

- Question No. 1

What happens in long run under monopolistic competition?

Options :

1. Demand curve becomes tangent to AC
2. $P = MC$
3. $P < AC$
4. All of these
5. None of these

Answer : Demand curve becomes tangent to AC

- Question No. 2

What is the Slope of the Straight line PPC curve between cloth and wheat?

Options :

1. MRT_{cw}
2. MRT_{scw}
3. MRS_{cw}
4. All of these
5. None of these

Answer : MRT_{cw}

- Question No. 3

When oligopolistic firms co-operate and work as cartel, then output produced is _____ than perfect competition and _____ to Monopoly

Options :

1. Less, less

2. Less, equal
3. Less, More
4. More, equal
5. None of these

Answer : Less, equal

• Question No. 4

The substitution effect for a commodity is

Options :

1. Is always positive
2. Is always negative
3. Depends upon the nature of the commodity
4. Depends upon price effect
5. Sometimes negative and sometimes positive

Answer : Is always negative

• Question No. 5

The marginal product of labour (L) of the production function $F(L, K) = LK^2$ is , $MPL =$

Options :

1. $2LK$
2. L^2K^2
3. K^2
4. $2L$
5. $0.5L^2K^2$

Answer : K^2

• Question No. 6

Which method is used by Hicks to eliminate the income effect when price of a product is changed

Options :

1. Compensating variation in income
2. The cost difference
3. The over compensation effect
4. Substituting variation in price
5. None of the above

Answer : Compensating variation in income

• Question No. 7

If two countries trade with each other which is mutually beneficial, then their consumption point after the trade will be

Options :

1. On PPF
2. Inside PPF
3. Outside PPF
4. None of these
5. All of these

Answer : Outside PPF

• Question No. 8

If a Cobb-Douglas production is $Q = K^{0.4} L^{0.6}$ the function is

Options :

1. Increasing return to scale
2. Decreasing return to scale
3. First increasing and the decreasing return to scale
4. Constant return to scale

5. Can not be identified

Answer : Constant return to scale

- Question No. 9

What is the range of Gini coefficient?

Options :

1. -1 to 1
2. 0 to 2
3. 0 to 1
4. -1 to 0
5. None of these

Answer : 0 to 1

- Question No. 10

Production function of two companies producing floppy and discs was given.

$$Q_1 = 10L^{0.5} K^{0.5} \quad Q_2 = 10L^{0.6} K^{0.4}$$

Which of the following is correct if both use same amount of capital and labour ?

Options :

1. $Q_1 = Q_2$
2. $Q_1 > Q_2$
3. $Q_1 < Q_2$
4. All of these
5. None of these

Answer : $Q_1 = Q_2$

- Question No. 11

Elistan can produce either 5 monster trucks or 10 cans of silly string in a day. What is the opportunity cost of one can of silly string?

Options :

1. 5
2. 9
3. 1/2 monster truck
4. 2 cans
5. 5 monster trucks

Answer : 1/2 monster truck

• Question No. 12

Find the value of Lerner index if $P=10$ and $MR= 5$

Options :

1. 0.50
2. 2
3. 1
4. 50
5. 5

Answer : 0.50

• Question No. 13

Find MR when $ed=0.5$ and $P=10$

Options :

1. 10
2. -10
3. 5
4. 0.5

5. None of these

Answer : -10

- Question No. 14

The 2nd phase (diminishing returns to a factor) is exhibited by the following total product sequence:

Options :

1. 50, 50, 50, 50
2. 50, 110, 180, 260
3. 50, 100, 150, 200
4. 50, 90, 120, 140
5. None of the above

Answer : 50, 90, 120, 140

- Question No. 15

Commodity X and Y have an equal price elasticity of supply. The supply of X rises from 400 units to 500 units due to a 20 percent rise in its price. Calculate the percentage change in the supply of Y if its price falls by 8%.

Options :

1. Y will rise by 5%
2. Y will fall by 20%
3. Y will not change
4. Y will fall by 9.5%
5. Y will fall by 10%

Answer : Y will fall by 10%

- Question No. 16

Demand function for two commodities was given as below. Which of the following options are correct? $Q_1 = A_1(P_{x1})$

$$^{-0.5} (P_{x2})^{0.2} \quad Q_2 = A_2(P_{x2})^{-0.5} (P_{x1})^{0.6}$$

Options :

1. Competitive to each other
2. Complimentary to each other
3. Competitive as well as complimentary to each other
4. Not related to each other
5. None of these

Answer : Competitive to each other

• Question No. 17

Find Saddle point from the payoff matrix:

	True	False
True	18	6
False	12	10

Options :

1. (False, False)
2. (True, True)
3. (False, True)
4. (True, False)
5. None of these

Answer : (False, False)

• Question No. 18

Using the following table. Find the profit-maximizing output when price is Rs 25:

q	SMC	AVC	SATC
0	--	--	--
1	8	10	60
2	10	15	40
3	15	15	31.67
4	17	15.50	28
5	28	18	28
6	42	22	30.33
7	54	26.57	33.71

Options :

1. 3
2. 4
3. 5
4. 6
5. 7

Answer : 4

• Question No. 19

If following is a payoff (profit) matrix for Firm A and B. What should be strategy for Firm A. first number is for Firm A and second is for Firm B.

		Firm B	
		Advertise	Don't Advertise
Firm A	Advertise	4, 3	5, 1
	Don't Advertise	2, 5	3, 2

Options :

1. Firm A should advertise only if Firm B is not

2. Firm A should advertise only if Firm B is advertising
3. Firm A should advertise whether firm B advertises or not
4. Firm A should not advertise in any case
5. The information is insufficient to say

Answer : Firm A should advertise whether firm B advertises or not

• Question No. 20

A perfectly competitive firm was given, $P = 60$ and $TC = Q^2 + 8Q + 10$. Now price decreases to 54, what is the change in profit?

Options :

1. -127
2. -57
3. +147
4. -147
5. None of these

Answer : -147

• Question No. 21

Demand and supply equations were given as $Q_d = 300 - P$, $Q_s = P/2$ and govt imposes specific tax you had to find quantity at which tax revenue is maximized?

Options :

1. 20
2. 30
3. 50
4. 40
5. 10

Answer : 50

- Question No. 22

It is given that $Q_d = 300 - P$, $Q_s = Q/2$. Government imposes specific tax in such a way that it maximizes the total tax revenue. Then find out the DWL in such a situation.

Options :

1. 2050
2. 3750
3. 5000
4. 7500
5. 1000

Answer : 3750

- Question No. 23

What is the basis of international trade in the Heckscher-Ohlin model?

Options :

1. Factor Endowments
2. Factor Intensity
3. Metzler Paradox
4. None of these
5. All of these

Answer : Factor Endowments

- Question No. 24

There is a situation in which there is an extreme fall of demand for loans. What should be done by banks in such a situation?

Options :

1. Increase the liquidity

2. Sell government securities
3. Increase the prime rate
4. Change their portfolio
5. None of these

Answer : Increase the liquidity

• Question No. 25

What is the terms of trade formula?

Options :

1. $(\text{Price of exports} / \text{Price of imports}) * 100$
2. $(\text{Price of imports} / \text{Price of exports}) * 100$
3. $(\text{Price of exports} / (\text{Price of exports} + \text{Price of imports}))$
4. $(\text{Volume of exports} / \text{Volume of imports}) * 100$
5. None of these

Answer : $(\text{Price of exports} / \text{Price of imports}) * 100$

• Question No. 26

Which growth model inspired the use of the capital-output ratio for development planning?

Options :

1. The Harrod-Domar model
2. Solow's model
3. Kaldor's model
4. Feldman's model
5. AK Model

Answer : The Harrod-Domar model

• Question No. 27

A spot purchase of a currency coupled with simultaneous forward sale of the same currency is called:

Options :

1. Forward
2. Futures
3. Swap
4. Option
5. None of these

Answer : Swap

• Question No. 28

In a flexible exchange rate system, if domestic interest rate increases, then which of the following is true:

Options :

1. Current account worsens, capital account improves
2. Current account improves, capital account improves
3. Current account worsens, capital account worsens
4. Current account improves, capital account worsens
5. None of these

Answer : Current account worsens, capital account improves

• Question No. 29

A society in which there was garbage collection problem. But there was voluntary problem of payment so some people would participate and some wouldn't participate. This is an example of which of the following?

Options :

1. Free Rider Problem
2. Leontief Paradox
3. Bertrand Paradox
4. Metzler Paradox

5. None of these

Answer : Free Rider Problem

- Question No. 30

Vaccination dose by some individuals benefits the individuals around them by reducing the pace with which the disease spreads. This is an example of which of the following?

Options :

1. Positive Externality
2. Negative Externality
3. Free Rider problem
4. Moral Hazard
5. None of these

Answer : Positive Externality

- Question No. 31

If investment is not responding to change in interest rate, then which of the following is true?

Options :

1. IS is vertical and monetary policy is ineffective
2. IS is vertical and monetary policy is effective
3. LM is vertical and monetary policy is ineffective
4. LM is vertical and monetary policy is effective
5. None of these

Answer : IS is vertical and monetary policy is ineffective

- Question No. 32

What is the effect of expansionary fiscal policy on output and unemployment?

Options :

1. Output increases and unemployment decreases
2. Output increases and unemployment increases
3. Output decreases and unemployment decreases
4. Output decreases and unemployment increases
5. None of these

Answer : Output increases and unemployment decreases

• Question No. 33

The Golden Rule of Capital in the Solow Growth Model is that level of steady-state capital per worker where,

- I. Output per worker is maximized.
- II. Consumption per worker is maximized.
- III. The economy has the optimal saving rate, s_{gold} .

Options :

1. Statements I, II, and III are correct
2. Statements I and II are correct
3. Statements I and III are correct
4. Statements II and III are correct
5. Statement II is correct.

Answer : Statements II and III are correct

• Question No. 34

In the Lewis model, what does the term “surplus labor” refer to?

Options :

1. An amount of labor that is so high that it deflates wages throughout the economy
2. Labor that does not have at least a primary level education

3. Labor that can be withdrawn from the low productivity agricultural sector without a decrease in the total production
4. Labor that is exploited by the capitalist class
5. None of the above

Answer : Labor that can be withdrawn from the low productivity agricultural sector without a decrease in the total production

• Question No. 35

The long-run Phillips Curve is _____ Which indicates

Options :

1. In the long-run, there is no trade-off between inflation and unemployment
2. In the long-run, there is no trade-off between inflation and the price level
3. In the long-run, the economy returns to a 4% level of inflation
4. In the long-run, there is no trade-off between growth and inflation
5. None of the above

Answer : In the long-run, there is no trade-off between inflation and unemployment

• Question No. 36

If Rs. 10 crores are invested in public works and MPS is 0.25, then the increase in income would be

Options :

1. 10 crores
2. 20 crores
3. 30 crores
4. 40 crores
5. 50 crores

Answer : 40 crores

- Question No. 37

New loans made = 1000. Fractional reserve ratio is $\frac{1}{3}$, by how much deposits will grow?

Options :

1. 3000
2. 300
3. 5000
4. 6000
5. None of these

Answer : 3000

- Question No. 38

Real Wages = 500, Consumer price index = 12. Calculate nominal wages?

Options :

1. 500
2. 400
3. 300
4. 900
5. 600

Answer : 600

- Question No. 39

COR = 5:1, Savings rate = 12.5%, Population growth rate = 2.5%. Find growth rate of output.

Options :

1. 2.5%
2. 5%
3. 3%

4. 4%

5. 7%

Answer : 2.5%

• Question No. 40

GDP= 12000, tax rate was 15% of GDP, Private savings was 12% of GDP and public savings was 360. Find consumption level of closed economy.

Options :

1. 8400

2. 4800

3. 8800

4. 8700

5. None of these

Answer : 8400

• Question No. 41

What is the effective tariff rate on the commodity, when no imported inputs are used?

Options :

1. Equals the nominal tariff rate

2. Greater than the nominal tariff rate

3. Less than the nominal tariff rate

4. Insufficient information

5. None of these

Answer : Equals the nominal tariff rate

• Question No. 42

A country imposes a 10% tariff on imported vehicles but no tariff on imports of machinery or other inputs to the manufacture of vehicles. Suppose that under free trade, the cost of imported material is \$4000 for a \$10000 vehicle. Calculate the effective rate of protection.

Options :

1. 15%
2. 16%
3. 20%
4. 10%
5. None of these

Answer : 16%

• Question No. 43

Calculate Disposable income if, Consumption (C) = 200, Investment (I) = 50, Government purchases (G) = 70, Government transfer payments (TP) = 150, Taxes (T) = 75, Exports (X) = 10, Imports (M) = 5

Options :

1. 425
2. 365
3. 300
4. 400
5. 395

Answer : 400

• Question No. 44

If, $C = 250 + 0.5(Y - T)$, $I = 250 - 500i$, $i = 0.1$ and $G = T = 300$. What will be the equilibrium level of income?

Options :

1. 1000
2. 1200

3. 1300

4. 1400

5. 1500

Answer : 1200

• Question No. 45

Probability machine A fails = 40% and machine B fails = 50%. What is the probability plant will work when both machines work well?

Options :

1. 0.03

2. 0.3

3. 0.5

4. 0.6

5. 0.4

Answer : 0.3

• Question No. 46

If equation is over-identified which method is used to estimate?

Options :

1. 2SLS

2. Indirect Method

3. MLE Method

4. All of those

5. None of these

Answer : 2SLS

• Question No. 47

For a normal curve, $X \pm 3sd$ lies within?

Options :

1. 99.59%
2. 99.43%
3. 99.67%
4. 99.73%
5. None of these

Answer : 99.73%

- Question No. 48

(Marks)	(No. of students)
More than 10	75
More than 20	63
More than 30	48
More than 40	21
More than 50	8

Students scored up to 40 marks?

Options :

1. 46
2. 54
3. 21
4. 8
5. 63

Answer : 54

- Question No. 49

A bag contains 8 Black and 4 White balls. 10 balls were randomly selected from the Bag. What is the probability that out of the 10 balls selected at random, 6 will be black and 4 will be white?

Options :

1. $7/33$
2. $10/33$
3. $14/33$
4. $4/33$
5. None of these

Answer : $14/33$

• Question No. 50

The mean and median of 100 observations are 50 and 52 respectively, the value of the largest item is 100. Later it was found out that the value 110 was misread as 100. The new corrected mean and median will be?

Options :

1. 50.5 and 50 respectively
2. 50 and 50 respectively
3. 50.1 and 52 respectively
4. 50.5 and 50.5 respectively
5. 50.1 and 50.1 respectively

Answer : 50.1 and 52 respectively

• Question No. 51

For a frequency distribution if Coefficient of variation is 5, standard deviation is 2 and Karl Pearson's coefficient of skewness is 0.5, the value of mean and mode are

Options :

1. Mean is 39 and Mode is 40
2. Mean is 40 and Mode is 39

3. Mean is 35 and Mode is 40
4. Mean is 40 and Mode is 35
5. Cannot be calculated with the given information

Answer : Mean is 40 and Mode is 39

• Question No. 53

Mean and Standard deviation of 100 observation is 50 and 10 respectively. What will be the new mean and Standard deviation if each observation is multiplied by 3?

Options :

1. 53 and 13
2. 53 and 10
3. 150 and 30
4. 150 and 10
5. 50 and 30

Answer : 150 and 30

• Question No. 53

The distribution of heights of American women aged 18 to 24 is approximately normally distributed with a mean of 65.5 inches and standard deviation of 2.5 inches. Calculate the z-score for a woman six feet tall

Options :

1. 2.60
2. 4.11
3. 1.04
4. 1.33
5. 1.35

Answer : 2.60

- Question No. 54

What is the dual problem for given linear programming problem?

$$Z = \text{Max } (4x_1 + 5x_2 + 7x_3)$$

$$\text{s.t. } 3x_1 + x_2 + 6x_3$$

$$x_1 + 2x_2 + x_3$$

$$x_1, x_2, x_3 \geq 0$$

a) $Z = \text{Min } (3y_1 + 4y_2)$

$$\text{s.t. } 3y_1 + y_2 \geq 4$$

$$y_1 + 2y_2 \geq 5$$

$$6y_1 + 3y_2 \geq 7$$

$$y_1, y_2 \geq 0$$

b) $Z = \text{Min } (3y_1 + 4y_2)$

$$\text{s.t. } 3y_1 + y_2 \geq 4$$

$$y_1 + 2y_2$$

$$6y_1 + 3y_2 \geq 7$$

$$y_1, y_2 \geq 0$$

c) $Z = \text{Min } (3y_1 + 4y_2)$

$$\text{s.t. } 3y_1 + y_2$$

$$y_1 + 2y_2 \geq 5$$

$$6y_1 + 3y_2$$

$$y_1, y_2 \geq 0$$

d) $Z = \text{Max } (3y_1 + 4y_2)$

s.t $3y_1 + y_2 \geq 4$

$y_1 + 2y_2 \geq 5$

$6y_1 + 3y_2 \geq 7$

$y_1, y_2 \geq 0$

e) None of these

Options :

1. a
2. b
3. c
4. d
5. e

Answer : a

• Question No. 55

Mean salary of total 100 employees was given to be 800. Also, mean salary of male and female employees was 400 and 900 respectively. Find the percentage of female employees.

Options :

1. 30%
2. 40%
3. 20%
4. 80%
5. 10%

Answer : 80%

• Question No. 56

A dice was rolled 3 times. What is the probability of getting 5 at least once?

Options :

1. $124 / 216$
2. $1 / 216$
3. $9 / 216$
4. $91 / 216$
5. $125 / 216$

Answer : $91 / 216$

• Question No. 57

Objective function was given as $Z = 4X + 5Y$. Four extreme points were given as (0,4), (5,0), (3,3), (3,4). Find at which point function is maximized.

Options :

1. (0,4)
2. (5,0)
3. (3,3)
4. (3,4)
5. None of these

Answer : (3,4)

• Question No. 58

Given that $3x - 2y + 297 = 0$. $SD(X) / SD(Y) = 4/3$ Find r ?

Options :

1. 1
2. 0.5
3. 0.3
4. 2

5. 0.2

Answer : 0.5

• Question No. 59

The mean of two samples sized 50 and 100 are 54.1 and 50.3 respectively. The standard deviation of these sample are 8 and 7 respectively. What will be the value of combined mean and standard deviation?

Options :

1. Mean is 50 and standard deviation is 7.5
2. Mean is 51.57 and standard deviation is 7.5
3. Mean is 52.2 and standard deviation is 7.5
4. Mean is 52.2 and standard deviation is 8
5. Mean is 54.1 and standard deviation is 8

Answer : Mean is 51.57 and standard deviation is 7.5

• Question No. 60

In a two variable linear regression model, four X and Y values were given and value of F statistic needs to be calculated. Regression equation of X on Y is given as $X = 2 + 0.7 Y$.

X	Y
12	7
13	9
16	11
19	13

Options :

1. 48
2. 0.98
3. 40

4. 1

5. 2

Answer : 0.98

• Question No. 61

For a set of 10 pairs of values of x and y , the regression line of x on y is $x - 2y + 12 = 0$; mean and standard deviations of y being 8 and 2 respectively. Later it is known that a pair $(x=3, y=8)$ was wrongly recorded and the correct pair detected is $(x=8, y=3)$. Find the correct regression line of x on y

Options :1. $x = y + 3$ 2. $x = y - 4$ 3. $x = y - 4$ 4. $x = y - 3$

5. None of these

Answer : $x = y - 3$

• Question No. 62

While calculating Pearson's correlation coefficient, the following values are obtained for 25 pairs of observations. It was later discovered that two pairs of observations were not correctly copied they were taken as $(X, Y) = (6, 14)$ and $(8, 6)$, while the correct values were $(8, 12)$ and $(6, 8)$. What is the correct value of correlation coefficient? $\sum X = 125$; $\sum Y = 650$; $\sum X^2 = 100$; $\sum Y^2 = 460$, $\sum XY = 508$

Options :

1. 1.2

2. 0.8

3. 1.9

4. 0.6

5. 0.3

Answer : 0.6

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