

## Economics Multiple Choice Questions

1. Commercial banks lend to which of the following Priority sectors?  
 (a) Heavy Industries  
 (b) Agriculture, Small scale industries  
 (c) Foreign Companies  
 (d) State government in emergency situation
2. What is the accounting year of the Reserve Bank of India?  
 (a) April-March (b) July-June  
 (c) October-September (d) January-December
3. Among the following States, \_\_\_\_\_has the lowest birth rate in India.  
 (a) Kerala (b) Uttar Pradesh  
 (c) Bihar (d) West Bengal
4. The Secretariat of SAARC is set up at \_\_\_\_\_.  
 (a) Washington (b) Kathmandu  
 (c) Hague (d) New Delhi
5. 'Residex' is associated with :  
 (a) Share prices (b) Price inflation  
 (c) Mutual fund prices (d) Land prices
6. Money market is a market for \_\_\_\_\_.  
 (a) Short term fund  
 (b) Long term fund  
 (c) Negotiable instruments  
 (d) Sale of shares
7. Which institution is known as 'Soft Loan Window' of World Bank?  
 (a) IDBI (b) IDA  
 (c) IMF (d) RBI
8. Which curve shows the inverse relationship between unemployment and inflation rates -  
 (a) Supply curve (b) Indifference curve  
 (c) IS curve (d) Phillips curve
9. Special Drawing Rights were created by -  
 (a) IBRD (b) ADB  
 (c) IMF (d) WTO
10. In which of the following States India's first Green Rail Corridor was launched in -  
 (a) Karnataka (b) Maharashtra  
 (c) Himachal Pradesh (d) Tamil Nadu
11. Which place is said to be the Manchester of South India?  
 (a) Coimbatore (b) Salem  
 (c) Thanjavur (d) Madurai
12. When the demand for a good increase with an increase in income, such a good is called\_\_\_\_\_  
 (a) Superior good (b) Giffin good  
 (c) Inferior good (d) Normal good
13. MUDRA Bank has been launched to help  
 (a) Small business (b) Marginal farmers  
 (c) Poor women (d) Rural sector
14. Which of the following controls the insurance business of India?  
 (a) RBI (b) IDBI  
 (c) SEBI (d) IRDA
15. Which State Government has abolished "agriculture income tax" on plantation companies.  
 (a) Karnataka (b) Rajasthan  
 (c) Bihar (d) Assam
16. Which of the following is not a method of estimating national income?  
 (a) Expenditure method (b) Output method  
 (c) Matrix method (d) Income method
17. Which of the following taxes is levied by the State Government only?  
 (a) Wealth tax (b) Entertainment tax  
 (c) Income tax (d) Corporate tax
18. HDI is an aggregate measure of progress in which of the three dimensions?  
 (a) Health, Education, Income  
 (b) Food Security, Employment, Income  
 (c) Agriculture, Industry, Services  
 (d) Height, Weight, Colour
19. The operational period of 12th Five Year Plan is -  
 (a) 2007-12 (b) 2012-17  
 (c) 2015-20 (d) 2005-10
20. What is an octroi?  
 (a) Tax  
 (b) Tax collection centre  
 (c) Tax processing centre  
 (d) Tax information centre
21. Swarna Jayanti Gram Swarojgar Yojna has now been restructured as  
 (a) Prime Minister's Rojgar Yojna  
 (b) National Rural Livelihoods Mission  
 (c) Jawahar Gram Samridhhi Yojana  
 (d) Sampoorna Gramin Rojgar Yojana
22. Which of the following is not a commercial source of energy?  
 (a) Coal (b) Petroleum  
 (c) Natural Gas (d) Firewood



23. The rate of tax increase as the amount of the tax base increases is called?  
 (a) Proportional tax (b) Progressive tax  
 (c) Regressive tax (d) Degressive tax
24. The supply-side economics lays greater emphasis on \_\_\_\_\_.  
 (a) Producer (b) Global economy  
 (c) Consumer (d) Middle Man
25. The founding father of "Theory of bureaucracy" was?  
 (a) F. W. Taylor (b) Max Weber  
 (c) Elton Mayo (d) Herbert Simon
26. The main effect of Direct Taxes is on  
 (a) Food prices (b) Consumer goods  
 (c) Capital goods (d) Income
27. The term 'Dumping' refers to  
 (a) The sale of a sub-standard commodity  
 (b) Sale in a foreign market of a commodity at a price below marginal cost  
 (c) Sale in a foreign market of a commodity just at marginal cost with too much of profit  
 (d) Smuggling of goods without paying any customs duty
28. "World Economic Outlook" report is published by which of the following ?  
 (a) IMF (b) World Bank  
 (c) RBI (d) UNCTAD
29. Which one of the following countries is not a member of the "BRICS" group?  
 (a) Brazil (b) Russia  
 (c) China (d) Indonesia
30. Which one of the following is not an instrument of Fiscal policy?  
 (a) Open Market Operations  
 (b) Taxation  
 (c) Public borrowing  
 (d) Public expenditure
31. In which of the following market forms, a firm does not exercise control over price?  
 (a) Monopoly  
 (b) Perfect competition  
 (c) Oligopoly  
 (d) Monopolistic competition
32. Bilateral monopoly situation is  
 (a) when there are only two sellers of a product  
 (b) when there are only two buyers of a product  
 (c) when there is only one buyer and one seller of a product  
 (d) when there are two buyers and two sellers of a product
33. Lorenz curve shows  
 (a) Inflation (b) Unemployment  
 (c) Income distribution (d) Poverty
34. The BRICS New Development Bank (NDB) has been set up for -  
 (a) Funding infrastructure projects in emerging economics for sustainable development  
 (b) Funding non-infrastructure projects in emerging economics for sustainable development  
 (c) Funding infrastructural projects in developed countries  
 (d) Funding infrastructural projects in african countries only
35. An indifference curve measures \_\_\_\_\_ level of satisfaction derived from different combinations of commodity X and Y.  
 (a) same (b) higher  
 (c) lower (d) minimum
36. Redistribution of income in a country can be brought about through  
 (a) Progressive taxation combined with progressive expenditure  
 (b) Progressive taxation combined with regressive expenditure  
 (c) Regressive taxation combined with regressive expenditure  
 (d) Regressive taxation combined with progressive expenditure
37. Which one of the following is not a scheme or project ?  
 (a) AMRUT (b) Swachh Bharat  
 (c) AYUSH (d) Jan Dhan Yojana
38. The major objective of monetary policy is to?  
 (a) Increase government's tax revenue  
 (b) Revamp the Public Distribution System  
 (c) Promote economic growth with price stability  
 (d) Weed out corruption in the economy
39. Trickle down theory ignores the impact of economic growth on -  
 (a) Investment (b) Savings  
 (c) Income distribution (d) Consumption
40. What will you call a system of taxation under which the poorer sections are taxed at higher rates than the richer sections?  
 (a) Progressive tax (b) Proportional tax  
 (c) Regressive tax (d) Degressive tax
41. An economy in which activities are organized through market force of demand and supply is called :  
 (a) Socialistic Economy (b) Self reliant economy  
 (c) Market Economy (d) None of these



42. According to Malthusian theory of population  
 (a) Population increases in geometric ratio, food supply increases in arithmetic ratio  
 (b) Population increases in arithmetic ratio, food supply increases in geometric ratio  
 (c) Population increases in a harmonic mean, food supply increases in geometric ratio  
 (d) Population increases in a harmonic ratio, food supply increases in an arithmetic ratio
43. What is a bank rate?  
 (a) Rate at which Central bank of a country advances loans to other banks in the country  
 (b) Rate at which banks advance loans to the customers  
 (c) Rate at which banks lend among themselves  
 (d) Rate at which banks lend to money lenders
44. Which of the following tax systems will help to reduce economic inequalities in India?  
 (a) Regressive Tax (b) Progressive Tax  
 (c) Flat rate tax (d) None of these
45. Fiscal policy in India is formulated by -  
 (a) Reserve Bank of India  
 (b) Planning Commission  
 (c) Finance Ministry  
 (d) SEBI
46. What is MUDRA?  
 (a) Development and Refinance Agency  
 (b) Scheme for Agricultural Insurance  
 (c) New Planet Discovered  
 (d) Development and Regulatory Authority for Urban Township
47. If price of an article decreases from P1 to Rs 25, quantity demanded increases from 900 units to 1200 units. If point elasticity of demand is 2 find P1?  
 (a) Rs. 20 (b) Rs. 30  
 (c) Rs. 35 (d) Rs. 15
48. Which among the following is a characteristic capitalist economy of?  
 (a) Minimum government intervention  
 (b) Market forces are highly regulated  
 (c) It is a socialist system  
 (d) Maximum government intervention
49. If demand curve for camping tents is  $D = 100000 - 17P$  and supply curve is  $S = 50000 + 8P$ , find the equilibrium Price?  
 (a) Rs. 1000 (b) Rs. 2000  
 (c) Rs. 4000 (d) Rs. 500
50. Value of Total Goods and Services produced in a country is its \_\_\_\_\_.  
 (a) Gross Domestic Product  
 (b) Gross Revenue Income  
 (c) Total Goods Revenue  
 (d) Total Income
51. A company faces a -2.5 price elasticity of demand for its product. It is presently selling 10,000 units/month. If it wants to increase quantity sold by 6%, it must lower its price by -  
 (a) 3.50% (b) 15%  
 (c) 2.50% (d) 2.4%
52. Lowering of value of currency relative to a foreign reference currency is called \_\_\_\_\_.  
 (a) Devaluation (b) Revaluation  
 (c) Down valuation (d) Negative valuation
53. A manufacturer faces price elasticity of demand of a -2 for its product. If it lowers its price by 5%, the increase in quantity sold will be -  
 (a) 3% (b) 10%  
 (c) 2.50% (d) 7%
54. If cash reserve ratio decreases, credit creation will \_\_\_\_\_.  
 (a) Increase  
 (b) Decrease  
 (c) Does not change  
 (d) First decreases than increases
55. In 2015 the nominal rate of interest in country was 6%, and the inflation rate then was 1.5%. So real rate of interest in 2015 was  
 (a) 7.5% (b) 4.5%  
 (c) 4% (d) 0.25%
56. The goods which people consume more, when their price rises are called \_\_\_\_\_.  
 (a) Essential goods (b) Capital goods  
 (c) Veblen goods (d) Giffen goods
57. A beedi making workshop can hire 5 women by paying them Rs. 300 per day. The 6th woman demands Rs. 350 per day. If this woman is hired then all other women must be paid Rs. 350. The marginal resource (labour) cost of the 6th woman is  
 (a) Rs. 600 (b) Rs. 50  
 (c) Rs. 300 (d) Rs. 100
58. Stagflation is defined as -  
 (a) low inflation, low growth, low unemployment  
 (b) high inflation, low growth, high unemployment  
 (c) high inflation, high growth, high unemployment  
 (d) low inflation, high growth, low unemployment
59. At which rate, Reserve Bank of India borrows money from commercial banks?  
 (a) Bank Rate  
 (b) Repo Rate  
 (c) Reverse Repo Rate  
 (d) Statutory Liquidity Rate



60. Movement along the supply curve is known as \_\_\_\_\_.
- Contraction of supply
  - Expansion of supply
  - Increase in supply
  - Expansion and contraction of supply
61. In which of the following case, law of demand fails?
- Giffen goods
  - Normal goods
  - Inferior goods
  - Both Giffen and Inferior goods
62. Match the following.
- | Form of Market         | Number of sellers and Buyers                      |
|------------------------|---|
| 1. Oligopoly           | a. Large number of sellers and buyers             |
| 2. Monopoly            | b. A few big sellers and a large number of buyers |
| 3. Perfect Competition | c. One seller but large number of buyers          |
| (a) 1-b, 2-c, 3-a      | (b) 1-c, 2-a, 3-b                                 |
| (c) 1-a, 2-b, 3-c      | (d) 1-b, 2-a, 3-c                                 |
63. The \_\_\_\_\_ curve represents the demand of all consumers in the market taken together at different levels of the price of the good.
- monotonic
  - indifferent
  - market demand
  - diminishing
64. The market structure called monopoly exists where there is exactly \_\_\_\_\_ seller in any market.
- One
  - Two
  - Five
  - Ten
65. For a price taking firm, average revenue is \_\_\_\_\_ market price.
- half of
  - equal to
  - double of
  - less than
66. The study of individual markets of demand and supply in which the 'players', or the decision makers, were also individuals (buyers or sellers, even companies) who were seen as trying to maximize their profits (as producers or sellers) and their personal satisfaction or welfare levels (as consumers) is called?
- Macroeconomics
  - Econometrics
  - Microeconomics
  - Heterodox Economics
67. Which one of the following is a component of Food Security System?
- Buffer stock
  - Minimum support price
  - Fair price shops
  - Mid day meals
68. What is the accepted average Calorie requirement for rural area in India?
- 2100
  - 2200
  - 2300
  - 2400
69. Who takes the decision regarding the savings and loan activities in a Self Help Group (SHG)?
- Private Bank
  - Reserve Bank of India
  - Members of Group
  - Non Government Organizations
70. Which amongst the following is in the list of Maharatna?
- Coal India Limited
  - Steel Authority of India Limited
  - Bharat Electronics Limited
  - Bharat Heavy Electricals Limited
71. Who gave the 'General Equilibrium Theory'?
- J. M. Keynes
  - Leon Walras
  - David Ricardo
  - Adam Smith
72. Which of the following is not true about a Demand Draft?
- It is a negotiable instrument.
  - It is a banker's cheque.
  - It may be dishonoured for lack of funds.
  - It is issued by a bank.
73. In which market form, a market or an industry is dominated by a single seller?
- Oligopoly
  - Monopoly
  - Duopoly
  - Competitive
74. Which one of the following is also regarded as Disguised unemployment?
- Underemployment
  - Frictional unemployment
  - Seasonal unemployment
  - Cyclical unemployment
75. When there is only one buyer and one seller of product, it is called \_\_\_\_\_ situation.
- Public monopoly
  - Bilateral monopoly
  - Franchised monopoly
  - Monopsony
76. Which among the following sponsors Regional Rural Banks (RRB'S)?
- Reserve Bank of India
  - Foreign Banks
  - National Commercial Banks
  - Co-Operative Banks



77. Which among the following is not an account under Balance of Payment (BOP)?  
 (a) Current Account  
 (b) Capital Account  
 (c) Official Reserves Account  
 (d) Financial account
78. Which one of the following is not an instrument of credit control in India?  
 (a) Rationing of credit  
 (b) Direct Action  
 (c) Open Market operations  
 (d) Variable cost reserve ratios
79. Which among the following is an example of micro-economic variable?  
 (a) National Income  
 (b) Aggregate Supply  
 (c) Employment  
 (d) Consumer's Equilibrium
80. Which of the following rate is charged by banks to their most credit worthy customers?  
 (a) Prime Rate  
 (b) Statutory Liquidity Rate  
 (c) Bank Rate  
 (d) Repo Rate
81. Medium term loans are provided for a period of \_\_\_\_\_.  
 (a) 1 year to 2 years (b) 15 months to 3 years  
 (c) 15 months to 4 years (d) 1 year to 5 years
82. An economic system combining private and state enterprise is called as \_\_\_\_\_.  
 (a) Market economy  
 (b) Centrally planned economy  
 (c) Private economy  
 (d) Mixed economy
83. What was the main motive of Third Five Year Plan in India?  
 (a) Rural development (b) Agriculture  
 (c) Financial inclusion (d) Economic reform
84. Courier service comes under which sector?  
 (a) Primary  
 (b) Secondary  
 (c) Tertiary  
 (d) Both Secondary and Tertiary
85. Which among the following is not a direct tax?  
 (a) Income tax (b) Wealth tax  
 (c) Corporate tax (d) None of these
86. Which of the following pair/pairs is/are INCORRECT?  
 I. Golden revolution - Fruits production  
 II. Blue revolution - Increasing production of fertilizers  
 III. Yellow revolution - For the production of eggs  
 (a) Only I (b) Only II  
 (c) Both I and II (d) Both II and III
87. MTNL comes under which of the following category?  
 (a) Navratna (b) Maharatna  
 (c) Mini Ratna (d) None option is correct
88. Which among the following is not an instrument of fiscal policy?  
 (a) Taxation (b) Public expenditure  
 (c) Public debt (d) Credit Rationing
89. Which of the following equation is/are INCORRECT?  
 I.  $NI = NDP + \text{Net Foreign Income}$   
 II.  $GNP = GDP + \text{Net Foreign Income}$   
 III.  $NDP = GNP - \text{Depreciation}$   
 (a) Only (I) and (II) (b) Only (III)  
 (c) Only (II) and (III) (d) Only (II)
90. Which of the following is called GDP Deflator?  
 (a) Ratio of nominal to real GDP  
 (b) Ratio of nominal to real GNP  
 (c) Ratio of nominal to real CPI  
 (d) Ratio of real to nominal GNP
91. Which organisation monitors the banks in actually maintaining cash balance?  
 (a) State Bank of India  
 (b) Reserve Bank of India  
 (c) Grameen Bank of India  
 (d) None of these
92. What does indifference curve represent?  
 (a) Levels of Income and Capital  
 (b) Satisfaction derived from two goods  
 (c) Income from two businesses  
 (d) Relationship between expenditure and savings
93. Union Cabinet has proposed to provide 'Housing for All' by the year-  
 (a) 2019 (b) 2022  
 (c) 2025 (d) 2030



94. After which five year plan, 'The Rolling Plan' was implemented?  
 (a) Third Plan (b) Fifth Plan  
 (c) Seventh Plan (d) Ninth Plan
95. Which tax causes a burden on the poorer section of the society?  
 (a) Direct Tax  
 (b) Indirect Tax  
 (c) Both Direct and Indirect Tax  
 (d) None of these
96. Which of the following agricultural commodity of India gives largest in terms of export value?  
 (a) Tea (b) Basmati Rice  
 (c) spices (d) cotton
97. Which of the following is represented by 'Lorenz Curve'?  
 (a) Employment (b) Inflation  
 (b) Deflation (d) Income Distribution
98. The central nodal agency for implementing the price support operations for commercial crops is:  
 (a) NAFED (b) NABARD  
 (c) TRIFED (d) FCI
99. The \_\_\_\_\_ exchange rate is the relative price of foreign goods in terms of domestic goods.  
 (a) Artificial (b) Nominal  
 (c) Fixed (d) Real
100. \_\_\_\_\_ is an alternative way of representing the production function.  
 (a) The Short Run (b) The Long Run  
 (c) Isoquant (d) Average product
101. In a market system, the central problems regarding how much and what to produce are solved through the coordination of economic activities brought about by \_\_\_\_\_ signals.  
 (a) Supply (b) Demand  
 (c) Price (d) Stock Market
102. \_\_\_\_\_ says that the marginal product of a factor input initially rises with its employment level. But after reaching a certain level of employment, it starts falling.  
 (a) Law of diminishing marginal product  
 (b) Law of variable proportions  
 (c) The Short Run  
 (d) The Long Run
103. The closest example of a centrally planned economy is the \_\_\_\_\_ for the major part of the 20th Century.  
 (a) USA (b) India  
 (c) Soviet Union (d) Japan
104. \_\_\_\_\_ is the relationship between the variable input and output, keeping all other inputs are held constant.  
 (a) Total product (b) Average product  
 (c) Isoquant (d) The Long Run
105. From which of the following, is the GDP of a country not derived from?  
 (a) Agricultural sector (b) Industrial sector  
 (c) International sector (d) Service sector
106. \_\_\_\_\_ is the set of all possible combinations of the two inputs that yield the same maximum possible level of output.  
 (a) The Short Run (b) The Long Run  
 (c) Isoquant (d) Average product
107. The \_\_\_\_\_ exchange rate is the price of one unit of foreign currency in terms of domestic currency.  
 (a) Artificial (b) Nominal  
 (c) Fixed (d) Real
108. \_\_\_\_\_ of an input is defined as the change in output per unit of change in the input when all other inputs are held constant.  
 (a) Marginal product (b) Production function  
 (c) Total product (d) Average product
109. 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 the \_\_\_\_\_ of the economy.  
 (a) Resource Probability Set  
 (b) Production Probability Set  
 (c) Resource Possibility Set  
 (d) Production Possibility Set
110. If at a price, market supply is greater than market demand, we say that there is \_\_\_\_\_ in the market at that price.  
 (a) Equilibrium (b) Excess Demand  
 (c) Excess Supply (d) Marginal Revenue
111. In India the reform policies were first introduced in which year?  
 (a) 1951 (b) 1971  
 (c) 1991 (d) 2001



112. The \_\_\_\_\_ of a firm is a relationship between inputs used and output produced by the firm.  
 (a) Marginal product (b) Production function  
 (c) Total product (d) Average product
113. The demand for a normal good increases with \_\_\_\_\_ in the consumer's income.  
 (a) Increase (b) Decrease  
 (c) Constant (d) Double
114. Short run marginal cost curve cuts the average variable cost curve from \_\_\_\_\_ at the minimum point of average variable cost.  
 (a) Top (b) Below  
 (c) Right (d) Left
115. A commodity market has a \_\_\_\_\_ structure, if there is one seller of the commodity, the commodity has no substitute, and entry into the industry by another firm is prevented.  
 (a) Perfect Competition  
 (b) Monopoly  
 (c) Oligopoly  
 (d) Monopolistic Competition
116. The short run average cost curve is \_\_\_\_ shaped.  
 (a) U (b) V  
 (c) X (d) W
117. If the \_\_\_\_\_ firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the marginal revenue is zero.  
 (a) Perfect Competition (b) Monopoly  
 (c) Oligopoly  
 (d) Monopolistic Competition
118. The short run marginal cost curve is \_\_\_\_ shaped.  
 (a) U (b) V  
 (c) X (d) W
119. The demand for inferior goods decreases with \_\_\_\_\_ in the consumer's income.  
 (a) Increase (b) Decrease  
 (c) Constant (d) Double
120. Goods for which the quantity that a consumer chooses, increases as the consumer's income increases and decreases as the income decreases are called?  
 (a) Inferior goods  
 (b) Normal goods  
 (c) Complementary goods  
 (d) Substitute goods
121. The demand for a inferior good increases with \_\_\_\_\_ in the consumer's income.  
 (a) Increase (b) Decrease  
 (c) Constant (d) Double
122. Goods for which demand move in the opposite direction of the income of the consumer are called?  
 (a) Inferior goods  
 (b) Normal goods  
 (c) Complementary goods  
 (d) Substitute goods
123. If the \_\_\_\_\_ firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the average revenue is zero.  
 (a) Perfect Competition  
 (b) Monopoly  
 (c) Oligopoly  
 (d) Monopolistic Competition
124. The average variable cost curve is \_\_\_\_ shaped.  
 (a) U (b) V  
 (c) X (d) W
125. The \_\_\_\_\_ balance is the sum of the balance of merchandise trade, services and net transfers received from the rest of the world.  
 (a) Current Account (b) Savings Account  
 (c) Capital Account (d) Asset Account
126. The relation between the consumer's optimal choice of the quantity of a good and its price is very important and this relation is called the \_\_\_\_\_ function.  
 (a) Price (b) Substitution  
 (c) Supply (d) Demand
127. The demand for a normal good decreases with \_\_\_\_\_ in the consumers income.  
 (a) Increase (b) Decrease  
 (c) Constant (d) Double
128. Short run marginal cost curve cuts the short run average cost curve from \_\_\_\_\_ at the minimum point of short run average cost.  
 (a) Top (b) Below  
 (c) Right (d) Left
129. The \_\_\_\_\_ balance is equal to capital flows from the rest of the world, minus capital flows to the rest of the world.  
 (a) Current Account (b) Savings Account  
 (c) Capital Account (d) Asset Account



130. If a consumer's demand for a good moves in the same direction as the consumer's income, the consumer's demand for that good must be inversely related to the price of the good is called \_\_\_\_\_.
- (a) Law of demand  
(b) Law of supply  
(c) Law of substitution  
(d) Law of optimal choice
131. Irfaan loves black coffee. A roadside stall selling a cup of black coffee at Rs. 120, offered 25% discount to Irfaan. If Irfaan was willing to pay even Rs. 200 for this cup of black coffee, Irfaan's consumer surplus is -
- (a) 90 (b) 80  
(c) 30 (d) 110
132. Which among the following does not count in the development expenditure of government?
- (a) Expenditure on economic services (b) Expenditure on social services  
(c) Grant to states (d) Defence expenditure
133. If demand curve for a fishing rod is  $D = 37000 - 11P$  and supply curve is  $S = 12000 + 9P$ , find the equilibrium quantity?
- (a) 1250 units (b) 23250 units  
(c) 52350 units (d) 2500 units
134. Balance of Trade is the difference between
- (a) Country's Income and Expense  
(b) Country's Exports and Import  
(c) Country's Tax Revenue and Expense  
(d) Country's capital inflow and outflow
135. The minimum price at which I was willing to sell my old TV was Rs. 7,000. I quoted Rs. 12,000 while selling it, but it sold for Rs. 10,500. This transaction generated -
- (a) Rs. 3,500 worth of consumer surplus  
(b) Rs. 5000 worth of consumer surplus  
(c) Rs. 5000 worth of producer surplus  
(d) Rs. 3,500 worth of producer surplus
136. Which among the following is not a component of balance sheet?
- (a) Total issued capital  
(b) Cash held at the bank  
(c) Value of raw materials held  
(d) Revenue from sales of the company's products
137. If the fixed costs of a factory producing candles is Rs 20,000, selling price is Rs 30 per dozen candles and variable cost is Rs 1.5 per candle, what is the break-even quantity?
- (a) 20000 (b) 10000  
(c) 15000 (d) 12000
138. Calculate the economic profit for a firm if it's total revenues are Rs. 35 crores, explicit costs are Rs. 7 crores, and implicit costs are Rs. 10 crores.
- (a) Rs. 32 crores (b) Rs. 52 crores  
(c) Rs. 18 crores (d) Rs. 38 crores
139. An increase in the growth rate of the nominal money supply results in -
- (a) Lower rate of inflation  
(b) Higher rate of inflation  
(c) Lower interest rates  
(d) Currency appreciation
140. Calculate a country's GDP if for the year, consumer spending is \$400 million, government spending is \$150 million, investment by businesses is \$80 million, exports are \$35 million and imports are \$40 million.
- (a) \$625 million (b) \$465 million  
(c) \$475 million (d) \$635 million
141. Economics assumes that -
- (a) people have unlimited desires but limited resources  
(b) people have limited desires but unlimited resources  
(c) allocation of resources if not centrally planned will cause inefficiency  
(d) people are emotional and make irrational decisions
142. If the average total cost are Rs 54, average variable cost is Rs 36 and quantity produced is 2500 units, find the total fixed costs (in Rs) of the firm?
- (a) 30000 (b) 15000  
(c) 45000 (d) 60000
143. Unemployment that arises when there is a general downturn in business activity is known as -
- (a) Structural unemployment  
(b) Frictional unemployment  
(c) Cyclical unemployment  
(d) Disguised unemployment



144. If the breakeven quantity for a factory whose variable cost of manufacturing a cell is Rs. 15 and selling price is Rs. 24 is 2,400 units, find the fixed cost of the factory?  
 (a) Rs. 21600 (b) Rs. 36000  
 (c) Rs. 57600 (d) Rs. 14400
145. At the equilibrium price -  
 (a) quantity demanded is equal to quantity supplied  
 (b) quantity demanded is greater than quantity supplied  
 (c) elasticity of demand equals elasticity of supply  
 (d) price elasticity of demand is unity
146. If a person's income increases from Rs. 10 lakhs per year to Rs. 11 lakhs per year and tax increases from Rs. 80,000 to Rs. 92,500 the marginal tax rate is -  
 (a) 12.50% (b) 8%  
 (c) 10% (d) 15%
147. This tax is entirely borne by the entity it is levied upon and cannot be passed  
 (a) Direct tax (b) Indirect tax  
 (c) Straight tax (d) Advance tax
148. If price of an article decreases from Rs 40 to Rs 30, quantity demanded increases from Q1 units to 7500 units. If point elasticity of demand is -1 find Q1?  
 (a) 9000 units (b) 4500 units  
 (c) 10500 units (d) 6000 units
149. Micro economics deals with -  
 (a) the circular flow of income  
 (b) the decision making of a single economic variable like demand  
 (c) understanding unemployment  
 (d) economic growth
150. The minimum price at which I was willing to sell my old TV was Rs 37,000. I quoted Rs 50,000 while selling it, but it sold for Rs 42,000. This transaction generated \_\_\_\_\_.  
 (a) Rs 5000 worth of consumer surplus  
 (b) Rs 8000 worth of consumer surplus  
 (c) Rs 5000 worth of producer surplus  
 (d) Rs 8000 worth of producer surplus
151. \_\_\_\_\_ is a good whose quantity demanded decreases when consumer income rises.  
 (a) Veblen good (b) Normal good  
 (c) Exclusive good (d) Inferior good
152. If price of an article decreases from Rs P1 to Rs 75, quantity demanded increases from 1000 units to 1200 units. If point elasticity of demand is 3.2 find P1?  
 (a) Rs 85 (b) Rs 80  
 (c) Rs 90 (d) Rs 95
153. Match the characteristics with their market structure:  
 (i) Differentiated products, but close substitutes for consumers so their demand curves are elastic  
 (ii) Homogeneous product, all goods are perfect substitutes for consumers  
 Options  
 (a) (i) Monopolistic Competition, (ii) Pure Competition  
 (b) (i) Monopolistic Competition, (ii) Pure Monopoly  
 (c) (i) Pure Competition, (ii) Monopolistic Competition  
 (d) (i) Pure Monopoly, (ii) Pure Competition
154. Find arc elasticity of demand, if quantity demanded falls from 1050 to 950 when of the item is increased from Rs. 250 to Rs. 290?  
 (a) -0.65 (b) -0.6  
 (c) 0.68 (d) 0.6
155. Suppose the equilibrium price for sugar is Rs. 50/kg. If the government sets a price floor of Rs. 70/kg then \_\_\_\_\_.  
 (a) quantity of sugar demanded will be greater than the quantity demanded at equilibrium price  
 (b) there will be a shortage of sugar in the market  
 (c) there will be a surplus of sugar in the market.  
 (d) quantity of sugar supplied will be less than what was supplied at the equilibrium price
156. If for the year a country's GDP was \$990 million, consumer spending was \$630 million, investment by businesses was \$110 million, exports were \$55 million and imports were \$45 million, calculate government spending?  
 (a) \$260 million (b) \$240 million  
 (c) \$480 million (d) \$460 million



157. In economic equilibrium \_\_\_\_\_
- supply is equal to the demand.
  - the surplus is larger than the shortage.
  - elasticity of demand equals elasticity of supply
  - price elasticity of demand is unity
158. If demand curve for trekking boots is  $D = 11000 - 30P$  and supply curve is  $S = 4000 + 40P$ , What is the equilibrium Price?
- 50
  - 100
  - 150
  - 200
159. At same money supply, if the government reduces the tax rate which of the following is true?
- Government revenues will surely fall
  - Disposable income will surely increase
  - Budget deficit will surely fall
  - Budget surplus will surely fall
160. If demand curve for racing cycles is  $D = 59600 - 6P$  and supply curve is  $S = 29600 + 4P$ , find the equilibrium Quantity?
- 118000
  - 3000
  - 41600
  - 6000
161. Which of the following statements is incorrect, if resources were unlimited?
- there would still be scarcity and opportunity costs
  - there would still be scarcity but no opportunity costs
  - there would be no scarcity, but there would be opportunity costs.
  - there would neither be scarcity nor opportunity costs
162. If hiring an extra worker increases a brick making unit's output from 2000 to 2250 units per day, but the factory has to reduce the price of its brick from Rs 15 to Rs 14 per brick to sell the additional output, the marginal revenue product of the last worker is
- Rs 1500
  - Rs 250
  - Rs 3000
  - Rs 100
163. \_\_\_\_\_ is the unemployment which exists in any economy due to people being in the process of moving from one job to another.
- Seasonal unemployment
  - Cyclical unemployment
  - Frictional unemployment
  - Structural unemployment
164. If demand curve for racing cycles is  $D = 80200 - 13P$  and supply curve is  $S = 6200 + 12P$ , What is the equilibrium Quantity?
- 2960 units
  - 31220 units
  - 8750 units
  - 41720 units
165. Match the characteristics with their market structure:
- MC = Price
  - Firm will tend to set output so that it earns maximum profits.
- (1) Pure Competition, (2) Pure Monopoly
  - (1) Pure Monopoly, (2) Monopolistic Competition
  - (1) Oligopoly, (2) Monopolistic Competition
  - (1) Pure Competition, (2) Oligopoly
166. If demand curve for trekking boots is  $D = 67500 - 18P$  and supply curve is  $S = 22500 + 12P$ , find the equilibrium Price?
- 1500
  - 750
  - 2250
  - 500
167. As per the National Manufacturing Policy, the land area of a National Investment and Manufacturing Zone is to be minimum \_\_\_\_\_?
- 1000 Hectares
  - 2000 Hectares
  - 3000 Hectares
  - 5000 Hectares
168. Full employment is the level at which there is \_\_\_\_\_.
- no frictional unemployment
  - no cyclical unemployment
  - no structural unemployment
  - no unemployment
169. A hand made paper workshop can hire 8 craftsmen by paying them Rs 400 per person per day. The 9th craftsman demands Rs 450 per day. If this craftsman is hired then all other craftsmen must be paid Rs 450. The marginal resource (labour) cost of the 9th craftsman is -
- Rs 50
  - Rs 850
  - Rs 800
  - Rs 100
170. Unemployment resulting from industrial reorganization, typically due to technological change, rather than fluctuations in supply or demand is called
- Structural unemployment
  - Frictional unemployment
  - Seasonal unemployment
  - Cyclical unemployment



171. A manufacturer faces price elasticity of demand of a 1.25 for its product. If it lowers its price by 6.4%, the increase in quantity sold will be \_\_\_\_\_.  
 (a) 5.15 percent (b) 7.65 percent  
 (c) 8 percent (d) 5.12 percent
172. If Money supply growth is faster than real GDP growth, it results in \_\_\_\_\_.  
 (a) Inflation (b) Deflation  
 (c) Budget surplus (d) Budget deficit
173. Calculate the accounting profits for a firm, if its economic profits for the year are Rs 60 crores, total implicit costs are Rs 18.5 crores and total explicit costs are Rs 35 crores?  
 (a) Rs 113.5 crores (b) Rs 43.5 crores  
 (c) Rs 76.5 crores (d) Rs 78.5 crores
174. If tea companies start using mechanised tea leave pickers -  
 (a) more people would want to work as tea leave pickers  
 (b) unemployment of tea leave pickers will decrease  
 (c) more tea will be produced per acre  
 (d) then wages for manual tea leave pickers will fall
175. If for a perfectly competitive firm, price is Rs 7.2, output is 4500 units, average variable costs are Rs 1.2, and average total costs are Rs 4. The firm's profits are equal to  
 (a) Rs 7200 (b) Rs 9000  
 (c) Rs 14400 (d) Rs 19800
176. A minimum wage \_\_\_\_\_.  
 (a) is the price floor below which workers may not sell their labor  
 (b) is set at a price below the equilibrium wage  
 (c) creates a price ceiling below which the wage cannot legally go  
 (d) decreases unemployment
177. If quantity of good X demanded increases from 4000 units to 5000 units when price of good Y increases from Rs 75 to Rs 90, find Arc Cross elasticity of demand?  
 (a) 0.55 (b) 1.66  
 (c) 0.25 (d) 1.28
178. During a recession \_\_\_\_\_  
 (a) Producers will be cautiously optimistic  
 (b) There will be decrease in inventory  
 (c) There will be capacity under utilization  
 (d) There will be expansion in bank credit
179. If a person's income increases from Rs 20 lakhs per year to Rs 24 lakhs per year and tax increases from Rs 3,50,000 to Rs 4,00,000 the marginal tax rate is  
 (a) 8 percent (b) 12.5 percent  
 (c) 10 percent (d) 15 percent
180. If goods A and Z are complements, an increase in the price of good Z will \_\_\_\_\_.  
 (a) increase demand for good A  
 (b) decrease demand for good A  
 (c) decrease demand for good Z  
 (d) increase demand for good Z
181. In perfect competition a firm maximizes profit by \_\_\_\_\_.  
 (a) setting price such that price is equal to or greater than its marginal costs  
 (b) setting output such that price equals average total costs  
 (c) setting output such that marginal revenue is equals to marginal costs  
 (d) setting price so that it is greater than marginal cost
182. Find arc elasticity of demand, if quantity demanded falls from 1000 to 950 when price of the item is increased from Rs. 240 to Rs. 280?  
 (a) 0.33 (b) 0.3  
 (c) -0.3 (d) -0.31
183. A price floor is \_\_\_\_\_.  
 (a) a maximum legal price  
 (b) a minimum legal price  
 (c) the price where demand equals supply  
 (d) the price where elasticity of demand equals elasticity of supply
184. Reema wants to buy a certain designer party dress. The shop is offering a discount of 20% on that dress which is marked at Rs 5000. If Reema was willing to pay even Rs 7000 for that dress, Reema's consumer surplus is -  
 (a) Rs 3000 (b) Rs 2000  
 (c) Rs 1000 (d) Rs 7000
185. The unemployment created at certain times of the year, when the demand for goods and services are lower than normal, is \_\_\_\_\_.  
 (a) Cyclical unemployment  
 (b) Frictional unemployment  
 (c) Seasonal unemployment  
 (d) Structural unemployment



186. If price of an article decreases from Rs. 18 to Rs. 16, quantity demanded increases from 1250 units to 1400 units. What is the point elasticity of demand?  
 (a) -2.04 (b) -1.08  
 (c) 1.08 (d) 2.04
187. If goods A and B are substitutes, a decrease in the price of good B will -  
 (a) decrease demand for good B  
 (b) decrease demand for both the goods  
 (c) increase demand for both the goods  
 (d) decrease demand for good A
188. A manufacturer faces a -1.2 price elasticity of demand for its product. It is presently selling 7,500 units/day. If it wants to increase quantity sold by 9%, it must lower its price by -  
 (a) 7.5 percent (b) 7.8 percent  
 (c) 10.2 percent (d) 10 percent
189. Government borrowing to finance budget deficits \_\_\_\_\_.  
 (a) will exert downward pressure on interest rates  
 (b) will have no effect on interest rates  
 (c) will increase supply of loanable funds  
 (d) will put upward pressure on interest rates
190. Who estimated the National Income for the first time in India?  
 (a) Mahalanobis (b) Dadabhai Naoroji  
 (c) V K R V Rao (d) Sardar Patel
191. Who generally presents the Finance Budget in Indian Parliament?  
 (a) RBI Governor (b) Budget Minister  
 (c) Finance Minister (d) Finance Secretary
192. Which among the following is the Biggest Borrower in India?  
 (a) Indian Government (b) Reserve Bank of India  
 (c) Indian Railways (d) State Governments
193. A supply function expresses the relationship between  
 (a) price and demand  
 (b) price and consumption  
 (c) price and output  
 (d) price and selling cost
194. What does GDP mean?  
 (a) The total value of all goods and services produced in the country during a period of 1 year  
 (b) The total value of all stocks and shares in the country during a period of 1 year  
 (c) The total value of all capital goods produced in the country during a period of 1 year  
 (d) The total value of all consumer goods produced in the country during a period of 1 year
195. Subsidies are payment by government to  
 (a) Consuming units (b) Producing units  
 (c) Banking units (d) Retired persons
196. Special Economic Zone (SEZ) concept was first introduced in  
 (a) China (b) Japan  
 (c) India (d) Pakistan
197. "Interest is a reward for parting with liquidity" is according to  
 (a) Keynes (b) Marshall  
 (c) Haberler (d) Ohlin
198. According to the Classical System, saving is a function of  
 (a) income (b) the interest rate  
 (c) the real wage (d) the price level
199. Who propounded the market law?  
 (a) Adam Smith (b) JB Say  
 (c) TR Malthus (d) David Ricardo
200. How many key infrastructure sectors are known as Core sector in Indian Economy, used for Index of Industrial Production (IIP) data?  
 (a) 5 (b) 6  
 (c) 7 (d) 8

