

PART-B
ECONOMICS

51. "Which of the following statements about opportunity cost is TRUE?"
I. Opportunity cost is equal to implicit costs plus explicit costs.
II. Opportunity cost only measures direct monetary costs.
III. Opportunity cost accounts for alternative uses of resources such as time and money."
(A) I, II and III.
(B) I
(C) III only.
(D) I and III only.
52. Suppose the supply for product A is perfectly elastic. If the demand for this product increases:
(A) the equilibrium price and quantity will increase
(B) the equilibrium price and quantity will decrease
(C) the equilibrium quantity will increase but the price will not change
(D) the equilibrium price will increase but the quantity will not change.
53. If the coefficient of income elasticity of demand is higher than 1 and the revenue increases, the share of expenditures for commodity X in total expenditure:
(A) will increase;
(B) will decrease;
(C) will remain constant;
(D) can not be determined.
54. The indifference curve means:
(A) equal consumption of two goods;
(B) equal utility from the consumption of two combinations of goods;
(C) equal consumer income;
(D) equal prices of the goods consumed
55. The points located at the intersection of the budget line with the coordinate axes mean:
(A) the consumer does not spend all his income;
(B) the consumer spends all his income for only one good;
(C) the consumer spends absolutely nothing;
(D) these are points impossible to reach by the consumer.
56. Which of the following statements are false?
(A) information, the entrepreneur's ability, technical progress are neo-factors of production;
(B) according to the stages of the circular flow of the company's capital, it takes three forms: money, capital goods and commodity;
(C) fixed capital depreciation is only due to physical deterioration;
(D) the factors of production are resources attracted and used in economic activity.

57. Which of the following statements about monopoly is true:
- (A) there are several companies producing a specific product;
 - (B) there is only one producing company, but the product has close substitutes;
 - (C) there are no competitors on the relevant market;
 - (D) input barriers are low.
58. There are differences between monopolistic and perfect competition regarding:
- (A) market entry;
 - (B) the number of sellers and buyers;
 - (C) the market power of competitors;
 - (D) homogeneity of products.
59. Which of the following can be considered as the basic features of public goods:
- (A) are state-owned;
 - (B) are characterized by non-excludability and non-rivalry;
 - (C) are characterized by excludability and rivalry;
 - (D) may be positive or negative.
60. A monopolist market has
- (A) only one seller
 - (B) atleast a few sellers
 - (C) many buyers and sellers
 - (D) firma that the price takers
61. If an increase in consumer incomes leads to a decrease in the demand for camping equipment, then camping equipment is
- (A) a complementary good
 - (B) a substitute good
 - (C) a normal good
 - (D) an inferior good
62. If price of a good is below the equilibrium price
- (A) there is a surplus and the price will rise
 - (B) there is a surplus and the price will fall
 - (C) there is a shortage and the price will rise
 - (D) there is a shortage and the price will fall
63. An inferior good is one for which an increase in income causes a(n)
- (A) increase in supply
 - (B) decrease in supply
 - (C) increase in demand
 - (D) decrease in demand
64. In general, a flatter demand curve is more likely to be
- (A) price elastic
 - (B) price inelastic
 - (C) unit price elastic
 - (D) none of the above

65. Interest rate policy is a part of
- (A) fiscal policy
 - (B) industrial policy
 - (C) monetary policy
 - (D) none of the above
66. In Indian economy, which of the following sectors is 'Saving Surplus' sector
- (A) agriculture sector
 - (B) industrial sector
 - (C) domestic sector
 - (D) private sector
67. If the cross-price elasticity between two goods is negative, the two goods are likely to be
- (A) luxuries
 - (B) necessities
 - (C) complements
 - (D) substitutes
68. Which of the following taxes will not be merged in GST (Goods and Service Tax)
- (A) custom duty
 - (B) corporate tax
 - (C) excise duty
 - (D) service tax
69. If there is excess capacity in production facility, it is likely that the firm's supply curve is
- (A) price inelastic
 - (B) price elastic
 - (C) unit price elastic
 - (D) none of the above
70. A binding price ceiling creates
- (A) a shortage
 - (B) a surplus
 - (C) an equilibrium
 - (D) a shortage or a surplus depending on whether the price ceiling is set above or below the equilibrium price
71. "World Economic Outlook" report is published by
- (A) IMF
 - (B) World Bank
 - (C) RBI
 - (D) UNCTAD
72. Mixed Economy means _____
- (A) co-existence of small and large industries
 - (B) promoting both agriculture and industries in the economy
 - (C) co-existence of public and private sector
 - (D) co-existence of rich and poor

73. The surplus caused by a binding price floor will be greatest if _____
- (A) both supply and demand are elastic
 - (B) both supply and demand are inelastic
 - (C) supply is inelastic and demand is elastic
 - (D) demand is inelastic and supply is elastic
74. A tax placed on a good that is a necessity for consumers will likely generate a tax burden that
- (A) falls more heavily on buyers
 - (B) falls more heavily on sellers
 - (C) is evenly distributed between buyers and sellers
 - (D) falls entirely on sellers
75. Economic planning is in _____
- (A) Union list
 - (B) State list
 - (C) Concurrent list
 - (D) not any specified list
76. An increase in the price of a good along with a stationary supply curve
- (A) increases producer surplus
 - (B) decreases producer surplus
 - (C) improves market equity
 - (D) does all of the above
77. If a market generates an externality, then free market solutions
- (A) are equitable
 - (B) are efficient
 - (C) maximise producer surplus
 - (D) are inefficient
78. The outlines of second five year plan was made by
- (A) B.N.Gadgil
 - (B) VKRV Rao
 - (C) P.C.Mahalanobis
 - (D) C.N.Vakil
79. Which of these would likely cause the greatest deadweight loss
- (A) a tax on cigarettes
 - (B) a tax on salt
 - (C) a tax on cruise line tickets
 - (D) a tax on gasoline
80. Devaluation means
- (A) to reduce the value of home currency in other currency
 - (B) to appreciate the value of home currency
 - (C) to issue new currency in place of old currency
 - (D) none of the above

81. NABARD was established in
- (A) fourth plan
 - (B) fifth plan
 - (C) sixth plan
 - (D) eighth plan
82. The difference between GDP and NDP is
- (A) government revenue
 - (B) net indirect tax (indirect tax subsidy)
 - (C) consumption of fixed capital
 - (D) net capital formation
83. Which is not a part of World Bank Group
- (A) IBRD
 - (B) IFC
 - (C) IDA
 - (D) ADB
84. If a tax on a good is doubled, the deadweight loss from the tax
- (A) stays the same
 - (B) doubles
 - (C) increases by a factor of four
 - (D) could rise or fall
85. Fiscal deficit means
- (A) public expenditure- debts from sources other than RBI
 - (B) public capital expenditure- surplus of revenue account
 - (C) government expenditure- revenue receipts
 - (D) public expenditure-tax and non- tax revenue receipts
86. If marginal costs equals average total costs
- (A) average total costs are rising
 - (B) average total costs are falling
 - (C) average total costs are minimised
 - (D) average total costs are maximised
87. Which type of tax helps in reducing disparities of income
- (A) proportionate tax
 - (B) progressive tax
 - (C) regressive tax
 - (D) all of these
88. Open market operation' is a part of_____
- (A) Income policy
 - (B) fiscal policy
 - (C) credit policy
 - (D) labour policy

89. Economic profit is equal to total revenue minus _____
- (A) implicit costs
 - (B) explicit costs
 - (C) variable costs
 - (D) the sum of implicit and explicit costs
90. The inefficiency associated with monopoly is due to
- (A) the monopoly's profits
 - (B) the monopoly's losses
 - (C) overproduction of the good
 - (D) underproduction of the good
91. The slope at any point on an indifference curve is known as
- (A) the trade-off rate
 - (B) the marginal rate of substitution
 - (C) the marginal rate of trade-off
 - (D) the marginal rate of indifference
92. The regulator of Micro Finance in India is _____
- (A) finance ministry
 - (B) reserve bank of India
 - (C) state bank of India
 - (D) none of the above
93. If the actual unemployment rate is below the natural rate of unemployment, it would be expected that
- (A) the Philips curve would shift to the right
 - (B) the rate of inflation would increase
 - (C) the natural rate of unemployment would fall
 - (D) wages would fall
94. Which of these is not considered while estimating Fiscal Deficit
- (A) disinvestment proceeding
 - (B) interest payment
 - (C) market borrowings
 - (D) sovereign borrowing
95. A tariff _____
- (A) increases the volume of trade
 - (B) reduces the volume of trade
 - (C) has no effect on volume of trade
 - (D) option (A) and (C)
96. Theory of comparative advantage was presented by
- (A) Adam Smith
 - (B) Ricardo
 - (C) Hicks
 - (D) Samuelson

97. Which method used to examine inflation rate anticipation, unemployment rate, and capacity utilisation to produce products
- (A) data exporting technique
 - (B) data importing technique
 - (C) forecasting technique
 - (D) data supplying technique
98. What is 'RuPay'
- (A) new currency of RBI
 - (B) card payment network
 - (C) new name of credit cards of Banks
 - (D) credit card for farmers
99. IMF is the result of _____
- (A) Havana conference
 - (B) Rome conference
 - (C) Brettonwood conference
 - (D) Geneva conference
100. What is OPEC
- (A) the latest space shuttle of USA
 - (B) the latest space drive of Russia
 - (C) Organisation of oil producing companies of India
 - (D) Organisation of oil exporting countries

ROUGH WORK

Answer Key: Economics

Q. No.	Correct Option	Q. No.	Correct Option
51	D	76	A
52	C	77	D
53	A	78	C
54	B	79	C
55	B	80	A
56	C	81	C
57	C	82	C
58	D	83	D
59	B	84	C
60	A	85	D
61	D	86	C
62	C	87	B
63	D	88	C
64	A	89	D
65	C	90	D
66	C	91	B
67	C	92	B
68	B	93	B
69	B	94	B
70	A	95	B
71	A	96	B
72	C	97	C
73	A	98	B
74	A	99	C
75	C	100	D