

**GENERAL INSTRUCTIONS TO CANDIDATES**



- Please do not open this Booklet till you are told to do so.
- If the Question Paper Booklet does not contain 100 questions or if it is not of the medium opted or Answer Sheet is not in good condition, ask for change immediately.
- Duration of the test is 2 hours.
- Before commencement of the exam, please fill up the necessary information in the space provided below and also in the answer sheet.
- Use HB pencil only to darken the circles for answers in the answer sheet.
- After each MCQ, four options are given. Choose the correct or most appropriate option and darken the appropriate circle against the question number in the OMR Answer Sheet, completely, as shown below, with HB Pencil.

Marking the Answers	
<p><b>Example :</b> For Question No. 12, if the candidate considers the correct answer to be C, he is to mark as shown below (Correct Method)</p> <p style="text-align: center;">12    (A)    (B)    ●    (D)</p>	<p><b>Not as shown below (Wrong method) :</b></p> <p>12    (A)    (B)    ⊗    (D)</p> <p>12    (A)    (B)    ⊗    (D)</p> <p>12    (A)    (B)    ●    (D)</p> <p>12    (A)    (B)    ●    (D)</p> <p>12    (A)    ●    ●    (D)</p>

- Any answer marked in the question booklet will not be considered and no marks will be awarded.
- If a candidate wants to change the answer already darkened, he should erase it completely, with good quality eraser and ensure that no mark is visible after erasing.
- For each correct answer, one mark will be awarded. For each wrong answer, 1/4<sup>th</sup> of the mark earmarked for each question will be deducted. If more than one circle is darkened for a question, it will be treated as wrong answer. For questions not answered i.e. blanks, a zero will be given.
- Rough work, if any, must be done on the pages, specified as SPACE FOR ROUGH WORK only.
- When you have completed, even before time, please remain in your seat. The Invigilator will come to you and collect your Answer Sheet against acknowledgement on the admit card. No candidate can leave the examination hall till the end of the test.
- Candidate found copying or receiving or giving any help or defying instructions of the Invigilators or having/using mobile phone or smart watch or any other electronic gadget will be expelled from the examination and will also be liable for further punitive action.

Time : 2 Hours

Maximum Marks : 100

Total No. of Printed Pages : 24

Question Paper Booklet Code

P    Q    N

Roll No.

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Question Paper Booklet No.

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Name of the Candidate

OMR Answer Sheet No.

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Signature of the Candidate

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1. Given the required reserve ratio (RRR) is 8% and 12.5% for every ₹ 1,00,000 deposited in the banking system, compute the credit multipliers.  
(A) 12.5 ; 8  
(B) ~~8 ; 12.5~~  
(C) 12.5 ; 10  
(D) 8 ; 10
  
2. Tobin, in his theory of liquidity preference function, framed the relationship between which of the following?  
(A) ~~Demand for money and supply of money~~  
(B) Rate of inflation and demand for money  
(C) Rate of interest and demand for money  
(D) Rate of interest and disposable income
  
3. Which equation accurately represents the expanded version of the equation of exchange?  
(A)  $P = MV$   
(B)  $P = M'V'$   
(C)  $PT = MV + M'V'$   
(D)  $PT = MV - M'V'$
  
4. Speculative demand for money can be closely linked to which of the following situation?  
(A) Unforeseen and unpredictable contingencies  
(B) Current transaction for business exchange  
(C) Mismatch between receipt of salary and household expenses  
(D) Attractive investment opportunity
  
5. Which of the following is not a channel of monetary policy transmission?  
(A) Saving and Investment channel  
(B) Cash-flow channel  
(C) Exchange Rate channel  
(D) Open Market channel

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6. If Net Factor Income from Abroad is negative:
- (A)  $GNP_{MP}$  would be smaller than  $GDP_{MP}$
  - (B) Gross Income earned by country's citizen and companies abroad is negative
  - (C)  $NNP_{MP}$  would be greater than  $GNP_{MP}$
  - (D) Huge depreciation component in  $NNP_{MP}$
7. If marginal propensity to consume is 0.6 and marginal propensity to import is 0.04, what is the value of the foreign trade multiplier?
- (A) 3.33
  - (B) 2.27
  - (C) 3.66
  - (D) 2.54
8. Which of the following factor of production is not included in calculating the National Income?
- (A) Pensions of retired workers
  - (B) Wages of labourers
  - (C) Employers' contribution to provident fund
  - (D) Interest on loans availed for productive services
9. National income of the economy which is either consumed or saved is equal to the:
- (A) Aggregate supply
  - (B) Marginal propensity to consume
  - (C) Average supply
  - (D) Marginal propensity to save
10. Given the saving function  $S = -20 + 0.5Y$  and autonomous investment  $I = 100$  crores, what is the consumption?
- (A) ₹ 240 crores
  - (B) ₹ 140 crores
  - (C) ₹ 340 crores
  - (D) ₹ 440 crores

11. State policy aimed to protect domestic producers against foreign competition through the use of tariff, quotes and non-tariff policy instruments is called:
- (A) Protectionism  
(B) Distortions  
(C) Safeguard  
(D) Blanket cover
12. Which of the following is not an objective of WTO ?
- (A) To set and enforce rules for international trade.  
(B) To maintain secrecy of decision making.  
(C) To resolve trade disputes.  
(D) To provide a forum for negotiating and monitoring further trade liberalization
13. Which of the following currency is often referred to as the – vehicle currency, in the foreign exchange market?
- (A) US Dollar  
(B) Euro  
(C) Russian Ruble  
(D) INR
14. What is the primary purpose of countervailing duties charged in an importing country?
- (A) To counteract low quality of goods in importing countries  
(B) To neutralize artificially low prices charged by exporter resulting from export subsidies in their home country  
(C) To prevent tariff evasion by importers  
(D) To address variations in the quality of goods in importing country
15. When a foreign investor having no previous experience initiates a FDI in a business which is not related to its existing business in its home country and is usually in the form of a joint venture with a foreign firm operating in the industry, it is known as a \_\_\_\_\_.
- (A) Two way FDI  
(B) Vertical FDI  
(C) Horizontal FDI  
(D) Conglomerate FDI

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16. Calculate the Nominal exchange rate considering the following data :

Real exchange rate	25
Domestic price index	140
Foreign price index	70

Choose the correct answer from the following options:

- (A) 50.0 (B) 12.5  
(C) 40.0 (D) 35.0

17. Which of the following represents a technical measure within Non-Tariff Measures (NTMs)?

- (A) Custom formalities  
(B) Shipping requirements  
(C) Production Processes  
(D) Trade-related finance and Investment measures

18. Which of the following is not a benefit of International Trade?

- (A) Provides greater stimulus to innovative services  
(B) Trade provides access to new markets and new materials  
(C) Underprivileged countries will be less vulnerable to exploitation by corporations operating globally  
(D) Improvement in the quality of output of goods and services for emerging economies

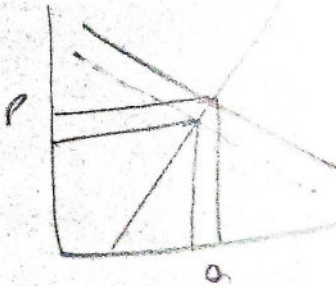
19. Which of the following is a combination of two policy instruments – quotas and tariffs?

- (A) Tariff rate quotas (B) Compound tariffs  
(C) Mixed tariffs (D) Applied tariffs

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20. In National Accounts, which of the following is considered an 'economic bad' excluded from GDP?
- (A) Traffic Congestion (B) Volunteer services  
(C) Rent from self-owned houses (D) Consumption of fixed capital
21. Which of the following is not an example of leakages from income stream?
- (A) Progressive rates of taxation (B) High liquidity preference  
(C) Distributed profits of corporations (D) Demand for imported goods
22. All of the following are included in government final consumption expenditure except:
- (A) Government expenditure on defence  
(B) Government expenditure on education  
(C) Government expenditure on healthcare  
(D) Government expenditure on pensions
23. An autonomous increase in imports has \_\_\_\_\_ effect on equilibrium income.
- (A) Expansionary (B) Contractionary  
(C) Balanced (D) No
24. Which of the following is not listed as a common objective of fiscal policy?
- (A) Equitable distribution of income and wealth  
(B) Maintenance of price stability  
(C) Promotion of exports and imports  
(D) Achievement and maintenance of full employment

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25. \_\_\_\_\_ capital performs its function in production in a single use and is not available for further use. Choose the correct option.
- (A) Real (B) Circulating  
(C) Tangible (D) Intangible
26. What does the term entrepreneur in economics refers to:
- (A) The person combining factors of production, bearing risk, and innovating  
(B) The person who only owns land or property  
(C) The head of the marketing department  
(D) The investor in machinery and products
27. If cross-price elasticity between two products is zero, the goods are best described as:
- (A) Close substitutes (B) Totally unrelated  
(C) Perfect substitutes (D) Complements to each other
28. Which of the following is the effect of non-price determinants on the Leftward Shift in Demand Curve?
- (A) Rise in the price of a substitute good  
(B) Rise in the price of a complement  
(C) An Increase in number of buyers  
(D) An expectation that the price will rise in the future
- 
29. Which of the following is NOT a correct statement regarding opportunity cost?
- (A) Is always recorded in the books of account  
(B) Relates to sacrificed alternatives  
(C) Represents the value of foregone opportunity  
(D) Is a useful concept in long-term cost calculations

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30. Which of the following was not a major reform introduced during the 1980s in India?
- (A) Industrial delicensing (B) Formation of SEBI  
(C) Currency demonetization (D) Implementation of MODVAT
31. Which sector accounts for the largest recipient of FDI inflows in India?
- (A) Service (B) Manufacturing  
(C) Primary (D) Secondary
32. What does a Brownfield investment in Foreign Direct Investment (FDI) imply:
- (A) Developing entirely new infrastructure  
(B) Utilizing existing infrastructure by means of mergers, acquisitions or leasing  
(C) Forming partnerships with foreign companies  
(D) Establishing a new subsidiary in another country
33. Which initiative of the NITI Aayog is a one-stop destination for all information on electric vehicles?
- (A) Shoonya Campaign (B) E-Amrit  
(C) Methanol economy (D) Life
34. Make in India 2.0 focuses on \_\_\_\_\_.
- (A) 15 manufacturing and 12 service sectors  
(B) 12 manufacturing and 15 service sectors  
(C) 22 manufacturing and 18 service sectors  
(D) 18 manufacturing and 22 service sectors
35. Which of the following industries is included in the eight core sectors assessed by the Index of Industrial Production (IIP)?
- (A) Pharmaceuticals (B) Textiles  
(C) Coal (D) Tourism

36. Laissez faire approach advocated:
- (A) Minimum government interference in or regulation of economic activity
  - (B) Increase in government spending to combat the recessionary forces
  - (C) Having a more active fiscal policy
  - (D) Increasing taxes to curtail aggregate demand
37. What is Net Divisible Pool (NDP)?
- (A) Total funds from which loans can be taken by various states
  - (B) Total loans recovered from IMF to be divided among center and states
  - (C) Distribution of total revenue of a nation among various sectors of the economy
  - (D) Portion of gross tax revenue which is distributed between the center and the states

Using below mentioned data, answer Question No. 38 and 39:

Revenue receipts	₹ 25,000 Cr
Expenses on revenue account	₹ 30,000 Cr
Expenses on capital account	₹ 30,000 Cr
Estimated total expenditure	₹ 60,000 Cr
Estimated total revenue	₹ 54,000 Cr

38. Calculate the budgetary deficit.
- (A) ₹ 25,000 Crores
  - (B) ₹ 5,000 Crores
  - (C) ₹ 6,000 Crores
  - (D) ₹ 12,000 Crores
39. Calculate the revenue deficit:
- (A) ₹ 5,000 crores
  - (B) ₹ 12,000 crores
  - (C) ₹ 2,000 crores
  - (D) ₹ 8,000 crores

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40. If output increases from 60 units to 70 units, leading to an increase in total revenue from ₹ 100 to ₹ 120. What is the marginal revenue?
- (A) ₹ 10 (B) ₹ 20  
(C) ₹ 100 (D) ₹ 2
41. Which of the following is core characteristic of an oligopoly?
- (A) Efficient allocation of resources  
(B) Lease advertising  
(C) Unique product  
(D) Interdependence between firms
42. A curve which shows all the different combinations of inputs that can produce same level of output is known as:
- (A) Marginal Cost Curve (B) Isocost  
(C) Isoquant (D) Total product curve
43. "Total Supply of land is perfectly inelastic from the point of view of the economy", it means:
- (A) Its supply increases with increase in demand  
(B) Its supply is unaffected with change in demand  
(C) Its supply decreases with increase in demand  
(D) Its supply decreases with decrease in demand
44. Markets where firms buy the resources they need like land, labour etc. are called:
- (A) Product Markets (B) Factor Markets  
(C) National Markets (D) Spot Markets

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45. Precedence of property rights over human rights is a demerit of which type of economy?

- (A) Micro economy
- (B) Macro economy
- (C) Capitalist economy
- (D) Socialist economy

46. Which of the following is not covered in micro economics?

- (A) Product pricing
- (B) Factor pricing
- (C) The general price level and interest rates
- (D) The economic conditions of a section of people

47. Which of the following is a normative statement?

- (A) Public healthcare increases public expenditure
- (B) Higher interest rates as set by the government's economic policy will reduce house prices
- (C) If consumer income drops, consumers will have less money to spend
- (D) The government should provide healthcare for all

48. Match the following:

**Column A**

- (i) Capitalist Economy
- (ii) Socialist Economy
- (iii) Mixed Economy

**Column B**

- (a) Command Economy
- (b) High Degree of operative Efficiency
- (c) Encourages enterprise and Risk taking

- (A) (i)-(a), (ii)-(b), (iii)-(c)
- (C) (i)-(b), (ii)-(a), (iii)-(c)

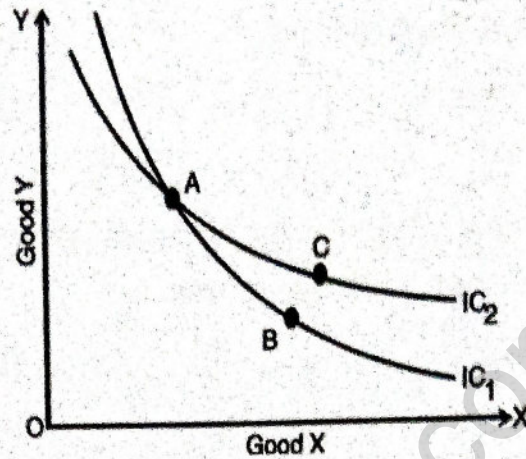
- (B) (i)-(b), (ii)-(c), (iii)-(a)
- (D) (i)-(c), (ii)-(a), (iii)-(b)

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49. Purchase of foreign currency contract at future rate from bank is a transaction involving:
- (A) Forward Market (B) Regulated Market  
(C) Spot Market (D) Retail Market
50. A market characterized by a small number of large buyers and is mostly relevant to factor market is termed as:
- (A) Duopoly (B) Monopsony  
(C) Oligopsony (D) Bilateral monopoly
51. Which of the following is not true for long run equilibrium of a perfectly competitive industry?
- (A) All firms in the industry are in equilibrium.  
(B) All firms are earning super normal profits.  
(C) The price of the product is such that quantity supplied by the industry is equal to the quantity demanded by consumers.  
(D) Plants are used to full capacity in the long run.
52. In a monopoly market if  $ATC > AR$ :
- (A) Firm will earn normal profits  
(B) Firm will earn super normal profits  
(C) Firm will earn abnormal profit  
(D) Firm will incur losses
53. The cross elasticity of demand for monopolist's product and any other product is:
- (A) 1 (B) Greater than 1  
(C) Less than 1 (D) Zero or very small

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54. Consider the indifference curves given below. What can you infer about the relationship between Good X and Good Y?



- (A) Good X and Good Y are perfect substitutes of each other  
 (B) Good X and Good Y are perfect complements  
 (C) The relationship between Good X and Good Y is logically absurd  
 (D) Good X and Good Y are same
55. The product of price quantity ratio at a particular point on the demand curve and the reciprocal of the slope of the demand line is called:
- (A) Point elasticity  
 (B) Arc elasticity  
 (C) Total outlay method of elasticity  
 (D) Total revenue method of elasticity
56. When even after increase in price, total revenue remains the same the demand is said to be:
- (A) Perfectly elastic  
 (B) Elastic  
 (C) Inelastic  
 (D) Unitary elastic
57. Which of these is the correct expression for Arc Elasticity?
- (A)  $(P_2 - P_1) / (P_2 + P_1) \times (Q_2 + Q_1) / (Q_2 - Q_1)$   
 (B)  $(P_2 - P_1) \times (P_2 + P_1) / (Q_2 + Q_1) \times (Q_2 - Q_1)$   
 (C)  $(P_2 + P_1) / (P_2 - P_1) \times (Q_2 - Q_1) / (Q_2 + Q_1)$   
 (D)  $(P_2 + P_1) \times (P_2 - P_1) / (Q_2 - Q_1) \times (Q_2 + Q_1)$

58. Which of the following is a unique feature in the growth trajectory of the Indian economy?
- (A) Shift from services to the agricultural sector
  - (B) Shift from manufacturing to the services sector
  - (C) Shift from agricultural to the manufacturing sector
  - (D) Shift from agriculture to the services sector
59. Introduction of prudential norms of accounting in respect of classification of assets, disclosure of income and provisions for bad debts in case of commercial banks is related to which of the following reform measures?
- (A) Fiscal reforms
  - (B) Monetary and financial sector reforms
  - (C) Capital market reforms
  - (D) Trade policy reforms
60. In India, public sector is limited to which of the following sectors?
- (A) Railway transport and arms and ammunition
  - (B) Railway transport and atomic energy
  - (C) Atomic energy and arms and ammunition
  - (D) Hazardous chemicals and narcotic drugs
61. Which of following taxes has not been replaced by the Goods and Service Tax?
- (A) VAT
  - (B) Income Tax
  - (C) Excise duty
  - (D) Service Tax
62. How many crops are mandated to receive price support through "Minimum Support Price" (MSP)?
- (A) 22
  - (B) 21
  - (C) 23
  - (D) 24
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63. Which item is not included when calculating national income using the income method?
- (A) Compensation of employees (B) Mixed income of self-employed  
(C) Interest paid on consumption loans (D) Rent
64. Which of the following is not a characteristic of contraction?
- (A) Fall in level of investments  
(B) Fall in employment levels  
(C) Decrease in input demand pulls input prices down  
(D) Bank credit expands
65. Which of the following is not a lagging economic indicator?
- (A) Unemployment (B) Corporate profits  
(C) Labour cost per unit of output (D) Changes in stock price
66. Refer to the following data :
- Sales : ₹1,000 Crores  
Depreciation : ₹ 70 Crores  
Opening stock : ₹ 100 Crores  
Closing stock : ₹ 90 Crores  
GST : ₹ 100 Crores  
Intermediate consumption : Rs.440 Crores
- Based on the above data, compute the Gross Value Added at Market Price (GVA mp).
- (A) ₹ 380 crores (B) ₹ 620 crores  
(C) ₹ 480 crores (D) ₹ 550 crores

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67. Relationship between inputs and outputs, when all inputs are changed in the same proportion are called:
- (A) Law of variable proportion  
(B) Returns to scale  
(C) Isoquants  
(D) Iso-cost lines

Use the table to answer questions 68 and 69 :

Output	0	1	2	3	4	5	6
Total Cost (₹)	270	370	460	540	610	690	780

68. Average variable cost for 4 units of output is:
- (A) ₹ 150  
(B) ₹ 125  
(C) ₹ 100  
(D) ₹ 85
69. The average fixed cost of 3 units of output is:
- (A) ₹ 90  
(B) ₹ 100  
(C) ₹ 150  
(D) ₹ 180
70. Which of the following is not true with regard to stage of diminishing returns?
- (A) Total product continues to decrease  
(B) Both marginal product and average product of the variable factor are diminishing but are positive  
(C) A rational producer will seek to produce within the range of this stage  
(D) By the end of this stage, total product reaches its maximum
71. Which of the following factors does not lead to internal economies of scale:
- (A) Specialisation of labour  
(B) Use of superior techniques  
(C) Use of by-products  
(D) Supply of skilled labour

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72. The money multiplier would be larger in which of the following scenarios?
- (A) Smaller expenditure-deposit ratio
  - (B) Higher currency-deposit ratio
  - (C) Smaller currency-expenditure ratio
  - (D) Smaller currency-deposit ratio
73. Which action does the central bank perform during Open Market Operations (OMO) to introduce high-powered money into the economy?
- (A) Purchase of government securities
  - (B) Sale of corporate bonds
  - (C) Printing additional currency
  - (D) Raising interest rates
74. Who is responsible for determining the inflation target for the RBI under the Monetary Policy Framework?
- (A) RBI independently
  - (B) The Central Government in collaboration with the RBI
  - (C) The Finance Ministry
  - (D) The Monetary Policy Committee
75. When the RBI uses persuasion to convince banks to hold government securities instead of lending to certain sectors, it is called:
- (A) Margin requirements
  - (B) Statutory Liquidity Ratio
  - (C) Market Stabilization Ratio
  - (D) Moral Suasion
76. The optimal average money holding is a negative function of which of the following?
- (A) Income
  - (B) Nominal interest rate
  - (C) Transaction cost
  - (D) Price level

77. Calculate real GDP if nominal GDP is 450 and price index is 120.
- (A) 540  
(B) 350  
(C) 375  
(D) 475

Use the following data to answer question 78 and 79 :

Particulars	₹ Crores
Operating surplus	2,500
Mixed income of Self Employed	1,500
Rent	680
Profit	720
Interest	1,100
Net indirect tax	400
Consumption of fixed capital	300
Compensation of employees	1,000

250  
250  
300

78. Calculate  $GDP_{FC}$
- (A) ₹ 5,000 crores  
(B) ₹ 7,500 crores  
(C) ₹ 7,100 crores  
(D) ₹ 5,300 crores

79. Calculate  $GDP_{MP}$
- (A) ₹ 5,700 crores  
(B) ₹ 8,200 crores  
(C) ₹ 5,000 crores  
(D) ₹ 7,500 crores

80. Operating surplus includes:
- (A) Rent, Interest and Compensation of employees  
(B) Rent, Interest and Profit  
(C) Rent, Profit and Compensation of employees  
(D) Rent, Interest and Taxes

(20)  
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81. In the kinked demand curve scenario for oligopoly, what happens when a firm raises its price above the prevailing level?
- (A) Competitors follow and raise prices
  - (B) The demand becomes perfectly inelastic
  - (C) The firm loses market share as competitors do not follow
  - (D) The demand curve becomes horizontal
82. First degree price discrimination in a monopolist market is based on:
- (A) Attributes such as location
  - (B) Different quantities sold
  - (C) Each individual customer
  - (D) Different markets
83. If the price elasticity of demand is 1, MR will be
- (A) 0
  - (B) 1
  - (C) Positive
  - (D) Negative
84. Consider a monopolist selling in two markets. At a price of 60, the elasticity of demand in market A is 5 and in market B is 6. Calculate the marginal revenue in both markets and determine which market should receive more output.
- (A) Market A,  $MR = 48$ ; Market B,  $MR = 50$ , output to market B should increase
  - (B) Market A,  $MR = 50$ ; Market B,  $MR = 48$ , output to market A should increase
  - (C) Both markets have equal MR
  - (D) Neither market should change output
85. Which characteristic is shared by monopoly and monopolistic competition, but NOT by perfect competition?
- (A) Price equal to marginal cost
  - (B) Supernormal profits in long run
  - (C) Price higher than marginal cost
  - (D) No selling costs

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86. Other things being equal, the demand for a good and the price of its complement has:
- (A) Positive relationship  
(B) Direct relationship  
(C) Inverse relationship  
(D) Proportional relationship
87. The price of a product is ₹ 100 per unit. If price falls by 20% the quantity increases by 120 units. The price elasticity of demand is -1. The new quantity demanded due to fall in price is:
- (A) 480 units  
(B) 600 units  
(C) 680 units  
(D) 720 units
88. Predominance of bureaucracy and the resulting inefficiency and delays which may lead to corruption, red - tapism is a demerit of:
- (A) Capitalist economy  
(B) Socialist economy  
(C) Consumer sovereignty  
(D) Normative economy
89. Consumer surplus is:
- (A) What a consumer is ready to pay over what he actually pays  
(B) Necessaries and comforts needed by a consumer  
(C) Desire or wish to buy a commodity backed by adequate ability and willingness to pay  
(D) Actual demand by a consumer
90. Which of the following are types of measurement of supply-elasticity?
- I. Point elasticity  
II. Inelasticity  
III. Arc elasticity  
IV. Perfect elasticity
- (A) I only  
(B) II only  
(C) Both I and IV  
(D) Both I and III

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91. Which phase of business cycle is also called downswing?
- (A) Expansion (B) Contraction  
(C) Trough (D) Depression
92. What will be the impact on equilibrium price and equilibrium quantity when demand decreases and supply increases?
- (A) Both equilibrium price and equilibrium quantity falls  
(B) Both equilibrium price and equilibrium quantity will rise  
(C) Equilibrium price falls but impact on equilibrium quantity is not certain  
(D) Equilibrium quantity decreases but impact on equilibrium price is not certain
93. The slope of MR curve for a monopoly firm is \_\_\_\_\_ that of the AR curve. Choose the correct answer.
- (A) Equal to (B) Twice  
(C) Three times (D) Half
94. In which phase of business cycle, actual demand stagnates?
- (A) Expansion (B) Peak  
(C) Contraction (D) Trough
95. According to Pigou, modern business activities are based on:
- (A) Innovations  
(B) Purely monetary phenomena  
(C) Anticipations /expectations of business community  
(D) Fluctuations in output and employment

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96. GST is a:
- (A) Production based taxation system
  - (B) Income based taxation system
  - (C) Turnover based taxation system
  - (D) Consumption based taxation system
97. Stagflation is:
- (A) Increased taxes leading to reduced disposable income
  - (B) Economic situation where inflation and unemployment exist side by side
  - (C) Easy transmission of economic instability from one country to other countries
  - (D) Improved economic stability
98. Which of the following is not one of the three main macroeconomic goals for any nation:
- (A) Universal education to all
  - (B) Economic growth
  - (C) High level of employment
  - (D) Price stability
99. Governments redistribution function leads to dead weight losses because:
- (A) It leads to lower taxes on the rich for the government
  - (B) It emphasizes on production of merit goods only
  - (C) It acts as a disincentive to entrepreneurship and work
  - (D) It decreases social security costs
100. Statement 1 : During recession, the government increases its expenditure or cuts down taxes.  
Statement 2 : Deficit budgets are expected to stimulate economic activity while surplus budget tends to slowdown economic growth.
- (A) Both statements (1) and (2) are correct
  - (B) Statement (1) is correct while statement (2) is incorrect
  - (C) Statement (1) is incorrect while statement (2) is correct
  - (D) Both statements (1) and (2) are incorrect

PQN

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