धाकड़
MCQ Marathon

Business Economics

By- LOVE KAUSHIK SIR

$\longrightarrow$ Types of Economy

$\longrightarrow$ Nature $\longrightarrow$ SPAM

MINT

Chapter - 1

Nature and Scope of Business Economics

#Q. Who has defined economics as "Science which deals with wealth"?

A Adam Smith ✗

B Canon

C J. B. Say ✗ C

D A. C. Pigou

#Q. Who is the author of "The Nature and causes of wealth of Nation"?

1776

A Karl Marx

B Adam Smith ✓ (B)

C J. B. Say

D A. C. Pigou

#Q. Larger production of _____ goods would lead to higher production in future.

A) Consumer goods

B) Capital goods ✓ **B**

C) Agricultural goods

D) Public goods

#Q. Indian economy is an example of:

A Mixed economy — (A)

B Socialist economy → Cuba, North Korea, china, Russia|USSR

C Capitalist economy → USA, Japan, Germany

D Unregulated economy

#Q. Match the following.

Types of Economic System	Tool to solve economic Problem
(a) Capitalist economy	(i) Central Planning
(b) Mixed Economy	(ii) Price Mechanism
(c) Socialist economy	(iii) Mix of price mechanism and Central Planning

A (a)(i); (b)(ii)' (c)(iii)

B (a) (iii); (b)(i); (c)(ii)

C (a)(i); (b)(iii); (c)(ii)

D (a)(ii); (b)(iii); (c)(i)

CA

#Q.   Important feature of mixed economy is _____.

A   Only Public Sector

B   Absence of consumer behavior

C   Absence of government interferences

D   Co-existences of both private and public enterprises

#Q. The concept of Socialist economy was propounded by _____.

A) Karl Marx and Adam Smith

B) Frideric Engels and Adam Smith

C) Frideric Engels

D) Karl Marx and Frideric Engels

given

Foedric Angles
&
Karl Marx

1848 → Socialism

Communist Manifesto

CA

#Q. A Capitalist Economy follows the policy of:

A) Laissez faire

B) Regulated markets

C) Promoting public sector

D) None of the above

CA

#Q. Capitalist economy solve their economic problems through which of the following?

A Central Planning Authority

B Price mechanism ✓ Ⓑ

C Administered Prices

D Voting done by customers

#Q. Exploitation and inequality will be more in_____.

A) Socialism

B) Capitalism

C) Mixed

D) All of the above

#Q. The choice between labour and Capital intensive techniques is related with:

A What to Produce?

B How to Produce? B

C For whom to Produce?

D All of the above

#Q. Which of the following is the central problem of the economy?

A   Unemployment

B   Poverty

C   Scarcity of resources

D   Inflation

→ wants

#Q. Unlimited ends and limited means together present the problem of_____

Resource

[19000]

A Scarcity of resources ✗

B Choice Ⓑ

C Distribution ✓

D None of the above ✓

CA

#Q. Business Economics is:

A Normative in nature

B Interdisciplinary in nature

C Both   C

D None

#Q. Micro Economics is concerned with:

Individual

A Consumer Behavior

B Product pricing

C Factor Pricing

D All of the above D

CA

#Q. Business Economics relies heavily on the techniques of_____.

A Micro Economics (A)

Heart of Business Economics

B Macro Economics

C Normative Science only

D Economics discipline only

CA

#Q. Business Economic is pragmatic in approach because of which of the following cause?

A   Based on assumptions

B   Tackles practical problems   *B*

C   Considers profit only

D   Considers internal value

#Q. 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

Chapter – 2

Theory of Demand and Supply

#Q. Highly priced goods are consumed by status seeking rich people to satisfy their need for conspicuous consumption. This is called as_____:

Prestige

आन–बान–शान

A Veblen Effect (A)

B Snob Effect

C Helen Effect ✗

D None of these

TIPPER
A
CNG

#Q. Name the term which refers to the demand for consumer goods which is decreased owing be the fact that others are also consuming the same commodity.
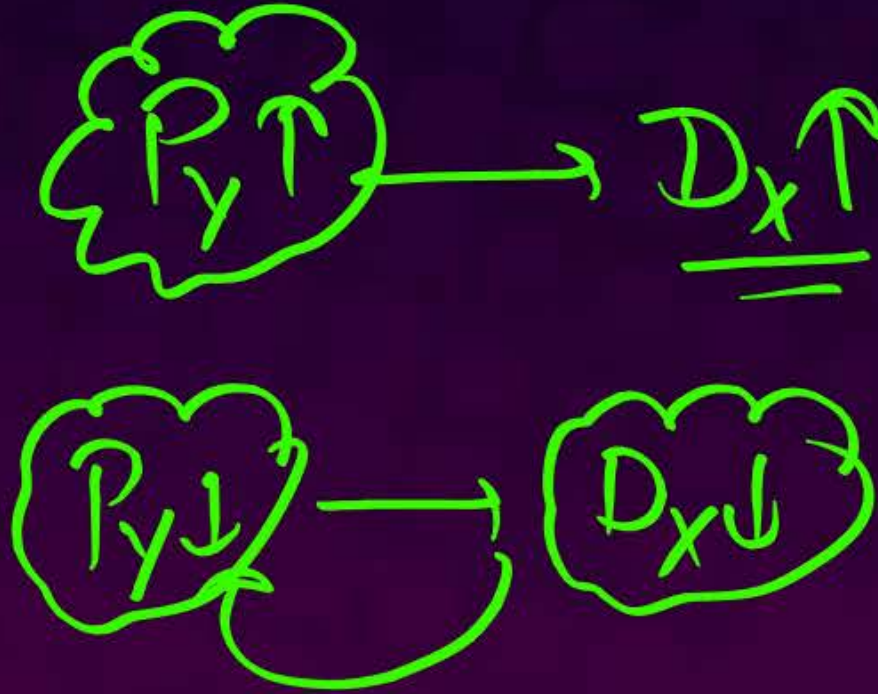
A Halo effect

B Snob effect

C Veblen effect

D Demonstration effect

#Q. 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

$P_y \uparrow \longrightarrow D_x \uparrow$

$P_y \downarrow \longrightarrow D_x \downarrow$

D

#Q. Conspicuous goods are also known as:

A Prestige goods

B Snob goods

C Veblen goods

D All of the above

#Q. A relative price is:

$$\frac{P_x}{P_y}$$

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 ✓ C

D Equal to a money price

CA

#Q. What are exceptions to Law of Demand?

A   Law of Diminishing Marginal Utility

B   Substitution effect

C   Conspicuous goods ✓ Ⓒ

D   Different uses

#Q.   Price effect is described as which of following?

A   Income effect + Veblen effect

B   Substitution effect + Veblen effect

C   Income effect + Substitution effect $\boxed{C}$

D   Veblen effect + Demonstration effect

#Q. Movement along the demand curve may be due to_____.

A Expansion of Demand

B Contraction of Demand

C Increase/Decrease in Demand

D Both (A) and (B) [D]

CA
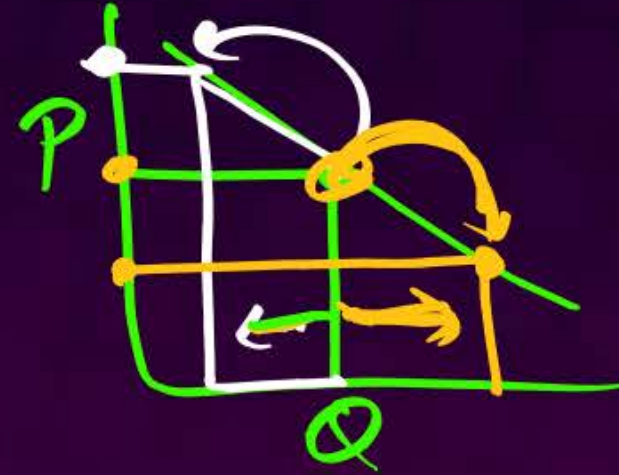
#Q. Contraction of demand is the result of:

$$PT \leftarrow D\downarrow$$

A Decrease in the number of consumers

B Increase in the price of the good concerned — (B)

C Increase in the prices of other goods

D Decrease in the income of purchasers

A

P_x (₹)	Q_X (units)
10	4
5	8

P↓ D↑   Expansion

B

P_x (₹)	Q_X (units)
10	4
10	6

Increase in DD

C

P_x (₹)	Q_X (units)
10	4
10	2

Decrease in DD

D

P_x (₹)	Q_X (units)
20	10
24	8

P↑ ⟶ D↓   Contraction

P	Q.D.
10	100
20	100

(A) Expansion

(B) Contraction

(C) Increase [C]

(D) Decrease
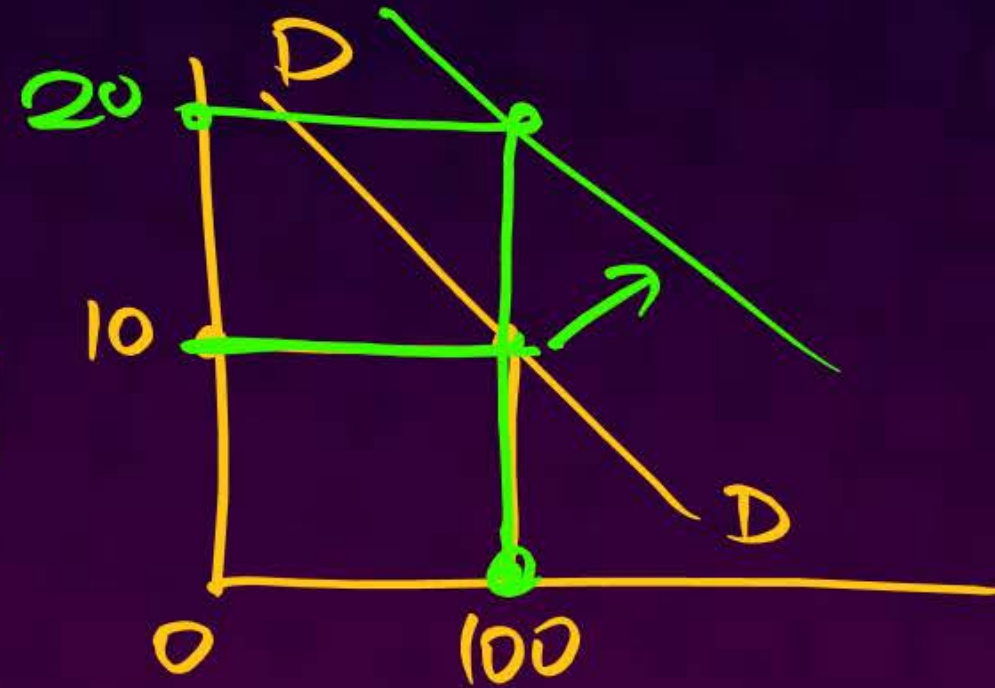
#Q. Which of the following is CORRECT for determination of Price Elasticity of Demand?

A $E_P = \dfrac{\%\ change\ in\ quantity\ demanded}{\%\ Change\ in\ price} = \left(\dfrac{\Delta Q}{\Delta P} \times \dfrac{P}{Q} \right)$

① %

② Arc

B $E_P = \dfrac{Change\ in\ quantity}{Original\ Quantity} \times \dfrac{Original\ Price}{Change\ in\ Price}$

③ Point ⟵ Geometric

Derivative

C $E_P = \left(\dfrac{\Delta q}{\Delta P} \times \dfrac{P}{q} \right)$

④ outlay

$\llcorner \varepsilon_P = \dfrac{dQ}{dP} \times \dfrac{P}{Q}$

D   All of the above   ✓ D

CA

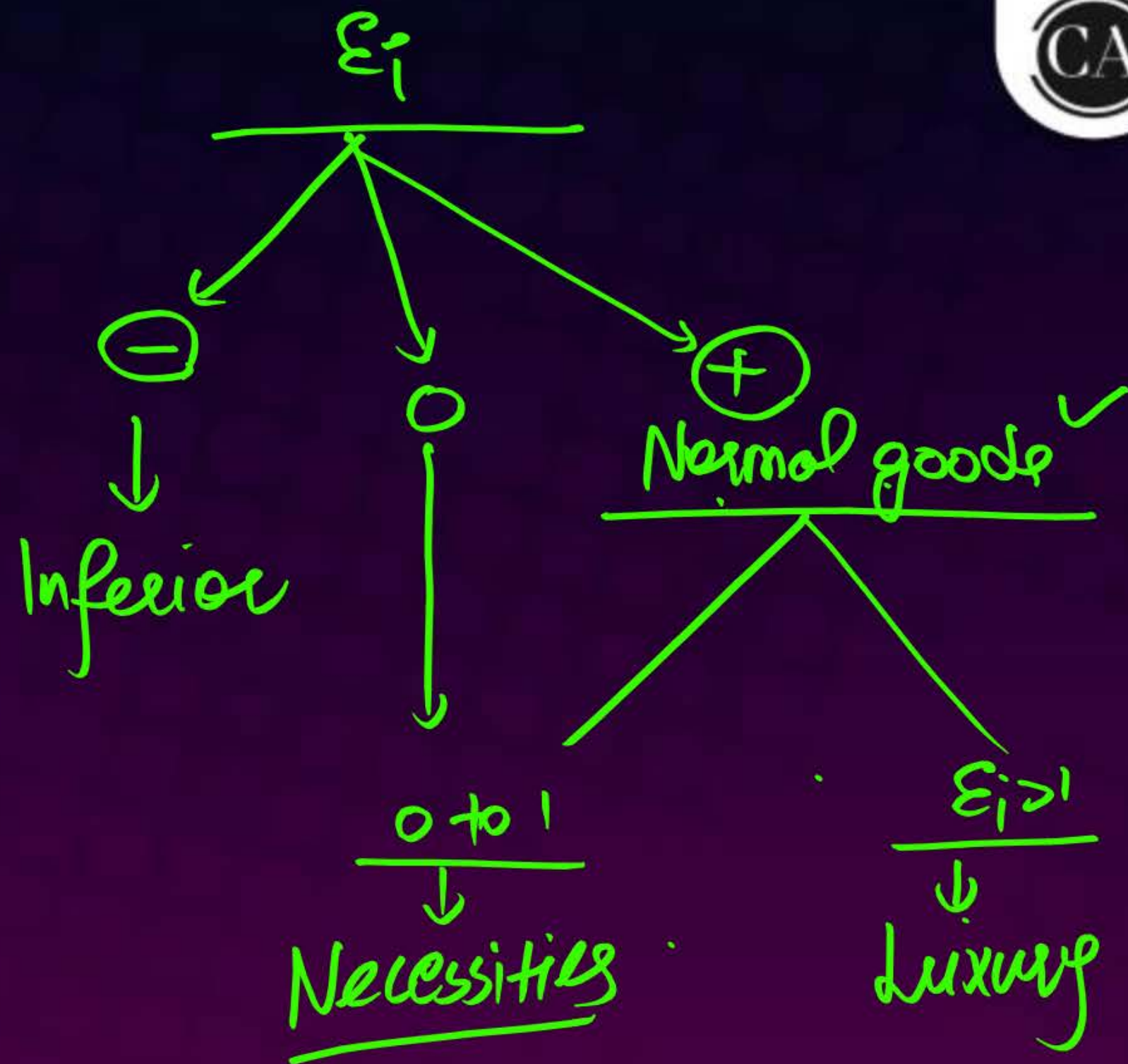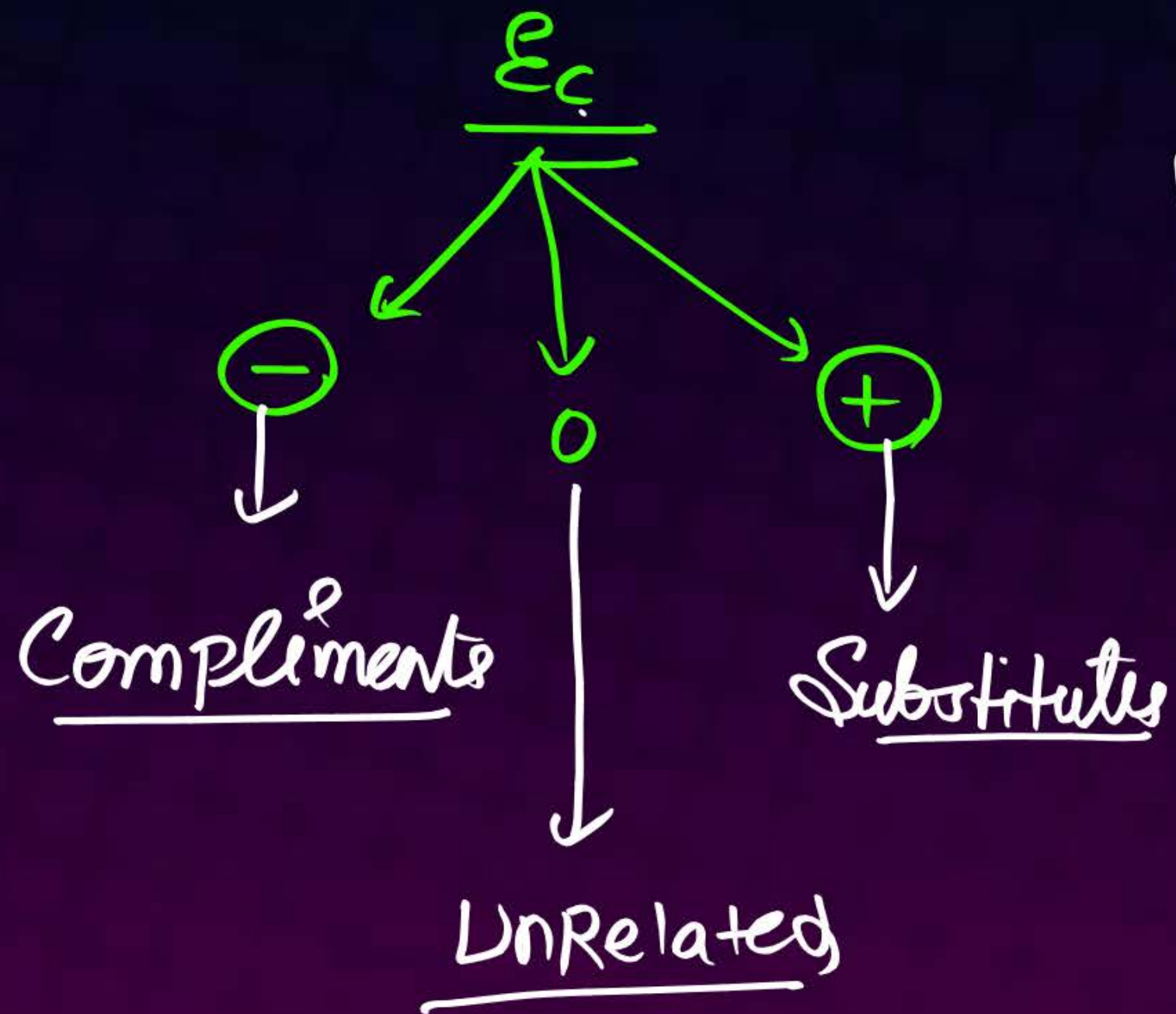**#Q. The numerical value of elasticity of demand can assume any value between:**

A   Zero and -1

B   Zero and infinity   (B)

C   -1 and +1

D   Zero and +1

$$\underline{\varepsilon_c}$$

```
         (−)              0              (+)
          │               │               │
          ↓               ↓               ↓
   Compliments       UnRelated       Substitutes
```

$$\underline{\varepsilon_i}$$

```
         (−)              0              (+)
          │               │          Normal goods ✓
          ↓               ↓           /         \
       Inferior           │          /           \
                          │       0 to 1        εi>1
                          ↓         │             ↓
                          │         ↓          Luxury
                          │     Necessities
```

#Q. Suppose the income elasticity of demand of Air Conditioner (AC) is +1.8 We can conclude from this that the AC is _____.

A Superior good | Normal goods

B Inferior good ⊖

C Necessary good 0 to 1

D Conspicuous good

#Q. Suppose the price elasticity of demand of a firm for its product is - 1.2. If the price of the product is increased by 5%, then it is most probable that:

A Both total revenue and profit would increase

B Both total revenue and profit would decrease

C Total revenue would decrease but profit may increase

D Total revenue would increase but profit may decrease
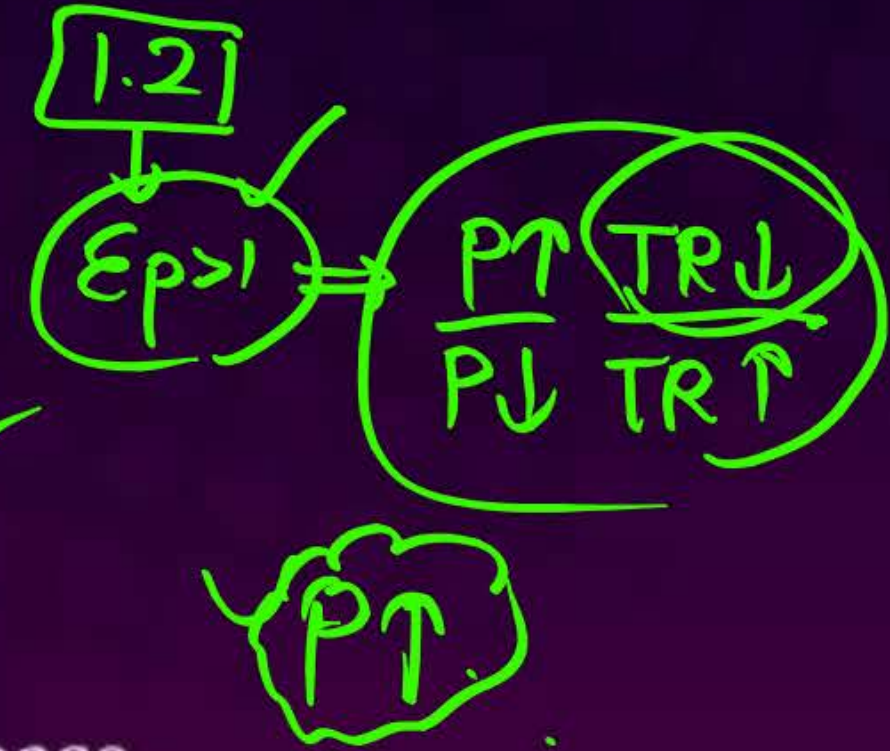
#Q. **Which of the following methods calculates elasticity of demand by using the formula:**

$$\frac{\text{lower segment of demand curve}}{\text{upper segment of demand curve}}$$

A The ARC elasticity method

B Cross elasticity method

C The income elasticity method

D The point elasticity method
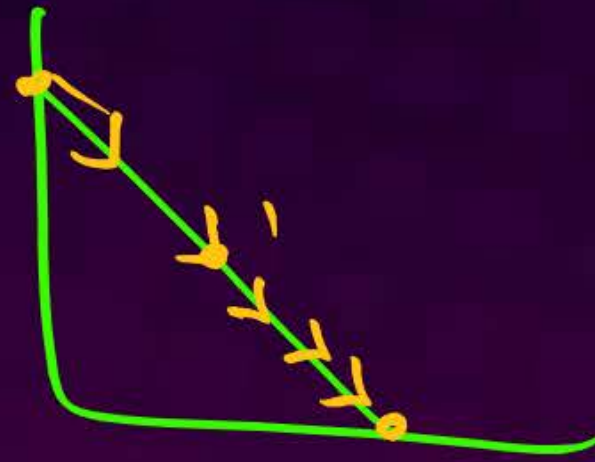
#Q. Which of the following formula can be used for calculation of income Elasticity of Demand?

A $E_i = \dfrac{\Delta q}{\Delta y} \times \dfrac{y}{q}$ — Ⓐ

$$\boxed{\dfrac{\Delta Q}{\Delta Y} \times \dfrac{Y}{Q}}$$

B $E_i = \dfrac{\Delta y}{\Delta q} \times \dfrac{q}{y}$

C $E_i = \dfrac{\Delta q}{\Delta y} \times \dfrac{q}{y}$

D None of the above

#Q. For all _____ goods, the income elasticity is positive.

A Normal ✓ (A)

B Inferior

C Luxury

D All of the above

CA

#Q. Cross elasticity of perfect substitutes is:

A Zero

B Negative

C One

D Infinity

#Q. What will be the advertisement elasticity?
% Change in Demand = 30% ✓
% change in Price = Nil
% change in advertisement Expenditure = 25%
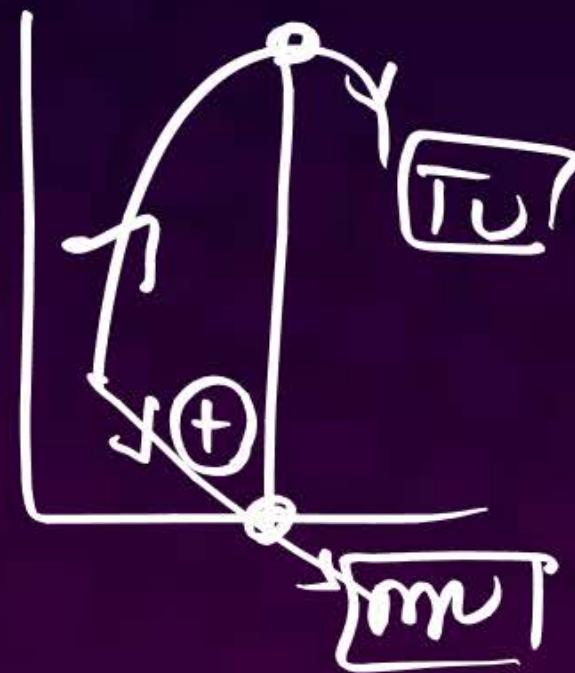
A 1.2 (A)

B 0.83

C 1

D 25

$$\varepsilon_a = \frac{\% \Delta . QD}{\% \Delta A.\varepsilon.} = \frac{30}{25} = 1.2$$

$$= \frac{\Delta Q}{\Delta A} \times \frac{A}{Q}$$

#Q. Total utility is maximum when:

A Marginal utility is zero

B Marginal utility is at its highest point

C Marginal utility is negative

D None of the above

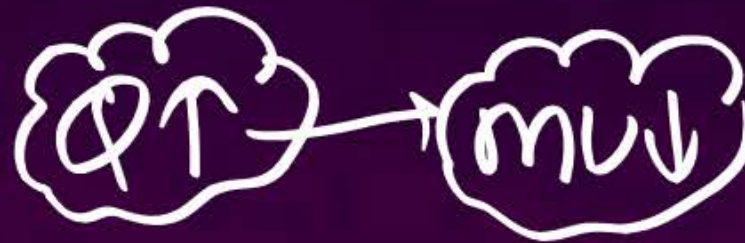**#Q.** Law of Diminishing Marginal Utility is derived from which of the following concept?

Dec. 2017

A Consumer Surplus

B Additional Utility ⇒ $\boxed{MU}$

$\overset{\frown}{Q\uparrow} \longrightarrow \overset{\frown}{MU\downarrow}$
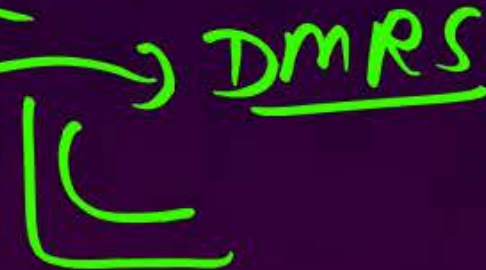
C Total utility

D Producer Surplus

#Q. Which of the following is not the property of indifference curve?

A   Slopes downwards to the right

B   Always convex to the origin   DMRS

C   Intersects each other ✓   C1

D   Will not touch either of the axes
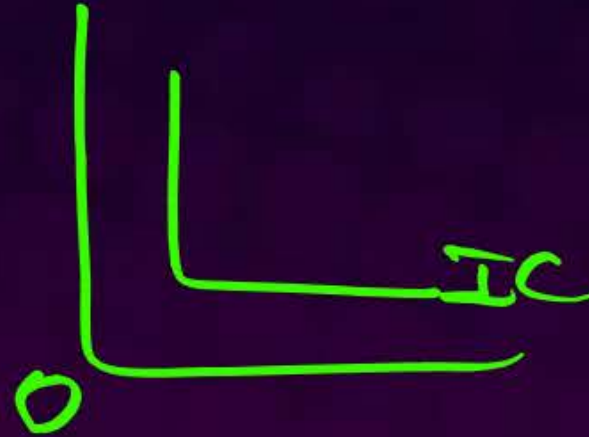
Indifference Map

#Q. The indifference curve for two perfect complementary goods is _____.
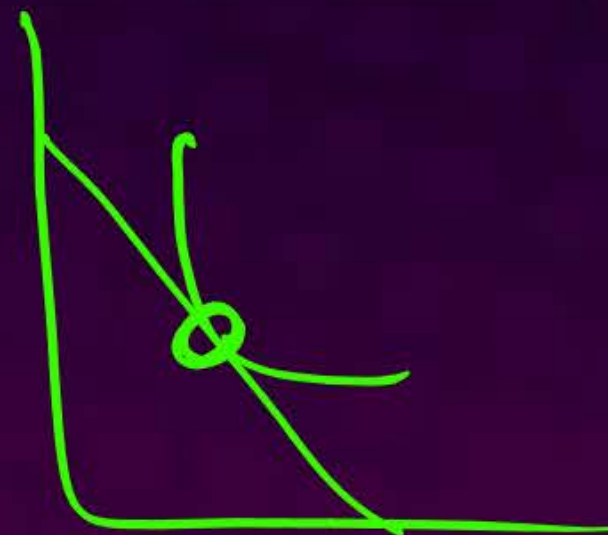
A Slopes downward

B L-shaped *(B)*

C U-shaped

D Straight line → Perfect Substitutes

#Q. The slope 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

CA

#Q. **Supply is a _____ ? _____ concept.**

A Flow ✓ Ⓐ

B Stock

C Flow and stock, both

D Qualitative

#Q. Under _____ conditions, Supply will be more than that under _____ conditions.

A Competitive, Monopolized (A)

B Monopolized, Competitive
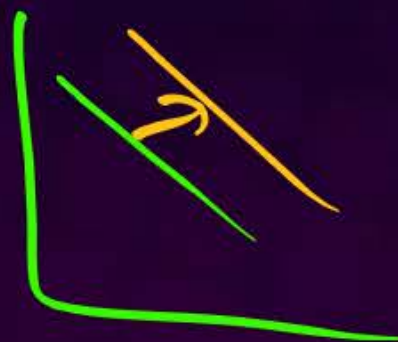
C Monopolized, Oligopoly

D Duopoly, Monopolized

CA

#Q. When supply curves moves to right, it means _____

A Supply increases

B Supply decreases

C Supply remains constant

D Supply expands

#Q. 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

#Q. The Price of Good Increases from ₹ 200 to ₹ 300 the quantity supplied Increases from 200 to 2500 units. The elasticity of supply will be:

A Less than one — Ⓐ

B Greater than two

C Equal to one ✓

D Equal to two

$$P \quad \bigg| \quad Q.S.$$

$$\left(\begin{array}{c|c} 200 & 2000 \\ 300 & 2500 \end{array} \right)$$

$$\varepsilon_s = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q} = \frac{500}{100} \times \frac{200}{2000} = \frac{1}{10} = 0.1$$

#Q. Perishable commodities will have _____ .

A Perfectly elastic curve

B Perfectly inelastic curve ✓ (B)

C Elastic

D Inelastic

#Q. The supply function is given as $Q = -100 + 10P$. Find the elasticity using point method, when price is ₹15.

$$Q = -100 + \boxed{10}P$$

A) 4

B) -3

C) -5

D) 3

$$\varepsilon_p = \boxed{\frac{dQ}{dP}} \times \frac{P}{Q}$$

$$= 10 \times \frac{15}{50} = 3$$

$$Q = -100 + 10(15)$$
$$= -100 + 150$$
$$= 50$$

Chapter – 3

Theory of Production and Cost

#Q. **Production is defined as:**

A Creation of matter

B Creation of utility in matter ✓ Ⓑ

C Creation of infrastructural facilities

D None of the above

#Q. 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)

#Q. 'Land is <u>heterogeneous</u>' implies which of the following?

A   Two lands are alike

B   Two lands are not alike / Same ⓑ

C   Two lands are fixed

D   Two lands are mobile

#Q. Supply of land is :

A Elastic

B Perfectly Elastic

C Perfectly Inelastic

D Inelastic

Economy $\Rightarrow$ $\varepsilon_s = 0$

Individual firm

Elastic

C

#Q. 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

#Q. Which of the following is not a passive factor of production?

A Building

B Machine

C Land

D Labour

Handwritten annotations:

Passive
↕
अलाभिन्न

(D) Active
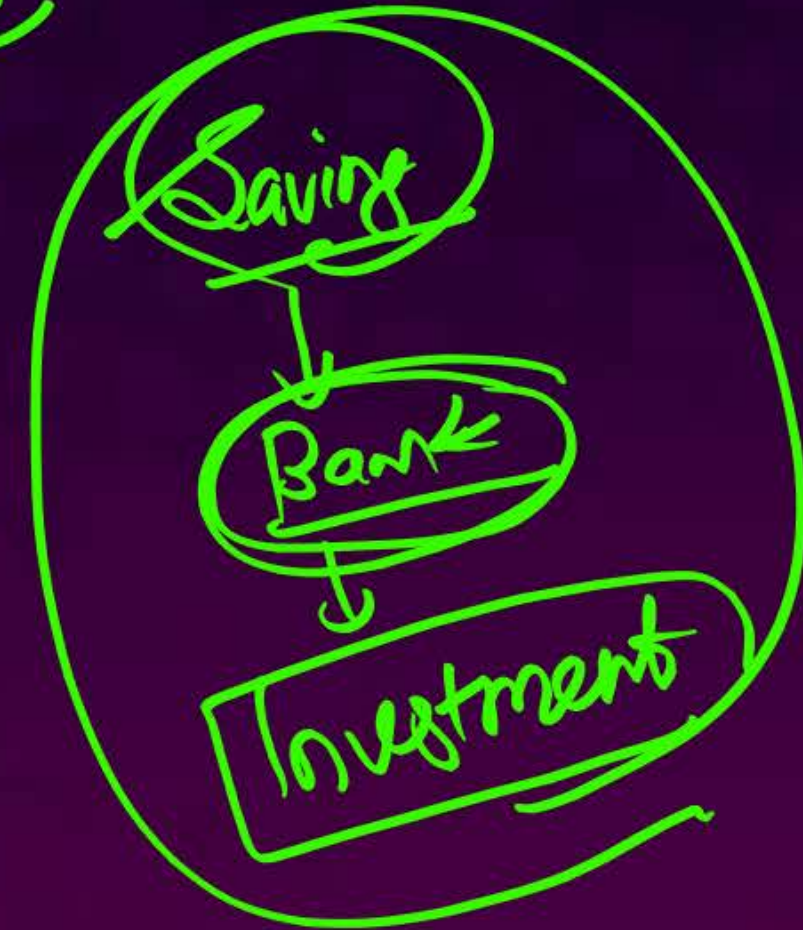
#Q. The three stages of capital formation are :

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

#Q. Functions of the entrepreneur are:

A Risk bearing

B Initiating a business enterprise and resource coordinating

C Introducing new innovations *Schumpeter*

D All of the above ✓ D

most important function

CA

#Q. The concept of innovative entrepreneurship was propounded by_____.

A) Joel dean

B) Schumpeter ✓ (B)

C) Marshall

D) Karl Marx

#Q. Long-run does not have:

A) Average Cost

B) Total Cost

C) Fixed Cost ✓ [C]

D) Variable Cost

#Q. In Cobb-Douglas production function, two inputs are:

A   Land and Labour

B   Labour and Capital   (B)

C   Capital and Entrepreneur

D   Entrepreneur and land

$$Q = K \cdot L^a \cdot C^{1-a}$$

$$Q = K \cdot L^a \cdot C^b$$

$a + b = 1 \rightarrow CRS$

$a + b > 1 \rightarrow IRS$

$a + b < 1 \rightarrow DRS$

#Q. The conclusion drawn from Cobb-Douglas production function is that labour contributed about ___3/4___ and capital about ___1/4___ of the increase in the manufacturing production.

A $\dfrac{3^{rd}}{4}, \dfrac{1^{rd}}{4}$ ✓ Ⓐ

$\boxed{CRS}$

B $\dfrac{31\backslash}{4}, \dfrac{1^{rd}}{4}$

C $\dfrac{3^{rd}}{4}, \dfrac{1^{rd}}{4}$

D None of the above

Curve	Slope
DD	$-\dfrac{\Delta P}{\Delta Q}$
SS	$\dfrac{\Delta P}{\Delta Q}$
IC	$MRS = \Delta y : \Delta x$
B.L.	$-\dfrac{P_x}{P_y}$
TP	→ MP
TR.	→ MR
TC	→ MC
IQ	MRTS $-\dfrac{w}{r} = -\dfrac{P_x}{P_y}$
ISO-COST	
Consumpⁿ	→ MPC
Saving	→ MPS

$$MRTS \quad -\frac{w}{r} = -\frac{P_x}{P_y}$$

#Q. Marginal product is the slope of:

A Total Product

B Average Product

C Marginal Product
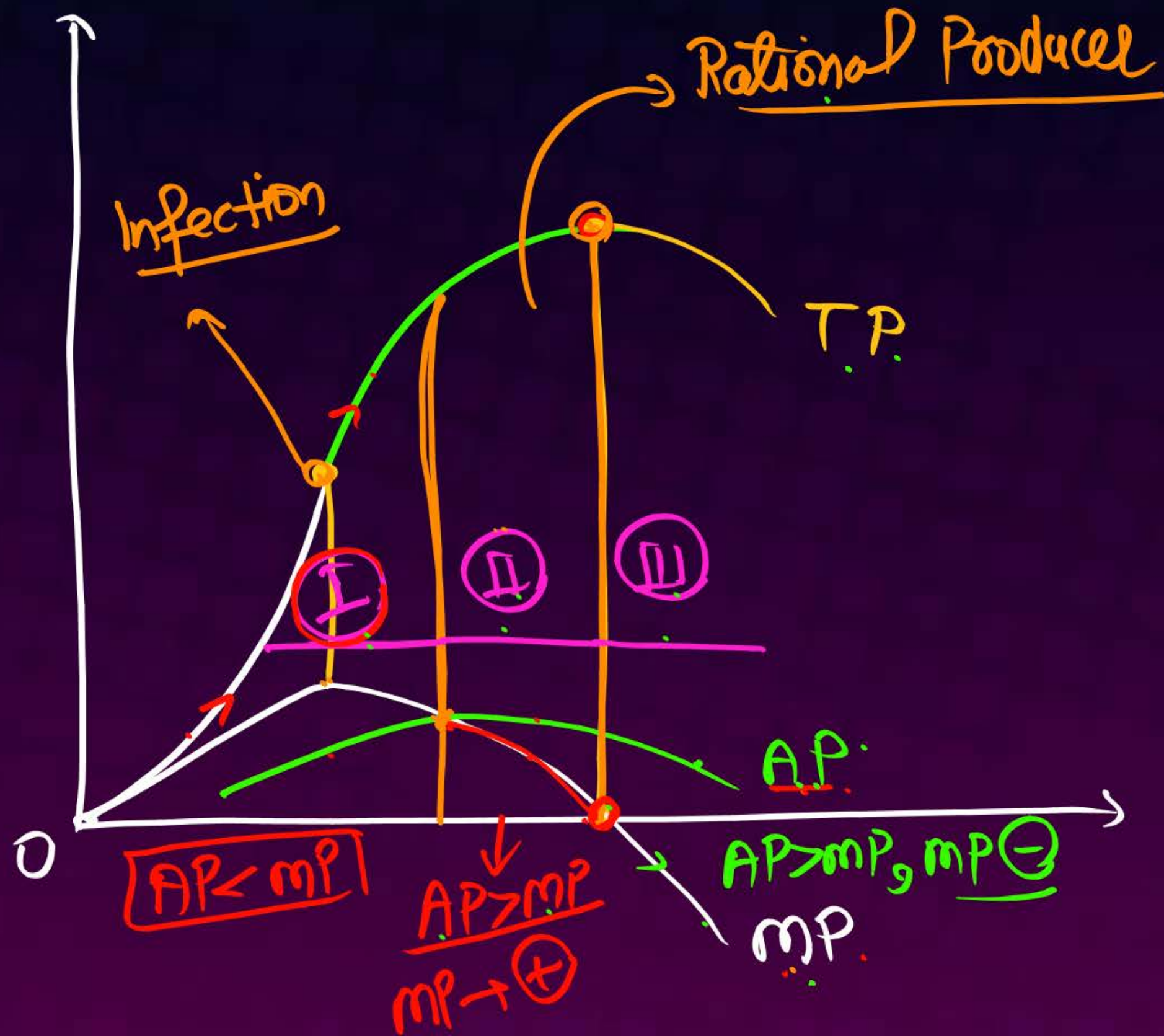
D Implicit Product

#Q. 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 ✗
       60 70

C   50, 100, 150, 200 ✗
      50 50

D   50, 90, 120, 140 ✓ D
    40 30 20

Rational Producer

Inflection

T.P.

I   II   III

A.P.

$AP < MP$

$AP > MP$
$MP \to \oplus$

$AP > MP, MP \ominus$

MP

O mp

#Q. 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 (B) and (A)

#Q. A rational producer will produce in the stage in which marginal product is positive and :

A   MP > AP

B   MP = AP

C   MP < AP   [C]

D   MP is zero

CA

#Q. The stage of "Decreasing returns to scale" will occur when_____.

A) Decrease in output is less than increase in input

B) Decrease in output is greater than increase in input

C) Increase in output is greater than increase in input

D) Increase in output is less than increase in input

Law of Returns to Scale

% input ⟹ % output

D

#Q. Among the following statement which is incorrect in relation to iso-quants:

A These are negatively sloped

B These are concave to origin

C These are not intersecting

D These are convex to origin

#Q. Isoquants are negatively sloped and _Convex_ ✓ to the origin due to ___ Marginal Rate of Technical Substitution (MRTS).
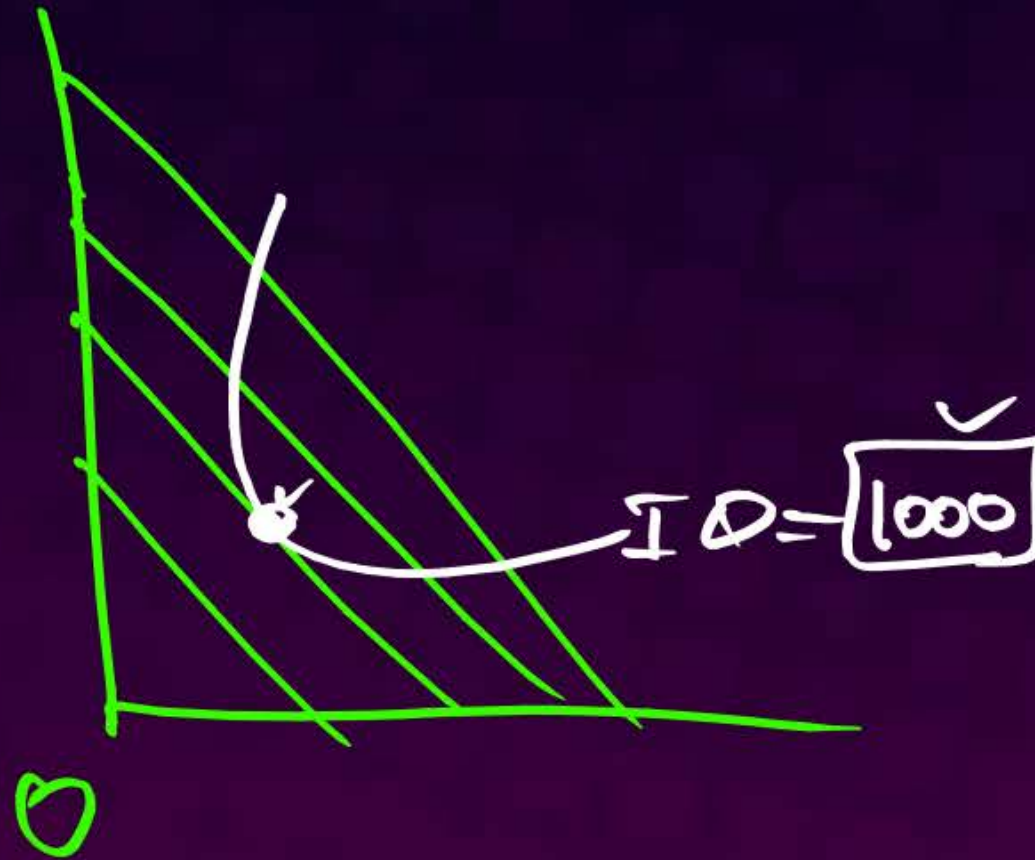
A Convex, Increasing ✗

B Convex, Decreasing (B)

C Concave, Increasing

D Concave, Decreasing

#Q. An Isoquant is ___*tangent*___ to an Iso-cost line at equilibrium point:

A Convex

B Concave

C Tangent

D Perpendicular

#Q. 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   C

D   The normal profit earned by a firm

#Q. Opportunity Cost is _____ .

A   Direct Cost

B   Total Cost

C   Accounting Cost

D   Cost of forgone opportunity

CA

#Q. **Direct Cost** is also known as :

A Indirect Cost

B Traceable Cost   Ⓑ

C Opportunity Cost

D Accounting Cost

Machine → 59,000

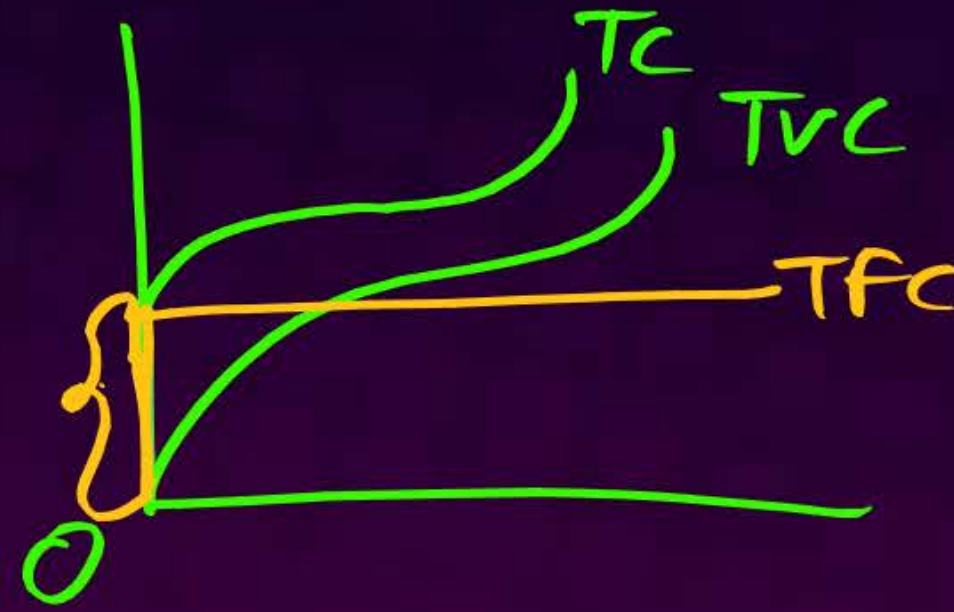→ Newspaper

→ Greeting Card

#Q. Cost function is a function which is obtained from_____.

A Production Function

B Market Supply of inputs

C Market Supply of outputs

D Both (A) and (B) ✓

$$Q = f(Q, inputs)$$

#Q. **The vertical difference bet-ween TVC and TC curves is equal to:**

A MC

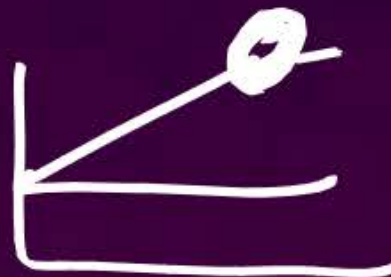**B** AVC

C TFC

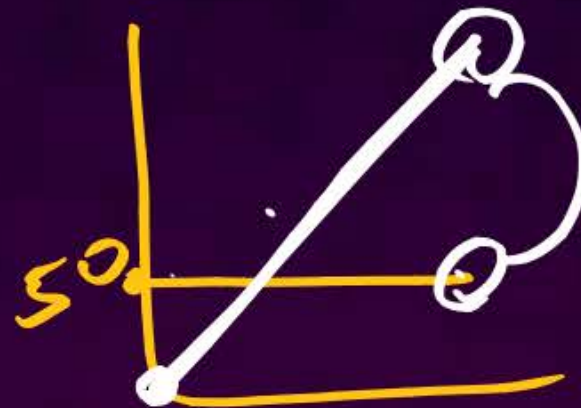**D** None of the above

#Q. Electricity charges include both a fixed charge and a charge based on consumption. It should be classified as _____ .

A Fixed Cost
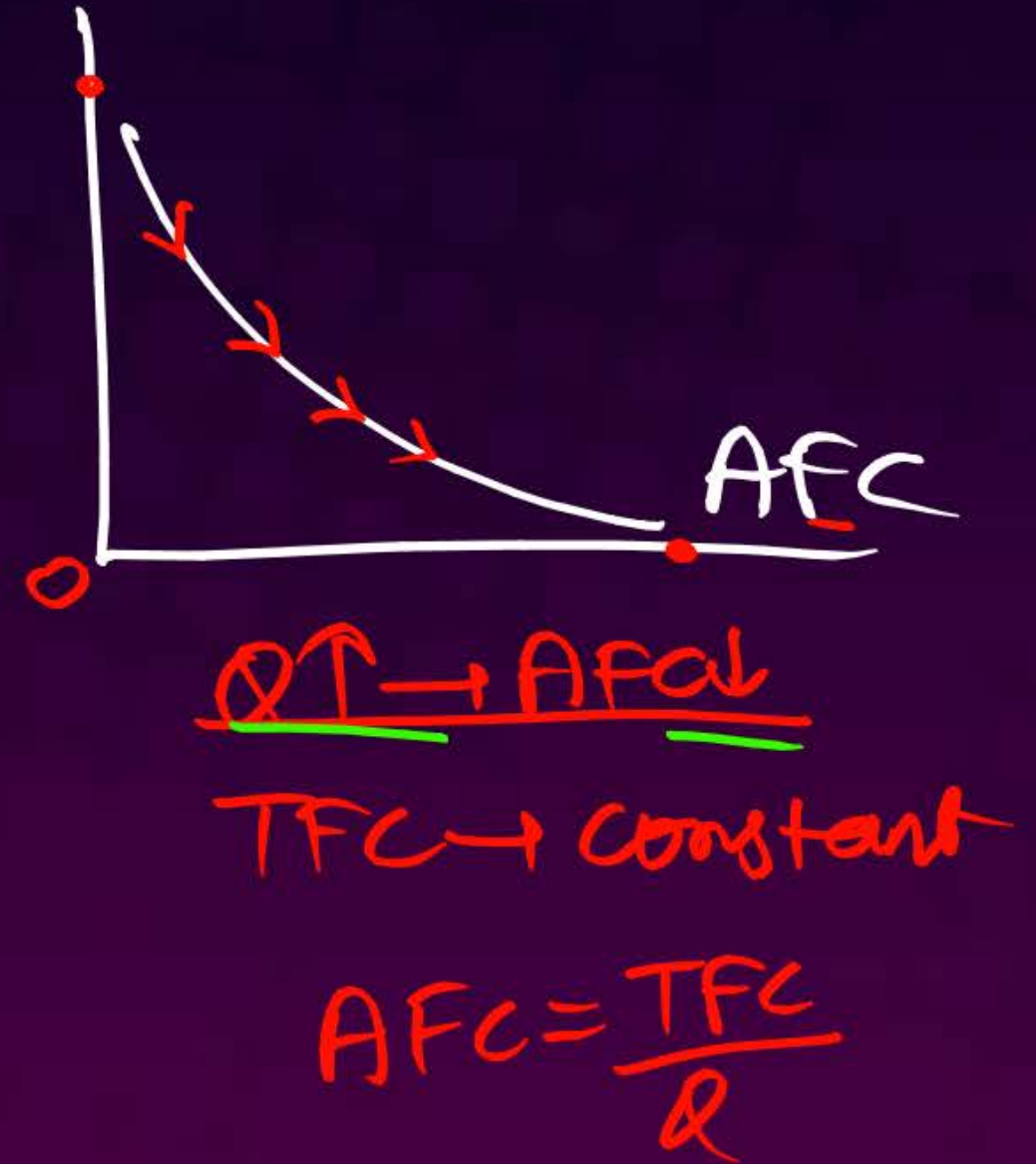
B Variable Cost

C Semi-Variable Cost

D Quasi Cost

#Q. 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
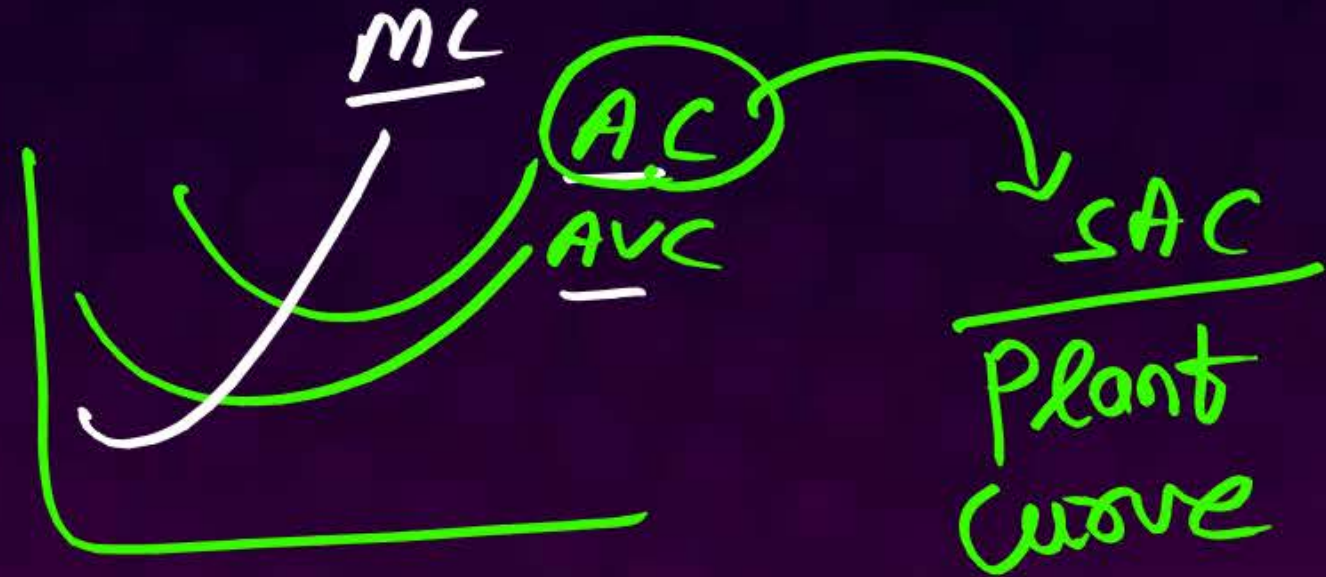
D Intersected by marginal cost at its minimum point

AFC

$Q\uparrow \rightarrow AFC\downarrow$

$TFC \rightarrow$ constant

$AFC = \dfrac{TFC}{Q}$

#Q. U-shaped average cost curve is based on:

A Law of increasing cost

B Law of decreasing cost

C Law of constant returns to scale
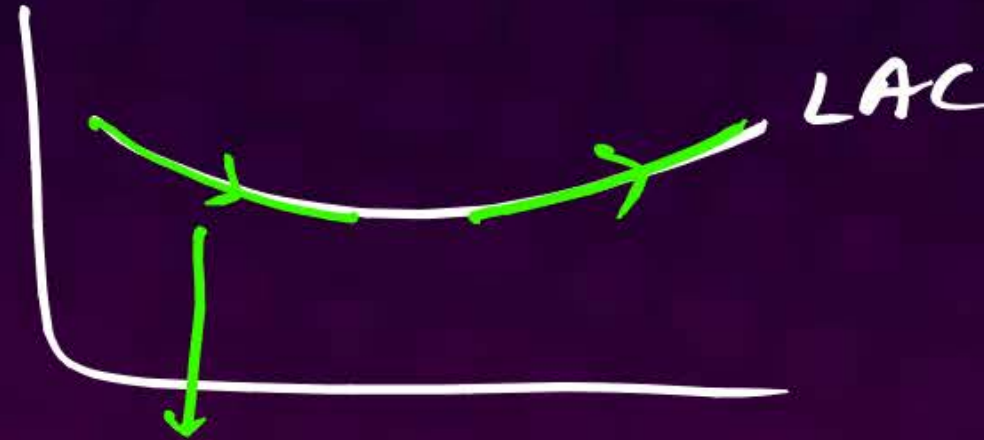
D Law of variable proportions

CA

#Q. Planning curve is related to which of the following?

A. Short run average cost curve

B. Long run average cost curve

C. Average variable cost

D. Average total cost

LAC

#Q. When AC Curve is at minimum then MC Curve is _____.

A   Minimum then AC Curve

B   Equals to AC Curve

C   Above AC Curve

D   Less than AC Curve

#Q. The shape of long run average cost curve depends upon _____.

A   Law of returns

B   Returns to scale. Ⓑ

C   Diminishing returns

D   Law of variable proportions

#Q. Which of the following is not an element of a market?

A   Knowledge about market condition

B   No bargaining for a price (B)

C   A product or service

D   Buyers and seller

#Q. Who conceived the 'time element' in markets?

A   Alfred Marshall

B   Adam Smith

C   Robert Malthus

D   Schumpeter

#Q. 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

#Q. Secular period is also known as:

A Very short period

B Short period

C Very long period ✓

D Long period

#Q. 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

market Period (handwritten annotation)

#Q. 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

#Q. When $\underline{MR = 0}$; then $\underline{TR} = ?$

A Minimum

B Maximum β

C Zero

D Infinity

#Q. Which one of the following expressions is correct for Marginal Revenue?

A $MR = AR \left(\dfrac{1-e}{e} \right)$ ✗

B $MR = TRn - TRn + 1$ ✗

C $MR = \dfrac{\Delta TR}{\Delta Q}$ ✓

D $MR = \dfrac{TR}{Q}$

$MR = AR \left(\dfrac{e-1}{e} \right)$

$\boxed{e=1} \Rightarrow \boxed{MR = 0}$

$\boxed{e>1} \Rightarrow MR \oplus$

$\boxed{e<1} \Rightarrow MR \ominus$

TR

MR

#Q. When e = 1 then MR is:

A Positive

B Zero (B)
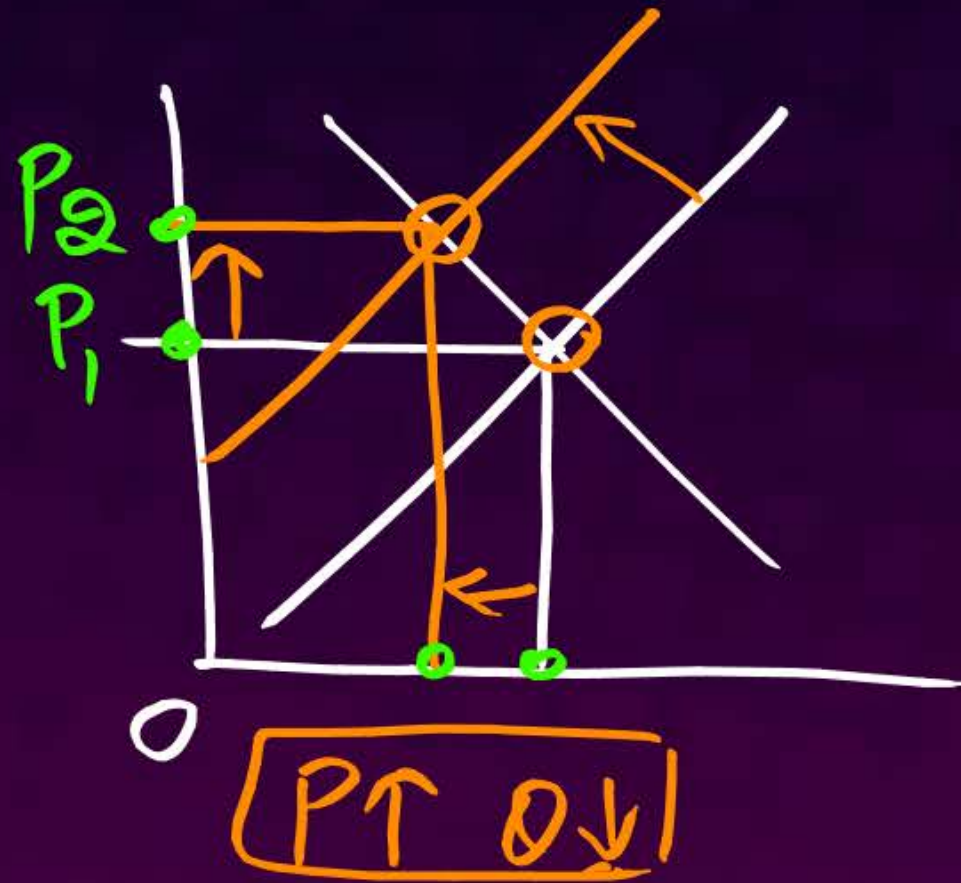
C One

D Negative

#Q. If supply decreases and demand remains constant, then equilibrium price will be:

A Increases — (A)

B Decreases

C No change

D Become Negative

$P\uparrow \ Q\downarrow$

#Q. 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

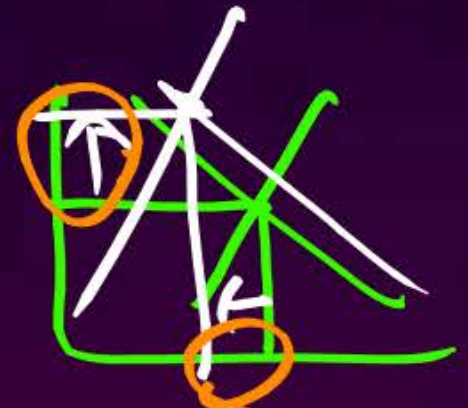C Decreases, remain constant

D None of the above

CA
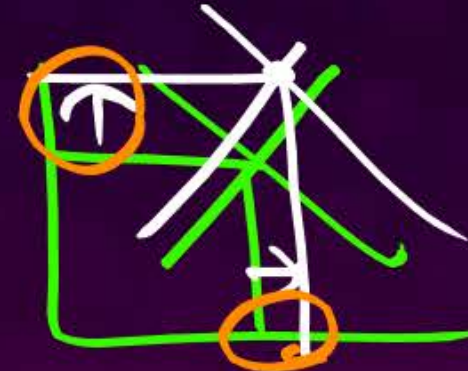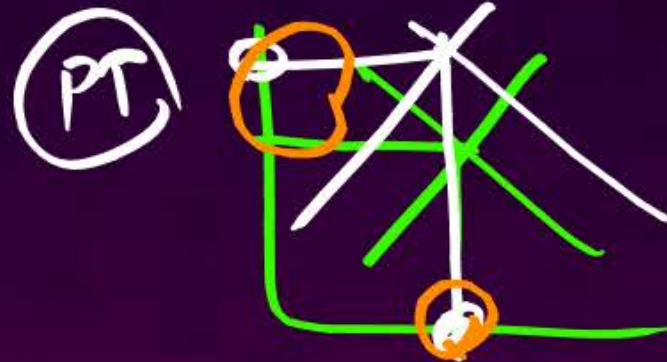
#Q. Which of the following is (not) an essential condition of pure competition?

A   Large number of buyers and sellers

B   Homogeneous product

C   Freedom of entry

D   Absence of transport cost   D

#Q. 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
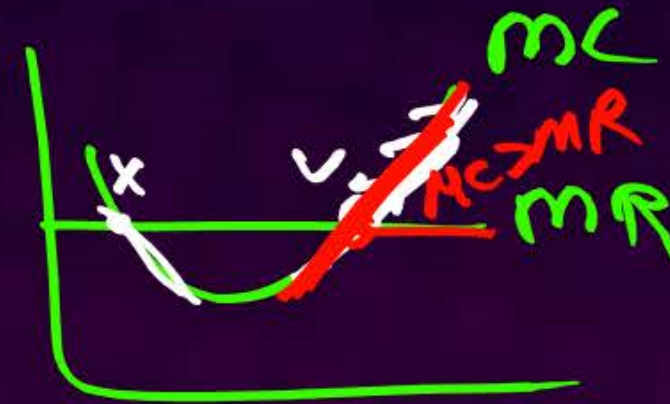
#Q. 'Zero economic profit' emerges due to which of the following condition?

Normal

ATC or AC   AR or Price

$AR = AC \rightarrow$ Normal

A Average revenue is more than average total cost

(B)

B Average revenue is just equal to average total cost

$AR > AC \rightarrow$ Super Normal

C Marginal revenue is just equal to average total cost

$AR < AC \rightarrow$ Loss

D Marginal revenue is just equal to marginal cost

#Q. Average revenue curve is also known as:

A   Profit curve

B   Demand curve

C   Supply curve

D   Average cost curve

CA

#Q. It is the amount of revenue from sales which exactly equals the amount of expense.

A Shut down point

B Break-even Point

C Profit point

D None

$$TR = TE$$

$$TR = TC$$

$$AR = AC$$

$$AR = AC$$

$$AR = AVC$$

$$AR < AVC$$

#Q. 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 $MR = LMC = AR > SAC$

#Q. **A firm will shut down in the short run if :**

A It is suffering a loss

B Fixed costs exceeds revenue

C Variable costs exceed revenues ✓ [C]

D Total costs exceed revenues

#Q. Monopoly is undesirable due to:

A   It has prices higher than competitive firms

B   It produces less output than competitive firms

C   It discriminates on prices

D   All of the above ✓ D

#Q. The MR curve cuts the horizontal line between Y-axis and demand curve into:

A   Two unequal parts

B   Two equal parts   (B)

C   May be equal or unequal parts

D   None of these
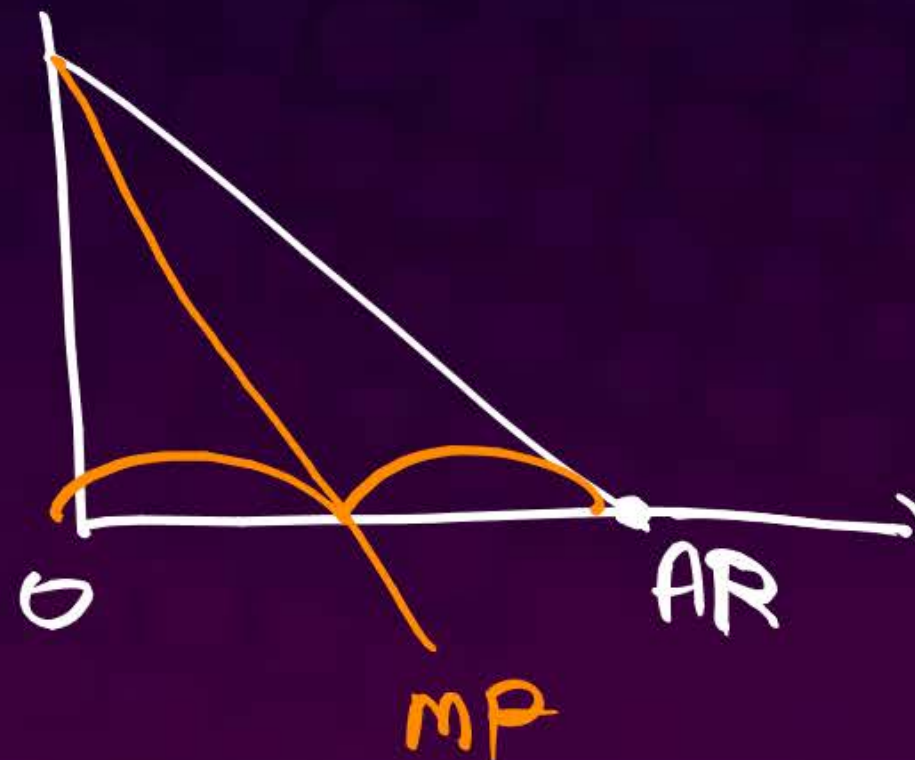
#Q. When the monopolist divides the consumers into separate sub-markets and charges different prices in different sub-markets it is known as:

A First degree of price discrimination

B Second degree of price discrimination

C Third degree of price discrimination *C*

D None of the above

#Q. ████████ **Product differentiation is found in which market?**

A Monopolistic Competition ✓

B Monopoly

C Perfect Competition

D Oligopoly

#Q. Market which have two firms are known as :

A Oligopoly

B Duopoly   (B)

C Monopsony

D Oligopsony

#Q. Oligopoly having identical products is:

A Pure oligopoly

B Imperfect oligopoly

C Price leadership

D Collusion

#Q. Kinked demand hypothesis is designed to explain the under oligopolistic market:

A   Collusion between firms

B   Price and output determination

C   Rigidity of price ✓   Sticky
↓
Inflexible

D   Price leadership

CA

#Q. Aluminum industry is the example of which type of oligopoly?

A Full oligopoly

B Open oligopoly

C Pure oligopoly [C]

D Syndicated oligopoly

#Q. Which term is used for a market characterized by a single buyer of a product or service?

Single Seller

A) Monopoly

B) Monopsony ✓ (B)

C) Monobuyer ✗

D) Monolateral ✗

CA

#Q. Which of the following is a sub set of Oligopoly?

A Duopoly (A)

B Monopoly

C Single Oligopoly

D None of these

#Q. What is the type of market structure which is a combination of monopoly market and a monopsony market?

Single Seller   *Single buyer*

A Unilateral Monopoly

B Bilateral Monopoly   *B*

C Bi-Monopsony

D None of these

Chapter – 5

Business Cycles

#Q. According to _____ is a purely <u>monetary trade cycle</u> phenomenon.

A Schumpeter — *Innovation*

B Nicholas Kaldor → *Cobweb*

C Keynes → *AD*

D Hawtrey ✓ *D*

Slow

#Q. Actual demand stagnates in which of the following stage of a business cycle?

A Expansion

B Peak

C Contraction

D Recover

#Q. Peaks and troughs of the business cycle are known collectively as:

A Volatility

B Turning points

C Equilibrium points

D Real business cycle events

#Q. **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
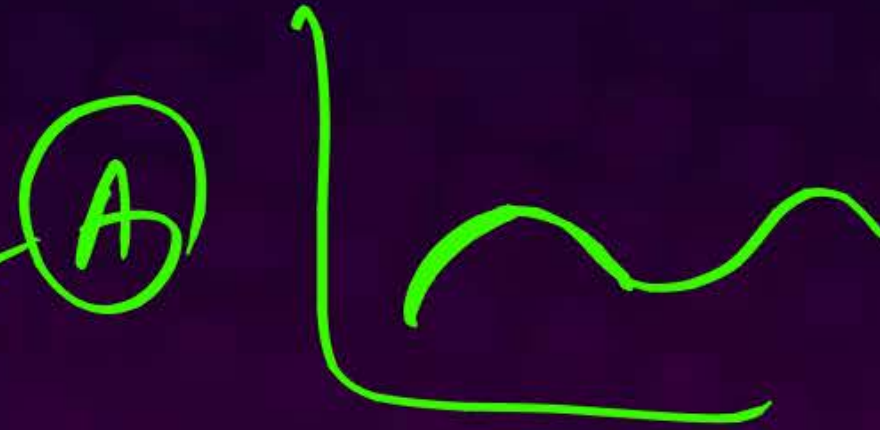
#Q. **Identify the odd-one in the following:**

A Downswing

B Recession

C Boom

D Contraction

CA

#Q. Which of the following is an internal cause of business cycles?

A Population growth

B Wars

C Natural factors

D Fluctuations in the effective demand D

#Q. 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 B

C A variable that tends to move consequent on the level of aggregate economic activity

D None of the above

#Q. Coincident indicators are also known as:

A Lagging indicators

B Concurrent indicators

C Effective indicators

D Leading indicators

#Q. Industries that are extremely sensitive to the business cycle are the:

A Durable goods and service sectors

B Non-durable goods and service sectors

C Capital goods and non-durable goods sectors

D Capital goods and durable goods sectors *D*

CA

#Q. **Business Cycle occurs:**

A Periodically

B In different phases

C Both (A) and (B) ✓ [C]

D None of the above

#Q. **Find the correct option**

(1)	Hawtrey	(a)	Innovation
(2)	Pigou	(b)	Money supply
(3)	Schumpeter	(c)	Psychological factors
(4)	Keynes	(d)	Effective aggregate demand

A a, b, c, d

B b, c, a, d

C a, b, d, c

D b, a, d, c

#Q. Who propounded the Cobweb theory?

A) Nicholas Kaldor

B) Hawtrey

C) Adam Smith

D) Schumpeter

CA

#Q. 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

#Q. National Income accounts are trembly 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

#Q. Which one of the following is the correct formula for computation of GDP Deflator?

A $\dfrac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$ (A)

B $\dfrac{\text{Real GDP}}{\text{Nominal GDP}} \times 100$

C $\dfrac{\text{Nominal GDP} \times \text{Real GDP}}{100}$

D Nominal GDP - Real GDP × 100

#Q. 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

$$143.75 = \frac{1150}{\text{Real GDP}} \times 100$$

$$\text{Real GDP} = \frac{1150}{143.75} \times 100$$

#Q. Which of the following will give Personal Income?

A) Private Income - Undistributed Corporate Profits - Profits Taxes (A)

B) Private Income + Undistributed Corporate Profits - Profits Taxes

C) Private Income + Undistributed Corporate Profits + Profits Taxes

D) Private Income - Undistributed Corporate Profits - All Taxes

#Q.   Disposable personal Income

A   Total personal income left after tax deduction at source

B   Personal Income–Direct Taxes paid by individual–Indirect taxes paid by individual

C   Personal income–Personal income taxes–non-tax payments

D   Personal income–Indirect taxes paid by individual

#Q. Under which of the following methods of computing national income, the production value of following sectors are added up-Agriculture, Manufacturing, Construction, Transport and Communication, Banking, Administration and Defence.

A   Income Method   OR factor Income =

B   Expenditure Method   OR Income Disposable

C   Value Added Method   ✓ [C]

D   Profit Method

#Q. In India, _____ is the apex banking institution that regulates the monetary policy in the country.

A State Bank of India

B Canara Bank

C Reserve Bank of India ✓

D Oriental Bank of Commerce

#Q. At present, _____ compute State Income estimates and district level estimates.

A All the states only

B All Union territories only

C All The States and Union territories of India

D Central Government

#Q. _____ is a measure in monetary terms of the volume of all goods and services produced in the State within a given period of time accounted without duplication.

A   Net State Domestic Product (A)

B   Net State Disposition Product

C   Net State Generated Product

D   None of the above

#Q. What is the formula to calculate Per Capital State Income?

A State Income × Money Multiplier

B $\dfrac{\text{State Income} \times \text{Money Multiplier}}{\text{Year end State Population}}$

C $\dfrac{\text{State Income}}{\text{Year end State Population}}$

D $\dfrac{\text{State Income}}{\text{Mid Year projected Population of the State}}$

#Q. The State level estimates are prepared by the State Income Unit of the respective state _____

A Directorates of Commerce Wing

B Directorates of Economic Affairs

C Directorates of Economic and Statistics

D Directorates of CSO

#Q. In the preparation of State Level estimates the advice an conceptual and Methodological problems is rendered by _____.

A State Statistical Organization

B State Directorates of Economics

C State Economic Affairs Organization-

D Central Statistical Organization ✓

#Q. Which of the following activities is not assigned to a particular State?

A Railways

B Communication

C Banking and Insurance

D All of these

#Q. Which of the following is part of "Supra-Regional Sectors" of the Economy?

A Railways

B Communications

C Central Government Administration

D All of the above

CA

#Q. Which of the following is true is "Circular Flow in a two sector Economy"?

A   Factor Payment = Household Income

B   Household Income = Household Expenditure

C   Total Receipts of Firms = Value of Output

D   All of the above   (D)

CA

#Q. If 30% of income is not spent on consumption, then what will be the Average propensity to consume?

$$APC = \frac{C}{Y}$$

A 30%

B 70%.   B

C 130%

D None of these

$\frac{30\%}{APS}$ 70%

$$APS + APC = 1$$

#Q. 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) $C = 30 + 0.75(y)$ ✓ [C]

D) $C = -30 + 0.25(y)$

$$C = \underset{@}{30} + \underset{(b)}{0.75}Y$$

$$S = -\underset{@}{} + \boxed{1-b}Y$$

$$= -30 \quad \boxed{0.25}$$

$$MPC = 1 - 0.25 = 0.75$$

#Q. Under equation $C = a + by$, $b = 0.8$, what is the value of 2 sector expenditure multiplier?

(A) 4

(B) 2

(C) 5 ✓ (C)

(D) 1

$$K = \frac{1}{MPS} = \frac{1}{1-mpc} = \frac{\Delta Y}{\Delta I}$$

$$K = \frac{1}{1-08} = 5$$

#Q. Which of the following formula can be used to find the value of Multiplier (K)?

A $\quad K = \dfrac{\Delta Y}{\Delta I}$

B $\quad K = \dfrac{1}{1-MPC}$

C $\quad K = \dfrac{1}{MPS}$

D Any of the above ✓ $\boxed{D}$

#Q. $C = 200 + 0.8Y_d$ $G = T = 150$ $I = 200$; $TR = 75$ Find equilibrium income.

A 625

B 2450 (B)

C 2250

D 800

$$C + I + G = Y$$

$$140 + 0.8Y + 200 + 150 = Y$$

$$490 = \boxed{Y - 0.8Y}$$

$$490 = 0.2Y$$

$$C = 200 + 0.8 Y_d.$$

$$= 200 + 0.8(Y - T + TR)$$

$$= 200 + 0.8(Y - 150 + 75)$$

$$= 200 + 0.8Y - 60$$

$$= 140 + 0.8Y$$

#Q. In four sector model, which of the following formula is used to calculate Foreign Trade Multiplier, if b and m refer to marginal propensity to consume and Marginal propensity to import?

A $\dfrac{1}{1-b-m}$

B $\dfrac{1}{1+b-m}$

C $\dfrac{1}{1-b+m}$

D $\dfrac{1}{1+b+m}$

$$M = 50 + 0.02\,Y$$
$$= \overline{M} + mY$$

$$b = mpc$$

$$\underline{\underline{C}} + \underline{\underline{I}} + \underline{\underline{G}} + \underline{\underline{X}} - \underline{\underline{M}} = Y$$

(CA)

#Q. Consider the following:

Consumption function (C) = $40 + 0.8Y_d$

$\underline{T} = \underline{0.1Y}$

$\underline{I} = 60$ crores

$\underline{G} = 40$ Crore

$\underline{X} = 58$

$\underline{M} = \underline{0.05Y}$

$$\overset{\downarrow}{\underset{\underset{0.1Y}{\downarrow}}{Y-T+TR}}\Bigg)_0$$

What will be the equilibrium level of income?

A 800 crores   B 603 crores ✓   C 545 crores   D None of these

#Q.   Equilibrium income (Y) = 600
      Exports (x) = 20
      Imports (M) = 10 + 0.05Y
      Calculate Trade Balance.

A   Surplus (20)

B   Deficit (20)

C   Surplus (30)

D   Deficit (30)

$$BOT = X - M$$
$$= 20 \quad \downarrow$$
$$10 + 0.05(600)$$
$$= \boxed{-20}$$

B

Chapter - 7

Public Finance

#Q. 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

CA

#Q. 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

#Q. The Government can redistribute income and wealth through _____.

A Expenditure side of the budget

B Revenue side of the budget

C Either (A) or (B) C

D None of these

#Q. Allocative and Distributive functions of a government is a economic function _____.

A Micro

B Macro

C Both

D None

#Q. The stabilization issue also becomes more complex due to _____.

A) Contagion effect   *International*

B) Contraction effect

C) Expansion effect

D) Recession effect

#Q. 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 ✓ D

#Q. In India, Taxes are levied by the:

A Centre only

B States only

C Centre as well as States ✓

D Parliament only

CA

#Q. 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 D

#Q. 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

#Q. 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

#Q. 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

CA

#Q. 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

#Q. **Smoking in public is a case of:**

A Negative consumption externality ✓ Ⓐ

B Negative production externality

C Internalizing externality

D None of the above

#Q. What is the correct relationship between social cost and private cost?

A   Social cost = Private cost - External Cost

B   Social cost = Private cost + External Cost

C   Private cost = Social Cost + External Cost

D   External Cost Social Cost + = Private Cost

CA

#Q. A public good is also called as _____ .

A Collective Consumption goods

B Social goods

C Both (A) and (B)

D None of above

CA

#Q. Which economist developed the theory of public goods?

A Paul A. Samuelson ✓

B Jean Baptist Say

C J. R. Hicks

D None of these

#Q. 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

#Q. 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) and (B)

D None of these

#Q. Who has developed "lemons problem" in relation to the used car market?

A) George Martin

B) George Akerlof. B

C) George Akin

D) None of these

#Q. The argument for education subsidy is based on:

A Education is costly

B The ground that education is merit good

C Education creates positive externalities

D (A) and (C) above ✓ [D]

CA

#Q. Which of the following is common policy intervention by the government to redistribute incomes?

A   Progressive Income Tax

B   Targeted budgetary allocations

C   Unemployment compensation

D   All of the above   D

CA

#Q. 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

CA

#Q. In how many days of its introduction, pass the parliament has to pass the finance Bill?

A Within 50 days

B Within 60 days

C Within 75 days ✓ [C]

D Within 80 days

#Q. On the last day of the days allotted for discussion on the demands for grants, the speaker put all the outstanding demands for grants to the vote of the house. What is this process called?

A Budgeting

B Appropriation

C Guillotine ✓ Ⓒ

D None of these

#Q. What is the statutory board through which the Department of Revenue exercises control in respect of Matters relating to all the direct and indirect union taxes?

A) CBDT

B) CBEC

C) CBDT and CBEC

D) CBDT and CBIC ✓

#Q. As regards levy and collection, which of the following taxes fall within the purview of CBIC?

A GST

B GST and Customs

C GST, Customs and Centre excise Duties. C

D All direct taxes X

#Q. Short-term credit from the Reserve Bank to state governments to bridge temporary mismatches in cash flows is known as:

A RBI credit to states

B Commercial credit of RBI

C Ways and Means Advances (WMA) ✓

D Short-term facility

OR Overdraft facility [C] (handwritten)

CA

#Q. 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

#Q. Which of the following gives power to the government to with-draw funds from the consolidated fund of India?

A Finance bill

B Appropriation Bill

C Demand for Grants

D None of these

CA

#Q. 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

CA

#Q. 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 ✓

#Q. Which of the following CANNOT be considered as an instrument of fiscal policy?

A Government Expenditure

B Taxes and Public Debt

C Budget

D RBI Policy ✓

#Q. Which of the following would illustrate a recognition lag?

A The time required to identify the appropriate policy

B The time required to identify to pass a legislation

C The time required to identify the need for a policy change

D The time required to establish the outcomes of fiscal policy

#Q. Which of the following is NOT a type of lags involved in fiscal-policy action?

A Recognition Lag

B Decision Lag

C Implementation Lag

D Progressive Lag ✓

#Q. Which of the following lag occurs when the outcomes of a policy are not visible for sometime?

A Impact Lag ✓

B Decision Lag

C Recognition Lag

D Artificial Lag

CA

#Q. Which one of the following lags is involved in fiscal-policy action under a democratic setup?

A   Recognition Lag

B   Implementation Lag

C   Decision Lag

D   Impact Lag

#Q. Which statement(s) is (are) correct about crowding out?

I. A decline in private spending may be partially or completely offset by the expansion of demand resulting from an increase in government expenditure.

II. Crowding out effect is the negative effect fiscal policy may generate when money from the private sector is 'crowded out' to the public sector.

III. When spending by government in an economy increases government spending would be crowded out.

IV. Private investments, especially the ones which are interest-sensitive, will be reduced if interest rates rise due to increased spending by government

A I and III only

B I, II and III

C I, II and IV ✓

D III only

Chapter - 8

Money Market

#Q. Fiat money is materially _____ but has ___*value*___ simply because a nation collectively agreed to ascribe a value to it.

A Worthless, value _(A)_

B Valuable, worthless

C Transparent, liquid

D Liquid, exchangeability

#Q. Demand for money is:

A Derived demand **B**

B Direct demand

C Real income demand

D Inverse demand

#Q. The Demand for money depends upon prevailing price level. ___↑___ the prices, ___↑___ should be the holding of money.

A Lower, Higher

B Higher, Lower

C Higher, Higher ✓ |C|

D Lower, Lower

$P\uparrow \rightarrow Cash\uparrow$

$i\uparrow \rightarrow Cash\downarrow$

$Income\uparrow \rightarrow Cash\uparrow$

$Innovation\uparrow \rightarrow Cash\downarrow$

CA

#Q. Which of the following innovation, has reduced the need for holding liquid money?

A Internet Banking

B Application based transfer

C Automated Teller Machines

D All of the above ✓

#Q. The rate of interest is crucial factor on which demand for money depends on. The demand for money is _____ proportional to the interest rate.

A Directly

B Inversely ✓

C Progressively

D None of the above

#Q. 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) $MV = PT + PT$

D) $MV + M'V' = PT + P'T'$

#Q. Under _____ motive, people hold money in cash form or liquid form for unforeseen contingencies such as sickness, accident, danger of unemployment and other uncertain perils.

A   Transaction

B   Speculative

C   Precautionary

D   Non-contingency

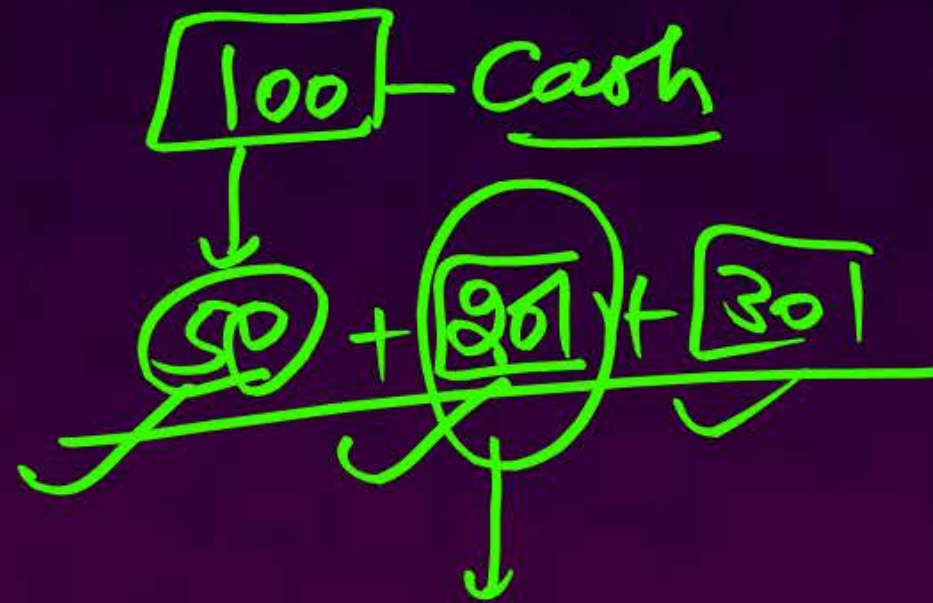**#Q.** Prof. J.M. Keynes regarded the Precautionary balances as income Elastic ___ and by itself not very sensitive to ___ i ___.

change

A   Elastic, rate of interest (A)

B   Inelastic, rate of interest

C   Elastic, level of income

D   Inelastic, level of income

100 — Cash

50 + 20 + 30

#Q. Which one the following motive reflects people's, desire to hold cash in order to be equipped to exploit any attractive investment opportunity requiring cash expenditure?

A Transaction motive

B Precautionary motive

C Speculative motive ✓

D Non-speculative motive

#Q. According to Baumol which of the following formula can be used to calculate the average amount of cash withdrawal which minimises cost?

A $\quad C = \sqrt{2byr}$

B $\quad C = \sqrt{\dfrac{2by}{r}}$

C $\quad C = \sqrt{\dfrac{byr}{2}}$

D $\quad C = \sqrt{\dfrac{2br}{y}}$

CA

#Q. The demand for money as behaviour towards "aversion to risk" was propounded by:

A Fisher

B Marshall

C Friedman

D Tobin ✓

#Q. 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

#Q. The money multiplier and the money supply are:

A   Positively related to the excess reserves ratio?

B   Negatively related to the excess reserves ratio?

C   Not related to the excess reserves ratio?

D   Proportional to the excess reserves ratio?

#Q. The currency ratio represents:

A   The behaviour of central bank in the issue of currency

B   The behaviour of central bank in respect cash reserve ratio

C   The behaviour of the public

D   The behaviour of commercial banks in the country

CA

#Q. For initial deposit of ₹ 5,00,000, the credit creation is calculated at ₹40,00,000. What is RRR (Required Reserved Ratio)?

A 8

B .08

C 12.5% ✓

D Cannot be calculated

#Q. When there are excess reserves, the money multiplier (m) is expressed as _____ .

A $m = \dfrac{1+c}{r+e+c}$ ✓ Ⓐ

B $m = \dfrac{1+r}{r+e+c}$

C $m = \dfrac{1+e}{r+e+c}$

D $m = \dfrac{c}{r+e+c}$

$C = \dfrac{C}{D}$

$r =$

e

#Q. Which formula is used to find out Money Supply (m) where:

r = required reserve ratio

c = currency - deposit ratio (C/D)

e = ratio of Excess Reserves to Deposits

H = Stock of high powered money

A $\quad M = \dfrac{1+c}{r+e+c} + H$

B $\quad M = \dfrac{1+C}{r+e+c} \times H$ ✓

C $\quad M = \dfrac{1+H}{r+e+c} + C$

D $\quad M = \dfrac{1+H}{r+e+c} \times C$

#Q. **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. [C]

D None of the above

#Q. Which of the following is not a channel of monetary transmission mechanism?

A Savings and Investments Channel

B Cash Flow Channel

C Exchange rate Channel

D International Trade Channel

#Q. **The Monetary Policy Frame-work Agreement is on _____.**

A The maximum repo rate that RBI can charge from government

B The maximum tolerable inflation rate that RBI should target to achieve price stability

C The maximum repo rate that RBI can charge from the commercial banks

D The maximum reverse repo rate that RBI can charge from the commercial banks

International Trade

#Q. 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

#Q. Ricardo explained the law of comparative advantage on the basis of:

A opportunity costs — *Harbour*

B the law of diminishing returns

C economies of scale

D the labour theory of value ✓ **D**

CA

#Q. Tariff can be based on _____.

A Quantity only

B Value of Import

C Quantity and/or value

D None of these

#Q. 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 ✓

#Q. 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

#Q. **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) ✓ Ⓓ

#Q. SPS measures and TBTs are:

A Permissible under WTO to protect the interests of countries

B May result in loss of competitive advantage of developing countries

C Increases the costs of compliance to the exporting countries

D All of the above ✓

CA

#Q. The WTO accounts for about _____ of world trade.

A 50%

B 70%

C 85%

D 95% ✓

#Q. The WTO's top-level decision-making body is the _____ which can take decisions an 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

#Q. 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

CA

#Q. 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

#Q. 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

#Q. **The Goods Council, Services Council and Intellectual Property Council report to which of the fol. lowing?**

A Ministerial Conference

B General Council

C Director General of WTO

D Both (A) and (B)

#Q. 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

#Q. Which of the following is NOT a member of G20?

A) Italy

B) Japan

C) Australia

D) Pakistan ✓

CA

#Q. Number of units of a foreign currency can be exchanged for one unit of local currency is referred to as _____.

A Direct Quote

B Indirect Quote ✓

C European Currency

D Cross Quotes

#Q. A total ban imposed by the government on imports or export of some or all commodities to particular country or regions for a specified or indefinite period is termed as

A   Embargos

B   Safeguard measure

C   Distribution restrictions

D   Restrictive measures

#Q. The headquarters of WTO is in _____.

A USA

B Switzerland, → Geneva (B)

C Australia

D Germany

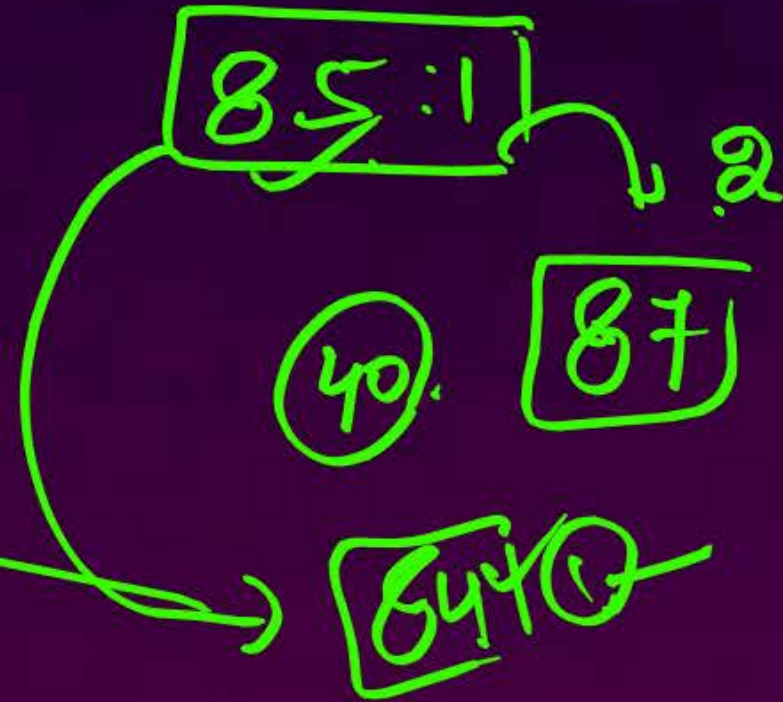#Q. If the forward exchange rate is quoted at more than a spot exchange rate, then there is a _____ .

A   Forward premium

B   Forward discount

C   Spot Premium

D   Spot discount

CA

#Q. **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
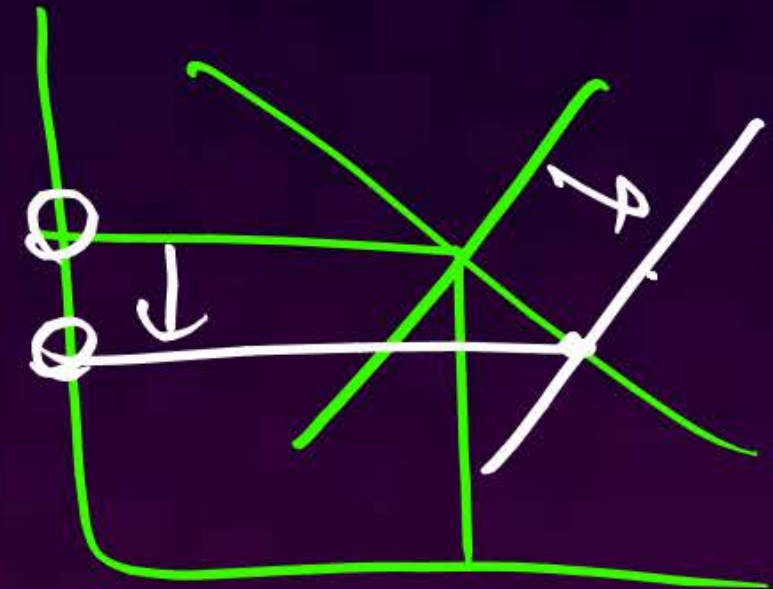
#Q. Devaluation is a _____ policy tool used by the countries that have a _____ exchange rate.

A Monetary, floating

B Monetary, fixed ✓

C Fiscal, Floating

D Fiscal, fixed

#Q. Which of the following is a component of foreign capital?

A   Direct inter government loans

B   Loans from international institutions (*e.g.* World Bank, IMF, ADB)

C   Soft loans for *e.g.* from affiliates of World Bank such as IDA

D   All of the above ✓

#Q. Not a component of FDI according to IMF:

A) Equity capital

B) Reinvestment earnings

C) Portfolio investments ✓

D) Intra company loans

#Q.   A foreign direct investor:

A   May enter India only through automatic route

B   May enter India only through government route

C   May enter India only through equity in domestic enterprises

D   Any of the above ✓

#Q. Based on the nature of Foreign investments, FDI may be categorized as:

A Horizontal

B Vertical

C Conglomerate

D All of the above ✓

CA

#Q. _____ is a type of Foreign direct investment is one where an investor makes a foreign investment in a business that is unrelated to its existing business in its home country.

A   Horizontal

B   Vertical

C   Conglomerate ✓

D   None of the above

Indian Economy

#Q. 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 ✓

#Q. In 1954, India signed a long-term agreement with the US for food aid. What was the name of this agreement?

A   PL-480 (A)

B   PL-440

C   PL-420

D   PL-400

#Q. The 'Hindu growth rate' is a term used to refer to _____.

1950-80 3.5%

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'

#Q. The government 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

CA

#Q. The first wave of liberalization starts in India _____.

A In 1951

B In 1980's ✓

C In 1990's

D In 1966

#Q. 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 ✓

#Q. 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

#Q. APEDA - full form

A Agricultural product export development agency

B Agricultural produce economic development association

C Animal product export development authority

D Agricultural and processed food export development authority

#Q. 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% ✓

#Q. **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

#Q. What is the name of the scheme for the holistic growth of the horticulture sector?

A Ministry 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)

#Q. 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) ✓

CA

#Q. **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

CA

#Q. 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

#Q. What does the E-NAM (Electronic National Agriculture Market) aim to achieve?

A   Increase farm productivity

B   Create a unified national market for agricultural commodities

C   Provide financial support to farmers

D   Promote organic farming

CA

#Q. **E-Amrit is related to** _____

A One-stop destination for all information on electric vehicles ✓

B Facilitates and improve access to Indian government data

C Improves air quality in India by accelerating the deployment of electronic vehicles

D Provides a stimulus to exports and economic growth

#Q. **FAME-India Scheme aims to:**

A Enhance faster industrialization through private participation

B To promote manufacturing of electric and hybrid vehicle technology ✓

C To spread India's fame among its trading partners

D None of the above

#Q. The Foreign Investment Promotion Board (FIPB) _____.

A A government entity through which inward investment proposals were routed to obtain required government approvals

B No more exists as the same is replaced by a new regime namely Foreign Investment Facilitation Portal ✓

C No more exists as all inward in-vestments are through automatic route and need no approval

D Is the body which connects different ministries in respect of foreign portfolio investment

#Q. The Government of India has allowed 100% FDI in marketing of food products and in food product E-commerce under the _____ route.

A   Automatic

B   Green channel route

C   Priority route

D   Trade route

$$\boxed{\text{fixed}}$$

$$\underline{85:1 \curvearrowright 86:1 \quad \underline{\text{Devaluation}}}$$

$$\text{Floating} - \text{Depreciation} \qquad \Big\} \rightarrow \underline{X\uparrow, m\downarrow}$$

2 Mins Summary

Point. 1 → Don't waste your Time

Point 2 → (One shot)

Points → Self-Study → Solve MCQs (Download PDF)