PART—1

1. Frequency density of a class is defined as—
(A) Frequency of the class/Interval of the class
(B) Frequency of the class/ Cumulative frequency for the class
(C) Cumulative frequency for the class/Frequency of the class
(D) Frequency of the class/ Frequency of the previous class

2. Which of the following is statistics?
(A) Profit of a firm has gone up
(B) The production of wheat has increased
(C) The temperature of Delhi is 5 degree more than the temperature of Mumbai
(D) The birth rate has declined in India

3. At end March 2009, India's total foreign exchange reserves stood at?
(A) Approximately $ 150 billion
(B) Approximately $ 200 billion
(C) Approximately $ 250 billion
(D) Approximately $ 300 billion

4.A firm is called maximum efficient firm if it has?
(A) Minimum Total Cost
(B) Minimum Average Cost
(C) Minimum Variable Cost
(D) Minimum Marginal Cost

5. Implicit cost may be considered as?
(A) Social cost
(B) Private cost
(C) Normal cost
(D) Variable cost

6 'The Mid-day Meal' scheme is covered under the Ministry of?
(A) Human Resource Development
(B) Health and Family Welfare
(C) Social Justice and Empowerment
(D) Consumer Affairs, Food and Public Distribution

7. Which of the following associate bank has been taken over by the State Bank of India in 2008?
(A) State Bank of Travancore
(B) State Bank of Hyderabad
(C) State Bank of Mysore
(D) State Bank of Saurashtra

8. Which of the following demand curves is not a constant elasticity curve?
(A) Vertical
(B) Horizontal
(C) Linear
(D)Rectangular hyperbola

9. The following theory of profit has been given by J. A. Schumpeter?
(A) Risk theory of profit
(B) Uncertainty bearing theory of profit
(C) Innovation theory of profit
(D) Dynamic theory of profit

10. The formula for determination of number of class-interval for a frequency distribution is given by?
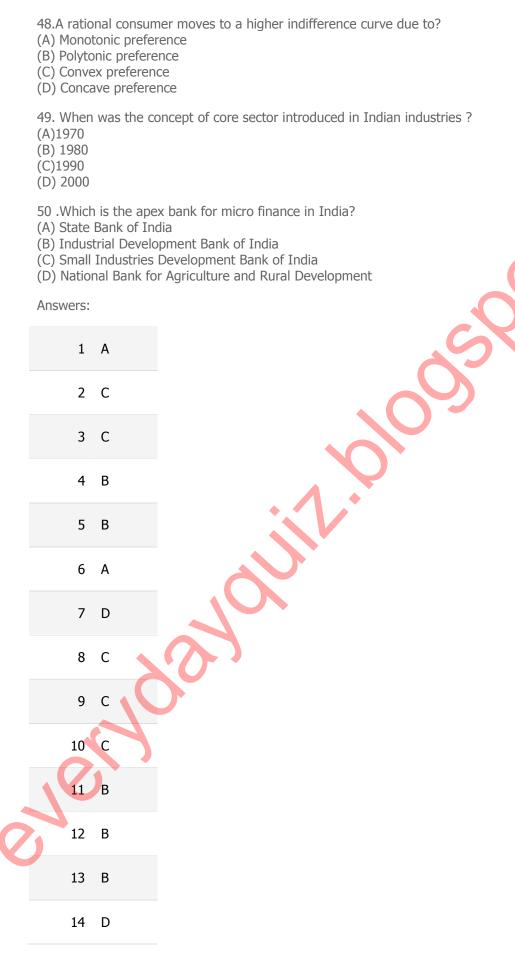(A) Connor

(B) Spur
(C) Sturges
(D) Secrist

11. In the Union Budget, the term 'Primary Deficit' means?
(A) Revenue Deficit — Interest Payment
(B) Fiscal Deficit — Interest Payment
(C) Revenue Expenditure — Revenue Receipts
(D) Total Expenditure — Total Borrowing

12. As a measure to unearth black money, the demonetisation of Rupees 1000 currency notes in India was done in the year?
(A)1968
(B) 1978
(C)1988
(D)1998

13. The Lead Bank scheme was launched in India on the recommendation of?
(A) M. Narasimhan
(B) F. K. F. Nariman
(C) D. T. Lakdawala
(D) V. M. Dandekar

14. Firms have chronic excess production capacity in?
(A) Duopoly
(B) Oligopoly
(C) Pure competition
(D) Monopolistic competition

15. In a two sector model when consumption is equal to $40 + 0.90\ Y$ and investment is equal to 50, the equilibrium output will be equal to?
(A) 500
(B) 700
(C) 900
(D) 1100

16. The positional average is shown by ?
(A) Mean deviation
(B) Standard deviation
(C) Mean
(D) Median

17. The shutdown point is that level of output of a firm where?
(A) MC=AFC
(B) MC=AVC
(C) MC=TFC
(D) MC=TVC

18. Which of the following functions is not a component of Kaldor's model of grow?
(A) Employment function
(B) Technical progress function
(C) Saving function
(D) Investment function

19. Walra's Law states that the sum of the excess demand for money, bonds and current output must be?
(A) Less than zero
(B) Equal to zero

(C) Equalto one
(D) More than zero

20. For a unitary elastic demand curve, when price increases ,the amount spent by a consumer on a /good?
(A) Decreases
(B) Increases
(C) Remains unchanged
(D) Becomes zero

21. Correlation coefficient is significant if it is?
(A) Less than 6 times of pro able error
(B) More than 6 times of probable error
(C) Equal to probable error
(D) Equal to standard error

22. The term rainy day' used by Keynes is related with?
(A) Effective demand
(B) Precautionary demand
(C) Investment multiplier
(D) Inflationary gap

23. Root mean square of all the deviations is known as?
(A) Mean deviation from median
(B) Mean deviation from mode
(C) Standard deviation
(D) Quartile deviation

24. If there is perfect correlation between two variables, then the regression lines are?
(A) Parallel
(B)Perpendicular
(C)Coincidental
(D)Intersectional

25. A producer's surplus is equal to?
(A) AR—MC
(B) AR—AC
(C) AR-MR
(D) TR—TC

26. According to 2001 census, the total number of persons living in urban slums was approximately?
(A)1 crore
(B) 2 crore
(C)3crore
(D) 4 crore

27. The tax called CENVAT is related to?
(A) Central Sales Tax
(B) Union Excise Duty
(C) Corporate Tax
(D) Custom Duty

28. The price and quantity,both are indeterminate under?
(A) Pure competition
(B) Perfect competition
(C) Monopoly
(D) Bilateral monopoly

29. Which of the following is not an example of Internal Economies?
(A) Economies of superior technology
(B) Economies of division of labour
(C) Economies of competition
(D) Economies of management

30. Which of the following type of facts are not Considered under the study of statistics
(A) Quantitative facts
(B) Qualitative facts
(C) Comparative facts
(D) Relative facts

31. The statistical calculations in classified data are based on?
(A) The actual values of observations
(B) The upper class limits
(C) The lower class limits
(D) The mid-points of the classes

32. The concept of merit goods has been introduced by?
(A) Buchanan
(B) Musgrave
(C) Samuelson
(D) Tiebout

33. The Child Labour (Prohibition and Regulation) Act, 1986 prohibits the employment of Children below the age of?
(A) 10 years
(B) 12 years
(C) 14years
(D) 16years

34. The Prime Lending Rate of Commercial Banks are decided by?
(A) Positive
(B) Negative
(C) Zero
(D) Infinite

35. The cross elasticity of demand for substitute commodities is always?
(A) Positive
(B) Negative
(C) Zero
(D) Infinite

36. The K-factor analysis is related with?
(A) Economic growth rate
(B) Tends in foreign trade
(C) Causes of mortality
(D) Infrastructure facilities

37. The 'knife-edge equilibrium' in Harrod's model is an equality between?

(A) G and Gw
(B) Gw and Gn
(C) G and Gn
(D) G,Gw and Gn

38. Stratified sampling is preferred, where?
(A) Population is homogeneous
(B) Population is heterogeneous

PUT YOUR WORDS INTO ACTION

(C) Random sampling is not possible
(D) Small samples are required

39. Pure interest is?
(A) Equal to the gross interest
(B) Less than gross interest
(C) More than gross interest
(D) Not related to gross interest

40. Which of the following is totally different from logical multiplier?
(A) Instant multiplier
(B) Lagless multiplier
(C) Static multiplier
(D) Dynamic multiplier

41.Availability hypothesis explains a country's
(A) Production capacity
(B) Natural resources availability
(C) Commodity composition of foreign trade
(D) Consumption pattern

42. For a Giffen good
(A) Income effect is positive and substitution effect is negative
(B) Income effect is negative and substitution effect is positive
(C) Income effect and substitution effect both are positive
(D)Income effect and substitution effect both are negative

43. To meet the objective of inflation control, the Central Bank should adopt following policy measures
(A) Increase in cash reserve ratio, along with purchase of securities under open market operations
(B) Increase in cash reserve ratio, along with sale of securities under open market operations
(C) Decrease in cash reserve ratio, alongwith purchase of securities under pen market operations
(D) Decrease in cash reserve ratio, alongwith.sale of securities under open market operations

44. The relative measures of dispersion are generally called?
(A) Dispersion coefficient
(B) Dispersion multiplier
(C) Dispersion accelerator
(D) Dispersion variable

45. Which of the following is not expressed by a transformation curve?
(A) Choice
(B) Scarcity
(C) Factor price
(D) Opportunity cost

46. The central theme of the World Development Report, 2009 pub lished by the World Bank is?
(A) Agriculture for development
(8) Development and next generation
(C) A better investment climate for every one
(D) Reshaping economic geography

47. Under the first degree of price discrimination in discriminating monopoly, the consumer's surplus will be?
(A)Zero
(B) Maximum
(C) Minimum
(D) Indeterminate

PUT YOUR WORDS INTO ACTION

48. A rational consumer moves to a higher indifference curve due to?
(A) Monotonic preference
(B) Polytonic preference
(C) Convex preference
(D) Concave preference

49. When was the concept of core sector introduced in Indian industries ?
(A) 1970
(B) 1980
(C) 1990
(D) 2000

50. Which is the apex bank for micro finance in India?
(A) State Bank of India
(B) Industrial Development Bank of India
(C) Small Industries Development Bank of India
(D) National Bank for Agriculture and Rural Development

Answers:

1	A
2	C
3	C
4	B
5	B
6	A
7	D
8	C
9	C
10	C
11	B
12	B
13	B
14	D

PUT YOUR WORDS INTO ACTION

15	C
16	D
17	B
18	B
19	B
20	C
21	B
22	B
23	C
24	C
25	B
26	D
27	B
28	D
29	C
30	B
31	D
32	B
33	C
34	B
35	A

PUT YOUR WORDS INTO ACTION

36	C
37	D
38	B
39	D
40	D
41	B
42	B
43	B
44	A
45	C
46	B
47	A
48	C
49	A
50	D

1. When the given values of x form geometric series and values of y form arithmetic series, the relationship between The variables is given by

(A) Lemon function
(B) Lemon homogeneous function
(C) Binomial function
(D) Exponential function

2. Statistical distrusts are due to?
(A) Nature of statistics
(B)Limited scope of statistics
(C) insufficient tools of statistics
(D) Misuse of statistics

3. Circular test is satisfied by the following index
(A) Laspeyre's index
(B) Pasche's index
(C) Fisher's index
(D) Kelly's index

4.Which of the following is the largest component of India's external debt?
(A) Commercial borrowings
(B) NRI deposits
(C) Multilateral debt
(D) Bilateral debt

5. Tobin tax is related with?
(A) Black money transactions
(B) Commodity transactions
(C) Service transactions
(D) Foreign exchange transactions

6. The terms Static' and Dynamic' in economics were first used by?
(A)Malthus
(B) Mill
(C)Marshall
(D) Walras

7. A metropolitan city is one which has a population size of more than?
(A)10 lakh
(B)15 lakh
(C) 20 lakh
(D) 25 lakh

8.According to fifth economic census, the highest number of industrial units in the country are located in the State of?
(A) Maharashtra
(B) Gujarat
(C) Andhra Pradesh
(D) Tamil Nadu

9. Under perfect competition, the entrepreneur's power of control over the price of the commodity Is?
(A)Total
(B) Considerable
(C)Some
(D) None
10.Who has regarded the concept of 'ideal output' as an indicator of economic welfare?
(A)Hicks
(B) Pareto
(C)Pigou
(D) Kaldor

11. The technique of presenting data by pictogram was developed by?
(A) Croxton and Cowden
(B) Johnson and Jackson
(C) Otto Neurth
(D) Horace Secrist

12 The monetization of economy is measured by?
(A)M^0/GDP
(B) M^1/GDP

(C) M^2/GDP
(D) M^3/GDP

13. The shape of average selling cost curve is?
(A) Hyperbola shaped
(B) Rectangular Hyperbola shaped
(C) L-shaped
(D) U-shaped

14.The National Institute of Training for Standardization (NITS) is located at?
(A)Hyderabad
(B) Nagpur
(C)Chandigarh
(D) Noida

15. NABARD is a?
(A) Commercial Bank
(B) Lead Bank
(C) Refinance Bank
(D) Cooperative Bank

16. Cost-plus principle is related with?
(A)Production theory
(B) Value theory
(C) Marginal uti theory
(D) Distribution theory

17. Which one of the following is not a feature of Stagflation?
(A) High input cost
(B) Excess in aggregate demand
(C) High price level
(D) High unemployment level

18.. The Hayek theory of trade cycle is related with?
(A) Over-investment
(B) Price fluctuation
(C) Interaction of multiplier and accelerator
(D) Interaction of saving and investment

19. Which one of the following is a two-dimensional diagram?
(A) Pictogram
(B) Histogram
(C) Bar diagram
(D) Line diagram

20. A firm's learning curve shows the following relationship between average cost of production and total output over time
(A) Decline in average cost with increase in total output
(B) Decline in average cost with decline in total output
(C) Increase in average cost with decline in total output
(D) Increase in average cost with increase in total output

21. Select the correct statement regarding Harrod's accelerator and Domar's accelerator and decide which one is true
(A) Harrod's accelerator is psychological and Domar's accelerator is technological
(B) Harrod's accelerator is technological arid Domar's accelerator is psychological
(C) Harrod's accelerator is psychological and Domar's accelerator is also psychological
(D) 1-larrod's accelerator is technological and Domar's accelerator is also technological

22. The transfer payment multiplier in the Keynesian system will be equal to?
(A) MPC/MPS
(B) MPS/MPC
(C) MPS/(1-MPC)
(D) MPC/(1—MPS)

23. The difference between Natural rate' and 'Market rate' of interest has been done by?
(A) Robertson
(B) Keynes
(C) Fisher
(D) Wicksell

24. The quartile deviation for a normal distribution is always equal to?
(A) $(2/3)\sigma$
(B) $(3/4)\sigma$
(C) $(4/5)\sigma$
(D) $(5/6)\sigma$

25. Which of the following is not a 'shift factor of demand'?
(A) Income
(B) Price
(C) Fashion
(D) Taste

Answers:

1	D
2	D
3	D
4	A
5	A
6	B
7	A
8	D
9	D
10	C
11	C

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12	B
13	D
14	B
15	C
16	D
17	B
18	A
19	B
20	A
21	D
22	A
23	D
24	A
25	B

1.The concept of 'costing margin' in the pricing theory was introduced by?
(A)Andrews
(B) Baumol
(C)Cournot
(D) Williamson

2.The Keynesian theory of employment provides the solution of?
(A) Frictional unemployment
(B) Disguised unemployment
(C) Cyclical unemployment
(D) Seasonal unemployment

3. Four heads of expenditure of the Union Budget 2009-10 are given below—
1. Plan expenditure
2. Non-plan expenditure
3. Revenue expenditure

4. Capital expenditure
Arrange the expenditure heads in descending order using the codes
given below
(A)2,3,4,1
(B) 3,4,2, 1
(C)3,2,1,4
(D) 2,1,4,3

4. In the year 2007-08 the per capita NNP at current prices was?
(A) More than Rs. 20,000
(B) More than Rs. 30,000
(C) More than Rs. 40,000
(D) More than Rs. 50,000

5. Mathematics was first used economic theory by?
(A)Weiser
(B) Walras
(C)Cournot
(D) Pigou

6. India's foreign exchange rate system is?
(A) Free float
(B) Managed float
(C) Fixed
(D) Fixed target of band

7. The terms 'NEER' and 'REER' are related with?
(A) Foreign exchange rate
(B) External economic resources:
(C) National and regional economic equality
(D) Environmental regulation

8. For the calculation of percentile, the data should be arranged in?
(A) Ascending order
(B) Descending order
(C) Random order
(D) Either random or descending order

9. As per BASEL-II norms, a bank's capital to risk weighted assets ratio (CRAR) should be at least?
(A) 8%
(B) 10%
(C) 12%
(D) 14%

10. The shape of a frequency curve cannot be?
(A) U-shaped
(B) V Shaped
(C) J-shaped
(D) S-shaped

11. According to the Planning Cornmission, for infrastructure development during Eleventh Five Year
Plan, the required investment is?
(A) Approximately $ 250 billion
(B) Approximately $ 500 billion
(C) Approximately $ 750 billion
(D) Approximately $ 1000 billion

12. India's first port-based Special Economic Zone named Inter national Container Transshipment
Terminal (ICTI) is being set-up at?

PUT YOUR WORDS INTO ACTION

(A)Kandla
(B) Kochi
(C)Goa
(D) Tuticorin

13. Which of the following is pure unitless number?

(A) Mathematical average
(B) Statistical average
(C) Absolute measure of dispersion
(D) Relative measure of dispersion

14.The user cost of capital is?
(A) The real rate of interest plus the rate of depreciation
(B) The nominal rate of interest plus the rate of depreciation
(C) The real rate of interest only
(D) The nominal rate of interest only

15. The number of items reserved for the exclusive manufacture by micro and small enterprises is currently?
(A) Less than 25
(B) Less than 50
(C) Less than 75
(D) Less than 100

16.A new housing price index RESIDEX has been launched by?
(B) Planning Commission
(C) Housing Development Finance Corporation
(D) National Housing Bank
(A) Central Statistical Organization

17.Which one of the following is not a feature of current Indian Planning?
(A) Structural Planning
(B) Indicative Planning
(C) Functional Planning
(D) Decentralised Planning

18.The concept of disinvestment was introduced by?
(A) Friedman
(B) Kaldor
(C)Keynes
(D) Myrdal

19. Which of the following is average of second order?
(A) Arithmetic mean
(B) Geometric mean
(C) Second quartile
(D) Standard deviation

20.. Which average is most affected by the extreme observations?
(A) Arithmetic mean
(B) Geometric mean
(C) Median
(D) Mode

21.If the covariance of two variables is equal to the product of the standard deviations of the variables, then the correlation
coefficient will be?
(A) -1

(B)+1
(C) 0
(D) Between 0 and -1

22 The term 'Animal Spirit' was used by Keynes for?
(A) Consumption
(B) Investment
(C) Income
(D) Interest

23. The index of Financial Inclusion has been launched for the first time in 2008 by?
(A) Confederation of Indian Industries (CII)
(B) Federation of Indian Chamber of Commerce and Industry (FICCI)
(C) National Council of Applied Economic Research (NCAER)
(D) Indian Council for Research on International Economic Relations (ICRIER)

24.The elasticity of factor substitution for constant elasticity substitution production function is always?
(A) Zero
(B) One
(C) A positive value
(D) A negative value

25.The Revealed Preference theory assumes?
(A) Weak ordering
(B) Strong ordering
(C) Constant ordering
(D) Multiple ordering

26. Which of the following is not an item of transfer payment?
(A)Pension
(B) Scholarship
(C)Dividend
(D) Subsidy

27 The United Nation's Millennium Development Goals are to be reached by the year?
(A) 2010
(B) 2015
(C) 2020
(D) 2025

28.The number of women entrepreneurs in small scale industrial region is highest in the state of?
(A) Karnataka
(B) Kerala
(C) Maharashtra
(D) Tamil Nadu

29. Which of the following is not an effect of lump sum tax imposed on monopolist?
(A) Output sold is unchanged
(B) Price is unchanged
(C) Profit reduces
(D) Incidence of tax is wholly on buyer

30. A distributed lag for net investment may be due to?
(A) A decrease in the capital output ratio
(B) An increase in the capital output ratio
(C) Limited, short-run production capabilities in capital goods industry
(D) Limited long-run production capabilities in capital goods industry

PUT YOUR WORDS INTO ACTION

31. The concept of Adjusted Net Saving has been given by?
(A)Hamilton
(B) Friedman
(C)Keynes
(D) Pigou

32. The product of regression coefficients is always?
(A) Positive
(B) Negative
(C) Zero
(D) A complex number

33. The nature of classical unemployment is?
(A) Disguised
(B) Frictional
(C)Open
(D) Structural

34. Which one of the following properties shows the high degree of dispersion?
(A) Homogeneity
(B) Consistency
(C) Uniformity
(D) Variability

35. The New Exploration License Policy (NELP) of the Government of India is related with?
(A) Coal and Lignite
(B)Uranium and Thorium
(C) Diamond and Precious Stones
(D) Oil and Gas

36.Full employment is a situation when?
(A) Cyclical unemployment is zero
(B) Frictional unemployment is zero
(C) Seasonal unemployment is zero
(D) Disguised unemployment is zero

37.Which Indian Company has been included for the first time in U.S. A's index NASDAQ-100?
(A)Infosys
(B)Tata Motors
(C) ICICI Bank
(D) Videsh Sanchar Nigam Limited

38.The natural rate of unemploy ment is the sum of?
(A) Frictional unemployment and Structural unemployment
(B) Frictional unemployment and Cyclical unemployment
(C) Structural unemployment and Cyclical unemployment
(D) Structural unemployment and Seasonal unemployment

39.The nature of statistical inference is?
(A) Inductive
(B) Deductive
(C) Descriptive
(D) Objective

40. Mean deviation is always?

(A) Equal to the standard deviation than the standard
(B) Less than the standard deviation

PUT YOUR WORDS INTO ACTION

(C) More than the standard deviation
(D) Twice of the standard deviation

41. The coefficient of alienation is known as?
(A) Against correlation
(B) Against variance
(C) Against association
(D) Against determination

42. The Divergence Indicator is related with?
(A) Wage rate of workers
(B) Exchange rate of currencies
(C) Profit of firms
(D) Market price of shares

43.Which one of the following taxes has not been abolished in recent Union Budgets?
(A) Banking Cash Transaction
(B) Commodity Transaction Tax
(C) Fringe Benefit Tax
(D) Securities Transaction Tax

44.The Samuelson-Holt formula provides a measure of?
(A) Consumer's equilibrium
(B) Consumer's surplus
(C) Elasticity of demand
(D) Marginal utility

45. The most liquid asset among the following is?
(A) Gold
(B) Share
(C)Cash
(D) Land

46. Ricardian Equivalence' is related with?
(A) Low deficit, less saving
(B) Low deficit, more saving
(C) High deficit, less saving
(D) High deficit, more saving

47. The 'Swiss Formula' of World Trade Organisation is related with?
(A) Patent of drugs
(B) Agricultural subsidy
(C) Transboundary services
(D) Non-agricultural tariff

48. The Securities and Exchange Board of India has recently made the rating of Initial Public offerings mandatory. The total number of such grades are?
(A)Three
(B) Four
(C)Five
(D) Six

49. Consider the following statement—
"Once a person has spent his entire income, he would have maximized his total pleasure from it only if the satisfaction gained from the last item of each commodity bought was the same for the each commodity."
The above statement is related to?
(A) Gossen's First Law
(B) Gossen's Second Law

(C) Gossen's Third Law
(D) Gossen's Fourth Law

50. Which of the following results in an increase in inventory sales ratio?
(A) A decrease in the cost of holding inventory
(B) An increase in probability delivery delays for materials
(C) A decrease in the probability delivery delays for materials
(D) An increase in the cost of: holding inventory

51. Harris-Todaro model is related with?
(A) Growth and unemployment
(B) Growth and migration
(C) Unemployment and migration
(D) Unemployment and inflation

52. Density test is used for?
(A) Median
(B) Mean
(C) Mode
(D) Quartile

53. In the Keynesian saving function, the parameter is ?
(A) Disposable income
(B) Total saving
(C) Marginal propensity to save
(D) Autonomous saving

54. A simple correlation can defined as the tendency of?
(A) Independent variation
(B) Dependent variation
(C) Simultaneous variation
(D) Instantaneous variation

55.For implementing a comprehensive Khadi Reform Programme, a financial aid of $ I million over a period of three years has recently been tied up with?
(A) International Monetary Fund
(B) International Development Agency
(C) Asian Development Bank
(D) International Finance Corporation

56.For n consecutive natural numbers, the following relationship is correct?
(A) Mode = Mean
(B) Mean = Median
(C) Mode > Median
(D) Mode < Mean

57. The measure of the degree of association between the values of two random variables is called?
(A) Correlation
(B) Association
(C) Regression
(D) Co-variance

58.The current level of maternal morality rate in India is approximately?
(A) 150 per one lac live births
(B) 250 per one làc live births
(C) 350 per one lac live births
(D) 450 per one lac live births

PUT YOUR WORDS INTO ACTION

59.In any set of numbers, the geometric mean exists only when all numbers are?
(A) Positive
(B) Negative
(C) Zero
(D) Positive, zero or negative

60. If correlation coefficient is equal to zero, then variables will be?
(A)Associated
(B)Correlated
(C)Independent
(D) Dependent

Answers:
1 B
2 C
3 C
4 B
5 A
6 B
7 A
8 A
9 C
10 D
11 B
12 B
13 D
14 A
15 A
16 D
17 C
18 C
19 D
20 A
21 B
22 D
23 D
24 C
25 B
26 C
27 B
28 D
29 D
30 B
31 A
32 A
33 C
34 D
35 D
36 A
37 A
38 A
39 B
40 B
41 D
42 B
43 D
44 C
45 C

46 D

47 D

48 C

49 B

50 D

51 C

52 C

53 A

54 B

55 C

56 B

57 A

58 B

59 A

60 C

……………………………………………….==============================……………………
………………

Model test paper and Multiple choice Questions Quiz on indian Economy and theory of economics

1. Under which one of the following conditions, does product

exhaustion theorem hold?

(a) Increasing return to scale

(b) Decreasing return to scale

(c) Constant return to scale

(d) Constant return to factors of production

2. Public goods are characterized by:

1. collective consumption.

2. divisibility.

3. non-exclusion.

4. rival-consumption.

Select the correct answer using the code given below

(a) 1 and 2

(b) 1 and 3

(c) 1and 4

(d) 2 and 4

3.Capital Deepening refers to which one of the following:

(a) Going for more fixed capital

(b) Emphasis on social overhead capital

(c) A constant capital-output ratio

(d) An increasing capital-output ratio

4. Disguised underemployment refers to the situation when:

(a) people seems occupied on a full time basis even though the services they render require less than full time?

(b) workers are underpaid despite doing full time job

(c) there is a co-existence of unemployment and inflation

(d) the economy experiences underemployment equilibrium

5. Which one of the following is explained-by Fei-Rariis model?

(a) The inter-relationship between the agricultural and the industrial sectors

(b) Planning methods when labour is in short supply

(c) Growth process of the industrial sector

(d) A neo-classical framework of growth analysis

6. Consider the following statement:

1. The Solow model explains a capita/labour ratio which does not grow under equilibrium condition.

2. Substituting capital for labour is possible in the Solow model.

Which of the statements-given above is/are correct?

(a) 1 only

(b) 2 only

(c)Both 1 and 2

(d) Neither 1 nor 2

7. Consider the following statements:

1. Dualism refers to the existence and persistence of increasing divergences between rich and poor nations and rich and poor people at various Levels.

2. Dualism is the political division of the society into two broad groups of the rightists and the leftists in modem democracy.

Which of the statements given above is correct?

(a)1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

8. Directions: The following item consists of two statements, one labelled as the 'Assertion (A) 'and the other as' Reason (R)' — You are to examine these two statements carefully and select the answer using the code given below.

Assertion (A) : The doctrine of unbalanced growth is based on creation of imbalances in the economy in a conscious manner.

Reason (R) : Unequal development of various sectors often generates conditions for rapid development.

Code:

(a) Both A and R are individually true and R is the correct explanation o &

(b)Both A and R are individually true, but R is not correct explanation bf A

(c) A is true, but R is false

(d) A is false, but R is true

9. Suppose the market demand function of a perfect competitive industiy is given by Q(d) = 4,750—50P

and market supply function is given by

Q(s) = 1,750+ 50P.

Price is expressed in rupees. Which one of the following is equal to the market

equilibrium price?

(a) Rs. 30.

(b) Rs. 20

(c) Rs. 25

(d) Rs. 26

10. Market failure occurs because of:

I. Externality

2. Asymmetric information

3. Perfect competition

Select the correct answer using the code given below

(a) 1,2and3

(b) I only

(c)1 and 2

(d)2 and 3

11. If personal income is Rs. 57,000 ;

personal income tax Rs. 9,000;

consumption Rs. 43,000;

interest payment Rs 10,000;

personal saving Rs. 40,000;

then the disposable personal income would be equal to:

(a)Rs. 50,000

(b) Rs. 47,000

(c)Rs. 48,000

(d) Rs. 40,000

12. A discriminating monopolist charges a

(a) higher price in the, sub-market where price elasticity of demand is high

(b) higher price in the sub-market where price elasticity of demand is low

(c) lower price in the sub where price elasticity of demand is low

(d) higher price in the sub-market where demand is low

13. 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

14. Consider to following statements with respect to a duopoly market with firms AandB:

I. If both firms act as followers, then they will have reaction functions

2. If Firm A acts as leader and firm B acts as follower, then firm A will not have any reaction function.

3. If both firms act as leaders, then the outcome is economic

warfare.

Which of the statements given above are correct?

(a) 1 and 2

(b) 1 ,2 and 3

(c) 1 and 3

(d) 2 and 3

15. Consider the following:

According to Ricardian theory of distribution

I. rent is price determined.

2. land is supposed to have various alternative used.

3. marginal land earns no rent,

4. rent is a surplus in the sense that it is an excess over transfer earnings.

PUT YOUR WORDS INTO ACTION

Which of the statements given above are correct?

(a) 1,2and 4

(b) 1,3 and 4

(c) 2 and3

(d) 1 and 4

16 If two commodities perfectly/substitutable (competitive), the direction of change of the cross elasticity of demand between then be?

(a) zero

(b) positive

(c) negative

(d) infinity

17. From which of the following axioms does the property that 'indifference curves for a consumer cannot intersect each other' follow?

I. Axiom of non-satiation

2. Axiom of transitivity

3. Axiom of reflexivity

4. Axiom of convexity

select the correct answer using the code given below

(a) 1 and 3

(b) 1and 4

(c) 2 and 3

(d) 1 and 2

18. Consider the following statements

Under flexible exchange fate system, balance of payments

disequilibria are corrected by:

1. changes in the exchange rates.

2. international flow of money and reserves.

Which of the statements given above is/are correct?

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

PUT YOUR WORDS INTO ACTION

19. Which one of the following is implied by interest parity?

(a) Interest rates are at par in all the countries

(b) Movements in spot rates and forward fates in the foreign exchange market are same

(c) Potential holders of foreign currency deposits view them as not equally desirable assets

(d) A condition that the expected returns on deposits of any two countries are equal when measured in the same currency

20. Which one of the following best describes the nineteenth century

gold standard system?

(a) Regulated system with floating exchange rates

(b) Automatic system with fixed exchange rates

(e) Regulated system with fixed exchange rates

(d) Automatic system with floating exchange rates

21 Consider the following statements regarding the features of the

World Bank:

1. The Board of Governors is the supreme body.

2. The voting power of the Governor of a member country is related to the financial contribution of the country concerned.

3. It gives short-term loan to its members to correct their temporary balance of payments disequilibrium.

Which of the statements given above is/are correct?

(a)1 only

(b) 1and 2

(c) 2and3

(d) l,2 and 3

22. Which of the following is/are the reasons for the collapse of Bretton-Woods system?

I. The refusal by the U.S. Treasury to convert short-term liability into gold.

2. The U.S. move to make dollar inconvertible.

3. The devaluation of U.S. dollar in 1973.

Select the correct answer using the code given below

(a) 1 only

(b) 1 and 2

(c)2 and 3

(d) l,2 and 3

PUT YOUR WORDS INTO ACTION

23. Tariffication refers to:

(a) replacement of quotas by tariffs only

(b) replacement of all existing non-tariff restrictions by tariff

(c) scaling dow.of tariffs in general

(d) obtaining sanction to increase tariff rates

24. Which of the following are the components of foreign capital?

1. Grants and loans.

2. External commercial borrowings.

3. Foreign direct investment.

4. Deposits from non-residents.

Select the correct an using the code given below

(a) 1,2,3 and 4

(b) 1,2 and 4

(c) l and 2

(d)3 and 4

25. Under loanable funds theory of interest, which of the following

are included in the supply of loanable funds?

1. Current savings.

2. Funds released from embodiment in working capital.

3. Bank loans.

Select the correct answer using the code given below

(a) 1 and2

(b) 2and3

(c) l and 3

(d)1,2and3

26. Which one of the following is represented by the intersection of

the IS curve and the LM curve?

(a) Only a flow equilibrium

(b) Only a stock equilibrium

(c) A stock-cum-flow equilibrium

(d) Moving away from equilibrium

27. Which one of the following situations occurs during the period

when borrowers and lenders expect inflation?

(a) The nominal rate of interest exceeds real rate of interest

(b) The real rate of interest exceeds the nominal rate of interest

(c) The nominal rate of interest equals the real rate of interest

(d) Nominal and real rates of interest become zero

28. With whom, among the following, is the theory that the rate of interest is also a factor for transaction demand for money, associated?

(a) Baumol and Tobin

(b) Pigou

(c) Keynes

(d) Samuelson

29. According to Friedman, on which of the following does the

velocity of circulation of money depend?

I. Market interest rate on bonds.

2. Rate of change in general price level.

3. Ratio of physical non-human wealth to human wealth.

4. Ratio of savings to investment.

Select the correct answer using the code given below

(a) 1 and 3

(b) l, 2 and 4

(c) l, 2 and 3

(d) 4 only

30. Consider the following statements:

I. Lower the currency-deposit ratio, higher the money

multiplier.

2. Lower the reserve-deposit ratio, higher the money multiplier.

3. Larger the monetary base, higher is the money supply.

4. Larger the monetary base, lower is the money supply.

Which of the statements given above are correct?

(a) l and 3

(b) 1,2and4

(c) l, 2 and 3

(d) 2 and 4

31. In the standard Keynesian IS-LM model, a decrease in minimum

cash reserve ratio will:

(a) create demand-pull inflation in full-employment

(b) create cost-push inflation in full-employment

(c) create mark up inflation in full-employment

(d) create demand-pull inflation if there is unemployment

32. When one of the following is not correct in the context of IS and LM framework of the theory of interest?

(a) It integrated money interest and income into a general equilibrium model of product and money market

(b) Investment and interest are the two important variable in the model

(c) The theory is propounded by JR. Hicks

(d) IS represents the money market equilibrium and LM represents the product market equilibrium

33. The accelerator model predicts that the changes in investment is determined by the changes in:

(a) inventory

(b) capital

(c) interest

(d) output

34. Given, MPC = 0.8 and the threshold consumption = 100,

which one of the following is the corresponding saving function?

(a)100+0.2Y

(b)-100+0.8Y

(c) -100+ 0.2Y

(d) 400+ 0.2Y

35. According to the classical theory of employment, deviations from the state of full employment are of:

(a) permanent nature

(b) purely temporary nature

(c) imaginary situations

(d) normal situations

36. Effective demand is that level of demand at which:

(a) aggregate demand is fore than aggregate supply

(b) aggregate demand is less than aggregate supply

(c) aggregate demand is equal to aggregate supply

(d) output is maximum

37. In national income accounting, which one of the following is the

difference between gross aggregates and net aggregates?

(a) The value of net indirect taxes

(b) The value of consumption of fixed capital

(c) The value of intermediate consumption

(d) The value of final consumption expenditure

38. Consider the following statements relating to gross investment in

the national income accounts:

1.It includes the items relating to residential arid non-residential construction.

2.It takes care of spending on producers durable goods.

3.It includes changes in business inventories.

Which of the statements given above are correct?

(a)l and 2

(b)2 and 3

(c)l and 3

(d) l, 2 and 3

39. Consider the following statements:

I. Pigou held the view that employment depends upon money wages and could be substantially increased by curtailing wages.

2. Keynes held the view that employment depends upon the level of effective demand which can be increased by leaving money intact. - -

Which of the statements given above is correct?

(a)1 only

(b) 2 only

(c)Both 1 and 2

(d) Neither 1 and 2

40. Which one of the following is related to the theory that supply created its own demand and therefore full employment I s a natural situation?

(a) Say's law

(b) Pigou's law of employment

(c) Giffen paradox

(d) Keynesian theory of employment

41. The life cycle hypothesis of consumption implies that

consumption is related to

(a) price expectation over one's life time

(b) permanent income

(c) transitory income

(d) expected life income

42. According to Keynes, which one of the following is meant by

liquidity preference?

(a) Refraining from saving

(b) Desire to hold cash

(c) A preference to hold assets like bonds and securities which are liquid

(d) Increasing savings in terms of precious metals

43. The currency notes in circulation as well as the proportion of total money supply held in the form of currency are influenced by which of the following?

I. The physical volume of trade and transactions.

2. The level of prices in the economy.

3. The development of bank and banking habits of the people.

Select the correct answer using the code given below

(a) 1 only

(b) 2 only

(c) 1,2 and3

(d) 1 and 3

44. Imposition of a tariff will change the income distribution of the tariff-imposing country in favour of the scarce factor and against the abundant factor. This is known as:

(a) Leontief paradox

(b) Lerner paradox

(c) Stolper-Samuelson theorem

(d) Metzler-paradox

Directions : The following two (2) items consist of two statements, one labeled as the 'Assertion (A) 'and the other as 'Reason (R)'. You are to examine these two statements carefully and select the answers to these items using the code given below.

Code:

(a) Both A and R tare individually true and R is the correct explanation of A

(b) Both A and R are individually true, but R is not the correct explanation of A

(c) A is true, but R is false

(d) A is false, but R is true

45. Assertion (A) The money creation multiplier is equal to the reciprocal of the minimum reserve ratio:

Reason (R): The banking system as a whole can grant new credit up to an amount of excess reserves.

46. Assertion (A): Inflationary gap is caused by excess demand.

Reason (R) : Excess demand is due to scarcity of supply of money.

47. Consider the following statements:

I. Bond price and interest rate vary indirectly.

2. A tax on personal income reduces disposable income.

3. According to Say's Law, demand creates its own supply.

Which of the statements given above are correct?

(a)1 and 2

(b)2 and 3

(c)1 and 3

(d) 1,2 and 3

48. Which of the following are included in broad money (M 3) in

India?

I. Currency with the public.

2. Demand deposits with banks.

3. Time deposits with banks.

4. 'Other' deposits with RBI.

Select be correct answer using the code given below

(a)l,2 and 3

(b) 1 and2

(c)3 and 4

(d)l,2,3and4

49. Consider the following statements:

In competitive markets, incidence of tax

1. is shared by buyers and sellers.

2. on buyers increases if elasticity of supply increases.

3. is fully borne by buyers if elasticity of demand is zero.

4. is independent of elasticities.

Which of the statements given above are correct?

(a) l and 2

(b) l,2 and 3

(c)3 and 4

(d)2 and 4

50. Which one of the following is not a tax sacrifice principle?

(a) Equal absolute sacrifice

(b) Equal proportional sacrifice

(c) Equal marginal sacrifice

(d) Equal average sacrifice

Answers:

1	c
2	b
3	a
4	a
5	a
6	c
7	d
8	a
9	a
10	b

11	c
12	b
13	a
14	b
15	b
16	a
17	d
18	c
19	a
20	b
21	b
22	a
23	b
24	a
25	c
26	c
27	c
28	a
29	c
30	c
31	a

PUT YOUR WORDS INTO ACTION

32	d
33	d
34	c
35	b
36	c
37	b
38	d
39	c
40	a
41	d
42	b
43	c
44	b
45	a
46	a
47	a
48	d
49	b
50	d

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....

MCQ economics questions test exercises

PUT YOUR WORDS INTO ACTION

1. Under monopolistic competition the cross elasticity of demand for the product of a firm will be?
(A) Perfectly elastic
(B) Perfectly inelastic
(C) Highly elastic
(D) Highly inelastic

2. Which of the following curves is not 'U' shaped?
(A) Average Cost Curve
(B) Average Variable Cost Curve
(C) Average Fixed Cost Curve
(D) Marginal Cost Curve

3.Loss of information occurs during?
(A) Collection of data
(B) Presentation of data
(C) Classification of data
(D) Interpretation of data

4. Which of the following indices is based on only base year quantities?

(A) Laspeyre's index
(B) Fisher's index
(C) Kelley's index
(D) Pasche's index

5. The first State in India- which published its State Human Development Report, is?
(A) Kerala
(B) Madhya Pradesh
(C) Gujarat
(D) Andhra Pradesh

6. The Utility Index Number has been developed by?
(A) Marshall and Edgeworth
(B) Hall and Hitch
(C) Neumann and Morgenstern
(D) Hicks and Hanson

7. The following theory is treated as 'the third root of the logical theory of demand'?
(A) Diminishing marginal utility theory
(B) Equi-marginal utility theory
(C) Revealed preference theory
(D) Theory of consumer's surplus

8. Employment elasticity of growth is measured as?
(A) Employment growth rate / GDP growth rate
(B) Employment growth rate/Population growth rate
(C) Employment growth rate/Unemployment growth rate
(D) Employment growth rate// Per capita income growth rate

9. The fundamental equation in Harrod's growth model is defined?
(A) In terms of rate of growth of output
(8) In terms of rate of growth of technology

(C) In relation to the path of capital-labour ratio

(D) In terms of rate of change of capital-output ratio

10. The best average for the construction of index number is?

(A) Geometric mean

(B) Arithmetic mean

(C) Harmonic mean

(D) Weighted mean

11. The minimum price below which the seller will not sell the goods, is known as?

(A) Estimated price

(B) Administered price

(C) Reserve price

(D) Shadow price

12. In the equation $C = C_0 + alpha, Y$, the behavioural coefficient is?

(A) C

(B) C0

(C) alpha

(D) Y

13. Automatic stabilizer is a tool of?

(A) Taxation policy

(B) Employment policy

(C) Population policy

(D) Export policy

14. The price of a commodity will increase if the increase in demand is?

(A) More than increase in supply

(B) Less than increase in supply

(C) Equal to the increase in supply

(D) Not related to the increase in supply,

15. Which of the following assumptions is not correct for the Lewis model of growth?

(A) The economy has two sectors

(B) Capitalists reinvest all theirprofits

(C) Rural wage is determined by marginal product of labour

(D) The supply of rural labour to modern sector is perfectly elastic

16. The Durbin-Watson test is used for?

(A) Autocorrelation

(B) Multiple correlation

(C) Partial correlation

(D) Simple correlation

17. The following Industrial Policy Resolution is known as the Economic Constitution of India?

(A) Industrial Policy, 1948

(B) Industrial Policy, 1956

(C) Industrial Policy, 1980

(D) Industrial Policy, 1991

18. If two regression lines are perpendicular to each other, the correlation coefficient will be?
(A)+1
(B) —1
(C)Zero
(D) Indetermined

19. Under the second degree of price discrimination in discriminating monopoly, the buyers are divided into?
(A) One single group only of all buyers
(B) Two groups only of all buyers
(C) Many groups of buyers according to their demand
(D) Number of groups which is equal to number of buyers

20.If an economy is purely competitive static economy, then the economic profit will be?
(A)Minimum
(B) Maximum
(C)Zero
(D) Negative

21.Who is known as the 'Architect' of Indian Planning?
(A) Dadabhai Naoroji
(B) M. Visvesaraia
(C) P. C. Mahalanobis
(D) Ardeshir Dalal

22. The entertainment tax in India was first introduced in the State of?
(A)Bengal
(B) Bihar
(C) Rajasthan
(D) Maharashtra

23. The Laffer curve shows the relationship between?
(A) Per capita income and environmental pollution
(B) Rate of unemployment and rate of inflation
(C) Tax rate and tax revenue
(D) Economic growth and income inequality

24. The shape of the indifference curve indicates?
(A) Income of the consume
(B) Taste of the consumer
(C) Prices of the commodities
(D) Quality of the commodities

25. Which of the following has highest quantitative value in a positively skewed distribution?
(A)Mean
(B) Median
(C)Mode
(D) First quartile

26. Which of the following is also known as mixed sample?
(A) Systematic sample
(B) Stratified sample

PUT YOUR WORDS INTO ACTION

(C) Random sample
(D) Multi-stage sample

27. According to Harvey Leibenstein, two types of incentives work in under-developed countries?
(A) Positive-sum incentives and Negative-sum incentives
(B) Zero-sum incentives and negative-sum incentives
(C) Positive-sum incentives and Multiple-sum incentives
(D) Zero-sum intcentives and Positive-sum incentives

28. During recent past, the highest GDP growth rate has been achieved in the year?
(A) 2005-06
(B) 2006-07
(C) 2007-08
(D) 2008-09

29 A factor of production is used by a producer at that stage where the marginal production of the factor is?
(A) Increasing, but positive
(B) Increasing, but negative
(C) Decreasing, but positive
(D) Decreasing, but negative

30. The doctrine of consumer's surplus is based on?
(A) Indifference curve analysis
(B) Revealed preference analysis
(C) Law of substitution
(D) Law of diminishing marginal utility

31. Big-mac index is based on?
(A) Official exchange rate
(B) Real effective exchange rate
(C) Nominal effective exchange rate
(D) Purchasing power parity exchange rate

32. The New Tax Code which is pro posed to come into effect from April 1st, 2011 covers?
(A) Direct taxes only
(B) Indirect taxes only
(C) Both direct and indirect taxes
(D) State level taxes only

33. In the Union Budget 2009-10, total amount of interest payments is estimated?
(A) More than Rs. 1.0 lakh crore
(B) More than Rs. 1.5 lakh crore
(C) More than Rs. 2.0 lakh crore
(D) More than Rs. 2.5 Iakh crore

34. Which of the following is related with monopoly?
(A) Advertisement cost
(B) Selling cost
(C) Price discrimination
(D) Product differentiation

35.The modern money is not?
(A) Token money
(B) Fiat money
(C) Fiduciary money
(D) Full bodied money

36.The outcome budget is a?
(A) Pre-outlay instrument
(B) Post-outlay instrument
(C) Pre-expenditure instrument
(D) Post-expenditure instrument

37. In the theory of kinked demand curve, the lower segment of the demand curve is?
(A) Perfectly inelastic
(B) Perfectly elastic
(C) Highly elastic
(D) Less elastic

38. The catJse of difference between: GDP and NDP is?
(A) Net foreign income
(B) Depreciation
(C) Subsidies
(D) Net indirect tax

39. Arithmetic mean of deviation is always?
(A) A positive value
(B) A negative value
(C) Equal to zero
(D) Equal to one

40. Which one of the following is an item of current account of the balance of payments?
(A) Foreign investment
(B) External commercial borrowings
(C) Foreign grants
(D) Non-resident Indian deposits

41. Charlier's check for accuracy is used for?
(A)Mean
(B)Median
(C)Correlation
(D) Standard deviation

42.The empirical study of economic theories is considered under?
(A) Aggregate economics
(B) Applied economics
(C) Social economics
(D) Welfare economics

43 Elinor Ostrom, the first woman to win the Nobel Prize in economics in 2009. has been awarded for her contribution in the field of?
(A) Resolving business conflicts
(B) Inflationary trends

PUT YOUR WORDS INTO ACTION

(C) Management of common property
(D) Capital market analysis

44. The Kuznet's curve shows the relationship between?
(A) Economic growth and income inequality
(B) Unemployment and inflation
(C) Tax rate and tax revenue
(D) Economic growth and inflation

45. Slutsky's substitution effect is based on?
(A) Cost variation
(B) Cost difference
(C) Compensating variation
(D) Compensating difference

46. The correlation coefficient is independent of?
(A) Change of scale only
(B) Change of origin only
(C) Both the changes of scale and origin
(D) Neither the change of origin nor the change of scale

47. The data represented through arithmetic line graph help in understanding?
(A)Trend
(B) Randomness
(C) Cyclicity
(D) Seasonality

48. Select the correct statements regarding the Balanced Growth theory
Statements:
1 It is a static concept
2. It is a dynamic concept
3. It recognises the significance of economic independence
4. It recognises the significance of economic interdependence.
Code
(A) 1 and 4
(B) 2and 3
(C)1 and 3
(D) 2 and 4

49. For setting up new industrial parks and in established industrial parks, the Foreign Direct Investment under automatic route has been allowed?
(A) Upto 26percent
(B) Upto 49 per cent
(C) Upto 74 per cent
(D) Upto 100 per cent

50.The Euler's theorem is satisfied only with?
(A) Homogeneous function
(B) Heterogeneous function
(C) Endogeneous function
(D) Exogeneous function

PUT YOUR WORDS INTO ACTION

Answers:

1	C
2	C
3	A
4	A
5	A
6	C
7	C
8	A
9	D
10	A
11	C
12	C
13	A
14	A
15	C
16	A
17	B
18	C
19	C
20	C

PUT YOUR WORDS INTO ACTION

21	B
22	A
23	C
24	B
25	A
26	B
27	A
28	B
29	C
30	D
31	D
32	A
33	C
34	C
35	D
36	A
37	D
38	B
39	C
40	C
41	A

PUT YOUR WORDS INTO ACTION

42	D
43	C
44	A
45	B
46	C
47	A
48	D
49	D
50	A