

CBCS BA Economics Programme

Semester 2

Basic Economic Studies

MCQ

1. India is considered as a
 - A) Developed economy
 - B) Under developed economy
 - C) Developing economy
 - D) Advanced economy
2. Indian money market is considered as
 - A) Developed money market
 - B) Under developed money market
 - C) Advanced money market
 - D) None of these
3. Fiscal policy is the policy of
 - A) Government
 - B) Central bank
 - C) RBI
 - D) Commercial Bank
4. The apex body of Indian organised money market
 - A) RBI
 - B) Central Government
 - C) State Government
 - D) Commercial banks
5. Capitalist economy is also known as
 - A) Mixed economy
 - B) Market economy
 - C) Socialist economy
 - D) None of these
6. National Income divided by population is known as
 - A) GNP
 - B) GDP
 - C) Disposable Income
 - D) Percapita Income
7. New economic policy has been adopted by India in the year
 - A) 1957
 - B) 1991
 - C) 2014
 - D) 2016
8. Credit creation is the major function of
 - A) Commercial Banks

- B) Central Bank
 - C) Investment Bank
 - D) Exim Bank
9. The major contributor to Indian GDP
- A) Agricultural sector
 - B) Industrial sector
 - C) Service sector
 - D) All the above
10. The Central Bank of India
- A) SBI
 - B) Bank of India
 - C) RBI
 - D) Federal Reserve
11. The Central Bank Of America
- A) The American Bank
 - B) Federal Reserve
 - C) Bank Of USA
 - D) Bank of NewYork
12. Moral suation is the function of
- A) SBI
 - B) RBI
 - C) Commercial Banks
 - D) Foreign Banks
13. Public goods are characterized by
- A) Divisibility
 - B) Rival consumption
 - C) Non - exclusion
 - D) None of these
14. Major objective of first five year plan
- A) Agricultural development
 - B) Industrial development
 - C) Service sector development
 - D) None of these
15. The money value of all final goods and services produced on the domestic territory of a nation is called
- A) GNP
 - B) NNP
 - C) GDP
 - D) NDP
16. National Income of a nation
- A) GDP
 - B) NNP
 - C) GNP
 - D) NDP

17. National Income estimation from the point of view of distribution
- A) Income Method
 - B) Expenditure method
 - C) Product method
 - D) None of these
18. The value of all final goods and services are measured in
- A) Product method
 - B) Expenditure method
 - C) Income method
 - D) All the above
19. The sum total of consumption and investment expenditure are measured in
- A) Income method
 - B) Product method
 - C) Expenditure method
 - D) None of these
20. "The poverty and Un British Rule in India" Is the famous Work of
- A) Amerthyasen
 - B) Dadabhai Naoroji
 - C) Manmohan Singh
 - D) V K R V Rao
21. National Income estimation in India is done by
- A) CSO
 - B) SSO
 - C) BSO
 - D) RBI
22. The famous " Drain Theory" is associated with
- A) V.K.R.V. Rao
 - B) Dadabhai Naoroji
 - C) Amerthyasen
 - D) Manmohan singh
23. The First Indian Economist who calculate National Income
- A) Dadabhai Naoroji
 - B) V.K.R.V. Rao
 - C) Amerthyasen
 - D) Manmohan Singh
24. The first National Income calculation on a scientific basis in India in the year
- A) 1947-48
 - B) 1951-52
 - C) 1931-32
 - D) 1990-91
25. The national income committee was appointed in 1949 under the chairmanship of
- A) P C Mahalonobis
 - B) D R Gadgil
 - C) V.K.R.V Rao

- D) None of these
26. NNP means
- A) GDP - depreciation
 - B) GDP + depreciation
 - C) NNP - depreciation
 - D) GNP - depreciation
27. GNP =
- A) GDP + X-M
 - B) GDP + depreciation
 - C) GDP - depreciation
 - D) None of these
28. The pictorial illustration of the interdependence between major sectors
- A) Circular flow
 - B) Model
 - C) Diagrammatic representation
 - D) None of these
29. Among the following, which is not the factor payment
- A) Rent
 - B) Wage
 - C) Interest
 - D) Variables
30. The flow of goods and services over different sectors are known as
- A) Money flow
 - B) Real flow
 - C) Circular flow
 - D) None of these
31. The flow of money in the form of income and expenditure over different sectors are known as
- A) Money flow
 - B) Real flow
 - C) Nominal flow
 - D) Circular flow
32. Factor services supplied by households are known as
- A) Circular flow
 - B) Money flow
 - C) Real flow
 - D) Nominal flow
33. Goods and services supplied by firms are known as
- A) Real flow
 - B) Money flow
 - C) Nominal flow
 - D) Circular flow
34. Factor payment by firms are known as
- A) Real flow

- B) Circular flow
 - C) Nominal flow
 - D) Money flow
35. Expenditure by households are known as
- A) Money flow
 - B) Real flow
 - C) Nominal flow
 - D) Circular flow
36. Factor income of household sector is equal to
- A) Factor payments by firms
 - B) Factor income of firms
 - C) Expenditure of households
 - D) Income of households
37. Saving is the function of
- A) Expenditure
 - B) Income
 - C) Investment
 - D) None of these
38. Export and import are included in
- A) Two sector model
 - B) Three sector model
 - C) Four sector model
 - D) None of these
39. Trade deficit means
- A) Export and Import
 - B) Export + Import
 - C) Export exceed import
 - D) Import exceed exports
40. Net factor income from abroad mean
- A) Export + import
 - B) Export - Import
 - C) Import = Export
 - D) None of these
41. “ Rest of the world” is the major element in
- A) Two sector model
 - B) Three sector model
 - C) Four sector model
 - D) All the above
42. The process of measuring national income aggregate
- A) National Income accounting
 - B) Income estimation
 - C) National income
 - D) Expenditure method
43. Inputs used in the production of goods and services are called

- A) Final goods
 - B) Non-durable goods
 - C) Intermediate goods
 - D) None of these
44. Using intermediate goods in production is called
- A) Final goods
 - B) Value added goods
 - C) Intermediate consumption
 - D) Final consumption
45. Goods meant for final use of consumption and capital formation are known as
- A) Final goods
 - B) Value added goods
 - C) Intermediate goods
 - D) All the above
46. The goods that are consumed without any changes are known as
- A) Intermediate goods
 - B) Value added goods
 - C) Final goods
 - D) Public goods
47. The money value of output produced by a firm
- A) Value of output
 - B) Real output
 - C) Nominal output
 - D) None of these
48. Adding the cost of intermediate goods leads to
- A) Tax problems
 - B) Distribution problems
 - C) Problem of double counting
 - D) None of these
49. Product or output is counted two or more times in estimating GDP is known as
- A) Second counting
 - B) GDP Counting
 - C) Double Counting
 - D) Value added
50. Net Investment means
- A) Gross investment minus depreciation
 - B) Net investment minus depreciation
 - C) Gross investment plus depreciation
 - D) Net investment plus depreciation
51. Gross investment means
- A) Net investment plus depreciation
 - B) Net investment minus depreciation
 - C) Gross investment plus depreciation
 - D) Gross investment minus depreciation

52. Net indirect tax means
- A) Direct tax minus subsidies
 - B) Indirect tax minus subsidies
 - C) Direct tax plus subsidies
 - D) Indirect tax plus subsidies
53. GNP measured at current market price is called
- A) Nominal GNP
 - B) Real GNP
 - C) Additional GNP
 - D) None of these
54. GNP measured at constant price is called
- A) Nominal GNP
 - B) Real GNP
 - C) Additional GNP
 - D) None of these
55. The ratio of nominal GNP to the real GNP is known as
- A) GNP Nominator
 - B) GNP Denominator
 - C) GNP Deflator
 - D) None of these
56. Inflation is measured with the help of
- A) Saving index
 - B) Investment index
 - C) Consumer price index
 - D) None of these
57. $GNP_{fc} =$
- A) $GNP_{mp} - \text{Depreciation}$
 - B) $GNP_{mp} - \text{Net indirect tax}$
 - C) $NNP_{fc} - \text{depreciation}$
 - D) None of these
58. Income available to the private sector
- A) Private Income
 - B) Public Income
 - C) Disposable Income
 - D) Personal Income
59. The current Income of persons from all sources are known as
- A) Public Income
 - B) Private Income
 - C) Disposable Income
 - D) Personal Income
60. Private Income minus corporate tax minus net savings of private corporate sector is known as
- A) Disposable Income
 - B) Personal Income

- C) Private Income
 - D) None of the above
61. The total Income available to the residents of a country in a year from all sources
- A) National disposable income
 - B) National income
 - C) Per capita income
 - D) None of the above
62. Price of raw materials are included in the
- A) Consumer price index
 - B) Producer price index
 - C) Price index for workers
 - D) None of these
63. We can avoid double counting if,
- A) Income method is used
 - B) Product method is used
 - C) Expenditure method is used
 - D) We take only final goods and services
64. Due to the problem of double counting, national income is
- A) Under estimated
 - B) Over estimated
 - C) Remain the same
 - D) None of these
65. Durable goods are:
- A) Bread and butter
 - B) Fertilizer
 - C) Truck and buses
 - D) Transport services
66. An example of consumer durables
- A) Stationery
 - B) Milk
 - C) Refrigerator
 - D) Toothpaste
67. A maruthi van purchased by consumer household is
- A) An intermediate good
 - B) A consumer good
 - C) Intermediate consumption
 - D) None of these
68. Demand for intermediate consumption comes from
- A) All producing sector
 - B) Households
 - C) Consumer household
 - D) None of these
69. Goods meant for final consumption are:
- A) Intermediate goods

- B) Consumer goods
 - C) Capital goods
 - D) Investment goods
70. Which of the following is an indirect tax
- A) Income tax
 - B) Sales tax
 - C) Corporate tax
 - D) Professional tax
71. The Banks which provide block or fixed capital to industries
- A) Industrial Bank
 - B) Agricultural bank
 - C) Exchange bank
 - D) None of these
72. The specialised banking institutions which are intended to provide agricultural credit are known as
- A) Commercial Banks
 - B) Exchange Banks
 - C) Agricultural banks
 - D) Saving banks
73. The banks which finance mainly for the foreign exchange business are known as
- A) Saving Banks
 - B) Investment banks
 - C) Exchange banks
 - D) None of these
74. The leader of all other banking and monetary institutions in nation
- A) Saving banks
 - B) Investment Banks
 - C) Central banks
 - D) Commercial banks
75. RRBs were established in India in the year
- A) 1951
 - B) 1957
 - C) 1975
 - D) 1985
76. Purchase and sale of securities is the
- A) Primary function of a commercial bank
 - B) Secondary function of a commercial bank
 - C) Agency function of a commercial bank
 - D) None of these
77. The major dealers in Hundis
- A) Indigenous banks
 - B) Commercial banks
 - C) Saving banks
 - D) Investment banks

78. The banks which is registered in the second schedule of the RBI is known as
- A) Commercial banks
 - B) Indigenous bank
 - C) Schedule banks
 - D) None of these
79. NABARD came in to existence in the year
- A) 1982
 - B) 1985
 - C) 1999
 - D) 2004
80. The first central bank in the world
- A) Bank of England
 - B) Bank of America
 - C) Reserve Bank of India
 - D) Central bank of Sweden
81. Reserve Bank of India established in the year
- A) 1913
 - B) 1925
 - C) 1933
 - D) 1935
82. Lender of Last resort
- A) SBI
 - B) RBI
 - C) ICICI
 - D) IDBI
83. Monopoly right of note issue is vested in the hands of
- A) RBI
 - B) Central government
 - C) SBI
 - D) All the above
84. Who is known as the “banker to the government”
- A) RBI
 - B) SBI
 - C) Exim Bank
 - D) ICICI
85. In India, who act as “banker to other banks”
- A) SBI
 - B) Federal Bank
 - C) IDBI
 - D) RBI
86. In India, who is the custodian of foreign exchange reserves
- A) Central government
 - B) All the state governments
 - C) Central Bank

- D) All the above
87. Which of the following will directly increase the GNP
- A) A rise in the market price
 - B) A surplus in budget
 - C) An increase in investment
 - D) A deficit in budget
88. The difference between GDP and NDP
- A) Transfer payment
 - B) Depreciation cost
 - C) Indirect tax
 - D) Subsidies
89. Which of the following, is not by definition, equal to National Income
- A) National output
 - B) National expenditure
 - C) National product
 - D) National wealth
90. An example of double counting in national income would be
- A) Wages of bus and train drivers
 - B) Cotton outputs and cotton cloth output
 - C) Electricity output and water output
 - D) Tax receipt and revenue receipts
91. When gross investment is positive, net investment
- A) Is the highest
 - B) Is zero
 - C) Is positive
 - D) Can be positive or negative
92. Depreciation is the loss of value of
- A) Capital asset
 - B) Stocks
 - C) Intermediate goods
 - D) Final goods
93. Which of the following measures does not include final goods and services
- A) GNP
 - B) NNP
 - C) Disposable Income
 - D) National Income
94. A house hold in a two sector model is essential a unit of
- A) Consumption
 - B) Production
 - C) Investment
 - D) None of these
95. The GNP gap is the gap between
- A) GNP and NNP
 - B) GNP and Depreciation

- C) GNP and GDP
 - D) Potential and actual GNP
96. Which of the following agencies in India is responsible for computation of national income
- A) NCAER
 - B) CSO
 - C) NSS
 - D) RBI
97. In India, the main source of national income is
- A) Primary sector
 - B) Secondary sector
 - C) Tertiary sector
 - D) Foreign sector
98. Which of the following is an obstacle to economic development
- A) Low rate of capital formation
 - B) Vicious circle of poverty
 - C) Socio cultural barriers
 - D) All the above
99. H D I is the composite index of
- A) Health literacy and employment
 - B) National income, size of population and general price level
 - C) National income, percapita income, percapita consumption
 - D) Physical resources, monetary resources and population size
100. The One Rupee currency note bears the signature of
- A) Governor RBI
 - B) The ministry of finance
 - C) Chairman SBI
 - D) None of these
101. Stagnation means
- A) Inflation
 - B) Stagnation with inflation
 - C) Stagnation with deflation
 - D) None of these
102. Who appoints the Finance Commission
- A) President of India
 - B) Prime Minister Of India
 - C) Chairman of Rajya Sabha
 - D) Speaker of Lok Sabha
103. Which of the following is not an objective of fiscal policy
- A) Economic growth
 - B) Economic stability
 - C) Maximisation of employment
 - D) Regulation of financial institutions
104. Black money in India

- A) Raises price alone
 - B) Encourage consumption
 - C) Loss of revenue to the government
 - D) All the above
105. The chairman of the 12th Finance Commission
- A) C Rangarajan
 - B) Raja J. Chalia
 - C) T S Papola
 - D) Y K Alagha
106. Which one of the following pairs is correctly matched
- A) Fiscal deficit - GDP
 - B) Primary deficit - Money supply
 - C) Budget deficit - Revenue expenditure
 - D) Monetised deficit - interest payment
107. “The General Theory of Employment Interest and Money” is the famous work of
- A) Adam Smith
 - B) J M Keynes
 - C) J S Mill
 - D) David Ricardo
108. “Inflation is always and everywhere a monetary phenomenon” these are the famous words of
- A) Milton Friedman
 - B) Adam Smith
 - C) David Ricardo
 - D) J M Keynes
109. When the rise prices is very slow like that of a snail is called
- A) Hyper inflation
 - B) Running inflation
 - C) Creeping inflation
 - D) Walking inflation
110. When rise in price is double or triple digital it is known as
- A) Hyper inflation
 - B) Running inflation
 - C) Creeping inflation
 - D) None of these
111. Inflation due to Raise in wage rate is considered as
- A) Open inflation
 - B) Mark - Up inflation
 - C) Cost push inflation
 - D) Demand pull inflation
112. Wage increases enforced by unions and profits by employers are the causes of
- A) Cost push inflation

- B) Demand pull inflation
 - C) Deflation
 - D) None of these
113. When the intrinsic value of money and its face value are equal, it is called
- A) Token money
 - B) Full- bodied money
 - C) Quasi money
 - D) Fiat money
114. M2, money supply measure in India, constitutes
- A) M1 + all post office deposit
 - B) M1 + time deposit of commercial bank
 - C) M1 + post office saving deposit
 - D) M3 + all post office deposit
115. The policy relates to the taxation, spending, and borrowing of the government is known as
- A) Monetary policy
 - B) Fiscal policy
 - C) Taxation policy
 - D) None of these
116. The concept of “ laissez-faire” was the contribution of
- A) Classical economist
 - B) Neo Classical economist
 - C) Keynesian economist
 - D) Supply side economist
117. “ Supply creates its own demand” is the idea of
- A) Classic economist
 - B) Neo classical economist
 - C) Keynesian economist
 - D) Supply side economist
118. When the revenue and expenditure are equal, it is said to be a
- A) Balanced budget
 - B) Surplus budget
 - C) Deficit budget
 - D) None of these
119. When the revenue exceed expenditure, it is said to be a
- A) Balanced budget
 - B) Surplus budget
 - C) Deficit budget
 - D) None of these
120. When the expenditure of a government exceed its revenue, it is said to be a
- A) Balanced budget
 - B) Surplus budget
 - C) Deficit budget
 - D) None of these

121. The concept of “ functional finance” was first stated by
A) Adam Smith
B) David Ricardo
C) JB Say
D) J M Keynes
122. Who is the Father of Green Revolution in India
A) Norman E. Borlaug
B) M.S Swaminathan
C) Garra y Backer
D) PM Jha
123. National Development Council was setup in the year
A) 1948
B) 1951
C) 1957
D) 1952
124. The concept of five year plan in India was introduced by
A) Jawaharlal Nehru
B) Indira Gandhi
C) P C Mahalanobis
D) None of these
125. Which one of the following is a qualitative credit control method
A) Open market operations
B) Bank rate
C) Variable cash reserve ratio
D) Moral suasion
126. Open market operations is a part of
A) Income policy
B) Fiscal policy
C) Credit policy
D) Labour policy
127. According to the 2011 census, number of females per 1000 males
A) 939
B) 959
C) 943
D) 933
128. The main aim of Eleventh Five Year plan
A) Speedy industrialization
B) Full scale employment
C) Poverty reduction
D) All the above
129. Devaluation means
A) Reduce the value of home currency in terms of other
B) To appreciate value of home currency
C) To issue new currency

- D) None of these
130. Mixed economy means
- A) Co - existence of small and large scale industries
 - B) Promoting both agriculture and industry
 - C) Co- existence of rich and poor
 - D) Co - existence of private and public sectors
131. Which bank in India perform the duties of Central Bank
- A) Central Bank of India
 - B) State Bank of India
 - C) Reserve Bank of India
 - D) Both A and B
132. Which is the most liquid measure of money supply
- A) M1
 - B) M2
 - C) M3
 - D) M4
133. National income is the money value of
- A) Final goods
 - B) Services
 - C) Intermediate goods
 - D) All final goods and services
134. According to the law of demand, when price increases
- A) Demand increases
 - B) Demand decreases
 - C) Increase in demand
 - D) No change in demand
135. Expenditure method is also called as
- A) Income method
 - B) Outlay method
 - C) Value added method
 - D) None of the above
136. “public sector “ means
- A) Government ownership
 - B) Private ownership
 - C) Capitalist ownership
 - D) None of the above
137. NABARD is
- A) A bank
 - B) A board
 - C) A block
 - D) A department
138. Economic planning is in
- A) Union list
 - B) State list

- C) Concurrent list
 - D) Not any specified list
139. Indian Green Revolution is most successful in
- A) Wheat and potato
 - B) Jwar and oil seeds
 - C) Wheat and Rice
 - D) Tea and coffee
140. Interest Rate Policy is a part of
- A) Fiscal policy
 - B) Monetary policy
 - C) Industrial policy
 - D) None of these
141. Which country had first Industrial Revolution
- A) France
 - B) Germany
 - C) England
 - D) America
142. Dalal street is situated at
- A) London
 - B) Paris
 - C) Mumbai
 - D) New Delhi
143. The outline of second Five Year Plan was made by
- A) B N Gadgil
 - B) VKRV Rao
 - C) P C Mahalanobies
 - D) C.N Vakil
144. The nationalisation of major commercial banks took place in
- A) 1947
 - B) 1957
 - C) 1969
 - D) 1980
145. What is the life blood of commerce
- A) Export and import
 - B) Agriculture
 - C) Industry
146. What is included in the New Economic Policy
- A) Globalization
 - B) Privatisation
 - C) Liberalisation
 - D) All the above
147. Which is the largest public sector bank in India
- A) State Bank of India
 - B) Punjab National Bank

- C) Canara Bank
D) Corporation bank
148. Corporate tax is imposed by
A) State government
B) Local governments
C) Central government
D) Both central and state governments
149. The Indian economy can be most appropriately described as
A) Socialist economy
B) Capitalist economy
C) Traditional economy
D) Mixed economy
150. The terms micro economics and macro economics were coined by
A) Ragner Frisch
B) Alfred Marshall
C) Adam Smith
D) David Ricardo
151. Abolition of intermediate is one of the major objectives of
A) Land reforms
B) Marketing strategy
C) Purchasing strategy
D) None of these
152. The central Co - operative banks operates at
A) Village level
B) District level
C) State level
D) National level
153. The major objective of second five year plan
A) Agricultural development
B) Industrial development
C) Service sectorial development
D) None of these
154. The conceptual basis of national income accounting is
A) Money flow
B) Real flow
C) The circular flow of income and product
D) None of these
155. Change in stock equals
A) Opening stock - closing stock
B) Closing stock - opening stock
C) Opening stock + closing stock
D) Closing stock + opening stock
156. Consumer price index is related to
A) Retail price of final consumer goods

- B) Retail price of capital goods
 - C) Wholesale price of consumer goods
 - D) Wholesale price of raw materials
157. Price for raw materials are included in
- A) Consumer price index
 - B) Producer price index
 - C) Price index for workers
 - D) None of these
158. Net Indirect tax means
- A) Subsidy minus indirect tax
 - B) Indirect tax minus subsidy
 - C) Subsidy plus indirect tax
 - D) Indirect tax plus subsidy
159. Which of the following is a non- durable good
- A) Televisions
 - B)
 - C) Writing paper
 - D) Bicycle
 - E) Buses
160. Which of the following is not an intermediate good for farmers
- A) Seed
 - B) Fertilizer
 - C) Corn
 - D) Pesticides
161. The effect of subsidy
- A) To increase the price
 - B) To reduce the price
 - C) To stabilize the price
 - D) None of these
162. Who is known as Father of Economics
- A) Karl Marx
 - B) Adam Smith
 - C) David Ricardo
 - D) Lionel Robbins
163. Demand and price are
- A) Directly related
 - B) Not related
 - C) Inversely related
 - D) None of these
164. Human wants are
- A) Unlimited
 - B) Limited
 - C) Controlled
 - D) None of these

165. Global market is related to
- A) Privatisation
 - B) Liberalisation
 - C) Globalization
 - D) None of these
166. Disinvestment is the feature of
- A) Globalization
 - B) Liberalisation
 - C) Privatisation
 - D) None of these
167. Usually a state budget is presented by
- A) Chief Minister
 - B) Governor
 - C) Minister of HRD
 - D) Finance Minister
168. Deflation is the case of
- A) Increase in price
 - B) Increase in income
 - C) Decrease in price
 - D) Decrease in value of money
169. Inflation means
- A) Decrease in the prices of commodities
 - B) Decreasing the value of money
 - C) Increasing the value of money
 - D) Decrease in total expenditure
 - E) All the above
170. The subject matter of Economics
- A) Production
 - B) Distribution
 - C) Consumption
 - D) All the above
171. Among the following, which is the source of public revenue
- A) Tax
 - B) Fine and penalty
 - C) Fee
 - D) All the above
172. “Wealth of Nations” the famous work of
- A) Adam Smith
 - B) David Ricardo
 - C) Lionel Robbins
 - D) None of these
173. The study about aggregate
- A) Micro economics
 - B) Macro economics

- C) Welfare economics
 - D) Developmental economics
174. The income of Indians working abroad is a part of
- A) Domestic income of India
 - B) Income earned from abroad
 - C) Net domestic product of India
 - D) None of these
175. Primary sector includes
- A) Agriculture
 - B) Agriculture and allied activities
 - C) Manufacturing
 - D) Services

B.A Economics
Semester II
Core Course
MICRO ECONOMIC ANALYSIS

1. Demand for a commodity refers to;
 - a) Need for the commodity
 - b) Desire for the commodity
 - c) Amount of the commodity demanded at a particular time
 - d) Quantity demanded of that commodity

ANS: C

2. If the demand for a good is inelastic, or increase in its price will cause the total expenditure of the consumers of the good to;
 - a) Increase
 - b) Decrease
 - c) Remain the same
 - d) Become zero

ANS: A

3. The horizontal demand curve parallel to 'X' axis implies that the elasticity of demand is;
 - a) Zero
 - b) Infinite
 - c) Equal to one
 - d) Greater than zero but less than infinity

ANS: B

4. An individual demand curve slopes downward to the right because of the;
- a) Working of the law of diminishing marginal utility
 - b) Substitution effect
 - c) Income effect of fall in price
 - d) All of the above

ANS: D

5. The supply of a good refers to:
- a) Stock available for sale
 - b) Total stock in the warehouse
 - c) Actual production of the good
 - d) Quantity of the good offered for sale at a particular price per unit of time

ANS: D

6. In the short run, when the output of a firm increase, its average fixed cost;
- a) Remains constant
 - b) Decreases
 - c) Increases
 - d) First decreases and then rises

ANS: B

7. The cost of one thing in terms of the alternative given up is called:
- a) Real cost
 - b) Production cost
 - c) Physical cost
 - d) Opportunity cost

ANS: D

8. Normally a demand curve will have the shape;

- a) Horizontal
- b) Vertical
- c) Downward sloping
- d) Upward sloping

ANS: C

9. Law of demand shows relation between:

- a) Income and price of commodity
- b) Price and quantity of commodity
- c) Income demanded and quantity supplied
- d) Quantity demanded and quantity supplied

ANS: B

10. The following are causes of shift in demand EXCEPT the one:

- a) A decrease in total revenue
- b) An increase in total revenue
- c) No change in total revenue
- d) A decrease in quantity demanded

ANS: B

11. Price and demand are positively correlated in case of:

- a) Necessities
- b) Comfort
- c) Giften goods
- d) Luxuries

ANS: C

12. Demand is a function of :

- a) Price
- b) Quantity
- c) Supply
- d) None of these

ANS: A

13. The desire to have a commodity or service is called:

- a) Want
- b) Utility
- c) Goods
- d) None of these

ANS: A

14. Welfare definition of Economics was given by :

- a) Adam Smith
- b) Alfred Marshall
- c) Lionel Robbins
- d) Samuelson

ANS: B

15. Want satisfying power of a commodity is called:

- a) Utility
- b) Demand
- c) Supply
- d) Price

ANS: A

16. When Marginal utility diminishes, total utility;

- A) Diminishes
- B) Increases
- C) Remain constant
- D) Increases at a diminishing rate

ANS: D

17. The law of equi-marginal utility is otherwise called as:

- a) Law of substitution
- b) Law of diminishing MU
- c) Law of negative returns
- d) None of these

ANS: A

18. The marginal utility curve is:

- a) Downward sloping
- b) Upward sloping
- c) Vertical
- d) Horizontal

ANS: A

19. When MU is zero, TU is:

- a) Zero
- b) Increases
- c) Negative
- d) Maximum

ANS: D

A consumer is in equilibrium, when marginal utilities are:

- a) Minimum
- b) Highest
- c) Equal
- d) Increasing

ANS: C

21. The term "Marginal" in economic means:

- a) Unimportant
- b) Additional
- c) The minimum unit
- d) Maximum

ANS: B

22. When cross elasticity of demand is a large positive number, one can conclude that:

- a) The good is normal
- b) The good is inferior
- c) The good is a substitute
- d) The good is a complementary

ANS: C

23. Income elasticity of demand for normal good is always:

- a) 1
- b) More than 1
- c) Negative
- d) Positive

ANS: D

24. Which one is increasing function of price?

- a) Demand
- b) Utility
- c) Supply
- d) Consumption

ANS: C

25. Supply curve will shift when:

- a) Price falls
- b) Price rises
- c) Demand shifts
- d) Technology change

ANS: D

26. Economic problems arise because:

- a) Wants are unlimited
- b) Resources are scarce
- c) Scarce resources have alternative uses
- d) All of the above

ANS: D

27. Which is not a central problem of an economy?

- a) What to produce
- b) How to produce
- c) How to maximize private profit

ANS: C

28. Which is not an essential feature of a socialist economy?

- a) Social ownership of the means of production
- b) Freedom of enterprises
- c) Use of centralized planning

ANS: B

29. The budget-line is also known as the:

- a) Iso-utility curve
- b) Production possibility line
- c) Iso quant
- d) Consumption possibility line

ANS: D

30. The consumption is in equilibrium at a point where the budget line:

- a) Is above an indifference curve
- b) Is below an indifference curve
- c) Is tangent to an indifference curve
- d) Cuts an indifference curve

ANS: C

31. An indifference curve slopes down towards right since more of one commodity and less of another result in:

- a) Same satisfaction
- b) Greater satisfaction
- c) Maximum satisfaction
- d) Decreasing expenditure

ANS: A

32. Indifference curves are convex to the origin because:

- a) Two goods are perfect substitutes
- b) Two goods are imperfect substitutes
- c) Two goods are perfect complementary goods
- d) None of these

ANS: B

33. If two commodities are perfectly substitutable, the direction of change of the cross elasticity of demand between them will be :

- a) Zero
- b) Positive
- c) Negative
- d) Infinity

ANS: A

34. In the long run, the cost and output relationship depends on which one of the following,

- a) Return to scale
- b) Fixed proportion of the variables
- c) Return to the variable factor
- d) Return to the fixed factor

ANS: A

35. The costs of factors of production, supplied by the entrepreneur himself are known as:

- a) Implicit costs
- b) Explicit costs
- c) Fixed costs
- d) Variable cost

ANS: B

36. The meaning of the word "ECONOMICS" is most closely associated with the word:

- a) Free
- b) Scarce
- c) Unlimited
- d) Unrestricted

ANS: B

37. When an individual's income rises (while everything else remains the same), the person's demand for a normal good is:

- a) Rises
- b) Falls
- c) Remain the same
- d) Any of the above

ANS: A

38. If the percentage increase in the quantity of a commodity demanded is smaller than the percentage fall in its price, the coefficient of price elasticity of demand is:

- a) Greater than 1
- b) Equal to 1
- c) Smaller than 1
- d) Zero

ANS: B

39. The Engel curve for a Giffen good is;

- a) Negatively sloped
- b) Positively sloped
- c) Vertical
- d) Rectangular hyperbola

ANS: A

A consumer who is below the personal budget-line is:

- a) Not spending all personal income
- b) Spending all personal income
- c) May or may not be spending all personal income
- d) Is in equilibrium

ANS: A

41. Which of the following is not an assumption of the theory of revealed preference?

- a) A cardinal measure of utility
- b) Consistency
- c) Transitivity
- d) A consumer can be induced to purchase any basket of commodities if its price is made sufficiently attractive

ANS: A

42. The elasticity of technical substitution is measured by :

- a) The slope of the isoquant
- b) The change in the slope of the isoquant
- c) The ratio of factor inputs
- d) None of the above

ANS: D

43. The cost that a firm incurs in purchasing or hiring any factor of production is referred to as:

- a) Explicit cost
- b) Implicit cost
- c) Variable cost
- d) Fixed cost

ANS: A

A firm's demand curve for a factor of production is equivalent to the:

- a) Marginal product of the factor
- b) Average revenue product curve of the factor
- c) Total revenue product of the factor
- d) None of these

ANS: A

45. The total expenditure by the firm for fixed inputs is known as;

- a) Variable cost
- b) Total variable cost
- c) Total fixed cost
- d) Average fixed cost

ANS: C

46. The firm's total expenditure on variable inputs is called:

- a) Total fixed cost
- b) Total variable cost
- c) Average fixed cost
- d) Average variable cost

ANS: B

47. The sum of total fixed cost and total variable cost is known as:

- a) Fixed cost
- b) Variable cost
- c) Total cost
- d) None of these

ANS: C

48. The total amount of money that a firm receives from the sale of product is called:

- a) Average revenue
- b) Marginal revenue
- c) Total revenue
- d) None of the above

ANS: C

49. The revenue per unit of one commodity sold is known as:

- a) Total revenue
- b) Average revenue
- c) Marginal revenue
- d) None of these

ANS: B

50. Utility measured in terms of:

- a) Gram
- b) Seconds
- c) Centimeter
- d) Utils

ANS: D

51. Increase in total utility as a result of the consumption of an additional unit is known as :

- a) Total utility
- b) Marginal utility
- c) Average utility
- d) None of the above

ANS: A

52. In case of normal good the income effect is :

- a) Zero
- b) Positive
- c) Negative
- d) None of these

ANS: C

53. The responsiveness of demand to the change in income is known as:

- a) Price elasticity of demand
- b) Income elasticity of demand
- c) Cross elasticity of demand
- d) None of these

ANS: B

54. The responsiveness of the change in quantity demanded of one commodity due to change in the price of another commodity is known as:

- a) Price elasticity of demand
- b) Income elasticity of demand
- c) Cross elasticity of demand
- d) None of these

ANS: C

55. Demand schedule is shown as:

- a) A result of increase in the size of the family
- b) A result of change in taste
- c) A function of price alone
- d) None of these

ANS: C

56. When demand curve is a rectangular hyperbola it represents:

- a) Unitary elastic demand
- b) Perfectly elastic demand
- c) Perfectly inelastic demand
- d) Relatively elastic demand

ANS: A

57. Economies of scale means:

- a) Reductions in unit cost of production
- b) Reduction in unit cost of distribution
- c) Addition to the unit cost of production
- d) Reduction in the total cost of production

ANS: A

58. Cost function is related to:

- a) Supply function
- b) Demand function
- c) Product function
- d) Distribution function

ANS: C

59. Each additional unit of output will be more expensive to produce, the firm is subjected to:

- a) Increasing returns
- b) Decreasing returns
- c) Increasing returns to scale
- d) Constant return

ANS: B

60. Which one is a non-economic good?

- a) Poison
- b) Water in the desert
- c) Sand on the river bank
- d) Sand in the market

ANS: D

61. Utility is:

- a) Usefulness
- b) Moral implication
- c) Legal implication
- d) None of the above

ANS: D

62. Economic resources is another term for:

- a) Productive services
- b) Free good
- c) Natural resources
- d) Money resources

ANS: A

63. Ceteris paribus applies to the:

- a) Monetary Theory
- b) Law of demand
- c) Partial equilibrium theory
- d) All of the above

ANS: D

64. Market demand is:

- a) Horizontal summation of individual's demand in the market
- b) Vertical summation of individual's demand in the market
- c) Lateral summation of individual's demand in the market
- d) Multiplication of individual's demand in the market

ANS: D

65. Extension and contraction of demand are the same as: 626

- a) Increase and decrease in demand
- b) Shift in demand
- c) Movement along a demand curve
- d) None of these

ANS: C

66. The concept of utility is originated by:

- a) Jeremy Bentham
- b) Ricardo
- c) Both (a) and (B)
- d) None of the above

ANS: D

67. Marginal revenue will be Zero if the elasticity of demand is:

- a) Less than 1
- b) Greater than 1
- c) Equal to 1
- d) Equal to 0

ANS: C

68. Marginal revenue will be negative if the demand is:

- a) Unitary elastic
- b) Relatively elastic
- c) Relatively inelastic
- d) Perfectly elastic

ANS: D

69. The concept of marginal utility was developed by:

- a) W.S Jevons
- b) Carl Menger and Walras
- c) W.F Lloyed J Dupuit and HH Gossen

ANS: D

70. The two factors that determine consumer behavior are:

- a) Supply and demand
- b) The budget line and indifference curve The objective ability of consumer to buy goods and the tastes of the consumer
- c) Both B and C

ANS: D

71. Cardinal utility theory is associated with:

- a) Marshall and Jevons
- b) Gossen and Walras
- c) All of the above
- d) None of these

ANS: C

72. Which one of the following is not an assumption of cardinal utility theories?

- a) Rationality
- b) Measurability of utility
- c) Additively of utility
- d) Diminishing MU of money as income increases

ANS: D

73. Law of diminishing utility states that:

- a) Total utility diminishes with the consumption of every additional unit
- b) Utility always diminishes whether something is consumed or not
- c) Utility first increases after that diminishes at every point
- d) The additional benefit which person derives from a given increase in the stock that he already has

ANS: D

74. Consumer's equilibrium means:

- a) The position of rest or maximum satisfaction with given income and prices
- b) The position which the consumer cannot attain because his income is low
- c) The position of frequent movement in all directions
- d) The point from where the consumer starts his consumption

ANS: A

75. Income effect operates when there is an:

- a) Increase in real income due to fall in price of the commodity
- b) Increase in real income due to rise in price of the commodity
- c) Increase in real income due to rise in demand of the commodity
- d) Increase in money income due to fall in the price of the commodity

ANS: A

76. Demand curve of an inferior good, depicts:

- a) Regressive at the top
- b) Regressive at the lower end
- c) Regressive at the middle
- d) Regressive from the left to right

ANS: B

77. Upward or downward of demand curve shows:

- a) Change in quantity
- b) Change in price
- c) Change in demand
- d) Change in supply

ANS: C

78. Income-quantity relationship can be expressed through:

- a) Price-demand curve
- b) Income- demand curve
- c) Quantity-demand curve
- d) None of these

ANS: B

79. The assumption of demand curve are:

- a) The price and income are inconsistent
- b) The quantity, price, taste are flexible
- c) Consumer's income, taste, etc, are not constant
- d) Consumer's income, taste etc are constant

ANS: D

80. Any activity directed towards the satisfaction of wants is called:

- a) Production
- b) Utility
- c) Consumption
- d) None of these

ANS: C

81. Marginal utility curve of a given consumer is also his:

- a) Indifference curve
- b) Total utility curve
- c) Supply curve
- d) Demand curve

ANS: D

82. Which one of the following is the odd one?

- a) Law of substitution
- b) Law of diminishing marginal utility
- c) Indifference curve analysis
- d) Law of variable proportion

ANS: B

83. Which statement is correct in connection with utility?

- 1) It is a psychological law
 - 2) It is subjective concept
 - 3) It is different for all its different consumers
 - 4) It is a want satisfying power
- a) 1, 2, and 3 only
 - b) 2, 3 and 4 only
 - c) 1 and 2 only
 - d) 1, 2 and 4 only

ANS: C

84. $Mux + MUY \dots MUn$ represents:

- a) Total average utility
- b) Total marginal utility
- c) Total utility of a commodity
- d) Total marginal utility of a commodity

ANS: C

85. Which of the following is most closely connection with Paul A. Samuelson:

- a) Indifference curve analysis
- b) Marginal utility analysis
- c) Revealed preference theory
- d) Liquidity preference theory

ANS: C

86. Ordinal measurability of utility is not a assumption of the marginal utility analysis.

This statement is:

- a) Absolutely correct
- b) Incomplete but correct
- c) Absolutely wrong
- d) Complete but wrong

ANS: A

87. Maximization of total utility is an assumption of a consumer in an analysis that is:

- a) Indifference curve approach
- b) Demand analysis
- c) Utility analysis
- d) All of the above

ANS: D

1 A consumer is in equilibrium when he spend his income according to the:

- a) Principle of equi-marginal utility
- b) Law of diminishing marginal utility
- c) Marginal propensity to consume
- d) Law of supply and demand

ANS: A

89. Another name for consumer 's surplus is:

- a) Differential surplus
- b) Surplus value
- c) Indifference surplus
- d) Buyers surplus

ANS: D

90. Consumer surplus means:

- a) Difference between market price and individual price
- b) Difference between actual and potential prices
- c) Low price is available
- d) Happiness of the consumer

ANS: B

91. The indifference curve technique:

- a) Has become a part of the utility approach
- b) Is used along with the utility approach
- c) Is used as alternative to the utility technique Has replaced utility technique altogether

ANS: C

92. An indifference curve is usually drawn convex to the origin to illustrate:

- a) Principle equi-marginal utility
- b) Diminishing marginal rate of substitution
- c) Diminishing marginal rate of technical substitution
- d) Diminishing marginal utility

ANS: B

93. Each point on an indifference curve shows:

- a) Different combinations of the one more commodity
- b) Different combinations of the same commodity
- c) Different combination of the two commodities
- d) Different combination of level of satisfaction

ANS: C

94. An indifference curve:

- a) Slopes downward from right to left
- b) Slopes downward from left to right
- c) Slopes downward from X axis
- d) Slopes downward from Y axis

ANS: B

95. The ratio of exchange between two goods under the indifference curve analysis is shown by:

- a) The price consumption curve
- b) The income consumption curve
- c) The budget line
- d) The indifference curve

ANS: C

96. For sketching an indifference curve a cardinal measure of utility or satisfaction is:

- a) Necessary
- b) Not needed
- c) Not necessary
- d) Helpful

ANS: C

A Budget constraints line is a result of:

- a) Market price of commodity X
- b) Market price of commodity Y
- c) Income of the consumer
- d) All of these

ANS: D

98. The amount of a commodity that the consumer would purchase per unit of time at various levels of his income is shown by:

- a) Contract curve
- b) Lorenz curve
- c) Engel curve
- d) Indifference curve

ANS: C

99. An income effect means:

- a) A movement towards the X axis
- b) A movement towards the right
- c) A movement towards another indifference curve
- d) A movement along the indifference curve

ANS: C

100. When the price of a commodity increases, the budget line
- a) Remains unchanged
 - b) Moves further from the origin
 - c) Towards the origin
 - d) None of these

ANS: D

101. Ordinal approach is based on :
- a) Law of maximum satisfaction
 - b) Utility could not be measured in cardinal numbers
 - c) Utility could not be measured in ordinal numbers
 - d) Utility can be measured

ANS: B

102. The shape of an indifference curve of a consumer indicates:
- a) His tastes
 - b) His income
 - c) His demand
 - d) Quality of commodity

ANS: A

103. A consumer is in equilibrium at the point of tangency of his indifference curve and the price line, because:
- a) He cannot go below
 - b) He cannot go beyond
 - c) He cannot go along
 - d) None of the above

ANS: B

104. At the point of tangency the slope of the indifference curve is:
- a) Greater than the price line
 - b) Less than the budget line
 - c) The same as the price line
 - d) Nothing can be said

ANS: C

105. The Engel's curve pass through the tangential point of:
- a) Budget line and indifference curve
 - b) Price line and iso cost line
 - c) Iso quant and budget line
 - d) None of these

ANS: A

106. The substitution effect is always positive because the:
- a) Indifference curves are concave
 - b) Indifference curves are convex
 - c) Indifference curve are straight line
 - d) Indifference curves never intersect each other

ANS: B

107. At the equilibrium ,slope of the indifference curve is:
- a) Equal to the slope of the budget line
 - b) Greater than the slope of the budget line
 - c) Smaller than the slope of the budget line
 - d) None of the above

ANS: A

108. Referring to consumer's behavior, equilibrium position can be described as:
- a) The position at which the consumer is at present satisfied
 - b) The position at which the consumer has no desire to have any more of a particular commodity
 - c) The position at which the consumer must have greater income in order to gain greater satisfaction
 - d) None of these

ANS: A

109. A commodity which is demand in smaller quantities when it is cheaper than when it is dearer is the:
- a) Inferior good
 - b) Giffen good
 - c) Superior good
 - d) Normal good

ANS: B

110. The slope of the price line through its length :
- a) Differs from point to point
 - b) Is equal on the other side of the mid points
 - c) Is the same
 - d) None of these

ANS: C

111. "A change in the relative price of the two goods with the level of satisfaction remaining same is related to:

- a) Income effect
- b) Substitution effect
- c) Price effect
- d) Both (a) and (b)

ANS: B

112. Hicks reference to a change in the consumer's equilibrium along an indifference curve is:

- a) Substitution effect
- b) Price effect
- c) Income effect
- d) Both (a) and (b)

ANS: A

113. Price effect is the sum total of:

- a) Income and price
- b) Income effect and price effect
- c) Income and price effect
- d) Income effect and substitution effect

ANS: D

114. If both X and Y are normal goods, the PCC :

- a) Slopes down towards right
- b) Slopes up towards right
- c) Slopes up towards left
- d) Slopes down towards left

ANS: B

115. Indifference curve is not based on the following assumptions:

- a) Ordinal measurement of utility
- b) Cardinal measurement of utility
- c) Weak ordering preference
- d) Strong ordering preference

ANS: B

116. Which of the following is not true?

- a) Indifference curve slopes downward to the right
- b) Indifference curves are convex to the origin
- c) Indifference curve cannot intersect each other
- d) Two indifference curve can be tangent to each other

ANS: D

117. Substitution effect :

- a) Is always negative
- b) Is always positive
- c) Is always zero
- d) Depends on the nature of the commodity

ANS: A

118. If the demand for the commodity is unitary elastic then price consumption curve would be:

- a) Upward sloping
- b) Downward sloping
- c) Horizontal straight line
- d) Vertical straight line

ANS: C

119. Which of the following is not a reason of diminishing returns to a factor?
- a) Scarcity of fixed factor
 - b) Scarcity of variable factor
 - c) Indivisibility of the fixed factors
 - d) Imperfect substitutability of factor

ANS: B

120. An isoquant represents all those input combinations which are capable of producing
- a) Same level of output
 - b) Different level of output at different point
 - c) Either (a) or (b)
 - d) Both (a) and (b)

ANS: A

121. Law of variable proportion comes under:
- a) Short-run production function
 - b) Long-run production function
 - c) Both (a) and (b)
 - d) None of these

ANS: A

122. Equilibrium price is the price at which:
- a) Quantity demanded equals quantity supplied
 - b) Quantity demanded exceeds quantity supplied
 - c) Quantity supplied exceeds quantity demanded
 - d) None of these

ANS: A

123. When there is a fixed factor and a variable factor, then the law would be:
- a) Law of variable proportions
 - b) Law of constant returns to scale
 - c) Law of increasing returns to scale
 - d) Law of decreasing returns to scale

ANS: A

124. Economic cost consist of :
- 1) Implicit cost
 - 2) Explicit cost
 - 3) Normal profit
 - 4) Fixed cost

- a) 1 and 2 only
- b) 1,3 and 4 only
- c) 2 and 3 only
- d) 1,2and3 only

ANS: D

125. Opportunity cost refers to:
- a) Money expenses incurred on factors
 - b) The imputed value of the inputs owned by the firms
 - c) The next best alternative
 - d) None of these

ANS: C

126. The efforts and sacrifices made by the owners of factors of production used in the production of:
- a) Opportunity cost
 - b) Implicit cost
 - c) Explicit cost
 - d) Real cost

ANS: D

127. Which of the following is correct regarding the shape of total fixed cost curve (TFC)?
- a) Rectangular hyperbola
 - b) U-Shaped
 - c) Inverted U-Shaped
 - d) Straight line parallel to horizontal axis

ANS: D

128. Under the Law Of Variable proportion the stage of actual production is the:
- a) First stage
 - b) Second stage
 - c) Third stage
 - d) Either in second or in third stage

ANS: B

129. When the output produced is maximum for the given level of inputs the firms achieve:
- a) Maximum profits
 - b) Technical efficiency
 - c) Economic efficiency
 - d) None of these

ANS: B

130. In the theory of production the long run is defined as the period of time in which:

- a) All factors can be varied
- b) No factors can be varied
- c) Some factors are fixed but other can be varied
- d) None of these

ANS: A

131. Fixed costs are also known as:

- a) Social costs
- b) Real costs
- c) Accounting costs
- d) Overhead costs

ANS: D

132. When MC curve is falling, AC curve:

- a) Lies above MC curve
- b) Lies below MC curve
- c) $MC=AC$
- d) None of these

ANS: A

133. When the long run average cost curve is declining, it is tangent to:

- a) The falling portion of short-run AC curves
- b) Rising portion of short-run curves
- c) The minimum point of short-run AC curves
- d) The point of short-run MC curves

ANS: A

134. Marginal cost curve can intersect AC curve at its :
- a) Rising portion
 - b) Falling portion
 - c) Minimum point
 - d) Anywhere

ANS: C

135. As output increases, average fixed cost:
- a) Remains constant
 - b) Starts falling
 - c) Starts rising
 - d) None of the above

ANS: B

136. Which of the following is not true?
- a) Supply is a flow concept
 - b) Supply is a stock concept
 - c) Supply is positively related with price
 - d) Market supply is horizontal summation of the individual firm's supply

ANS: A

137. A shift in the supply curve may occur due to:
- 1. Change in the price of the commodity
 - 2. Change in the prices of related commodity
 - 3. Change in the future expectations about the price
 - 4. Change in the future expectations about the price
- a) 1,2and3only
 - b) 1,3and4only
 - c) 2,3and4only
 - d) 1,2and4only

ANS: C

138. An increase in supply refers to a situation when the producers are willing to supply;

- a) A larger quantity of commodity of the commodity at the increased price
- b) A larger quantity of the commodity due to increased taxation of that commodity
- c) A larger quantity of the commodity at the same price
- d) A larger quantity of the commodity at the decreased prices

ANS: C

139. An increase in the demand of a commodity causes:

- a) An increase in equilibrium price
- b) An increase in equilibrium quantity
- c) Both (a) and (b)
- d) None of these

ANS: C

140. An increase in supply of a commodity causes:

- a) An increase in both equilibrium price and equilibrium quantity
- b) A decrease in both equilibrium price and equilibrium quantity
- c) A decrease in both equilibrium price and increase in equilibrium quantity
- d) An increase in equilibrium price and decrease in equilibrium quantity

ANS: C

141. When demand and supply increase equally, then:

- a) Both equilibrium price and equilibrium quantity remains unchanged
- b) Both equilibrium price and equilibrium quantity increase
- c) Equilibrium price changes but equilibrium quantity remain unchanged
- d) Equilibrium price remains unchanged but equilibrium quantity increase

ANS: D

142. If increase in supply is of greater magnitude than increased in demand, then

- a) Equilibrium price will fall but equilibrium quantity will increase
- b) Equilibrium price will rise but equilibrium quantity will decrease
- c) Both equilibrium price and equilibrium quantity will increase
- d) Both equilibrium price and equilibrium quantity will decrease

ANS: C

143. Real cost refers to:

- a) The cost that the society has to bear on account of production of a commodity
- b) The estimated value of the input owned by the firm and used by it
- c) Money expenses which the firm has to incur in hiring the factor services
- d) The efforts and sacrifices made by the owners of factors of production used in the production of a commodity

ANS: D

144. Social cost is equal to:

- a) Private cost + implicit cost
- b) Money cost + implicit cost
- c) Private cost + external cost
- d) Implicit cost + external cost

ANS: C

145. Which of the following is not an example of external economies:

- a) Managerial economics
- b) Growth of ancillary industry
- c) Constant flow of information
- d) Cheaper inputs

ANS: A

146. If price and marginal revenue are same then demand curve must be:
- a) Perfectly elastic and horizontal
 - b) Perfectly inelastic and vertical
 - c) Highly inelastic
 - d) Highly elastic

ANS: A

147. Perfectly elastic demand curve signifies that:
- a) The firm does not exercise any control over the price of the product
 - b) The firm can sell any amount of the product
 - c) Both (a) and (b)
 - d) None of these

ANS: C

148. Isoquant is locus of various combination of
- a) Factors of production yielding level of output
 - b) Commodities yielding different level satisfaction
 - c) Commodities yielding same level of satisfaction
 - d) Factors yielding different level of output

ANS: A

149. Factor intensity is:
- a) Capital-labour ratio
 - b) Measured by the slope of the line passing through the origin
 - c) Elasticity of substitution of one factor with another
 - d) Both (a) and (b)

ANS: D

150. Increasing returns to a factor occur during initial stage of production because of
- a) Input is increased
 - b) Indivisibility of factors
 - c) Managerial efficiency
 - d) Optimum use of fixed factors

ANS: D

151. Which of the following is/are true regarding long run?
- a) All factors can be increased in the same proportion
 - b) Factor proportionality will change
 - c) A firm can experience return to scale
 - d) Only law of variable proportion can be operationalised

ANS: C

152. A production possibility curve presents valuable information about production. Which of the following statements describes the information best?
- a) The maximum output of any two products that can be produced with given resource
 - b) The rise and fall of total output when resources and technique are fixed
 - c) The production pattern in an economy when resources change but techniques are fixed
 - d) The growth of production over a period of time with given resources

ANS: A

153. Increasing returns to scale can be explained in terms of:
- a) Fixed scale of plant
 - b) Labour productivity
 - c) Optimum factor proportions
 - d) Economies of scale

ANS: D

154. What does an outward shift of the production possibilities curve indicate?
- a) Inflation
 - b) Economic growth
 - c) Over production
 - d) Over employment production

ANS: B

155. The production possibility curve is also known as:
- a) Opportunity cost curve
 - b) Transformation curve
 - c) Production possibility frontier
 - d) All the above

ANS: B

156. Interest is the price paid for the use of capital in any market. This view has been expressed by:
- a) Schumpeter
 - b) Keynes
 - c) Fisher
 - d) Marshall

ANS: D

157. A firm's demand curve for a factor of production is equivalent to the:
- a) Marginal revenue product curve of the factor
 - b) Average revenue product curve of the product
 - c) Total revenue product curve of the factor
 - d) None of these

ANS: A

158. The average supply of land is:

- a) Perfectly elastic
- b) Perfectly inelastic
- c) Unitary elastic
- d) Highly elastic

ANS: B

159. The marginal cost curve first decreases and then increases as:
- a) The input increases from zero upwards
 - b) The output increases from middle not from zero
 - c) The input increases from middle upward
 - d) The output increases from zero upwards

ANS: D

160. Which of the following statement is correct is correct? Fixed cost are:
- a) Those cost which do not decrease as output increases
 - b) Those cost which do not increases output increases
 - c) Those cost which do not increase as output decrease
 - d) (a) and (b) only

ANS: B

161. Continues to fall at a rate proportionate with the increases in output is known as:

- a) ATC
- b) AFC
- c) AVC
- d) TC

ANS: B

162. The long run average cost curve always passes through:
- a) Each SAC curve
 - b) Each SVC curve
 - c) Each AC curve
 - d) Each VC curve

ANS: A

163. Alternative cost are also known as:
- a) Opportunity cost
 - b) Money cost
 - c) Spill over cost
 - d) External cost

ANS: A

164. Which of the following is not correct in connection with increasing returns?
- a) Technological advance
 - b) Marketing economies
 - c) Varying factor proportions
 - d) Specialization of labours

ANS: D

165. Which of the following tend to MC curve to rise up?
- a) Law of increasing returns to scale
 - b) External diseconomies
 - c) Law of variable proportions
 - d) Law of diminishing returns to scale

ANS: C

166. Steps downwards at first and then upwards is the movement of:

- a) AVC curve
- b) TFC curve
- c) TVC curve
- d) TC curve

ANS: A

167. Which of the following statement is correct?

- 1. The MC, AVC, and ATC curves coincide at their respective minimum
- 2. The marginal cost curve cuts the AVC and ATC curves at different points
- 3. The marginal cost curve cuts the AVC curves at their minimum points

- a) 1 and 2 only
- b) 1 only
- c) 1, 2 and 3 only
- d) 2 only

ANS: B

168. Which of the following statement is correct?

- a) Marginal cost remains fairly constant at outputs well below full capacity operation
- b) MC will generally increase with output when the level of output is low but increase when the level of output is large
- c) MC may become infinite at full capacity operation
- d) None of these

ANS: B

169. Odd one out of the following:

- a) Variable cost curve
- b) Fixed cost curve
- c) Mc curve
- d) Increasing cost curve

ANS: B

170. Marginal cost curve is “ U” Shaped because:

- a) The AC curve rises throughout
- b) The AC curve first declines, reaches a minimum and then begins to rise
- c) The AC curve declines throughout
- d) None of these

ANS: B

171. Decreasing returns to scale may be the result of:

- a) Diseconomies of management
- b) Economies of management
- c) Scale of economies
- d) None of the above

ANS: A

172. Which of the following may not be a supply curve?

- a) Downward sloping
- b) Perfectly elastic
- c) Perfectly horizontal
- d) Negatively sloped
- e) Unitary elastic

ANS: A

173. When demand rises and the supply also rises, the equilibrium price became:

- a) Determinable
- b) Consistent
- c) Indeterminable
- d) None of these

ANS: C

174. Market equilibrium is a mechanism which reconciles the independent decision of

- a) The consumers and producers
- b) The producers only
- c) The consumer only
- d) The consumer, producers and the governments

ANS: A

175. TR curve and TC curve are parallel and TR exceeds TC means

- a) Price and quantity are maximized
- b) Total profit is maximized
- c) Total loss is maximized
- d) Total cost is maximized

ANS: C

176. Who is the father of Economics?

- a) Adam Smith
- b) J.B Say
- c) Prof. Alfred Marshall
- d) Prof. Lionel Robbins

ANS: A

177. Micro economics deals primarily with:
- a) Comparative statics, general equilibrium, and positive economics
 - b) Comparative statics, partial equilibrium, and normative economics
 - c) Dynamics, partial equilibrium and positive economics
 - d) Comparative statics, partial equilibrium, and positive economics

ANS: D

178. In drawing an individual's demand curve for a commodity, all but which one of the following are kept constant?
- a) The individual's money income
 - b) The prices of other commodity
 - c) The price of the commodity under consideration
 - d) The tastes of the individual

ANS: C

179. Which of the following elasticities measure a movement along a curve rather than a shift in the curve?
- a) The price elasticity of demand
 - b) The cross elasticity of demand
 - c) The income elasticity of demand
 - d) The price elasticity of supply

ANS: A and B

180. When real income rather than money income is kept constant in drawing a consumer's demand curve for a commodity, the demand curve is negatively sloped.
- a) Always
 - b) Never
 - c) Sometimes
 - d) Often

ANS: A

181. If demand is inelastic, a change in the price:
- a) Will change the quantity in same direction
 - b) Will change total revenue in same direction
 - c) Will change total revenue in the opposite direction
 - d) Will not change the quantity

ANS: B

182. Which one is the assumption of law of demand
- a) Price of the commodity should not change
 - b) Quantity demanded should not change
 - c) Prices of substitutes should not change
 - d) Demand curve must be linear

ANS: C

183. The elasticity of demand of durable goods is
- a) Less than unity
 - b) Greater than Unity
 - c) Equal to Unity
 - d) Zero

ANS: B

184. When price elasticity of demand for normal goods is calculated, the value is always
- a) Positive
 - b) Negative
 - c) Constant
 - d) Greater than one

ANS: B

185. If price and total revenue move in the same direction, then demand is
- a) Inelastic
 - b) Elastic
 - c) Unrelated
 - d) Perfectly elastic

ANS:A

186. What does price elasticity of demand measures?
- a) Change in price caused by changes in demand
 - b) The rate of change of sales
 - c) The responsiveness of demand to price changes
 - d) The value of sales of a given price

ANS: C

187. It describes the law of supply
- a) Supply curve
 - b) Supply schedule
 - c) Supply equation
 - d) All the three

ANS: D

188. An increase in demand would cause supply curve to
- a) Shift to the left
 - b) Shift to the right
 - c) Change in slop of supply curve
 - d) No effect on supply

ANS:D

189. If elasticity of supply is greater than one supply curve will be
- a) Horizontal
 - b) Vertical
 - c) Passing through origin
 - d) Touching y axis

ANS: D

190. When supply of a commodity increases without change in price it is called
- a) Fall in supply
 - b) Expansion in supply
 - c) Contraction of supply
 - d) Rice in supply

ANS: D

191. Who defines economics as a 'science which studies human behavior as a relationship between ends and means which have alternative uses
- a) L. Robbins
 - b) Alfred Marshall
 - c) Adam Smith
 - d) Paul. A. Samuelson

ANS: A

192. A mixed economy is characterized by the co-existence of
- a) Modern and traditional industries
 - b) Public and private sectors
 - c) Foreign and domestic investments
 - d) Commercial and subsistence farming

ANS: B

193. Which of the following is economics concerned with?
- a) Size of national output
 - b) A level of employment
 - c) Changes in the general level of prices
 - d) None of the above

ANS: D

194. Contraction of demand is the result of
- a) Decrease in the number of consumers
 - b) Increase in the price of the commodity concerned
 - c) Increase in the prices of other goods
 - d) Decrease in the income of purchase

ANS: B

195. Income elasticity of demand is defined as the responsiveness of;
- a) Quantity demanded to a change in income
 - b) Quantity demanded to a change in price
 - c) Price to a change in quantity demanded

ANS: A

196. Which of the following statement is incorrect?
- a) An indifference curve must be downward sloping to the right
 - b) Convexity of a curve implies that the slope of the curve diminishes as one moves from left to right
 - c) The elasticity of substitution between two goods to a consumer is zero
 - d) The total effect of a change in the price of a good on its quantity demanded is called the price effect

ANS: C

197. A vertical supply curve parallel to the price axis implies that the elasticity of supply is
- a) Zero
 - b) Infinity
 - c) Equal to one
 - d) Greater than zero but less than infinity

ANS: A

198. Which cost increases continuously with the increase in production?
- a) Average cost
 - b) Marginal cost
 - c) Fixed cost
 - d) Variable cost

ANS: D

199. A significant property of the Cobb-Douglas production function is that the elasticity of substitution between inputs is
- a) Equal to unity
 - b) More than unity
 - c) Less than unity
 - d) Zero

ANS: A

200. Which is the other name that is given to the average revenue curve?
- a) Profit curve
 - b) Demand curve
 - c) Average cost curve
 - d) Indifference curve

ANS: B

201. Market demand for any good is a function of the
- 1) Price per unit of the goods
 - 2) Price per unit of other goods
 - 3) Incomes of the consumers
 - 4) Tastes of the consumers
- a) 1 and 3 only
 - b) 1 and 2 only
 - c) 1 and 4 only
 - d) All of the above

ANS: 694

CBCSS BA Economics Programme

Core Course Semester 1.

Perspectives and Methodology of Economics

Multiple choice questions

1. The study connected with natural environment in which human being exist is called
 - A) Social science
 - B) Natural science
 - C) Formal science.
 - D) Applied science
2. The branch of study connected with matter and energy and interaction among them is called
 - A) Physics
 - B) Chemistry
 - C) Biology
 - D) Botany
3. The science that deals with composition, properties, reactions, and structure of matter is called
 - A) Physics
 - B) Geology
 - C) Chemistry
 - D) Botany
4. The study comprising of solid Earth is called
 - A) Astronomy
 - B) Zoology
 - C) Geology
 - D) Chemistry
5. The branch of study deals with universe beyond the Earth's atmosphere is called
 - A) Astronomy
 - B) Botany
 - C) Space technology
 - D) None of these
6. The branch of biology that relate to animal kingdom
 - A) Botany
 - B) Biology
 - C) Zoology
 - D) None of these

7. The branch of natural science connected with the study of life and living organisms
- A) Formal science
 - B) Natural science
 - C) Biology
 - D) Ecology
8. The scientific study of plant life is called
- A) Zoology
 - B) Biology
 - C) Ecology
 - D) Botany
9. Mathematics is a
- A) Natural science
 - B) Social science
 - C) Formal science
 - D) Applied science
10. The study of matter and energy comes under
- A) Applied science
 - B) Pure science
 - C) Formal science
 - D) None of these
11. Theoretical linguistics comes under
- A) Formal science
 - B) Social science
 - C) Natural science
 - D) Physical science
12. Anthropology is the science that comes under
- A) Applied science
 - B) Natural science
 - C) Pure science
 - D) Social science
13. Psychology is regarded as
- A) Social science
 - B) Applied science
 - C) Natural science
 - D) Pure science
14. Archaeology is considered as

- A) Applied science
 - B) Natural science
 - C) Pure science
 - D) Social science
15. The application of scientific knowledge transferred in to a physical environment is known as
- A) Natural science
 - B) Physical science
 - C) Applied science
 - D) Social science
16. Medicine is a branch of science, that comes under
- A) Applied science
 - B) Physical science
 - C) Pure science
 - D) Social science
17. Inductivism is associated with
- A) Issac Newton
 - B) Aristotle
 - C) Plato
 - D) Leucippus
18. Deductive reasoning was propounded by
- A) Aristotle
 - B) Plato
 - C) Epicurus
 - D) None of these
19. The idea that everything is composed entirely of various imperishable and indivisible elements is called
- A) Epic
 - B) Logical deduction
 - C) Atomism
 - D) None of these
20. Who developed the idea of atomism
- A) Issac Newton
 - B) Aristotle
 - C) Plato
 - D) Leucippus
21. “The book of Optics” is associated with

- A) Plato
 - B) Aristotle
 - C) Ibn-al-Haytham
 - D) Al-Rahwi
22. The study of the relationship between biological traits and socially acquired characteristics is called
- A) Sociology
 - B) Anthropology
 - C) Psychology
 - D) None of these
23. The study of human culture like; kinship forms, linguistics, music, folklore etc, are called
- A) Physical anthropology
 - B) Cultural anthropology
 - C) Sociology
 - D) None of these
24. The study about fossilized bones and artefacts of human and other species is called
- A) Anthropology
 - B) Astronomy
 - C) Botany
 - D) Archaeology
25. The subject matter of economics
- A) Production
 - B) Distribution
 - C) Consumption
 - D) All the above
26. Economics is considered as
- A) Science of choice
 - B) Science of wealth
 - C) Science of income and expenditure
 - D) Science of material welfare
27. Human wants are
- A) Limited
 - B) Unlimited
 - C) Controlled
 - D) Satisfied

28. In economics, resources are;
- A) Scare
 - B) Limited
 - C) Having alternative uses
 - D) All the above
29. The systematic study of relationships among people is called
- A) Psychology
 - B) Geology
 - C) Sociology
 - D) Biology
30. The scientific study of human society and group behaviour
- A) Anthropology
 - B) Psychology
 - C) Sociology
 - D) None of these
31. The chronological study of past events
- A) History
 - B) Sociology
 - C) Economics
 - D) Political science
- systematic attempt to learn past events and their influence in shaping our civilization is called
- A) Sociology
 - B) History
 - C) Psychology
 - D) None of these
33. The study of social arrangements to maintain peace and order with in a given society
- A) Law
 - B) Sociology
 - C) Philosophy
 - D) Political science
34. The study of racial groups among human population
- A) Cultural anthropology
 - B) Physical anthropology
 - C) Sociology
 - D) None of these

35. The study about origin, characteristics, evolution and function of the state is called
- A) Politics
 - B) Political theory
 - C) Political science
 - D) None of these
36. The practical application of the theories of the state is called
- A) Political science
 - B) Politics
 - C) Law
 - D) Government
37. The study of human mind
- A) Psychology
 - B) Sociology
 - C) Geology
 - D) None of these
38. The medical form of psychology is known as
- A) Clinical psychology
 - B) Applied psychology
 - C) Psychiatry
 - D) None of these
39. The study of socialization, emotions, memory, perception and intelligence is called
- A) Clinical psychology
 - B) Social psychology
 - C) Applied psychology
 - D) Psychiatry
40. Economics is
- A) Science
 - B) Art
 - C) Both science and art
 - D) None of these
41. Classical economists defined economics as
- A) Science of welfare
 - B) Science of wealth
 - C) Science of scarcity and choice
 - D) None of these

42. Wealth definition was propounded by
- A) Adam Smith
 - B) Alfred Marshall
 - C) Lionel Robbins
 - D) J B. Say
43. The Economist J. B. Say comes under the category of
- A) Supply side economist
 - B) Neo classical Economist
 - C) Keynesian Economist
 - D) Classical economist
44. “ Supply creates its own demand”, these are the words of
- A) J S Mill
 - B) Adam Smith
 - C) J B Say
 - D) J M Keynes
45. According to the classical economist, the primary objective of human activity
- A) Acquisition of wealth
 - B) Maximisation of profits
 - C) Maximisation of human welfare
 - D) None of these
46. “Wealth of Nations” is the famous work of
- A) Alfred Marshall
 - B) J M Keynes
 - C) J S Mill
 - D) Adam Smith
47. Welfare definition of economics was put forward by
- A) Adam Smith
 - B) Lionel Robbins
 - C) Alfred Marshall
 - D) J B Say
48. The scarcity definition of economics was put forward by
- A) J M Keynes
 - B) Lionel Robbins
 - C) Alfred Marshall
 - D) None of these
49. The science which free from value judgement is

- A) Positive science
 - B) Normative science
 - C) Social science
 - D) None of these
50. Economics is
- A) Positive science
 - B) Normative science
 - C) Both positive and normative science
 - D) None of these
51. The growth definition of economics was put forward by
- A) Alfred Marshall
 - B) P A Samuelson
 - C) Jacob Viner
 - D) J R Hicks
52. “Economics is what Economists do”; these are the famous words of
- A) Adam Smith
 - B) Alfred Marshall
 - C) J M Keynes
 - D) Jacob Viner
53. The terms microeconomics and macroeconomics were first coined by
- A) J M Keynes
 - B) Jacob Marschak
 - C) Ragnar Frisch
 - D) P A Samuelson
54. The study about economic behaviour of a firm
- A) Macro economics
 - B) Micro economics
 - C) Welfare Economics
 - D) None of these
55. Factor pricing is the topic studied under
- A) Micro Economics
 - B) Macro Economics
 - C) Pricing strategy
 - D) None of these
56. National income and output are the topics studied under
- A) Micro economics
 - B) Macro Economics

- C) Welfare Economics
 - D) Development economics
57. Consumer's satisfaction out of his expenditure is the topic studied under
- A) Micro economics
 - B) Macro economics
 - C) Welfare economics
 - D) Developmental economics
58. Systematic body of knowledge which studies the relationship between cause and effect is called
- A) Art
 - B) Science
 - C) Both art and science
 - D) None of these
59. The practical application of knowledge
- A) Art
 - B) Science
 - C) Both art and science
 - D) None of these
60. Economics is
- A) An art subject
 - B) A science subject
 - C) Both art and science subject
 - D) None of these
61. The analysis of cause and effect relationship between variables
- A) Positive science
 - B) Normative science
 - C) Social science
 - D) Natural science
62. Value judgement is associated with
- A) Positive science
 - B) Normative science
 - C) Natural science
 - D) Social science
63. The conclusion arrives from “general to particular”
- A) Inductive method
 - B) Deductive method
 - C) Statistical method

- D) None of these
64. The method that based on abstract reasoning and not on actual facts is called
- A) Deductive method
 - B) Inductive method
 - C) Experimental method
 - D) None of these
65. The method that derives economic generalisation on the basis of facts collected or experiment and observations
- A) Deductive method
 - B) Experimental method
 - C) Empirical method
 - D) None of these
66. The statement of relationship among economic variables is called
- A) Economic theory
 - B) Economic policy
 - C) Economic relationship
 - D) None of these
67. The relationship between two economic variables is called
- A) Macro economics
 - B) Micro economics
 - C) Welfare economics
 - D) None of these
68. The relationship between two aggregate variables
- A) Welfare economics
 - B) Micro economics
 - C) Macro economics
 - D) None of these
69. The generalized abstract idea that symbolize whole category of people, objects, and processes is known as
- A) Concepts
 - B) Symbols
 - C) Variables
 - D) Population
70. The theoretical analysis of the methods appropriate to a field of study is called
- A) Assumption

- B) Variable
 - C) Method
 - D) Methodology
71. The mathematical statements of an economic theory
- A) Economic theory
 - B) Economic statement
 - C) Economic model
 - D) Economic analysis
72. The term disposable income stands for
- A) Consumption and saving
 - B) Saving and investment
 - C) Income and expenditure
 - D) None of these
73. The variables are measured at a given point of time is called
- A) Stock
 - B) Flow
 - C) Ratio
 - D) Model
74. The variables are measured over a period of time is called
- A) Ratio
 - B) Flow
 - C) Stock
 - D) Model
- variable which expresses the relationship between two stock or two flows is called
- A) Endogenous variable
 - B) Exogenous variable
 - C) Ratio variables
 - D) None of these
76. The logical relationship between two or more variables
- A) Model
 - B) Theory
 - C) Concept
 - D) Ratio
77. Which economic variable, whose determination is the purpose of model
- A) Exogenous variable
 - B) Endogenous variable

- C) Stock variable
 - D) Flow variable
78. Which economic variable, whose value are not determined by model
- A) Exogenous variable
 - B) Endogenous variable
 - C) Flow variable
 - D) Stock variable
79. The additional utility derivatives from the consumptions of an additional unit of commodity is called
- A) Utility
 - B) Average utility
 - C) Total utility
 - D) Marginal utility
80. The want satisfying capacity of a commodity is known as
- A) Utility
 - B) Capacity
 - C) Benefits
 - D) None of these
81. The satisfaction derivatives from the consumption of whole unit of commodity is Called
- A) Marginal utility
 - B) Average utility
 - C) Additional utility
 - D) Total utility
82. An increase in total cost that results from one unit increase in output is called
- A) Total cost
 - B) Average cost
 - C) Marginal cost
 - D) None of these
83. Additional cost for an extra unit of output is called
- A) Total cost
 - B) Average cost
 - C) Marginal cost
 - D) None of these
84. The net revenue obtained from selling an additional unit of commodity is known as

- A) Total revenue
 - B) Average revenue
 - C) Marginal revenue
 - D) None of these
85. Additional cost of a firm
- A) Marginal cost
 - B) Total cost
 - C) Average cost
 - D) None of these
86. The change in total revenue which results from the sale of one more unit if output
- A) Total revenue
 - B) Average revenue
 - C) Marginal revenue
 - D) None of these
87. The Value of a commodity in terms of its money
- A) Real value
 - B) Market value
 - C) Aggregate value
 - D) Nominal value
88. The value of commodity in terms of some other commodities
- A) Cross value
 - B) Nominal value
 - C) Real value
 - D) Market value
89. Inflation is more significant in the case of
- A) Real Value
 - B) Nominal value
 - C) Cross value
 - D) None of these
90. The nominal value adjusted for inflation
- A) Money value
 - B) Real value
 - C) Nominal value
 - D) Deflation
91. Next best alternative cost is
- A) Sunk cost

- B) Opportunity cost
 - C) Marginal cost
 - D) Total cost
92. Opportunity cost is significant in the case of
- A) Real value
 - B) Money value
 - C) Nominal value
 - D) Monetary value
93. Partial equilibrium is associated with the name of
- A) Adam Smith
 - B) Alfred Marshall
 - C) Milton Friedman
 - D) J M Keynes
94. Equilibrium of a firm is an example for
- A) Partial equilibrium
 - B) General equilibrium
 - C) Dynamic equilibrium
 - D) None of these
95. General equilibrium analysis is mainly associated with
- A) Alfred Marshall
 - B) Leon Walras
 - C) Milton Friedman
 - D) Wilfredo Pareto
96. The comparative study of old and new equilibrium positions is known as
- A) Static Method
 - B) Dynamic method
 - C) Comparative statics
 - D) None of these
97. The study of the path from one point of equilibrium to the other is known as
- A) Static method
 - B) Dynamic method
 - C) Comparative statics
 - D) None of these
98. Labour theory of value was developed by
- A) Adam Smith
 - B) Alfred Marshall

- C) David Ricardo
 - D) None of these
99. The organised and systematic study of materials and facts is known as
- A) Research
 - B) Analysis
 - C) Observations
 - D) None of these
100. The process of identifying and retrieving information necessary to support legal decision making is known as
- A) Historical research
 - B) Legal research
 - C) Comparative research
 - D) None of these
101. The research that compare two or more contemporary phenomenon is known as
- A) Comparative research
 - B) Historical research
 - C) Legal research
 - D) None of these
102. An in-depth comprehensive study of a person, a social group, a community, a programme is called
- A) Field Experiments
 - B) Case study
 - C) Laboratory experiments
 - D) None of these
103. A set of principles about how researchers and research organisations should conduct themselves is called
- A) Ethical Research
 - B) Research Value
 - C) Research guide
 - D) None of these
104. The use of more than one approach to the investigation of a research question is called
- A) Survey
 - B) Content analysis
 - C) Triangulation
 - D) None of these

105. Gathering data from several sampling strategies
- A) Data triangulation
 - B) Theoretical triangulation
 - C) Methodological triangulation
 - D) Investigators triangulation
106. The use of more than one method for gathering data
- A) Theoretical triangulation
 - B) Methodological triangulation
 - C) Data triangulation
 - D) None of these
107. Data related to human beings like age, sex, race, social class etc called as
- A) Personal data
 - B) Organisational data
 - C) Territorial data
 - D) None of these
108. The data relating to an organisation's origin, ownership, objective etc are called as
- A) Territorial data
 - B) Organizational data
 - C) Personal data
 - D) Secondary data
109. The data directly connected by researcher
- A) Primary data
 - B) Personal data
 - C) Sample data
 - D) Secondary data
110. Every individual in the population is called
- A) Universe
 - B) Unit
 - C) Sample
 - D) None of these
111. The small portion that represents the characteristics of entire population is called
- A) Sample
 - B) Unit
 - C) Universe

- D) None of these
112. The total population in a study is known as
- A) Sample
 - B) Universe
 - C) Unit
 - D) None of these
113. Data collected from newspapers and magazines are the examples for
- A) Primary data
 - B) Secondary data
 - C) Sample survey
 - D) Case study
114. A small part which represents the entire population
- A) Unit
 - B) Universe
 - C) Sample
 - D) None of these
115. First hand information collected from observation is an example of
- A) Primary data
 - B) Secondary data
 - C) Observation method
 - D) Case study
116. Study of a particular unit in depth is called
- A) Interview method
 - B) Observations method
 - C) Sample method
 - D) Case study
117. In which method the researcher tries to take part in the lives of the group members
- A) Experimental method
 - B) Interview method
 - C) Participants Observation
 - D) Mail survey method
118. The two way systematic conversation between an investigator and an informant is known as
- A) Experimental method

- B) Observation method
 - C) Interviewing method
 - D) None of these
119. The method which used to collect data from extensive geographical areas
- A) Mail survey
 - B) Participant observation
 - C) Interview
 - D) None of these
120. The method of data collection that can be adopted only among literatures
- A) Participant observation
 - B) Case study
 - C) Mail survey
 - D) None of these
121. RBI bulletin is an example for
- A) Primary data
 - B) Secondary data
 - C) Treasury data
 - D) None of these
122. The first step in a research project is
- A) Analysis of data
 - B) Collection of data
 - C) Formulation of synthesis
 - D) Selection of problem
123. The questions to be answered through the study is called
- A) Objectives of the study
 - B) Suggestions of the study
 - C) Observations of the study
 - D) None of these
124. Tentative propositions relating to investigative questions
- A) Hypothesis
 - B) Objectives
 - C) Conclusions
 - D) Suggestions
125. “A simplified representation of real situation” is called
- A) Economic law

- B) Economic theory
 - C) Economic model
 - D) None of these
126. A regular and systematic way of accomplishing something is called
- A) Method
 - B) Methodology
 - C) Model
 - D) Sample
127. A static economics visualises
- A) Inflationary state
 - B) Deflationary state
 - C) Stationary state
 - D) Progressive state
128. Research basically is
- A) A point of view
 - B) An attitude of enquiry
 - C) A step wise exploration
 - D) All the above
129. The objective of a research is
- A) Theoretical
 - B) Factual
 - C) Practical
 - D) All the above
130. Action research is
- A) The research in action
 - B) Instant research
 - C) Research for quick implementation
 - D) All the above
131. Experimental research deals with
- A) Variables
 - B) Controls
 - C) Scientific inference
 - D) All the above
132. Research is based upon
- A) Scientific method
 - B) Experiments
 - C) Scientists

- D) General principles
133. If you are repeating the mistake again and again then you are called as
- A) Excellent researcher
 - B) Excellent forgetter
 - C) Foolish person
 - D) Normal person
134. Which of the following is not a characteristic of a research
- A) Irrelevant data collection
 - B) Irrelevant data analysis
 - C) Irrelevant conclusion
 - D) All the above
135. The research is always
- A) Exploring new knowledge
 - B) Verifying old knowledge
 - C) Filling the gap between the knowledge
 - D) Including all the above
136. Research reporting should be carried out
- A) In a scientific way
 - B) In an imaginary way
 - C) Through copying
 - D) Through discussion
137. Generally the data of the research is
- A) Quantitative only
 - B) Qualitative only
 - C) Both of above
 - D) None of the above
138. The aim of research is
- A) Factual
 - B) Certifiable
 - C) Theoretical
 - D) All the above
139. The theoretical aim of research is
- A) Exploratory
 - B) Qualitativness
 - C) Quantitative
 - D) Inferential

140. The research which is exploring new facts through the study of parts is called
- A) Historical research
 - B) Philosophical research
 - C) Mythological research
 - D) None of these
141. Synopsis of a research is
- A) Blue print of research
 - B) Summary of research
 - C) Extract of research
 - D) A plan of research
142. The chief characteristics of sampling is
- A) Economy
 - B) Reliability
 - C) Feasibility
 - D) All the above
143. The empirical testing of facts
- A) Science
 - B) Art
 - C) Both science and arts
 - D) None of these
144. The branch of science that are connected with formal systems
- A) Social science
 - B) Formal science
 - C) Natural science
 - D) None of these
145. Science of numbers
- A) Geography
 - B) Astronomy
 - C) Numerology
 - D) Mathematics
146. The study of the collection, organisation, and interpretation of data is called
- A) Mathematics
 - B) Data analysis
 - C) Synthesis
 - D) Statistics

147. The study of law comes under
- A) Applied science
 - B) Practical science
 - C) Social science
 - D) None of the above
148. The earliest forms of an empirical mathematical science is associated with
- A) Babylonians
 - B) Europeans
 - C) Mesopotamians
 - D) None of these
149. The biological origin and variation in the human species are comes under
- A) Physical anthropology
 - B) Cultural anthropology
 - C) Social anthropology
 - D) None of the above
150. Family is the subject matter of study under
- A) Anthropology
 - B) Sociology
 - C) Physiology
 - D) Economics
151. “Everything that has already happened” is the subject matter of
- A) Sociology
 - B) History
 - C) Geography
 - D) Political science
152. Factor endowment is comes under the preview of
- A) Geography
 - B) Economic geography
 - C) Physical geography
 - D) None of these
153. Psychology is a
- A) Social science
 - B) Natural science
 - C) Applied science
 - D) Physical science

154. Validity of an economic law depends on
- A) Its variables
 - B) Reliability of thought
 - C) Reliability of its assumption
 - D) Its application
155. “Statement of economic tendency” is known as
- A) Economic law
 - B) Economic theory
 - C) Economic analysis
 - D) Economic view
156. The measurable quantities that are vary during a given period of time is called
- A) Variables
 - B) Models
 - C) Theory
 - D) Law
157. The supply of a commodity is a
- A) A stock concept
 - B) A flow concept
 - C) Both stock and flow concept
 - D) None of these
158. In normal case, the relationship between demand and price
- A) Direct relationship
 - B) Indirect relationship
 - C) Both direct and indirect
 - D) None of the above
159. The demand for a commodity at a particular price is known as
- A) Price demand
 - B) Income demand
 - C) Cross demand
 - D) Joint demand
160. Inflation or market price changes are not incorporated in
- A) Nominal value
 - B) Real value
 - C) Monetary value
 - D) None of these.

161. “Principles of Political Economy And Taxation” is the famous work of
- A) David Ricardo
 - B) Adam Smith
 - C) Alfred Marshall
 - D) J S Mill
162. “ Invisible Hands” is the contribution of
- A) David Ricardo
 - B) Adam Smith
 - C) J S Mill
 - D) J M Keynes
163. Laissez-faire policy is the contribution of
- A) Neo Classical Economist
 - B) Keynesian economist
 - C) Classical Economist
 - D) None of these
164. According to Adam Smith, International trade should be
- A) Export oriented
 - B) Import oriented
 - C) Free trade
 - D) Restrictive trade
165. Among the following Economists, who is the classical economist.
- A) Adam Smith
 - B) David Ricardo
 - C) J S Mill
 - D) All the above
166. “ Essay on Population” Is the famous work of
- A) Thomas Malthus
 - B) Adam Smith
 - C) David Ricardo
 - D) None of these
167. Theory of population was put forward by
- A) Adam Smith
 - B) David Ricardo
 - C) J S Mill
 - D) Thomas Malthus
168. Preventive Check is the concept of

- A) Thomas Malthus
 - B) Adam Smith
 - C) David Ricardo
 - D) None of these
169. “Defence of Usury” is the famous work of
- A) Milton Friedman
 - B) David Ricardo
 - C) Adam Smith
 - D) Jeremy Bentham
170. “Principles of Economics” is the famous work of
- A) Alfred Marshall
 - B) Adam Smith
 - C) David Ricardo
 - D) J B Say
171. Who is known as Father of Welfare Economics
- A) A. C. Pigou
 - B) Adam Smith
 - C) Alfred Marshall
 - D) None of these
172. “The organiser” is the work of
- A) Saint Simon
 - B) Leon Walras
 - C) Adam Smith
 - D) None of these
173. “Communist Manifesto” the famous work of
- A) Karl Marx
 - B) Saint Simon
 - C) J M Keynes
 - D) None of these
174. Dialectical Materialism is the contribution of
- A) Adam Smith
 - B) Karl Marx
 - C) David Ricardo
 - D) None of these
175. “The theory of Surplus value” contributed by
- A) Adam Smith
 - B) David Ricardo

- C) Karl Marx
- D) None of these

Semester I
PRINCIPLES OF ECONOMICS

1. **The fundamental economic problem faced by all societies is:**
 - a. unemployment
 - b. inequality
 - c. poverty
 - d. scarcity
2. **"Capitalism" refers to:**
 - a. the use of markets
 - b. government ownership of capital goods
 - c. private ownership of capital goods
 - d. private ownership of homes & cars
3. **There are three fundamental questions every society must answer. Which of the following is/are one of these questions?**
 - a. What goods and services are to be produced?
 - b. How are the goods and services to be produced?
 - c. Who will get the goods and services that are produced?
 - d. All of the above
4. **Which of the following is called as the Gossen's First law?**
 - a. Law of substitution
 - b. The law of equi-marginal utility
 - c. Law of diminishing utility
 - d. The law of indifference
5. **Which of the following is a characteristic of pure monopoly?**
 - a. one seller of the product
 - b. low barriers to entry
 - c. close substitute products
 - d. perfect information

6. **In pure monopoly, what is the relation between the price and the marginal revenue?**
- a. the price is greater than the marginal revenue
 - b. the price is less than the marginal revenue
 - c. there is no relation
 - d. they are equal
7. **In order to maximize profits, a monopoly company will produce that quantity at which the:**
- a. marginal revenue equals average total cost
 - b. price equals marginal revenue
 - c. marginal revenue equals marginal cost
 - d. total revenue equals total cost
8. **Compared to the case of perfect competition, a monopolist is more likely to:**
- a. charge a higher price
 - b. produce a lower quantity of the product
 - c. make a greater amount of economic profit
 - d. all of the above
9. **Which of the following is necessary for a natural monopoly?**
- a. economies of scale
 - b. a high proportion of the total cost is the cost of capital goods
 - c. the market is very small
 - d. all of the above
10. **At the point of inflexion, the marginal utility is –**
- a. increasing
 - b. decreasing
 - c. maximum
 - d. negative
11. **Which of the following best defines price discrimination?**

- a. charging different prices on the basis of race
- b. charging different prices for goods with different costs of production
- c. charging different prices based on cost-of-service differences
- d. selling a certain product of given quality and cost per unit at different prices to different buyers

12. In order to practice price discrimination, which of the following is needed?

- a. some degree of monopoly power
- b. an ability to separate the market
- c. an ability to prevent reselling
- d. all of the above

13. In price discrimination, which section of the market is charged the higher price?

- a. the section with the richest people
- b. the section with the oldest people
- c. the section with the most inelastic demand
- d. the section with the most elastic demand

14. Which of the following concepts represents the extra revenue a firm receives from the services of an additional unit of a factor of production?

- a. total revenue
- b. marginal physical product
- c. marginal revenues product
- d. marginal revenue

15. Total utility curve is—

- a. Concave to x axis
- b. Convex to x axis
- c. Concave or convex depending on situations
- d. Concave to y axis

16. The demand for labor is the same as the

- a. marginal revenue product
- b. marginal physical product
- c. marginal cost
- d. wage

17. **The demand for labor slopes down and to the right because of**

- a. the law of demand
- b. the iron law of wages
- c. the law of diminishing marginal returns
- d. economies of scale

18. **The demand for labor will be more elastic if:**

- a. there are few substitutes for labor
- b. there is a short time under consideration
- c. labor is a large percent of the total cost of production
- d. the demand for the product is relatively inelastic
- e. all of the above

19. **Skills that can be transferred to other employers are called:**

- a. general skills
- b. specific skills
- c. non-pecuniary skills
- d. all of the above

20. **Monopolistic competition constitutes—**

- A. Single firm producing close substitutes
- B. Many firms producing close substitutes
- C. Many firms producing differentiated product**
- D. None of these

21. **If worker A earns more in wages than worker B, it could be because:**

- a. The product made by worker A sells for a higher price than that made by worker B

- b. Worker A uses more capital per worker than worker B
- c. Worker A has more natural ability than worker B
- d. All of the above

22. Skills that embodied in a person are called

- a. Human capital
- b. Embodied skills
- c. Physical capital
- d. Experience skills

23. "Treating an individual as typical of a group" is the definition of

- a. pure discrimination
- b. statistical discrimination
- c. human capital
- d. specific skills

24. Demand for a commodity refers to:

1. Need for the commodity
2. Desire for the commodity
3. Amount of the commodity demanded at a particular price and at a particular time
4. Quantity demanded of that commodity

25. Which among the following statement is INCORRECT?

1. On a linear demand curve, all the five forms of elasticity can be depicted'
2. If two demand curves are linear and intersecting each other then coefficient of elasticity would be same on different demand curves at the point of intersection.
3. If two demand curves are linear, and parallel to each other then at a particular price the coefficient of elasticity would be different on different demand curves.
4. The price elasticity of demand is expressed in terms of relative not absolute, changes in Price and quantity demanded'

26. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to:

1. Increase
2. Decrease
3. Remain the same
4. Become zero

27. The horizontal demand curve parallel to x-axis implies that the elasticity of demand is:

1. Zero
2. Infinite
3. Equal to one
4. Greater than zero but less than infinity

28. An individual demand curve slopes downward to the right because of the:

1. Working of the law of diminishing marginal utility
2. substitution effect of decrease in price
3. income effect of fall in Price
4. All of the above

29. Income elasticity of demand is defined as the responsiveness of:

1. Quantity demanded to a change in income
2. Quantity demanded to a change in price
3. Price to a change in income
4. Income to a change in quantity demanded

30. The supply of a good refers to:

1. Stock available for sale
2. Total stock in the warehouse

3. *Actual Production of the good*
4. *Quantity of the good offered for sale at a particular price per unit of time*

31. In the short run, when the output of a firm increases, its average fixed cost:

1. *Remains constant*
2. *Decreases*
3. *Increases*
4. *First decreases and then rises*

32. The cost of one thing in terms of the alternative given up is called:

1. *Real cost*
2. *Production cost*
3. *Physical cost*
4. *opportunity cost*

33. Assume that consumer's income and the number of sellers in the market for good X both falls. Based on this information, we can conclude with certainty that the equilibrium:

1. *Price will decrease*
2. *Price will increase*
3. *Quantity will increase*
4. *Quantity will decrease*

34. The economist's objections to monopoly rest on which of the following grounds?

1. *There is a transfer of income from consumers to the monopolist*
2. *There is welfare loss as resources tend to be misallocated under monopoly*
3. *Only A is correct*
4. *Both A and B are correct*

35. In which of the following market structure is the degree of control over the price of

its product by a firm very large?

1. *Imperfect competition*
2. *Perfect competition*
3. *Monopoly*
4. *In A and B both*

36. The offer curves introduced by Alfred Marshall, helps us to understand how the _____ is established in international trade.

1. *Terms of trade*
2. *Equilibrium price ratio*
3. *Exchange rate*
4. *Satisfaction level*

37. Demand for factors of production is:

1. *Derived demand*
2. *Joint demand*
3. *Composite demand*
4. *None of the above*

38. The producer's demand for a factor of production is governed by the ____ of that factor.

1. *Price*
2. *Marginal Productivity*
3. *Availability*
4. *Profitability*

39. Under conditions of perfect competition in the product market:

1. *MRP=VMP*
2. *MRP > VMP*
3. *VMP > MRP*
4. *None of the above*

40. Which among the following statements is INCORRECT?

1. Coefficient of correlation can be computed directly from the data without measuring deviation.
2. Measures of Dispersion are also called averages of the second order.
3. Standard deviation can be negative.
4. Mean deviation can never be negative.

41. One of the methods to find out Mode is:

1. $Mode = 3 \text{ Median} + 2 \text{ Mean}$
2. $Mode = 3 \text{ Median} - 3 \text{ Mean}$
3. $Mode = 2 \text{ Median} - 3 \text{ Mean}$
4. $Mode = 3 \text{ Median} - 2 \text{ Mean}$

42. Which among the following statements is INCORRECT?

1. Index number is a relative measurement.
2. In fact all index numbers are weighted.
3. Theoretically the best average in construction of index numbers is Geometric mean.
4. It is not possible to shift the base if it is the case of fixed base index

43. Mean Deviation can be calculated from:

1. Mean
2. Median
3. Mode
4. Any of the above

44. Which among the following is NOT a correct statement?

1. Welfare economics is based on value judgements.
2. Welfare economics is also called 'economics with a heart'.

3. *Welfare economics focuses on questions about equity as well as efficiency.*
4. *The founder of Welfare economics was Alfred Marshall.*

45. Who is the 'lender of the last resort' in the banking structure of India?

1. *State Bank of India*
2. *Reserve Bank of India*
3. *EXIM Bank of India*
4. *Union Bank of India*

46. _____ is the official minimum rate at which the Central Bank of a country is prepared to rediscount approved bills held by the commercial banks.

1. *Repo rate*
2. *Bank rate*
3. *Prime lending rate*
4. *Reverse repo rate*

47. In order to control credit, Reserve Bank of India should:

1. *Increase CRR and decrease Bankrate*
2. *Decrease CRR and reduce Bankrate*
3. *Increase CRR and increase Bankrate*
4. *Reduce CRR and increase Bankrate*

48. Which among the following is a function of the Reserve Bank of India?

1. *Bank issues the letters of credit to their customers certifying their creditability*
2. *Collecting and compilation of statistical information relating to banking & other financial sectors*
3. *Banks under write the securities issued by public or private organizations*

4. *Accepting deposits from the public*

49. ***Credit creation power of the commercial banks gets limited by which of the following?***

1. *Banking habits of the people*
2. *Cash reserve ratio*
3. *Credit policy of the central bank*
4. *All of the above*

50. ***Number of times a unit of money changes hands in the course of a year is called _____***

1. *Supply of money*
2. *Purchasing power of money*
3. *Velocity of money*
4. *Value of money*

51. ***_____ is the difference between total receipts and total expenditure.***

1. *Capital deficit*
2. *Budget deficit*
3. *Fiscal deficit*
4. *Revenue deficit*

52. ***What is meant by Autarky in international trade?***

1. *Monopoly in international trade*
2. *Imposition of restrictions in international trade*
3. *Removal of all restrictions from international trade*
4. *The idea of self sufficiency and no international trade by a country*

53. The following is the direct tax among:

1. House tax
2. Entertainment tax
3. Service tax
4. Value Added tax

54. Which among the following is a cause of inflation?

1. Deficit financing
2. Rise in external loans
3. Unfavourable balance of payment
4. A hike in the CRR by the central bank of the country

55. Cost push inflation occurs because of:

1. Wage push
2. Profit push
3. Both A and B
4. Ineffective policies of the government

56. Scatter diagram is used to study ___ in economic statistics.

1. Variability in the series
2. Nature of Correlation in the two series
3. Regression
4. Secular trend

57. Coefficient of Correlation (r) is significant, if:

1. $r > 5$ times Probable Error
2. $r < 6$ times Probable Error

3. $r > 6$ times Probable Error

4. $r = 6$ times Probable Error

58. For measuring the changes in the price level of the country, which among the following index number is used

1. Cost of living index number

2. Production index number

3. Security Price index number

4. Whole sale price index number

59. The Heckscher-Ohlin approach to international trade provides important insights, in

1. Gains from trade

2. Effect of trade on production and consumption

3. Effect of trade on the incomes of production factors

4. All of the above

62. Under free exchange markets the rate of foreign exchange is determined by:

1. Balance of Payments theory

2. Mint par theory

3. Purchasing power parity theory

4. None of the above

63. When national income is calculated with reference to a base year, it is called:

1. Nominal national income

2. Net national income

3. Real national income

4. Gross national income

64. Iso quants are right angled only when:

1. Factors are perfect substitutes

2. Factors are neutral

3. Factors are perfect complements

4. Factors are scarce

65. The bowed shape of the production possibilities curve illustrates:

a. the law of increasing marginal cost

b. that production is inefficient

- c. that production is unattainable
- d. the demand is relatively inelastic

66. **Giffen goods are those goods—**

- a. For which demand increases as price increases
- b. Which have a high income elasticity of demand
- c. Which are in very short supply
- d. None of these.

67. **The law of demand states that:**

- a. as the quantity demanded rises, the price rises
- b. as the price rises, the quantity demanded rises
- c. as the price rises, the quantity demanded falls
- d. as supply rises, the demand rises

68. **The price elasticity of demand is the:**

- a. percentage change in quantity demanded divided by the percentage change in price
- b. percentage change in price divided by the percentage change in quantity demanded
- c. dollar change in quantity demanded divided by the dollar change in price
- d. percentage change in quantity demanded divided by the percentage change in quantity supplied

69. **Community Colleges desired to increase revenues. They decided to raise fees paid by students with Bachelors degrees to \$50 per unit because they believed this would result in greater revenues. But in reality, total revenues fell. Therefore, the demand for Community College courses by people with Bachelors degrees must have actually been:**

- a. relatively inelastic
- b. unit elastic
- c. relatively elastic
- d. perfectly elastic

70. **Which statistical measure helps in measuring the purchasing power of money?**

1. Arithmetic average
2. Index numbers
3. Harmonic mean

4. *Time series*

71. **Fisher's ideal index number is:**

1. *Arithmetic mean of Laspeyre's and Paasche's index*
2. *Harmonic mean of Laspeyre's and Paasche's index*
3. *Geometric mean of Laspeyre's and Paasche's index*
4. *None of the above*

72. **Which among the following is NOT correct?**

1. *During inflation lenders suffer and borrowers benefit out'*
2. *Rising inflation indicates rising aggregate demand and indicates comparatively lower supply and higher purchasing capacity among the consumers'*
3. *With rising inflation the currency of the economy depreciates provided it follows the flexible currency regime.*
4. *Inflation decreases the nominal (face) value of the wages while the real value increases.*

73. **The capital that is consumed by an economy or a firm in the production process is known as:**

1. *Capital loss*
2. *Production cost*
3. *Dead-weight loss*
4. *Depreciation*

74. **Who propounded the opportunity cost Theory of international trade?**

1. *Ricardo*
2. *Marshall*
3. *Heckscher & Ohlin*
4. *Haberler*

75. **Which among the following is NOT correct?**

1. *Floating exchange rate system works on the market mechanism*
2. *Floating exchange rate breeds uncertainties and speculation*
3. *Economic and political factors and value judgments influence the choice of the exchange rate system*

4. The system of floating exchange rate requires comprehensive government intervention

76. Which among below is NOT a correct statement?

1. Bretton Woods conference gave birth to two international organizations-
2. Theory of Absolute Advantage in international trade is given by Adam Smith'
3. Pure and perfect competition is the same market structures.
4. Mint par theory of exchange rate determination is applicable in countries under gold standard.

77. Terms of trade that relate to the Real Ratio of international exchange between commodities is called:

1. Real cost terms of trade
2. Commodity terms of trade
3. Income terms of trade
4. Utility terms of trade

78. Who among the following enunciated the concept of single factoral terms of trade?

1. Jacob Viner
2. G.S.Donens
3. Taussig
4. J.S.Mill

79. 'Infant industry argument' in international trade is given in support of:

1. Granting Protection
2. Free trade
3. Encouragement to export oriented small and tiny industries

4. *None of the above*

80. **Which of the following is also known as International Bank for Reconstruction and Development?**

1. *Asian Development Bank*
2. *World Bank*
3. *Reserve Bank of India*
4. *International Monetary Fund*

81. **Which among the following is not a function of International Monetary Fund?**

1. *It serves a medium term and long term credit institution'*
2. *It provides a mechanism for improving short term balance of payments position'*
3. *It provides machinery for international consultations'*
4. *It provides reservoir of the currencies of the member countries and enables members to borrow one another's currency'*

82. **The new world Trade organization (WTO), which replaced the GATT came into effect from_____**

1. *1ST January 1991*
2. *1st January 1995*
3. *1st April 1994*
4. *1st May 1995*

83. **A change in fiscal policy affects the balance of payments through:**

1. *The current account only*
2. *The capital account only*
3. *Both, the current account and capital account*
4. *Neither current account nor capital account*

84. Fiscal Policy means:

1. Policy relating to money and banking in a country
2. Policy relating to non-banking financial institutions
3. Policy relating to government spending' taxation and borrowing
4. Policy relating to financial matters of international trade

85. Which one of the following is NOT the objective of fiscal policy of government of India?

1. Full employment
2. Price stability
3. Regulation of inter-state trade
4. Economic growth

86. Monetary policy is implemented by in India.

1. The Ministry of Finance
2. Planning Commission
3. The Parliament
4. Reserve Bank of India

87. Under the Industrial policy of 1991:

1. The mandatory convertible clause is applicable to all term loans.
2. The mandatory convertible clause is applicable to term loans of more than 10 years.
3. The mandatory convertible clause is applicable to term loans of less than 10 years.
4. The mandatory convertible clause is no longer applicable.

88. Balance of Payment on capital account includes:

1. Balances of private direct investments
2. Private portfolio investments
3. Government loans to foreign governments
4. All of the above

89. Which country was the first to adopt a gold standard in the modern sense?

1. *Italy*
2. *France*
3. *Great Britain*
4. *Portugal*

90. **To eradicate the problem of poverty, Twenty Point Economic Programme was launched for the first time in India on:**

1. *7th July, 1971*
2. *7th July, 1975*
3. *26th January, 1951*
4. *15th August, 1983*

91. **_____unemployment may result when some workers are temporarily out of work while changing job**

1. *Seasonal*
2. *Frictional*
3. *Disguised*
4. *Technical*

92. **Which among below is the economic effect of population pressure in India?**

1. *Higher burden of unproductive consumers on total population*
2. *Disintegration of family*
3. *Overcrowding of cities*
4. *Ecological degradation*

93. **Which among the following may be considered as a significant cause of low agriculture productivity in India?**

1. *Defective tenancy reforms*
2. *Lack of enthusiasm among farmers*
3. *Conservative social systems*
4. *Absence of agricultural inputs to raise productivity*

94. **What have been the reasons of deficit in India's Balance of Trade in the past?**

1. *Very large rise in imports*
2. *Modest growth of exports*
3. *High cost and low quality production*
4. *All of the above*

95. **A high average level of per capita income per head is always associated with a high proportion of the working population engaged in _____ sector.**

1. *Primary*
2. *Secondary*
3. *Tertiary*
4. *None of the above*

96. **Natural resources determine the course of development and constitute the challenge which may not be accepted by the human mind. "Who has said it"?**

1. *W. Arthur Lewis*
2. *J.I. Fisher*
3. *Jan Tinbergen*
4. *W.W. Rostow*

97. **The credit of developing the concept of modern economic growth goes to:**

1. *Arthur Lewis*
2. *Michael P. Todaro*
3. *Gunnar Myrdal*
4. *Simon Kuznets*

98. **The most simple and popular method of measuring economic development is to calculate the trend of gross national product (GNP) at _____**

1. *Current prices*
2. *Constant prices*
3. *Both of the above*
4. *None of the above*

99. **"Underdeveloped countries are the slums of the world Economy." This statement is by**

1. Ragnar Nurkse
2. A.N. Caimcross
3. Colin Clark
4. Jagdish Bhagwati

100. Which among the following is a characteristic of underdevelopment?

1. Vicious circle of poverty
2. Rising mass consumption
3. Growth of industries
4. High rate of urbanization

101. According to W.W. Rostow, the stages of economic growth are:

1. Two
2. Three
3. Four
4. Five

102. Most of the underdeveloped economies suffer from ___ which do not let the rate of growth go up from a lower level.

1. High population pressures
2. High infant mortality
3. High monetary mismanagement
4. High level of technological unemployment

103. By ___ growth rate of an economy can be speeded up.

1. Investment in share market
2. Investment abroad
3. Investment in human capital formation
4. Investment in primary sector

104. **When the population growth rate of an economy becomes greater than the achievable economic growth rate, it is known as:**

1. *Population Explosion*
2. *Population Trap*
3. *Population Crisis*
4. *None of the above*

105. **'Planning from below' is known as:**

1. *Centralized planning*
2. *Functional planning*
3. *Decentralized planning*
4. *Structural planning*

106. **_____got the highest priority during the first plan period in India.**

1. *Self reliance*
2. *Growth with social justice*
3. *Development of Agriculture including irrigation*
4. *Removal of unemployment*

107. **An expression coined by economists to describe in economy that is growing at such a slow pace that more jobs are being lost than are being added:**

1. *Stagflation*
2. *Recession*
3. *Growth Recession*
4. *Ritchet Inflation*

108. **Which five year plan in India gave emphasis on Co-operative Federalism?**

1. *Ninth five year plan*
2. *Tenth five year plan*
3. *Eleventh five year plan*
4. *Twelfth five year plan*

109. **Which Five year plan in India had 'poverty alleviation' as one of its objectives?**
1. *First five year plan*
 2. *Third five year plan*
 3. *Fifth five year plan*
 4. *Seventh five year plan*
110. **Who has contributed the modern theory of interest rate determination?**
1. *Paul A. Samuelson*
 2. *Gunnar Myrdal*
 3. *Knut Wicksell*
 4. *J.R. Hicks*
111. **Whose name is associated with the "Uncertainty-bearing theory of profit"?**
1. *J. Schumpeter*
 2. *F.H. Knight*
 3. *J.B. Clark*
 4. *F.W. Watker*
112. **Who has sought to measure Consumer's Surplus with the help of indifference curve technique?**
1. *Alfred Marshall*
 2. *Edgeworth*
 3. *J.R. Hick*
 4. *Pareto*
113. **Who among the following has given the modern theory of distribution?**
1. *Nicholas Kaldor*
 2. *Wicksteed*
 3. *David Ricardo*
 4. *Mrs. Joan Robinson*

114. ***In a free enterprise economy, which among the following are the determinants of Investment?***

1. *Rate of interest*
2. *Marginal efficiency of capital*
3. *Both A and B*
4. *None of the above*

115. ***_____factors determine the position and slope of consumption curve.***

1. *Objective*
2. *Subjective*
3. *Both A and B*
4. *None of the above*

116. ***Keynes believed that the equality between savings and investment is brought about by:***

1. *Rate of interest*
2. *Changes in income*
3. *Availability of capital*
4. *Marginal efficiency of investment*

117. ***Which among the following is NOT an assumption of Pareto optimality?***

1. *Every consumer wishes to maximize his level of satisfaction.*
2. *All the factors of production are used in the production of every commodity.*
3. *Conditions of perfect competition exist making all the factors of production perfectly mobile*
4. *The concept of utility is cardinal and cardinal utility function of every consumer is given.*

118. ***“Money is a matter of functions four, a medium, a measure, a standard and _____”. What is the fourth function of money indicated in this popular phrase?***

1. *A stock*

2. A flow
3. A store
4. A payment

119. Which of the following measure of the high-power money supply (H) has been used by RBI of India

1. Currency held by the public + Other deposits with the RBI
2. Cash reserves of the commercial banks + Other deposits with the RBI
3. Currency held by the public + cash reserves of the commercial banks + other deposits with the RBI
4. Currency held by the public + cash reserves of the commercial banks + Time deposits of the commercial banks + other deposits with the RBI

120. In the case of agriculture,

- a. the demand has shifted to the right more than the supply has shifted to the right
- b. the demand has shifted to the right less than the supply has shifted to the right
- c. the demand has shifted to the left more than the supply has shifted to the left
- d. the demand has shifted to the left less than the supply has shifted to the left

121. The agricultural price support program is an example of

- a. a price ceiling
- b. a price floor
- c. equilibrium pricing

122. If there is a price floor, there will be

- a. shortages
- b. surpluses
- c. Equilibrium

123. Broad Money (M3) constitutes currency with public plus demand deposits with banks plus time deposits with bank plus _____

1. Other deposits with the RBI
2. Post office deposits
3. Government deposits with RBI

4. Bankers deposits with RBI

124. **The demand for a product would be more inelastic:**

- a. the greater is the time under consideration
- b. the greater is the number of substitutes available to buyers
- c. the less expensive is the product in relation to incomes
- d. all of the above

125. **If there is a price ceiling, there will be**

- a. shortages
- b. surpluses
- c. equilibrium

126. **If there is a price ceiling, which of the following is NOT likely to occur?**

- a. rationing by first-come, first-served
- b. black markets
- c. gray markets
- d. sellers providing goods for free that were formerly not free

127. **The goal of a pure market economy is to best meet the desires of**

- a. consumers
- b. companies
- c. workers
- d. the government

128. **In a pure market economy, which of the following is a function of the price?**

- I. provide information to sellers and buyers ,
 - II. provide incentives to sellers and buyers
- a. I only
 - b. II only
 - c. both I and II

d. neither I nor II

129. In a market system, sellers act in _____ interest , but this leads to behavior in _____ interest.

a. self; self

b. self; society's

c. society's; society's

d. society's; self

130. The law of diminishing (marginal) returns states that as more of a variable factor is added to a certain amount of a fixed factor, beyond some point:

a. Total physical product begins to fall

b. The marginal physical product rises

c. The marginal physical product falls

d. The average physical product falls

131. Why is the law of diminishing marginal returns true?

a. specialization and division of labor

b. spreading the average fixed cost

c. limited capital

d. all factors being variable in the long-run

132. Which of the following is known as long run average cost curve?

1. Learning curve

2. Envelope curve

3. Equal product curve

4. Phillips curve

133. Identify which of the following is NOT a correct match?

a. World Bank provides loans for reconstruction and development of economies

b. IMF helps in correcting balance of payments

c. RBI provides technical consultancy to Asian countries

d. WTO Generally forbids the use of quantitative restrictions on trade

134. In a perfectly competitive market a firm in the long run will be in equilibrium when:

1. $AC = MC$
2. $AR = MR$
3. $MR = MC$
4. $P = AR = MR = AC = MC$

135. An increase in price will cause a supply curve to shift to the left

- a. True
- b. False

173. If a price increase of good A increases the quantity demanded of good B, then good B is a

- a. substitute good
- b. complementary good
- c. bargain
- d. inferior good

174. An increase in consumer income will increase demand for a _____ but decrease demand for a _____

- a. substitute good, inferior good
- b. normal good, inferior good
- c. inferior good, normal good
- d. normal good, complementary good

175. Price ceilings are imposed increase price above the free market equilibrium price

- a. True
- b. False

176. If cross elasticity of one commodity for another turn out to be zero, it means they are.....

- a. Close substitutes

- b. *Good complements*
 - c. *Completely unrelated*
 - d. *None of these*
177. *A falling MU curve illustrates—*
- a. *The principle of diminishing marginal utility*
 - b. *The principle of diminishing marginal rate of substitution*
 - c. *The principle of equi-marginal utility*
 - d. *None of these*
178. *The term optimum allocation of consumer's expenditure on various goods and services is used in—*
- a. *Law of demand*
 - b. *Giffen paradox*
 - c. *Aw of equi-marginal utility*
 - d. *Aw of diminishing marginal utility*
179. *Total utility curve is—*
- a. *Concave to X axis*
 - b. *Convex to x axis*
 - c. *Concave or convex depending on situations*
 - d. *Concave to y axis.*
180. *A consumer's demand curve can be obtained from-*
- a. *Income –consumption curve*
 - b. *Engel's curve*
 - c. *Price- consumption curve*
 - d. *None of these*

181. *Marginal utility approach was finalised by*
- a. *J.R Hicks*
 - b. *Alfred Marsha*
 - c. *J.S Mill*
 - d. *A.C Pigou.*
182. *Aw of Variable proportion comes under—*
- a. *Short run production function*
 - b. *long run production function*
 - c. *Both (a) and (b)*
 - d. *None of these*
183. *Total product will be maximum when—*
- a. *MP is maximum*
 - b. *AP is maximum*
 - c. *MP is zero*
 - d. *MP is negative*
184. *In case of positive cross elasticity, price consumption curve would be—*
- a. *Upward sloping*
 - b. *Downward sloping*
 - c. *Horizontal straight line*
 - d. *Vertical straight line*
185. *In the case of an inferior good, the income effect—*
- a. *partially offsets the substitution effect*
 - b. *reinforce die substitution effect*
 - c. *is equal to the substitution effect*
 - d. *more than offsets the substitution effect*
186. *if the demand for the good is unitary elastic then price consumption curve would be—*
- a. *Upward sloping*
 - b. *Downward sloping*
 - c. *Horizontal straight-line*
 - d. *Vertical straight-line*
187. *Giffen goods are those goods—*
- a. *For which demand increases as price increases*

- b. Which have a high income elasticity of demand
 - c. Which are in very short supply
 - d. None of these
188. Extension of demand means—
- a. More quantity demanded at a lower price
 - b. More quantity demanded at a higher price
 - c. More quantity demanded at the same price
 - d. None of these
189. When the demand curve is a rectangular hyperbola, it represents-
- a. Unitary elastic demand
 - b. Perfectly elastic demand
 - c. Perfectly inelastic demand
 - d. Relatively elastic demand
190. Demand schedule is shown as—
- a. A result of increase in the size of the family
 - b. A result of change in state
 - c. A function of price alone
 - d. None of these
191. An exceptional demand curve is one that slopes—
- a. Upward to the right
 - b. Downward to the right
 - c. Upward to the left
 - d. Horizontally
192. Two goods have to be consumed simultaneously are-
- a. Identical
 - b. Complementary
 - c. Substitutes
 - d. None of these
193. In the case of an inferior commodity, the income elasticity of demand is—
- a. Positive
 - b. Unitary
 - c. Negative
 - d. Infinity
194. The amount of commodity that the consumer would purchase per unit of

time at various eves of his income is shown by—

- a. Contract curve
 - b. lorenz curve
 - c. Engel curve
 - d. Indifference curve
195. A the points on a budget line represents—
- a. Increasing total expenditure
 - b. Decreasing total expenditure
 - c. The same total expenditure
 - d. None of the above.
196. An increase in demand can result from
- a. A decline in market price
 - b. An increase in income
 - c. A reduction in the price of substitutes
 - d. An increase in the price of complements
197. Which of the following pairs of commodities is an example of substitutes
- a. Coffee and milk
 - b. Diamond and cow
 - c. Pen and ink
 - d. Mustard oil and coconutoil
198. Extension of demand means—
- a. More quantity demanded at a lower price
 - b. More quantity demanded at a higher price
 - c. More quantity demanded at the same price
 - d. None of these
199. Market demand is—
- A. The sum of all individual demands
 - B. Demand at prevailing average prices
 - C. Ability to pay the price asked
 - D. Demand in a perfectly free market
200. Change in quantity demanded refers to—
- a. Upward shift of the demand curve

- b. *Downward shift of the demand curve*
- c. *Movement on the same demand curve*
- d. *None of these*