

L2C NPA

ECO FULL COURSE

TIME – 3HRS

MM - 100

DATE- 27.08.24

- 1 Business Economics is a :
(a) Normative Science (b) Inter disciplinary (c) Pragmatic (d) All of these
- 2 Rationale of the law of demand is:
(a) Price effect of a fall in price (b) Different uses (c) Arrival of new consumers (d) All of these
- 3 Monopolist Charges different price for his commodity in discriminating monopoly implies:
(a) At different places (b) For different uses
(c) From different group of consumers (d) Any of the above
- 4 Variables that change before the real output changes are called:
(a) Lagging indicator (b) Leading Indicator (c) Concurrent Indicator (d) None of these
- 5 Supply is the -
(a) Limited resources-that are available within the seller
(b) Cost of Producing a good
(c) Entire-relationship between the quantity supplied and the price of good.
(d) Willingness to produce a good if the technology to produce it becomes available
- 6 Contraction of demand is the result of
(a) Decrease in the number of Consumers (b) Increase in the price of the good concerned
(c) Price of related products (d) None of these
- 7 Cost of living increase when business cycle is operating at its
(a) Lowest point (b) Peak (c) Contracting (d) Expanding
- 8 In the beginning economics was named as:
(a) Political Economy (b) Welfare Economics (c) Economies of Wealth (d) None of these
- 9 The market price cannot be influenced by a seller under:
(a) Monopolistic Competition (b) Monopoly (c) Perfect Competition (d) All the above
- 10 Time elements was conceived by :
(a) Paul Sweezy (b) Hicks (c) Marshall (d) Simon Kuznets
- 11 The Pure monopolist in the long run can make pure profit due to :
(a) High Selling Price (b) Advertising (c) Low LAC Cost (d) Blocked entry
- 12 Law of variable proportion is related to :
(a) Long Run (b) Short Run (c) Both (a) and (b) (d) None of these
- 13 If the price of A rises by 10% and the demand for B increases by 15% then the Cross elasticity will be:
(a) 1.5 (b) 1.7 (c) 2 (d) None of these
- 14 What are the limitation of Consumer Surplus:
(a) Consumer surplus cannot be measured precisely
(b) The Consumer surplus derived from a commodity is affected by availability of substitute
(c) Both (a) & (b)
(d) None of these

- 15 Which of the following is not the characteristic of land:
 (a) It is a passive factor (b) It has multiple uses (c) It's supply is fixed (d) It is a active factor
- 16 Accounting costs are also called:
 (a) Explicit cost (b) Implicit Cost (c) Either a or b (d) None of these
- 17 The Vertical difference between TVC and TC is equal to :
 (a) Marginal Cost (b) Average variable cost (c) Total fixed Cost (d) None of these.
- 18 The classification of market is made on the basis of :
 (a) Geographical Area (b) (a) Time (c) (a) Volume of business (d) All the above
- 19 How do monopoly arises:
 (a) Strategic Control over scarce resources
 (b) Governments granting exclusive rights to produce and sell a good or a service
 (c) Stringent legal and regulatory requirements effectively discourages entry of new firms without being specifically prohibited
 (d) All of the above
- 20 The indifference curve of two substitute will be:
 (a) Straight line (b) U- Shaped (c) C Shaped (d) L shaped
- 21 Sweezy's Model is related to which market form :
 (a) Oligopoly market (b) Perfect Competition market (c) Monopoly market (d) None of these
- 22 Price discrimination cannot persist Under which market form –
 (a) Perfect competition (b) Monopolistic Competition (c) Monopoly (d) None of these
- 23 In law of variable proportion how many stages are there:
 (a) 1 (b) 3 (c) 5 (d) None of these
- 24 At the stage when Negative Return sets in :
 (a) MP is negative (b) MP is diminishing (c) Either a or b (d) none of these
- 25 Minimum assured price to the farmers to purchase their output by the government is called:
 (a) Market Price (b) Equilibrium Price (c) Support Price (d) Ceiling Price
- 26 The income elasticity For Luxuries goods is:
 (a) $E > 1$ (b) $E < 1$ (c) $E = 0$ (d) None of these
- 27 Unique supply curve is monopoly is not due to _____
 (a) $P > MC$ (b) $P < MC$ (c) $P = MC$ (d) None of these
- 28 AR is different from MR under which form of market :
 (a) Monopoly (b) Monopolistic competition (c) Perfect Competition (d) Both a and b
- 29 In Monopoly Cross elasticity of Product is :
 (a) Zero (b) High (c) Infinity (d) None of these
- 30 Innovation theory is propounded by :
 (a) Schumpeter (b) Nicholas Kaldor (c) Keynes (d) None of these
- 31 Information Technology bubble burst of 2000 is an example of :

- (a) Business Cycle (b) Consumer Sovereignty (c) Freedom of choice (d) None of these
- 32 In which form of market Cartels can be formed:
 (a) Perfect competition (b) Monopoly (c) Oligopoly (d) None of these
- 33 The rate at which the consumer is prepared to exchange-good x and y is :
 (a) Marginal rate of substitution (b) Elasticity of Substitution
 (c) Diminishing Marginal Utility (d) None of these
- 34 Deficient demand leads to:
 (a) inflationary gap (b) deflationary gap (c) both (a) and (b) (d) None of these
- 35 Economic indicator required to predict the turning point of business cycle is :
 (a) Leading indicator (b) Lagging indicator (c) Coincident (d) All of the above
- 36 Normative economics can be best explained through:
 (a) Fairness to tax (b) Incidence to tax (c) Effect of tax on incentives to work (d) None of these
- 37 For Giffen good the Engel curve is:
 (a) Positive sloped (b) Vertical (c) horizontal (d) Negative sloped
- 38 If the monopolist incurs losses in the short run then in the long run:
 (a) It will stay in the business (b) Go out of business (c) Will break even (d) Any of the above
- 39 Elasticity of supply 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
- 40 Monopsony market and monopoly market when combined is called:
 (a) Oligopoly market (b) Monopolistic market (c) Duopoly market (d) Bilateral Money Market
- 41 Consumer under Income effect:
 (a) Always purchase higher quantities of both the commodities (b) moves to higher or lower indifference curve
 (c) moves along the original indifference Curve. (d) None of these
- 42 Which is not the External Causes of business cycle:
 (a) Technology shock (b) Population Growth (c) Money Supply (d) None
- 43 Which is the feature of monopolistic Competition:
 (a) Large number of sellers (b) Product differentiation (c) Freedom of entry and exit (d) All of the above
- 44 Total Utility is maximum when:
 (a) Marginal Utility is negative (b) Marginal Utility is zero
 (c) Marginal Utility is at its highest point. (d) None of these
- 45 Stock Exchange is an example of ____
 (a) Forward market (b) Regulated market (c) Spot market (d) None of these
- 46 Which of the following is not a characteristic of monopolistic competition?
 (a) Ease of entry into the industry (b) Product differentiation
 (c) A homogeneous Product (d) A relatively large number of sellers
- 47 Which of the following is a limitation of using GDP as a measure of economic well-being?
 (a) It includes only monetary transactions. (b) It does not account for income distribution.
 (c) It considers both market and non-market activities. (d) It is not affected by inflation.

- 48 If a country's Gross Domestic Product (GDP) is greater than its Gross National Product (GNP), it implies that the country:
 (a) Is a net exporter. (b) Is a net importer. (c) Has a trade surplus. (d) Has a trade deficit.
- 49 What is the formula for calculating Gross Domestic Product (GDP) using the expenditure approach?
 (a) $GDP = Consumption + Investment + Government\ Spending$
 (b) $GDP = Consumption + Investment + Government\ Spending + Net\ Exports$
 (c) $GDP = Consumption + Investment$
 (d) $GDP = Consumption + Net\ Exports$
- 50 Which component of National Income represents the income earned by individuals and businesses before taxes and other deductions?
 (a) Personal Income (b) Disposable Income
 (c) Gross National Product (GNP) (d) Gross Domestic Product (GDP)
- 51 The concept of the "multiplier effect" in Keynesian economics refers to:
 (a) The impact of interest rates on investment
 (b) The magnification of an initial change in spending throughout the economy
 (c) The impact of taxes on consumer spending
 (d) The role of exports in economic growth
- 52 Which of the following is a factor income?
 (a) Profits (b) Transfer payments (c) Subsidies (d) Indirect taxes
- 53 Production function: $Q=4L^{1/2}K^{2/3}$ exhibits:
 (a) Increasing returns to scale (b) Decreasing returns to scale
 (c) Constant returns to scale (d) Increasing returns to a factor
- 54 Which of the following is NOT an example of a transfer payment in the sense of the national income accounts?
 (a) Government family allowances
 (b) Public unemployment insurance benefits
 (c) Dividends paid by corporations to stockholders
 (d) Disability pensions paid from the social insurance system
- 55 The difference between real and nominal GDP is...
 (a) Nominal GDP only accounts for citizens.
 (b) Nominal GDP uses price-levels of some base year.
 (c) Nominal GDP uses actual price-levels.
 (d) Real GDP also includes services, whereas nominal GDP only takes goods into account.
- 56 For a person to keep his real income steady at a certain level from one year to the next, his nominal income must:
 (a) Stay the same as the price index rises (b) Rise as fast as the price index
 (c) Fall if the price index rises (d) Rise if the price index falls
- 57 If the GDP gap is positive, then:
 (a) The inflation rate is falling (b) Actual GDP is greater than potential GDP
 (c) Potential GDP is greater than actual GDP (d) The unemployment rate is rising
- 58 A nation's gross domestic product (GDP):
 (a) can be found by summing $C + I + G + X_n$.
 (b) is the dollar value of the total output produced by its citizens, regardless of where they are living.
 (c) can be found by summing $C + S + G + X_n$.

- (d) is always some amount less than its NDP.
- 59 Gross investment refers to:
 (a) private investment minus public investment.
 (b) net investment plus replacement investment.
 (c) net investment after it has been "inflated" for changes in the price level.
 (d) net investment plus net exports.
- 60 The particular level of AD which is equal to AS is called ____.
 (a) equilibrium demand (b) effective demand (c) derived demand (d) None of the above
- 61 What was the main objective of the Fiscal Responsibility and Budget Management Act, of 2003?
 (a) Achieve Fiscal Surplus (b) Stop Money Laundering
 (c) Eliminate Fiscal Deficit (d) Eliminate Revenue Deficit
- 62 Contractionary fiscal policy can involve:
 (a) Increasing consumption and investment and taxes.
 (b) Decreasing government spending and increasing taxes.
 (c) Increasing government spending and increasing taxes.
 (d) None of the above.
- 63 The stabilization function is concerned with the performance of the aggregate economy in the term of-
 (a) Overall output & income (b) General price level
 (c) Balance of international payments (d) All of these
- 64 A central bank that wants to stabilize the economy in the short run should try to:
 (a) Establish a clear inflation target and stick to it no matter what
 (b) Affect aggregate supply through open market operations
 (c) Affect aggregate demand through open market operations
 (d) Concentrate only on long-run goals
- 65 Theory of Mercantilism propagates:
 (a) Encourage exports and imports (b) Encourage exports and discourage imports
 (c) Discourage exports and imports (d) Discourage exports and encourage imports
- 66 Which of the following represents the total amount of money the government owes to external creditors and domestic lenders?
 (a) National debt (b) Budget surplus (c) Fiscal deficit (d) Revenue deficit
- 67 Which of the following is more sensitive to short-term changes in economic conditions?
 (a) FDI (b) FPI (c) Both FDI and FPI (d) Neither FDI nor FPI
- 68 What is the primary goal of counter cyclical fiscal policy in budgeting?
 (a) Maximizing government revenue. (b) Stabilizing the economy during economic downturns.
 (c) Minimizing government intervention. (d) Reducing public debt.
- 69 Public goods are characterized by:
 (a) Excludability and rivalry (b) Excludability and non-rivalry
 (c) Non-excludability and rivalry (d) Non-excludability and non-rivalry
- 70 If the reserve requirement is 20%, what is the potential maximum expansion of the money supply when a new deposit of \$1,000 is made?
 (a) \$5,000 (b) \$2,000 (c) \$1,000 (d) \$500

- 71 According to Cambridge equation, the value of money depends upon:
 (a) Demand for money (b) Supply of money
 (c) Demand for goods and services (d) All of the above
- 72 When the Central Bank intends to expand the credit, it should:
 (a) Raise the margin requirements (b) Raise the variable reserve ratio
 (c) Lower the bank rate (d) Purchase government securities in the open market
- 73 Which among the following is called the rate of interest charged by RBI for lending money to various commercial banks by rediscounting of the bills in India?
 (a) Bank rate (b) Discount window. (c) Marginal Standing facility (d) Overnight rate
- 74 Comparative advantage is determined by:
 (a) the amount of resources needed to produce a good
 (b) the money cost of producing any good
 (c) The opportunity cost of producing any good
 (d) Absolute advantage and production possibilities combined.
- 75 A lumps sum tax per unit on imports is known as:
 (a) A specific tariff (b) An effective tariff (c) An effective quota (d) A specific quota
- 76 A key effect of devaluation is that it:
 (a) Makes the domestic currency cheaper relative to other currencies
 (b) Makes the domestic currency dearer relative to other currencies
 (c) Makes the foreign currency Cheaper relative to other currencies
 (d) Leaves the relative value unchanged
- 77 Which of the following statements is/are correct regarding FDI under automatic route?
 a. FDI in India under the automatic route does not require prior approval either by the Government of India or the Reserve Bank of India.
 b. Investors are only required to notify the concerned regional office of the RBI before receipt of inward remittances and file required documents with that office before the issue of shares to foreign investors.
 (a) 1 only (b) 2 only (c) Both 1 and 2 (d) Neither 1 nor 2
- 78 Which of the following measures involve total ban imposed by government on import or export of some or all commodities to particular country or regions for a specified or indefinite period?
 (a) Import Quotas (b) Anti-Dumping Duties (c) Escalated Tariffs (d) Embargos
- 79 Which of the following is not one of the features of New Trade Theory by Paul Krugman?
 (a) Countries which trade in similar goods are natural trade partners
 (b) It is based on labour theory of value
 (c) Network effect as means of engaging in international trade
 (d) It focuses more on economies of scale
- 80 The WTO comprises majorly:
 (a) developed countries (b) under developed countries
 (c) developing countries (d) None of these.
- 81 A firm makes an investment in unrelated business then it is called:
 (a) Horizontal investment (b) Vertical investment (c) Conglomerate (d) None of these
- 82 Excess demand gives rise to-
 (a) Recessionary gap (b) Inflationary gap (c) Contractionary gap (d) A and c both

- 83 Which of the following articles provides mechanism for setup of finance commission?
 (a) Article 277 (b) Article 278 (c) Article 279 (d) Article 280
- 84 "Lemon problem" concept was given by
 (a) Paul of Douglas (b) Keynesian (c) George Akerlof (d) A.C. Pigou
- 85 Holding money with the motive to get interest by buying bonds or stocks. According to Keynes, by which motive this desire to hold money arises?
 (a) Transaction motive (b) Precautionary motive (c) Speculative motive (d) All of the above
- 86 Which of the following is Not a characteristic that money should ideally possess to serve its function as money.
 (a) Generally Acceptable & possessing uniformity (b) Durable or long-lasting
 (c) Portable & effortlessly recognizable (d) Easily counterfeitable
- 87 Saving and Investment Channel typically affects which of the following
 (a) Consumption (b) housing investment (c) business investment (d) All of the above
- 88 _____ Stresses on the 'relative cost difference' rather than 'absolute cost difference' Between the goods as the basis for carrying out trade.
 (a) Theory of absolute advantage Heckscher Ohlin Theory (b) Theory of comparative advantage
 (c) Tobin theory (d) Theory of mercantilism
- 89 Vehicle Currency' refers to
 (a) a currency that is traded internationally and, therefore, is in high demand
 (b) Currency of either of trading countries.
 (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 Foreign portfolio investment is flow of _____
 (a) Circulating capital (b) Horizontal (c) Financial Capital (d) None
- 91 We can say Indian agriculture has become modern since:
 (a) there has been an increase in the use of high yielding varieties of seeds, fertilizers pesticides etc.
 (b) there has been noticeable positive change in the attitude of farmers towards new techniques of production
 (c) farmers are increasingly resorting to intensive cultivation, multiple cropping, scientific water management
 (d) all of the above.
- 92 E – NAM is –
 (a) a pan -India electronic trading portal which networks the existing APMC mandis
 (b) with the objective of creating a unified national market for agricultural commodities
 (c) Both a & b
 (d) None of these
- 93 India's Rank in Ease of Doing Business is:
 (a) 45 (b) 54 (c) 63 (d) None of these
- 94 Niti Aayog will work towards the objective:
 (a) To evolve a shared vision of national development priorities, sectors and strategies with active

involvement of states

- (b) To foster cooperative federalism
 - (c) To develop mechanisms to formulate credible plans at the village level
 - (d) All the above
- 95 SEBI was given statutory recognition in:
(a) 1985 (b) 1990 (c) 1992 (d) None of these
- 96 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
- 97 The 'Hindu growth rate' is a term used to refer to
(a) The high rate of growth achieved after the new economic policy of 1991
(b) The low rate of economic growth of India from the 1950's to the 1980's, which averaged around 3.5 per cent per year
(c) The low growth of the economy during British period marked by an average 3.5 per cent
(d) The growth rate of the country because India is referred to as 'Hindustan'.
- 98 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, reduction in tariffs and removal of price and distribution controls on cement and aluminum
(d) Establishment of planning commission
- 99 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
- 100 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