

Admissions Open for
**PG TRB
ECONOMICS
2021**

Classes from Sept. 26th 2021

வெற்றியை உறுதி செய் !!

Contact Us

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Professor Academy

PG – TRB ECONOMICS (Subject Code: P09)

Mock Exam Discussion No : 04



1. Which of the following is/are correct about the slope of the Budget Line?

A) It is given by the ratio of the prices of two goods

B) It is independent from the level of income

C) Both A and B

D) None of these



02. When an electric company sells electric power at a higher price to the households and at a lower price to the manufacturers who use it for industrial purpose is an example of

- A) Price discrimination of the first degree
- B) Price discrimination of the second degree
- C) Price discrimination of the third degree**
- D) None of the above



03. The essential conditions for price discrimination is/are

- A) It is not possible to transfer any unit of the good from one market to another
- B) It is not possible for the buyers in the dearer market to transfer themselves into the cheaper market
- C) Both A and B**
- D) Neither A nor B



04. Which of the following is NOT true?

A) Degree of monopoly is measured by the inverse of the elasticity of demand

B) The less the elasticity of demand, the less the monopoly power

C) The greater the elasticity of demand, the less the monopoly power

D) Under perfect competition price discrimination is not possible



05. The market form characterized by “Competition among the few firms producing differentiated product which are close substitutes” is known as

A)Imperfect competition

B)Monopolistic Competition

C)Pure oligopoly

D)Differentiated oligopoly



06. Isoquant is locus of various combination of:

A) Factors of production yielding same level of output

B) Commodities yields different level of satisfaction

C) Commodities yielding same level of satisfaction

D) Factor yielding different level of output



07. Factor – Intensity refers to

A)Capital – Labour ratio

B) Measured by the slope of the line passing through the origin

C)Elasticity of substitution of one Factor with another

D)Both A and B



08. A duty levied as a percentage of the total value of the import commodity is called

A) The Ad valorem tariff

B) Specific tariff

C) Compound tariff

D) Sliding scale tariff

09. The import duties which vary with the price of commodity imported is called

A)Ad valorem duty

B)Specific duty

C)Compound duty

D)Sliding scale duty

10. Compound duty can be defined as

A)The combination of ad valorem and specific duties

B)The combination of ad valorem and sliding scale duties

C)The combination of specific and sliding scale

D)Any of the A, B and C



11. Under which type of quota system, quota is fixed by some agreement with one or more other countries?

A) Tariff Quota

B) Mixing Quota

C) Import licensing

D) Bilateral Quota



12. A form of economic integration where in the member countries removes, tariff, and other trade barriers among themselves, but each member retains its own tariff and trade restriction and commercial policies with non – member countries is called _____

A)Free Trade Area

B)Customs union

C)Common market

D)Economic Union



13. A form of economic integration wherein there is free movement of goods, services and factor of production is known as _____

A)Free Trade Area

B)Customs Union

C)Common Market

D)Economic Union



14. The theory of customs union was first developed systematically by

A) Meade

B) Lipsey

C) Cooper

D) Viner



15. Which of the following is NOT a Feature of a customs union?

A)The member countries adopt a common external tariff on import from the rest of the world

B)Abolition of all tariffs and trade barriers on imports among member countries

C)The establishment of a customs union changes the relative prices of member countries

D)Under customs union there is free movement of factor of market.



16. Match list I with List – II and choose the correct answer:

List – I

List – II

- | | |
|--------------------------------------|-------------|
| A) Buffer stock Facility | - i. 1969 |
| B) Supplementary Financing Facility | - ii. 1963 |
| C) Extended Financing Facility | - iii. 1977 |
| D) Compensatory Financing facilities | - iv. 1974 |

- A) i, ii, iii, iv
B) i, iii, iv, ii
C) ii, iii, iv, i
D) ii, i, iii, iv



17. Which of the following is NOT an objective of the World Bank?

A) To assist in reconstructions and development of territories of its member

B) To Promote private foreign investment

C) To arrange the loans made or guaranteed by it in relations to international loans
through other channels

D) To promote exchange rate stability



18. The International Development Association has been established in _____

A)1950

B)1960

C)1944

D) 1974



19. The Main objectives of the IDA has been

A)To promote investment flow of private capital

B)To help bring about expansion and balanced growth of territories of its member

C)To help bring about expansion and balanced growth of international trade

D) To provide financial assistance on concessional terms to the poorest developing countries



20. The United Nations conference on Trade and Development (UNCTAD) was established in

A)1944

B)1954

C)1964

D)1974



21. Which of the following is not correct regarding UNCTAD?

A)The UNCTAD is a permanent organization of the UNO

B)Its membership is open to all members of the UNO

C)The conference is held in every five years once

D)The headquarters of the UNCTAD is in Geneva



22. Which of the following is/are correct regarding special drawing rights?

A)SDR is known the paper gold

B)It is an international unit of account

C)The IMF pays no interest on all holdings of SDR kept in the Special Drawing Account

D)The quotas of all currencies in the IMF general account are also valued in terms of the SDR.

A)A, B, C

B)B, C, D

C)A, B, D

D)A, C, D



23. After the second amendment to the IMF, to facilitate the valuation of SDR, the number of currencies in the basket were reduced to

A)15

B)10

C)5

D)1



24. Consider the following statements:

The effect of a tariff is to

1. Raise the domestic price
2. Reduce consumption
3. Increase Import

Which of the following statement is incorrect?

- A)1 and 2
- B)2 and 3
- C)Only 2
- D)Only 3**



25. Which one of the following statements is Not Correct?

A) FTA among a group of countries means that they eliminate import tariffs against one another but maintain their original tariff against the rest of the world

B) Customs union among a group of countries means that they eliminate import tariffs against one another, coordinate their macro-policies and impose a common tariff wall against the rest of the world

C) In a common market the member countries eliminate imports tariffs against one another, allow free mobility of factors between them and maintain a common tariff wall against the rest of the world

D) In an economic union, the member countries eliminate import tariffs against one another, allow free mobility of factors between them, coordinate their macro policies and maintain a common tariff wall against the rest of the world



26. Match the List I with List II and select the correct codes:

List – I	List – II
A. Market Failure –	1. Net loss of total surplus
B. Externalities -	2. Maximization of aggregate consumers and producers surplus
C. Economic efficiency –	3. The impact of one person’s actions on the well-being of other persons
D. Dead Weight Loss –	4. When price fail to provide proper signals to consumer and producer

- Code:
- A)4, 3, 2, 1
 - B)4, 2, 4, 1
 - C)1, 3, 4, 2
 - D)1, 3 2, 4

27. Match the following:

List – I

List – II

A) Firm – equilibrium in perfect competition – 1. $MC = MR$, MC curve cut MR from Below

B) Firm – equilibrium in monopoly - 2. $TR = TC$

C) Zero economic condition - 3. $MC = MR$, price demand elasticity is greater than one

D) Market Equilibrium -4. Demand = Supply

Codes:

A) 1, 3, 2, 4

B) 4, 3, 2, 1

C) 1, 2, 3, 4

D) 3, 1, 2, 4

28. Consider the following:

1. Kennedy Round of Negotiations
2. Uruguay Round of Negotiations
3. Toyoko Round of Negotiations

Which of the following is the correct chronological sequence of the above?

- A)1-2-3
- B)3-2-1
- C)3-1-2
- D)1-3-2**



29. When both the firms are followers of each other in Stackelberg's Model of Duopoly, final equilibrium results in

A) Joint Profit Maximization

B) Equal profit for both

C) Cournot solution

D) Perfectly competitive solution



30. For a firm in a perfectly competitive market, the average and the marginal revenue curves coincide because-----

A) There are constant returns to scale

B) There are constant returns to some of the factor

C) It is a condition of profit maximization

D) The firm is price - taker



31. A locus of constant utility is called the

A)Expansion path

B)Utility Function

C)Indifference curve

D)Demand function

32. In the leadership model of duopoly, if one is a leader and the other is a follower, equilibrium takes place_____

A) At any point on the reaction curve of the leader

B) At a point on the reaction curve of the follower

C) At the point of intersection of the two reaction curves

D) Nowhere



33. Which one of the following pairs is *not* correctly matched?

A) Revealed Preference Theory: Samuelson

B) Indifference Curve Analysis: Hicks

C) Cardinal Utility: Joan Robinson

D) Input – Output Analysis: Leontief



34. Consider the following statements:

For a firm to be in equilibrium

1. $MR=MC$
2. MC curve must cut MR curve from below at the point of equilibrium
3. $TR=TC$

Which of the above statements are correct?

A)1 and 2

B)1 and 3

C)2 and 3

D)1,2, and 3



35. Match the following:

List – I

List – II

- | | |
|-------------------|--|
| A.Free Trade Area | - 1. No Restriction on trade and factor movement |
| B.Customs Union | -2. Trade is free and no customs duties |
| C.Common Market | -3. No Customs duties; duties on non- members |
| D.Economics Union | - 4. Advanced stage of Integration |

Codes

- A)2, 1, 3, 4
B)3, 2, 4, 1
C)2, 3, 1, 4
D)1, 4, 3, 2



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