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
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.
17. Excise taxes are taxes on
   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 lax
   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
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 of 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 of 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) goods 
   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
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
42. The advantage of common property rights is that
   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
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
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
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
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. Engle’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

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. Neel
   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
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) Rotter  
   b) Maslow  
   c) McCleland  
   d) Hull  

97. Educationist Froebel is
   a) an idealist  
   b) a naturalist  
   c) a realist  
   d) a pragmatist
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) \( \frac{\text{Mental Age}}{\text{Mental Age}} \times 100 \)
   c) \( \frac{\text{Chronological Age}}{\text{Chronological Age}} \)
   d) \( \frac{\text{Chronological Age}}{\text{Mental Age}} \)

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
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
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, socialist 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
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
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