

Economics Sample Paper - 1

DIRECTIONS for the question: Mark the best option:

Question No. : 1

When there is an increase in the Marginal cost:

- A) The production possibility curve is concave to the origin B) The production possibility curve is convex to the origin
C) The production possibility curve is similar to the origin D) None of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 2

Which of the following statements is true:

- A) When the marginal opportunity cost remains constant, the production possibility frontier is a downward sloping straight line
B) When the marginal opportunity cost remains constant, the production possibility frontier is an upward sloping straight line
C) When the marginal opportunity cost remains constant, the production possibility frontier is a central sloping straight line
D) There is no relation between the marginal opportunity cost and the production possibility frontier

DIRECTIONS for the question: Mark the best option:

Question No. : 3

Which of the following is a part of microeconomics?

- A) Factor pricing B) National income C) Both a and b are correct D) Both a and b are incorrect

DIRECTIONS for the question: Mark the best option:

Question No. : 4

'Economics is the study of mankind in the ordinary business of life'. This definition was given by: –

- A) Adam Smith B) Lord Robbins C) Alfred Marshall D) Samuelson

DIRECTIONS for the question: Mark the best option:

Question No. : 5

In which type of economy do consumers and producers make their choices based on the market forces of demand and supply?

- A) Open Economy B) Controlled Economy C) Command Economy D) Market Economy

DIRECTIONS for the question: Mark the best option:

Question No. : 6

Under Inductive method, the logic proceeds from:

- A) General to particulars B) Particular to general C) Both (a) and (b) D) None

DIRECTIONS for the question: Mark the best option:

Question No. : 7

Economic problem arises because

- A) Wants are unlimited B) Resources are scarce C) Alternative use of resources D) All of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 8

Theory of production studies the problem of

- A) What goods to produce and how much to produce B) How to produce C) For whom to produce D) All of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 9

PP shifts rightward to P1P1. It shows:

- A) Improvement in technology in good X B) Improvement in technology in good Y
C) Improvement in technology in both good X and Y D) Stagnation

DIRECTIONS for the question: Mark the best option:

Question No. : 10

Due to scarcity people must do which of the following:

- A) Trade B) Cooperate C) Make choices D) Competition

DIRECTIONS for the question: Mark the best option:

Question No. : 11

Which of the following are types of economic systems?

- A) Market economy B) Planned economy C) Mixed economy D) All of these

DIRECTIONS for the question: Mark the best option:

Question No. : 12

How many central problems exist in an economy?

- A) Two B) Three C) Four D) None of these

DIRECTIONS for the question: Mark the best option:

Question No. : 13

In free market economy allocation of resources is determined by

- A) Votes taken by consumers B) Central planning authority C) Consumer preferences D) The level of profits of firm

DIRECTIONS for the question: Mark the best option:

Question No. : 14

Which of the following statement is true?

- A) Human wants are infinite B) Resources are limited C) Scarcity gives birth to choices D) All of these
-

DIRECTIONS for the question: Mark the best option:

Question No. : 15

Indian economy is:

- A) Centrally planned B) Mixed economy C) Market economy D) None of these
-

DIRECTIONS for the question: Mark the best option:

Question No. : 16

The reason for downward shape of production possibility curve is:

- A) Increasing opportunity cost B) Decreasing opportunity cost C) Same opportunity cost D) Negative opportunity cost
-

DIRECTIONS for the question: Mark the best option:

Question No. : 17

The locus of all points representing bundles among which consumer is indifferent

- A) Budget line B) Consumer equilibrium C) Indifference curve D) Indifference map
-

DIRECTIONS for the question: Mark the best option:

Question No. : 18

In case of normal goods, the demand curve is

- A) Downward sloping B) Upward sloping C) Horizontal D) Vertically straight
-

DIRECTIONS for the question: Mark the best option:

Question No. : 19

What is the elasticity when the demand curve is Vertical and parallel to Y axis

- A) 0 B) 1 C) Less than one D) More than one
-

DIRECTIONS for the question: Mark the best option:

Question No. : 20

Petrol and car is a classic example of

- A) Substitute goods B) Complementary good C) Inferior goods D) Article of distinction
-

DIRECTIONS for the question: Mark the best option:

Question No. : 21

In case of substitute good the demand for a good usually move in the ---- direction of its price of its substitutes

- A) Opposite B) Similar C) Random D) None of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 22

Which of these is not true about the shape of indifference curve

- A) Concave to origin B) Downward sloping C) Never touch the X axis D) Never touch the Y axis

DIRECTIONS for the question: Mark the best option:

Question No. : 23

The bundles available to a consumer is called

- A) Budget set B) Budget constraint C) Demand of the consumer D) Preferences of the consumer

DIRECTIONS for the question: Mark the best option:

Question No. : 24

A decrease in the price of X axis product will make the budget line

- A) Flatter B) Steeper C) Parallel D) None of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 25

In the demand curve which is the dependent variable

- A) Quantity B) Price C) Quality D) Demand

DIRECTIONS for the question: Mark the best option:

Question No. : 26

Coarse cereal is a type of ____ good

- A) Superior good B) Inferior good C) Giffen good D) Normal good

DIRECTIONS for the question: Mark the best option:

Question No. : 27

The demand for food is---- if there is no close substitute

- A) Elastic B) Inelastic C) Perfectly elastic D) None of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 28

Which of the following is a complement product to peanut butter?

- A) tea B) Bread C) Mustard D) cream
-

DIRECTIONS for the question: Mark the best option:

Question No. : 29

Long-run production function is related to:

- A) Law of Demand B) Law of Variable Proportion C) Laws of Returns to Scale D) Elasticity of Demand
-

DIRECTIONS for the question: Mark the best option:

Question No. : 30

Production function is expressed as:

- A) $Q^x = P^x$ B) $Q^x = f(A, B, C, D)$ C) $Q^x = D^x$ D) None of these
-

DIRECTIONS for the question: Mark the best option:

Question No. : 31

Law of variable proportion is related to:

- A) Both short-run and long run B) Long-run C) Short-run D) Very Long-run
-

DIRECTIONS for the question: Mark the best option:

Question No. : 32

Which of the following is not fixed cost?

- A) Insurance Premium B) Interest C) Cost of Raw Material D) Rent of the Factory
-

DIRECTIONS for the question: Mark the best option:

Question No. : 33

The alternative name of opportunity cost is:

- A) Economic Cost B) Equilibrium Price C) Marginal Cost D) Average Cost
-

DIRECTIONS for the question: Mark the best option:

Question No. : 34

The shape of average cost curve is:

- A) U-shaped B) Rectangular Hyperbola shaped C) Line parallel to x-axis D) None of these
-

DIRECTIONS for the question: Mark the best option:

Question No. : 35

With increase in output, the difference between total cost and total variable cost:

- A) Decreases B) Increases C) Remains Constant D) None of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 36

In which market $AR = MR$?

- A) Monopoly B) Monopolistic Competition C) Both (a) and (b) D) Perfect Competition

DIRECTIONS for the question: Mark the best option:

Question No. : 37

In perfect competition, which of the following remains constant ?

- A) AR B) MR C) Both AR and MR D) None of the both

DIRECTIONS for the question: Mark the best option:

Question No. : 38

AR is shown as:

- A) TRQ B) ΔQP C) $\Delta TR\Delta Q$ D) None of these

DIRECTIONS for the question: Mark the best option:

Question No. : 39

In final equilibrium of firm:

- A) MC cuts MR from above B) MC cuts MR from below C) Both (a) and (b) are D) None of the above is true

DIRECTIONS for the question: Mark the best option:

Question No. : 40

On which assumption, the law of supply depends?

- A) There should be no change in income levels of buyers and sellers in the market.
B) Prices of factors of production remain stable C) Technological level remains constant D) All the above

DIRECTIONS for the question: Mark the best option:

Question No. : 41

The quantity of a goods which the seller is ready to sell in the market at fixed price and time is called ?

- A) Supply B) Demand C) Elasticity of supply D) Elasticity of Demand

DIRECTIONS for the question: Mark the best option:

Question No. : 42

Which of the following function shows the laws of supply?

- A) $S = f(P)$ B) $S = f(a/p)$ C) $S = f(Q)$ D) None of the above
-

DIRECTIONS for the question: Mark the best option:

Question No. : 43

If the price of goods rises by 60% but supply increases by only 5%, the supply of goods will be:

- A) Highly Elastic B) Elastic C) Inelastic D) Perfectly Inelastic
-

DIRECTIONS for the question: Mark the best option:

Question No. : 44

If the price of the goods rises by 60% and supply increases by only 5%, the supply of goods will be:

- A) Highly Elastic B) Elastic C) Inelastic D) Perfectly Inelastic
-

DIRECTIONS for the question: Mark the best option:

Question No. : 45

Supply falls on the same price when:

- A) Where there is decrease in supply B) When there is contraction in supply C) When supply increases
D) When there is expansion in supply
-

DIRECTIONS for the question: Mark the best option:

Question No. : 46

The time period in which the capacity of a plant can be varied:

- A) Short period B) Market period C) Long period D) All of the above
-

DIRECTIONS for the question: Mark the best option:

Question No. : 47

The amount of output given the amount of input through the production function is:

- A) Maximum B) Minimum C) Constant D) Varies
-

DIRECTIONS for the question: Mark the best option:

Question No. : 48

The rate at which Total Product increases as input increases is:

- A) Constant B) Not constant C) Diminishing D) Increasing
-

DIRECTIONS for the question: Mark the best option:

Question No. : 49

In which stage of production are the Average Product and Marginal Product decreasing with the Marginal Product above zero (positive)?

- A) In the stage of Constant Returns B) In the stage of Decreasing Returns C) In the stage of Increasing Returns
D) Both (a) and (c)

DIRECTIONS for the question: Mark the best option:

Question No. : 50

In which stage of production would a rational entrepreneur like to operate?

- A) Stage 1 where MP is maximum B) Stage 2 where both MP and AP are decreasing, but both are positive
C) Stage 3 where MP is negative D) Either Stage 2 or 3.

QNo:- 1 ,Correct Answer:- A

Explanation:-

QNo:- 2 ,Correct Answer:- A

Explanation:-

QNo:- 3 ,Correct Answer:- A

Explanation:-

QNo:- 4 ,Correct Answer:- C

Explanation:-

QNo:- 5 ,Correct Answer:- A

Explanation:-

QNo:- 6 ,Correct Answer:- B

Explanation:-

QNo:- 7 ,Correct Answer:- D

Explanation:-

QNo:- 8 ,Correct Answer:- D

Explanation:-

QNo:- 9 ,Correct Answer:- C

Explanation:-

QNo:- 10 ,Correct Answer:- C

Explanation:-

QNo:- 11 ,Correct Answer:- D

Explanation:-

QNo:- 12 ,Correct Answer:- B

Explanation:-

QNo:- 13 ,Correct Answer:- C

Explanation:-

QNo:- 14 ,Correct Answer:- D

Explanation:-

QNo:- 15 ,Correct Answer:- B

Explanation:-

QNo:- 16 ,Correct Answer:- B

Explanation:-

QNo:- 17 ,Correct Answer:- C

Explanation:-

QNo:- 18 ,Correct Answer:- A

Explanation:-

QNo:- 19 ,Correct Answer:- A

Explanation:-

QNo:- 20 ,Correct Answer:- B

Explanation:-

QNo:- 21 ,Correct Answer:- B

Explanation:-

QNo:- 22 ,Correct Answer:- A

Explanation:-

QNo:- 23 ,Correct Answer:- A

Explanation:-

QNo:- 24 ,Correct Answer:- A

Explanation:-

QNo:- 25 ,Correct Answer:- A

Explanation:-

QNo:- 26 ,Correct Answer:- B

Explanation:-

QNo:- 27 ,Correct Answer:- B

Explanation:-

QNo:- 28 ,Correct Answer:- B

Explanation:-

QNo:- 29 ,Correct Answer:- C

Explanation:-

QNo:- 30 ,Correct Answer:- B

Explanation:-

QNo:- 31 ,Correct Answer:- C

Explanation:-

QNo:- 32 ,Correct Answer:- C

Explanation:-

QNo:- 33 ,Correct Answer:- A

Explanation:-

QNo:- 34 ,Correct Answer:- A

Explanation:-

QNo:- 35 ,Correct Answer:- C

Explanation:-

QNo:- 36 ,Correct Answer:- C

Explanation:-

QNo:- 37 ,Correct Answer:- C

Explanation:-

QNo:- 38 ,Correct Answer:- A

Explanation:-

QNo:- 39 ,Correct Answer:- B

Explanation:-

QNo:- 40 ,Correct Answer:- D

Explanation:-

QNo:- 41 ,Correct Answer:- A

Explanation:-

QNo:- 42 ,Correct Answer:- A

Explanation:-

QNo:- 43 ,Correct Answer:- C

Explanation:-

QNo:- 44 ,Correct Answer:- C

Explanation:-

QNo:- 45 ,Correct Answer:- A

Explanation:-

QNo:- 46 ,Correct Answer:- C

Explanation:-

QNo:- 47 ,Correct Answer:- A

Explanation:-

QNo:- 48 ,Correct Answer:- C

Explanation:-

QNo:- 49 ,Correct Answer:- B

Explanation:-

QNo:- 50 ,Correct Answer:- B

Explanation:-
