which of the following methods of computing national income?
- (a) Expenditure Method
 - (b) Income Method
 - (c) Profit Method
 - (d) Product Method
77. Which of the following is not the component of calculating national Income through expenditure method?
- (a) Government expenditure
 - (b) Production for self consumption
 - (c) Investment expenditure
 - (d) Consumption expenditure
78. The sum total of all the factor Incomes earned within the domestic territory of a country is known as:
- (a) NNP_{FC}
 - (b) NDP_{FC}
 - (c) NNP_{MP}
 - (d) NDP_{MP}

79. Which one of the following is component of Income Method?
- (a) Compensation of Employees (b) Rent and Royalty
(c) Profit and Interest (d) All of the above
80. The reward to the entrepreneur for his contribution to the production of goods and services is called as _____.
- (a) Corporate Tax (b) Dividend
(c) Retained Earnings (d) Profit
81. Which of the following is not considered for computation of national income under Income Method?
- (a) Interests (b) Wages
(c) Government Expenditure (d) Rents
82. A method of national income according is based on the principal that revenues earned by all the firms put together must be distributed among the factors of production as salaries, wages, profits, rent and interest.
The method is known as:
- (a) Expenditure method (b) Product method
(c) Income method (d) Consumption method
83. When factor incomes of all the sectors are summed up, the result is called as _____.
- (a) NNP_{FC} (b) NDP_{FC} (c) NDP_{MP} (d) None of these
84. Which method of calculating GDP of a country gives the following? If there N firms in the economy, each assigned with a serial number from 1 to N. The $GDP = \sum_{i=1}^N GVA_i$, where i varies from 1 to N.
- (a) Estimation Method (b) Income Method
(c) Product Method (d) Expenditure Method
85. Which as the following is included while estimating National Income under Income Method?
- (a) Income from sale of second-hand goods
(b) Income from sale of shares, bonds and debentures
(c) Windfall gains like income from lotteries, horse race, etc.
(d) Imputed value of services provided by owners of production units

86. While estimating national income by income method, transfer incomes are not included as there are not connected with any productive activity and there is no value addition, which of the following is included in "Transfer Income"?
- (a) Scholarship (b) Donations & charity
(c) Old age pensions (d) All of the above
87. Which of the following is not covered under Income Method of computing Gross National Product?
- (a) Rents
(b) Private consumption expenditure
(c) Wages and salaries
(d) Interest
88. If $s = -30 + 0.25(y)$ then what will be the Consumption Function (c)?
- (a) $C = 30 + 0.25(y)$ (b) $C = -30 + 0.75(y)$
(c) $C = 30 + 0.75(y)$ (d) $C = -30 + 0.25(y)$
89. If MPC is one third of MPS and consumption at zero level of national income is ₹ 38 Crores then which of the following option is correct?
- (a) $C = 38 + 0.25(y)$ (b) $C = 38 + 0.75(y)$
(c) $S = 38 + 0.25(y)$ (d) $S = 38 + 0.75(y)$
90. Which of the following reflects the equilibrium level of income and output in the Keynesian frame work (under two sector model)?
- (a) Aggregate Demand = Aggregate Supply
(b) $C + I = C + S$
(c) $I = S$
(d) All of the above
91. If the autonomous consumption equals ₹2,000 and the marginal propensity to consume equals 0.8. If disposable income equals ₹10,000, then total consumption will be ₹ _____.
- (a) 8,000 (b) 6,000 (c) 10,000 (d) None of the above

92. In the Keynesian cross diagram, the point at which the aggregate demand function crosses the 45-degree line indicates the
- (a) level of full employment income
 - (b) less than full employment level of income
 - (c) equilibrium level of income which may or may not be full employment level of income
 - (d) autonomous level of income which may not be full employment level of income
93. In a closed economy, aggregate demand is the sum of
- (a) consumer expenditure, demand for exports and government spending.
 - (b) consumer expenditure, planned investment spending and government spending.
 - (c) consumer expenditure, actual investment spending, government spending and net exports.
 - (d) consumer expenditure, planned investment spending, government spending, and net exports.
94. Under equation $C = a + by$, $b = 0.8$, what is the value of 2 sector expenditure multiplier?
- (a) 4
 - (b) 2
 - (c) 5
 - (d) 1
95. In determination of equilibrium income under two sector model, the aggregate demand curve is linear and positively sloped indicating that as the level of national income _____, the aggregate demand (or aggregate spending) in the economy _____.
- (a) rises, falls
 - (b) falls, rises
 - (c) rises, also rises
 - (d) falls, remains constant.
96. According to Keynes, aggregate demand will not always be equal to aggregate supply. Aggregate demand depends on _____ whereas Aggregate supply depends on _____.
- (a) Household's plan to consume and to save; producer's plan to produce goods and services.
 - (b) Household's plan to produce; producer's Plan to consume.
 - (c) Producer's Plan to produce good and services; Household's plan to consume and to save.
 - (d) Producer's plan to consume, Household's plan to produce.

97. As per Keynesian model of macro economy, if the aggregate demand is for an amount of output less than the full employment level of output, then we say there is deficient demand. This deficient demand gives rise to _____.
- (a) Deflationary Gap (b) Recessionary Gap
(c) Contractionary Gap (d) All of the above
98. Under Keynesian Theory, _____ is the amount by demand which actual aggregate exceeds the level of aggregate demand required to establish the full employment equilibrium.
- (a) Inflationary Gap (b) Deflationary Gap
(c) Contractionary Gap (d) None of these
99. Consider the following data relating to an economy in equilibrium: Autonomous Consumption = 500
MPS = 0.3
Investment Expenditure = 1000
What is national income?
- (a) 1,500 (b) 5,000 (c) 150 (d) 5,650
100. Given the empirical consumption function $C = 100 + 0.75Y$ and $I = 1000$, what will be the equilibrium level of national income and also the consumption expenditure at this equilibrium level of national income?
- (a) 4400; 3400 (b) 1100; 850
(c) 3300; 2150 (d) None of these
101. The Investment multiplier explains how many times the equilibrium _____ increases as a result of _____.
- (a) aggregate expenditure; an increase in autonomous investment
(b) aggregate income; an increase in Autonomous investment.
(c) aggregate expenditure; a decrease in investment
(d) aggregate income; a decrease in investment.
102. The process behind the investment multiplier can be compared to the _____ of water.
- (a) Triple effect (b) Ripple effect
(c) Initial effect (d) Double effect

103. Which of the following is the determinant of the value of the investment multiplier?
(a) MPC (b) APC (c) TPC (d) None of these
104. Higher the _____ more will be the value of multiplier, whereas, higher the _____, lower will be the value of multiplier.
(a) MPS, MPC (b) MPC, MPS (c) APS, APC (d) APC, APS
105. The value of investment multiplier is the reciprocal of _____.
(a) APC (b) APS (c) MPS (d) MPC
106. In an economy investment expenditure is increased by ₹600 crores and Marginal Propensity to Consume (MPC) is 0.8. What will be the total increase in saving?
(a) 3000 (b) 4000 (c) 600 (d) 500
107. Suppose in a country investment increases by 320 Crores and consumption is given by $C = 45 + 0.6Y$ (Where C Consumption and Y = income). How much increases will there take place in income?
(a) ₹ 192 (b) ₹ 365 (c) ₹ 640 (d) ₹ 800
108. An increase in investment by ₹1000 Crores leads to increase in national income by ₹2500 Crore. What will be Marginal Propensity to Consume (MPC)?
(a) 2.5 (b) 0.6 (c) 0.4 (d) None of these
109. Which of the following formula can be used to find the value of Multiplier (K)?
(a) $K = \frac{\Delta Y}{\Delta I}$ (b) $K = \frac{1}{1 - MPC}$
(c) $K = \frac{1}{MPS}$ (d) Any of the above.
110. In an economy, income generated is four times the increase in investment expenditure. The values of MPC and MPS are _____ and _____ respectively.
(a) 0.75; 0.25 (b) 0.25; 0.75 (c) 1.75; 1.25 (d) None of the above.
111. In an economy, the entire increase in income is spent on consumption. What will be the value of multiplier?
(a) 0 (b) 1 (c) Infinity (∞) (d) -1

112. In an economy, the actual level of income is ₹500 crores, whereas, the full employment level of income is ₹800 crores. If one-fourth of additional income is saved, what should be increase in investment required to achieve full employment level of income.

- (a) 0.25 (b) ₹ 300 crores (c) ₹ 75 crores (d) None of these

113. Consider the following data relating to an economy:

- (a) increase in investment = ₹ 3,500 Crores
(b) 80% of the increase in income is spent on consumption.

What will be the total increase in income?

- (a) ₹ 2,800 (b) ₹ 7,000 (c) ₹ 17,500 (d) None of these

114. According to the Keynesian theory, the equilibrium level of income in an economy is determined when:

- (a) Aggregate Demand = Aggregate Supply
(b) Saving Investment
(c) Both (a) and (b)
(d) None of these

115. Which of the following is not considered in three sector model of closed economy?

- (a) Household Consumption
(b) Desired Business Investment Demand
(c) Government Sector's Demand for goods and Services
(d) Foreign Trade

116. In three sector model, there is no foreign trade. Which of the following option is correct in this regard?

- (a) GDP = National Income (b) GDP > National Income
(c) GDP < National Income (d) None of these

117. Which of the following is correct regards the determination of equilibrium national income?

- (a) AD = AS (b) AD = Y = AS
(c) $c + 1 + G = C + S + T$ (d) All are correct

118. $C = 25 + 0.75 Y_d$, when C is consumption and Y_d is disposable income. What is the size of the multiplier?

- (a) 5 (b) 4
(c) 2 (d) Cannot be determined.

119. Consider the following data t about a simple economy:

$$C = 50 + 0.8Y_d$$

$$I = 250 \text{ (Investment)}$$

$$G = 100 \text{ (Government - Expenditure)}$$

$$T = 100 \text{ (Tax)}$$

What will be the equilibrium level of National Income?

- (a) 1200 (b) 1400 (c) 1600 (d) None of these

7

PUBLIC FINANCE

1. Which of the following is covered under the scope of public finance?
 - (a) Public Revenue & Public Expenditure
 - (b) Public Debt
 - (c) Financial Administration (To Control) processes and operations of public revenue, public expenditure and public debt)
 - (d) All of the above

2. Which of the following is not correct about public finance?
 - (a) Public Finance aims at increasing social welfare along with economic gain
 - (b) Public Budgets are always prepared for a year
 - (c) A Public authority can use coercive methods to realise its revenue
 - (d) All of the above are correct

3. Macroeconomic stabilization may be achieved through
 - (a) Free market economy
 - (b) Fiscal policy
 - (c) Monetary policy
 - (d) Both (b) and (c) above

4. Which one of the following is the main macroeconomic goals of any nation?
 - (a) Economic Growth
 - (b) High levels of employment
 - (c) Stable price levels
 - (d) All of the above

5. Which of the following is not an economic system?
 - (a) Oligopoly
 - (b) Capitalism
 - (c) Socialism
 - (d) Mixed Economy

6. Who is often regarded as a bold advocate of free markets and minimal governmental activity?
 - (a) Marshall
 - (b) Adam Smith
 - (c) Both (a) and (b)
 - (d) None of the above

7. Who has introduced the three-branch taxonomy of the role of government in a market economy in the book "The Theory of Public Finance"?
- (a) Adam Smith (b) J.B. Say
(c) J.M. Keynes (d) Richard Musgrave
8. Which of the following is primarily a macroeconomic function?
- (a) Allocation function (b) Income Redistribution
(c) Stabilization Function (d) All of the above
9. In Public Finance, which one of the following is related with the function to ensure price stability?
- (a) Resource Allocation (b) Income redistribution
(c) Macroeconomic stabilization (d) All of the above
10. The function of the government "to ensure efficiency" is executed through _____.
- (a) Resource Allocation (b) Income Redistribution
(c) Macroeconomic Stabilization (d) None of the above
11. Which of the following is not correct as regards the Allocation Function?
- (a) It refers to the way in which the available resources are allocated among the various users to which they might be put.
(b) It determines how much of the various kinds of goods and services will actually be produced in an economy.
(c) It is a critical problem as resources are limited in supply and have alternative uses.
(d) All the above are correct.
12. Government of Emeline Land decides to provide most modern road infrastructure throughout the nation. This can be classified as:
- (a) Distribution function (b) Allocation function
(c) Stabilization function (d) None of the above
13. The justification for government intervention is best described by:
- (a) The need to prevent recession and inflation in the economy
(b) The need to modify the outcomes of private market actions
(c) The need to bring injustice in distribution of income and wealth
(d) All of the above

14. The allocative function in budgeting determines _____.
- (a) Who and what will be taxed?
 - (b) The process by which the total resources of the economy are divided among various uses
 - (c) The level of involvement of the public sector in the national economy
 - (d) All of the above
15. Which of the following is not allocation instruments by which governments can influence resource allocation in the economy?
- (a) The Government can directly produce an economic good (like electricity, public transportation services).
 - (b) The Government may direct resource allocation through incentives and disincentives.
 - (c) The Government may influence allocation through legislation and force (like ban of single use plastic goods).
 - (d) Employment reservation and preferences to protect certain segments of the population
16. Redistribution policies are likely to have efficiency costs because-
- (a) They will reduce the efficiency of governments
 - (b) They may create disincentives to work and save
 - (c) Governments have to forego taxes
 - (d) They are likely to make the poor people dependent on the rich
17. Which of the following policies of the government fulfils the redistribution function?
- (a) Parking the army on the northern borders of the country
 - (b) Supply of food grains at subsidized prices to the people
 - (c) Controlling the supply of money through monetary policy
 - (d) All of the above
18. When a government offers unemployment benefits and also resorts to progressive taxation which function does it seem to fulfil?
- (a) It is trying to establish stability in an economy
 - (b) It is trying to redistribute income and wealth
 - (c) It is trying to allocate resources to their most efficient use
 - (d) It is creating a source of market failure

19. Which function does the government perform when it provides transfer payments to offer support to the underprivileged?
(a) Allocation (b) Efficiency (c) Distribution (d) None of the above
20. The redistribution measures should be accomplished with _____ efficiency costs by carefully balancing _____ objectives.
(a) minimal, equity and efficiency (b) minimal, equity and taxation
(c) maximising, equity and efficiency (d) maximising equity and taxation
21. Which of the following Article of the constitution demarcates the powers of the union and the state by classifying their powers into three lists?
(a) Article 244 (b) Article 245 (c) Article 246 (d) Article 247
22. Which of the following items are contained in the concurrent list?
(a) Items on which the union parliament alone can legislate
(b) Items on which the State legislative assemblies alone can legislate
(c) Items on which both the parliament and the legislative assemblies can legislate
(d) None of the above
23. In India, Taxes are levied by the:
(a) Centre only (b) States only
(c) Centre as well as States (d) Parliament only
24. On which of the following items, the State Government cannot levy taxes?
(a) Lands and Buildings (b) Electricity
(c) Vehicles (d) Capital Value of assets
25. Which of the following is not a subject matter of levy of tax by the Union Government?
(a) Taxes on income (Others than agricultural Income)
(b) Corporate Tax
(c) Toll Tax
(d) Security Transaction Tax
26. Which Article provides for an institutional mechanism, namely the Finance commission, for recommending the sharing of taxes?
(a) Article 277 (b) Article 278 (c) Article 279 (d) Article 280

27. Which of the following is true in respect of centre and state government finances?
- (a) The centre can tax agricultural income and mineral rights
 - (b) Finance commission recommends distribution of taxes between the centre and states
 - (c) GST subsumes majority of direct taxes and a few indirect taxes
 - (d) IGST is collected by the state governments
28. Which of the following is true in respect of the role of Finance Commissions in India?
- I. The distribution between the union and the states of the net proceeds of taxes.
 - II. Allocation between the states of the respective shares of such proceeds.
 - III. Make Recommendations on integrated GST on inter-State movement of goods and services.
 - IV. To recommend expenditure decentralization among different states
- (a) I and II are correct
 - (b) II and III are correct
 - (c) I, II and III are correct
 - (d) All the above are correct
29. Which of the following is concerned with division of economic responsibilities between the central and state Government of India?
- (a) NITI Aayog
 - (b) Central bank
 - (c) Finance Commission
 - (d) Parliament
30. The percentage of share of states in central taxes for the period 2021-26 recommended by the Fifteenth Finance Commission is:
- (a) 38 per cent
 - (b) 41 per cent
 - (c) 42 per cent
 - (d) The commission has not submitted its report
31. Which of the following is not a criterion for determining distribution of central taxes among states for 2021-26 period?
- (a) Demographic performance
 - (b) Forest and ecology
 - (c) Infrastructure performance
 - (d) Tax and fiscal efforts
32. On which date, the GST was rolled out across the country?
- (a) 1st April, 2017
 - (b) 1st July, 2017
 - (c) 1st January, 2018
 - (d) 1st July, 2018

33. For any particular good or service or a combination of the two, what is the ratio of SGST and CGST?
- (a) Equal (b) 60% CGST & 40% SGST
(c) 40% CGST & 60% SGST (d) None of these
34. Providing social sector services such as health and education is:
- (a) The responsibility of the central government
(b) The responsibility of the respective state governments
(c) The responsibility of local administrative bodies
(d) None of the above
35. GST compensation is given:
- (a) To the industries which have made losses due to the introduction of GST
(b) To compensate for the lower rates of GST on essential items
(c) To the states to compensate for the loss of revenue due to the introduction of GST
(d) To compensate for the loss of input tax credit in manufacturing
36. As per the Supreme Court verdict in May 2022.
- (a) The union has greater powers than the states for enacting GST laws
(b) The union and state legislatures have “equal, simultaneous powers” to make laws on Goods and Services Tax
(c) The union legislature’s enactments will prevail in case of a conflict between those of union and states
(d) The state legislatures can make rules only with the permission of central government
37. Which of the following government is/are entrusted with the responsibility of providing public utility services such as water supply and sanitation, local roads, electricity, etc.?
- (a) Central Government
(b) State Government
(c) Local Self government (Municipalities and Panchayats)
(d) All of the above

38. Which one of the following is not the responsibility of Central Government?
- (a) Defence (b) Foreign Affairs
(c) Money and Banking (d) Health and Education
39. 'Market failure' is a situation which occurs when:
- (a) Private goods are not sufficiently provided by the market
(b) Public goods are not sufficiently provided by public sector
(c) The market fail to form or they allocate resources efficiently
(d) (b) and (c) above
40. Which of the following is an example of market failure?
- (a) Prices of goods tend to rise because of shortages
(b) Merit goods are not sufficiently produced and supplied
(c) Prices fall leading to fall in profits and closure of firms
(d) None of the above
41. Which of the following State of allocation of resources in an economy is described as market failure?
- (a) Inefficient allocation (b) Efficient allocation
(c) No allocation (d) None of the above
42. Which of the following is incorrect as regards Market failure?
- (a) Inefficient allocation of resources
(b) Market is not working at all
(c) Free market leads to overproduction or underproduction of particular goods or services
(d) All of the above
43. What is the type of market failure when the market does not supply products at all despite the fact that such products and services are wanted by people?
- (a) Complete market failure (b) Partial Market failure
(c) Appropriate Market failure (d) Misappropriate Market failure
44. Which of the following is not a type of market failure?
- (a) Complete market failure (b) Partial Market failure
(c) Both (a) and (b) (d) Systematic market failure

45. Which of the following is true about partial market failure?
- (a) Market does actually function
 - (b) Market produces either wrong quantity of product or at wrong price.
 - (c) There is loss of economic welfare
 - (d) All of the above
46. Which of the following is not a part of major reasons for market failure?
- (a) Market power & Externalities
 - (b) Public Goods
 - (c) Incomplete Information
 - (d) Non-functioning of market at all
47. Which of the following is an outcome of market power?
- (a) makes price equal to marginal cost and produce a positive external benefit on others
 - (b) can cause markets to be efficient due to reduction in costs
 - (c) makes the firms price makers and restrict output so as to make allocation inefficient
 - (d) (b) and (c) above
48. Markets do not exist _____.
- (a) for goods which have positive externalities
 - (b) for pure public goods
 - (c) for goods which have negative externalities
 - (d) none of the above
49. Market power or monopoly power is the ability of a firm to profitably raise the _____ of a good or service over its _____.
- (a) Marginal price, market Cost
 - (b) Market price, marginal cost
 - (c) Production, Capacity to produce
 - (d) Marginal production, actual capacity
50. In a particular type of market failure, the single producer or a small number of producers restrict output and change price higher than what would prevail under perfect competition. This situation is caused due to _____.
- (a) Market power
 - (b) Externalities
 - (c) Public goods
 - (d) Incomplete information

59. The purchase and consumption of a private goods by one individual prevents another Individual from consuming it. Therefore, Consumption of private goods is _____.
- (a) Rivalrous (b) Non-Competitive
(c) Demonstrative (d) Non-Rivalrous
60. In case of pure public goods, which of the following statement is correct?
- (a) Payment is made by consumer
(b) No direct payment by the consumer is involved
(c) All consumers have to pay individually
(d) None of the above
61. Which of the following is not an example of public goods?
- (a) National Defence (b) Highways
(c) Public Education (d) Clothing
62. Which of the following leads to the problem of free-riding?
- (a) The absence of excludability in the case of public goods
(b) The tendency of people to act in their own self- interest
(c) Both (a) & (b)
(d) None of these
63. Complete information is an important element of a competitive market. Perfect information implies that _____ have complete information about anything that may influence their decision making.
- (a) Buyers (b) Sellers
(c) Both Buyers & sellers (d) Government
64. Why the assumption of perfect information to buyers and sellers is not fully satisfied in real markets?
- (a) Complexity of products and services
(b) Difficulty of getting correct information
(c) Deliberate misinformation by interested parties
(d) All of the above

65. A chemical factory has full information regarding the risks of a product, but continues to sell it. This is possible because of:
- (a) Asymmetric information (b) Moral hazard
(c) Free riding (d) (a) and (c) above
66. There may be an imbalance in information between the buyer and the seller i.e. when the buyer knows more than the seller or the seller knows more than the buyer. This situation may be referred to as:
- (a) Symmetric Information (b) Asymmetric Information
(c) Adequate information (d) Improper information
67. Which of the following is an example of Asymmetric information?
- (a) The landlords know more about their properties than the tenants
(b) Health insurance buyers know more about their state of health than the insurance companies
(c) A used-car seller knows more about the vehicle quality than the buyer
(d) All of the above
68. Which of the following is a central concept related to the problem of information gaps in many markets?
- (a) Adverse selection (b) Moral Hazard
(c) Both (a) & (b) (d) None of these
69. Who has developed “lemons problem” in relation to the used car market?”
- (a) George Martin (b) George Akerlof
(c) George Akin (d) None of these
70. If an individual tends to drive his car in a dangerously high speed because he has a comprehensive insurance cover, it is a case of:
- (a) Free riding (b) Moral hazard (c) Poor upbringing (d) Inefficiency
71. Rules regarding product labelling:
- (a) Seeks to correct market failure due to externalities
(b) Is a method of solving the problem of public good
(c) May help solve market failure due to information failure
(d) Reduce the problem of monopolies in the product market

72. The Government has intervention mechanism for combating market failure so as to ensure greater welfare to the society. How does the Government insure a well functioning market?

- (a) By creating the necessary physical infrastructure
- (b) By provision of institutional infrastructure
- (c) By ensuring an appropriately framed competition and consumer law framework that regulates the activities of firms and individuals in their market exchanges
- (d) All of the above

73. Budgetary Deficit may be calculated as _____.

- (a) Revenue Expenditure - Revenue Receipts
- (b) Capital Expenditure - Capital Receipts
- (c) Total Estimated Expenditure (capital & Revenue) - Total Estimated Revenue (capital & Revenue)
- (d) Excess of estimated revenue over estimated expenditure

74. The difference between the budget deficit of a government and its debt service payments is

- (a) Fiscal deficit
- (b) Budget deficit
- (c) Primary deficit
- (d) None of the above

The following hypothetical figures relate to country A?

	₹ Crores
Revenue receipts	20,000
Recovery of loans	1,500
Borrowing	15,000
Other Receipts	5,000
Expenditure on revenue account	24,500
Expenditure on capital account	26,000
Interest payments	2,000

75. The revenue deficit for country A is:

- (a) 5,000
- (b) 24,000
- (c) 4,500
- (d) None of the above

76. Fiscal deficit of country A is:

- (a) 14,000
- (b) 24,000
- (c) 23,500
- (d) None of the above

77. Primary deficit of Country A is:
(a) 26,000 (b) 26,500 (c) 22,000 (d) 24,500
78. Fiscal deficit of a government must be financed by:
(a) Lending by the government (b) Borrowing by the government
(c) Spending by the government (d) Government subsidies and grants
79. Net borrowing at home = 800 Crore.
Borrowing from RBI = ₹600 Crore
Borrowing from abroad = 300 Crore
What is the value of gross fiscal deficit?
(a) ₹1100 Crore (b) ₹100 Crore (c) ₹1,700 Crore (d) ₹500 Crore
80. When fiscal deficit is financed by borrowing from _____, it is called deficit financing or money creation.
(a) Reserve Bank of India (b) Regional Rural Banks
(c) Public Sector Banks (d) Private Sector Banks
81. Fiscal Deficit is calculated as a percentage of:
(a) NNP (b) GDP (c) NDP (d) None of these
82. Fiscal deficit refers to:
(a) The excess of government's revenue expenditure over revenue receipts
(b) The excess of total expenditure over total receipts excluding borrowings
(c) Primary deficit - interest payments
(d) None of these
83. Finance Bill is the bill introduced immediately after the presentation of the union budget detailing the _____ of taxes proposed in the Budget.
(a) Imposition (b) Abolition & Alteration
(c) Regulation (d) All of the above
84. How the primary deficit is determined?
(a) Fiscal Deficit - Net interest liabilities (b) Fiscal Deficit - Interest Payments
(c) Fiscal Deficit - Interest Receipts (d) None of these

85. Outcome budgeting:
- (a) Shares information about the money allocated for various purposes in a budget
 - (b) Establishes a direct link between budgetary allocations and performance targets measured through output and outcome indicators
 - (c) Establishes a direct link between budgetary performance targets and public account disbursements
 - (d) Shares information about public policies and programmes under the budget
86. The Appropriation Bill is intended to:
- (a) Reduce unnecessary expenditure on the part of the government
 - (b) Give authority to government to incur expenditure from and out of the Consolidated Fund of India
 - (c) Give authority to government to incur expenditure from the revenue receipts only
 - (d) Be passed before the budget is taken for discussion
87. All revenues raised by the government, money borrowed and receipts from loans given by the government flow into the _____.
- (a) State Government fund of India
 - (b) Consolidated Fund of India
 - (c) Contingency fund of India
 - (d) Public Account
88. Which of the following is NOT an item of inflow into the consolidated fund of India?
- (a) Revenue raised by the Government
 - (b) Money borrowed
 - (c) Receipts from loans given by Government
 - (d) Provident fund and small savings
89. Which of the following gives power to the government to withdraw funds from the consolidated fund of India?
- (a) Finance bill
 - (b) Appropriation Bill
 - (c) Demand for Grants
 - (d) None of these
90. The Appropriation bill is introduced in:
- (a) Lok Sabha
 - (b) Rajya Sabha
 - (c) Either (a) or (b)
 - (d) Neither (a) nor (b)

91. Which of the following is the key to the Budget?
- (a) Consolidated Fund (b) Contingency Fund
(c) Public Account (d) DD for Grants
92. Which of the following is the flows for those transactions were the government merely acts as a banker?
- (a) Contingency Fund (b) Profit and Loss A/c
(c) Consolidated Fund (d) Public Account
93. The expenditure from which of the following funds do not require the approval of the parliament?
- (a) DD for grants (b) Public Account
(c) Contingency fund (d) Consolidated Fund
94. Expenditure incurred from contingency fund _____.
- (a) Is at the disposal of finance minister
(b) For routine expenditure
(c) Which is a ₹1,500 crore fund
(d) Requires a subsequent approval from the parliament
95. Which of the following fund is placed at the disposal of the president to enable him/her to make advances to the executive /Government to meet urgent unforeseen expenditure?
- (a) Consolidated fund of India (b) Contingency fund of India
(c) Public Account (d) None of the above.
96. Which one of the following is an example of fiscal policy?
- (a) A tax cut aimed at increasing the disposable income and spending
(b) A reduction in government expenditure to contain inflation
(c) An increase in taxes and decrease in government expenditure to control inflation
(d) All of the above
97. Fiscal policy refers to the:
- (a) Use of government spending, taxation and borrowing to influence the level of economic activity

- (b) Government activities related to use of government spending for supply of essential goods
- (c) Use of government spending, taxation and borrowing for reducing the fiscal deficits
- (d) and (b) above
98. Policies related to _____ is/are collectively known as fiscal policy through which the government manages the economy.
- (a) Public Revenue
- (b) Public Revenue and Public Expenditure
- (c) Public Revenue, public expenditure and public borrowings
- (d) None of the above
99. Fiscal policy is in the nature of:
- (a) Demand-side Policy
- (b) Cost-Side policy
- (c) Taxation policy strictly
- (d) State Policy
100. An economy which is _____ does not require government action in the form of fiscal policy.
- (a) Producing at partial employment level
- (b) Producing at full employment level
- (c) Producing at excess employment level
- (d) None of these
101. Which of the following held the belief that the government should not intervene in the economy because the market mechanism makes the economy self adjusting.
- (a) Classical economists
- (b) Modern economists
- (c) British economists J.M. Keynes
- (d) None of the above
102. According to Keynesian economics, when we have inflation an effective fiscal policy should not include:
- (a) Increase corporate taxes
- (b) Decrease aggregate demand
- (c) Increase government purchases
- (d) None of the above is correct

103. Keynesian economists believe that:

- (a) Fiscal policy can have very powerful effects in altering aggregate demand, employment and output in an economy
- (b) When the economy is operating at less than full employment levels and when there is a need to offer stimulus to demand fiscal policy is of great use
- (c) Wages are flexible and therefore business fluctuations would be automatically adjusted
- (d) (a) and (b) above

104. In 1936, J.M. Keynes advocated increase in government spending:

- (a) To combat the recessionary forces in the economy
- (b) To solve the problem of unemployment
- (c) Both (a) and (b)
- (d) None of these

105. In the period of great depression (1930), there was _____.

- (a) Very low aggregate demand
- (b) High levels of unemployment
- (c) Both (a) & (b)
- (d) None of these

106. Which of the following is/are the most common objectives of fiscal policy?

- (a) Achievement and maintenance of full employment
- (b) Maintenance of price stability and acceleration of the rate of economic development
- (c) Equitable distribution of income and wealth
- (d) All of the above

107. What may be the priorities of developing nations as regards objectives of fiscal policy?

- (a) Stability
- (b) Stability & Growth
- (c) Equity
- (d) Employment & Equity

108. Which one of the following is NOT in higher priority in developing countries as regards objectives of fiscal policy?

- (a) Economic Growth
- (b) Employment
- (c) Stability
- (d) Equity

109. While the government resorts to deliberate fiscal policy it may not attempt to manipulate:
- (a) Government expenditures on public works
 - (b) The rates of personal income taxes and corporate taxes
 - (c) Government expenditures on goods and services purchased by government
 - (d) The rate of interest prevailing in the economy
110. Which of the following is NOT a type of Fiscal policy?
- (a) Expansionary Fiscal policy
 - (b) Contractionary Fiscal policy
 - (c) Progressive fiscal policy
 - (d) All of the above
111. An expansionary fiscal policy, taking everything else constant, would in the short-run have the effect of:
- (a) A relative large increase in GDP and a smaller increase in price
 - (b) A relative large increase in price, a relatively smaller increase in GDP
 - (c) Both GDP and price will be increasing in the same proportion
 - (d) Both GDP and price will be increasing in a smaller proportion
112. Which of the following policies is likely to shift an economy's aggregate demand curve to the right?
- (a) Increase in government spending
 - (b) Decrease in taxes
 - (c) A tax cut along with increase in public expenditure
 - (d) All the above
113. While resorting to expansionary fiscal policy:
- (a) The government may possibly have a budget surplus as increased expenditure will bring more output and more tax revenue
 - (b) The government may run into budget deficits because tax cuts reduce government income and the government expenditures exceed tax revenues in a given year
 - (c) It is important to have a balanced budget to avoid inflation and bring in stability
 - (d) None of the above will happen

114. While if governments compete with the private sector to borrow money for securing resources for expansionary fiscal policy:
- (a) It is likely that interest rates will go up and firms may not be willing to invest
 - (b) It is likely that interest rates will go up and the individuals too may be reluctant to borrow and spend
 - (c) It is likely that interest rates will go up and the desired increase in aggregate demand may not be realized
 - (d) All the above are possible
115. A recession is characterized by:
- (a) Declining prices and rising employment
 - (b) Declining unemployment and rising prices
 - (c) Declining real income and rising unemployment
 - (d) Rising real income and rising prices
116. Contractionary fiscal policy
- (a) Is resorted to when government expenditure is greater than tax revenues of any particular year
 - (b) Increase the aggregate demand to sustain the economy
 - (c) To increase the disposable income of people through tax cuts and to enable greater demand
 - (d) Is designed to restrain the levels of economic activity of the economy during an inflationary phase
117. Contractionary Fiscal policy works through:
- (a) Decrease in Government Spending
 - (b) Increase in personal income tax /Business taxes
 - (c) Combination of (a) & (b)
 - (d) Increase in Government Spending and decrease in personal income tax.
118. Which of the following is included in Government Expenditure?
- (a) Current expenditures to meet the day-to-day running of the government
 - (b) Capital Expenditures
 - (c) Transfer Payments
 - (d) All of the above

8

MONEY MARKET

1. Barter exchange refers to exchange of goods/services for goods/services. Which of the following is the limitation of Barter exchange?
 - (a) Lack of Double coincidence of wants
 - (b) Lack of store of value
 - (c) Lack of common measure of value
 - (d) All of the above
2. Which of the following is the primary function of money?
 - (a) Medium of exchange
 - (b) Standard of Deferred Payments
 - (c) Store of value
 - (d) All of the above
3. Which function of money is also known by the name of "Unit of Account"?
 - (a) Medium of exchange
 - (b) Standard of deferred Payments
 - (c) Measure of value
 - (d) Store of value
4. If there were no money, we would be reduced to a _____.
 - (a) Non-Monetary Economy
 - (b) Barter Economy
 - (c) Monetary Economy
 - (d) None of the above
5. Fiat money is materially _____ but has _____ simply because a nation collectively agreed to ascribe a value to it.
 - (a) Worthless, value
 - (b) Valuable, worthless
 - (c) Transparent, liquid
 - (d) Liquid, exchangeability
6. Which of the following is Not a Part of general characteristics that money should possess in order to make it serve its function as money.
 - (a) Generally Acceptable & possessing uniformity
 - (b) Durable or long-lasting
 - (c) Portable & effortlessly recognizable
 - (d) Easily counterfeitable

7. Any unit of money, whose face value and intrinsic value are equal, is known as _____.
- (a) Full-Bodied Money (b) Representative full-bodied money
(c) Credit money (d) All of the above
8. Which one of the following form of legal tender money can be paid in discharge of a debt up to a certain limit only?
- (a) Coins (b) Paper Notes (c) Cheques (d) Bank Draft
9. Choose the incorrect statement.
- (a) Anything that would act as a medium of exchange is money
(b) Money has generalized purchasing power and is generally acceptable in settlement of all transactions
(c) Money is a totally liquid asset and provides us with means to access goods and services
(d) Currency which represents money does not necessarily have intrinsic value
10. Money performs all of the three functions mentioned below, namely:
- (a) Medium of exchange, price control, store of value
(b) Unit of account, store of value, provide yields
(c) Medium of exchange, unit of account, store of value
(d) Medium of exchange, unit of account, income distribution
11. Demand for money is:
- (a) Derived demand (b) Direct demand
(c) Real income demand (d) Inverse demand
12. Higher the _____, higher would be _____ of holding cash and lower will be the _____.
- (a) Demand for money, opportunity cost, interest rate
(b) Price level, opportunity cost, interest rate
(c) Real income, opportunity cost, demand for money
(d) Interest rate, opportunity cost, demand for money

13. The money is demanded for its purchasing power. Therefore, the demand for money is in the nature of _____.
- (a) Purchasing power demand (b) Real power demand
(c) Direct demand. (d) Derived demand
14. The demand for money is actually
- (a) Demand for liquidity (b) Demand to store value
(c) Both (a) and (b) (d) None of the above
15. The decision about how much of one's given stock of wealth should be held in the form of money rather than as other assets (like bonds) is called as _____.
- (a) Demand for money (b) Decision for money
(c) Supply of money (d) None of above
16. The individuals, households as well as firms hold money which gives little or no return. This is because _____.
- (a) Money is liquid
(b) Money has demonstration effect
(c) Money gives authority
(d) None of these
17. The quantity of nominal money or how much money people would like to hold in liquid form depends many factors. Which of the following is the variable on which this demand for money demands?
- (a) Income
(b) General level of prices & rate of interest
(c) Real GDP and the degree of financial innovation
(d) All of the above
18. The quantity which people desire to hold is _____ proportional to the income.
- (a) Directly (b) Inversely (c) Regressive (d) None of these
19. The Demand for money de- pends upon prevailing price level the prices, should be the holding of money.
- (a) Lower, Higher (b) Higher, Lower
(c) Higher, Higher (d) Lower, Lower

26. Both the versions of the quantity theory of money demonstrate that there is a _____ relationship between money and price level and the quantity of money is the _____ determinant of the price level or value of money.
- (a) Weak, main (b) Strong, main
(c) Weak, very passive (d) Strong, very passive
27. Which one of following is the criticism of Quantity theory of money?
- (a) Velocity of money (V) and total number of transactions (T) are constant
(b) There is full employment in economy
(c) Money is only used as medium of exchange
(d) All of the above
28. Fisher's version is formally stated as $MV = PT$. In this equation of exchange.
- (a) M and V are constant (b) P and T are constant
(c) M and P are constant (d) V and T are constant
29. Which are of the following is the expanded form of Fisher's equation of exchange?
- (a) $MV = PT$ (b) $MV + M'V' = P'T'$
(c) $MV = PT + P'T'$ (d) $MV + M'V' = PT + P'T'$
30. As per fisher's expanded quantity theory of money, the total value of transactions made is equal to _____ and the value of money flow is equal to _____.
- (a) MV; PT (b) PT; MV
(c) PT; $MV + M'V'$ (d) $MV + M'V'$; PT
31. The inventory-theoretic approach to the transactions demand for money _____.
(a) Explains the negative relationship between money demand and the interest rate
(b) Explains the positive relationship between money demand and the interest rate
(c) Explains the positive relationship between money demand and general price level
(d) Explains the nature of expectations of people with respect to interest rates and bond prices

32. In which approach, the money or real cash balance was essentially viewed as an inventory held for transaction purposes.
- (a) Inventory explicit Approach (b) Inventory implicit Approach
(c) Inventory theoretic Approach (d) Inventory regressive Approach
33. Who has developed deterministic theory of transaction demand for money known as Inventory Theoretic approach?
- (a) Baumol and Tobin (b) Baumol and Fisher
(c) Tobin and Fisher (d) Baumol and Marshall
34. According to Baumol which of the following formula can be used to calculate the average amount of cash withdrawal which minimises cost?
- (a) $C = \sqrt{2byr}$ (b) $C = \sqrt{\frac{2by}{r}}$
(c) $C = \sqrt{\frac{byr}{2}}$ (d) $C = \sqrt{\frac{2br}{y}}$
35. In accordance with the Inventory Theoretic Approach, an individual combines his asset portfolio of _____ and _____ in such proportions that his _____ of holding the assets is minimized.
- (a) Cash; bonds; overall cost (b) Shares; bonds; overall cost
(c) Cash; bond; bond cost (d) Cash; bond; Cash cost
36. The nominal demand for money rises if:
- (a) The opportunity costs of money holdings i.e. bonds and stock returns, r_B and r_E , respectively-decline and vice versa
(b) The opportunity costs of money holdings i.e. bonds and stock returns, r_B and r_E , respectively-rises and vice versa
(c) The opportunity costs of money holdings i.e. bonds and stock returns, r_B and r_E , respectively remain constant
(d) (b) and (c) above
37. _____ considered demand for money is as an application of a more general theory of demand for capital assets.
- (a) Baumol (b) James Tobin
(c) J. M. Keynes (d) Milton Friedman

38. As per Milton Friedman's restatement of the quantity Theory, the nominal demand for money is a function of _____, which is represented by permanent income divided by the _____ rates, defined as the average return on the _____ asset classes in the monetarist theory world.
- (a) Total wealth, discount, five
(b) Total wealth, Interest, five
(c) Permanent wealth, Interest, six
(d) None of these
39. As per Friedman's theory, the nominal demand for money is influenced by inflation, a positive inflation rate _____ the real value, of money balances, there by _____ the opportunity costs of money holdings.
- (a) Increases, reduces
(b) Reduces, increasing
(c) Stimulates, reduces
(d) None of these
40. The present expected value of all future income is Friedman's measure of wealth. Friedman's regarded this as _____.
- (a) Permanent income
(b) Current income
(c) Temporary income
(d) Flexible income
41. Under Friedman's Quantity theory, the nominal demand for money is _____ related to the price level.
- (a) Negatively
(b) Positively
(c) Regressively
(d) Not
42. According to James Tobin's theory, an individual's behaviour shows risk aversion, which means they prefer _____ risk to _____ risk at a given rate of return.
- (a) Less, more
(b) More, less
(c) Less, positive
(d) More, negative
43. Tobin's theory holds that people prefer _____ portfolio of money, bonds and shares, with each person opting for a little different balance between risk and return.
- (a) Mixed
(b) Diversified
(c) Mixed or diversified
(d) non-diversified

44. In Tobin's portfolio approach, the demand function for money as an asset slopes downwards, where horizontal axis shows _____ and vertical axis shows _____.
- (a) Demand for money, rate of interest
 - (b) Rate of interest, demand for money
 - (c) Supply for money, rate of Interest
 - (d) Demand for money, supply for Money
45. The demand for money as behaviour towards "aversion to risk" was propounded by:
- (a) Fisher
 - (b) Marshall
 - (c) Friedman
 - (d) Tobin
46. Which of the following statement holds true with reference to Tobin's Demand for money theory involving individual's behaviour towards risk?
- (a) Money is a safe asset
 - (b) Investor will be willing to exercise a trade-off
 - (c) Investor sacrifice to some extent, the higher return from bonds for a reduction in risk
 - (d) All of the above
47. According to Baumol and Tobin's approach to demand for money, the optimal average money holding is:
- (a) A positive function of income Y and the price level P
 - (b) A positive function of transactions costs c ,
 - (c) A negative function of the nominal interest rate i
 - (d) All the above
48. The total stock of money held by the _____ in an economy at a particular point of time is called Money Supply.
- (a) Public
 - (b) Government
 - (c) Banks
 - (d) Corporate Entities
49. Money Supply is a _____ variable.
- (a) Flow
 - (b) Stock
 - (c) Both (a) & (b)
 - (d) None of the above

50. Money Supply does not include stock of money held by the _____ as well as _____ of country.
- (a) Public, government (b) Public, banking system
(c) Government, banking system (d) Public, banks
51. Which one of the following is the feature of money supply?
- (a) Money includes money held by public only
(b) Money does not include money-creating sector (suppliers of money)
(c) Money is a stock concept, as it is concerned with a particular point of time
(d) All of the above
52. Choose the correct statement from the following:
- (a) Money is deemed as something held by the public and therefore only currency held by the public is included in money supply
(b) Money is deemed as something held by the public and therefore inter-bank deposits are included in money supply
(c) Since inter-bank deposits are not held by the public, therefore inter-bank deposits are excluded from the measure of money supply
(d) Both (a) and (c) above
53. Which one of the following is not the producers of money?
- (a) Government (b) Banking System
(c) Household & Firms (d) All of the above
54. In the definition of money supply, the term public includes economic unit:
- (a) Households (b) Firms
(c) Institutions (d) All of the above
55. While discussing the definition of "Supply of Money" and the Standard measures of money, _____ is/are not included.
- (a) Inter bank Deposits
(b) Money held by the Government
(c) Banking System
(d) All of the above

56. In the definition of money supply, the word "public" includes:
- (a) All Local Authorities
 - (b) Non-Banking Financial Institutions
 - (c) Foreign Central Banks
 - (d) All of the above
57. The Central Banks all over the World adopt monetary policy which depends to a large extent on the controllability of the:
- (a) Monetary base
 - (b) Money Supply
 - (c) Monetary base & the money Supply
 - (d) Money Supply & money demand
58. The empirical analysis of the _____ facilitates analysis of monetary developments in order to provide a deeper Understanding of the causes of money growth.
- (a) Money Supply
 - (b) Money Demand
 - (c) Money supplied by households
 - (d) Money demanded by Governments
59. The supply of money in the economy depends on the decision of
- | | |
|-------------------------|------------------------|
| (a) Commercial Banks | (b) Central Bank |
| (c) Ministry of Finance | (d) Central Government |
60. Paper currency is a:
- | | |
|--------------------------|-----------------------|
| (a) Representative Money | (b) Full-bodied Money |
| (c) Metallic Money | (d) None of the above |
61. The primary source of money supply in all countries is:
- (a) The Reserve Bank of India
 - (b) The Central bank of the country
 - (c) The Bank of England
 - (d) The Federal Reserve

62. The supply of money in an economy depends on.
- (a) The decision of the central bank based on the authority conferred on it
 - (b) The decision of the central bank and the supply responses of the commercial banking system
 - (c) The decision of the central bank in respect of high powered money
 - (d) Both (a) and (c) above
63. Under the 'minimum reserve system' the central bank is _____.
- (a) Empowered to issue currency to any extent by keeping an equivalent reserve of gold and foreign securities
 - (b) Empowered to issue currency to any extent by keeping only a certain minimum reserve of gold and foreign securities
 - (c) Empowered to issue currency in proportion to the reserve money by keeping only a minimum reserve of gold and foreign securities
 - (d) Empowered to issue currency to any extent by keeping a reserve of gold and foreign securities to the extent of 350 crores
64. The Money is a liability of the _____ and an asset of the _____.
- (a) Issuing central bank, holding public
 - (b) Public, central bank
 - (c) Issuing central bank, central government
 - (d) Central government, issuing central bank
65. The currency issued by the Central Bank is "FIAT MONEY" and is backed by supporting _____ and its value is guaranteed by the _____.
- (a) Currency, central Bank
 - (b) Currency, government
 - (c) Reserves, government
 - (d) Reserves, central bank
66. Banks create money supply in the process of borrowing and lending transactions with the public. Money so created by the commercial Banks is called:
- (a) Credit Money
 - (b) Artificial Money
 - (c) Debit Money
 - (d) None of these

67. Which of the following is a type of money?
- (a) Metallic Currency (b) Paper Currency
(c) Digital Currency (d) All of the above
68. With the advent of cutting edge technologies and advancement in technology has made it possible for the development of new form of money viz. CBDC. What is the full form of CBDC?
- (a) Central Bank Digital Certificate
(b) Central Bank Dynamic Certificate
(c) Central Bank Digital Currency
(d) Central Bank Dynamic Currency
69. At present, which of the following Statement is true about the crypto currencies?
- (a) These face Significant Legislative Uncertainties
(b) These are not legally recognised in India as currency
(c) These are not categorized as money
(d) All of the above
70. Banks in the country are required to maintain deposits with the central bank
- (a) To provide the necessary reserves for the functioning of the central bank
(b) To meet the demand for money by the banking system
(c) To meet the central bank prescribed reserve requirements and to meet settlement obligations
(d) To meet the money needs for the day to day working of the commercial banks
71. "Money" consists of currency and _____, while "High Powered Money". Consists of currency and _____.
- (a) Demand deposits, cash reserves with banks
(b) Cash reserves with Banks, demand Deposits
(c) Public money, paper money
(d) Paper money, public money
72. The Money Multiplier and the money supply are _____ related to the ratio of currency to deposits (c) i.e. C/D.
- (a) Negatively (b) Positively (c) Not (d) Progressively

73. The behaviour of Commercial Banks is important under money multiplier approach to supply of money. By creating credit, the commercial banks determine the total amount of _____.
- (a) Nominal High-Powered Money
 - (b) Nominal Demand Deposits
 - (c) National High-Powered Money
 - (d) National Demand Deposits
74. Which of the following reflects the behaviour of commercial banks in the economy regarding money multiplier approach to supply of money?
- (a) Ratio of cash reserves to deposits
 - (b) Ratio of currency to deposits
 - (c) Ratio of cash reserves to currency
 - (d) Ratio of High-powered money to currency
75. Considering all other variables remain the same, If ratio of cash reserves to deposits (reserve ratio) increases, then _____ will decrease.
- (a) Deposits
 - (b) Money Supply
 - (c) Reserves
 - (d) High-powered money
76. When reserve ratio (r) is 8%, the money multiplier is calculated at 2.58. If the reserve ratio is increased to 12%, the value of money multiplier will be _____.
- (a) Less than 2.58
 - (b) More than 2.58
 - (c) 2.58
 - (d) Cannot be decided
77. The value of money multiplier is zero when:
- (a) Interest rates are too low
 - (b) Banks prefer to hold the newly injected reserves as excess reserves with no risk attached to it
 - (c) Both (a) and (b)
 - (d) Money Multiplier can never be zero
78. As a part of monetary policy, an open market purchase by Central Bank will _____ the reserves and thereby _____ the money supply.
- (a) Reduce, reduce
 - (b) Increase, increase
 - (c) Reduce, increase
 - (d) Increase, reduce

79. The credit creation process by the banking system in the country will create money to the tune of Δ money supply = $\frac{1}{R} \times \Delta$ Reserves.
It holds true, when it assumed that _____.
- (a) Banks do not hold excess reserves
 - (b) People do not hold more currency than before
 - (c) There is demand for loans from businesses.
 - (d) All of the above
80. If the Central Bank of a country wants to stimulate economic activity it does so by infusing liquidity into the system. The high powered money (monetary base) is injected into the system when _____.
- (a) Government securities are purchased
 - (b) Government Securities are sold
 - (c) Any of (a) and (b)
 - (d) Both (a) and (b)
81. Whenever the Central and the State Government's cash balances fall short of the minimum requirement, they are eligible to avail of a facility. What is the name of that facility?
- (a) Ways & Means Advances (WMA)
 - (b) Overdraft facility (OD)
 - (c) Both (a) & (b)
 - (d) None of the above
82. When the Reserve Bank of India lends to the governments under WMA/OD, it can potentially lead to an _____ in money supply through the money multiplier process.
- (a) Increase
 - (b) Decrease
 - (c) Substantial Decrease
 - (d) No effect
83. Identify the Correct Statement?
- (a) There is no difference between the type of money created by commercial bank and that which are issued by the Central Bank
 - (b) Money creation is same as is the wealth creation
 - (c) The deposit multiplier and the money multiplier are identical
 - (d) In actual practice, all borrowers spend every rupee they have borrowed

84. If required reserve ratio is 20%, then what will be credit multiplier?
(a) 0.2 (b) 0.8 (c) 1.2 (d) 5
85. What is the formula used to calculate credit Multiplier?
(a) 100-Required Reserve Ratio
(b) 100+ Required Reserve Ratio
(c) 100 x Required Reserve Ratio
(d) $\frac{1}{\text{Required Reserve Ratio}}$
86. The credit multiplier is also referred to as the _____.
(a) Deposit multiplier
(b) Deposit expansion multiplier
(c) Both (a) & (b)
(d) None of the above
87. Which describes the amount of additional money created by commercial bank through the process of lending the available money it has in excess of the Central Banks reserve requirement?
(a) Credit multiplier (b) Deposit multiplier
(c) Deposit Expansion (d) All of the above
88. What will be the total deposit created if initial deposit is of ₹ 800 crores and required reserve ratio is 10%?
(a) ₹80 crores (b) ₹800 crores
(c) ₹8000 crores (d) None of these
89. The total deposits created by the commercial banks is ₹16,800 crores and the required reserve ratio is 12.5%. Calculate the amount of initial deposits.
(a) ₹16,800 (b) ₹2,100
(c) ₹18,900 (d) None of these
90. Initial Deposit of ₹1,521 crores lead to creation of total deposits of ₹12,168 crores by the commercial banks. What is required reserve ratio?
(a) 15% (b) 12.5% (c) 10% (d) 7.5%

91. Monetary Policy refers to the use of monetary policy instruments which are at the disposal of the Central Bank _____.
- (a) To regulate the availability, cost and use of money and credit
 - (b) To achieve price stability
 - (c) To promote economic growth/optimum levels of output and employment, balance of payment equilibrium, etc.
 - (d) All of the above
92. Which of the following is the function of monetary policy?
- (a) Regulate the exchange rate and keep it stable
 - (b) Regulate the movement of credit to the corporate sector
 - (c) Regulate the level of production and prices
 - (d) Regulate the availability, cost and use of money and credit
93. Which of the following is a basic component of monetary policy framework?
- (a) The objectives of monetary policy
 - (b) The analytics of monetary policy which focus on the transmission mechanism
 - (c) The operating procedure which focus on the operating targets and instruments
 - (d) All of the above are basic components
94. The main objective of monetary policy in India is _____:
- (a) Reduce food shortages to achieve stability
 - (b) Economic growth with price stability
 - (c) Overall monetary stability in the banking system
 - (d) Reduction of poverty and unemployment
95. When the Central Bank lowers interest rates, monetary policy is _____.
- (a) Easing
 - (b) Tightening
 - (c) Ineffective
 - (d) None of the above
96. Fundamentally, the primary objective of the monetary policy has been:
- (a) To reduce price stability
 - (b) To curb economic growth
 - (c) To maintain judicious balance between price stability and economic growth
 - (d) None of the above

97. Which of the following is an explicit objective included in the monetary policy of developing countries?
- (a) Maintenance of economic growth
 - (b) Ensuring an adequate flow of credit to the productive sectors
 - (c) Sustaining a moderate structure of interest rates to encourage investments, and creation of an efficient market for government securities
 - (d) All of the above
98. The monetary transmission mechanism refers to:
- (a) How money gets circulated in different sectors of the economy post monetary policy
 - (b) The ratio of nominal interest and real interest rates consequent on a monetary policy
 - (c) The process or channels through which the evolution of monetary aggregates affects the level of product and prices
 - (d) None of the above
99. A contractionary monetary policy-induced increase in interest rates.
- (a) Increases the cost of capital and the real cost of borrowing for firms
 - (b) Increases the cost of capital and the real cost of borrowing for firms and households
 - (c) Decreases the cost of capital and the real cost of borrowing for firms
 - (d) Has no interest rate effect on firms and households
100. During deflation:
- (a) The RBI reduces the CRR in order to enable the banks to expand credit and increase the supply of money available in the economy
 - (b) The RBI increases the CRR in order to enable the banks to expand credit and increase the supply of money available in the economy
 - (c) The RBI reduces the CRR in order to enable the banks to contract credit and increase the supply of money available in the economy
 - (d) The RBI reduces the CRR but increase SLR in order to enable the banks to contract credit and increase the supply of money available in the economy

101. The analytics of monetary policy focus on the transmission mechanisms. Which of the following is included in such mechanism?
- (a) The interest rate channel
 - (b) The exchange rate channel
 - (c) The quantum channel and the asset price channel
 - (d) All of the above
102. Which of the following statement is correct?
- (a) The governor of the RBI in consultation with the Ministry of Finance decides the policy rate and implements the same
 - (b) While CRR has to be maintained by banks as cash with the RBI, the SLR requires holding of approved assets by the bank itself
 - (c) When repo rates increase, it means that banks can now borrow money through Open Market Operations (OMO)
 - (d) None of the above
103. Which of the following Statements is incorrect?
- (a) Quantitative instruments are general in nature
 - (b) Quantitative instruments affects all the sectors making use of bank credit
 - (c) Quantitative controls are designed to regulate the direction of credit
 - (d) Quantitative Controls are also known as traditional methods of control
104. As a part of credit control instruments of RBI, which of the following is not a part of Quantitative method?
- (a) Cash Reserve Ratio (CRR)
 - (b) Statutory Liquidity Ratio (SLR)
 - (c) Open Market Operations (OMO)
 - (d) Margin requirements
105. As a part of open market operations, sale of securities by the Central Bank _____ the money supply in the economy.
- (a) Decreases
 - (b) Increases
 - (c) Brings no change in
 - (d) Either (a) or (b)
106. _____ refers to the minimum percentage of net demand and time liabilities, to be kept by commercial banks with the central bank.
- (a) Statutory Liquidity Ratio
 - (b) Cash Reserve Ratio
 - (c) Bank Rate
 - (d) Repo Rate

107. In order to control money supply, the RBI buys and sells government securities in the open market.

These operations conducted by the bank are referred to as: central

- (a) Open Monetary Operations
- (b) Open Money Operations
- (c) Open Market Operations
- (d) Open Marginal Operations

108. The commercial banks are required to maintain with themselves, minimum percentage of Net Demand & Time liabilities, in the form of designated liquid assets. This ratio is called as:

- (a) Statutory Liquidity Ratio
- (b) Cash Reserve Ratio
- (c) Bank Rate
- (d) Repo Rate

109. Which one of the following statement is incorrect about Qualitative method of credit control instruments of RBI?

- (a) These include margin requirements, moral suasion, selective credit controls, etc.
- (b) These are general in nature and affect all the sectors
- (c) These are designed to regulate the direction of credit
- (d) These are also known as selective methods of control

110. Which one of the following is not a part of Qualitative method of credit control instruments of RBI?

- (a) Open Market Operations
- (b) Margin requirements
- (c) Moral suasion
- (d) Selective credit control

111. _____ is the interest rate at which RBI lends long-term funds to banks.

- (a) Interest Rate
- (b) Bank Rate
- (c) Repo Rate
- (d) Marginal Rate

112. RBI provides financial accommodation to the commercial banks through repos/ reverse repos under:

- (a) Market Stabilisation Scheme (MSS)
- (b) The Marginal Standing Facility (MSF)
- (c) Liquidity Adjustment Facility (LAF)
- (d) Statutory Liquidity Ratio (SLR)

9

INTERNATIONAL TRADE

- International Trade is the exchange of _____ between countries and involves greater complexity compared to Internal Trade.
 - Goods
 - Services
 - Resources
 - All of the above
- Which of the following does not represent a difference between internal trade and international trade?
 - transactions in multiple currencies
 - homogeneity of customers and currencies
 - differences in legal systems
 - none of the above
- Which of the following is NOT the benefit of International Trade?
 - It is powerful stimulus to economic efficiency and contributes to economic growth.
 - Efficient deployment of productive resources to their best use.
 - Economic exploitation of under privileged countries.
 - Opening up of new markets results in broadening the production base.
- Which of the following holds that a country can increase its wealth by encouraging exports and discouraging imports?
 - Capitalism
 - Socialism
 - Mercantilism
 - Laissez faire
- Which one of the following is the first theory of International Trade that emerged in England in the 16th Century?
 - Mercantilism
 - Absolute Cost Advantage Theory
 - Comparative. Cost Advantage Theory
 - Product Life-Cycle Theory

6. Which theory suggested that the wealth of a nation consisted of gold and silver only?
- (a) Mercantilism
 - (b) Absolute Cost Advantage Theory
 - (c) Comparative Cost Advantage Theory
 - (d) Product Life-Cycle Theory
7. Which of the following is NOT an assumption of Absolute Cost Advantage Theory?
- (a) There are two countries.
 - (b) There are two commodities.
 - (c) The commodities are heterogeneous.
 - (d) There is only labour Cost of Production.
8. Who propounded the theory that a country should specialize in the production of goods for which it has an absolute cost advantage and then trade these goods for goods produced by another country?
- (a) Adam Smith
 - (b) David Hume
 - (c) Heckscher and Ohlin
 - (d) Ricardo
9. The theory of absolute advantage states that
- (a) national wealth and power are best served by increasing exports and decreasing imports
 - (b) nations can increase their economic well-being by specializing in the production of goods they produce more efficiently than anyone else.
 - (c) that the value or price of a commodity depends exclusively on the amount of labour going into its production and therefore factor prices will be the same
 - (d) differences in absolute advantage explains differences in factor endowments in different countries.
10. Which of the following theories advocates that countries should produce those goods for which it has the greatest relative advantage?
- (a) Modern theory of international trade
 - (b) The factor endowment theory
 - (c) The Heckscher-Ohlin Theory
 - (d) None of the above

11. Given the number of labour hours to produce cloth and grain in two countries, which country should produce grain?

Labour Cost (hours) for production of one unit

	Country A	Country B
Cloth	40	80
Grain	80	40

- (a) Country A (b) Country B (c) Neither A nor B (d) Both A and B
12. According to the theory of comparative advantage
- (a) trade is zero-sum game so that the net change in wealth or benefits among the participants is zero.
- (b) trade is not a zero-sum game so that the net change in wealth or benefits among the participants is positive
- (c) nothing definite can be said about the gains from trade
- (d) gains from trade depends upon factor endowment and utilization

13. Given the number of labour hours produce wheat and rice in two countries and that these countries specialise and engage in trade at a relative price of 1:1 what will be the gain of country X?

Labour Cost (hours) for production of one unit

	Wheat	Rice
Country X	10	20
Country Y	20	10

- (a) 20 labour hours (b) 10 labour hours
- (c) 30 labour hours (d) Does not gain anything
14. Assume India and Bangladesh have the unit labour requirements for producing tables and mats shown in the table below. It follows that:

Labour cost (hours) for production of one unit

	India	Bangladesh
Tables	3	8
Mats	2	1

- (a) Bangladesh has a comparative advantage in mats
- (b) India has a comparative advantage in tables
- (c) Bangladesh has an absolute advantage in mats
- (d) All the above are true

15. Comparative advantage refers to:
- (a) a country's ability to produce some good or service at the lowest possible cost compared to other countries
 - (b) a country's ability to produce some good or service at a lower opportunity cost than other countries.
 - (c) Choosing a productive method which uses minimum of the abundant factor
 - (d) (a) and (b) above
16. Ricardo explained the law of comparative advantage on the basis of
- (a) opportunity costs
 - (b) the law of diminishing returns
 - (c) economies of scale
 - (d) the labour theory of value
17. Which theory of international trade identified the role of labour and capital, so-called factor endowments, as a determinant of advantage?
- (a) Theory, of Absolute Advantage
 - (b) Theory of Comparative Advantage
 - (c) Heckscher-Ohlin theory of trade
 - (d) None of these
18. The theory given by Swedish economists "Eli Heckscher and Bertil Ohlin" is also known as:
- (a) The Heckscher - Ohlin theory of trade
 - (b) Factor Endowment theory of trade
 - (c) Modern theory of trade
 - (d) All of the above
19. Michael Porter has described four attributes as the "diamond of national advantage". Which of the following is not a part of these four attributes?
- (a) Factor Endowments
 - (b) Silver conditions
 - (c) Related and Supporting Industries
 - (d) Firm's Strategy, Structure and rivalry
20. Who has propounded "New Trade Theory" in the 1970's?
- (a) Paul Krugman
 - (b) Norman
 - (c) Dixit
 - (d) All of the above

21. Which theory argues that trade leads to cost reduction and product variety. Also, a firm enjoying the "first mover advantage" can capture economies of scale earlier than its rivals?
- (a) Product Life Cycle Theory (b) New Trade Theory
(c) Factor Endowment theory (d) Absolute Cost Advantage Theory
22. What is the title of the book published in 1817, in which David Ricardo explained the Comparative Cost Advantage Theory?
- (a) The Wealth of Nations (b) Principles of Political Economy
(c) The effect of Foreign Trade (d) The Leontief Paradox
23. Protectionism is a State policy aimed to protect domestic producers against Foreign Competition through the use of _____ instruments.
- (a) Tariffs (b) Quotas
(c) Non-tariff trade policy (d) All of the above
24. _____ refers to opening up of domestic markets to goods and services from the rest of the world by bringing down trade barriers.
- (a) Trade liberalization (b) Trade Globalisation
(c) Trade Privatisation (d) LPG
25. A specific tariff is
- (a) a tax on a set of specified imported good.
(b) an import tax that is common to all goods imported during a given period
(c) a specified fraction of the economic value of an imported good
(d) a tax on imports defined as an amount of currency per unit of the good
26. Tariff means the taxes or duties imposed on _____.
- (a) Imports (b) Exports
(c) Both (a) & (b) (d) Local Sales
27. Tariff can be based on _____.
- (a) Quantity only (b) Value of Import
(c) Quantity and/or value (d) None of these

28. When a specified amount of tariff is charged per unit of the product (e.g., 1000 per tonne of cement), then it is categorised as _____.
- (a) Specific Duty (b) Ad valorem Duty
(c) A Compound Duty (d) Value Duty
29. Tariff levied as a percentage of value of product is termed as _____.
- (a) Specific Duty (b) Fixed Duty
(c) Ad valorem Duty (d) A Compound Duty
30. The tariff rate is ₹ 500 per tonne plus 10 per cent of the value of the product imported. This type of tariff is termed as _____.
- (a) Fixed Rate Duty (b) Variable Rate Duty
(c) Ad valorem Duty (d) Compound Duty
31. What is disadvantage of specific tariff which is the fixed amount of money per physical unit or according to weight?
- (a) It discourages the import.
(b) The Government revenue remains Unchanged irrespective of change in value of product.
(c) It is difficult to calculate it precisely.
(d) None of these
32. A tax applied as a percentage of the value of an imported good is known as
- (a) preferential tariff
(b) ad valorem tariff
(c) specific tariff
(d) mixed or compound tariff
33. Which of the following is INCORRECT about ad valorem tariff?
- (a) It is levied as a fixed percentage of the value of the traded commodity.
(b) It preserves the protective value of tariff an home producer.
(c) It is similar to specific tariff.
(d) It is one of the widely used across the world.

34. The Government has imposed tariff as under:
₹ 3000 on each solar panel plus ₹50 per kg on the battery.
What is the type of tariff?
- (a) Specific Tariff (b) ad valorem Tariff
(c) Compound Tariff (d) Technical Tariff
35. _____ is calculated on the basis of both the value of the imported goods (an ad valorem duty) and a Unit of measure of the imported goods (a specific duty).
- (a) Compound Tariff (b) Ad valorem Duty
(c) Technical Tariff (d) Tariff Rate Quotas
36. _____ tariffs refers to import tariffs. Which countries promise to impose on imports from other members of two WTO. Unless the country is a part of preferential trade agreement.
- (a) MFN (b) MTN (c) CFN (d) CTN
37. Escalated tariff refers to
- (a) nominal tariff rates on raw materials which are greater than tariffs on manufactured products
(b) nominal tariff rates on manufactured products which are greater than tariffs on raw materials
(c) a tariff which is escalated to prohibit imports of a particular good to protect domestic industries
(d) none of the above
38. What is the type of tariff which is set so high that no imports can enter?
- (a) Restricted Tariff (b) Prohibitive Tariff
(c) Anti-Dumping duty (d) None of these
39. Dumping occurs when manufactures sell goods in a Foreign country
- (a) Below the Sales prices in their domestic market.
(b) Below their full average cost of the product.
(c) Free of cost
(d) Either (a) or (b)

40. Dumping, in international trade, is _____.
- (a) fair (b) unfair
(c) good (d) none of these
41. Choose the correct statement.
- (a) The GATT was meant to prevent exploitation of poor countries by rich countries.
(b) The GATT dealt with trade in goods only, while, the WTO covers services as well as intellectual property.
(c) All members of the World Trade Organization are required to avoid tariffs of all types.
(d) All of the above
42. Which of the following culminated in the establishment of the World Trade Organization?
- (a) The Doha Round (b) The Tokyo Round
(c) The Uruguay Round (d) The Kennedy Round
43. The World Trade Organization (WTO).
- (a) has now been replaced by the GATT
(b) has an inbuilt mechanism to settle disputes among members.
(c) was established to ensure free and fair trade internationally.
(d) (b) and (c) above
44. Which of the following is NOT a part of key objectives of the WHO?
- (a) To restrict international trade
(b) To provide a forum for negotiating and monitoring further trade liberalization.
(c) To resolve trade disputes
(d) To increase the transparency of decision-making processes.
45. World Trade Organisation (WTO) was set up on _____ replacing the General Agreement on Tariffs and Trade.
- (a) 1st January, 1990 (b) 1st January, 1993
(c) 1st January, 1995 (d) None of these
46. The headquarters of WTO is in _____.
- (a) USA (b) Switzerland (c) Australia (d) Germany

47. India is a _____ of World Trade Organisation.
- (a) Temporary members (b) Standing members
(c) Funding members (d) Not a member
48. Which of the following is covered under protection of intellectual properties (TRIPS)?
- (a) Copyrights, Trade Marks and Patents.
(b) Geographical indications, industrial designs and patents.
(c) Layout designs of integrated circuits and undisclosed information (ie. trade secrets).
(d) All of the above.
49. The WTO accounts for about _____ of world trade.
- (a) 50% (b) 70% (c) 85% (d) 95%
50. The WTO's top-level decision-making body is the _____ which can take decisions on all matters under any of the multilateral trade agreements.
- (a) Ministerial conference
(b) General council
(c) Goods council
(d) Services council and intellectual property council
51. The Ministerial conference, top decision making body of WTO, meets at least _____ to take decisions.
- (a) Once every year (b) Twice every year
(c) Once every two years (d) No such fixed frequency
52. Which of the following is/are responsible for overseeing the implementation of the WTO agreements?
- (a) Ministerial Conference
(b) General Council
(c) Goods Council, Services Council and Intellectual Property Council
(d) All of the above
53. Which of the following meets several times a year at the Geneva headquarters?
- (a) Ministerial Conference (b) General Council
(c) Goods Council (d) Services Council

54. The Goods Council, Services Council and Intellectual Property Council report to which of the following?
- (a) Ministerial Conference (b) General Council
(c) Director General of WTO (d) Both (a) and (b)
55. Which one of the following is NOT the guiding principles of WTO agreements?
- (a) Non-Discrimination (b) Fair Competition
(c) Restricted Trade (d) Predictability
56. The essence of 'MFN principle' is
- (a) equality of treatment of all member countries of WTO in respect of matters related to trade
(b) favour one, country, you need to favour all in the same manner
(c) every WTO member will treat all its trading partners equally without any prejudice and discrimination.
(d) all the above
57. The 'National treatment' principle stands for
- (a) the procedures within the WTO for resolving disagreements about trade policy among countries
(b) the principle that imported products are to be treated no worse in the domestic market than the local ones.
(c) exported products are to be treated no worse in the domestic market than the local ones
(d) imported products should have the same tariff, no matter where they are imported from
58. 'Bound tariff refers to:
- (a) clubbing of tariffs of different commodities into one common measure.
(b) the lower limit of the tariff below which a nation cannot be taxing its imports
(c) the upper limit on the tariff that a country can levy on a particular good, according to its commitments under the GATT and WTO
(d) the limit within which the country's export duty should fall so that there are cheaper exports

59. Which of the following is True for "Free-Trade" principle of WTO ?
- (a) Member countries to reduce tariff and non-tariff barriers to encourage free trade.
 - (b) Quantitative restrictions are prohibited.
 - (c) Developing and other countries facing difficulties in their balance of payments are allowed to reduce trade barriers gradually.
 - (d) All of the above
60. The Agreement on Agriculture includes explicit and binding commitments made by WTO Member governments
- (a) on increasing agricultural productivity and rural development.
 - (b) market access and agricultural credit support.
 - (c) market access, domestic support and export subsidies.
 - (d) market access, import subsidies and export subsidies.
61. The Agreement on Textiles and Clothing
- (a) provides that textile trade should be deregulated gradually and the tariffs should be increased
 - (b) replaced the Multi-Fiber Arrangement (MFA) which was prevalent since 1974
 - (c) granted rights of textile exporting countries to increase tariffs to protect their domestic textile industries
 - (d) stipulated that tariffs in all countries should be the same
62. The Agreement on Trade-Related Aspects of Intellectual Property Rights
- (a) stipulates to administer a system of enforcement of intellectual property rights
 - (b) provides for most-favoured-na-tion treatment and national treatment for intellectual properties
 - (c) mandates to maintain high levels of intellectual property protection by all members
 - (d) All of the above
63. Which of the following agree- ments aims to prevent Standards and Conformity assessment systems from becoming unnecessary trade barriers by securing their transparency and harmonization with international Standards?
- (a) Agreement or Agriculture
 - (b) Agreement or SPS
 - (c) Agreement on Technical Barriers & Trade (TBT)
 - (d) Agreement on Trade Related Investment Measures.

64. _____ relates to simplifications of administrative procedures and to ensure their fair operation so that import licensing procedures of different countries may not act as trade-barriers.
- (a) Agreements on Rules of Origin
 - (b) Agreement on Import Licensing Procedures
 - (c) Agreement on safeguards
 - (d) Agreement on Trade-in-Services
65. TPRM Stands for _____.
- (a) Trade Policy Review Mechanism
 - (b) Trade Practices Regulatory Measures
 - (c) Transparent Practices Regulatory Mechanism
 - (d) None of these
66. TRIM stands for _____.
- (a) Trade Policy International Mechanism
 - (b) Trade Related Investment Measures
 - (c) Transparent Reforms Inherent Mechanism
 - (d) None of these
67. The most controversial topic in the yet to conclude Doha Agenda is
- (a) trade in manufactured goods.
 - (b) trade in intellectual property rights-based goods.
 - (c) trade in agricultural goods.
 - (d) market access to goods from developed countries.
68. The WTO commitments.
- (a) affect developed countries adversely because they have comparatively less agricultural goods.
 - (b) affect developing countries more because they need to make radical adjustments.
 - (c) affect both developed and developing countries equally.
 - (d) affect none as they increase world trade and ensure prosperity to all.
69. The most controversial topic in the Doha Agenda was _____
- (a) Services trade
 - (b) Market access
 - (c) Agriculture trade
 - (d) Geographical problems

70. Which of the following is NOT a member of G20?
(a) Italy (b) Japan (c) Australia (d) Pakistan
71. When was G20 established?
(a) 1985 (b) 1995 (c) 1999 (d) 2000
72. _____ refers to reduction in price of domestic currency in terms of all Foreign currencies under fixed exchange rate regime.
(a) Depreciation (b) Devaluation
(c) Revaluation (d) None of the above
73. _____ refers to fall in market price of domestic currency in terms of a Foreign currency under flexible exchange rate regime.
(a) Depreciation (b) Devaluation
(c) Revaluation (d) None of the above
74. Which term is used to a system in which exchange rate is determined by forces of demand and supply of different currencies in the Foreign exchange market?
(a) Fixed Exchange Rate System
(b) Floating Exchange Rate System
(c) Managed floating Rate System
(d) Pegged Exchange Rate System
75. Which of the following is a merit of flexible Exchange Rate System?
(a) Maintains Equilibrium level
(b) No need for huge Foreign Exchange reserves
(c) Optimum Utilisation of resources
(d) All of the above
76. Which of the following is NOT the feature of Flexible Exchange Rate System?
(a) Exchange rate is fixed officially by the Government.
(b) The exchange rate keeps on changing.
(c) Foreign Exchange Reserves are not required to be kept.
(d) Flexible exchange rate may lead to depreciation or appreciation.

77. What is the name of the system in which Foreign exchange rate is determined by market forces and central bank influences the exchange rate through intervention in the Foreign exchange market?
- (a) Fixed Exchange Rate System (b) Floating Exchange Rate System
(c) Managed Floating Rate System (d) Managed Fixed Rate System
78. Which of the following statement is true?
- (a) Home-currency appreciation or foreign-currency depreciation takes place when there is a decrease in the home currency price of foreign currency.
(b) Home-currency depreciation takes place when there is an increase in the home currency price of the foreign currency
(c) Home-currency depreciation is the same as foreign-currency appreciation and implies that the home currency has become relatively less valuable.
(d) All of the above
79. Match the following by choosing the term which has the same meaning
- | | |
|----------------------------|----------------------------|
| (i) floating exchange rate | (ii) pegged exchange rate |
| (iii) devaluation | (iv) appreciation |
| (a) fixed exchange rate | (b) depreciation |
| (c) revaluation | (d) flexible exchange rate |
- (a) (i c); (ii d); (iii b); (iv a) (b) (i b); (ii a); (iii d); (iv c)
(c) (i a); (ii d); (iii b); (iv c) (d) (id); (ii a); (iii b); (iv c)
80. 'The nominal exchange rate is expressed in units of one currency per unit of the other currency. A real exchange rate adjusts this for changes in price levels!' The statement is:
- (a) wholly correct (b) partially correct
(c) wholly incorrect (d) None of the above
81. The Real Exchange Rate (RER) between two countries is the _____ of the nominal exchange rate and the _____ ratio of the between the two countries.
- (a) addition, Domestic & foreign price
(b) product, Domestic & Foreign price
(c) addition, Foreign & Domestic price
(d) Product, Foreign & Domestic price

82. On which of the following factors, the real exchange rate depends?
- (a) Nominal Exchange Rate (b) Domestic Price
(c) Foreign Price (d) All of the above
83. When studying the economy as a whole, which ratio is used in the determination of Real Exchange Rate?
- (a) $\frac{\text{Domestic Price}}{\text{Foreign Price}}$ (b) $\frac{\text{Foreign Price}}{\text{Domestic Price}}$
(c) $\frac{\text{Domestic Price Index}}{\text{Foreign Price Index}}$ (d) $\frac{\text{Foreign Price Index}}{\text{Domestic Price Index}}$
84. An increase in Real Effective Exchange Rate (REER) implies that _____.
- (a) Exports become more expensive
(b) Imports become cheaper
(c) Both (a) and (b)
(d) Neither (a) nor (b)
85. An increase in Real Effective Exchange Rate (REER) indicates _____ in trade competitiveness.
- (a) a loss (b) a gain
(c) No change (d) Substantial gain
86. The price indices are used, when studying the economy as a whole, for determination of Real Exchange Rate. Which of the following formulas is used for this?
- Nominal
(a) Exchange Rate $\times \frac{\text{Domestic Price Index}}{\text{Foreign Price Index}}$
- Real
(b) Exchange Rate $\times \frac{\text{Domestic Price Index}}{\text{Foreign Price Index}}$
- Nominal
(c) Exchange Rate $\times \frac{\text{Foreign Price Index}}{\text{Domestic Price Index}}$
- Real
(d) Exchange Rate $\times \frac{\text{Foreign Price Index}}{\text{Domestic Price Index}}$

87. _____ refers to the market in which sale and purchase of Foreign currency is settled on a specified future date at a rate agreed upon today.
- (a) Spot Market (b) Forward Market
(c) Direct Market (d) Indirect Market
88. _____ refers to the market in which the receipts and payments are made immediately.
- (a) Spot Market (b) Forward Market
(c) Future Market (d) Spontaneous Market
89. 'Vehicle Currency' refers to
- (a) a currency that is widely used to denominate international contracts made by parties because it is the national currency of either of the parties.
(b) a currency that is traded internationally and, therefore, is in high demand.
(c) a type of currency used in euro area for synchronization of exchange rates
(d) a currency that is widely used to denominate international contracts made by parties even when it is not the national currency of either of the parties.
90. In case of spot trading, the settlement is done by and large in _____ days.
- (a) Same (b) One (c) Two (d) Three
91. The forward exchange rate is always _____ the spot exchange rate.
- (a) Equal to (b) more than
(c) less than (d) Any of the above
92. If the forward exchange rate is quoted at more than a spot exchange rate, then there is a _____.
- (a) forward premium (b) forward discount
(c) Spot Premium (d) Spot discount
93. In the case of forward discount, the forward exchange rate is _____ the spot exchange rate.
- (a) more than (b) less than
(c) equal to (d) Either (a) or (b)

94. In practice, most transactions involve exchanges of foreign currencies for the U.S. dollars even when it is not the national currency of either the importer or the exporter. On account of the critical role in the forex market, the dollar is called as _____.
- (a) Dominating Currency (b) Strong Currency
(c) Communicable Currency (d) Vehicle Currency
95. For variety of reasons, _____ participate in the Foreign exchange market.
- (a) Individuals (b) Institutions
(c) Governments (d) All of the above
96. On the demand side, the participants operate for _____.
- (a) Purchase of goods and services from another country.
(b) To make investment income payment aboard.
(c) To purchase financial assets aboard.
(d) Any of the above
97. Which one of following is Unilateral transfer?
- (a) Gifts and awards (b) Grants and donations
(c) Endowments (d) All of the above
98. The Foreign exchange market faces _____ sloping demand curve and an _____ sloping supply curve.
- (a) Downward, upward (b) Upward, downward
(c) Downward, downward (d) Upward, upward
99. In the determination of Nominal exchange rate, _____ and _____ are represented on the x-axis and y-axis, respectively.
- (a) quantity of currency, exchange Rate
(b) exchange Rate, quantity of Currency
(c) demand of currency, supply of currency
(d) supply of currency, demand of currency
100. The changes in exchange rates portray _____ of one currency.
- (a) depreciation (b) appreciation
(c) either (a) or (b) (d) none of these

101. The exchange rate \$1 = ₹ 78 becomes \$1 = ₹ 81. What does this indicate?
- (a) Value of Indian Rupee has gone down.
 - (b) Indian Rupee has depreciated in its value.
 - (c) Value of US dollar has decreased
 - (d) Both (a) and (b)
102. After few months, one had to exchange a greater amount of domestic currency to get same one unit of Foreign currency. In this case _____.
- (a) Domestic currency is devalued.
 - (b) Domestic currency is depreciated.
 - (c) Foreign currency is devalued.
 - (d) Foreign currency is depreciated
103. When one currency depreciates against another, the second currency must _____ against the first.
- (a) also depreciate
 - (b) appreciate after some time
 - (c) simultaneously depreciate
 - (d) simultaneously appreciate.
104. Home-currency depreciation means _____.
- (a) Home currency becomes relatively less valuable
 - (b) There is increase in the home Currency price of the Foreign currency.
 - (c) Foreign currency appreciation
 - (d) All of the above
105. All else equal, which of the following is true if consumers of India develop taste for imported commodities and decide to buy more from the US?
- (a) The demand curve for dollars shifts to the right and Indian Rupee appreciates.
 - (b) The supply of US dollars shrinks and, therefore, import prices decrease.
 - (c) The demand curve for dollars shifts to the right and Indian Rupee depreciates.
 - (d) The demand curve for dollars shifts to the left and leads to an increase in exchange rate.

106. Based on the supply and demand model of determination of exchange rate, which of the following ought to cause the domestic currency of Country X to appreciate against dollar?
- (a) The US decides not to import From Country X
 - (b) An increase in remittances from the employees who are employed abroad to their families in the home country.
 - (c) Increased imports by consumers of Country X.
 - (d) Repayment of foreign debts by Country X.
107. An increase in the supply of foreign exchange.
- (a) shifts the supply curve to the right and as a consequence, the exchange rate declines.
 - (b) shifts the supply curve to the right and as a consequence, the exchange rate increases.
 - (c) more units of domestic currency are required to buy a unit of foreign exchange.
 - (d) the domestic currency depreciates and the foreign currency appreciates.
108. Under a floating rate system, if the demand for Foreign currency increases and supply curve remains unchanged, then the exchange value of _____ rises and the _____ depreciates in value.
- (a) domestic currency, foreign currency (b) Foreign currency, domestic currency
 - (c) domestic currency, outside currency
 - (d) None of these
109. Which of the following is INCORRECT?
- (a) An increase in the supply of Foreign exchange shifts the supply curve to the right.
 - (b) An increase in demand of Foreign currency shift the demand curve to the right.
 - (c) An increase in demand with no change in supply will bring an increase in the equilibrium exchange rate.
 - (d) None of the above
110. Currency devaluation.
- (a) may increase the price of imported commodities and, therefore, reduce the international competitiveness of domestic industries.
 - (b) may reduce export prices and increase the international competitiveness of domestic industries

- (c) may cause a fall in the volume of exports and promote consumer welfare through increased availability of goods and services
- (d) (a) and (c) above

111. _____ is a deliberate downward adjustment in the value of a country's currency relative to another country's currency or group of currencies or standard.

- (a) Devaluation
- (b) Devolvement
- (c) Degradation
- (d) None of these

112. Devaluation is a _____ policy tool used by the countries that have a _____ exchange rate.

- (a) Monetary, floating
- (b) Monetary, fixed
- (c) Fiscal, Floating
- (d) Fiscal, fixed

113. Revaluation is _____ to/of devaluation.

- (a) opposite
- (b) synonymous
- (c) similar
- (d) better

114. Which one of the following is incorrect?

- (a) Revaluation refers to a discrete official increase of the otherwise fixed par value of a nation's currency.
- (b) Devaluation is a monetary policy tool.
- (c) Depreciation is a decrease in a currency's value due to market forces of demand and supply under a floating exchange rate.
- (d) None of the above

115. At any point of time, all markets tend to have the same exchange rate for a given currency due to

- (a) Hedging
- (b) Speculation
- (c) Arbitrage
- (d) Currency futures

116. All other things remaining the same, an appreciation of a country's currency _____.

- (a) raises the relative price of its exports
- (b) lowers the relative price of its imports
- (c) raises the price of imports & lowers the price of export
- (d) Both (a) and (b)

117. For which type of economy, a depreciated currency would mean a lot of gain?

- (a) Where imports are high
- (b) Where exports are high
- (c) Where imports are significantly high
- (d) Where export are significantly high

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10

INDIAN ECONOMY

1. Between the first and the 17th Century AD, India was prosperous and self-radiant and is believed to have controlled _____ of the world's wealth.
(a) One Tenth (b) One Third
(c) One Fourth (d) Between one third and one fourth
2. During the time of Emperor Chandragupta Maurya, the great intellectual guru of the emperor, outlined the public policy of the State.
(a) Akbar (b) Sultan (c) Chanakya (d) Todarmal
3. Who has authored the book "Arthashastra", a Conceptual frame work of State Craft and public Policy?
(a) Chandragupta Maurya (b) Chanakya
(c) Plato (d) Akbar
4. The advent of the Europeans and the rule of British from _____ brought about a marked shift in the economic history of India.
(a) 1700 to 1947 (b) 1717 to 1947
(c) 1757 to 1947 (d) 1787 to 1947
5. The Indian industry stagnated under the colonial rule because:
(a) Indians were keen on building huge structures and monuments only
(b) Deterioration was caused by high prices of inputs due to draught
(c) The Indian manufactures could not compete with the imports of cheap machine-made goods
(d) None of the above
6. In British era, what was the reason of virtual collapse of Indian agriculture?
(a) Absentee landlordism
(b) High indebtedness of agriculturists, growth of a class of exploitative money lenders
(c) Low attention to productivity enhancing measures
(d) All of the above

7. In British era, which of the following factors forced many to depend on agriculture for livelihood?
- (a) Large scale unemployment
 - (b) Absence of alternate sources of employment
 - (c) Both (a) and (b)
 - (d) None of these
8. In British era, the increased pressure on land led to _____.
- (a) Sub-division and fragmentation of land holdings
 - (b) Subsistence farming
 - (c) Reduced agricultural productivity and poverty
 - (d) All of the above
9. Before 1950, the factory-based production _____ in India.
- (a) Did not exist
 - (b) Existed in petroleum
 - (c) Existed in digital products
 - (d) Existed in agriculture
10. The 'Modern' industrial enterprises in colonial India started to grow in the _____.
- (a) Mid-16th century
 - (b) Mid-18th century
 - (c) Mid-19th century
 - (d) Mid-20th century
11. At the end of the 19th century, the Indian jute mill industry was the _____ in the world in terms of the amount of raw jute consumed in production.
- (a) Largest
 - (b) Second Largest
 - (c) Negligible
 - (d) Lowest
12. Heavy industries such as the iron industry were established as early as 1814 by British capital. India's iron industry was ranked _____ in world in terms of output in 1930,
- (a) First
 - (b) Fifth
 - (c) Seventh
 - (d) Eighth
13. Just before the Great Depression, India was ranked as the _____ largest industrialised country measured by the value of manufactured products.
- (a) 10th
 - (b) 11th
 - (c) 12th
 - (d) 13th

18. The nationalized 14 banks in _____ and then followed it up with nationalizing another 6 in _____.
- (a) 1967, 1977 (b) 1969, 1980
(c) 1980, 1969 (d) None of the above
19. Which of the following is NOT the part of major reforms in 1980's?
- (a) De-licensing of 25 broad categories of industries, granting of the facility of 'broad-banding' to allow flexibility and rapid changes in the product mix of industries without going in for fresh licensing
(b) Increase in the asset limit of MRTP firms from 20 crore to 100 crore, introduction of modified value-added (MODVAT)
(c) Extension of the Open General License (OGL), export incentives, Liberalisation of imports, in tariffs and removal of price and distribution controls on cement and aluminum
(d) Establishment of planning commission
20. In which year, the policy of reservation of many products for exclusive manufacture by the small scale sector was initiated with the objective of promotion of small-scale industries.
- (a) 1967 (b) 1969 (c) 1971 (d) 1973
21. The first wave of liberalization starts in India _____.
- (a) In 1951 (b) In 1980's (c) In 1990's (d) In 1966
22. On which date the Securities and Exchange Board of India (SEBI) was established as a non-statutory body on through a resolution of the Government of India?
- (a) April 1, 1982 (b) April 12, 1982
(c) April 1, 1988 (d) April 12, 1988
23. The number of capital goods items included in the OGL list expanded steadily reaching 1,329 in April 1990. What is the full form of OGL?
- (a) Open General License
(b) Other Goods List
(c) Open Goods List
(d) Other General List

24. The sequence of growth and structural change in Indian economy is characterized by _____.
- (a) The historical pattern of prominence of sectors as agriculture, industry, services
 - (b) The historical pattern of prominence of sectors as industry, services, agriculture
 - (c) Unique experience of the sequence as agriculture, services, industry
 - (d) All the above are correct
25. Based on the Real Effective Exchange Rate (REER), the rupee was depreciated by about 30 per cent from _____.
- (a) 1980-81 to 1990-91
 - (b) 1982-83 to 1990-91
 - (c) 1985-86 to 1989-90
 - (d) None of these [®]
26. The budget for 1986 Introduced policies of _____.
- (a) Cutting taxes further
 - (b) Liberalizing imports
 - (c) Reducing tariffs
 - (d) All of the above
27. In 1991, the foreign exchange reserves touched the lowest point with a reserve which was barely sufficient for two weeks of imports. What was the status of reserves at that time?
- (a) \$5.2 billion
 - (b) \$4.2 billion
 - (c) \$3.2 billion
 - (d) \$1.2 billion
28. The economic condition of India in the year 1991 was very miserable. Which of the following is NOT the reason behind the major economic reforms in the economy?
- (a) Poor performance of public sector
 - (b) Deficit in Balance of Payment
 - (c) Rise in foreign exchange reserves
 - (d) Huge burden of taxes
29. To manage the economic crises of 1991, Indian Government approached World Bank and IMF. What is the amount of loan received by India?
- (a) \$ 10 billion
 - (b) \$ 7 billion
 - (c) \$ 5 billion
 - (d) None of these

30. Which of the following was the objective of the LPG reforms, taken in 1991?
- (a) Reorientation of the economy from a centrally directed and highly controlled one to a 'market friendly' or market-oriented economy
 - (b) Macroeconomic stabilization by substantial reduction in fiscal deficit
 - (c) Both (a) and (b)
 - (d) None of these
31. In the context of the new economic policy of 1997, the term 'disinvestment' stands for _____.
- (a) A policy whereby government investments are reduced to correct fiscal deficit
 - (b) The policy of sale of portion of the government shareholding of a public sector enterprise
 - (c) The policy of public partnership in private enterprise
 - (d) A policy of opening up government monopoly to the private sector
32. The current vice-chairperson of NITI AAYOG is _____.
- (a) V.K. Saraswat
 - (b) Amitabh Kant
 - (c) Vinod Paul
 - (d) Suman Bery
33. Who amongst the following is not ex-officio member of NITI AAYOG?
- (a) Amit Shah
 - (b) Rajnath Singh
 - (c) Nirmala Sitharaman
 - (d) Narendra Modi
34. Who leads the NITI AAYOG as its Chairperson?
- (a) President
 - (b) Prime Minister
 - (c) Home Minister
 - (d) Finance Minister
35. Think tank of the Government of India, that replaced the planning Commission, is _____.
- (a) Mission Commission
 - (b) NITI AAYOG
 - (c) NITI Commission
 - (d) None of these

36. Which of the following is the function of NITI AAYOG?
- (a) Instrument to bring outside ideas into Policy-making
 - (b) Fostering Cooperative federalism
 - (c) Platform for resolution of Inter- Sectoral and inter-department issues
 - (d) All of the above
37. What is the name given to NITI AAYOG'S ambitious project to develop a nation-wide block chain network?
- (a) Indo chain
 - (b) India chain
 - (c) Bharat chain
 - (d) Atal chain
38. The programme "SATH" of NITI AAYOG focuses on which of the following Sector?
- (a) Education and Health
 - (b) Health and Power
 - (c) Power and safety
 - (d) Safety and Environment
39. The programme "SATH" focuses on Sectors "Education and Health" & to build three Role Model States. Which of the following is not selected for the programme?
- (a) Jharkhand
 - (b) Madhya Pradesh
 - (c) Uttar Pradesh
 - (d) Odisha
40. What is the full form of "SATH"?
- (a) Sustainable Action for Trans- forming Human Capital
 - (b) Suitable Action Training High- tech
 - (c) Separate Augmented Theory
 - (d) None of these
41. The SATH Programme is implemented along with which of the following Knowledge Partner?
- (a) Boston Consulting Group
 - (b) Piramal foundation for Education Leadership
 - (c) Reliance Foundation
 - (d) Both (a) & (b)
42. What is the role of NITI Aayog in "SATH"?
- (a) Facilitator & Financer
 - (b) Facilitator & Coordinator
 - (c) Facilitator & Knowledge Partner
 - (d) Facilitator & Technical Partner

43. Which of the following is/are comes under the gamut of activities of NITI Aayog?
- (a) Design Policy & Programme Frame-work
 - (b) Foster Cooperative Federalism
 - (c) Monitoring & Evaluation
 - (d) All of the above
44. One of the objectives of NITI AAYOG is to evolve a shared vision of national development priorities, sectors and strategies with the active involvement of States. What is the full form of NITI?
- (a) National Institution for Transforming India
 - (b) New Institute for Training India
 - (c) Notional Integration and Technical Integrity
 - (d) NITI stands for planning
45. Which of the following is not covered under NITI Aayog's entire gamut of activities?
- (a) Design Policy & Programme framework
 - (b) Foster Cooperative Federalism, Monitoring & Evaluation
 - (c) Think Tank and knowledge and Innovation Hub
 - (d) Co-ordination among domestic and International transactions
46. India has the world's _____ area planted under wheat, rice and cotton.
- (a) Smallest
 - (b) Largest
 - (c) Negligible
 - (d) Significantly low
47. India is the world's _____ producer of fruits, vegetables, tea, farmed fish, cotton, sugarcane, wheat, rice, cotton and sugar.
- (a) Largest
 - (b) Second-largest
 - (c) Third Largest
 - (d) Fifth
48. Indian food and grocery market is the world's _____ largest, with retail contributing 70% of the sales.
- (a) Third
 - (b) Fourth
 - (c) Sixth
 - (d) None of these

49. India has the world's _____ cattle herd (buffaloes).
- (a) Largest (b) Second-largest
(c) Third Largest (d) Fifth
50. According to the latest estimates, _____ of India's population is directly dependent on agriculture for living.
- (a) 30% (b) 40% (c) 47% (d) 72%
51. As per the economic survey, 2022-23, agriculture remained robust, recording a growth of 3.5 per cent in 2022-23, driven by buoyant rabi sowing and allied activities. Which of the following measures have been taken by the Government which has contributed to this robust performance of the agriculture and allied sectors?
- (a) Improve market infrastructure through the impetus provided for the setting up of farmer-producer organisations
(b) Ensure certainty of returns to the farmers through price support
(The Minimum Support Price (MSP) of all 23 mandated crops is fixed at 1.5 times of all India weighted average cost of production)
(c) Promotion of investment in infrastructure facilities through the Agriculture Infrastructure Fund
(d) All of the above
52. India is among the top _____ exporters of agricultural products in the world.
- (a) Three (b) Five (c) Ten (d) Eleven
53. APEDA is entrusted with the responsibility of export promotion of Agri products. What is the full form of APEDA?
- (a) Agricultural and Processed Food Export Development Authority
(b) Agricultural and Processed Fund Enriching Development Authority
(c) Agri and Products Facilitator Export Development Authority
(d) Agri and Products Food Export Development Authority
54. As part of liberalization measures, the Government of India has allowed _____ FDI in marketing of food products and in food product E-commerce under the automatic route.
- (a) 30% (b) 40%
(c) 50% (d) 100%

55. What is the name of the novel insurance scheme for financial support to farmers suffering crop loss/ damage?
- (a) Pradhan Mantri Fasal Bima Yojana (PMFBY)
 - (b) Pradhan Mantri Farmers Bima Yojana (PMFBY)
 - (c) Pradhan Mantri Financial Bima Yojana (PMFBY)
 - (d) None of these
56. What is the name of the scheme for the holistic growth of the horticulture sector?
- (a) for Integrated Development of Horticulture (MIDH)
 - (b) Mission for Integrated Development of Horticulture (MIDH)
 - (c) Mission for Informal Development of Horticulture (MIDH)
 - (d) Mission for Intensified Development of Horticulture (MIDH)
57. Paramparagat Krishi Vikas Yojana (PKVY) is the scheme for supporting and promoting _____.
- (a) Organic farming
 - (b) Improvement of soil health
 - (c) Traditional farming methods of agriculture
 - (d) Both (a) and (b)
58. PDMC scheme to increase water use efficiency at the farm level. What is the full form of PDMC?
- (a) Per Drop More Crop
 - (b) Perfect Drop More Crop
 - (c) Perfect Development Mission Crop
 - (d) None of these
59. E-NAM is _____.
- (a) An electronic name card given to citizens of India
 - (b) National Agriculture Market with the objective of creating a unified national market for agricultural commodities.
 - (c) A pan-India electronic trading portal which networks the existing APMC mandis
 - (d) Both (b) and (c) above

60. India's rank in the Global Innovation Index (GII) improved to 40th in 2022 from _____ in 2015.
- (a) 71st (b) 81st
(c) 91st (d) 99th
61. The Department for Promotion of Industry and Internal Trade (DPIIT) has a role in the _____ of industrial policy and strategies for industrial development in conformity with the development needs and national objectives.
- (a) Formulation
(b) Implementation
(c) Formulation and implementation
(d) Critical evaluation
62. The introduction of which of the following on 1 July 2017 as a single domestic indirect tax law for the entire country has replaced many indirect taxes in India such as the excise VAT, services tax, etc.
- (a) CBIC (b) CBDT
(c) Customs Duty (d) GST



SOLUTION

1

NATURE AND SCOPE OF BUSINESS ECONOMICS

1	d	16	b	31	a	46	a	61	a
2	b	17	c	32	d	47	a	62	d
3	c	18	d	33	a	48	d	63	a
4	a	19	a	34	a	49	a	64	b
5	c	20	d	35	b	50	d	65	d
6	c	21	c	36	a	51	a	66	a
7	c	22	a	37	a	52	d	67	c
8	b	23	c	38	b	53	d	68	a
9	b	24	a	39	c	54	b	69	d
10	c	25	a	40	d	55	c	70	c
11	a	26	d	41	a	56	a	71	c
12	c	27	d	42	b	57	b	72	c
13	b	28	b	43	d	58	d	73	b
14	d	29	c	44	a	59	d	74	b
15	a	30	d	45	b	60	d	75	d

2

THEORY OF DEMAND AND SUPPLY

1	d	21	a	41	b	61	a	81	a
2	d	22	d	42	c	62	c	82	d
3	b	23	b	43	c	63	d	83	a
4	c	24	a	44	b	64	d	84	a
5	b	25	d	45	b	65	b	85	a
6	b	26	c	46	c	66	a	86	b
7	a	27	a	47	b	67	d	87	b
8	a	28	b	48	a	68	a	88	a
9	d	29	a	49	c	69	a	89	a
10	b	30	c	50	b	70	a	90	a
11	d	31	b	51	c	71	b	91	a
12	d	32	a	52	d	72	c	92	a
13	a	33	c	53	d	73	a	93	c
14	d	34	d	54	a	74	d	94	d
15	d	35	b	55	c	75	a		
16	a	36	b	56	c	76	b		
17	c	37	d	57	a	77	b		
18	c	38	c	58	c	78	a		
19	b	39	a	59	c	79	a		
20	d	40	d	60	b	80	b		

3

THEORY OF PRODUCTION AND COST

1	a	21	b	41	d	61	a	81	d	101	c
2	d	22	b	42	d	62	c	82	b	102	b
3	a	23	c	43	b	63	d	83	d	103	a
4	a	24	c	44	b	64	b	84	c	104	b
5	a	25	b	45	a	65	a	85	b	105	a
6	b	26	b	46	c	66	a	86	b	106	a
7	a	27	d	47	a	67	a	87	a	107	c
8	b	28	d	48	b	68	a	88	b	108	b
9	d	29	d	49	d	69	d	89	c	109	d
10	a	30	a	50	d	70	b	90	c	110	d
11	d	31	b	51	a	71	b	91	b	111	b
12	a	32	b	52	b	72	c	92	c	112	c
13	d	33	d	53	a	73	c	93	b	113	c
14	a	34	c	54	a	74	c	94	a	114	d
15	d	35	a	55	b	75	d	95	b	115	b
16	b	36	d	56	c	76	b	96	c	116	a
17	b	37	d	57	a	77	c	97	a	117	a
18	a	38	a	58	d	78	c	98	b	118	b
19	b	39	a	59	a	79	c	99	d		
20	d	40	c	60	b	80	a	100	a		

4

PRICE DETERMINATION IN DIFFERENT MARKET

1	a
2	d
3	b
4	b
5	d
6	c
7	c
8	a
9	b
10	d
11	c
12	a
13	a
14	a
15	a
16	c
17	b
18	b
19	b
20	b
21	d
22	a
23	d
24	d
25	a
26	c
27	c
28	b
29	a
30	c
31	a
32	c

33	a
34	d
35	c
36	d
37	c
38	b
39	c
40	b
41	d
42	d
43	b
44	b
45	a
46	a
47	c
48	a
49	b
50	d
51	b
52	c
53	b
54	d
55	c
56	d
57	c
58	c
59	d
60	c
61	d
62	d
63	a
64	b

65	d
66	c
67	d
68	a
69	b
70	a
71	d
72	b
73	d
74	d
75	d
76	d
77	a
78	d
79	b
80	b
81	b
82	c
83	b
84	b
85	b
86	c
87	b
88	d
89	b
90	a
91	c
92	d
93	a
94	d
95	b
96	b

97	c
98	b
99	c
100	b
101	d
102	a
103	d
104	c
105	d
106	a
107	b
108	b
109	c
110	b
111	b
112	d
113	d
114	b
115	b
116	d
117	d
118	c
119	a
120	c
121	a
122	d
123	c
124	a
125	c
126	a
127	b
128	d

129	a
130	d
131	b
132	c
133	c
134	a
135	a
136	c
137	b
138	d
139	c
140	c
141	d
142	c
143	d
144	a
145	d
146	d
147	b
148	d
149	a
150	c
151	a
152	d
153	a

5

BUSINESS CYCLES

1	b	16	d	31	b	46	c	61	c
2	c	17	c	32	c	47	a	62	d
3	d	18	a	33	d	48	d	63	b
4	d	19	b	34	c	49	a	64	a
5	b	20	c	35	d	50	d	65	a
6	d	21	c	36	a	51	a	66	b
7	d	22	d	37	b	52	d	67	c
8	d	23	b	38	a	53	a	68	b
9	c	24	d	39	a	54	a	69	c
10	d	25	d	40	d	55	c	70	a
11	c	26	b	41	c	56	b	71	c
12	d	27	c	42	b	57	b	72	b
13	a	28	d	43	d	58	b	73	a
14	a	29	a	44	b	59	b	74	a
15	c	30	b	45	a	60	a	75	a

6

DETERMINATION OF NATIONAL INCOME

1	a	25	a	49	c	73	c	97	d
2	d	26	a	50	c	74	c	98	a
3	b	27	a	51	d	75	b	99	b
4	d	28	b	52	a	76	b	100	a
5	a	29	d	53	d	77	b	101	b
6	a	30	a	54	c	78	b	102	b
7	b	31	c	55	c	79	d	103	a
8	d	32	d	56	d	80	d	104	b
9	a	33	c	57	c	81	c	105	c
10	c	34	a	58	b	82	c	106	c
11	a	35	a	59	b	83	b	107	d
12	b	36	d	60	a	84	b	108	b
13	b	37	d	61	a	85	d	109	d
14	a	38	d	62	c	86	d	110	a
15	c	39	a	63	d	87	b	111	c
16	a	40	c	64	b	88	c	112	c
17	a	41	a	65	c	89	a	113	c
18	a	42	b	66	c	90	d	114	c
19	b	43	c	67	c	91	c	115	d
20	a	44	c	68	b	92	c	116	a
21	c	45	d	69	b	93	b	117	d
22	b	46	a	70	d	94	c	118	b
23	a	47	a	71	b	95	c	119	c
24	c	48	b	72	c	96	a		

7

PUBLIC FINANCE

1	d	25	c	49	b	73	c	97	a
2	d	26	d	50	a	74	c	98	c
3	d	27	b	51	c	75	c	99	a
4	d	28	a	52	c	76	b	100	b
5	a	29	c	53	c	77	c	101	a
6	b	30	b	54	d	78	b	102	c
7	d	31	c	55	a	79	c	103	d
8	c	32	b	56	d	80	a	104	c
9	c	33	a	57	b	81	b	105	c
10	a	34	b	58	b	82	d	106	d
11	d	35	c	59	a	83	d	107	b
12	b	36	b	60	b	84	a	108	c
13	d	37	c	61	d	85	b	109	d
14	d	38	d	62	c	86	b	110	c
15	d	39	c	63	c	87	b	111	a
16	b	40	b	64	d	88	d	112	d
17	b	41	a	65	a	89	b	113	b
18	b	42	b	66	b	90	a	114	d
19	c	43	a	67	d	91	a	115	c
20	a	44	d	68	c	92	d	116	d
21	c	45	d	69	b	93	b	117	c
22	c	46	d	70	b	94	d	118	d
23	c	47	c	71	c	95	b		
24	d	48	b	72	d	96	d		

8

MONEY MARKET

1	d	24	a	47	d	70	c	93	d
2	a	25	d	48	a	71	a	94	b
3	c	26	b	49	b	72	a	95	a
4	b	27	d	50	c	73	b	96	c
5	a	28	d	51	d	74	a	97	d
6	d	29	b	52	c	75	b	98	c
7	a	30	c	53	c	76	a	99	b
8	a	31	a	54	d	77	c	100	a
9	a	32	c	55	d	78	a	101	d
10	c	33	a	56	d	79	d	102	b
11	a	34	b	57	c	80	a	103	c
12	d	35	a	58	a	81	c	104	d
13	d	36	a	59	b	82	a	105	a
14	c	37	d	60	a	83	a	106	b
15	a	38	d	61	b	84	d	107	c
16	a	39	b	62	b	85	d	108	a
17	d	40	a	63	b	86	c	109	b
18	a	41	b	64	a	87	d	110	a
19	c	42	a	65	c	88	c	111	b
20	d	43	c	66	a	89	b	112	c
21	b	44	a	67	d	90	b		
22	b	45	d	68	c	91	d		
23	d	46	d	69	d	92	d		

9

INTERNATIONAL TRADE

1	d	25	d	49	d	73	a	97	d
2	b	26	c	50	a	74	b	98	a
3	c	27	c	51	c	75	d	99	a
4	c	28	a	52	c	76	a	100	c
5	a	29	c	53	b	77	c	101	d
6	a	30	d	54	b	78	d	102	b
7	c	31	b	55	c	79	d	103	d
8	a	32	b	56	d	80	a	104	d
9	b	33	c	57	b	81	b	105	c
10	d	34	d	58	c	82	d	106	b
11	b	35	a	59	d	83	c	107	a
12	b	36	a	60	c	84	c	108	b
13	b	37	b	61	b	85	a	109	d
14	d	38	b	62	d	86	a	110	b
15	b	39	d	63	c	87	b	111	a
16	d	40	b	64	b	88	a	112	b
17	c	41	b	65	a	89	d	113	a
18	d	42	c	66	b	90	c	114	d
19	b	43	d	67	c	91	d	115	c
20	b	44	a	68	b	92	a	116	d
21	b	45	c	69	c	93	b	117	d
22	b	46	b	70	d	94	d		
23	d	47	c	71	c	95	d		
24	a	48	d	72	b	96	d		

10

INDIAN ECONOMY

1	d	14	d	27	d	40	a	53	a
2	c	15	b	28	c	41	d	54	d
3	b	16	d	29	b	42	b	55	a
4	c	17	d	30	c	43	d	56	b
5	c	18	b	31	b	44	a	57	d
6	d	19	d	32	d	45	d	58	a
7	c	20	a	33	d	46	b	59	d
8	d	21	b	34	b	47	b	60	b
9	a	22	d	35	b	48	c	61	c
10	c	23	a	36	d	49	a	62	d
11	a	24	c	37	b	50	c		
12	d	25	c	38	a	51	d		
13	c	26	d	39	c	52	c		