

## **QUESTION 2014**

### **Group – A**

#### **(Multiple Choice Type Questions)**

1. Answer any ten questions

i) Type of depreciation that arises out of economic factors like suppression, obsolescence and inadequacy is called

- a) physical depreciation
- ✓ b) functional depreciation
- c) accidental depreciation
- d) non-function depreciation

ii) Organization of Petroleum Exporting Countries (OPEC) is a classical example of

- ✓ a) cartel
- b) natural monopoly
- c) perfect completion
- d) duopoly

iii) In a pay-off matrix

- a) always a saddle point exists
- b) never a saddle point exists
- ✓ c) not always a saddle point exists
- d) none of these

iv) Which of the following will cause the IS curve to shift?

- a) a change in money supply
- b) a change in taxes
- ✓ c) a change in employment
- d) none of these

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- v) When CRR decreases, money supply in the economy
- ✓ a) increases
  - b) decreases
  - c) remains constant
  - d) none of these
- vi) Theory of Comparative Advantage is given by
- ✓ a) Ricardo
  - b) Smith
  - c) Todaro
  - d) Mill
- vii) As resources are shifted from one industry to another, this can be shown by
- a) an inward shift of the production possibility frontier
  - ✓ b) a movement along the production possibility frontier
  - c) an outward shift of the production possibility frontier
  - d) the pivoting of the production possibility frontier
- viii) The uncertainty theory of profit is due to
- ✓ a) Knight
  - b) Hawley
  - c) Walker
  - d) J. B. Clark
- ix) If  $c = 100 + 0.65y$ , then the value of marginal propensity to save is
- a) 0.65
  - b) 0.5
  - ✓ c) 0.35
  - d) 0.60
- x) WTO became effective on
- a) 1<sup>st</sup> January, 1971
  - b) 26<sup>th</sup> January, 1985
  - ✓ c) 1<sup>st</sup> January, 1995
  - d) none of these
- xi) Transaction demand for money is dependent on
- a) precautionary motive of the people
  - b) market rate of interest
  - ✓ c) level of income
  - d) hoarding propensity of the people
- xii) A zero-sum game is called
- a) a strictly determinable game
  - b) a fair game
  - c) game without a saddle point
  - ✓ d) none of these

**Group – B**

**(Short Answer Type Questions)**

2. Describe two principal weapons of trade restriction.

See Topic: **INDIAN ECONOMIC OVERVIEW**, Short Answer Type Question No. 2.

3. Explain the different ideas of demand for money.

See Topic: **FISCAL AND MONETARY POLICIES**, Short Answer Type Question No. 5.

4. What is the role of breakeven analysis in profit forecasting?

See Topic: **MARGINAL ANALYSIS**, Short Answer Type Question No. 3.

5. Distinguish between monetary and fiscal policy.

See Topic: **FISCAL AND MONETARY POLICIES**, Short Answer Type Question No. 3.

6. Distinguish between fixed exchange rate and flexible exchange rate.

See Topic: **ECONOMIC CONCEPT FOR MANAGERS**, Short Answer Type Question No. 5.

**Group – C**

**(Long Answer Type Questions)**

7. Define Nash Equilibrium. Explain its concept in the context of "Prisoners Dilemma".

See Topic: **BUSINESS AND ECONOMIC MODELS**, Long Answer Type Question No. 7.

8. a) Find out the trend equation and sales in 2007 from the following information:

Year	2000	2001	2002	2003	2004	2005	2006
Sales (Rs)	1,000	2,000	2,500	3,500	5,000	8,000	10,000

b) Write a note on point and interval estimation.

See Topic: **OPTIMIZATION**, Long Answer Type Question No. 7(b).

9. Differentiate between Balance of Payments and Balance of Trade. Discuss the salient points of trade liberalization in India.

1<sup>st</sup> Part: See Topic: **ECONOMIC CONCEPT FOR MANAGERS**, Short Answer Type Question No. 1.

2<sup>nd</sup> Part: See Topic: **ECONOMIC CONCEPT FOR MANAGERS**, Short Answer Type Question No. 6.

10. Discuss how IS and LM curves could be derived.

See Topic: **FISCAL AND MONETARY POLICIES**, Long Answer Type Question No. 4.



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11. Write short notes on any three of the following:

- a) WTO
- b) Business cycle
- c) Functions of commercial bank
- d) Theory of comparative advantage
- e) Normal profit.

- a) See Topic: ECONOMIC CONCEPT FOR MANAGERS, Long Answer Type Question No. 1.
- b) See Topic: FISCAL AND MONETARY POLICIES, Long Answer Type Question No. 7.
- c) See Topic: ECONOMIC CONCEPT FOR MANAGERS, Long Answer Type Question No. 6(d).
- d) See Topic: ECONOMIC CONCEPT FOR MANAGERS, Long Answer Type Question No. 6(c).
- e) See Topic: PROFIT, Short Answer Type Question No. 3.