The Sample questions of Economics

1. When the price of a giffen good declines –
   a) Income effect is negative while substitution effect is positive
   b) Income effect is zero while substitution effect is negative
   c) Both income and substitution effects are positive
   d) Both income and substitution effects are negative

2. Price discrimination is possible with
   a) Perfect Competition
   b) Monopoly
   c) Monopolistic Competition
   d) All the above

3. An individual’s supply curve of labour will bend backward when
   a) The income effect of a higher wage and the demand for leisure is greater than the substitution effect
   b) The substitution effect of a higher wage is greater than the income effect
   c) The income and substitution effects of a higher wage reinforce each other
   d) Leisure is a giffen good.

4. Coefficient of correlation will be always
   a) More than 0
   b) More than 0 but less than 1
   c) More than 1 but less than 10
   d) Between -1 and +1

5. Revenue maximization principle is identified with
   a) Baumol  b) Marris  c) Cyert  d) Keynes

6. Keynesian Economics mostly deals with
   a) Monetary Policy
   b) Fiscal Policy
   c) Inflation targeting
   d) Trade promotion

7. Methods of measuring national income:
   a) Value added method
   b) Income method
   c) Expenditure method
   d) All the above

8. By the World Bank’s classification India is
   a) low-income countries
   b) lower-middle-income countries
   c) industrial economies
   d) underdeveloped countries