UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

BA History & BA Political Science

(2011 Admission Onwards)

II Semester

Complementary Course

GENERAL ECONOMICS-I

QUESTION BANK

1. The subject matter of economics is concerned with
   A. Production
   B. Consumption
   C. Distribution and exchange
   D. All of the above

2. The economic problem arises since
   A. Wants are unlimited
   B. Resources are limited
   C. Resources are capable of alternative uses
   D. All of the above

3. The wants of the people are
   A. Limited
   B. Satiable
   C. Unlimited
   D. All of the above

4. Economic problem arises in
   A. Planned economies
   B. Free market economies
   C. Mixed economies
   D. All of the above

5. The resources are :
   A. Limited

B. Unlimited
C. Not only limited but are capable of alternative uses
D. None of the above

6. Which one of the following is an example of an economic good
   A. Sunlight C. Petrol
   B. Air D. None of the above

7. ----- is not an example of free good
   A. Sunlight C. Petrol
   B. Car D. Computer

8. The term production refers to:
   A. Producing things which are capable of satisfying human wants
   B. Creation or addition of utilities
   C. Transformation of inputs into output
   D. All of the above

9. The problem of allocation of resources is concerned with:
   A. What to produce C. For whom to produce
   B. How to produce D. All of the above

10. The distribution of national product among the members of the society is the problem of:
   A. What to produce C. For whom to produce
   B. How to produce D. All of the above

11. Production is said to be efficient when:
   A. The re-allocation of resources cannot increase the production of the article even by one unit
   B. More output is produced with the given input
   C. Resources are fully employed
   D. All of the above

12. Which one of the following come under macro economics:
   A. Per capita income C. Individual income
   B. Study of a firm D. Theory of factor pricing

13. Which one of the following is not come under macro economics
   A. National income C. Disposable income
   B. Per capita income D. Individual income
   C.

14. Partial equilibrium analysis come under:
   A. Micro economics C. Welfare economics
   B. Macro economics D. International economics

15. "The starting point of all economic activity is the existence of human wants" Who said this?
    A. Adam Smith
    B. Selligman
    C. Ricardo
    D. Alfred Marshall
16. Production and consumption takes place simultaneously in the case of
    A. Goods
    B. Services
    C. Both in the case of goods and services
    D. Neither in the case of goods and services

17. Economics is a social science because
    A. The central point in economics is man and his problems
    B. Economics uses scientific approach to derive its laws
    C. Like History, Politics and Psychology economics deals with the problems of human being
    D. All of the above

18. Economic growth can be achieved through
    A. Advanced technology
    B. Expansion of resources
    C. Both A & B
    D. Neither A & B

19. Micro economics doesn't deal with:
    A. The study of individual economic units
    B. Determination of factor prices
    C. Price determination of commodities
    D. General equilibrium analysis

20. Name the economist who analyses the subject matter of economics into two branches: micro economic analysis and macro economic analysis.
    A. Adam Smith
    B. Alfred Marshall
    C. Ragner Frisch
    D. P A Samuelson

21. Transformation of inputs into outputs is known as
    A. Production
    B. Consumption
    C. Distribution
    D. Exchange

22. ----- is an example of secondary input
    A. Land
    B. Labour
    C. Capital
    D. Raw material

23. Odd-man out from the following
    A. Steel
    B. Medicine
    C. Education
    D. Train

24. The choice of techniques of production is related to the problem of
    A. What to produce
    C. For whom to produce

B. How to produce
D. None of the above

25. The functional relationship between inputs and outputs is called
    A. Production function
    B. Consumption function
    C. Investment function
    D. Saving function

26. Firms owned by one individual is known as
    A. Proprietorship
    B. Partnership
    C. Corporations
    D. None of the above

27. Firms owned by two or more individuals is known as
    A. Proprietorship
    B. Partnership
    C. Corporations
    D. None of the above

28. Firms owned by stock holders are known as
    A. Proprietorship
    B. Partnership
    C. Corporations
    D. None of the above

29. The major objective of a firm is
    A. Profit maximization
    B. Revenue maximization
    C. Sales maximization
    D. None of the above

30. Which one of the following is an example of fixed input
    A. Raw materials
    B. Casual workers
    C. Plant and equipments
    D. All of the above

31. In short-run
    A. All inputs are fixed
    B. All inputs are variable
    C. Some inputs are fixed and some are variable
    D. None of the above

32. In long-run
    A. All inputs are fixed
    B. All inputs are variable
    C. Some inputs are fixed and some are variable
    D. None of the above

33. Marginal product of a factor is
    A. The additional product received by the firm due to the employment of an additional unit of a variable factor
    B. Addition to the total product when one more unit of a factor is employed

C. The rate of change in the total product per unit change in the variable factor.

D. All of the above

34. Production function expresses
    A. The relationship between input and output
    B. How maximum output is produced with the given input
    C. What is the least-cost combination of input to produce the given output
    D. All of the above

35. The variable cost of a firm vary in direct proportion to the
    A. Volume of its output
    B. Extent of its profits
    C. Volume of its sale
    D. All of the above

36. Law of variable proportions is concerned with
    A. Long-run production function
    B. Laws of returns to scale
    C. Short-run production function
    D. None of the above

37. The 'point of inflection' come in which stage of the law of variable proportions
    A. Stage I
    B. Stage II
    C. Stage III
    D. None of the above

38. A rational producer will select his level of production in which stage of the law of variable proportions
    A. Stage I
    B. Stage II
    C. Stage III
    D. Either Stage I or Stage II

39. Total product reaches at maximum when
    A. MP is increasing
    B. MP is maximum
    C. MP = 0
    D. MP is negative

40. At the 'point of inflection'
    A. MP is maximum
    B. AP is maximum
    C. TP is maximum
    D. All of the above

41. Returns to scale refers to the production function where
    A. All factors are fixed
    B. Some factors are fixed and others are variable
    C. All factors are variable
    D. None of the above

42. In the case of diminishing returns to scale, a given proportionate increase in all factors causes
    A. A more than proportionate increase in output

B. An equal proportionate increase in output

C. A less than proportionate increase in output

D. None of the above

43. Increasing returns to scale occurs due to
    A. Division of labour
    B. Specialization
    C. Economies of scale
    D. All of the above

44. The cause for diminishing returns to scale is:
    A. Improper proportion of factors of production
    B. Difficulty in the combination of certain factors
    C. Excess combination of certain factors
    D. All of the above

45. The solution to diminishing returns to scale is :
    A. Technical progress
    B. Expansion of resources
    C. Proper combination or resources
    D. All of the above

46. Economies of scale refers to:
    A. Advantages resulting from large scale production
    B. Disadvantages resulting from large scale production
    C. Advantages resulting from the increase in the number of consumers
    D. All of the above

47. Which one of the following is not related to economies of scale:
    A. Scope for division of labour and specialization
    B. Scope for getting inputs at cheaper rates
    C. Difficulty faces by the managers to coordinate the business
    D. Scope for better storage facilities

48. The law of Diminishing returns is applicable to:
    A. Agriculture only
    B. Industry only
    C. In short-run only
    D. Universally

49. Let a firm employs 5 labourers and produces 120 units of output. When 6 labourers are employed the firm produces 136 units of output. Then the marginal product is ---
    A. 120
    B. 136
    C. 6
    D. 16

50. A firm produces 200 units of commodity X by employing 10 workers and 240 units of the same commodity by employing 12 workers. Then the Average Product of the worker is --------

A. 200
B. 240
C. 20
D. 40

51. Other things remaining the same, the quantity of a product demanded increases with ------------ in price.
    A. Increase
    B. Decrease
    C. Variation
    D. None of the above

52. When total utility is maximum, marginal utility is:
    A. Maximum
    B. One
    C. Zero
    D. Infinite

53. For complementary goods, the cross elasticity of demand:
    A. Positive
    B. Negative
    C. Zero
    D. None

54. Relation between price of a commodity and demand for another commodity is measured by:
    A. Price elasticity
    B. Income elasticity
    C. Cross elasticity
    D. Elasticity of substitution

55. When TU falls, MU is:
    A. Rises
    B. Zero
    C. Positive
    D. Negative

56. Demand varies ------------- with price.
    A. Directly
    B. Positively
    C. Inversely
    D. None of the above

57. When Q = f (P), the elasticity coefficient is measured by:
    A. $\Delta Q/\Delta P$ / P/Q
    B. $\Delta P/\Delta Q$ * Q/P
    C. $\Delta Q/\Delta P$ * P/Q
    D. $\Delta P/\Delta Q$ / Q/P

58. Income elasticity of demand for inferior good is:
    A. Negative
    B. Positive
    C. Zero
    D. Unity

59. In the case of luxury goods, the income elasticity of demand will be:
    A. Less than unity
    B. Unity
    C. More than unity
    D. All the above

60. Income elasticity is positive, but less than unity in the case of:
    A. Necessity
    B. Luxury
    C. Inferior
    D. Substitutes

61. In drawing an individual demand curve for a commodity, all but which of the following are kept constant:
    A. Individual's money income
    B. The prices of the related commodity
    C. Price of the commodity under consideration
    D. Tastes of the consumer

62. When an individual's income rises, when everything else remains the same, his demand for normal goods:
    A. Rises
    B. Falls
    C. Remains the same
    D. Any of the above is possible

63. When an individual's income falls, when everything else remains the same, his demand for inferior goods:
    A. Increases
    B. Decreases
    C. Remains unchanged
    D. Cannot say

64. When the price of the substitute commodity of X falls, the demand for X:
    A. Rises
    B. Falls
    C. Remains unchanged

D. All of the above is possible

65. If the quantity demanded remains unchanged as the price of the commodity falls, the coefficient of price elasticity of demand is:
    A. Greater than
    B. one Equal to one
    C. Smaller than one
    D. Zero

66. If the income elasticity of demand is greater than one, then the commodity is:
    A. Necessity
    B. Luxury
    C. Inferior
    D. Non-related commodity

67. If the amount of the commodity purchased remains unchanged when the price of another commodity changes, the cross elasticity of demand between them will be:
    A. Positive
    B. Negative
    C. Zero
    D. One

68. Which of the following is an exception to the law of demand?
    A. Giffen good
    B. Normal good
    C. Superior good
    D. All of the above

69. The law of diminishing marginal utility was popularized by:
    A. Keynes
    B. Marshall
    C. Smith
    D. Samuelson

70. If the income elasticity of demand for a commodity is found to be 0.4, then the commodity concerned is:
    A. Luxury
    B. Necessity
    C. Giffen's goods
    D. Independent good

71. Cross elasticity of demand in the case of substitutes:
    A. Zero

B. Negative
C. Positive
D. Infinity

72. If a small change in price leads to infinitely large change in quantity demanded, then the demand is:
A. Perfectly elastic
B. Perfectly inelastic
C. Elastic
D. Inelastic

73. Net addition to total utility when one more unit is consumed is:
A. AU
B. MU
C. MC
D. TU

74. Most important determinant of demand is :
A. Income
B. Wealth
C. Price
D. Advertisement

75. Which of the following is the reason for law of demand:
A. Price effect
B. Backlash effect
C. Income effect
D. Real balance effect

76. A market:
A. Necessarily refers to a meeting place between buyer and sellers
B. Does not necessarily refers to a meeting place between buyer and sellers
C. Extends over the entire country
D. Extends over a city

77. Net addition to total cost is called:
A. Marginal cost
B. Average cost
C. Fixed cost
D. Variable cost

78. The market equilibrium for a commodity is determined by :
A. Market demand
B. Market supply
C. Balancing of the forces of demand and supply

D. Any of the above

79. When there are only few sellers of the commodity, the market is called:
    A. Monopoly
    B. Duopoly
    C. Oligopoly
    D. Monopsony

80. If the supply curve of the commodity is having a positive slope, a rise in the price of the commodity, results in:
    A. Increase in supply
    B. Increase in quantity supplied
    C. Decrease in supply
    D. Decrease in quantity supplied

81. From the position of stable equilibrium, the market supply of a commodity decreases, while the market demand remains unchanged, then:
    A. Equilibrium price falls
    B. Equilibrium quantity rises
    C. Both equilibrium price and equilibrium quantity decreases
    D. Equilibrium price rises, but equilibrium quantity falls

82. Elasticity of supply for a positively sloped straight line supply curve that intersects the price axis is:
    A. Equal to zero
    B. Equal to one
    C. Greater than one
    D. Constant

83. In which of the following market, advertisement is absent:
    A. Monopolistic competition
    B. Perfect competition
    C. Oligopoly
    D. None of the above

84. -------------- cost can never become zero.
    A. Variable cost
    B. Fixed cost
    C. Marginal cost
    D. Average cost

85. If a positively sloped linear supply curve crosses the quantity axis, the elasticity of supply is:
    A. Inelastic

B. Elastic
C. Unitary elastic
D. Perfectly elastic

86. If a positively sloped linear supply curve passes through the origin, the elasticity of supply is
    A. Inelastic
    B. Elastic
    C. Unitary elastic
    D. Perfectly elastic

87. Average cost is the sum of AVC and
    A. MC
    B. TC
    C. AFC
    D. ATC

88. The horizontal supply curve parallel to quantity axis represents
    A. Elastic supply
    B. Inelastic supply
    C. Perfectly elastic supply
    D. Perfectly inelastic supply

89. When output is zero, variable cost is --------
    A. Maximum
    B. Minimum
    C. Infinity
    D. Zero

90. Change in quantity supplied of a product can result from
    A. Changes in own price
    B. Changes in cost of production
    C. Change in technology
    D. Change in price of related products

91. At prices above the equilibrium price
    A. Quantity supplied exceeds quantity demanded
    B. Quantity demanded exceeds quantity supplied
    C. There is shortage
    D. All of the above is possible

92. When MC cuts AC, AC is at its ------------
    A. Maximum
    B. Minimum

C. Zero
D. Negative

93. An increase in market supply, demand remaining the same causes
    A. Increase in equilibrium price
    B. Decrease in equilibrium quantity
    C. Decrease in equilibrium price and increase in equilibrium quantity
    D. Both equilibrium price and quantity rises

94. Cost function relates cost to
    A. Input
    B. Output
    C. Raw material
    D. Machines

95. An increase in market demand, supply remaining the same results in
    A. Decrease in equilibrium price
    B. Decrease in equilibrium quantity
    C. Decrease in equilibrium price and increase in equilibrium quantity
    D. Both equilibrium price and quantity rises

96. There is no distinction between firm and industry in
    A. Perfect competition
    B. Monopoly
    C. Monopolistic competition
    D. Oligopoly

97. A fall in the market demand, supply remaining the same results in
    A. Increase in equilibrium price
    B. Increase in equilibrium quantity
    C. Increase in equilibrium price and decrease in equilibrium quantity
    D. Both equilibrium price and quantity falls

98. The cost of next best alternative is called
    A. Marginal cost
    B. Average cost
    C. Opportunity cost
    D. Direct cost

99. When MC is greater than AC, AC
    A. Rises
    B. Falls
    C. Maximum

D. Minimum

100. There is ------- relationship between price and quantity supplied

A. Positive
B. Negative
C. Constant
D. Inverse

101. Supply curve represents -------- relationship between quantity and price

A. Direct
B. Inverse
C. Either direct or inverse
D. None of the above

102. National Income means:

A. GNP at Factor Cost
B. GNP at Market Price
C. NNP at Factor Cost
D. NNP at market Price

103. The difference between GDP and NDP equals:

A. Transfer payments
B. Net indirect taxes
C. Net factor income from abroad
D. Depreciation

104. Which of the following is true?

A. GNP + Depreciation = NNP
B. GNP = GDP + Net factor income from abroad
C. NDP = GNP minus net indirect taxes
D. NNP = DGP minus depreciation

105. NNP is equal to:

A. GNP plus Depreciation
B. GNP minus depreciation
C. GNP minus exports
D. GNP plus exports

106. Which of the following is not a method of national income estimation?

A. Matrix method
B. Income method
C. Expenditure method
D. Product method

107. An accounting year in India is:

A. Calendar year
B. Academic year
C. Fiscal year
D. None of these

108. Increase in real National Income (NI) means increase in:
A. NI at current prices
B. NI at constant prices
C. Both
D. None of these

109. Net indirect taxes means:
A. Indirect taxes plus subsidies
B. Income minus taxes
C. Indirect taxes minus subsidies
D. Exports minus imports

110. Net factor income from abroad shows the difference between:
A. GDP and NDP
B. NNP and NDP
C. GNP and GDP
D. GNP and NNP

111. Per capita income is equal to:
A. Population/National income
B. National income/population
C. National income/GDP
D. NNP/GNP

112. National income in India is estimated by:
A. RBI
B. NSSO
C. CSO
D. World Bank

113. The first estimate of National income in India was done by:
A. K.N. Raj
B. V.K.R.V. Rao
C. Dadabai Naoroji
D. P.C. Mahalanobis

114. Pick the odd one out:
A. Real national income
B. NI at constant price
C. NI at current prices
D. NI at base year price

115. GDP deflator is given by:
A. Nominal NI/Real NI
B. Nominal DGP/Real GDP
C. Nominal GDP/ Nominal GNP
D. Real GDP/Real GNP

116. Wear and tear of capital due to constant use means:
A. Intermediate consumption
B. Final consumption
C. Depreciation
D. Devaluation

117. Value of output minus intermediate consumption is:
A. Depreciation
B. Value added
C. Net value added
D. Net exports

118. Personal income minus personal taxes is:
A. National Income
B. Private income
C. Disposable income
D. Per capita income

119. Primary sector includes:
   - A. Agriculture
   - B. Industry
   - C. Services
   - D. Banking

120. National income is a --------variable.
   - A. Flow
   - B. Stock
   - C. Static
   - D. Dynamic

121. In India, National income is estimated at:
   - A. Current prices
   - B. Constant prices
   - C. Both current and constant prices
   - D. None of these

122. Which of the following is true:
   - A. GDP is a geographical concept
   - B. GDP is not a geographical concept
   - C. GDP and GNP are same
   - D. None of them

123. GNP measured in terms of current market prices is called:
   - A. Nominal GNP
   - B. Real GNP
   - C. Both
   - D. None

124. In India, the current base year is:
   - A. 1980-81
   - B. 1993-94
   - C. 1999-2000
   - D. 2004-05

125. Which of the following doest not include in the group?
   - A. GDP
   - B. GNP
   - C. GVA
   - D. NDP

126. The term “Classical Economics” was first used by:
   - A. J.M. Keynes
   - B. Adam Smith
   - C. Karl Marx
   - D. David Ricardo

127. Who is the leader of the Classical school?
   - A. Thomas Robert Malthus
   - B. J.S. Mill
   - C. David Ricardo
   - D. Adam Smith.

128. The core of classical economists is:
   - A. Effective Demand
   - B. Employment
   - C. Say’s Law of Market
   - D. Socialism

129. 'Law of Market' is attributed to:
    A. J.S. Mill
    B. J.B. Say
    C. Alfred marshall
    D. A.C. Pigou

130. The Classicals adopted ---------policy:
    A. Governmental policy
    B. Laissez-faire
    C. Policy of restriction
    D. None of these

131. According to Classicals, full employment is a:
    A. Rare phenomenon
    B. Normal phenomenon
    C. Abnormal phenomenon
    D. None of these

132. According to the Classical economists, general over production is:
    A. Possible
    B. Impossible
    C. Both
    D. None

133. According to the Classical economists, savings and investments are:
    A. Always unequal
    B. Always equal
    C. Never equal
    D. Sometimes equal

134. Wages and prices are ----------, according to the Classicals.
    A. Rigid
    B. Flexible
    C. Both
    D. All of these

135. Classical aggregate supply curve is:
    A. Perfectly elastic
    B. Perfectly inelastic
    C. More elastic
    D. Unitary elastic

136. Pick the odd one from the following:
    A. Law of Market
    B. J.B. Say
    C. Full employment
    D. J.M. Keynes

137. According to the Classicals, investment is a function of:
    A. Saving
    B. Income
    C. Employment
    D. Rate of Interest

138. "Supply creates its own demand" is called:
    A. Law of supply
    B. Law of market
    C. Law of demand
    D. Law of elasticity

139. Under the classical system, the equilibrium will be at:

A. Under employment
B. Full employment
C. Voluntary employment
D. Disguised unemployment

140. When savings exceeds the demand for savings, the rate of interest will:
A. Rise
B. Fall
C. Remain constant
D. None of these

141. Rate of interest will increase when the demand for saving is:
A. Less than its supply
B. Equal to its supply
C. More than its supply
D. Less than or equal to its supply

142. In the Classical system, the role of the government is:
A. The highest
B. Not at all needed
C. Limited
D. Important

143. Equilibrium in the economy is settled by ---------, according to the Classicals.
A. Centralized planning
B. Price mechanism
C. Both the planning and price mechanism
D. None of these

144. Say's Law of market was proved wrong by:
A. Industrial revolution
B. Great Depression
C. Green revolution
D. Gulf war

145. Self interest, competition, profit motive are the features of:
A. Socialism
B. Capitalism
C. Marxism
D. Mixed economy

146. The Great Depression was during:
A. 1930s
B. 1920s
C. 1940s
D. 1830s

147. The equilibrium price is determined by the forces of:
A. Supply only
B. Demand only
C. Both Demand and Supply
D. None of these

148. Temporary unemployment is -------------, according to the Classical economists:
A. Impossible
B. Permanent
C. Possible
D. None of these

149. J.B. Say was a ---------------Economist.

A. Swedish B. German
C. French D. Americal

150. Pick the odd one out:
A. J.B. Say B. David Ricardo
C. Adam Smith D. J.M. Keynes

151. Author of the book 'The General Theory of Employment, Interest and Money':
A. Karl Marxq B. J.B. Say
C. J.M. Keynes D. Adam Smith

152. 'The General Theory', was published in :
A. 1776 B. 1890
C. 1936 D. 1950

153. The branch of Economics that deals with economic aggregate is called:
A. Micro Economics B. Development economics
C. Macro Economics D. Welfare economics

154. The central theme of Keynesian Theory is:
A. Laissez-faire B. Free Trade
C. Effective demand D. Self interest

155. Who repudiated Say's law of market?
A. J.B. Say B. David Ricardo
C. J.S. Mill D. J.M. Keynes

156. Effective demand is that demand when:
A. Aggregate demand is greater than aggregate supply
B. Aggregate demand is less than aggregate supply
C. Aggregate demand is equal to aggregate supply
D. All of these

157. The concept of effective demand is associated with the name of:
A. Marshall B. Keynes
C. Krugman D. Adam Smith

158. The proportion between total income and total consumption is called:
A. Average propensity to consume
B. Average propensity to save
C. Marginal propensity to consume
D. Marginal propensity to save

159. The proportion between incremental income and incremental consumption is called:
    - A. APC B. APS
    - C. MPC D. MPS

160. The proportion between total income and total saving is called:
    - A. APC B. APS
    - C. MPC D. MPS

161. 1- MPC is called:
    - A. APC B. APS
    - C. MPC D. MPS

162. APC + APS is equal to:
    - A. 0 B. >0
    - C. 1 D. <0

163. Multiplier is obtained by:
    - A. 1 - MPC B. 1/1- MPS
    - C. 1/1- APC D. 1/1-MPC

164. Exports minus imports is termed as:
    - A. Net income B. Net imports
    - C. Net exports D. National Income

165. As income increases consumption also increases, but:
    - A. Proportionately B. More than proportionately
    - C. Less than proportionately D. Equally

166. The expected return on investment is called:
    - A. Marginal propensity to save
    - B. Marginal propensity to consume
    - C. Marginal revenue
    - D. Marginal efficiency of investment

167. Marginal efficiency of investment curve is:
    - A. Slopping downwards B. Slopping upwards
    - C. Parallel to X axis D. Parallel to Y axis

168. According to Keynes, unemployment is due to:
    - A. Deficiency of capital
    - B. Deficiency of labour
    - C. Deficiency of education
    - D. Deficiency in effective demand

169. "In the long run, we are all dead". Who said this?
    - A. Keynes B. Adam Smith

C. Karl Marx
D. David Ricardo

170. According to Keynes, investment is a function of:
A. Rate of interest
B. Rate of profit
C. Rate of MEI
D. MEI and rate of interest

171. Keynes believed in :
A. Full employment equilibrium
B. Under employment equilibrium
C. Both
D. None

172. According to Keynes, wages and prices are:
A. Rigid
B. Flexible
C. Variable
D. Automatic

173. In Economics, 1930s is popularly known as the period of:
A. Great Battle
B. Great Depression
C. Industrial Revolution
D. Great Devide

174. Keynesian aggregate supply curve is:
A. Perfectly elastic
B. Perfectly inelastic
C. Unitary elastic
D. Parabola

175. Keynes strongly argued for:
A. Free Trade
B. Non-intervention of Government
C. Laissez-faire
D. Governmental invervention

176. Consumption expenditure directly varies with:
A. Savings
B. Investment
C. Disposable income
D. Rate of interest

177. An important issue of macro economics is the determination of:
A. Consumption
B. Production
C. Utility
D. Income and employment

178. Pick the odd one:
A. Aggregate demand
B. Effective demand
C. J.M. Keynes
D. Law of market

179. Which of the following items does not include in the group?

A. Consumption B. Investment
C. Rate of Interest D. Net exports

180. If marginal propensity to consume is 0.8, the value of multiplier will be:
A. 1 B. 2.5
C. 5 D. 2

181. Who is known as the father of Modern Economics?
A. Adam Smith B. J.M.Keynes
C. Robinson D. Ricardo

182. Goods without which people can not live are called:
A. Comforts B. Luxuries
C. Necessaries D. None

183. The problem of what to produce is a problem of:
A. Distribution B. Technological choice
C. Consumption D. Allocation of resources

184. Those things that possess both utility and scarcity are called:
A. Economic Goods B. Free goods
C. Intermediate goods D. Luxuries

185. If a worker specializes in the production of a single good, it is called:
A. Product based division of labour
B. Process based division of labour
C. Worker based division of labour
D. None of these

186. Goods produced for use in future productive process are called:
A. Intermediate goods B. Final goods
C. Consumer goods D. Capital goods

187. In a horizontal straight line demand curve, the price elasticity of demand is:
A. Unity B. Infinity
C. Zero D. Less than one

188. Who wrote the article Laws of Returns Under Competitive Conditions?
A. Joan Robinson B. E.H. Chamberlin
C. A.C. Pigou D. P. Sraffa

189. Increase in output less than proportional to increase in inputs is called:
A. Increasing returns B. Constant returns
C. Diminishing returns D. Marginal returns

190. A simplified representation of a real situation is called:
   A. Theory B. Hypotheses
   C. Evidence D. Economic Model

191. When marginal product reaches its maximum, what can be said of total product?
   A. Total product must be at its maximum
   B. Total product starts to decline even if marginal product is positive
   C. Total product is increasing if marginal product is still positive
   D. Total product levels off

192. When a firm doubles its inputs and finds that its output has more than doubled, this is known as:
   A. Economies of scale.
   B. Constant returns to scale.
   C. Diseconomies of scale.
   D. A violation of the law of diminishing returns.

193. When average product is at a maximum, marginal product is:
   A. Zero
   B. Increasing
   C. Equal to average product
   D. Greater than average product

194. The want satisfying power of a commodity:
   A. Satisfaction B. Utility
   C. Value D. Marginal Utility

195. Supply curve represents -------- relationship between quantity and price.
   A. Direct B. Inverse
   C. Either direct or inverse D. None of the above

196. Laws of return shows ---------production function.
   A. Short-term B. Medium term
   C. Long term D. Annual

197. In classical theory the level of employment is a function of:
   A. Price level B. Money wage rate
   C. Quantity of money D. Real wage rate

198. Consumption of capital good in the process of production is called as:
   A. Capital Consumption B. Depreciation

C. Decay of Capital D. None of the above

199. Economic Laws are:
   - A. Statement of tendencies
   - B. Exact and predictable
   - C. Definite
   - D. None

200. Returns to scale examines the production function in the:
   - A. Short-term
   - B. Medium term
   - C. Long term
   - D. Quinquinial

ANSWER KEY

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Question No.	Answer Key	Question No.	Answer Key	Question No.	Answer Key	Question No.	Answer Key
1	D	51	B	101	A	151	C
2	D	52	C	102	C	152	C
3	C	53	B	103	D	153	C
4	D	54	C	104	B	154	C
5	C	55	D	105	B	155	D
6	C	56	C	106	A	156	C
7	A	57	C	107	C	157	B
8	D	58	A	108	B	158	A
9	A	59	C	109	C	159	C
10	C	60	A	110	C	160	B
11	A	61	C	111	B	161	D
12	A	62	A	112	C	162	C
13	D	63	A	113	C	163	D
14	A	64	B	114	C	164	C
15	B	65	D	115	B	165	C
16	B	66	A	116	C	166	D
17	D	67	C	117	B	167	A
18	C	68	A	118	C	168	D
19	D	69	B	119	A	169	A
20	C	70	B	120	A	170	D
21	A	71	C	121	C	171	B
22	D	72	A	122	A	172	A
23	C	73	B	123	A	173	B
24	B	74	C	124	D	174	A

25	A	75	C	125	D	175	D
26	A	76	B	126	C	176	C
27	B	77	A	127	D	177	D
28	C	78	C	128	C	178	D
29	A	79	C	129	B	179	C
30	C	80	B	130	B	180	C
31	C	81	D	131	B	181	A
32	B	82	C	132	B	182	C
33	D	83	C	133	B	183	D
34	D	84	B	134	B	184	A
35	A	85	A	135	B	185	A
36	C	86	C	136	D	186	D
37	A	87	C	137	D	187	B
38	B	88	C	138	B	188	D
39	C	89	D	139	B	189	C
40	A	90	A	140	B	190	D
41	C	91	A	141	C	191	C
42	C	92	B	142	C	192	A
43	D	93	C	143	B	193	C
44	D	94	B	144	B	194	B
45	D	95	D	145	B	195	A
46	A	96	B	146	A	196	A
47	C	97	D	147	C	197	D
48	D	98	C	148	C	198	B
49	D	99	A	149	C	199	A
50	C	100	A	150	D	200	C