

## NAT II Management Science Economy

Sr	Questions	Answers Choice
1	In monopoly, which of the following is NOT true?	<p>A. Products are differentiated</p> <p>B. &lt;div&gt;There is freedom of entry and exit into the industry in the long run&lt;/div&gt;</p> <p>C. The firm is a price maker</p> <p>D. There is one main seller</p>
2	What is the interest rate effect that explains why the aggregate demand curve slopes downward?	<p>A. It refers to the effect of changes in the price level on quantity of investment demanded which in turn affects interest rates</p> <p>B. &lt;div&gt;It refers to the effect of interest rates on borrowing which in turn affects consumption spending.&lt;/div&gt;</p> <p>C. It refers to the effect of changes in the price level on interest rates which in turn affects the quantity of investment demanded</p> <p>D. It refers to the shifts in aggregate demand when interest rates change</p>
3	The shape of AR and MR under perfect competition is:	<p>A. Vertical</p> <p>B. U-shape</p> <p>C. Horizontal to ox-axis</p> <p>D. None of these</p>
4	The GDP growth rate of agriculture sector in 2005-06 was:	<p>A. 2.5 percent</p> <p>B. 4.3 percent</p> <p>C. 1.6 percent</p> <p>D. 9.3 percent</p>
5	The share of the automobile group in manufacturing group in 2005-06 was:	<p>A. 20.2 percent</p> <p>B. 29.7 percent</p> <p>C. 14.4 percent</p> <p>D. 16.8 percent</p>
6	According to law of increasing return, marginal product:	<p>A. Increases</p> <p>B. Decreases</p> <p>C. Remains constant</p> <p>D. None of these</p>
7	A tax on the accounting profits of corporations is known as:	<p>A. Sales tax</p> <p>B. Excise tax</p> <p>C. Corporate income tax</p> <p>D. Personal income tax</p>
8	For knowing the spending capacity of the household sector, we have to use the concept of:	<p>A. National income</p> <p>B. Personal income</p> <p>C. Private income</p> <p>D. Personal disposable income</p>
9	According to law of diminishing marginal utility, the marginal utility:	<p>A. Increases</p> <p>B. Remains constant</p> <p>C. Diminishes</p> <p>D. Negative</p>
10	The methods of measuring elasticity of supply are:	<p>A. Three</p> <p>B. Two</p> <p>C. Four</p> <p>D. Five</p>
11	The per capita income was \$742 in 2004-05 but in 2005-06, rose to:	<p>A. \$ 795</p> <p>B. \$ 847</p> <p>C. \$ 880</p> <p>D. \$900</p>
12	A monopolistically competitive firm in short run equilibrium:	<p>A. &lt;div&gt;Will make negative profit (lose money).&lt;/div&gt;</p> <p>B. Will make zero profit (break-even)</p> <p>C. Will make positive profit</p> <p>D. Any of the given are possible.</p>
13	What was the difficulty in the barter System:	<p>A. Excess of goods</p> <p>B. Difference language</p>

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- 14 In 2005-06, the percentage of total investment to GDP was:
- A. 8 percent  
B. 10 percent  
C. 15 percent  
D. 20 percent
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- 15 The aggregate supply curve is the relationship between:
- A. <div>The price level and the real domestic output purchased</div>  
B. <div>The price level and the real domestic output produced</div>  
C. <div>The price level which producers are willing to accept and the price level purchasers are willing to pay.</div>  
D. <div>The real domestic output purchased and the real domestic output produced.</div>
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- 16 The elasticity of demand of durable goods is:
- A. Zero  
B. More than unity  
C. Less than unity  
D. Equal to unity
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- 17 In the short run, the equilibrium price level and the equilibrium level of total output are determined by the intersection of:
- A. The aggregate demand, the short-run aggregate supply and the long-run aggregate supply curves  
B. The short-run aggregate supply and the long-run aggregate supply curves  
C. The aggregate demand and the short-run aggregate supply curves  
D. The aggregate demand and the long-run aggregate supply curves
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- 18 Which of the following event will lead towards cost-push inflation and therefore stagflation?
- A. An increase in taxes on individuals  
B. A decrease in real interest rates  
C. A union settlement that increases wage levels  
D. An increase in government purchases
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- 19 If pen and ink are complements, then an increase in the price of pen will cause:
- A. An increase in the price of ink  
B. Less ink to be demanded at each price  
C. A decrease in the demand for pen  
D. A rightward shift in the demand curve for ink
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- 20 If total expenditure decrease with the rise in prices elasticity of demand will be:
- A. Equal to unity  
B. Less than unity  
C. Greater than unity  
D. Equal to zero