

MCOs Fundamentals of Economics- Semester 5

1. Which of the following could not be considered a major economic system?
 - A. capitalism.
 - B. communism.
 - C. socialism.
 - D. physical quality of life index.
2. Economic development refers to
 - A. Economic growth.
 - B. Economic growth plus changes in output distribution and economic structure.
 - C. Improvement in the well-being of the urban population.
 - D. Sustainable increases in Gross National Product.
3. OPEC is the
 - A. a. Organization of Petroleum Exporting Country.
 - B. b. Organization of Pre- European Commission.
 - C. c. Oil Producing Economies Caucus.
 - D. d. Organization of Problematic Economies Committee.
4. Micro Economics deals with
 - A. Aggregate Demand
 - B. Full Employment
 - C. Individual decision making
 - D. GDP
5. Which of the following statements about the use of resources is not one of the key questions in economics?
 - A. How are resources used?
 - B. Where are resources used?
 - C. For what are resources used?
 - D. For whom are resources used?
6. Which of the following types of economy describes the economy of the India?
 - A. A command economy.
 - B. A market economy.
 - C. A mixed economy.
 - D. A planned economy.
7. Law of demand shows relation between:
 - A. Income and price of commodity
 - B. Price and quantity of a commodity
 - C. Income and quantity demand
 - D. Quantity demanded and quantity supplied
8. Other things equal, if a good has more substitutes, its price elasticity of demand is:
 - A. Larger
 - B. Smaller
 - C. Zero
 - D. Unity
9. If quantity demanded is completely unresponsive to changes in price, demand is:
 - A. Inelastic
 - B. Unit elastic

- C. Elastic
 - D. Perfectly inelastic
10. If elasticity of demand is very low it shows that the commodity is:
- A. A necessity
 - B. A luxury
 - C. Has little importance in total budget
 - D. (a) and (c) above
11. The following are causes of shift in demand EXCEPT the one:
- A. Change in income
 - B. Change in price
 - C. Change in fashion
 - D. Change in prices of substitutes
12. When demand is perfectly inelastic, an increase in price will result in:
- A. A decrease in total revenue
 - B. An increase in total revenue
 - C. No change in total revenue
 - D. A decrease in quantity demanded
13. Price and demand are positively correlated in case of:
- A. Necessities
 - B. Comforts
 - C. Giffen goods
 - D. Luxuries
14. What does price elasticity of demand measure?
- 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
15. It describes the law of supply:
- A. Supply curve
 - B. Supply schedule
 - C. Supply equation
 - D. All the three
16. Economic problems arise because:
- A. Wants are unlimited
 - B. Resources are scarce
 - C. Scarce resources have alternative uses
 - D. All of the above
17. Which is not a central problem of an economy?
- A. What to produce
 - B. How to produce
 - C. How to maximize private profit
 - D. For whom to produce
18. Microeconomics deals with the:
- A. Allocation of resources of the economy as between production of different goods and services
 - B. Determination of prices of goods and services
 - C. Behaviour of industrial decision makers
 - D. All of the above
19. Identify the aspect of taxation which is related to normative economics:
- A. Incidence of tax

- B. Effect of tax on the capacity willingness to work
 - C. Equity of tax
 - D. None of the above
20. Which of the following pairs of commodities is an example of substitutes?
- A. Tea and sugar
 - B. Tea and coffee
 - C. Pen and ink
 - D. Shirt and trousers
21. Total utility is maximum when:
- A. Marginal utility is zero
 - B. Marginal utility is at its highest point
 - C. Marginal utility is equal to average
 - D. Average utility is maximum
22. 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
23. Per capita income is:
- A. Income per worker
 - B. Income per head
 - C. Income per household
 - D. Income per industrial unit
24. Transfer payments are not included in national income because:
- A. Such payments are made to persons living abroad
 - B. Double counting would result
 - C. They are illegal
 - D. There is no method to account for these
25. GNP is always:
- A. Less than NNP
 - B. Greater than NNP
 - C. Equal to NNP
 - D. Any of (a), (b), (c)
26. The four factor payments are:
- A. Money, capital, salaries, and income
 - B. Wages, rent, interest and profits
 - C. Money, power, prices, and wealth
 - D. Wages, interest, salaries and income
27. If $C=200$ and $I = 40$ then Y will equal to:
- A. 160
 - B. 240
 - C. 200
 - D. None of the above
28. If we deduct direct tax from personal income, we get:
- A. Net national income
 - B. Personal saving
 - C. Disposable income
 - D. Per capita income
29. The largest part of national income is:

- A. Consumption
 - B. Investment
 - C. Saving
 - D. Transfer payments
30. We measure national income by this method:
- A. Expenditure method
 - B. Income method
 - C. Product method
 - D. All of the above
31. If we compare GDP and GNP, then:
- A. $GNP = GDP - \text{net income from abroad}$
 - B. $GNP = GDP + \text{net income from abroad}$
 - C. $GNP = NNP - \text{net income from abroad}$
 - D. $GNP = NNP + \text{net income from abroad}$
32. Net exports are:
- A. Total exports plus total imports
 - B. Total exports minus total imports
 - C. Total imports minus total exports
 - D. Total exports divided by total imports
33. Macroeconomics is concerned with:
- A. Aggregate economic activity
 - B. Spending decisions of households
 - C. How to produce goods
 - D. How to buy stocks and bonds
34. Which of the following is not macroeconomics:
- A. Inflation
 - B. Unemployment
 - C. The level of output in the economy
 - D. Level of wages in garment industry
35. The term 'marginal' in economics means:
- A. Unimportant
 - B. Additional
 - C. The minimum unit
 - D. Just barely passing
36. Utility is most closely related to the term:
- A. Useful
 - B. Useless
 - C. Necessary
 - D. Satisfaction
37. Demand curve slopes downward because of the law of:
- A. Consumer equilibrium
 - B. Utility maximisation
 - C. Utility minimisation
 - D. Diminishing marginal utility
38. Economic problems arise because of:
- A. Greed
 - B. Scarcity
 - C. Dishonesty
 - D. Laziness
39. Ceteris paribus means:

- A. Other things being equal
 - B. All variables are independent
 - C. Enable economists to simplify reality
 - D. That no other assumptions are made
40. In economics, assumptions:
- A. Make economic theory useless
 - B. Mean other things equal
 - C. Enable economists to simplify reality
 - D. Used in micro and not in macroeconomist
41. Three basic economic problems:
- A. What, how and for whom
 - B. Why, where, and when
 - C. What, which and how much
 - D. What, which, why
42. "Wealth of nations" was written by:
- A. Adam Smith
 - B. Malthus
 - C. Marshall
 - D. Newton
43. Taxes are levied to:
- A. Penalise people
 - B. Provide direct benefits to tax payers
 - C. Provide general benefits for the people
 - D. To accumulate funds
44. Taxes on commodities are:
- A. Direct taxes
 - B. Indirect taxes
 - C. Progressive taxes
 - D. Proportional taxes
45. It is a direct tax:
- A. Excise tax
 - B. Sales tax
 - C. Income tax
 - D. Custom duty
46. The most important source of income of a government is:
- A. Foreign loans
 - B. Taxes
 - C. Printing of new money
 - D. Sale of government property
47. Progressive taxes:
- A. Increase with income
 - B. Bring equality in distribution of incomes
 - C. Act as penalty for rich people
 - D. Both (a) & (b)
48. Which tax better conforms to the principle of equality in taxation
- A. Progressive tax
 - B. Regressive tax
 - C. Proportional tax
 - D. Fixed tax
49. Which of the following is not a function of money?

- A. Medium of exchange
 - B. Unit of account
 - C. Standard of deferred payments
 - D. Stabilization of price level
50. Which of the following is not an instrument of monetary policy?
- A. Taxation
 - B. Bank rate
 - C. Open-market operations
 - D. Credit rationing
51. Which of the following measures is helpful in controlling inflation?
- A. Raising the bank rate
 - B. Price control and rationing of essential goods
 - C. Reduction of government expenditure
 - D. All of the above
52. Which is not a function of the central bank of a country?
- A. Lender of the last resort
 - B. Controller of credit
 - C. Custodian of nation's foreign exchange reserves
 - D. Supervisor of nation's fiscal policy
53. Which of the following is not a part of the un-organised Indian money market?
- A. Indigenous bankers
 - B. Co-operative credit societies
 - C. Chit funds
 - D. Money lenders
54. Open market operations refer to the buying and selling of:
- A. Commercial bills
 - B. Foreign exchange
 - C. Gold
 - D. Government securities
55. The 'terms of trade' refer to:
- A. Comparative advantage of one country over another in the production of a particular commodity
 - B. Bilateral trade agreements
 - C. Rates of exchange between two currencies
 - D. Ratio of the index of export prices to the index of import prices.
56. Where are the headquarters of the IMF?
- A. Paris
 - B. Geneva
 - C. New York
 - D. Washington, DC
57. Which one of the following is not a function of the IMF?
- A. To promote international monetary cooperation
 - B. To promote exchange stability
 - C. To promote a multilateral trading system
 - D. To promote the development of backward countries
58. The main function of the World Bank is to:
- A. Encourage capital investment for the reconstruction and development of its member countries
 - B. Grant long-term loans at little or no interest for projects in developing countries

- C. Reduce trade barriers and establish rules of free trade
 - D. Facilitate poor countries to trade at concessional rates
59. Two organisations were conceived at the Breton Woods conference held in 1944. One was the IBRD. Which was the other?
- A. FAO
 - B. GATT
 - C. IMF
 - D. IDA
60. One of the items is not related with e-banking
- A. Demand draft
 - B. SPMS
 - C. ECS
 - D. ATM
61. What is Repo Rate?
- A. When a bank is in need of cash it can discount bills of exchange and avail loan facilities from Reserve Bank of India.
 - B. When a bank has excess cash, they buy securities from RBI against cash on the condition that they resell the securities to RBI on a pre fixed day and price
 - C. It is rate at which RBI allows temporary loan facilities to commercial banks against government securities on the condition that the bank will repurchase the securities within a short period.
 - D. It is a rate which is offered by banks to their most valued customers or prime customers.
62. When RBI does some open market operation transactions, it wishes to regulate which of the following?
- A. Inflation
 - B. Supply of money in the economy
 - C. Borrowing power of the commercial banks
 - D. A & B
63. When the cash reserve ratio (CRR) is increased by the RBI, it will:
- A. Increase the supply of money in the economy
 - B. Decrease the supply of money in the economy
 - C. No impact on the supply of money in the economy
 - D. Initially increase the supply but later on decrease automatically.
64. Open Market Operations means:
- A. Sale of agricultural products in the government regulated Mandis.
 - B. Sale and purchase of bonds and securities to the commercial banks by the RBI.
 - C. Sale and purchase of bonds and securities by the RBI to the government.
 - D. Sale and purchase of bonds and securities by the commercial banks to the customers.
65. Which one of the following forms the largest share of deficit of Government of India Budget?
- A. Revenue deficit
 - B. Primary deficit
 - C. Fiscal deficit
 - D. Budgetary deficit
66. The Finance Commission of India is appointed by the President under Article
- A. 224
 - B. 200
 - C. 270

D. 280

67. Fiscal Policy of India is formulated by
- A. the Finance Ministry
 - B. the Reserve Bank of India
 - C. the Securities and Exchange Board of India
 - D. the Planning Commission
68. Fresh evaluation of every item of expenditure from the very beginning of each financial year is called
- A. Zero based budgeting
 - B. Deficit budgeting
 - C. Performance budgeting
 - D. Fresh budgeting
69. The existence of a parallel economy/black money
- A. ensures increasing productive investment
 - B. ensure a better distribution of income and wealth
 - C. makes the monetary policies less effective
 - D. makes the economy more competitive
70. The first estimate of national income in India was made by
- A. VKRV Rao
 - B. Mahalanobis
 - C. Professor Sheroi
 - D. DadabhaiNaoroji
71. Type of market in which securities with less than one year maturity are traded, is classified as
- A. money market
 - B. capital market
 - C. transaction market
 - D. global market
72. Treasury Bills means
- A. salary bills drawn by Government officials on the treasury
 - B. bills drawee by the Government contractors and other suppliers on the treasury for the dues owed to them by the Government
 - C. obligation of the Government of India issued by the Reserve Bank of India and payable normally 91 days after issue
 - D. a mode of drawings by the Treasury Office on the Reserve Bank of India
73. Which of the following best describes the Securities and Exchange Board of India?
- A. SEBI is the regulator for the capital markets
 - B. SEBI protects the interest of investors
 - C. SEBI is for ethical practices
 - D. All of the above
74. In the capital market, the term arbitrage is used with reference to
- A. purchase of securities to cover the sale
 - B. sale of securities to reduce the loss on purchase
 - C. simultaneous purchase and sale of securities to make profits from price
 - D. variation in different markets
75. Commercial paper is a short term security issued by to raise funds
- A. the Reserve Bank of India
 - B. Commercial Banks
 - C. large and well-known companies
 - D. National Stock Exchange

76. A non-performing asset is
- A. money at call and short notice
 - B. an asset that ceases to generate income
 - C. cash balance in till
 - D. cash balance with RBI
77. Which round of international trade negotiations resulted in the creation of the World Trade Organization?
- A. Kennedy Round of 1964-1967
 - B. Tokyo Round of 1973-1979
 - C. Uruguay Round of 1986-1993
 - D. Doha Round of 2003-2007
78. A tariff is:
- A. A restriction on the number of export firms
 - B. Limit on the amount of imported goods
 - C. Tax on imports
 - D. (b) and (c) of above
79. A tariff:
- A. Increases the volume of trade
 - B. Reduces the volume of trade
 - C. Has no effect on volume of trade
 - D. (a) and (c) of above
80. Dumping refers to:
- A. Buying goods at low prices abroad and selling at higher prices locally
 - B. Expensive goods selling for low prices
 - C. Reducing tariffs
 - D. Sale of goods abroad at low a price, below their cost and price in home market
81. When aggregate economic activity is increasing, the economy is said to be in
- A. an expansion.
 - B. a contraction.
 - C. a peak.
 - D. a turning point
82. David Ricardo presented the theory of international trade called:
- A. Theory of absolute advantage
 - B. Theory of comparative advantage
 - C. Theory of equal advantage
 - D. Theory of total advantage
83. Which of the following trade policies limits specified quantity of goods to be imported at one tariff rate?
- A. Quota
 - B. Import tariff
 - C. Specific tariff
 - D. All of the above
84. 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 price and at a particular time
 - D. Quantity demanded of that commodity.

85. 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:
- A. Increase
 - B. Decrease
 - C. Remain the same
 - D. Become zero
86. 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
87. An individual demand curve slopes downward to the right because of the
- A. Working of the law of diminishing marginal utility
 - B. Substitution effect of decrease in price
 - C. Income effect of fall in Price
 - D. All of the above
88. 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 income
 - D. Income to a change in quantity demanded.
89. 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
90. In the short run, when the output of a firm increases, its average fixed cost:
- A. Remains constant
 - B. Decreases
 - C. Increases
 - D. First decreases and then rises
91. The cost of one thing in terms of the alternative given up is called:
- A. Real cost
 - B. Physical cost
 - C. Opportunity cost
 - D. Production cost
92. Scope of public finance includes :
- A. Public revenue
 - B. Public debt
 - C. Public expenditure

- D. All of these
93. Which is the main objective of a tax:
- A. Increase in consumption
 - B. Increase in production
 - C. Raising public revenue
 - D. Reduction in capital formation
94. In the following which is the characteristic of a tax
- A. Compulsory
 - B. Optional
 - C. Forced
 - D. Nationality
95. The Indian tax system is:
- A. Proportional
 - B. Progressive
 - C. Regressive
 - D. Digressive
96. The burden of direct taxes is borne by :
- A. Rich person
 - B. Poor person
 - C. On whom it is levied
 - D. None of these
97. Indirect taxes have an element of :
- A. Convenience
 - B. Certainty
 - C. Economical
 - D. Encourage honesty
98. Direct taxes have the element of :
- A. Evasion
 - B. Convenient
 - C. Progressive
 - D. Economy
99. Expenditure Tax for India was recommended by:
- A. Kaldor
 - B. Colin Clarke
 - C. Adam Smith
 - D. Adolph Wagner
100. Corporate Income tax is the tax levied on:
- A. Corporations
 - B. Municipalities
 - C. Co –operative societies
 - D. Companies

101. Which of the following is the major source of revenue in India:
A. Direct tax
B. Capital Levy
C. Grants in aid
D. Indirect tax
102. Which of the following is not a Commodity Tax:
A. Excise duty
B. Customs Duty
C. Corporation Tax
D. Octroi
103. Who is the father of Public Finance:
A. Dalton
B. Pigou
C. Smith
D. Musgrave
104. Incidence of tax means:
A. Direct money burden
B. Indirect money burden
C. Actual tax burden
D. none of these
105. Which is the tax shifting
A. To bear the tax burden himself
B. To shift the tax burden on others
C. To bear some part of the tax himself and shift the rest on others
D. None of these
106. The Current financial transactions of the government which are of recurring in nature is known as
A. Revenue budget
B. Capital budget
C. Surplus Budget
D. Deficit budget
107. ----- is a statement of estimated capital receipts and payments of the government over fiscal year.
A. Revenue budget
B. Capital budget
C. Surplus Budget
D. Deficit budget
108. When expenditure exceeds total tax revenue, it is called:
A. Surplus budget
B. Balanced budget
C. Deficit budget
D. None of these

109. The main objective of budgeting is:
- A. Planning
 - B. Co-ordination
 - C. Control
 - D. All of these
110. Which tax cannot be shifted to others?
- A. Excise duty
 - B. Sales tax
 - C. Entertainment tax
 - D. Wealth tax
111. Which of the following class will not be negatively affected by the higher inflation?
- A. The consumer class
 - B. The debtor class
 - C. Pensioner class
 - D. Business class
112. What is a stagflation?
- A. A situation in which the economy experiences recession.
 - B. A situation in which the economy have inflation and recession altogether
 - C. An economy where unemployment is high
 - D. None of the above
113. The trough of a business cycle occurs when _____ hits its lowest point.
- A. Inflation
 - B. Money supply
 - C. aggregate economic activity
 - D. unemployment rate
114. Inflation is a sustained increase in the general level of _____.
- A. Accounts
 - B. Income
 - C. Prices
 - D. Profit
115. The condition of a continually rising price level is defined as
- A. Stagflation.
 - B. Deflation
 - C. Disinflation.
 - D. Inflation.
116. A bill of exchange includes.
- A. An order to pay
 - B. A request to pay
 - C. A promise to pay
 - D. All the above
117. Bank deposit refers to
- A. The amount of money standing to the credit of a customer of a bank
 - B. A term used by the Federal Reserve to refer to the total deposits of member banks
 - C. The amount of money standing to the debit as a customer of a bank
 - D. All of the above

118. The portion of total deposits of a commercial bank has to keep with RBI in the form of cash reserves in termed as
- A. CRR
 - B. SLR
 - C. Bank Rate
 - D. Repo Rate
119. State Bank of India is a
- A. Public Sector Bank
 - B. Private Sector Bank
 - C. Joint Sector Bank
 - D. Non-Nationalised bank
120. Real Time Gross Settlement (RTGS) is management by
- A. State Bank of India
 - B. Reserve Bank of India
 - C. Indian Bank Association
 - D. Government of India
121. In order to control credit in the country the RBI may
- A. Buy securities in the open market
 - B. Sell securities in the open market
 - C. Reduce CRR
 - D. All of the above
122. Who is the custodian of monetary reserves in India?
- A. SBI
 - B. SIDBI
 - C. NABARD
 - D. RBI
123. Which one of the following is the apex institution in finance sector of India?
- A. IDBI
 - B. NABARD
 - C. NHB
 - D. RBI
124. The short term money market comprise
- A. The call money market
 - B. The interbank deposit market
 - C. The bills re-discounting market
 - D. All of the above
125. Who is the Governing Body for the new pension scheme?
- A. SEBI
 - B. RBI
 - C. FMC
 - D. PFRDA
126. On which of the following banks the Reserve Bank of India depends
- A. Co-operative Banks
 - B. Regional Rural Banks
 - C. Commercial Banks
 - D. Development Banks
127. What is the most widely used tool of monetary policy?

- A. Issuing of notes
 - B. Open market operations
 - C. Discount rate
 - D. Repo rate
128. Banking sector comes under-----
- A. Manufacturing sector
 - B. Industrial sector
 - C. Service sector
 - D. None of these
129. Open Market Operations means:
- A. Sale of agricultural products in the government regulated Mandis.
 - B. Sale and purchase of bonds and securities to the commercial banks by the RBI.
 - C. Sale and purchase of bonds and securities by the RBI to the government.
 - D. Sale and purchase of bonds and securities by the commercial banks to the customers.
130. Which of the following is not the monetary tool?
- A. CRR
 - B. SLR
 - C. Deficit financing
 - D. Open market operations
131. Who is responsible for the supply of coins in the India?
- A. Reserve bank Of India
 - B. Ministry of finance
 - C. Ministry of commerce and industry
 - D. Banker's association of India
132. RBI increases the rate of interest in the situation of:
- A. Higher inflation
 - B. Deflation
 - C. In the pressure of commercial banks
 - D. None of these
133. Which of the following is not the function of RBI?
- A. Custodian of foreign currency
 - B. Printing of currency
 - C. Controller of credit
 - D. Issuance of coins
134. "Money is what money does" – who said?
- A. Crowther
 - B. Robertson
 - C. Walker
 - D. Marshall
135. Who deals with income and expenditure of public authorities?
- A. Public finance
 - B. Private finance
 - C. Local Govt.
 - D. None of these
136. Which of the following is an example of direct tax?
- A. Sales tax
 - B. Commodity tax
 - C. Income tax
 - D. None of these

137. For which function, money is accepted as unit of account?
- A. Measure of value,
 - B. Medium of exchange
 - C. Standard of deferred payment
 - D. Store of value
138. Which bank enjoys monopoly power of Note issue?
- A. NABARD
 - B. Commercial Bank
 - C. Central Bank
 - D. None of these
139. In which year the Reserve Bank of the India was established.
- A. 1945
 - B. 1947
 - C. 1935
 - D. 1953
140. Which bank has called lender of last resort?
- A. Commercial bank
 - B. Agricultural bank
 - C. Industrial bank
 - D. Central bank
141. Which of the following is not near money?
- A. Paper notes
 - B. Treasury bill
 - C. Bond
 - D. Real estate
142. Which of the following is not the function of the commercial bank?
- A. Issue of paper notes.
 - B. Acceptance of deposits
 - C. Advancing loans
 - D. Credit control
143. What possess general acceptability?
- A. Bank draft
 - B. Money
 - C. Bill of exchange
 - D. None of these
144. The minimum amount to be remitted through RTGS is _____.
- A. ₹ 2 lakhs
 - B. ₹ 5 lakhs
 - C. ₹ 2.5 lakhs
 - D. ₹ 1 lakh
145. The RTGS service window for customer's transactions is available to banks from _____ to _____ on weekdays for settlement at the RBI end.
- A. 7 am, 6 pm
 - B. 9 am, 2 pm
 - C. 10 am, 3 pm
 - D. 10 am, 2 pm
146. What can be the maximum service charge for RTGS?
- A. ₹0
 - B. ₹100
 - C. ₹50

- D. ₹55
147. What are NEFT and RTGS about?
- A. Cheque truncation process
 - B. Electronic fund transfer from bank to bank
 - C. Electronic payment products within a bank
 - D. various deposit products
148. Which of the following is not the part of organized sector of India Money Market?
- A. Chit Funds
 - B. Mutual Funds
 - C. Non-Banking Financial Companies
 - D. Reserve Bank of India
149. What does RBI regulate through Open Market Operation Transactions?
- A. Flow of Foreign Direct Investment
 - B. borrowing powers of the banks
 - C. Inflation
 - D. Liquidity in economy
150. Which is the instrument used by RBI under general credit control?
- A. CRR
 - B. SLR
 - C. Bank Rate
 - D. Exchange Control
151. How many digits are present in IFSC code?
- A. 8
 - B. 9
 - C. 10
 - D. 11
152. NEFT works on the principle of _____.
- A. Priority Net Settlement
 - B. Deferred Net Settlement
 - C. Gross Batch Settlement
 - D. Domain Net Settlement
153. What is the maximum limit per transaction in NEFT?
- A. Rs 1, 00,000
 - B. Rs 50,000
 - C. Rs 1, 50,000

D. No Such Limit

154. 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 price and at a particular time
 - D. Quantity demanded of that commodity
155. 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:
- A. Increase
 - B. Decrease
 - C. Remain the same
 - D. Become zero
156. 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
157. An individual demand curve slopes downward to the right because of the:
- A. Working of the law of diminishing marginal utility
 - B. substitution effect of decrease in price
 - C. income effect of fall in Price
 - D. All of the above
158. 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 income
 - D. Income to a change in quantity demanded
159. 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
160. In the short run, when the output of a firm increases, its average fixed cost:
- A. Remains constant
 - B. Decreases
 - C. Increases
 - D. First decreases and then rises

161. 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
162. 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:
- A. Price will decrease
 - B. Price will increase
 - C. Quantity will increase
 - D. Quantity will decrease
163. The economist's objections to monopoly rest on which of the following grounds?
- A. There is a transfer of income from consumers to the monopolist
 - B. There is welfare loss as resources tend to be misallocated under monopoly
 - C. Only A is correct
 - D. Both A and B are correct
164. In which of the following market structure is the degree of control over the price of its product by a firm very large?
- A. Imperfect competition
 - B. Perfect competition
 - C. Monopoly
 - D. In A and B both
165. Who is the 'lender of the last resort' in the banking structure of India?
- A. State Bank of India
 - B. Reserve Bank of India
 - C. EXIM Bank of India
 - D. Union Bank of India
166. _____ is the official minimum rate at which the Central Bank of a country is prepared to rediscount approved bills held by the commercial banks.
- A. Repo rate
 - B. Bank rate
 - C. Prime lending rate
 - D. Reverse repo rate
167. In order to control credit during inflation, Reserve Bank of India should:
- A. Increase CRR and decrease Bank rate

- B. Decrease CRR and reduce Bank rate
 - C. Increase CRR and increase Bank rate
 - D. Reduce CRR and increase Bank rate
168. Which among the following is a function of the Reserve Bank of India?
- A. Bank issues the letters of credit to their customers certifying their creditability
 - B. Collecting and compilation of statistical information relating to banking & other financial sectors
 - C. Banks under write the securities issued by public or private organizations
 - D. Accepting deposits from the public
169. Credit creation power of the commercial banks gets limited by which of the following?
- A. Banking habits of the people
 - B. Cash reserve ratio
 - C. Credit policy of the central bank
 - D. All of the above
170. Number of times a unit of money changes hands in the course of a year is called_____
- A. Supply of money
 - B. Purchasing power of money
 - C. Velocity of money
 - D. Value of money
171. _____ is the difference between total receipts and total expenditure.
- A. Capital deficit
 - B. Budget deficit
 - C. Fiscal deficit
 - D. Revenue deficit
172. 'Infant industry argument' in international trade is given in support of:
- A. Granting Protection
 - B. Free trade
 - C. Encouragement to export oriented small and tiny industries
 - D. None of the above
173. Which of the following is also known as International Bank for Reconstruction and Development?
- A. Asian Development Bank
 - B. World Bank
 - C. Reserve Bank of India
 - D. International Monetary Fund
174. Which among the following is not a function of International Monetary Fund?
- A. It serves a medium term and long term credit institution'

- B. It provides a mechanism for improving short term balance of payments position'
 - C. It provides machinery for international consultations'
 - D. It provides reservoir of the currencies of the member countries and enables members to borrow one another's currency'
175. The new world Trade organization (WTO), which replaced the GATT came into effect from_____
- A. 1ST January 1991
 - B. 1st January 1995
 - C. 1st April 1994
 - D. 1st May 1995
176. A change in fiscal policy affects the balance of payments through:
- A. The current account only
 - B. The capital account only
 - C. Both, the current account and capital account
 - D. Neither current account nor capital account
177. Union Budget of India is presented by whom and in which house/ houses of the Parliament?
- A. Finance Minister of India; Lok Sabha
 - B. Prime Minister of India; Rajya Sabha
 - C. Cabinet Secretary; Both Lok Sabha and Rajya Sabha
 - D. President of India; in joint session of Parliament
178. The Ad Valorem Tax is applied on which among the following?
- A. The price of commodity
 - B. The value added
 - C. The advertisement expenditure
 - D. The unit of the commodity
179. Who was the father of Operation Flood ?
- A. Dr. Norman Borlaug
 - B. Dr. M.S. Swaminathan
 - C. Dr. VergheseKurien
 - D. Dr. William Gande
180. First five year plan was based on ?
- A. Harrod -Domar Model
 - B. P.C. Mahalanobis Model
 - C. Both of above
 - D. None of above
181. What is NSSO ?
- A. National Social Science Organisation
 - B. National Social Study Organisation
 - C. National Security Science Organisation
 - D. National Sample Survey Organisation
182. Mahatma Gandhi National Rural Employment Guarantee Programme started in ?
- A. 2005

- B. 2006
 - C. 2007
 - D. 2008
183. NITI Aayog is
- A. National Institution for Transferring India
 - B. National Index for Transforming India
 - C. National Institution for Transforming India
 - D. National institute for Technological India
184. Structural Reforms in India are initiated in
- A. 2001
 - B. 1991
 - C. 1985
 - D. 1998
185. Missing women is a concept introduced by
- A. Manmohan Singh
 - B. Amartya Sen
 - C. Jagadish Bhagawati
 - D. Kaushik Basu
186. Father of Indian Green Revolution
- A. Varghese Kurian
 - B. M S Swaminathan
 - C. P Sainath
 - D. DR Gadgil
187. Kerala model of Development is introduced by
- A. K N Raj
 - B. Thomas Issac
 - C. M A Oommen
 - D. K M Mani
188. LPG reforms are
- A. Liberalisation, Privatisation, Globalisation
 - B. Liberalisation, Privacy, Globalisation
 - C. Liberty, Privacy, Globalisation
 - D. Liberalisation, Privatisation, Government
189. Twin deficits of Indian Economy
- A. Fiscal Deficit and Current Account Deficit
 - B. Fiscal Deficit and Primary Deficit
 - C. Revenue Deficit and Effective Revenue deficit
 - D. Fiscal Deficit and Capital account Deficit
190. The price at which one can enter into a contract today to buy or sell a currency 30 days from now is called a
- A. Reciprocal exchange rate.
 - B. Effective exchange rate.
 - C. Exchange rate option.
 - D. Forward exchange rate.
191. The exchange rate is
- A. the price of one currency relative to gold.
 - B. the value of a currency relative to inflation.

- C. the change in the value of money over time.
 - D. the price of one currency relative to another.
192. The immediate (two-day) exchange of one currency for another is a
- A. forward transaction.
 - B. spot transaction.
 - C. money transaction.
 - D. exchange transaction.
193. What is the underlying characteristic of the WTO?
- A. It facilitates economic co-operation between different countries
 - B. It resolves disputes between economic trade blocks
 - C. It facilitates the development of less developed countries
 - D. It acts as an umbrella institution that regulates the agreements concluded at the Uruguay round, the organisation's ultimate goal being the promotion of free international trade
194. General Agreement on Tariffs and Trade (GATT) went into effect?
- A. 1945
 - B. 1948
 - C. 1946
 - D. 1947
195. When did World Trade Organisation come into effect?
- A. February 5, 1994
 - B. January 1, 1995
 - C. March 6, 1996
 - D. April 8, 1994
196. Which of the following is the main objective behind the establishment of WTO?
- A. To settle disputes between nations
 - B. To widen the principle of free trade to sectors such as services and agriculture
 - C. To cover more areas than GATT
 - D. All of them
197. A mutual fund is
- A. an open-end professionally managed investment fund that pools money from many investors to purchase securities.
 - B. A Fund house
 - C. Government controlled company to promote investor interests
 - D. Foreign institutional investor company
198. SEBI stands for –
- A. Securities and E-commerce Board of India
 - B. Stock Exchange Board of India
 - C. Securities and Exchange Board of India
 - D. None of the Above
199. 'Canons of Taxation' were propounded by
- A. Dalton
 - B. J. M. Keynes
 - C. Adam Smith

D. Edwin Canon

200. The low point in the business cycle is referred to as the

A. expansion.

B. boom.

C. trough.

D. peak.

201.

MCOs Fundamentals of Economics- Semester 5
ANSWER KEY

1. D
2. B
3. A
4. C
5. B
6. C
7. B
8. A
9. A
10. A
11. B
12. B
13. C
14. C
15. D
16. D
17. C
18. D
19. C
20. B
21. A
22. A
23. B
24. B
25. B
26. B
27. B
28. C
29. A
30. D
31. B
32. B
33. A
34. D
35. B
36. D
37. D
38. B
39. A
40. C
41. A
42. A
43. C
44. B
45. C
46. B
47. D
48. A
49. D
50. A
51. D
52. D
53. B
54. D
55. D
56. D
57. D
58. A

59. C
60. A
61. C
62. D
63. B
64. B
65. C
66. D
67. A
68. A
69. C
70. D
71. A
72. C
73. D
74. C
75. C
76. B
77. C
78. C
79. B
80. D
81. A
82. B
83. A
84. C
85. A
86. B
87. D
88. A
89. D
90. B
91. C
92. D
93. C
94. A
95. B
96. C
97. A
98. C
99. A
100.A
101.D
102.C
103.A
104.C
105.C
106.A
107.B
108.C
109.D
110.D
111.D
112.B
113.C
114.C
115.D
116.A
117.A
118.A

119.A
120.B
121.D
122.D
123.D
124.D
125.D
126.C
127.D
128.C
129.B
130.C
131.B
132.A
133.D
134.C
135.A
136.C
137.A
138.C
139.C
140.D
141.D
142.A
143.B
144.A
145.A
146.C
147.B
148.A
149.D
150.C
151.D
152.B
153.D
154.C
155.A
156.B
157.D
158.A
159.D
160.B
161.D
162.D
163.D
164.C
165.B
166.B
167.B
168.B
169.D
170.C
171.C
172.C
173.B
174.A
175.B
176.C
177.A
178.B

179.C
180.A
181.D
182.D
183.C
184.B
185.B
186.B
187.A
188.A
189.A
190.D
191.D
192.B
193.D
194.B
195.B
196.D
197.A
198.C
199.C
200.C