



LOADING



ICAI'S SPECIAL QUESTIONS

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QUESTION 1

“If Americans today, for example were to content to live at the level of the Indian middle class people, all their wants would be fully satisfied with their available resources and capacity to produce.” On the basis of the above statement, which of the following conclusion can be made?

- a) The possession of goods and services by USA has enormously increased to exceed their wants.
- b) The affluent and developed countries of USA and Western Europe face the problem of scarcity even today as their present wants remain a head of their increased resources and capacity to produce.
- c) The affluent and developed countries are not facing the problem of scarcity.
- d) None of these

QUESTION 2

Which of the following is not a merit of socialist economy?

- a) It provides equal access to health care and education
- b) Workers are no longer exploited because they own the means of production
- c) Profits are not spread equitably among all workers according to their individual contributions.
- d) Natural resources are preserved for the good of the whole

QUESTION 3

If the consumption function is $C = 20 + 0.5Y_d$, then an increase in disposable income by Rs. 100 will result in an increase in consumer expenditure by Rs.-----

- a) 25
- b) 70
- c) 50
- d) 100

QUESTION 4

Which of the following statement is correct?

- a) Mixed economy is not always a 'golden path' between capitalistic and socialistic economy
- b) Socialistic economy is not always a 'golden path' between mixed economy and capitalism
- c) Capitalistic economy is not always a 'golden path' between mixed economy and socialism
- d) Local economy is not always a 'golden path' between internal and international economy

QUESTION 5

Explain the implications of the following on the exchange rate in foreign exchange market Merry Land's exports remained more or less stagnant in the years 2005-06 to 2016-17. However, due to heavy thrust on industrialization, import of machinery, raw materials, and components as well as associated services of different types increased

- a) Home-currency appreciation
- b) foreign-currency appreciation
- c) Home-currency depreciation
- d) Both b & c

QUESTION 6

Capitalist system offers incentives for

- a) Efficient business decisions
- b) Efficient government decisions
- c) Efficient non-governmental decisions
- d) Efficient economic decisions

QUESTION 7

The 'Communist Manifesto' was published in:

- a) 1848
- b) 1905
- c) 1952
- d) None of these.



QUESTION 8

From the following data, calculate "Gross value added at factor cost".

S. No.	Particulars	Rs. In Crore
1.	Sale	180
2.	Rent	5
3.	Subsidy	10
4.	Change in Stock	15
5.	Purch. of Raw Mat.	100
6.	Profits	25

- a) 105
- b) 210
- c) 185
- d) None of these

QUESTION 9

Using the proceeds from progressive taxes used for financing public services that benefit low-income households, is an example of ____

- a) Allocation Function
- b) Redistribution Function
- c) Stabilisation Function
- d) None of the above

QUESTION 10

What is Currency Deposit Ratio (CDR)?

- a) Ratio of money held by the public in currency to that of money held in bank deposits
- b) Ratio of money held by the public in bank deposits to that of money held by public in currency
- c) Ratio of money held in demand drafts to that of money held in treasury bonds
- d) None of the above

QUESTION 11

Which of the following statements is correct regarding indifference curve?

- a) Two ICs may not intersect each other.
- b) Two ICs may intersect each other
- c) Two ICs are always parallel to each other
- d) None of these

QUESTION 12

If the primary deficit is Rs. 20,500 crores and the net interest liabilities of a country are Rs. 3,500 crores then what will be the fiscal deficit ?

- a) Rs. 17,000 crores
- b) Rs. 21,500 crores
- c) Rs. 19,500 crores
- d) Rs. 24,000 crores

QUESTION 13

As per Cobb-Douglas, production function is: $Q = 4 \cdot L^{1/2} \cdot K^{2/3}$ Which case is it ?

- a) increasing returns to scale
- b) decreasing returns to scale
- c) constant returns to scale
- d) increasing returns to a factor

QUESTION 14

Read the following paragraph and answer question no. 40 Nicole owns a small pottery factory. She can make 1,000 pieces of pottery per year and sell them for Rs. 100 each. It costs Nicole Rs. 20,000 for the raw materials to produce the 1,000 pieces of pottery. She has invested Rs. 1,00,000 in her factory and equipment: Rs. 50,000 from her savings and Rs. 50,000 borrowed at 10 percent. (Assume that she could have loaned her money out at 10 per cent too.) Nicole can work at a completing pottery factory for Rs. 40,000 per year. The economic profit at Nicole's factory is:

- a) Rs. 75,000
- b) Rs. 35,000
- c) Rs. 80000
- d) Rs. 30000

QUESTION 15

Which of the following would be an example of foreign direct investment from Country X?

- a) A firm in Country X buys bonds issued by a Chinese computer manufacturer.
- b) A computer firm in Country X enters into a contract with a Malaysian firm for the latter to make and sell to it processors
- c) Mr. Z a citizen of Country X buys a controlling share in an Italian electronics firm
- d) None of the above

QUESTION 16

A sold a used car to B and receives Rs. 60,000. How much of the sale proceeds will be included in national income calculation?

- a) Full amount of sale proceeds of Rs. 60,000 will be included in national income.
- b) 50% of sale proceeds of Rs 60,000 will be included in national income.
- c) No part of the used car sales proceeds of Rs 60,000 will be included in national income calculation because sale of a used car represents transfer of existing asset which was produced during some earlier year and was accounted in the national income calculation of that year.
- d) None of the above

QUESTION 17

A firm's average variable cost is Rs. 200 at 4 units of output and Rs. 230 at 5 units of output. Total Fixed Cost = Rs 100. The marginal cost of producing the 5th unit is ?

- a) Rs. 30
- b) Rs. 350
- c) Rs. 230
- d) Rs. 130

QUESTION 18

A firm encounters its “shutdown point” when:

- a) average total cost equals price at the profitmaximising level of output.
- b) average variable cost equals price at the profit-maximising level of output.
- c) average fixed cost equals price at the profitmaximising level of output.
- d) marginal cost equals price at the profitmaximising level of output.

QUESTION 19

Which of the following is the correct sequence of stages in the budget-making process?

- a) Presentation, Drafting, Execution, Approval
- b) Drafting, Presentation, Approval, Execution
- c) Execution, Presentation, Approval, drafting
- d) Presentation, Approval, Execution, drafting

QUESTION 20

If an input is owned and used by a firm, then its:

- a) explicit cost is zero.
- b) implicit cost is zero.
- c) opportunity cost is zero
- d) economic cost is zero.

QUESTION 21

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 time) for the country?

- a) Ad valorem tariff
- b) Specific tariff
- c) Mixed tariff
- d) Compound tariff

QUESTION 22

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

QUESTION 23

The increase in cost of food, fuel and fertilizers in countries due to production of weapons in the war between Russia & Ukraine results in which type of externality?

- a) Positive Production Externality
- b) Negative Production Externality
- c) Positive consumption Externality
- d) Negative consumption Externality

QUESTION 24

The increase in cost of food, fuel and fertilizers in countries due to production of weapons in the war between Russia & Ukraine results in which type of externality?

- a) Cost function
- b) Factor of Production
- c) Outlay
- d) None of these

QUESTION 25

What does the concept of liquidity trap mean?

- a) Liquidity trap is a situation where the desire to hold bonds is very low and approaches zero; and the demand to hold money in liquid form as an alternative approaches infinity
- b) Even if the public fear adverse events (deflation, war), then they prepare to hold only bonds at a given rate of interest.
- c) The speculative money demand curve becomes parallel to the Y axis
- d) None

QUESTION 26

When the industry is in long-run equilibrium, the monopolistic competitor will produce at the lowest point on its LAC curve,

- a) always
- b) never
- c) sometimes
- d) cannot say.

QUESTION 27

Which measure of the money supply includes M1 and all other forms of near money that are less liquid than M1?

- a) M3
- b) M2
- c) L
- d) M0

QUESTION 28

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

QUESTION 29

When the industry is in long-run equilibrium, the monopolistic competitor will produce at the lowest point on its LAC curve:

- a) Always,
- b) never,
- c) sometimes,
- d) cannot say

QUESTION 30

If the growth rate of population is higher than the rate of economic growth, there will be in the economy:

- a) more saving
- b) lesser saving
- c) no effects on saving
- d) None of these

QUESTION 31

During an upturn in business cycle, negative output gap does not become much more negative than it was. This is because of the fact

- a) Capacity increases because of the rise in investment.
- b) Expenditure decreases because of the rise in the interest rate.
- c) The government lowers the taxes during an upturn.
- d) Labour productivity decreases during upturn.

QUESTION 32

If the required reserve ratio is 20 percent, currency in circulation is Rs. 800 billion, demand deposits are Rs. 2000 billion, and excess reserves total Rs. 2 billion, find the value of money multiplier

- a) 2.50
- b) 2.90
- c) 2.60
- d) 2.40

QUESTION 33

If the required reserve ratio is 20 percent, currency in circulation is Rs. 800 billion, demand deposits are Rs. 2000 billion, and excess reserves total Rs. 2 billion, find the value of money multiplier

- a) Expansion
- b) Peak
- c) Contraction
- d) Recovery

QUESTION 34

The Nominal Exchange rate of India is Rs 56/ 1\$, Price Index in India is 116 and Price Index in USA is 112. What will be the Real Exchange Rate of India?

- a) 54.07
- b) 60
- c) 58
- d) 68

QUESTION 35

Suppose in an economy the population growth rate remained 6% during last 5 years while the economic growth rate during the same period was just 3%. What will be the consequences of it? Select the right option from the options given below.

- a) Lesser savings → Lower investment → Low income & employment → Low effective demand → Overall slowdown in economic activities
- b) More consumption expenditure → more demand → more production → more employment & income → Overall boom in economic activities
- c) Increase in labour supply → Lower wage rate → Low income → Low savings & investments → Low production → Overall slowdown in economic activities
- d) None of the above

QUESTION 36

Which of the following statements is/are correct regarding FDI under automatic route?

a) FDI in India under the automatic route does not require prior approval either by the Government of India or the Reserve Bank of India.

b) Investors are only required to notify the concerned regional office of the RBI before receipt of inward remittances and file required documents with that office before the issue of shares to foreign investors.

a) 1 only

b) 2 only

c) Both 1 and 2

d) Neither 1 nor 2

QUESTION 37

The cobweb theory was propounded by _____

- a) Hawtrey
- b) Adam Smith
- c) J M Keynes
- d) Nicholas Kaldor

QUESTION 38

As of 1 February 2021, how many Regional Trade Agreements (RTAs) were in force worldwide?

- a) 239 RTAS
- b) 339 RTAS
- c) 439 RTAS
- d) 539 RTAS

QUESTION 39

Theory of Comparative cost advantage is _____ in nature and it _____ takes into account of factor price difference

- a) Positive; does
- b) Normative; does not
- c) Positive; does not
- d) Normative; does

QUESTION 40

From which year onwards, India followed the managed floating exchange rate system ?

- a) 1990
- b) 1991
- c) 1995
- d) 1993

QUESTION 41

Prohibition of import of poultry from countries affected by avian flu, is an example of _

- a) Technical Barriers To Trade
- b) Standards and Technical Regulations
- c) Sanitary & Phytosanitary (SPS) Measures
- d) Non-technical Measures

QUESTION 42

An increase in investment by Rs. 700 crore leads to increase in national income by Rs 3,500 cr. Calculate marginal propensity to consume & change in saving.

- a) $MPC = 0.8$, $\Delta S = 2800$ Crore
- b) $MPC = 0.8$, $\Delta S = 700$ Crore
- c) $MPC = 0.2$, $\Delta S = 2800$ Crore
- d) $MPC = 0.2$, $\Delta S = 700$ Crore

QUESTION 43

Nationalization means:

- a) Selling of government stake to private sector
- b) Selling of government companies to private sector
- c) Government purchasing 26% shares in private companies
- d) Taking of full control and management from Private Sector by the Government

QUESTION 44

The 'Hindu growth rate' is a term used to refer to -

- a) the high rate of growth achieved after the new economic policy of 1991
- b) the low rate of economic growth of India from the 1950s to the 1980s, which averaged around 3.5 per cent per year
- c) the low growth of the economy during British period marked by an average of 3.5 percent
- d) the growth rate of the country because India is referred to as 'Hindustan'

QUESTION 45

On which date was the 'New Industrial Policy' announced by Government of India?

- a) 15th August 1947
- b) 24th July 1991
- c) 26th January 1950
- d) 5th September 1992

QUESTION 46

Assertion (A). New Economic Policy is to expand the economic wings of the country.

Reason (R) : Due to economic liberalisation or relaxation in the import tariffs, deregulation of markets or opening the markets for private and foreign players, and reduction of taxes a. **Both Assertion**

a)and Reason(R) are true, and Reason (R) is the correct explanation of Assertion (A).

b)Both Assertion (A) and Reason(R) are true, and Reason(R) is not the correct explanation of Assertion (A).

c)Assertion (A) is true, but Reason (R) is false.

d)Assertion (A) is false but Reason(R) are is true

QUESTION 47

Reverse Repo rate is linked to repo rate in the following way:

- a) Reverse Repo Rate Repo Rate +1
- b) Reverse Repo Rate = Repo Rate-1
- c) Reverse Repo Rate = Repo Rate x 0.1%
- d) Reverse Repo Rate = Repo Rate x 0.01%

QUESTION 48

Which of the economists below most likely advocated activist government policies?

- a) Milton Friedman
- b) John Maynard Keynes
- c) Robert Lucas
- d) Thomas Sargent

QUESTION 49

If students' expenditures on airline travel increase as a consequence of more heavily discounted fares, students' demand for airline travel must be:

- a) income elastic.
- b) income inelastic.
- c) price elastic.
- d) price inelastic

QUESTION 50

The supply function is given as $q = 120 + 6p$. Find the elasticity of supply, when price is Rs. 10.

- a) $+1/3$
- b) $+2/3$
- c) $-2/3$
- d) $+3/4$

QUESTION 51

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

- 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)

QUESTION 52

Which of the following is a correct measure of unemployment in India?

- a) Labour force participation rate
- b) Gross Domestic Product per capita
- c) Inflation rate
- d) Poverty headcount ratio

QUESTION 53

Variables that change after the real output changes are called :

- a) Leading indicators
- b) Lagging indicators
- c) Coincident indicators
- d) Non-economic indicators

QUESTION 54

Merchandise Exports from India Scheme was replaced by -

- a) Remission of Duties and Taxes on Export Products (RoDTEP) in 2021
- b) National Logistics Policy (NLP) in 2020
- c) Remission of Duties and Taxes on Export Products (RoDTEP) in 2019
- d) None of the above

QUESTION 55

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

QUESTION 56

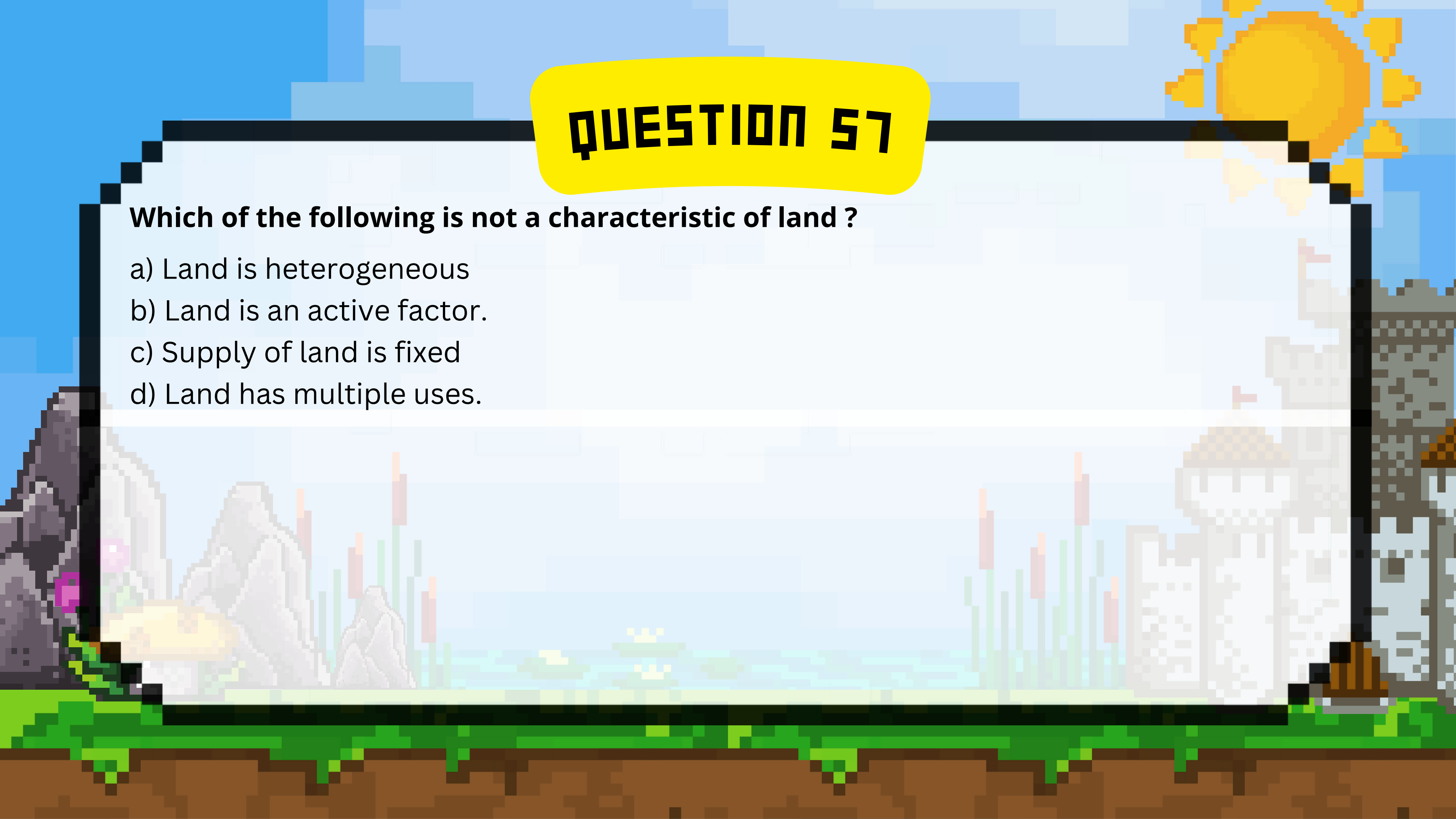
Envelope curve is also called:

- a) Long Run Average Cost curve
- b) Short Run Average Cost curve
- c) Average Fixed Cost
- d) None of these

QUESTION 57

Which of the following is not a characteristic of land ?

- a) Land is heterogeneous
- b) Land is an active factor.
- c) Supply of land is fixed
- d) Land has multiple uses.



QUESTION 58

If aggregate demand for an amount of output is less than the full employment level of output in the economy, then it gives rise To

- a) Inflationary Gap
- b) Deflationary Gap
- c) Potential Gap
- d) Excess Demand

QUESTION 59

What term is used for the rate between currencies Y and Z, which is derived from the given rates of another set of two pairs of currency (say X and Y, and, X and Z)?

- a) Bid rate
- b) Ask rate
- c) Spot rate
- d) Cross rate

QUESTION 60

At the Point of Inflexion:

- a) Total Product is maximum
- b) Average Product is maximum
- c) Marginal Product is maximum
- d) Marginal Product is zero

QUESTION 61

In case of perfectly elastic supply:

- a) $E_s > 1$
- b) $E_s = 1$
- c) $E_s = 0$
- d) $E_s = \infty$

QUESTION 62

If government wants to contribute to capital formation, then revenue surplus should be :

- a) Negative
- b) Positive
- c) Zero
- d) None of the above

QUESTION 63

Which of the following is true for MPC ?

- a) It is always greater than one
- b) It is always less than unity but greater than zero
- c) It can be even less than zero
- d) It can attain any value depending upon the disposable income

QUESTION 64

_____ considered demand for money is an application of a more general theory of demand for capital assets

- a) Baumol
- b) Milton Friedman
- c) J M Keynes
- d) None of these

QUESTION 65

Which of the following conditions would violate the consumer equilibrium in a two-good world ?

- a) The marginal rate of substitution between the two goods equals the ratio of their prices.
- b) The marginal utility per dollar spent on each good is equal.
- c) The consumer's indifference curve is steeper than the budget line at the chosen bundle.
- d) The consumer is spending their entire budget.

QUESTION 66

"Buyers ultimately determine which goods and services will be produced and in what quantities." The given statement is the meaning of:

- a) Planned economy
- b) Consumer Sovereignty
- c) Freedom of economic choice
- d) Freedom of enterprise

QUESTION 67

Which of the following is not one of the four basic economic problems of an economy ?

- a) What to produce?
- b) Where to produce ?
- c) For whom to produce?
- d) What provisions are to be made for economic growth?

QUESTION 68

First mover advantage theory is related to:

- a) Absolute advantage theory
- b) Comparative cost advantage theory.
- c) New trade theory
- d) None of these

QUESTION 69

In a mixed economy resources are used as a result of:

- a) The decisions of consumers
- b) The decisions of firms only
- c) The decisions of consumers & firms
- d) The decisions of consumers and firms and government

QUESTION 70

If a Ministry falls short of approved budget in a scheme, what is the process to get additional budget through Parliament?

- a) Supplementary
- b) Re-appropriation
- c) Transfer of balances
- d) Vote on account

QUESTION 77

A Pigouvian subsidy

- a) cannot be present when externalities are present
- b) is a good solution for negative externality as prices will increase
- c) is not measurable in terms of money and therefore not practical
- d) may help production to be socially optimal when positive externalities are present

QUESTION 72

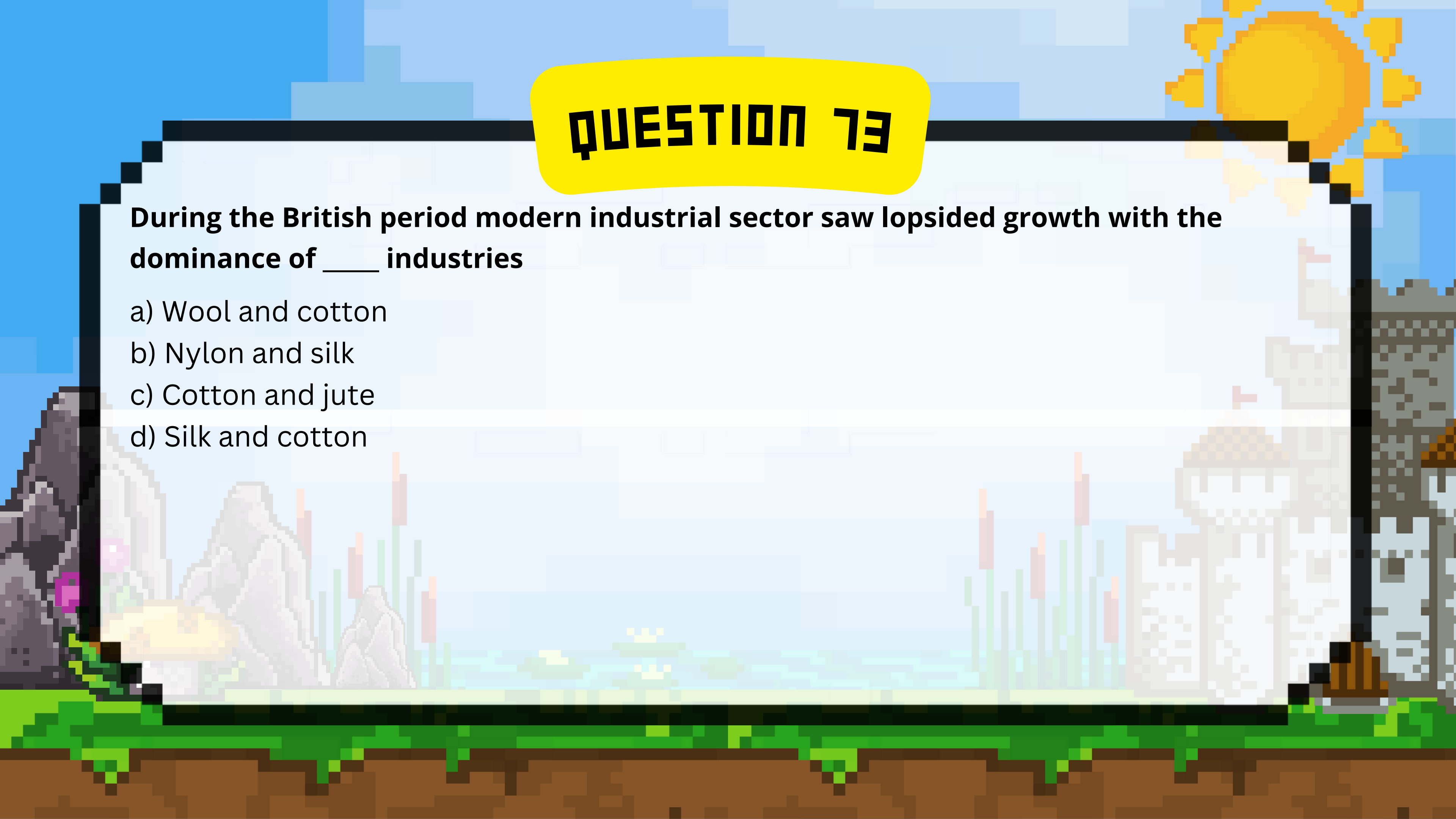
Market characterized by a single buyer of a product or service, and is mostly applicable to factor markets in which a single firm is the only buyer of a factor is known as :

- a) Oligopsony
- b) Duopoly
- c) Bilateral monopoly
- d) monopsony

QUESTION 73

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



QUESTION 74

According to Hawtrey trade cycle is a

- a) Monetary phenomenon
- b) Unplanned phenomenon
- c) Fiscal phenomenon
- d) All the above

QUESTION 75

National Savings Certificates is an example of _____

- a) Commercial Papers
- b) Market loans
- c) Treasury bills
- d) Small savings

QUESTION 76

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

- a) Rs. 1,00,00,000
- b) Rs. 80,00,000
- c) Rs. 1,25,00,000
- d) Rs. 1,50,00,000

QUESTION 77

A sold a used car to B and receives Rs. 60,000. How much of the sale proceeds will be included in national income calculation?

- a) Full amount of sale proceeds of Rs. 60,000 will be included in national income.
- b) 50% of sale proceeds of Rs 60,000 will be included in national income.
- c) No part of the used car sales proceeds of Rs 60,000 will be included in national income calculation because sale of a used car represents transfer of existing asset which was produced during some earlier year and was accounted in the national income calculation of that year.
- d) None of the above

QUESTION 78

_____ is concerned with welfare proposition

- a) Normative Economics
- b) Positive Economics
- c) Both (a) and (b)
- d) None of these

QUESTION 79

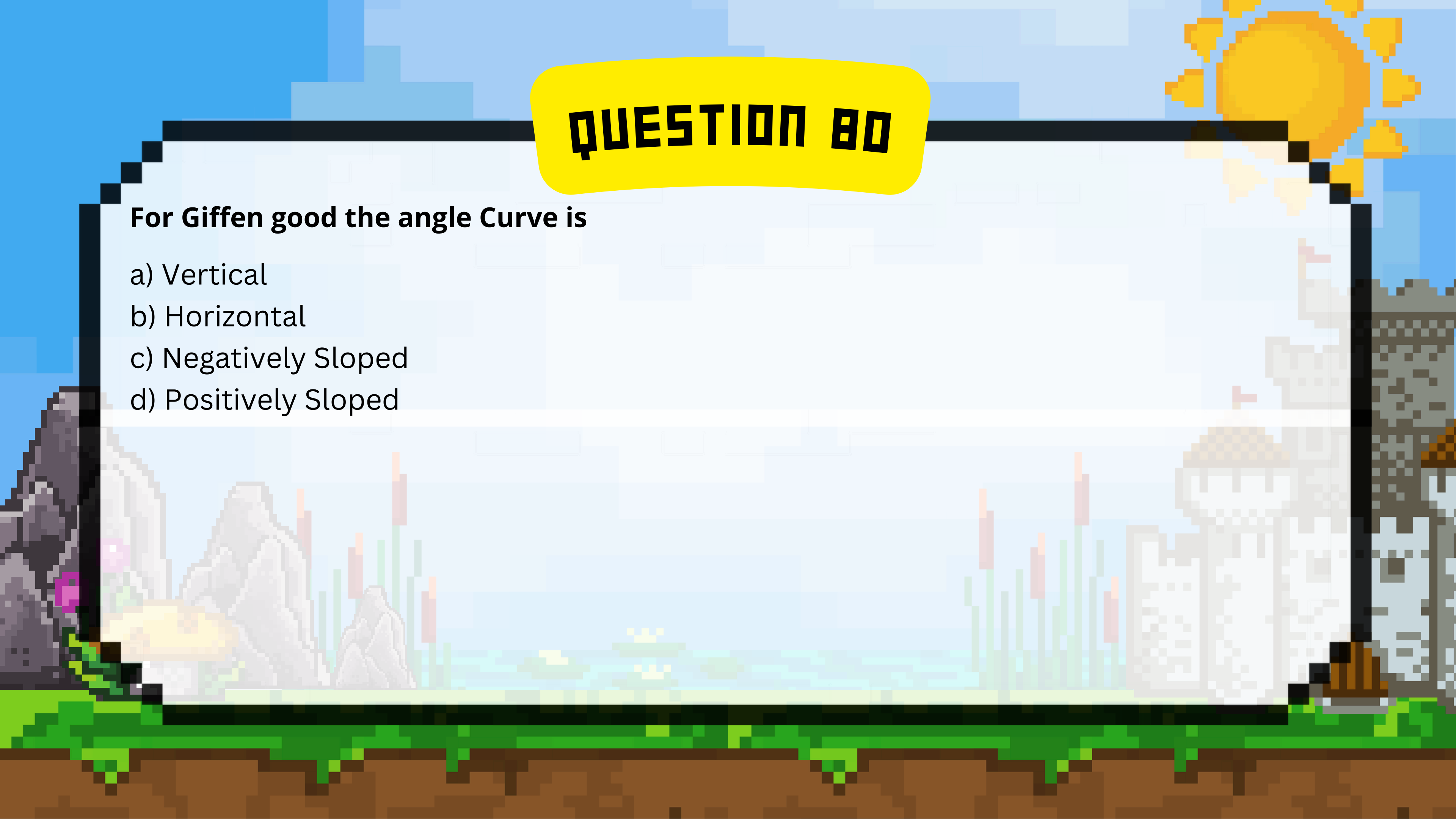
In order to control high inflation, the government may

- a) Decrease expenditure & raise tax
- b) Increase expenditure & raise tax
- c) Decrease expenditure & reduce tax
- d) Increase expenditure & reduce tax

QUESTION 80

For Giffen good the angle Curve is

- a) Vertical
- b) Horizontal
- c) Negatively Sloped
- d) Positively Sloped



QUESTION 81

Complete Market failure occurs when _____

- a) The market does not supply products at all despite the fact that such products and services are wanted by people.
- b) The market does actually function but it produces wrong quantity or at wrong price.
- c) Both a and b
- d) None of the above

QUESTION 82

Fisher's approach & Cambridge approach to demand for money consider

- a) money's role in acting as a store of value & So, demand for money is for storing value temporarily.
- b) money as a means of exchange and therefore demand for money is termed as for liquidity preference
- c) money as a means of transactions and therefore, demand for money is only transaction demand for money.
- d) None of the above

QUESTION 83

Why is the supply of eggs inelastic?

- a) eggs cannot be stored
- b) eggs are perishable
- c) Both (A) and (B)
- d) None of these

QUESTION 84

In which theory, international trade is a 'zero-sum game', with winners who win, does so only at the expense of losers and one country's gain is equal to another country's loss?

- a) Mercantilists' View of International Trade
- b) Theory of Absolute Advantage
- c) Theory of Comparative Adv.
- d) Heckscher-Ohlin Theory of Trade

QUESTION 85

Snob effect is explained as:

- a) It is a function of consumption of others
- b) It is a function of price
- c) Both (a) and (b)
- d) None of these

QUESTION 86

_____ refer to the way one person's value for a good or service is affected by its value to others. The value is enhanced as number of individuals using it increases

- a) Economies of Scale
- b) Network Effects
- c) Lower opportunity cost
- d) Both a & b

QUESTION 87

Merchandise Exports from India Scheme was replaced by -

- a) Remission of Duties and Taxes on Export Products (RoDTEP) in 2021
- b) National Logistics Policy (NLP) in 2020
- c) Remission of Duties and Taxes on Export Products (RoDTEP) in 2019
- d) None of the above

QUESTION 88

When the law of diminishing returns begins to operate, the TVC curve begins to:

- a) fall at an increasing rate
- b) rise at a decreasing rate
- c) fall at a decreasing rate
- d) rise at an increasing rate

QUESTION 89

If an oligopolist incur losses in the short run then in the long run:

- a) The oligopolist will go out of the business
- b) The oligopolist will stay in business
- c) The Oligopolist will break even
- d) any of the above is possible

QUESTION 90

Which of the following is an intermediate good?

- a) The Purchase of gasoline for a ski trip to colorado
- b) The Purchase of Pizza by a college student
- c) The Purchase of baseball uniform by a professional baseball team
- d) The Purchase of Jogging Shoes by a Professor

QUESTION 97

Business cycle emerge in ____

- a) Socialist economy
- b) Free market economy
- c) Mixed economic system
- d) None of the above

QUESTION 92

The difference between gross domestic investment and net domestic investment is equal to:

- a) unwanted inventory changes
- b) the difference between NDP and national income
- c) the addition to the capital stock
- d) the difference between GDP and NDP

QUESTION 93

Isoquant in the relevant range are:

- a) Convex to the Origin
- b) Negatively Sloped
- c) Cannot cross
- d) All of the Above

QUESTION 94

GST accounts for ____

- a) 35% of gross tax revenue of union & 44% tax revenue of state
- b) 40% of gross tax revenue of union & 60% tax revenue of state
- c) 25% of gross tax revenue of union & 24% tax revenue of state
- d) 55% of gross tax revenue of union & 35% tax revenue of state

QUESTION 95

Game theory is oligopoly was developed by:

- a) Von Neumann and Oskar Morgenstern
- b) Maltas
- c) Adam Smith
- d) Robinson

QUESTION 96

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.

QUESTION 97

Fiscal federalism primarily deals with:

- a) Distribution of financial resources among different levels of government
- b) Distribution of power between Legislature and Executive
- c) Relationship between Judiciary and Legislature
- d) Conduct of elections in a federal country

QUESTION 98

Higher the _____, higher would be _____ of holding cash and lower will be the _____

- a) demand for money, opportunity cost, interest rate
- b) price level , opportunity cost, interest rate
- c) real income , opportunity cost, demand for money
- d) interest rate, opportunity cost, demand for money

QUESTION 99

"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

QUESTION 100

Between the first and the _____, India is believed to have had the largest economy of the ancient and the medieval world.

- a) the sixteenth century AD
- b) the seventeenth century AD
- c) the eighteenth century AD
- d) the nineteenth century AD

ANSWERS

1) B

7) A

13) A

19) B

25) A

31) A

2) C

8) A

14) D

20) A

26) B

32) D

3) C

9) B

15) C

21) C

27) B

33) A

4) A

10) A

16) C

22) A

28) B

34) A

5) D

11) D

17) B

23) B

29) B

35) A

6) D

12) D

18) B

24) A

30) B

36) C

ANSWERS

37) D

43) B

49) C

55) C

61) D

67) B

38) B

44) B

50) A

56) A

62) B

68) ICAI answer is “A” But logically it should be C Follow “C” in exams

39) B

45) B

51) D

57) B

63) B

69) D

40) D

46) A

52) A

58) B

64) B

70) A

41) C

47) B

53) B

59) D

65) C

71) D

42) B

48) B

54) A

60) B

66) B

72) D

ANSWERS

73) C

79) A

85) A

91) B

97) A

74) A

80) C

86) B

92) D

98) D

75) D

81) A

87) A

93) D

99) B

76) B

82) C

88) D

94) A

100) B

77) C

83) C

89) D

95) A

78) A

84) A

90) C

96) B