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1. The firm will be making maximum profits by expanding output to the level where :
 - (A) Marginal revenue is greater than marginal cost
 - ☒ (B) Marginal revenue is equal to marginal cost
 - (C) Marginal revenue is less than marginal cost
 - (D) Marginal revenue is equal to average cost

2. What will happen to the equilibrium price and equilibrium quantity when demand increases and supply decreases ?
 - (A) The equilibrium price rises but change in equilibrium quantity is uncertain.
 - (B) Both equilibrium price and equilibrium quantity falls.
 - (C) Both equilibrium price and equilibrium quantity go up.
 - ☒ (D) The equilibrium quantity increases but the change in equilibrium price is uncertain.

3. Suppose that a sole proprietor is earning total revenue of ₹ 120,000/- and is incurring explicit cost of ₹ 95,000/-. If the owner could work for another company for ₹ 30,000/- a year, which of the following statement is false ?
 - (A) The firm incurred an economic loss of ₹ 5,000/-
 - (B) The firm is having accounting profit of ₹ 25,000/-
 - (C) Total economic costs are ₹ 30,000/-
 - (D) The total accounting costs are ₹ 95,000/-

4. Which type of markets allocates productive resources to producers and helps ensure that those resources are used efficiently ?
 - (A) Product markets
 - ☒ (B) Factor markets
 - (C) Local Markets
 - (D) Retail markets

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Use the following data to answer question 5 and 6 :

Quantity	0	10	20	30	40
Total Cost (in ₹)	100	220	320	410	510

5. What is the average variable cost when 20 units are produced ?
- (A) ₹ 5 (B) ₹ 10
(C) ₹ 11 (D) ₹ 16
- $$\frac{320}{20} = 100 + 2(20)$$
6. Between 10 and 20 units, what is the marginal cost per unit ? $\frac{\Delta T}{\Delta Q} = \frac{100}{10}$
- (A) ₹ 10 (B) ₹ 20
(C) ₹ 100 (D) ₹ 220
7. Which of the following is not a condition for price discrimination ?
- (A) The seller should have price setting power.
(B) The seller should be able to divide his market into two or more sub markets.
(C) The price elasticity of the product should be different in different sub markets.
(D) It should be possible for buyers of low-priced market to resell the product to the buyers of high-priced market.
8. Under second degree price discrimination, different prices are charged for _____.
- (A) Each individual consumer (B) Location
(C) Customer segment (D) Different quantities sold
9. Which of the following is not a feature of the monopoly market ?
- (A) Single buyer of the products (B) Barriers to entry
(C) No close substitutes (D) Market power

$$\frac{TR}{Q} = -\frac{10}{1}$$

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P
30
28

Q.D
19
20

$$TR = 570$$

$$= 580$$

10. Assume that when price is ₹ 30 the quantity demanded is 19 units and when price is ₹ 28 the quantity demanded is 20 units, what is the marginal revenue resulting from an increase in output from 19 units to 20 units?

(A) ₹ 10
(B) - ₹ 10
(C) ₹ 20
(D) - ₹ 20

MR = 570 - 580 = -10

11. The oligopoly market in which few firms come to a common understanding with each other in fixing price or output or both is called :

(A) Pure Oligopoly
(B) Collusive Oligopoly
(C) Partial Oligopoly
(D) Syndicated Oligopoly

12. During the upswing phase of business cycle, the involuntary unemployment is _____.

(A) Highest
(B) Almost Zero
(C) Lowest
(D) Not affected

Expansion

13. The level of national income and expenditure declines rapidly during which phase of the business cycle?

(A) Upswing
(B) Downswing
(C) Recovery
(D) Trough and Depression

14. In all kinds of businesses, the different phases of business cycle generally occurs as :

(A) Having perfectly timed cycles
(B) No fixed time cycles but are regular
(C) Boom have longer period than Depression
(D) Depression have longer period than Boom

15. Kinked demand curve model of oligopoly is also called :

(A) Sweezy's Model
(B) McKinsey's Model
(C) Oskar's Model
(D) Neumann's Model

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16. There is a war going between Country A and Country B for last two years. Now in the current year both countries have signed a peace agreement and war has come to an end. Now both countries have started to rebuild the losses caused due to war out of their own funds. Which type of cause of change in business cycle is this for Country A?

- (A) Internal Cause ✓
- ~~(B) External Cause~~
- (C) Both Internal and External Cause
- (D) This is not a cause of change in business cycle,

17. Which of the following organisation is responsible for the compilation of National accounts statistics?

- ~~(A) Central Statistical Organisation (CSO)~~
- (B) Directorate of Economics and Statistics (DES)
- (C) Ministry of Finance of Central Government ✗
- (D) Reserve Bank of India (RBI) ✗

18. Which of the following is not a significance and usefulness of the National Income estimates?

- (A) Businesses use it to forecast the future demand of their products ✓
- (B) To identify the sector wise composition of national income ✓
- (C) To assist in making policies related to inflation ✓
- ~~(D) To assist in making policies related to population growth~~

19. An indicator which gives information about the rate of change of the expansion or contraction of an economy is called _____.

- (A) Leading Indicator
- (B) Lagging Indicator
- (C) Both Leading and Lagging Indicator
- (D) Co-incident Indicator

N
D1 NPFA +

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GNP_{mp}
GNP_{fc} gross (net + dep)

20. Which of the following defines the Gross National Product (GNP) of a country under the concept of National Income ?
- (A) It is market value of all final economic goods & services produced within the domestic territory of a country including Net Factor Income from abroad.
 - (B) It is market value of all final economic goods & services produced within the domestic territory of a country excluding Net Factor Income from abroad.
 - ☒ (C) It is production cost of all final economic goods & services produced within the domestic territory including depreciation.
 - ✓ (D) It is production cost of all final economic goods & services produced within the domestic territory excluding depreciation.

21. The Gross Domestic Product at Factor Cost (GDP_{FC}) is calculated by which of the following formula (Here GDP_{MP} is Gross Domestic Product at market prices) :

WKT
fac (-)

- (A) $GDP_{FC} = GDP_{MP} + \text{Net Factor Income from Abroad}$
- (B) $GDP_{FC} = GDP_{MP} + \text{Net Factor Income from Abroad} - \text{Depreciation}$ ✓
- ☒ (C) $GDP_{FC} = GDP_{MP} - \text{Indirect Taxes} + \text{Subsidies}$
- (D) $GDP_{FC} = GDP_{MP} + \text{Indirect Taxes} - \text{Subsidies}$ - (Tax - Sub)

22. Considering the data given in the table below calculate the Inflation rate of year 3 :

Year	Nominal GDP	Real GDP	GDP Deflator
0	900	900	100
1	1200	1000	120
2	1500	1200	125
3	1800	1250	144
4	2000	1600	125

- (A) 13.19%
- (B) 15.20%
- (C) 19%
- (D) -19%

$\frac{144 - 125}{125}$

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23. Which of the following is an indicator of the standard of living of a country under the concept of National Income ?
- (A) Personal Income ~~(B)~~ Disposable Personal Income
~~(C)~~ Per Capita Income (D) GDP at factor cost
24. The amount of money in the hands of the individual that is available for their consumption or savings is known as _____.
- (A) Private Income (B) Per Capita Income
~~(C)~~ Disposable Personal Income (D) Personal Income
25. Which of the following is included in the calculation of Personal Income under the concept of National Income ?
- ~~(A)~~ Unemployment Compensation
(B) Retained Earnings γ
(C) Indirect Business Taxes \times
(D) Contribution towards Social Security
26. Which of the following is true in relation with Private Income under the concept of National Income ?
- (A) It is personal income adjusted by inflation rate.
(B) It is personal income less personal income tax.
(C) It is the income (both factor & transfer income) accrued to private sector from all sources within the country only.
~~(D)~~ It is income (both factor and transfer income) accrued to the private sector from all sources within and outside the country.
27. Which of the following is true about the basic price in the determination of National Income ?
- ~~(A)~~ Basic Price = Factor Cost - Manufacturing Taxes + Manufacturing Subsidy
(B) Basic Price = Factor Cost - Depreciation
(C) Basic Price = Factor Cost + Net Factor Income from Abroad
(D) Basic Price = Factor Cost + Production Tax + Production Subsidy

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28. Which of the following is not a sector to be included in the three sector model of Keynesian theory of Income determination ?
- (A) Household Sector (B) Business Sector
(C) ~~Foreign Sector~~ (D) Government Sector
29. Under the Keynesian theory of National Income determination, which of the following term is given to the demand for money ?
- (A) Investment multiplier (B) Liquidity preference
(C) ~~Aggregate demand~~ (D) Marginal Propensity
30. Under the Keynesian theory of determination of national income, the assumption is that the consumption increases with an increase in disposable income but the increase in consumption will be < the increase in disposable income.
- (A) Equal to (B) Opposite to
(C) Greater than (D) ~~Less than~~
31. Which of the following is true in respect of relation of Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) as per the Keynesian theory of determination of National Income ?
- (A) $MPC = MPS$
(B) ~~$MPC + MPS = 1$~~
(C) $MPC + MPS = 0$
(D) No relation exists between MPC and MPS
32. In the preparation of state income estimates, certain activities like railways, banking, insurance etc. that cut across state boundaries, and thus their economic contribution assigned to more than one state are known as _____.
- (A) Central Sectors of economy
(B) ~~Supra Regional Sectors of economy~~
(C) Tertiary Sectors of economy
(D) Secondary Sectors of economy

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33. Which of the following statement is true in respect of Social cost ?

- (A) $\text{Social Cost} = \text{Private Cost} + \text{External Cost}$
 (B) $\text{Social Cost} = \text{Private Cost} + \text{External Cost} - \text{Total Negative Externalities}$
 (C) $\text{Social Cost} = \text{Private Cost} + \text{External Cost} - \text{Government Taxes}$
 (D) $\text{Social Cost} = \text{Private Cost} + \text{Total Negative Externalities} - \text{Government Taxes}$

34. Which of the following is not a characteristic of Public Goods ?

- (A) Non-rival in consumption
 (B) Indivisibility
 (C) More vulnerable to externalities
 (D) Excludable

35. What does the term "lemon" means in the model of "Lemons problem" developed by "George Akeilof" in relation to used car market :-

- (A) Only good quality used cars
 (B) Both poor and good quality used cars
 (C) Average quality used cars
 (D) Scrapped used cars

36. Which of the following is one of the key functions of fiscal policy and aims at eliminating the macroeconomic fluctuations arising from sub optimal allocation of resources ?

- (A) The Allocation Function
 (B) The Redistribution Function
 (C) The Stabilization Function
 (D) The Utilisation Function

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37. Article 112 of Indian Constitution provides that in respect of every financial year the President shall cause to be laid before both houses of the parliament a statement of estimated receipts and expenditure of the government of India for that year. This statement is referred as :
- (A) Budget
 - (B) Annual Financial Statement ✓
 - (C) Statement of Income & Expenditure ✓
 - (D) Interim Budget
38. Which of the following information regarding the receipts and expenditure of the Government is not presented in the budget documents ?
- (A) Budget estimates of Current financial year
 - (B) Budget estimates of the Ensuing financial year.
 - (C) Revised estimates of the Ensuing financial year ✓
 - (D) Actual expenditure and Income of Current financial year ✓
39. Which of the following is the nodal department for overseeing the public financial management system in the Central Government ?
- (A) NITI Aayog ✓
 - (B) Department of Revenue under Finance Ministry
 - (C) Department of Expenditure under Finance Ministry
 - (D) Reserve Bank of India
40. The statutory disclaimer that "Mutual Fund investments are subject to market risks please read the offer documents carefully before investing" is which of the following type of government intervention ?
- (A) Government intervention to correct externalities. ✓
 - (B) Government intervention for equitable distribution.
 - (C) Government intervention to correct information failure. ✓
 - (D) Government intervention in case of public goods. ✓

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41. Which of the following is not true regarding the fiscal policy of Government ?

- (A) It is deliberate policy of Government. —
(B) An economy producing full employment does not require Government action in the form of fiscal policy.
(C) Taxation policy is part of Fiscal policy. —
(D) Fiscal Policy is supply side policy.

42. What is the term Y represent in the expression $M_d = KPY$?

- (A) Real National income (B) Price level >
(C) Money supply > (D) Interest rate <

43. Banks availing Marginal Standing Facility Rate can use a maximum of how much percentage of Statutory Liquidity Ratio Securities ?

- (A) 1% (B) 2%
(C) 3% (D) 4%

G.R. → 34%
2%

44. Calculate currency with Public from following Data (₹ in lakhs)

Notes in Circulation	2,59,121
Coins in Circulation	23,345
Cash on hands with Banks	19,009
Coin on hands with Banks	909

- (A) ₹ 3,02,384 (B) ₹ 2,62,548
(C) ₹ 2,53,876 (D) ₹ 2,15,858

45. During the Budget proceedings, the speaker of Lok Sabha once the prescribed time is over, puts all the outstanding demand for grants, whether discussed or not, to the vote of the house, this process is known as :

- (A) Cut Motion (B) Presenting the appropriation bill >
(C) Outcome Budget (D) Guillotine

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T.D (↑)

46. What is the likely impact of an increase in the Time Deposit to Demand Deposit (TD/DD) ratio on the banking system and monetary expansion?
- (A) It leads to higher availability of free reserves and consequent enlargement of volume of multiple deposit expansion and monetary expansion.
 - (B) It reduces the availability of free reserves, thereby restricting the process of monetary expansion.
 - (C) It has no impact on the banking system as time deposits and demand deposits are interchangeable.
 - (D) It directly reduces the money supply as time deposits are not considered part of the money supply.
47. Broad money includes currency deposits with an agreed maturity of up to ____ years, deposits redeemable at notice up to ____ months and repurchase agreements, money market fund shares/units and debt security up to ____ years.
- Handwritten notes on the right:*
M1 11
M2 21
M3 31
M4 43
- (A) 3 years, 6 months, 3 years
 - (B) 2 years, 6 months, 2 years
 - (C) 3 years, 3 months, 3 years
 - (D) 2 years, 3 months, 2 years
48. Which of the following is NOT included in M1 ?
- (A) Currency with the public ✓
 - (B) Demand deposits with banks ✓
 - (C) Time (term) deposits with banks ✓
 - (D) Other deposits with RBI ✓
49. Liquidity trap occurs when :
- (A) Interest rates are high, and people prefer bonds over cash balances.
 - (B) Interest rates are near zero, and people prefer holding cash over bonds.
 - (C) Inflation rates are high, reducing purchasing power of money balances.
 - (D) Central banks increase CRR drastically.

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50. Which of the following is NOT a quantitative tool of monetary policy ?

- (A) Cash Reserve Ratio (CRR) -
- (B) Statutory Liquidity Ratio (SLR) -
- (C) Open Market Operations (OMO) -
- (D) Liquidity Adjustment Facility (LAF)

51. Which of the following expressions is true ?

- (A) Reverse Repo Rate = Repo Rate - 1
- (B) Reverse Repo Rate = Repo Rate + 1
- (C) Repo Rate = Reverse Repo Rate - 1
- (D) Repo Rate = 1 - Reverse Repo Rate

52. In the Theory of Comparative Costs, which of the following statements are true ?

- I. It is based on ^{oppo.} money cost which is more realistic X 2
- II. It is Positive in Nature 2
- III. It is Normative in nature 1
- IV. Do not take into account the factor price differences 3

- (A) I and II are correct
- (B) III and IV are correct X
- (C) II and IV are correct X
- (D) I and IV are correct

53. Which of the following is NOT one of the four determinants of the Friedman's demand for money ?

- (A) Nominal Demand for money is a function of total wealth.
- (B) It is positively related to price level P, if price level rises the demand for money increases.
- (C) Nominal demand for money falls if the opportunity costs of money holding declines.
- (D) Nominal Demand for money is influenced by inflation.

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54. What is the Ad valorem tariff?

(A) The fixed amount of money per physical unit or weight of commodity imported or exported. ✗

(B) A fixed time period for tariff application per calendar year. ✗

(C) The duty levied as a fixed percentage of the value of the traded commodity.

(D) A flat rate imposed regardless of the product's value.

55. A tariff that is set so high that no imports can enter is known as _____

(A) Prohibitive Tariff

(B) Bound Tariff

(C) Escalated Tariff

(D) Variable Tariff

56. Which of these countries is part of the USMCA Agreement?

(A) Mexico

(B) Malta ✗

(C) Malaysia

(D) Mongolia

57. Which one of these is the main reason why GATT lost its relevance by 1980?

(A) Efforts at liberalising agricultural trade were successful. ✗

(B) International investments did not expand substantially. ✗

(C) GATT was a treaty. ✗

(D) There were inadequacies in institutional structure and dispute settlement system.

58. The value of the product or service is enhanced as the number of individuals using it increases. What effect is this?

(A) Veblen Effect ✗

(B) Bandwagon Effect

(C) Income Effect

(D) Snob Effect ✗

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59. Match the following :

Table A	Table B
(a) Has a long term interest and is invested for long	(i) Foreign Portfolio Investment
(b) Speculative in Nature	(ii) Foreign Direct Investment
(c) Help developing countries benefit fully from global trading system	(iii) Free Floating exchange rate system
(d) Government and central banks do not participate in the market for foreign exchange	(iv) World Trade Organisation

~~(A)~~ (a) - (ii), (b) - (i), (c) - (iv), (d) - (iii)

~~(B)~~ (a) - (i), (b) - (ii), (c) - (iv), (d) - (iii)

(C) (a) - (ii), (b) - (i), (c) - (iii), (d) - (iv)

~~(D)~~ (a) - (i), (b) - (ii), (c) - (iii), (d) - (iv)

60. An investment in which one investor establishes a business activity in a foreign country which is different from investor's main business activity but in some way supplements its major activity is called _____

(A) Horizontal direct investment

~~(B)~~ Vertical investment

(C) Conglomerate type of FDI

(D) Two way direct foreign investment

61. The most controversial topic for Doha Development Agenda was

~~(A)~~ The Labour Welfare

~~(B)~~ World Peace

~~(C)~~ Globalization

~~(D)~~ Agriculture Trade

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62. Which of the following are fiscal reforms ?
- i. Ensuring better tax compliance ✓
 - ii. Reinvestment of funds in more profitable options
 - iii. Encouraging private sector participation ✓
 - iv. Thrust on curbing government expenditure
- (A) Only i and iii (B) Only i, ii, iii
(C) Only i, iii, iv (D) Only i, ii, iv ✗
63. Which of the following best describes the pre-British Indian economy ?
- (A) Dependent on imports for goods ✗
(B) Self-sufficient villages and cities which were centers of commerce
(C) Focus on industrial production ✗
(D) Dominated by foreign trade ✗
64. The trade policy reforms include _____.
- (A) Inclusion of licensing restrictions for imports ✓
(B) Removal of licensing procedure for imports
(C) Complication of tariffs. ✗
(D) Inclusion of quantitative restrictions on imports and exports ✗
65. Which initiative by NITI Aayog aims to promote electric vehicles ?
- (A) E-Amrit
(B) Shooonya Campaign
(C) Methanol Economy Program
(D) India Policy Insights (IPI)
66. An appreciation of currency or strong currency makes the domestic currency, more _____ therefore it can be exchanged for a _____ amount of foreign currency.
- (A) Weaker, smaller
(B) Valuable, larger
(C) Weaker, larger
(D) Valuable, smaller

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67. What percentage of India's population depends on agriculture for livelihood as per latest estimates ?
(A) 18%
(B) 25%
(C) 47%
(D) 60%
68. Which government scheme focuses on providing financial support to farmers suffering crop loss or damage ?
(A) PM KISAN
(B) Pradhan Mantri Fasal Bima Yojana (PMFBY)
(C) Soil Health Card Scheme
(D) Paramparagat Krishi Vikas Yojana (PKVY)
69. Which regime replaced the Foreign Investment Promotion Board (FIPB) ?
(A) SEBI
(B) FIF Portal
(C) NITI Aayog
(D) DPIIT
70. What was India's rank in 2022 as per Global Innovation Index ?
(A) 81st
(B) 40th
(C) 63rd
(D) 25th
71. Which policy replaced the Merchandise Exports from India Scheme (MEIS) in 2021 ?
(A) NDAP
(B) GST
(C) PLI Scheme
(D) RoDTEP
72. The early liberalization and reforms started in India in _____.
(A) 1980s
(B) 1970s
(C) 1960s
(D) 1990s

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73. Which of the following is not correct about business economics with reference to economics ?
- (A) Business economics helps in proper decision making in a particular business entity.
 - (B) Business economics has a narrow scope in comparison to economics.
 - ☒ (C) Economics is an applied branch of business economics.
 - (D) Business economics includes the analysis of micro level issues like demand, supply etc.
74. Command Economy is another name for :
- (A) Capitalist Economy
 - ☒ (B) Socialist Economy
 - (C) Mixed Economy
 - (D) Macro Economy
75. Which of the following is not a merit of Capitalist Economy ?
- (A) Faster economic growth
 - ☒ (B) Collective ownership ✕
 - (C) High degree of operative efficiency
 - (D) Incentives for innovation and technological progress
76. An economy exists on which of the following two facts ?
- (A) Human wants are limited and the resources are unlimited.
 - (B) Human wants are limited and the resources are scarce.
 - (C) Human wants as well as resources are unlimited.
 - ☒ (D) Human wants are unlimited but the resources are relatively scarce.
77. The microeconomic theory mainly does not deal with which of the following issues :
- ☒ (A) Stage of business cycles
 - ☒ (B) ^{part} Demand analysis and forecasting
 - (C) Production and Cost Analysis
 - (D) Inventory management

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78. Highly priced goods are consumed by status seeking rich people to satisfy their need for conspicuous consumption. This is called :

- (A) Demonstrative effect (B) Bandwagon effect
(C) Snob effect (D) ~~Veblen effect~~

79. An expectation that price will fall in future will lead to :

- (A) A downward movement along the same demand curve
(B) An upward movement along the same demand curve
(C) Rightward shift of demand curve
(D) ~~Leftward shift of demand curve~~



80. A consumer buys 100 units of a goods at a price of ₹ 6 per unit. Suppose price elasticity of demand is -3. At what price will he buy 80 units ?

- (A) ₹ 5.8 (B) ₹ 6.2
(C) ~~₹ 6.4~~ (D) ₹ 6.75

$$\frac{20}{6.6}$$

81. If total revenue of goods increases with an increase in its price, demand for the goods is said to be :

- (A) Elastic (B) Unit elastic
(C) ~~Inelastic~~ (D) Infinitely elastic

82. Which of the following statement is (not) true while determining price elasticity of demand ?

- (A) Goods which have close or perfect substitutes, have highly elastic demand curves.
(B) ~~The greater the proportion of income spent on a commodity; generally the lesser will be its elasticity of demand.~~
(C) Necessities are generally price inelastic.
(D) The more possible uses of a commodity, greater will be its price elasticity.

83. Commodities for which the quantity demanded rises only up to a certain level of income and decreases with an increase in income beyond this level are called :

- (A) Normal goods (B) ~~Inferior goods~~
(C) Essential goods (D) Luxury goods

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84. When total utility is increasing at decreasing rate :

- (A) Marginal utility is equal to total utility. ✗
- (B) Marginal utility is decreasing but remains positive.
- (C) Marginal utility becomes negative.
- (D) Marginal utility is equal to zero.

85. Due to an increase in price of product X from ₹ 100 to ₹ 110 quantity supplied increases from 150 units to 200 units. Calculate elasticity of supply using arc-

(A) 2.3

(C) 3.33

$$\frac{Q_2 - Q_1}{Q_2 + Q_1} \times \frac{P_2 + P_1}{P_2 - P_1} = \frac{200 - 150}{200 + 150} \times \frac{110 + 100}{110 - 100} = \frac{50}{350} \times \frac{210}{10} = \frac{50}{350} \times 21 = \frac{50 \times 21}{350} = \frac{1050}{350} = 3$$

0.14

86. The rate at which a consumer is prepared to exchange goods X and Y, holding the level of satisfaction constant is called as _____.

- (A) Indifference curve
- (B) Marginal rate of substitution
- (C) Diminishing marginal utility
- (D) Consumer surplus

87. The form of capital which performs its function in production in a single use and is not available for further use is termed as :

- (A) Fixed capital ✗
- (B) Circulating capital
- (C) Real capital
- (D) Intangible capital ✗

88. Survival, growth and expansion come under which of the following objective of an enterprise ?

- (A) Organic objective
- (B) Economic objective
- (C) Social objective
- (D) National objective

89. When two goods are complementary, the cross elasticity between them is :

- (A) Infinite
- (B) Positive and large
- (C) Zero
- (D) Negative

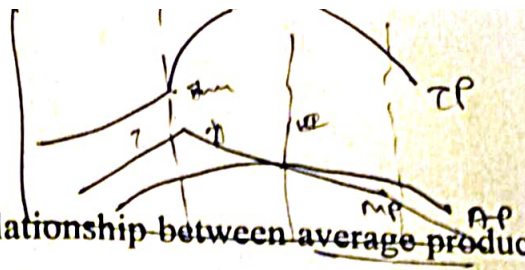
$$\frac{\% \text{ Change in Demand}}{\% \text{ Change in Price}}$$

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Car petrol
Demand (D) ↑ price

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90. Which of the following is not true about relationship between average product and marginal product?

- (A) When average product rises as a result of an increase in the quantity of variable input marginal product is more than the average product.
- (B) When average product is maximum, marginal product is equal to average product.
- (C) When average product falls, marginal product is less than the average product.
- ~~(D)~~ When average product is negative, marginal product becomes zero.

91. Total product starts declining in which stage of production?

- (A) Stage 1 : The stage of increasing returns
- (B) Stage 2 : The stage of diminishing returns
- ~~(C)~~ Stage 3 : The stage of negative returns
- (D) It may decline in any stage of production

92. Returns to scale refers to :

- (A) Changes in output as a result of proportionate change in one of the variable factors of production.
- ~~(B)~~ Changes in output as a result of proportionate change in all factors of production.
- (C) Changes in output as a result of proportionate change in any two variable factors of production.
- (D) Changes in output as a result of variation in factor proportions.

93. Linear Homogeneous Production function is another name for _____.

- ~~(A)~~ Law of variable proportion
- (B) Constant returns to scale
- (C) Increasing returns to scale
- (D) Decreasing returns to scale

94. The minimum quantities of various inputs that are required to yield a given quantity of output is termed as :

- (A) Demand function
- (B) Supply function
- ~~(C)~~ Production function
- (D) Investment function

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95. Budget line or budget constraint line which shows the various alternative combinations of two factors which the firm can buy with given outlay is called :

- (A) Isoquant
(B) Indifference curve
(C) Isocost line
(D) Iso-product curve

Use the following data to answer question 96-97 :

Output (Q)	0	1	2	3	4	5
Total cost (TC)	₹ 200	₹ 310	₹ 410	₹ 500	₹ 604	₹ 710

96. The Average Fixed Cost of 2 units of output is:

- (A) ₹ 85
(B) ₹ 100
(C) ₹ 110
(D) ₹ 205

97. Diminishing marginal returns start to occur between units :

- (A) 1 and 2
(B) 2 and 3
(C) 3 and 4
(D) 4 and 5

98. Which of the following is not a feature of perfect competition market ?

- (A) Very large number of sellers
(B) Homogeneous products
(C) Inelastic demand
(D) Firms are price takers

99. A firm should not produce at all if :

- (A) AR is greater than minimum AVC
(B) AR is equal to ATC
(C) If its total variable costs are not met
(D) AR is greater than ATC

100. Calculate Marginal Revenue (MR) when Average Revenue (AR) = ₹ 45 and price elasticity of demand (e) = 3.

- (A) ₹ 15
(B) ₹ 25
(C) ₹ 30
(D) ₹ 135

$$45 \times \frac{2}{3}$$

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