

Paper – 3

General Economics

Chapter 1 : Introduction to Micro Economics

2009 – December

- [1] Capitalistic Economy uses _____ as principal means of allocating resources.
- (a) Demand
(b) Supply
(c) Price
(d) All of the above
- [2] Economic Problem arises when :
- (a) Wants are unlimited
(b) Resources are limited
(c) Alternative uses of resources
(d) All of the above

Chapter 2 : Theory of Demand and Supply

Unit 1 : Theory of Demand

2009 – December

- [3] Other things remaining constant, if the price of the inferior goods decreases then what will be the effect?
- (a) Demand increases
(b) Demand decreases
(c) Quantity demanded increases
(d) Quantity demand decreases.
- [4] When price falls from Rs. 6 to Rs. 4, the demand rises from 10 to 15 units. Calculate price elasticity of demand.
- (a) 1.5
(b) 3.5
(c) 0.5
(d) 2
- [5] Crose elasticity of perfect substitutes is :
- (a) Zero
(b) Negative
(c) One
(d) Infinity
- [6] What is Engel's Curve ?
- (a) Curve showing three demand curve
(b) Named after Ernst Engel
(c) Both (a) and (b)
(d) None
- [7] A consumer spends Rs. 80 on purchasing a commodity when its price is Re. 1 per unit and spends Rs. 96 when the price is Rs. 2 per unit. Calculate the price elasticity of demand.
- (a) 0.2
(b) 0.3
(c) 0.4
(d) 0.5
- [8] When the price of cylinder rises from Rs. 120 to Rs. 200, the demand falls from 300 to 200. Calculate price elasticity of demand.

- (a) 1.00
(b) 0.50
(c) 5.00
(d) None

- [9] If the price is decreased from Rs. 10 to Rs. 8 of a commodity but the quantity demanded remains the same price elasticity is _____.

- (a) 1
(b) 0
(c) ∞
(d) None

Chapter 3 : Theory of Production and Cost

Unit 1 : Theory of Production

2009 – December

- [10] Labour force wants more _____.
- (a) Facility
(b) Leisure
(c) Benefit
(d) All of the above
- [11] Production activity in the short run is analysed by
- (a) Returns to scale
(b) Economies of scale
(c) Law of variable proportion
(d) None of these
- [12] Increasing returns to scale occurs due to:
- (a) Economies of scale
(b) Specialization
(c) Indivisibility of factors
(d) All of these

Unit 2 : Theory of Cost

2009 – December

- [13] Which one of the following is correct?
- (a) $AFC = AVC + ATC$
(b) $ATC = AFC - AVC$
(c) $AVC = AFC + ATC$
(d) $AFC = ATC - AVC$.
- [14] Calculate AFC of 3 units from the following data:
- | | | | | |
|------------|----|----|----|----|
| Unit | 0 | 1 | 2 | 3 |
| Total Cost | 30 | 40 | 50 | 60 |
- (a) 30
(b) 15
(c) 10
(d) 5
- [15] Find AFC of 3 units :
- | | | | | |
|------------|----|----|----|----|
| Unit | 0 | 1 | 2 | 3 |
| Total Cost | 15 | 25 | 35 | 45 |
- (a) 5
(b) 10
(c) 15
(d) 25

Chapter 4 : Market**Unit 3 : Price and Output Determination****2009 – December**

- [16] The demand curve of oligopoly is :
- Horizontal
 - Vertical
 - Kinked
 - Rising left to right
- [17] Demand curve is equal to M. R. curve in which market?
- Oligopoly
 - Monopoly
 - Monopolistic Competition
 - Perfect Competition
- [18] Kinked demand hypothesis is designed to explain _____ in context of oligopoly.
- Price and Output Determination
 - Price Rigidity
 - Collusion between Firm
 - All of the above
- [19] Price discrimination can take place only in _____.
- Monopolistic Competition
 - Oligopoly
 - Perfect competition
 - Monopoly

Chapter 5 : Indian Economy- A Profile**Unit 1 : Indian Economy****2009 – December**

- [20] Over the years, per capita income is:
- Increasing
 - Decreasing
 - Constant
 - Galloping.

Unit 2 : Role on Different Sectors**2009 – December**

- [21] Animal husbandry comes under which sector?
- Primary sector
 - Secondary sector
 - Tertiary sector
 - None of the above
- [22] Basic and capital goods industries are in _____ plan.
- First
 - Second
 - Third
 - None
- [23] In which plan, maximum development took place in the industrial sector ?
- First plan
 - Second plan
 - Third plan
 - Fourth plan.

- [24] AGMARK is related to :
- Industrial Production
 - Service Sector
 - Agricultural production
 - Egg Production.

Unit 3 : National Income**2009 – December**

- [25] Green Revolution was started in _____.
- 1996
 - 1966
 - 1977
 - 1965
- [26] $GDP + \underline{\hspace{2cm}} = GNP$
- Depreciation
 - N.F.I.A
 - N.I.T.
 - None of the above.
- [27] Which of the following represents National Income?
- G D P at factor cost
 - N D P at factor cost
 - N N P at market price
 - N N P at factor cost.

Unit 4 : Tax system**2009 – December**

- [28] Fringe Benefit Tax came in _____.
- 1994-95
 - 1995-96
 - 2001-02
 - 2005-06
- [29] When was Patent Infringement Act passed?
- 2005
 - 2006
 - 2007
 - 2008.

Chapter 6 : Aspects of Indian Economy**Unit 1 : Population****2009 – December**

- [30] Sex Ratio is measured in number of females per _____ males.
- 100
 - 1,000
 - 10,000
 - 10
- [31] Population explosion occurs due to:
- High Birth Rate
 - Low Birth Rate
 - High Birth Rate as well as Low Death Rate
 - High Death Rate.
- [32] Birth rate and death rate refer to number of births and deaths per _____ of population.
- 1,000
 - 100
 - 10
 - 10,000

■ Unit 3 : Unemployment

2009 – December

- [33] The unemployment caused due to introduction of new machinery, improvement in methods of production, Labour saving devices, etc.
- Structural unemployment
 - Cyclical unemployment
 - Disguised unemployment
 - Technological unemployment

■ Unit 4 : Infrastructural Challenges

2009 – December

- [34] When was Personal Identification Number (PIN) introduced:
- 1970
 - 1972
 - 1974
 - 1976
- [35] Major form of energy supply in India is
- Hydro – power
 - Nuclear – power
 - Thermal – power
 - Solar - power.

■ Unit 5 : Inflation

2009 – December

- [36] Inflation occurs when :
- Money supply increases
 - Increase in public expenditure
 - Both (a) and (b)
 - None.
- [37] In India, inflation is measured by :
- Consumer price index
 - Agriculture index
 - Industrial index
 - Whole sale price index.
- [38] When there is inflation i.e. increase in general price level, due to increase in cost of production, such inflation is called.
- Stagflation
 - Demand - pull inflation
 - Cost - push inflation
 - None of these.

■ Unit 6 : Inflation

2009 – December

- [39] _____ refers to public revenue, expenditure and allied matters.
- Fiscal policy
 - Monetary policy
 - Economic policy
 - None of these.

■ Unit 7 : Balance of Payment

2009 – December

- [40] Balance of payment deficit can be removed through:
- Devaluation of currency

- Vigorous export promotion
- Import substitution
- All of the above.

Chapter 7 : Economic Reforms in India

■ Unit 1 : Economic Reforms in India

2009 – December

- [41] At present, licensing is compulsory for how many industries ?
- 6
 - 8
 - 20
 - 23

■ Unit 2 : Liberalisation, Privatisation and Disinvestment

2009 – December

- [42] _____ refers to disposal of public sector equity in the market.
- Globalization
 - Privitization
 - Disinvestment
 - Liberalization.

■ Unit 3 : Globalisation

2009 – December

- [43] Which of the following is a short term credit institution ?
- W T O
 - I M F
 - World Bank
 - None of these.
- [44] Which of the following does not facilitate the process of Globalization?
- W. T.O.
 - I.M.F.
 - U.N.
 - I.B.R.D.
- [45] Three economic pillars do not include
- World Bank
 - I M F
 - W T O
 - U N.

Chapter 8 : Money and Banking

■ Unit 1 : Money

2009 – December

- [46] The difference between broad money and narrow money is:
- Post office deposits
 - Time deposits
 - Savings
 - Currency.
- [47] $M_1 = \text{_____} + \text{Deposits with public}$
- Currency
 - Term deposits

- (c) Post office savings
 (d) None of these.
- [48] Which of the following is money proper ?
 (a) Bonds
 (b) Government securities
 (c) Time deposits
 (d) Currency notes and demand deposits.

■ **Unit 3 : Reserve Bank of India (RBI)**

2009 – December

- [49] Which system of issue of currency note is followed by RBI ?
 (a) Fixed Fiduciary System
 (b) Proportional Reserve System
 (c) Percentage Reserve System
 (d) Minimum Reserve System

- [50] _____ controls affects indiscriminately all sectors of the economy ?
 (a) Selective credit control
 (b) Quantitative control
 (c) Margin requirement
 (d) None of these.

Answer

- | | | | |
|---------|---------|---------|---------|
| 1. (c) | 2. (d) | 3. (d) | 4. (a) |
| 5. (d) | 6. (c) | 7. (c) | 8. (b) |
| 9. (b) | 10. (b) | 11. (c) | 12. (a) |
| 13. (d) | 14. (c) | 15. (a) | 16. (c) |
| 17. (d) | 18. (d) | 19. (d) | 20. (a) |
| 21. (a) | 22. (b) | 23. (b) | 24. (c) |
| 25. (b) | 26. (b) | 27. (d) | 28. (d) |
| 29. (b) | 30. (b) | 31. (c) | 32. (a) |
| 33. (b) | 34. (b) | 35. (c) | 36. (c) |
| 37. (d) | 38. (c) | 39. (a) | 40. (d) |
| 41. (a) | 42. (c) | 43. (b) | 44. (c) |
| 45. (d) | 46. (b) | 47. (a) | 48. (d) |
| 49. (d) | 50. (b) | | |