

1. Which of the following does not describe the nature of business economics ?
- 1.10
- (A) It is normative in nature.  
 (B) It is abstract and purely theoretical.  
 (C) It is an art.  
 (D) It incorporates elements of Macro Analysis.
2. "Buyers ultimately determine which goods and services will be produced and in what quantities." The given statement is the meaning of :
- 1.19
- (A) Planned economy  
 (B) Consumer Sovereignty  
 (C) Freedom of economic choice  
 (D) Freedom of enterprise
3. Which of the following is not one of the four basic economic problems of an economy ?
- 1.17
- (A) What to produce ?  
 (B) Where to produce ?  
 (C) For whom to produce ?  
 (D) What provisions are to be made for economic growth ?
4. Finance minister was discussing, balance of trade and balance of payments. This area comes under :
- (A) Micro Economics  
 (B) Macro Economics  
 (C) Capitalist Economy  
 (D) Mixed Economy
5. Which of the following is an example of normative statement ?
- (A) The demand for a good will increase if its price decreases.  
 (B) The government should increase taxes on liquor to reduce its consumption.  
 (C) A decrease in interest rates will lead to an increase in investment.  
 (D) An increase in government spending will reduce the unemployment rate.
6. When some people start investing money in share market then many people start following the same without considering its advantages and disadvantages is an example of :
- 7
- (A) Veblen effect  
 (B) Bandwagon Effect  
 (C) Snob Effect  
 (D) Sheep Effect
- 'Ceteris Paribus' is a Latin phrase that generally means :
- (A) All other things being equal  
 (B) An inverse relationship  
 (C) income of consumers  
 (D) tastes and preferences of consumers

8. The slope of a demand curve is :

- (A)  $\Delta Q / \Delta P$   (B)  $\Delta P / \Delta Q$    
 (C)  $-\Delta Q / \Delta P$   (D)  $-\Delta P / \Delta Q$

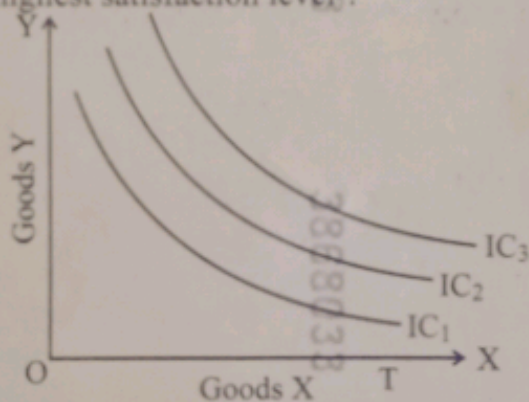
9. A shopkeeper sells two commodities A and B, which are close substitute of each other. It is observed that when the price of commodity A rises by 20% the demand for B increases by 30%. What is the cross price elasticity for commodity B against the price of commodity A ?

- (A) +1  (B) -1   
 (C) +1.5  (D) -1.5

10. "Excess of the price which a consumer would be willing to pay rather than go without a thing over that which he actually does pay", is called

- (A) Consumers equilibrium  (B) Consumers surplus   
 (C) Change in demand  (D) Change in price

11. With reference to the following indifference map, which of the following curve represents highest satisfaction level?



- (A) IC3   
 (B) IC2   
 (C) IC1   
 (D) All the curves represents same satisfaction level.

12. Which of the following refers to the want satisfying power of goods and services ? It is not absolute but relative. It is a subjective concept and it depends upon the mental attitude of people.

- (A) Utility  (B) Consumers equilibrium   
 (C) Need  (D) Demand

13. If the price of Wheat increases from ₹ 1,800 per Quintal to ₹ 2,200 per Quintal and consequently the quantity supplied rises from 2,000 Quintal to 3,200 Quintal. Calculate the elasticity of supply.

- (A) +0.7  (B) +1.7   
 (C) +2.7  (D) +3.7

$$\frac{\Delta Q}{Q} \times \frac{P}{\Delta P} = \frac{1200}{400} \times \frac{1800}{2000}$$



$$q = 120 + 6(10) = 120 + 60 = 180$$

$$q = 180 \quad P = 10$$

(5)

TXC

$$e = 6 \times \frac{P}{q} = 6 \times \frac{10}{180} = \frac{1}{3}$$

- 2.31
14. In case of perfectly elastic supply :  
 (A)  $E_s > 1$   
 (C)  $E_s = 0$   
 (B)  $E_s = 1$   
 (D)  $E_s = \infty$
- 2.108 (897)
15. The Supply function is given as  $q = 120 + 6p$ . Find the elasticity of supply, when price is ₹ 10.  
 (A)  $+1/3$   
 (C)  $-2/3$   
 (B)  $+2/3$   
 (D)  $+3/4$
- 3.6
16. Which of the following is not a characteristic of land ?  
 (A) Land is heterogeneous.  
 (C) Supply of land is fixed.  
 (B) Land is an active factor.  
 (D) Land has multiple uses.
- 3.21
17. Cobb-Douglas production function is stated as :  
 (A)  $Q = K^a L C^{(1-a)}$   
 (C)  $Q = K^a L^{(1-a)} C$   
 (B)  $Q = K^{(1-a)} L^a C$   
 (D)  $Q = K L^a C^{(1-a)}$

Based on the information given in the following table, answer the Question Nos. 18 to 20 :

Product Schedule

Quantity of labour	Total Product (TP)	Average Product (AP)	Marginal Product (MP)
1	10	10	10
2	21	10.5	11
3	33	11	12
4	44	11	11
5	52	10.4	8
6	60	10	8

- 3.22
18. What will be the average product when quantity of labour is 6 ?  
 (A) 9  
 (C) 11  
 (B) 10  
 (D) 12
19. What will be the total product when quantity of labour is 4 ?  
 (A) 38  
 (C) 42  
 (B) 40  
 (D) 44
20. What will be the marginal product when quantity of labour is 5 ?  
 (A) 8  
 (C) 10  
 (B) 9  
 (D) 11
- 3.20
21. Who describes production function as the relationship between the maximum amount of output that can be produced and the input required to make that output ?  
 (A) Cobb-Douglas  
 (C) Paul Sweezy  
 (B) Samuelson  
 (D) Alfred Marshall

TXC



22. In short-run, when average cost falls as a result of an increase in output, marginal cost is \_\_\_\_\_ average cost.

- 3.45  
 (A) greater than  
 (B) less than  
 (C) equal to  
 (D) independent of

23. Initially a firm enjoys \_\_\_\_\_ of scale and beyond a certain limit it suffers from \_\_\_\_\_ of scale.

- 3.48  
 (A) internal economies, internal diseconomies  
 (B) external economies, external diseconomies  
 (C) internal diseconomies, internal economies  
 (D) external diseconomies, external economies

24. The long-run average cost curve is also called :

- 3.47  
 (A) Kinked curve  
 (B) Equal quantity curve  
 (C) Envelope curve  
 (D) Sharp curve

25. \_\_\_\_\_ are already incurred once and for all, and cannot be recovered.

- 3.37  
 (A) Sunk costs  
 (B) Historical cost  
 (C) Private costs  
 (D) Social costs

26. Price elasticity of demand of a firm under perfect competition will be :

- 4.30  
 (A) Very Large  
 (B) Infinite  
 (C) Large  
 (D) Small

27. Many sellers offering differentiated products to many buyers is the characteristics of :

- 4.52  
 (A) Perfect competition  
 (B) Monopolistic competition  
 (C) Oligopoly competition  
 (D) Monopoly

28. Identify the correct relationship among MR, AR & e (price elasticity of demand).

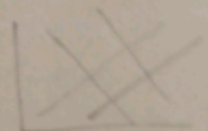
- 4.12  
 (A)  $MR = AR \times e(e-1)$   
 (B)  $AR = MR \times (e-1)/e$   
 (C)  $MR = AR \times e/(e-1)$   
 (D)  $MR = AR \times (e-1)/e$

29. Total revenue will be maximum, where elasticity is equal to :

- 4.12  
 (A) 1  
 (B) Less than 1  
 (C) Greater than 1  
 (D) Zero

30. When both demand and supply increase, the equilibrium quantity \_\_\_\_\_ but the change in equilibrium price is \_\_\_\_\_.

- 4.22  
 (A) decreases, uncertain  
 (B) increases, constant  
 (C) increases, uncertain  
 (D) decreases, constant



31. Identify the correct below mentioned condition/conditions for equilibrium of a firm under perfect competition :

- 4-32
- (I)   $MR = MC$  (II)  $MR > MC$   
 (III)  $MR < MC$  (IV)   $MC$  should have a positive slope.  
 (V)  $MC$  should have a negative slope.  
 (A) (II) and (V) (B) (II) and (IV)  
 (C) (III) and (V) (D)  (I) and (IV)

32. When a perfect competitive firm earns \_\_\_\_\_, its average revenues are more than its average total cost.

- 4-33
- (A)  supernormal profits  
 (B) normal profits  
 (C) normal profits and supernormal profits  
 (D) Losses

$$AR > ATC$$

33. Market for soaps and detergents are the appropriate example of :

- 4-31
- (A) monopoly (B) oligopoly  
 (C)  monopolistic competition (D) perfect competition

34. Downward sloping and highly inelastic demand curve is the feature of :

- 4-35
- (A)  monopoly (B) oligopoly  
 (C) monopolistic competition (D) perfect competition

35. Market characterized by a single buyer of a product or service and is mostly applicable to factor markets in which a single firm is the only buyer of a factor is known as :

- 4-62
- (A) Oligopsony (B) Duopoly  
 (C) Bilateral monopoly (D)  Monopsony

36. Assume that when price is ₹ 20, the quantity demanded is 9 units, and when price is ₹ 19, the quantity demanded is 10 units. Based on this information, what is the marginal revenue resulting from an increase in output from 9 units to 10 units ?

- 4-66
- (A) ₹ 20 (B) ₹ 19  
 (C) ₹ 10 (D) ₹ 1

37. Average revenue curve is also known as :

- 4-12
- (A) Profit Curve (B)  Demand Curve  
 (C) Average Cost Curve (D) Indifference Curve

38. With a decrease in demand there is \_\_\_\_\_

- 4-20
- (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)  a decrease in the equilibrium price and quantity demanded and supplied.  
 (D) no change in overall price but a reduction in equilibrium quantity.

39. If supply increases in a greater proportion than demand then \_\_\_\_\_
- (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 less than the original equilibrium price and quantity.
- (D) The new equilibrium price will be less than the original equilibrium price.

40. In oligopoly, when the industry is dominated by one large firm which is considered as leader of the group, then it is called :

- (A) open oligopoly (B) collusive oligopoly
- (C) partial oligopoly (D) syndicated oligopoly

41. The consumption function is a functional relationship between aggregate consumption and :

- (A) aggregate disposable income (B) aggregate demand
- (C) aggregate supply (D) savings

42. The value of all final goods and services produced in the country within a given period is called :

- (A) National Income (B) Gross Domestic Product (GDP)
- (C) Net National Product (NNP) (D) Gross National Product (GNP)

43. If  $GDP_{MP}$  is more than  $GNP_{MP}$  it means :

- (A) the aggregate amount that a country's citizens and companies earn abroad is greater than the aggregate amount that foreign citizens and overseas companies earn in that country.

(B) NFIA is negative.

- (C) the aggregate amount that a country's citizens and companies earn abroad is equal to the aggregate amount that foreign citizens and overseas companies earn in that country.

(D) NFIA is positive.

44. Find the real GDP if nominal GDP = 720 and price index = 120.

- (A) 864 (B) 500
- (C) 600 (D) 700

$$\text{Real GDP} = \frac{\text{Nominal GDP} \times 100}{\text{Price index}}$$

$$= \frac{720 \times 100}{120}$$

45. Which of the following is not true for personal income ?

- (A) It is income received by household sector.
- (B) It includes Non-profit Institutions serving households.
- (C) It is a measure of actual current income receipts of persons only from productive activities.
- (D) It excludes retained earnings.

$$\text{Real GDP} = 600$$

$$APS = \frac{S}{Y} = \frac{900}{1200} = 0.75$$

$$S = Y - C$$

$$= 1200 - 300$$

$$S = 900$$

(9)

TXC

46. Calculate average propensity to save when  $C = 300$  and  $Y = 1200$ .

6.42 (A) 0.25

(B) 0.50

 (C) 0.75

(D) 0.80

47. Marginal propensity to consume is :

(A) zero when the income is zero.

6.42  (B) always less than unity but greater than zero.

(C) greater than one when income rises.

(D) it does not depend on income.

48. Product Method or Value-added method for calculation of National Income is also called :

 (A) Industrial Origin Method(B) Income Disposal Method  $\times$  (6.19)(C) Factor Payment Method  $\times$  (6.18)(D) Distributed Share Method  $\times$  (6.18)

49. In a 3-sector model, suppose  $C = 8 + 0.6 Y_d$ ,  $I = 60$ ,  $G = T = 10$ , where  $C$  is consumption,  $I$  is investment,  $Y_d$  is disposable income,  $G$  is government expenditure and  $T$  is tax.

6.68

Find out the equilibrium level of national income.

(A) 120

(B) 150

 (C) 180

(D) 200

50. In an economy investment expenditure is increased by ₹ 300 crores and  $MPC = 0.6$  marginal propensity to consume is 0.6. Calculate the total increase in income.  $\Delta I = 300$

6.53  
(9th illust)

(A) ₹ 300 crores

(B) ₹ 100 crores

(C) ₹ 650 crores

 (D) ₹ 750 crores

$$k \times \Delta I = \Delta Y = 2.5 \times 300 = 750$$

$$k = \frac{1}{MPS} = \frac{1}{0.4} = 2.5$$

51. While using the income method, which of the following income is included while calculating national income ?

(A) Capital gains

6.18

(B) Windfall profits

 (C) Income from sale of second-hand goods (D) Commissions and brokerages

52. Calculate Gross value added at market price if sales = 750, opening stock = 300, closing stock = 200 and intermediate consumption is 250.

12th  
11th illust

6.23

(A) 400

(B) 450

 (C) 600

(D) 650

$$CVA_{mp} = \text{Sales} + \text{change in stocks} - \text{intermediate consumption}$$

$$= 750 + (300 - 200) - 250$$

$$= 850 - 250 = 600$$

53. Nominal GDP is :

(A) Same as real GDP

(B) Real GDP less depreciation

6.3

 (C) GDP at current prices

(D) GDP at constant prices

TXC



- 6.51 54. The investment multiplier is defined as the ratio of :  
 (A) change in investment due to change in saving  
 (B) change in demand due to change in investment  
 (C) change in consumption due to change in investment  
 ✓ (D) change in national income due to change in investment  $\frac{\Delta Y}{\Delta I} = k$
- 6.40 55. The ratio of total consumption to total income is known as :  
 (A) Average Propensity to Consume (APC)  
 (B) Marginal Propensity to Consume (MPC)  
 (C) Saving function  
 (D) Income function
- 5.12 56. When entrepreneurs are pessimistic about future market conditions :  
 (A) It does not impact the economy.  
 (B) Expansionary phase may begin.  
 ✓ (C) Economy faces contraction in economic activities.  
 (D) Investments tend to increase.
- 5.3 57. Which of the following is not a characteristic of business cycle ?  
 (A) They occur periodically.  
 (B) They are recurrent.  
 ✓ (C) They occur at regular intervals.  
 (D) They have distinct phases of expansion, peak, contraction and trough.
- 5.10 58. Which of the following is not an internal cause of business cycles ?  
 (A) Fluctuations in effective demand  
 (B) Fluctuation in investment  
 ✓ (C) Variations in government spending  
 (D) Technology shock
- 5.7 59. Changes in stock price, new orders for capital and consumer goods are examples of :  
 (A) Leading indicators (B) Lagging indicators  
 (C) Coincident indicators (D) Non-economic indicators
- 7 60. Variables that change after the real output changes are called :  
 (A) Leading indicators (B) Lagging indicators  
 (C) Coincident indicators (D) Non-economic indicators
- 7.12 61. Taxes on agriculture income is levied by :  
 (A) Central government  
 ✓ (B) State government  
 (C) Both central and state government as they are in concurrent list.  
 (D) Local self-government



62. Government's direct production of an economic good e.g. electricity and public transportation services are example of :
- 7.7 ✓ (A) Allocation function (B) Distribution function  
(C) Stabilization function (D) Protection function
63. A progressive direct tax system ensures :
- 7.80 ✓ (A) Economic growth with stability because it distributes the burden of taxes unequally.  
(B) Those who have greater ability to pay contribute more and the tax burden is distributed fairly among the population.  
(C) Uniform taxes for all.  
(D) Luxuries are taxed heavily.
64. Non-debt capital receipts of government include :
- 7.57 ✓ (A) Market loans for different purposes  
(B) State provident fund (Net)  
(C) Securities issued against small savings  
(D) Recoveries of loans and advances
65. When the outcomes of a policy are not visible for some time, it is called :
- 7.81 (A) Recognition lag (B) Decision lag  
(C) Implementation lag ✓ (D) Impact lag
66. The excess of the government's total expenditure over its total receipts excluding borrowings is termed as :
- 7.63 (A) Revenue deficit ✓ (B) Fiscal deficit  
(C) Primary deficit (D) Budgetary deficit
67. The receipts which neither create any liability nor cause any reduction in the assets of government are called :
- 7.62 (A) Non-debt capital receipts (B) Debt capital receipts  
✓ (C) Revenue receipts (D) Estimated receipts
68. Which of the following is applied on inter-state movement of goods and services and on imports and exports ?
- 7.14 (A) CGST (B) SGST  
✓ (C) IGST (D) Income tax
69. The cap and trade method used by government to ensure that pollution is minimized in the most cost effective way is an example of :
- 7.35 ✓ (A) Government intervention to correct externalities  
(B) Government intervention in the case of merit goods  
(C) Government intervention in the case of demerit goods  
(D) Government intervention for correcting market failure

## TXC

70. Which constitutional body maintains fiscal federalism in India ?  
 7.12 (A) Central government (B) Parliament  
 (C) Reserve Bank of India (D) Finance Commission
71. Which of the following is not a characteristic of money ?  
 8.4 (A) Generally acceptable (B) Effortlessly recognisable  
 (C) Easily transportable (D) Easily reproducible by people
72. The currency issued by the Central Bank is known as \_\_\_\_\_ and is backed by supporting reserves and its value is a sovereign guarantee.  
 8-25 (A) Real money (B) Credit money  
 (C) Fiat money (D) Sovereign bonds
73. Considering that with a money multiplier of 1.5 there has been an increment of ₹ 600 cr of money supply. Find out the monetary base.  
 8.28 (A) ₹ 800 cr (B) ₹ 200 cr  
 (C) ₹ 400 cr (D) ₹ 900 cr
74. Calculate Narrow Money M1 from the following data.  
 36  
 ✓ Currency with public ₹ 88,000 cr  
 ✓ Demand deposit with the banking system ₹ 2,20,000 cr  
 Time deposit with the banking system ₹ 2,40,000 cr  
 ✓ Other deposits with RBI ₹ 2,60,000 cr  
 Saving deposits with Post Office Saving Bank ₹ 50,000 cr  
 (A) ₹ 5,68,000 cr (B) ₹ 6,18,000 cr  
 (C) ₹ 5,98,000 cr (D) ₹ 6,38,000 cr
75. Calculate currency with the public from the following data :  
 36  
 (1st sum) Notes in circulation ₹ 45,000 cr  
 + Circulation of rupee coins ₹ 1,500 cr  
 + Circulation of small coins ₹ 750 cr  
 - Cash on hand with banks ₹ 27,500 cr  
 (A) ₹ 74,750 cr (B) ₹ 19,750 cr  
 (C) ₹ 73,250 cr (D) ₹ 29,750 cr
76. \_\_\_\_\_ is a penal rate at which RBI lends money to banks, above the rate available under the rep policy.  
 50 (A) Marginal standing facility rate (B) Bank rate  
 (C) Repo rate (D) Reverse repo rate
77. Liquidity Adjustment Facility (LAF) was introduced by RBI on the basis of the recommendation of the \_\_\_\_\_ Committee on the reforms in banking sector.  
 53 (A) Tandon (B) Narsimham  
 (C) Chore (D) Basel

78. Money created by the commercial banks is called \_\_\_\_\_

- 8.25 (A) Real money (B) High powered money  
(C) Fiat money (D) Credit money

79. Under the concept of money supply, the term 'public' do not include \_\_\_\_\_

- 8.24 (A) Households  
(B) Institutions  
(C) Government and banking system  
(D) Firms

80. Compute the total credit money created by the banking system if the required reserved ratio is 15% for every ₹ 12,00,000 deposited in the banking system ?

- 8.36 (A) ₹ 1,00,00,000 (B) ₹ 80,00,000  
(C) ₹ 1,25,00,000 (D) ₹ 1,50,00,000

81. Factor Endowment Theory of trade is also known as \_\_\_\_\_

- 9.6 (A) Baumol and Tobin theory  
(B) Adam Smith, Absolute Cost Advantage theory  
(C) Heckscher – Ohlin theory  
(D) Factor Price Equalisation theory

82. Which tariff is calculated on the basis of specific contents of the imported goods (duties are payable by its components or related items) ?

- 9.17 (A) Compound tariff (B) Mixed tariff  
(C) Ad valorem tariff (D) Technical tariff

83. Which tariff is expressed either on the basis of the value of the imported goods or on the basis of a unit of measure of the imported goods depending on which generates the most income (or least income at times) for the country ?

- 9.17 (A) Ad valorem tariff (B) Specific tariff  
(C) Mixed tariff (D) Compound tariff

84. The system wherein the nominal tariff rates on imports of manufactured goods are higher than the nominal tariff rates on intermediate inputs and raw materials is known as \_\_\_\_\_

- 9.18 (A) Applied tariff (B) Escalated tariff  
(C) Bound tariff (D) Preferential tariff

## TXC

85. Which of the following is a measure to protect human, animal or plant life from risks arising out of additives, pests, toxins, etc. and to protect the biodiversity ?  
 9.22 (A) Prohibited tariff  
 ✓ (B) Sanitary and phytosanitary measures  
 (C) Technical barriers to trade  
 (D) Anti-dumping duties
86. With regards to international trade the European Union can be categorised as a  
 9.35 (A) Trading bloc (B) Free trade area  
 (C) Bilateral agreements ✓ (D) Customs union
87. Which of the following country is not a member of the G20 economies ?  
 9.45 (A) Argentina ✓ (B) India ✓  
 ✓ (C) Tunisia ✗ (D) Mexico ✓
88. Investments which are reciprocal investments between countries are referred to as \_\_\_\_\_  
 9.13 (A) Horizontal direct investment  
 (B) Vertical direct investment  
 ✓ (C) Two-way direct foreign investment  
 (D) Conglomerate foreign investment
89. A total ban imposed by the Government on imports or exports of some or all commodities to a particular country or regions for a specified or indefinite period is known as \_\_\_\_\_  
 9.26 (A) Prohibitive tariff (B) Anti-dumping duties  
 ✓ (C) Embargo (D) Rules of origin
90. The theory of Comparative Advantage in International Trade was presented by  
 9.5 (A) Adam Smith ✓ (B) David Ricardo  
 (C) John Maynard Keynes (D) Milton Friedman
91. \_\_\_\_\_ facilitates and improves access to Indian Government data.  
 10.17 (A) E-Amrit ✗ (B) E-NAM ✗  
 ✓ (C) NDAP (D) MIDH ✗
92. Which scheme is aimed at promoting manufacture of electric and hybrid vehicle technology and to ensure sustainable growth for the same ?  
 10.23 ✓ (A) FAME India (B) E-Amrit  
 (C) FIPB (D) PDMC

- 10.6
93. Which Act was initially aimed for regulation of large firms which had relatively large market power ?  
 (A) RBI Act (B) FEMA  
 (C) RERA (D) MRTP Act, 1969
- 10.14
94. From which year onwards, India followed the managed floating exchange rate system ?  
 (A) 1990 (B) 1991  
 (C) 1995 (D) 1993
- 10.19
95. Minimum Support Price (MSP) is fixed by the Government of India at \_\_\_\_\_ of the cost of production.  
 (A) Two and a half times (B) Half  
 (C) One and a half time (D) Twice
- 10.23
96. Which policy was adopted to ensure world class industrial infrastructure which would attract cutting edge technology and boost FDI and local investment in the textile sector ?  
 (A) PM-MITRA  
 (B) PM Gati Shakti National Master Plan  
 (C) National Logistic Policy  
 (D) Production Linked Incentive (PLI) Scheme
- 10.4
97. During the British period modern industrial sector saw lopsided growth with the dominance of \_\_\_\_\_ industries.  
 (A) Wool and cotton (B) Nylon and silk  
 (C) Cotton and jute (D) Silk and cotton
- 10.12
98. Statutory recognition was granted to \_\_\_\_\_ to facilitate mobilization of adequate resources and their efficient allocation in the capital markets.  
 (A) RBI (B) BSE  
 (C) SEBI (D) NSE
- X
99. In which of the following sector FDI is not permissible ?  
 (A) Telecom ✗ (B) Aviation ✗  
 (C) Atomic energy (D) Defence ✗
- 10.18
100. Production of milk is included in which sector ?  
 (A) Tertiary sector (B) Service sector  
 (C) Primary sector (D) Secondary sector