

TOPIC : FULL COURSE PAPER

1. Kinked demand curve is :
 - (a) Highly elastic at above the prevailing price
 - (b) Inelastic at below the prevailing price
 - (c) Both (a) and (b)
 - (d) None of the above
2. 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

Que. 2 needs to be changed.
3. If the demand for the good is unit elastic, the Demand Curve will be –
 - (a) 45 degree Straight Line, sloping downward to the right
 - (b) Rectangular Hyperbola
 - (c) Equilateral Hyperbola
 - (d) Any of the above
4. An economic variable that moves in the opposite direction as in expansions, up in contractions is called.
 - (a) Pro-cyclical
 - (b) Counter cyclical
 - (c) A cyclical
 - (d) A leading variable
5. Speculative demand for money _____
 - (a) Is not determined by interest rates
 - (b) Is positively related to interest rate
 - (c) Is negatively related to interest rate
 - (d) Is determined by general price level
6. 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
7. Which of the following may ensure a decrease in aggregate demand during inflation ?
 - (a) Decrease in all types of government spending and /or an increase in taxes
 - (b) Increase in government spending and / or a decrease in taxes
 - (c) Decrease in government spending and /or a decrease in taxes

- (d) All the above
8. Repercussions of Business Cycles get simultaneously felt on the economic variable :
- (a) Output and employment
 - (b) Investment & Consumption
 - (c) Interest, Trade & Price levels
 - (d) All of the above**
9. Which of these is not a feature of Perfect Competition ?
- (a) Restriction in Entry of new Firms**
 - (b) Perfect Knowledge
 - (c) Efficient Transportation Facilities
 - (d) Uniform Market Price
10. 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
11. According to the latest estimates, _____ of India's population is directly dependent on agriculture for living.
- (a) 30%
 - (b) 40%
 - (c) 47%**
 - (d) 72%
12. In the long run, there is enough time for the Firm to cover its Losses and earn Normal Profits. This is because in the long run, all inputs are –
- (a) Identical
 - (b) Homogenous
 - (c) Variable**
 - (d) Fixed
13. Implicit cost may be defined as the :
- (a) Costs which do not change over a period of time
 - (b) Costs which the firm incurs but doesn't disclose
 - (c) Payment to the non – owners of the firm for the resources
 - (d) Money payment which the self employed resources could have earned in their best alternative employment.**
14. When aggregate economic activity is increasing in an economy, the economy is said to be in _____.
- (a) Peak
 - (b) Contraction
 - (c) Expansion**
 - (d) Trough
15. When $e > 1$ then MR is :
- (a) Zero
 - (b) Negative**

- (c) Positive
(d) One
16. Which of the following is not a characteristic of a “price – taker” ?
(a) $TR = P \times Q$
(b) $AR = Price$
(c) Negatively – sloped demand curve
(d) $Marginal Revenue = Price$
17. 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
18. According to John Maynard Keynes, the transactions demand for money depends only on the _____ and not influenced by the _____.
(a) Rate of Interest, level of Income
(b) Level of Income, Rate of Interest
(c) Psychology of individual, Real Income
(d) Psychology of individual, Rate of Interest
19. Kinked demand curve is observed in _____.
(a) Duopoly market
(b) Monopoly market
(c) Competitive market
(d) Oligopoly market
20. 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
21. Indian has the world’s _____ area planted under wheat, rice and cotton.
(a) Smallest
(b) Largest
(c) Negligible
(d) Significantly low
22. Modern business activities are based on the anticipations of business community and are affected by waves of optimism or pessimism, according to _____.
(a) Pigou
(b) Keynes
(c) Hawtrey
(d) Schumpeter
23. 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
24. Which Article of the Constitution provides that in respect of every financial year. The “President” shall cause to be laid before both the houses of parliament an annual financial Statement ?
- (a) Article 111
(b) Article 112
 (c) Article 113
 (d) None of these
25. Which of the following is anti inflationary measure which causes a downward pressure on the aggregate demand and the economy slows down ?
- (a) Reduction in Government Spending
 (b) Increase in Taxes
 (c) Increase in interest Rates
(d) All of these
26. An argument in favour of direct foreign investment is that it tends to
- (a) Promote rural development
(b) Increase access to modern technology
 (c) Protect domestic industries
 (d) Keep inflation under control
27. The main objective of monetary policy in India is _____.
- (a) Reduce food shortages of achieve stability
(b) Economic growth with price stability
 (c) Overall monetary stability in the banking system
 (d) Reduction of poverty and unemployment
28. Consider the following information :

| Particulars | Rs. 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) Rs. 40 crores
 (b) Rs. 50 crores
(c) Rs. 60 crores
 (d) None of these
29. For earning super – normal profits, the condition is at the point when MC – MR (MC cutting from below)
- (a) AR > AC**
 (b) AR = AC
 (c) AR < AC
 (d) None of the above
30. 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 **Replace Internal with International**
- (d)** All sectors of the economy are adversely affected in equal proportion
31. The history of modern micro – economics was revolutionised in 1936 with the publication by John Maynard Kenes. What is the name of that masterpiece ?
- (a) General Theory of Government Spending
- (b)** General Theory of Employment Interest and Money
- (c) General Theory of reducing unemployment
- (d) None of these
32. 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
33. In the context of Elasticity of Demand, the paradox of plenty relates more to items in the –
- (a) Services Sector
- (b)** Agricultural Sector
- (c) Mining Sector
- (d) Industrial Sector
34. In Mixed economies, the answer to fundamental question – what, hoe and for whom to produce are obtained by –
- (a) Market force of demand and supply
- (b) Government regulations
- (c)** Cost benefit analysis
- (d) All of the above
35. 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
36. 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
37. Which of the following is not a part of central economic Problems ?
- (a) What to produce ?
- (b) How to produce ?
- (c) For whom to Produce ?
- (d)** Price fixation of Production

38. 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**
39. 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**
40. 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**
41. If currency depreciates in an economy, where the exports are significantly high and the exports originate from labour – intensive industries, then what will happen ?
- (a) Increase in Export Prices
 - (b) Increase in Employment
 - (c) Increase in wages
 - (d) All of the above**
42. 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
43. The total cost is Rs. 4200 and fixed cost is Rs. 1200 then find the variable cost
- (a) 1,200
 - (b) 3,000**
 - (c) 4,200
 - (d) 5,450
44. The economic performance during the period of 1965 – 81 is the worst in independent India's history the decline in growth during this period is attributed mainly to decline in productivity. Which of the following factors contributed to the decelerated growth that lasted two decades ?
- (i) The license – raj, the autarchic policies that dominated the 1960s and 1970s
 - (ii) The external shocks of three wars (in 1962, 1965, and 1971)
 - (iii) The major droughts (especially 1966 and 1967)
 - (iv) The oil shocks of 1973 and 1979
- (a) (i) only
 - (b) Both (i) and (ii)**

- (c) (i), (ii) and (iii)
(d) (i), (ii), (iii) and (iv)
45. 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
46. If an indifference curve is L shaped, then two goods will be –
- (a) Perfect Substitute goods
(b) Perfect Complementary goods
(c) Substitute goods
(d) Complementary goods
47. Under Perfect Competition, each Firm's control over price is –
- (a) Nil
(b) Full and Absolute
(c) Subject to Competing Firms' Strategies
(d) None of the above
48. Average Revenue can be symbolically written as :
- (a) MR/Q
(b) Price \times quantity
(c) TR/Q
(d) None of the above
49. If the price of sugar increases from Rs. 8,000 to 10,000 per tone and due to that quantity supplies of sugar increases from 2000 to 2500 tones. Compute the elasticity of supply
- (a) (-) 1
(b) 1
(c) (-) 0.4
(d) 0.4
50. Suppose a consumer's income increases from Rs. 30,000 to Rs. 36,000. As a result, the consumer increases her purchases of compact discs (CDs) from 25 CDs to 30 CDs. What is the consumer's income elasticity of demand for CDs? (Use Arc Elasticity Method)
- (a) 0.5
(b) 1.0
(c) 1.5
(d) 2.0
51. Friction unemployment is the characteristic of which of the following stages :
- (a) Expansion
(b) Peak
(c) Construction
(d) Recovery
52. Which of the following Statements about Circular Flow is incorrect ?
- (a) The circular Flow model demonstrates how money moves through society.
(b) An economy is an endless circular flow of money

- (c) Money flows from producers to workers as wages and flows back to producers as payment for products.
- (d) All the Statements are correct.
53. As a part of Budgetary reforms, the railway budget was merged with the general budget. It has been implemented from the budget for financial year :
- (a) 2016 – 17
- (b) 2017 – 18
- (c) 2018 – 19
- (d) None of these
54. Economics in terms of Dynamic Growth and development defined by
- (a) Adam Smith
- (b) Robbins
- (c) Alfred Marshall
- (d) Paul A Samuelson
55. 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
56. A Rational producer will not operate in –
- (a) Stages I and II
- (b) Stages II and III
- (c) Stages III and I
- (d) All of the above
57. When more quantities are demanded at the same price due to reasons other than price of the commodity, there will be _____ in the demand Curve :
- (a) Rightward Shift
- (b) Leftward shift
- (c) No shift
- (d) Any of (a) & *(b)
58. What does the scarcity of resource implies
- (a) We must develop way to decrease our individual wants
- (b) Not all wants can be satisfied
- (c) Resources can not satisfy any want
- (d) Resources are very scarce and shall not be used at all
59. The internal causes of business cycle is
- (a) Fluctuation in effective demand
- (b) Technology shocks
- (c) Both (a) and (b)
- (d) None
60. Who has introduced the term “Fiscal Federalism” ?
- (a) Richard Musgrave
- (b) Robin Musgrave
- (c) Starlin Musgrave

- (d) None of the above
61. In Perfect Competition, since the Firm is a price – taker, the Curve is a Straight Line.
- (a) Marginal Cost
(b) Total Cost
(c) Total Revenue
(d) Marginal Revenue
- add the following words at the end of the que.
"and horizontal"
62. After the finance bill has been passed by the lok Sabha :
- (a) It is transmitted to Rajya Sabha for its APPROVAL
(b) It is transmitted to Rajya Sabha for its RECOMMENDATIONS
(c) It is transmitted to office of PM for APPROVAL
(d) It is transmitted to office of president for Recommendations
63. If Marginal Cost = MC, and Marginal Revenue = MR, then, for achieving equilibrium output -
- (a) $MC > MR$
(b) $MC < MR$
(c) $MC = MR$
(d) None of the above
64. Business cycle is contagious and _____ in character ?
- (a) Local
(b) Regional
(c) National
(d) International
65. A firm will close down in the short period, if its AR is less than :
- (a) AC
(b) AVC
(c) MC
(d) None of the above
66. If regardless of changes in its price, the quantity demanded of a good remains unchanged, then the demand curve for the good will be :
- (a) Horizontal.
(b) Vertical
(c) Positively sloped
(d) Negatively sloped
67. 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
68. Which of the following market situations explains Marginal Cost equal to Price for attaining equilibrium ?
- (a) Perfect Competition
(b) Monopoly

- (c) Oligopoly
(d) Monopolistic competition
69. A budget is said to be unbalanced when :
- (a) When government's revenue exceeds government's expenditure
(b) When government's expenditure exceeds government's revenue
(c) Either budget surplus of budget deficit occurs
(d) All the above
70. Goods in respect of which the user or consumption can be postponed are –
- (a) Less Elastic
(b) Unit Elastic
(c) More Elastic
(d) Zero Elastic
71. 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
72. Who propounded the price rigidity under kinked demand curve model of oligopoly ?
- (a) Adam Smith
(b) Karl Marx
(c) Keynes
(d) Paul A. Sweezy
73. Which of the following is not a characteristic of a Perfectly Competitive Market ?
- (a) Large number of Firms in the industry
(b) Outputs of the Firms are perfect substitutes for one another
(c) Firms face downward – sloping Demand Curves
(d) Resources are very mobile
74. Consider the following data (Rs. crore) ?

| | |
|----------------------------|-----------|
| Notes in circulation | 26,09,005 |
| Circulation of Rupee Coin | 40,715 |
| Circulation of Small Coins | 1,080 |
| Cash on hand and Bank | 99,200 |

What is the currency with the Public ?

- (a) Rs. 26,09,005 crores
(b) Rs. 26,49,720 crores
(c) Rs. 26,50,800 crores
(d) Rs. 25,51,600 crores
75. The policies in 1950's were guided by _____
- (a) Nehruvian philosophy of visualizing a socialistic society with emphasis on heavy industries
(b) Gandhian philosophy of stressing on small scale and cottage industry and village republics
(c) Both (a) and (b)

- (d) None of these
76. For maximum profit, the condition is :
- (a) $AR = AC$
 - (b) $MR = MC$
 - (c) $MR = AR$
 - (d) $MC = AR$
77. Private Costs are costs actually incurred or provided for by firms. These may be
- (a) Explicit
 - (b) Implicit
 - (c) Either (a) or (b)
 - (d) None of these
78. 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
79. In _____, there are few sellers who are selling competing products to many buyers
- (a) Monopoly
 - (b) Perfect competition
 - (c) Oligopoly
 - (d) None of these
80. Investments may rise when the rate of interest is _____ in the economy.
- (a) High
 - (b) Moderate
 - (c) Low
 - (d) Very High
81. The Marginal Product of an input is
- (a) Extra product produced by one extra unit of input while other inputs are held constant
 - (b) Extra product produced by reducing one unit of input while other inputs are held constant
 - (c) Reduction in total product due to one extra unit of input while other inputs are held constant
 - (d) Reduction in total product by reducing one unit of input while other inputs are changing.
82. 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
83. In British ear, 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

84. The Government has imposed tariff as under :

Rs. 3,000 on each solar panel plus Rs. 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

85. Assume that when price is Rs. 20, the quantity demanded is 15 units, and when price is Rs. 18, the quantity demanded is 16 units. Based on this information, what is the marginal revenue resulting from an increase in output from 15 units to 16 units ?

(a) Rs. 18

(b) Rs. 16

(c) Rs. 12

(d) Rs. 28

86. What is incorrect about business cycle ?

(a) They occur periodically

(b) They exhibit same regularity

(c) The duration of cycles vary

(d) The intercity of fluctuations also varies

87. 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

88. A fixed input is defined as

(a) That input whose quantity can be quickly changed in the short run, in response to the desire of the company to change its production

(b) That input whose quantity cannot be quickly changed in the short run, in response to the desire of the company to change its production.

(c) That input whose quantities can be easily changed in response to the desire to increase or reduce the level of production.

(d) That input whose demand can be easily changed in response to the desire to increase or reduce the level of production.

89. Which of the following is correct about Money flow ?

(a) It is the flow of money between firms and households.

(b) It involves exchange of money.

(c) It is also known as Nominal flow

(d) All of the above

90. _____ refers to the estimated expenditure of the government during a given financial year :

(a) Expenditure Budget

- (b) Demand for Grants
 - (c) Revenue Expenditure
 - (d) None of these
91. Economic Profits are __
- (a) Difference between Total Revenue, and Total Implicit and Explicit Costs
 - (b) Difference between Total Revenue and Total Economic Costs
 - (c) Zero in a perfectly competitive industry in the long – run
 - (d) All the above**
92. Micro and macro are not two independent approaches to economic analysis but they are complementary to each other.
- (a) False
 - (b) True**
 - (c) Partly true
 - (d) Partly false
93. Businesses whose fortunes are closely linked to the rate of economic growth are referred to as _____ business.
- (a) FMCG
 - (b) Durable goods
 - (c) Fluctuating
 - (d) Cyclical**
94. The Keynesian Theory of Demand for money is also called as :
- (a) Demand Preference Theory
 - (b) Liquidity Preference Theory**
 - (c) Preference Demand Theory
 - (d) Preference Liquidity Theory
95. Forecasting refers to knowing or measuring the status or nature of an event or variable _____ it occurs.
- (a) Before**
 - (b) When
 - (c) After
 - (d) Both (b) & (c)
96. A tariff on imports is beneficial to domestic producers of the imported good because
- (a) They get a part of the tariff revenue
 - (b) It raises the price for which they can sell their product in the domestic market.**
 - (c) It determines the quantity that can be imported to the country.
 - (d) It reduces their producer surplus, making them more efficient.
97. The production value of transport and communication is taken into consideration for computation of National Income under which of the following methods ?
- (a) Income Method
 - (b) Profit Method
 - (c) Expenditure Method
 - (d) Product Method**
98. Under Perfect Competition, Price Elasticity of Demand is
- (a) Nil

- (b) Less Elastic
- (c) More Elastic
- (d) Infinity

99. If two products are good substitutes, the value of Cross Elasticity will be –

- (a) Negative
- (b) Positive
- (c) Zero
- (d) No Cross Elasticity exists between two substitute products

100. 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