

TEACHERS RECRUITMENT BOARD, CHENNAI - 6
WRITTEN COMPETITIVE EXAMINATION FOR DIRECT RECRUITMENT OF
POST GRADUATE ASSISTANTS (2006-2007)

- 1. The long run average cost curve shows that**
 - a) larger outputs can be produced at the lowest cost with the larger plants
 - b) smaller outputs can be produced at the lowest cost with the smaller plants
 - c) both (A) and (B) are correct
 - d) both (A) and (B) are incorrect

- 2. The long run average cost curve in the case of constant returns to scale**
 - a) is a vertical line parallel to the Y-axis
 - b) is parallel to the X-axis
 - c) is U-shaped
 - d) is a Rectangular Hyperbola

- 3. If $e > 1$, it implies that, for that level of output**
 - a) MR is negative
 - b) MR is positive
 - c) MR equals zero
 - d) Demand is nil

- 4. If a combination of two goods being produced lies below the product transformation curve, it implies that the resources are being**
 - a) optimally used
 - b) less than optimally used
 - c) the combination is not attainable
 - d) all of these are incorrect

- 5. The Law of Returns to Scale studies the outcome on output when**
 - a) only one factor is varied keeping all other factors fixed
 - b) one factor is kept fixed and all others are varied
 - c) all factors are varied
 - d) total output increases

- 6. A curve representing input combinations that produce the same total output is called**
 - a) an Iso cost line
 - b) the indifference curve
 - c) the budget line
 - d) the product indifference curve

- 7. The least cost factor combination can be fixed on**
 - a) an equal product curve
 - b) an outlay line
 - c) the production possibility curve
 - d) the product indifference curve

- 8. A small country in international trade theory is the one that**
 - a) can influence its volume of trade
 - b) can influence its terms of trade
 - c) cannot influence its terms of trade
 - d) a geographically small country

ECONOMICS STUDY MATERIALS**CELL: 9486474777****9. Autarky means**

- a) that the country is trading
- b) that the country is not trading
- c) post-trade conditions
- d) bilateral trade

10. MFA stands for

- a) Most Favoured Alliance
- b) Most Flexible Averages
- c) Multi-Fibre Agreement
- d) Multi-Fibre Arrangement

11. A foreign country trying to obtain patents for ancient Indian herbs and medicinal plants like Haldi, Neem and Tulsi is known as

- a) Botanical Piracy
- b) Piracy
- c) Borrowed patents
- d) Bio-piracy

12. The power to tax derives from

- a) the coercive power of the government
- b) the paternal duty of the government
- c) the ability to pay of individuals
- d) the benefits received by individuals

13. Tax evasion is possible due to

- a) legal procedures whereby tax payers increase their tax liability
- b) illegal procedures available only for the rich
- c) illegal procedures whereby tax payers reduce their tax liability
- d) legal procedures whereby tax payers reduce their tax liability

14. When the percentage tax rate increases as Income increases the tax system is said to be

- a) Progressive
- b) proportional
- c) degressive
- d) regressive

15. The case for income redistribution is based on

- a) the Lorenz Curve
- b) Social Justice
- c) the Gini coefficient
- d) Efficiency

16. John Rawls would design a tax system that would

- a) take equal amounts from all individuals
- b) minimize impact on the wealthy
- c) depend on the benefits received
- d) increase the welfare of the individual who is worst off.

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- a) Sale of goods
- b) Production of goods
- c) Resale of goods
- d) Goods sold in foreign markets

18. The Corporate income tax

- a) is a direct tax
- b) is an indirect tax
- c) is a value added tax
- d) is a surcharge

19. A tax that is levied on goods to curtail its consumption is called

- a) Sales tax
- b) Sumptuary tax
- c) Poll tax
- d) Fine

20. Which of the following is not characteristic of a good tax system?

- a) Fairness
- b) Abruptness
- c) Efficiency
- d) Flexibility

21. Negative externalities result in

- a) social costs being less than private costs
- b) private benefits exceed social benefits
- c) the good is undersupplied
- d) none of these

22. When there is positive externality in the provisioning of good

- a) price is very low
- b) The good is undersupplied
- c) private individuals make huge profits if they provide the good
- d) the good is oversupplied

23. The Economic argument for the public sector is

- a) Decreasing Cost Industry
- b) Zero Marginal Costs
- c) Non-excludability
- d) all of these

24. Market failure refers to

- a) shortage of supply
- b) glut
- c) unequal division between private and public sectors
- d) inefficient use of scarce resources

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25. Market failure may occur due to all the following reasons except

- a) lack of competition
- b) externalities
- c) advertising
- d) indivisibility

26. If income were equally distributed, the Lorenz Curve would be

- a) equal to the horizontal axis
- b) a 45 degree line
- c) equal to zero
- d) equal to the vertical axis

27. The principal impact of social security is that it

- a) decreases the supply labour
- b) increases the demand of labour
- c) decreases the demand of labour
- d) increases the supply of labour

28. Programmes, that are directly concerned with the redistribution oil incomes are known as

- a) assistance-in-kind programmes
- b) transfer payments
- c) social insurance programmes
- d) aid

29. Which of the following does not involve common property?

- a) Fishing in the ocean
- b) Birds in the air
- c) The beach that belongs to a firm
- d) A national park

30. "Supply creates its own demand" is a statement made by

- a) Keynes
- b) Pareto
- c) Marshall
- e) Say

31. Taxes on earnings of Company profits is called

- a) Income tax
- b) Gift tax
- c) Inheritance tax
- d) Corporate Income tax

32. Merit goods are

- a) goods that have more merit than demerit
- b) bads
- c) public goods without subsidies
- d) public goods with subsidies

33. Gift tax and estate duty would include all of the following except

- a) an inheritance from a rich aunt
- b) a gift of 14 lakhs
- c) purchasing a car with cash
- d) winning a lottery ticket

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34. When supply is inelastic the burden of the tax will

- a) fall on the consumers
- b) fall on the producers
- c) be shared equally by producers and consumers
- d) fall on the government

35. The demand curve is also, known as the

- a) income curve
- b) budget curve
- c) revealed preference curve
- d) ability to buy curve

36. If the objective of the government is to maximize revenues, it should levy taxes on goods whose demand curve

- a) is downward sloping
- b) is horizontal
- c) is elastic
- d) is inelastic

37. Taxes are compulsory payments without any definite or direct

- a) reward
- b) fine
- c) charge
- d) quid pro quo

38. The legal description on which a tax applies is called a

- a) tax rate
- b) tax base
- c) income tax
- d) poll tax

39. The following economist overtly assumed no value judgement in his analysis:

- a) Adam Smith
- b) Alfred Marshall
- c) Vilfredo Pareto
- d) Knut Wicksell

40. Extra costs and benefits not captured by the market are called

- a) transaction costs and benefits
- b) internal costs and benefits
- c) external costs and benefits
- d) implicit costs and benefits

41. The capability index was given by

- a) Pigou
- b) Sen
- c) Marshall
- d) Mill

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- a) the goods cannot be exchanged
- b) it conveys ownership but not responsibility
- c) it conveys responsibility but not ownership
- d) it assigns benefits and costs to owners

43. The theory of Marriage and Family was given by

- a) Adam Smith
- b) Gary Becker
- c) Keynes
- d) Solow

44. Cigarettes are

- a) merit goods
- b) private goods
- c) public goods
- d) demerit goods

45. The Marginal Propensity to consume is the ratio between

- a) consumption and savings
- b) change in consumption and change in savings
- c) change in consumption and change in income
- d) change in income and change in savings

46. Whenever a firm plans for a new investment project it will consider

- a) the life of the proposed capital asset and the expected income flows from it
- b) the purchase price of the capital asset
- c) The rate of investment at which funds are to be raised to buy the capital asset
- d) all of these

47. The years of the Great Depression are

- a) 1929-1933
- b) 1929-1935
- c) 1930-1933
- d) 1929 1930

48. If the present value of a capital asset exceeds the cost of buying It

- a) it will end in losses
- b) it is worthwhile to buy it
- c) the investor must wait and watch
- d) it makes no difference

49. The expected rate of return from a capital asset is known as

- a) Interest
- b) MEC
- c) MRTS
- d) propensity to save

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50. If the Marginal product of the last worker is negative, it implies that there is

- a) unemployment
- b) full employment
- c) disguised unemployment
- d) more than full employment

51. Hick's theory of Trade Cycle combines

- a) Say's law and the Keynesian theory of employment
- b) booms and depressions
- c) the accelerator and the multiplier
- d) the marginal propensity to consume and save

52. In order to study trade cycles the economist who brought In the analysis of innovations is

- a) Hayek
- b) Hicks
- c) Pigou
- d) Schumpeter

53. The Keynesian multiplier is the

- a) inverse of the MPS
- b) inverse of the MPC
- c) directly related to $1 - MPC$
- d) directly related to $1 - MPS$

54. Short term bills are for

- a) 6 months
- b) 90 days
- c) 30 days
- d) 70 days

55. The Phillips Curve identifies

- a) a direct relation between the rate of interest and the credit creation of a bank
- b) a direct relationship between unemployment and the wage rate
- c) an inverse relationship between unemployment and the rate of increase in the money wages
- d) an inverse relationship between employment and the rate of increase in the money wages

56. All except one of the following is a bottleneck in the supply of goods. Which is that one?

- a) Power failure
- b) Lack of demand
- c) Transport failure
- d) Shortage of trained labour

57. In Fisher's Quantity theory of money

- a) 'P' is extremely active
- b) 'P' is independent
- c) 'P' is passive
- d) there is no 'P' in the equation

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58. Bad or Cheap money drives out good money. This is known as

- a) Fisher's Quantity theory of money
- b) Cash Balance theory
- c) The Income theory of the value of money
- d) Gresham's law

59. A factor is paid according to its

- a) marginal product
- b) profit
- c) wage
- d) total profit

60. Value Marginal Physical Product is defined as

- a) Marginal Physical Product x MR
- b) Marginal Physical Product x Price
- c) Average Product x MR
- d) Average Product x AR

61. The Neo-Keynesian theory of interest takes into consideration which of the following factors?

- a) Savings, investments, motives and bottlenecks
- b) Savings, investments, liquidity preference and credit creation by banks
- c) Savings, investments, demand and supply of money
- d) Savings, investments, demand and supply of capital goods

62. Keynes used the following term to explain the theory of interest :

- a) Loanable funds
- b) Credit creation
- c) MEC
- d) Liquidity preference

63. The IMF came into existence in

- a) September 1945
- b) December 1944
- c) December 1945
- d) November 1945

64. The World Bank came into existence in

- a) July 1944
- b) December 1944
- c) December 1945
- d) June 1946

65. Harrod and Domar constructed models to study

- a) income levels
- b) economic growth
- c) levels of unemployment
- d) growth of industries

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66. The term “disguised unemployment” was first used by

- a) Keynes
- b) Harrod
- c) Domar
- d) Nurkse

67. The intensity of demand for the product of one country in the other country is called

- a) Bargaining power
- b) Terms of trade
- c) Reciprocal demand
- d) Reciprocal supply

68. India is a

- a) Mixed Economy
- b) Socialist Economy
- c) Capitalist Economy
- d) Mixed Planned Economy

69. The Value Added Tax at the manufacturing level as recommended by the the a Committee is normally known as

- a) MODVAT
- b) CENVAT
- c) MANVAT
- d) none of these

70. Plucking the Goose with the least amount of squealing refers to

- a) Fines
- b) Interest
- c) Wage cut
- d) none of these

71. Liquidation means

- a) preference for cash
- b) supply of money
- c) conversion of assets into cash
- d) none of these

72. The exchange rate, which is free to change from day to day, is called

- a) The gold or mint par
- b) The Floating Exchange rate
- c) The Fixed Exchange rate
- d) The Pegged Rate

73. Equities are

- a) Bills of exchange
- b) Cash
- c) Stocks
- d) Ordinary shares of a limited company

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74. The power of the commercial banks to expand deposits through expansion of their loans and advances is known as

- a) Inflation
- b) Business tactics
- c) Credit creation
- d) none of these

75. Escheat:

- a) Reversing ownership of property to the government when a person dies without a will
- b) Cheating and thereby creating black money
- c) Establishments, which cheat the government of tax, that ought to be paid
- d) Black money

76. Engel's Law states that

- a) as income grows income disparity increases
- b) as income grows proportion of it spent on food declines
- c) as income grows the proportion of it spent on education and training increases
- d) as human resource gets older income grows

77. A supermarket is

- a) a market where goods are priced high
- b) a wholesale market
- c) a large grocery store
- d) a large grocery store mostly on the basis of self-service

78. The money market is

- a) the market where money can be exchanged for foreign cash
- b) a market for short term funds
- c) a market where only money is required to transact
- d) a market where plastic money could be used

79. Coase's theorem is related to

- a) Macro-Economics
- b) Monetary Economics
- c) Environmental Economics
- d) Home Economics

80. The Social Marginal Cost is the cost borne by

- a) all individuals in the society
- b) the firm
- c) the government
- d) those not involved in the activity

81. Value Education means

- a) Religious Education
- b) Moral Education
- c) Cost Education
- d) Economics of Education

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82. Punishment is

- a) Reinforcement
- b) Negative Reinforcement
- c) Positive Reinforcement
- d) Encouragement

83. Growth and development of the child are determined by two factors

- a) heredity and school
- b) school and home
- c) home and society
- d) heredity and environment

84. Learning In free atmosphere was advocated by

- a) Montessori
- b) Gagne
- c) J. Krishnamurthy
- d) Gandhiji

85. Thematic Apperception Test (TAT) is conducted to test the

- a) intelligence of a person
- b) personality of a person
- c) memory of a person
- d) achievement of a person

86. 'There is a tendency for all of us to seek our faults in others is termed as

- a) Introjections
- b) repression
- c) projection
- d) rationalisation

87. What is the principle behind individualised instruction?

- a) Reinforcement and learning
- b) Accommodation
- c) Adaptation
- d) Schemes

88. Who advocated the method of 'Learning by doing'?

- a) A.S. Neil
- b) John Dewey
- c) Bertrand Russell
- d) Kilpatrick

89. Which of the following plays the major role in social development of a child?

- a) School
- b) Family
- c) Society
- d) Neighbours

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90. An objective factor which determines attention in the classroom is

- a) interest
- b) novelty
- c) sentiment
- d) attitude

91. A useful teaching-learning method for learners is

- a) Lecture
- b) Self-learning
- c) Memorising
- d) Group learning

92. There is a story about a fox, who unable to reach some grapes, proclaimed that they were sour. This is a kind of

- a) Intellectualization
- b) rationalization
- c) negativism
- d) egocentrism

93. Attempts to train defectives and delinquent, so as to make them, as far as possible, useful and efficient members of the community is called

- a) Remedial instruction
- b) Programmed instruction
- c) Physical instruction
- d) Religious instruction

94. In an intelligence test a ten year old boy is found to have a mental age of 11. This I.Q. is calculated as

- a) 100
- b) 120
- c) 110
- d) 90

95. DIET stands for

- a) District Institute for Employment of Teachers
- b) District Institute of Education and Training
- c) District Institute of Elementary Teacher Education
- d) District Institute of Educational Technology

96. "Self actualisation is defined as the full development of personal potential" by

- a) Rötter
- b) Maslow
- c) McClelland
- d) Hull

97. Educationist Froebel is

- a) an idealist
- b) a naturalist
- c) a realist
- d) a pragmatist

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98. School started by Madam Montessori was known as

- a) Children's House
- b) Boys' School
- c) Summer Hill School
- d) Girls' School

99. MLL represents

- a) Marginal Level of Learning
- b) Maximum Level of Learning
- c) Motor Learning Level
- d) Minimum Level of Learning

100. The name of the educational policy of Gandhiji is

- a) Social Education
- b) Basic Education
- c) Technical Education
- d) Rural Education

101. A period showing no progress in a learning curve is termed as

- a) Error
- b) inhibition
- c) Pleated
- d) terminal point

102. Group factor theory of intelligence was proposed by

- a) Spearman
- b) Thorndike
- c) Thurstone
- d) Guilford

103. I.Q. can be calculated using the formula

- a) $\frac{\text{Mental Age}}{\text{Chronological Age}} \times 100$
- b) $\frac{\text{Chronological Age}}{\text{Mental Age}} \times 100$
- c) $\frac{\text{Mental Age}}{\text{Mental Age}}$
- d) $\frac{\text{Chronological Age}}{\text{Chronological Age}}$

104. Which type of thinking is very essential for creativity?

- a) Positive thinking
- b) Convergent thinking
- c) Practical thinking
- d) Divergent thinking

105. Robert Gagne's theory of hierarchical learning consists of

- a) 7 types of learning
- b) 2 types of learning
- c) 3 types of learning
- d) 10 types of learning

106. Which Article of the Constitution of India advocates free and compulsory school education?

- a) Article 364
- b) Article 45
- c) Article 30
- d) Article 31

107. The most effective way of character formation in students is to

- a) advise the students frequently
- b) narrate about the lives of great men and women
- c) Organise religious functions in the school
- d) make them-sing songs

108. A loud explosion is heard as you are teaching the class. What would you do?

- a) Stay in the class and send the class leader to find the details
- b) Walk out of the class to know details
- c) Run to neighbouring class for information
- d) Advise the students to get away from the class in an orderly manner

109. The agency which helps to improve the quality of school education at state level is

- a) NCERT
- b) NCTE
- c) SCERT
- d) DTE

110. Education leads to the modification of

- a) Attitude
- b) Behavior
- c) Life
- d) Interest

111. In Indian history, who is known as 'Indian Napoleon'?

- a) Asoka
- b) Chandragupta II
- c) Chanakya
- d) Samudragupta

112. Who of the following is associated with the theory of "Laissez-faire" in Economics?

- a) Malthus
- b) Marshall
- c) Adam Smith
- d) Keynes

113. The boundary line between India and China is known as

- a) Radcliffe line
- b) Durand line
- c) McMahon line
- d) Maginot line

114. Which of the following countries is called the "Land of White Elephants"?

- a) Malaysia
- b) Thailand
- c) Canada
- d) Ethiopia

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115. Who was the founder of Brahmo Samaj?

- a) Raja Rammohan Roy
- b) Rabindranath Tagore
- c) Keshab Chandra Sen
- d) M. G. Ranade

116. Malaria is caused by

- a) Plasmodium
- b) Virus
- c) DNA
- d) Bacterium

117. Article 14 of the Constitution of India deals with

- a) Equality before law
- b) Abolition of untouchability
- c) Freedom of speech
- d) Freedom of religion

118. Dynamo is a device for converting

- a) electricity to mechanical energy
- b) mechanical energy to electrical energy
- c) magnetism to electricity
- d) electricity to magnetism

119. Which of the following dynasties was not in power during the Sangam age?

- a) Pandyas
- b) Cheras
- c) Cholas
- d) Pallavas

120. Which country did Italy beat in the finals of the FIFA World Cup 2006?

- a) Germany
- b) France
- c) Portugal
- d) Spain

121. The term 'Ceteris Paribus' means

- a) since the beginning
- b) all things do not remain the same
- c) other things being equal
- d) laissez faire

122. The term macro-and micro- 'economics' was first used by

- a) Adam Smith
- b) Ragnar Frisch
- c) Alfred Marshall
- d) A.C. Pigou

123. The Production Possibility Curve is also known as

- a) the concave curve
- b) the total product curve
- c) the isoquant
- d) the transformation curve

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124. India is a

- a) capitalistic economy
- b) communist economy
- c) socialist economy
- d) mixed economy

125. Which of the following does not belong to the Classical School?

- a) Adam Smith
- b) Alfred Marshall
- c) J.M. Keynes
- d) J.S. Mill

126. The Market Demand Curve will not shift if

- a) prices alone change
- b) tastes, fashion and prices of related goods change
- c) scarcity is expected
- d) prices are administered

127. Which of the following influences is least important to connection to influence on quantity demanded of say good X?

- a) price of good X
- b) X's substitute good
- c) income of the purchaser of X
- d) weather conditions where the buyer of X lives

128. A monopoly firm's demand curve is

- a) perfectly elastic
- b) perfectly inelastic
- c) upward sloping
- d) downward sloping

129. A monopolist is best defined as

- a) a price taker
- b) a price setter
- c) a price searcher
- d) a price follower

130. Four main types of market structures are

- a) perfect competition, pure monopoly, micro-economy, oligopoly
- b) perfect competition, monopolistic competition, oligopoly, pure monopoly
- c) perfect competition, monopolistic competition, socialistic economy, pure monopoly
- d) perfect competition, pseudo monopoly, monopolistic competition, oligopoly

131. Marginal revenue is

- a) the addition to a firm's total revenue from one unit change in output
- b) the addition to a firm's total revenue from a rupee change in price
- c) the addition to a firm's total revenue from the sale of inferior output
- d) the addition to a firm's total revenue from a rupee reduction in marginal cost

132. Wherever AC exceeds MC it implies that

- a) AC is rising
- b) AC is falling
- c) MC is rising
- d) MC is falling

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133. Average Cost

- a) is always larger than MC
- b) generally declines for some range of output, hits a minimum and then rises
- c) is always smaller than MC
- d) is the total cost divided by the price of the product

134. The goal of a business unit is to maximize

- a) total employment
- b) total profits
- c) total costs
- d) total utility

135. The aim of consumers in the market is

- a) to maximize purchases
- b) to choose correctly
- c) to live in peace
- d) to maximize satisfaction

136. The agent in Economics is supposed to be all except one of the following :

- a) Solipsistic
- b) Altruistic
- c) Independent
- d) Rational

137. The demand curve facing the firm is also the firm's

- a) total utility curve
- b) cost curve
- c) AR curve
- d) total revenue curve

138. A firm's supply curve is also its

- a) MC curve
- b) TC curve
- c) AC curve
- d) Advertising curve

139. An industry's supply curve is

- a) its MC curve
- b) its MC curve above the shut-down point
- c) that portion of the MC curve that lies below the AC curve
- d) the AC curve

140. A firm's fixed cost

- a) does not vary with output
- b) does not change between the short run and long run
- c) is generally a higher percentage of its total costs at higher output quantities than at lower quantities
- d) all these are true

141. A typical total profit curve is graphically shown as

- a) a square
- b) an S - curve
- c) a mound
- d) a rectangle

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142. If fixed costs rise

- a) the firm's TC curve shifts to the right
- b) the vertical distance between the firm's TR and TC curves decreases at every level of output
- c) MC rises
- d) variable costs rise

143. A profit maximizing firm always

- a) sells its output at $P = MR$
- b) produces at the output at which $MR = 0$
- c) hired labour until MRP of labour = 0
- d) produces every unit of output for which $MR > MC$

144. Monopoly power of a firm is indicated by the fact that

- a) MR cuts MC from below
- b) $AR > MC$
- c) $P < MC$
- d) $TC > TR$

145. To determine the structure of markets economists examine

- a) the number of firms in the market
- b) the similarities of the products of different firms in the market
- c) the ease of entry and exit of firms in the market
- d) all of these

146. The two extreme types of market structures are

- a) Monopoly and Oligopoly
- b) Perfect Competition and Pure Monopoly
- c) Monopolistic Competition and Duopoly
- d) Capitalism and Market Socialism

147. When TR is increasing at a rate faster than TC and TR lies above TC it implies that

- a) $MC > MR$
- b) the slope of the total profit curve is negative
- c) $MC < MR$
- d) total profits are negative

148. A product is

- a) only a good
- b) Only a service
- c) A good and an idea
- d) A good and a service

149. Reseller is

- a) Only a retailer
- b) Only a wholesaler
- c) A retailer and a wholesaler
- d) Neither a retailer nor a wholesaler

150. The MC curve

- a) Will always be below the AC curve
- b) Will fall and rise below the AC curve
- c) Will be constant below the AC curve
- d) Is the same as the AC curve