

Section : Economics

Q.1 With the shifting demand curve leftward, arrange the following statement in sequential order.

1. At any given price, demand is less.
2. Excess supply will be there.
3. Some producers will decrease the prices of commodity.
4. At new equilibrium, quantity and price will be less.

Choose the correct answer from the options given below:

1. (B), (A), (C), (D)
2. (A), (C), (B), (D)
3. (B), (A), (D), (C)
4. (D), (B), (C), (A)

Options 1. 1

2. 2
3. 3
4. 4

Q.2 Currency notes and coins are called:

1. Fiat Money
2. Broad Money
3. Currency Base
4. Narrow Money.

Options 1. 1

2. 2
3. 3
4. 4

Q.3 Consider the production function $q = f(x_1, X_2)$ where the firm produces q amount of output x_1 amount of factor 1 and x_2 amount of factor 2. The firm decides to increase the employment level of both the factors $t (t > 1)$. Identify the equation for decreasing returns to scale from the following:

1. $q = f(x_1, X_2)$
2. $f(tx_1, tx_2) = t.f(x_1, X_2)$
3. $f(tx_1, tx_2) < t.f(x_1, X_2)$.
4. $f(tx_1, tx_2) > t.f(x_1, x_2)$

Options 1. 1

2. 2
3. 3
4. 4

Q.4 The change in total cost per unit of change in output is known as by which name

1. Average Cost
2. Variable Cost
3. Fixed Cost
4. Short Run Marginal Cost

Options 1. 1

2. 2
3. 3
4. 4

Q.5 Ex-post is depicted by which of the following

1. What actually has happened.
2. What actually will happen?
3. What is actually planned?
4. What should plan be

Options 1. 1

2. 2
3. 3
4. 4

Q.6 The index of prices of a given basket of commodities which are bought by the representative consumer is known as :

1. Consumer Price Index
2. Wholesale Price Index.
3. Capital Good Index.
4. Inflation.

Options 1. 1

2. 2
3. 3
4. 4

Q.7 In deficit condition of Balance of Payment if the central bank sells foreign exchange then this particular transaction is known as

1. Official reserve sale.
2. Portfolio Investment.
3. Net Invisibles.
4. Net factor income.

Options 1. 1

2. 2
3. 3
4. 4

Q.8 Who is the author of "The General Theory of Employment, Interest and Money"?

1. Adam Smith.
2. David Ricardo.
3. J.S. Mill.
4. John Maynard Keynes

Options 1. 1

2. 2
3. 3
4. 4

Q.9 Budget Set is.

1. Given the prices of the goods and the income of a consumer.
2. Any bundle as long as it costs less than or equal to the income
3. A set of price available to producer.
4. Set of bundles available to the consumer

Options 1. 1

2. 2
3. 3
4. 4

Q.10 Match List-I with List-II

List-I

List-II

(A) Cash Reserve Ratio (CRR)

(I) Central Bank of the Country

(B) Statutory Liquidity Ratio (SLR)

(II) The interest rate at which the money lent by Central Bank

(C) Lender of last resort

(III) Percentage of deposits which must kept as cash reserves with the Central bank.

(D) Repo Rate

(IV) Reserves in liquid form in the short term

Choose the correct answer from the options given below:

1. (A) – (II), (B) – (III), (C) – (I), (D) – (IV)
2. (A) – (III), (B) – (II), (C) – (I), (D) – (IV)
3. (A) – (IV), (B) – (II), (C) – (I), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2
3. 3

Q.11 If all the people of the economy increase the proportion of income they save, the total value of savings in the economy will not increase - it will either decline or remain unchanged. This result is known as

1. Multiplier Mechanism.
2. Paradox of Thrift.
3. Deficient Demand.
4. Investment.

Options 1. 1

2. 2
3. 3
4. 4

Q.12 The collection of all possible combinations of the goods and services that can be produced from a given amount of resources and a given stock of technological knowledge is called?

1. Production Possibility Frontier
2. Isoquant Curve
3. Production Possibility Set
4. Isocost Line

Options 1. 1

2. 2
3. 3
4. 4

Q.13 Which of the following conditions must hold for a firm to maximise its profit.

1. Price = Short run marginal Cost
2. Short Run marginal cost curve is non-decreasing
3. Price \leq Marginal Cost
4. Price \geq Average variable cost

Choose the correct answer from the options given below:

1. (B), (C) and (D) only
2. (A), (B) and (C) only
3. (A), (B), (C) and (D)
4. (A), (B) and (D) only

Options 1. 1

2. 2
3. 3
4. 4

Q.14 Find the correct statement/statements.

1. Goods which are consumed together are called complementary goods.
2. The market demand curve can be derived as a vertical summation of the individual demand curves.
3. Price elasticity of demand is a measure of the responsiveness of the demand for a good to changes in its price.
- (D) If the consumer's preferences change in favor of a good, the demand curve for such a good shifts leftward.

Choose the correct answer from the options given below:

1. (A) and (C) only
2. (A), (B) and (C) only
3. (A) and (D) Only
4. (B), (C) and (D) only

Options 1. 1

2. 2
3. 3
4. 4

Q.15 When goods and services are evaluated at constant prices, the measured value is known as

1. Nominal GDP.
2. Inventory.
3. Inflation.
4. Real GDP.

Options 1. 1

2. 2
3. 3
4. 4

Q.16 When an individual buys foreign goods, this spending is known as

1. Injection in the economy.
2. Exchange rate market.
3. Leakages from economy.
4. Direct investment.

Options 1. 1

2. 2
3. 3
4. 4

Q.17 Marginal cost curve intersects average cost curve at

1. At maximum point of average cost curve.
2. At minimum point from of average cost curve.
3. Do not intersect.
4. Intersect at mid point at rising average cost curve.

Options 1. 1

2. 2
3. 3
4. 4

Q.18 Suppose an individual buy 30 bananas when its price is Rs. 10 per banana. When the price increases to Rs. 14 per banana, she reduces her demand to 24 bananas. In this case, what will be the price elasticity of demand?

1. 0.3
2. 0.2
3. 0.5
4. 0.4

Options 1. 1

2. 2
3. 3
4. 4

Q.19 Among the following, which are the functions of money?

1. Medium of exchange.
2. Unit of account.
3. Bartering
4. Store of value

Choose the correct answer from the options given below:

1. (A), (B) and (D) only
2. (A), (B) and (C) only
3. (A), (B), (C) and (D)
4. (B), (C) and (D) only

Options 1. 1

2. 2
3. 3
4. 4

Q.20 The difference between the value of exports and the value of imports of goods of a country in a given period of time is known as by what name?

1. Balance of Trade
2. Balance of Payment
3. Capital Account Deficit

4. Net Invisibles.

Options 1. 1

- 2. 2
- 3. 3
- 4. 4

Q.21

Whether to use more resources in education and health or to use more resources in building military services. Which of the central problems of an economy is accurate for this?

- 1. How to produce?
- 2. What to produce?
- 3. Whom to produced?
- 4. Where to produced?

Options 1. 1

- 2. 2
- 3. 3
- 4. 4

Q.22 Arrange the following conditions from most to least liquid form:

- 1. Currency + Demand Deposit + Savings deposits with Post Office savings banks.
- 2. Currency + Demand Deposit + Net time deposits of commercial banks.+ Total deposits with Post Office savings organizations.
- 3. Currency + Demand Deposit.
- 4. Currency + Demand Deposit + Net time deposits of commercial banks.

Choose the correct answer from the options given below:

- 1. (A), (B), (C), (D)
- 2. (C), (A), (D), (B)
- 3. (B), (A), (D), (C)
- 4. (C), (B), (D), (A)

Options 1. 1

- 2. 2
- 3. 3
- 4. 4

Q.23 The point on the supply curve at which a firm earns only normal profit is called _____

- 1. Break-even point.
- 2. Average Profit.
- 3. Long Run Average Cost.
- 4. Fixed Cost.

Options 1. 1

- 2. 2
- 3. 3
- 4. 4

Q.24 Match List-I with List-II

List-I

- (A) Relationship between the variable input and output.
- (B) Output per unit of variable input.
- (C) Change in output per unit of change in the input
- (D) The marginal product of a factor input initially rises with its employment level

List-II

- (I) Average Product
- (II) Marginal Product
- (III) Law of variable proportions
- (IV) Total Product

Choose the correct answer from the options given below:

- 1. (A) – (IV), (B) – (I), (C) – (II), (D) – (III)
- 2. (A) – (I), (B) – (III), (C) – (II), (D) – (IV)
- 3. (A) – (IV), (B) – (II), (C) – (IV), (D) – (III)
- 4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2
3. 3
4. 4

Q.25 Arrange the following steps of calculation of National income in sequence.

1. Deduction of intermediate cost
2. Estimation of value of output
3. Add net factor income from abroad
4. Deduction of depreciation and NIT

Choose the correct answer from the options given below:

1. (A), (B), (C), (D)
2. (A), (C), (B), (D)
3. (B), (A), (D), (C)
4. (C), (D), (A), (B)

Options 1. 1

2. 2
3. 3
4. 4

Q.26 _____ of an input is defined as the change in output per unit of change in the input when all other inputs are remain constant.

1. Marginal Product.
2. Average Product.
3. Total Product.
4. Returns to Scale.

Options 1. 1

2. 2
3. 3
4. 4

Q.27 Which of the following is an example of floor price?

1. Minimum Support Price for Foodgrain
2. Price printed on any article.
3. Price taken by Seller
4. Price asked by buyer to buy.

Options 1. 1

2. 2
3. 3
4. 4

Q.28 Match List-I with List-II

List-I

(A) Analysis assumes that level of utility can be expressed in numbers.

(B) Change in total utility due to consumption of one additional unit of a commodity

(C) Marginal utility from consuming each additional unit of a commodity declines as its consumption increases.

(D) The amount of mangoes that the consumer has to forego in order to get an additional banana, her total utility level being the same.

List-II

(I) Cardinal Utility

(II) Law of Diminishing Marginal Utility

(III) Marginal Utility

(IV) Marginal rate of substitution

Choose the correct answer from the options given below:

1. (A) – (I), (B) – (II), (C) – (III), (D) – (IV)
2. (A) – (I), (B) – (III), (C) – (II), (D) – (IV)
3. (A) – (I), (B) – (II), (C) – (IV), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2
3. 3
4. 4

Q.29 Suppose an Indian manufacturer of steel acquires a steel manufacturing unit in Europe. This type of transactions are recorded in which of the following.

1. Current Account.
2. Capital Account
3. Capital Market
4. Net Invisibles.

Options 1. 1

2. 2
3. 3
4. 4

Q.30 In the long run.....

1. At least one of the factor varied.
2. All factors of production can be varied.
3. Factor remains fixed.
4. Only one factor can vary.

Options 1. 1

2. 2
3. 3
4. 4

Q.31 Arrange the following steps of estimation of National Income by income method in the proper sequence.

1. Identification and classification of producing firms.
2. Estimation of NDP_{Fc}
3. Estimation of NNP_{Fc}.
4. Classification of factor Income.

Choose the correct answer from the options given below:

1. (A), (B), (C), (D)
2. (A), (C), (B), (D)
3. (A), (D), (B), (C)
4. (A), (B), (D), (C)

Options 1. 1

2. 2
3. 3
4. 4

Q.32 Match List-I with List-II

List-I

(A) Gross Domestic Product at Market Price

(B) Net Domestic Product at Factor Cost

(C) GVA (Gross Value Added) at Factor Cost

(D) Gross National Product at Factor Cost

List-II

(I) NDP_{mp} – Net Product Taxes – Net Production Taxes

(II) GVA at basic prices – Net Production Taxes

(III) $C + I + G + (X - M)$

(IV) GNP_{mp} – Net Product Taxes – Net Production Taxes

Choose the correct answer from the options given below:

1. (A) – (I), (B) – (II), (C) – (III), (D) – (IV)
2. (A) – (III), (B) – (I), (C) – (II), (D) – (IV)
3. (A) – (I), (B) – (II), (C) – (IV), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2
3. 3
4. 4

Q.33 The relation between the consumer's optimal choice of the quantity of a good and its price is called ?

1. Supply function
2. Demand Function
3. Cost Function

4. Output function

Options 1. 1

2. 2
3. 3
4. 4

Q.34

How does technological progress affect the firms' supply curve?

1. Shift to the right.
2. Shift to the left.
3. Remain at same place.
4. Shift in vertical shape.

Options 1. 1

2. 2
3. 3
4. 4

Q.35 Shape of Average Fixed Cost Curve is:

1. Constant
2. 'U' Shaped.
3. Rectangular Hyperbola
4. Reverse Hyperbola

Options 1. 1

2. 2
3. 3
4. 4

Q.36 To measure consumer price index (CPI) which of the following years are taken into consideration?

1. Current Year.
2. Preceding Year.
3. Base Year.
4. Succeeding Year.

Choose the correct answer from the options given below:

1. (A), (B) and (D) only
2. (A) and (C) only
3. (A), (B) and (C) only
4. (B), (C) and (D) only

Options 1. 1

2. 2
3. 3
4. 4

Q.37 When governments intervene in the market to expand or reduce the demand, this course of action is

1. Allocative Function
2. Distribution Function
3. Stabilization Function
4. Fiscal Function.

Options 1. 1

2. 2
3. 3
4. 4

Q.38 With keeping tax rate (T) constant if government purchases(G) increase, then arrange the following statement considering the effect on total income and output.

1. Rise in Plan Aggregate expenditure.
2. Government runs a deficit when G exceeds T.
3. Equilibrium income level increased.
4. Aggregate demand schedule shifts upward.

Choose the correct answer from the options given below:

1. (B), (A), (D), (C)
2. (A), (C), (B), (D)

3. (A), (B), (D), (C)

4. (C), (B), (D), (A)

Options 1.

1

2. 2

3. 3

4. 4

Q.39 Money deposited in the banks are considered

1. Asset.
2. Net Worth.
3. Liabilities.
4. Statuary Liquid Ratio. of the banks.

Options 1. 1

2. 2

3. 3

4. 4

Q.40 The difference between the revenue and cost is known as.

1. Cost of Production
2. Input cost
3. Marginal Cost
4. Profit

Options 1. 1

2. 2

3. 3

4. 4

Q.41 OUTPUT AND EMPLOYMENT

The equilibrium output in the economy also determines the level of employment, given the quantities of other factors of production (think of a production function at aggregate level). This means that the level of output determined by the equality of Y with AD does not necessarily mean the level of output at which everyone is employed. Full employment level of income is that level of income where all the factors of production are fully employed in the production process. Recall that equilibrium attained at the point of equality of Y(Income) and AD by itself does not signify full employment of resources. Equilibrium only means that, if left to itself, the level of income in the economy will not change even when there is unemployment in the economy. The equilibrium level of output may be more or less than the full employment level of output. If it is less than the full employment of output, it is due to the fact that demand is not enough to employ all factors of production. This situation is called the situation of deficient demand. It leads to a decline in prices in the long run. On the other hand, if the equilibrium level of output is more than the full employment level, it is due to the fact that the demand is more than the level of output produced at full employment level. This situation is called the situation of excess demand. It will lead to a rise in prices in the long run.

Excess demand is the situation where

1. Output level is less than the full employment level.
2. Output level is equal to the full employment level.
3. Demand is more than output level at full employment level.
4. Output level is marginally increasing.

Options 1. 1

2. 2

3. 3

4. 4

Q.42 OUTPUT AND EMPLOYMENT

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The level of output is determined by the

1. Full Employment.
2. Excessive Demand.
3. Marginal Output.
4. Equality of Income (Y) with Aggregate Demand (AD)

Options 1. 1

2. 2
3. 3
4. 4

Q.43 OUTPUT AND EMPLOYMENT

The equilibrium output in the economy also determines the level of employment, given the quantities of other factors of production (think of a production function at aggregate level). This means that the level of output determined by the equality of Y with AD does not necessarily mean the level of output at which everyone is employed. Full employment level of income is that level of income where all the factors of production are fully employed in the production process. Recall that equilibrium attained at the point of equality of Y (Income) and AD by itself does not signify full employment of resources. Equilibrium only means that, if left to itself, the level of income in the economy will not change even when there is unemployment in the economy. The equilibrium level of output may be more or less than the full employment level of output. If it is less than the full employment of output, it is due to the fact that demand is not enough to employ all factors of production. This situation is called the situation of deficient demand. It leads to a decline in prices in the long run. On the other hand, if the equilibrium level of output is more than the full employment level, it is due to the fact that the demand is more than the level of output produced at full employment level. This situation is called the situation of excess demand. It will lead to a rise in prices in the long run.

Level of employment is determined by which of the following?

1. Output Equilibrium.
2. Factor of Production
3. Capital Employed.
4. Availability of Raw Material.

Options 1. 1

2. 2
3. 3
4. 4

Q.44 OUTPUT AND EMPLOYMENT

The equilibrium output in the economy also determines the level of employment, given the quantities of other factors of production (think of a production function at aggregate level). This means that the level of output determined by the equality of Y with AD does not necessarily mean the level of output at which everyone is employed. Full employment level of income is that level of income where all the factors of production are fully employed in the production process. Recall that equilibrium attained at the point of equality of Y (Income) and AD by itself does not signify full employment of resources. Equilibrium only means that, if left to itself, the level of income in the economy will not change even when there is unemployment in the economy. The equilibrium level of output may be more or less than the full employment level of output. If it is less than the

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Full employment level is the level where

1. Everyone in the economy got employment
2. Maximum Capital investment.
3. all the factors of production are fully employed in the production process.
4. Excessive Demand.

Options 1. 1

2. 2
3. 3
4. 4

Q.45 OUTPUT AND EMPLOYMENT

The equilibrium output in the economy also determines the level of employment, given the quantities of other factors of production (think of a production function at aggregate level). This means that the level of output determined by the equality of Y with AD does not necessarily mean the level of output at which everyone is employed. Full employment level of income is that level of income where all the factors of production are fully employed in the production process. Recall that equilibrium attained at the point of equality of Y(Income) and AD by itself does not signify full employment of resources. Equilibrium only means that, if left to itself, the level of income in the economy will not change even when there is unemployment in the economy. The equilibrium level of output may be more or less than the full employment level of output. If it is less than the full employment of output, it is due to the fact that demand is not enough to employ all factors of production. This situation is called the situation of deficient demand. It leads to a decline in prices in the long run. On the other hand, if the equilibrium level of output is more than the full employment level, it is due to the fact that the demand is more than the level of output produced at full employment level. This situation is called the situation of excess demand. It will lead to a rise in prices in the long run.

If output equilibrium is less than the full employment level, then this condition is known as:

1. Deficient Demand.
2. Constant Demand.
3. Marginal Demand
4. Aggregate Demand.

Options 1. 1

2. 2
3. 3
4. 4

Q.46 GST: One Nation, One Tax, One Market

Goods and Service Tax (GST) is the single comprehensive indirect tax, operational from 1 July 2017, on supply of goods and services, right from the manufacturer/ service provider to the consumer. It is a destination based consumption tax with facility of Input Tax Credit in the supply chain. It is applicable throughout the country with one rate for one type of goods/service. It has amalgamated a large number of Central and State taxes and cesses. It has replaced large number of taxes on goods and services levied on production/ sale of goods or provision of service. As there have been a number of intermediate goods/services, which were manufactured/provided in the economy, the pre GST tax regime imposed taxes not on the value added at each stage but on the total value of the commodity/service with minimal facility of utilisation of Input Tax Credit (ITC). The total value included taxes paid on intermediate goods/services. This amounted to cascading of tax. Under GST, the tax is discharged at every stage of supply and the credit of tax paid at the previous stage is available for set off at the next stage of supply of goods and/or services. It is thus effectively a tax on value addition at each stage of supply. In view of our large and fast growing economy, it addresses to establish parity in

taxation across the country, and extend principles of 'value-added taxation' to all goods and services. It has replaced various types of taxes/cesses, levied by the Central and State/UT Governments. Some of the major taxes that were levied by Centre were Central Excise Duty, Service Tax, Central Sales Tax, Cesses like KKC and SBC. The major State taxes were VAT/Sales Tax, Entry Tax, Luxury Tax, Octroi, Entertainment Tax, Taxes on Advertisements, Taxes on Lottery /Betting/ Gambling, State Cesses on goods etc. These have been subsumed in GST.

GST is the amalgamation of which of the following taxes?

1. All Central taxes
2. All State Taxes
3. Large number of central and state indirect taxes
4. Large number of central direct taxes.

Options 1. 1

2. 2
3. 3
4. 4

Q.47 GST: One Nation, One Tax, One Market

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From the following which product has been kept out from the GST ambit?

1. Gold
2. Silver
3. Luxury Consumables.
4. Tobacco.

Options 1. 1

2. 2
3. 3
4. 4

Q.48 GST: One Nation, One Tax, One Market

Goods and Service Tax (GST) is the single comprehensive indirect tax, operational from 1 July 2017, on supply of goods and services, right from the manufacturer/ service provider to the consumer. It is a destination based consumption tax with facility of Input Tax Credit in the supply chain. It is applicable throughout the country with one rate for one type of goods/service. It has amalgamated a large number of Central and State taxes and cesses. It has replaced large number of taxes on goods and services levied on production/ sale of goods or provision of service. As there have been a number of intermediate goods/services, which were manufactured/provided in the economy, the pre GST tax regime imposed taxes not on the value added at each stage but on the total value of the commodity/service with minimal facility of utilisation of Input Tax Credit (ITC). The total value included taxes paid on intermediate goods/services.

This amounted to cascading of tax. Under GST, the tax is discharged at every stage of supply and the credit of tax paid at the previous stage is available for set off at the next stage of supply of goods and/or services. It is thus effectively a tax on value addition at each stage of supply. In view of our large and fast growing economy, it addresses to establish parity in taxation across the country, and extend principles of 'value-added taxation' to all goods and services. It has replaced various types of taxes/cesses, levied by the Central and State/UT Governments. Some of the major taxes that were levied by Centre were Central Excise Duty, Service Tax, Central Sales Tax, Cesses like KKC and SBC. The major State taxes were VAT/Sales Tax, Entry Tax, Luxury Tax, Octroi, Entertainment Tax, Taxes on Advertisements, Taxes on Lottery /Betting/ Gambling, State Cesses on goods etc. These have been subsumed in GST.

Why GST is considered as unified tax system?

1. Because it is combination of multiple taxes.
2. Because now country have only GST as indirect tax.
3. Because it brought uniformity in tax rate across the country.
4. Because it is a simple tax.

Options 1. 1

2. 2
3. 3
4. 4

Q.49 GST: One Nation, One Tax, One Market

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Which of the following feature of GST removes/reduces the cascading effect?

1. Destination Based Tax
2. Unified Tax
3. Input Tax Credit(ITC)
4. Unified Market.

Options 1. 1

2. 2
3. 3
4. 4

Q.50 GST: One Nation, One Tax, One Market

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Goods & Services Tax (GST) is which of the following type of tax?

1. Destination Based Tax.
2. Direct Tax.
3. Local Tax
4. Lump Sum Tax.

Options 1. 1

2. 2

3. 3

4. 4