

**Appendix**  
**2009 - June**  
**Paper - 3 : General Economics**

**Chapter 1 : Introduction to Micro Economics**

- [1] Which one is not the characteristic of capitalistic economy ?
- (a) Profit motive
  - (b) Income inequality
  - (c) Free employment
  - (d) Collective ownership
- [2] Mixed economy means
- (a) All economic decisions are taken by Central Authority
  - (b) All economic decisions are taken by private entrepreneurs
  - (c) Economic decisions are partly taken by the state and partly by private entrepreneurs
  - (d) None of these

**Chapter 2 : Theory of Demand and Supply**

- **Unit 1 : Theory of Demand**
- [3] Demand of a commodity depends upon :
- (a) Price
  - (b) Income
  - (c) Price of related good
  - (d) All of the above
- [4] In case of substitute goods, cross elasticity is \_\_\_\_\_
- (a) Negative
  - (b) Zero
  - (c) Positive
  - (d) None of these
- [5] Suppose the price of movies seen at a theatre rises from Rs. 120 per person to Rs. 200 per person. The theatre manager observed that the rise in prices has lead to a fall in attendance at a given movie from 300 persons to 200 persons. What is the price elasticity of demand for the movie ?
- (a) 0.5
  - (b) 0.8

- (c) 1.00
  - (d) None of these.
- [6] The quantity demanded does not respond to price change and so the elasticity is :
- (a) Zero
  - (b) One
  - (c) Infinite
  - (d) None
- [7] The prices of a commodity were increased from Rs. 4 to Rs. 6. As a result demand decreased from 15 units to 10 units. What is the price elasticity?
- (a) 0.66
  - (b) 0.33
  - (c) 1.00
  - (d) 1.5
- [8] If demand is parallel to x axis, what will be the nature of elasticity ?
- (a) Perfectly elastic
  - (b) Inelastic
  - (c) Elastic
  - (d) Highly elastic
- **Unit 2 : Theory of Consumer Behaviour**
- [9] Indifference curve is based on :
- (a) Cardinal analysis
  - (b) Quardinal analysis
  - (c) Both (a) and (b)
  - (d) None of above.
- [10] Cardinal approach is related to :
- (a) Indifference curve
  - (b) Equi-marginal utility
  - (c) Law of diminishing returns.
  - (d) None of these.
- [11] The substitution effect of fall in the price of the commodity will lead to:
- (a) Upward movement in indifference curve
  - (b) Downward movement in indifference curve
  - (c) Movement from lower IC to a higher one
  - (d) None.

**■ Unit 3 : Theory of Supply**

- [12] Increase or decrease in supply means :
- (a) Change in supply due to change in its own price
  - (b) Change in supply due to change in factors other than its own price
  - (c) Both of above
  - (d) None of above

<b>Chapter 3 Theory of Production and Cost</b>
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**■ Unit 1 : Theory of Production**

- [13] If a firm's output is zero, then
- (a) AFC will be positive
  - (b) AVC will be zero
  - (c) Both of (a) and (b)
  - (d) None of (a) and (b)
- [14] Functions of the entrepreneur are :
- (a) Risk bearing
  - (b) Initiating a business enterprise and resource co-coordinator
  - (c) Introduced new innovations
  - (d) All of the above
- [15] Law of diminishing returns is applicable in :
- (a) Manufacturing industry
  - (b) Agriculture
  - (c) Neither (a) nor (b)
  - (d) Any economic activity at a point of time.

**■ Unit 2 : Theory of Cost**

- [16] Which curve is never U-shaped ?
- (a) TFC curve
  - (b) AVC curve
  - (c) AFC curve
  - (d) MC curve
- [17] From the following details, find out the average variable cost of 10 units:
- |                     |         |         |
|---------------------|---------|---------|
| OUTPUT : 0          | 10      | 20      |
| Total cost: Rs. 200 | Rs. 400 | Rs. 800 |
- (a) Rs. 40
  - (b) Rs. 20
  - (c) Rs. 200
  - (d) Rs. 400

- [18] The total cost incurred for 10 units is Rs. 400 and 20 units is Rs. 800. Find the marginal cost.
- (a) Rs. 400
  - (b) Rs. 40
  - (c) Rs. 200
  - (d) Rs. 20

#### Chapter 4 Market

##### ■ Unit 3 : Price and Output Determination

- [19] In the long-run monopolist can
- (a) Incur losses
  - (b) Must earn super normal profits
  - (c) Wants to shut-down
  - (d) Earns only normal profits.
- [20] The demand curve of the firm and industry will be same in which form of market :
- (a) Monopolistic Competition
  - (b) Perfect Competition
  - (c) Monopoly
  - (d) Oligopoly.
- [21] Oligopoly having identical products is :
- (a) Pure oligopoly
  - (b) Imperfect oligopoly
  - (c) Price leadership
  - (d) Collusion.

#### Chapter 5 Indian Economy – A Profile

##### ■ Unit 1 : Indian Economy

- [22] In occupational structure of India, which sector has the lowest share ?
- (a) Agriculture
  - (b) Service
  - (c) Industry
  - (d) Construction

##### ■ Unit 2 : Role on Different Sectors

- [23] National Bank for Agriculture and rural development is \_\_\_\_\_.
- (a) Co-operative bank
  - (b) Commercial bank

- (c) Apex bank of agriculture and rural development
- (d) Subsidiary bank of SBI.

■ **Unit 3 : National Income**

- [24] Real National Income means national income measured at :
- (a) Constant Prices
  - (b) Current Prices
  - (c) Wholesale Prices
  - (d) Retail Prices
- [25] Which one of the following is correct ?
- (a)  $NNP_{FC} = NNP_{MP} - NIT$
  - (b)  $NNP_{MP} = NNP_{FC} - NIT$
  - (c)  $NNP_{MP} = NNP_{FC} + \text{Depreciation}$
  - (d)  $NNP_{MP} = NNP_{FC} + \text{Depreciation}$
- [26] The most important problem is estimating GNP is :
- (a) Double Counting
  - (b) Smuggling
  - (c) Black marketing
  - (d) Unorganised market

■ **Unit 4 : Tax System**

- [27] Which one is the merit of VAT ?
- (a) Cascading
  - (b) Non - Cascading
  - (c) Progressive
  - (d) None of these
- [28] What is the nature of Income tax ?
- (a) Direct and Progressive
  - (b) Indirect and progressive
  - (c) Indirect and regressive
  - (d) Direct and regressive.
- [29] Weakness of tax system in India :
- (a) Tax evasion
  - (b) Regressive nature
  - (c) Exemption of agriculture income
  - (d) Brings changes in price relative index

**Chapter 6 Aspects of Indian Economy**

■ **Unit 1 : Population**

- [30] Which of the following state has the highest literacy ratio ?
- (a) Goa
  - (b) Tamil Nadu

- (c) Kerala
- (d) Uttar Pradesh

[31] Working population refers to people in the age group of :

- (a) Below 15 years and above 60 years
- (b) 15 years - 60 years
- (c) All of above
- (d) None of these

■ **Unit 2 : Poverty**

[32] According to the planning commission how many average daily calories per person define the poverty line in urban and rural areas.

- (a) 2400, 2100
- (b) 2100, 2400
- (c) 4100, 4200
- (d) 4200, 4100

■ **Unit 3 : Unemployment**

[33] The creation of Indian Postal Department happened in

- (a) 1837
- (b) 1857
- (c) 1951
- (d) 1751

[34] India's largest leading partner is \_\_\_\_\_

- (a) U.S.A.
- (b) U.K.
- (c) Germany
- (d) China

[35] \_\_\_\_\_ provides crop storage facility in India.

- (a) IDBI
- (b) ICICI
- (c) FCI
- (d) IFCI

■ **Unit 7 : Balance of Payment**

[36] Devaluation Means :

- (a) To reduce the value of home currency in other currency
- (b) To appreciate the value of home currency
- (c) To increase the value of home currency in other currency.
- (d) To constant the value of home currency.

- [37] \_\_\_\_\_ is a systematic record of all transactions of a country in a year.
- (a) Balance of payment
  - (b) Balance of Trade
  - (c) Current Account of Balance of Payment
  - (d) None.
- [38] The current account of Balance of Payment includes trade balance and \_\_\_\_\_
- (a) Settlement account
  - (b) Capital account
  - (c) Invisibles
  - (d) Errors and omissions.

### Chapter 7 : Economic Reforms in India

#### ■ Unit 1 : Economic Reforms in India

[39] 100% FDI was allowed in :

- (a) Banking
- (b) Insurance
- (c) Defence
- (d) None of these.

#### ■ Unit 2 : Liberalisation, Privatisation and Disinvestment

[40] \_\_\_\_\_ is known as privatisation.

- (a) Divestment
- (b) Making a Private sector as a Public
- (c) Liberalisation
- (d) All of the above

#### ■ Unit 3 : Globalisation

[41] Where is secretariat office of WTO ?

- (a) Geneva
- (b) New York
- (c) New Delhi
- (d) Tokyo

[42] WTO replaced which organisation in 1995 ?

- (a) IBRD
- (b) GATT
- (c) IMF
- (d) None of these

[43] Liberalisation and Globalisation are :

- (a) Regulatory
- (b) Complementary
- (c) Contradictory
- (d) Competitive

[44] Long term loans to various countries are given by :

- (a) World Bank
- (b) WTO
- (c) IMF
- (d) None

<b>Chapter 8 Money and Banking</b>
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■ **Unit 2 : Commercial Banks**

[45] The nationalisation of 6 commercial banks happened in :

- (a) 1944
- (b) 1949
- (c) 1956
- (d) 1980

[46] Banks not only accept deposits but also \_\_\_\_\_savings.

- (a) Distribute
- (b) Mobilise
- (c) Convert
- (d) None of above.

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

[47] Who is the custodian of national reserves of international currency ?

- (a) SBI
- (b) RBI
- (c) ICICI
- (d) World Bank.

[48] Which of the following is not the objective of RBI ?

- (a) Lendor of last resort
- (b) Banker's Bank
- (c) Leading to the public
- (d) Banker to the Government.

[49] Rs. 10 note is issued by:

- (a) SBI
- (b) RBI
- (c) Government
- (d) Ministry of Finance

[50] The Quantitative measure of credit regulation by RBI is :

- (a) Bank Rate policy
- (b) Open market operations
- (c) Variable Reserve Ratio
- (d) All of the above

**Answer**

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