

1. The purchase of shares and bonds of Indian companies by Foreign Institutional Investors is called? (a) FDI (b) Portfolio Investment (c) NRI Investment **(d) Foreign Indirect Investment**
2. The national income of a nation is the (a) Government's annual revenue **(b) Sum total of factor incomes** (c) Surplus of public sector enterprises (d) Exports minus imports
3. Gross Domestic Product is the monetary value of (a) goods produced for the market only (b) goods produced for the market and self consumption (c) stock of goods and services **(d) all final goods and services produced in a year**
4. Which one of the following market structures has a kinked demand curve? **(a) Oligopoly** (b) Monopolistic competition (c) Perfect competition (d) Monopoly
5. Monopolistic competition produces (a) Complementary goods (b) Homogeneous goods **(c) Close Substitutes** (d) Perfect Substitutes
6. Markets fail when **(a) they do not maximise the aggregate consumer and producer surplus** (b) they maximise aggregate consumer and producer surplus (c) they equalise the aggregate consumer and producer surplus (d) they escalate the aggregate consumer and producer surplus
7. A Socialist economy is (a) a non-planned economy (b) a democratic economy **(c) an equalitarian economy** (d) a planned economy
8. Which among the following may not be a consequence of Inflation? (a) Higher speculative Investments **(b) Equal distribution of Income** (c) Fall in Real Income of Salaried people (d) Higher Production
9. Which among the following may not lead to Inflation? (a) Deficit Financing of Government Spending (b) High Indirect Taxes (c) Drop in Currency Rates **(d) Drop in public expenditure**
10. If there is a lack of money supply in comparison to the supply of goods and services, then the possible consequence would be? (a) Inflation **(b) Deflation** (c) Devaluation (d) Hyperinflation
11. Which are the two nations, India's largest trading partners, 1st & 2nd respectively? (a) China , US (b) US, UAE **(c) UAE, China** (d) UAE, US
12. Ad Valorem Tax is levied on the basis of which among the following? (a) Volume **(b) Value** (c) Production (d) Export
13. A systematic record of all economic transactions completed between residents of a country and the rest of the world in a year is known as? (a) Net Capital Flow **(b) Balance of Payment** (c) Balance of Trade (d) Absolute Flow
14. Capitalism is based upon "Laissez-faire system". What is "Laissez-faire system"? **(a) No governmental intervention** (b) Maximum governmental intervention (c) Role of Market Forces is Minimum (d) Limited government Intervention
15. Those goods which have positive relationship between price and quantity demanded are called as... (a) Veblen good (b) Essential Goods **(c) Giffen Good** (d) Capital Good
16. Which among the following is a suitable term for the state of economy in which economic activity is slowing down but wages and prices continue to rise? (a) Inflation (b) Deflation (c) Skweflation **(d) Stagflation**
17. A rise in price of one commodity will induce a fall in demand of another commodity, then the commodities are **(a) Complimentary** (b) Supplementary (c) Competing (d) Auxiliary
18. Why are the Transfer incomes not included in the national income accounts? **(a) They do not represent payment for economic activity.** (b) There is no way of calculating them correctly. (c) They are already included in the total of personal income. (d) They are already included in company earnings.
19. Which among the following is considered to be the best measure of an increase in a country's economic efficiency? (a) Increase in annual private investment. (b) Increase in real national income. **(c) Increase in real per capita income.** (d) Increase in net annual investment.
20. While computing national income estimates, which of the following is required to be observed? **(a) The value of exports to be added and the value of imports to be subtracted** (b) The value of exports to be subtracted and the value of imports to be added (c) The value of both exports and imports to be added (d) The value of both exports and imports to be subtracted
21. At equilibrium price (a) supply is greater than demand (b) supply is less than demand (c) demand is very high **(d) supply equals demand**
22. The situation on which total Revenues equals total cost, is known as: (a) Monopolistic competition (b) Equilibrium level of output **(c) Break even point** (d) Perfect competition

23. The relationship between the value of money and the price level in an economy is (a) Direct **(b) Inverse** (c) Proportional (d) Stable
24. The marginal revenue of a monopolist is: (a) more than price (b) equal to price **(c) less than price** (d) less than marginal cost
25. Transfer payments include: (a) Gifts received from a friend (b) rent free accommodation by the employer (c) net factor income from abroad **(d) employee's contribution to social security**

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