

# 100+ Economics Questions asked in SSC CGL 2018/2017 Exam



1.If there is a lack of money supply in comparison to the supply of goods and services, then the possible consequence would be \_\_\_\_\_.

- A. Hyperinflation
- B. Inflation
- C. Deflation
- D. Devaluation

Ans. C

Sol.

- **Deflation** is the decline in the prices for goods and services that occur when the rate of inflation falls below 0%.

- It will take place naturally, if and when the money supply of an economy is limited.

- It indicates deteriorating conditions.

- It is normally linked with significant unemployment and low productivity levels of goods and services.

2.Which of the following economic activities employs the maximum number of people in India?

- A. Tourism
- B. Agriculture
- C. Mining
- D. Manufacturing

Ans. B

Sol.

- **Agriculture sector employs maximum no. of people** in india, whereas it has least contribution in GDP.

- The opposite scenario is due to lack of technological upgradation in agriculture, disguise employment, land fragmentation and low agriculture input.'

3.A sustained rise in the general price level in an economy is called \_\_\_\_\_.

- A. Disinflation
- B. Deflation
- C. Inflation
- D. Stagflation

Ans. C

Sol.

- **Inflation** is a general increase in all prices across an economy

- **Deflation** is a general decrease in all prices across an economy.

- **Stagflation** is rising prices and falling output.

- **Disinflation** is a temporary slowing of the pace of price inflation.

4.The Banking Regulation Act was passed in India in \_\_\_\_\_.

- A. 1965
- B. 1974
- C. 1949
- D. 1951

Ans. C

Sol.

- **The Banking Regulation Act was passed in India in 1949.**

- The Act has 5 parts and 5 Schedules regarding the regulation of banks in the country.

- The main objective of the banking regulation act is to ensure sound banking through regulations covering the opening of branches and the maintenance of liquid assets.

- It assigns power to RBI to appoint, reappoint and remove the chairman, director and officers of the banks.

5.A \_\_\_\_\_ occurs when a government's total expenditures exceed the revenue that it generates, excluding money from borrowings.

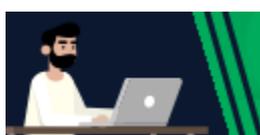
- A. Current Account Deficit
- B. Fiscal Deficit
- C. Budgetary Deficit
- D. Revenue Deficit

Ans. B

Sol.

- **Fiscal Deficit** is the difference between the total income of the government (total taxes and non-debt capital receipts) and its total expenditure. Or a government's total expenditures exceed the revenue that it generates, excluding money from borrowings.

- Fiscal Responsibility and Budget Management (FRBM) Act **was passed in 2003** to monitor and optimally manage fiscal deficit of country.



- NK Singh Committee on Review of FRBM act suggest for formation of Fiscal Council.

6. In its Global Economic Outlook report, Fitch Ratings cut India's economic growth forecast for the next financial year 2019-20 starting from April 1 to \_\_\_\_\_% from its previous estimate of 7%.

- A. 5.4                      B. 6.2  
C. 6.8                      D. 6.1

Ans. C

Sol.

- The Global Economic Outlook report, cut India's economic growth forecast for the next financial year 2019-20 starting from **April 1 to 6.8%** from its previous estimate of 7%.

- The Global Economic Outlook report is released by International Monetary fund.

7. The base financial year for the calculation of the all India Index of Industrial Production (IIP) is :

- A. 2010-2011              B. 2004-2005  
C. 2011-2012              D. 2005-2006

Ans. C

Sol.

- The base financial year for the calculation of the all India Index of Industrial Production (IIP) is **2011-12**.

- Index of Industrial Production (IIP) is an index that shows the performance of different industrial sectors of the Indian economy.

- IIP is published by Central Statistical Organization.

8. What does the Lorenz Curve indicate?

- A. Relationship between the price of a certain commodity and its demand  
B. Income distribution  
C. Rate of employment  
D. Taxable income elasticity

Ans. B

Sol.

- The Lorenz curve is a graphical **representation of the distribution of income or of wealth**.

- It was developed by Max O. Lorenz in 1905.

9. A situation where the expenditure of the government exceeds its revenue is called \_\_\_\_\_.

- A. Default Financing  
B. Deficit Revenue  
C. Budget Deficit  
D. Fiscal Deficit

Ans. C

Sol.

- The values that the revenue plan you define at product level is the default revenue.

- **Budget Deficit is the condition where the expenditure of the government exceeds its revenue.**

- Default Financing is failure to meet the legal obligations.

- Deficit Revenue occurs when net income is less than the projected net income.

10. An economic condition when there is one buyer and many sellers is called \_\_\_\_\_.

- A. Monopoly  
B. Oligopoly  
C. Monopsony  
D. Perfect Competition

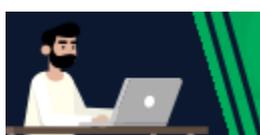
Ans. C

Sol.

- \* An economic condition when there is one buyer and many sellers is called **Monopsony**.

- \* **Monopoly**- It is a market situation where one producer controls supply of goods or services and where the entry of new producers is prevented or highly restricted.

- \* **Oligopoly**: It is a state of limited competition, in which a market is shared by a small number of producers or sellers.



\* **Perfect Competition** is the situation prevailing in a market in which buyers and sellers are so numerous and well informed that all elements of monopoly are absent and the market price of a commodity is beyond the control of individual buyers and sellers.

11. What is the name given to the graph that shows all the combinations of two commodities that a consumer can afford at given market prices and within the particular income level in economic terms?

- A. Demand Curve    B. Isocost Line  
C. Budget Line      D. Supply Curve

Ans. C  
Sol.

\* **Budget line** is to the graph that shows all the combinations of two commodities that a consumer can afford at given market prices and within the particular income level in economic terms.

\* It is also called Budget constraint.

12. In economic terms what do we mean by 'Intermediate Goods'?

- A. Fixed assets used by manufacturers  
B. Price of goods without GST  
C. Goods sold between industries for the resale or production of other goods  
D. Goods in transit before reaching the consumers

Ans. C  
Sol.

- In economic terms, **intermediate goods** are sold between industries for the resale or production of other goods.

- An intermediate good is a product used to produce a final good or finished product.

- These goods can be used in production but they can also be consumer goods.

- **For example** : If a consumer buys a packet of sugar to use at home, it is

a consumer good but if a manufacturer purchase sugar to use during the production of another product, it becomes an intermediate good. Same as Sugar, Steel , Glass, Wood etc.

13. The demand for a commodity or service which is a consequence of the demand for something else is called \_\_\_\_\_.

- A. Direct Demand  
B. Income Demand  
C. Derived Demand  
D. Composite Demand

Ans. C  
Sol.

- Direct demand- Commodities or services which satisfy our wants directly are said to have **direct demand**.

- Income demand refers to the different quantities of a commodity or service which consumers will buy at different levels of income, assuming other things remaining constant.

- Commodities or services demanded for producing goods which satisfy our wants directly are said to have **derived demand**.

- A commodity is said to have a composite demand when its use is made in more than one purpose.

14. Which economist gave the theory of Opportunity Cost?

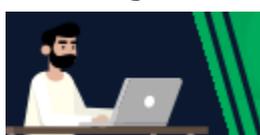
- A. Gottfried Haberler  
B. John Keynes  
C. Milton Friedman  
D. Adam Smith

Ans. A  
Sol.

- **Theory of opportunity cost is given by Gottfried Haberler.**

- This theory is related to making a particular choice out of many alternatives.

- Opportunity cost is a key concept in economics, which expresses "the basic relationship between scarcity and choice".



15. When the output is equal to zero, the variable cost is \_\_\_\_\_.

- A. constant                      B. zero  
C. maximum                      D. minimum

Ans. B

Sol.

• **A variable cost is a corporate expense that changes in proportion to production output.**

• Variable costs are dependent on production output. The variable cost of production is a constant amount per unit produced. As the volume of production and output increases or decreases, variable costs will also increase or decrease.

• Hence once output is zero the variable cost is also zero.

16. The interest rate charged by banks on short-term loans to their largest, most secure and most creditworthy customers is called \_\_\_\_\_.

- A. Variable Rate  
B. Prime Lending Rate  
C. Discount Rate  
D. Amortised Rate

Ans. B

Sol.

• **Interest rate charged by banks on short-term loans to their largest, most secure and most creditworthy customers is called the prime lending rate.**

• PLR rate is calculated based on average cost of funds.

• Non Banking Finance Companies generally price their loan at discount on their existing PLR

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18. What effect will a decrease in demand and an increase in supply have on equilibrium price?

- A. Equilibrium price will rise  
B. Equilibrium price will fall  
C. Equilibrium price will be constant  
D. Sometimes price will rise and sometimes it will fall

Ans. B

Sol.

• A demand curve shows the relationship between quantity demanded and price in a given market on a graph.

• The equilibrium price and equilibrium quantity occur where the supply and demand curves cross.

• **When there is a decrease in demand and increase in supply then the equilibrium price falls.**

19. A substantial increase in capital expenditure or revenue deficit leads to \_\_\_\_\_.

- A. Fiscal Deficit  
B. Primary Deficit  
C. Budgetary Deficit  
D. Revenue Deficit

Ans. A

Sol.

• **Budget deficit** = total expenditure – total receipts.

• **Revenue deficit** = revenue expenditure – revenue receipts.

• **Fiscal Deficit** = total expenditure – total receipts except borrowings.

• **Primary Deficit** = Fiscal deficit – interest payments.

Hence Fiscal Deficit is the right answer.



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20. What is the value of the tangible resources such as raw materials and labour that are used in the production process called?

- A. Variable Cost
- B. Opportunity Cost
- C. Real Cost
- D. Fixed Cost

Ans. C

Sol.

- **Opportunity costs** represent the sacrifice that is made when the means of production are used for one task rather than another.

- **Fixed cost**- business costs, such as rent, that are constant whatever the amount of goods produced.

- **Variable cost**- A *variable cost* is a corporate expense that changes in proportion to production output.

- **Real cost**- The overall actual expense involved in creating a good or service for sale to consumers.

21. When the fiscal deficit is high, what happens to prices?

- A. Prices increase
- B. There is no direct impact on prices
- C. Prices remain stable
- D. Prices decrease

Ans. B

Sol.

- **Fiscal deficit has no direct impact on prices in economy but it has indirect impacts.**

- Fiscal deficits arise whenever a government spends more money than it brings in during the fiscal year.

- Fiscal deficits crowd out private borrowing, manipulate capital structures and interest rates, decrease net exports, and lead to either higher taxes, higher inflation or both. In this way it indirectly impacts Prices.

22. A marketplace in which a final good or service is bought and sold is called \_\_\_\_\_.

- A. Factory Market

- B. Equity Market
- C. Commodity Market
- D. Product Market

Ans. D

Sol.

- **Product Market** is a marketplace where final goods and services are bought and sold.

- It does not include raw material trading and intermediate materials.

- UK, Australia, Usa, Canada are countries where least regulated product markets are found.

23. What is the economic impact of increase in productivity of firms?

- A. No change in Gross Domestic Product
- B. Increase in Gross Domestic Product
- C. Decrease in Gross Domestic Product
- D. The impact may vary among nations and their economic conditions

Ans. B

Sol.

- The increase of productivity of a firm led to increase in gross domestic product of the firm or country.

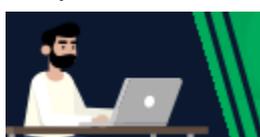
- Reason is that, Increases in productivity allow firms to produce greater output for the same level of input, earn higher revenues, and ultimately generate higher Gross Domestic Product.

- **Review report of International Labour Organization, 2013** finds that increase in **labour productivity within economic sectors is the main driver of economic growth.**

24. What would happen to the demand curve when there is an increase in the price of substitute products?

- A. Outward Shift
- B. Initially inward and then after a period outward shift
- C. Inward shift
- D. Remains constant

Ans. A



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Sol.

- When there is an increase in the price of substitute products the **demand curve shifts outward**.
- A Demand curve is a graph depicting the relationship between the price of a certain commodity and the quantity of that commodity.
- When income increases, the demand curve for normal goods shifts outward as more will be demanded at all prices, while the demand curve for inferior goods shifts inward due to the increased attainability of superior substitutes.

25. Which theory in economics proposes that countries export what they can most efficiently and plentifully produce?

- A. Input-Output Model
- B. Cournot Competition
- C. Heckscher-Ohlin Model
- D. Solow-Swan Model

Ans. C

Sol.

- The **Heckscher-Ohlin model** is an economic theory that proposes that countries export what they can most efficiently and plentifully produce.
- The model emphasizes the export of goods requiring factors of production that a country has in abundance.
- It also emphasizes the import of goods that a nation cannot produce as efficiently.
- In economics, **an input-output model** is a quantitative economic model that represents the interdependencies between different sectors of a national economy or different regional economies.

26. Which theory is used to make long-run predictions about exchange rates in a flexible exchange rate system?

- A. Balance of Payment Theory
- B. Interest Rate Approach
- C. Portfolio Balance Approach
- D. Purchasing Power Parity Theory

Ans. D

Sol.

- **Purchasing Power Parity (PPP)** theory is used to make long-run predictions about exchange rates in a flexible exchange rate system.
- It is based on the Law of One Price, which says that, if there are no transaction costs nor trade barriers for a particular good, then the price for that good should be the same at every location.

27. The Pradhan Mantri Shram Yogi Mandhan Yojana ensures old age protection for unorganized workers whose monthly income is less than or equal to \_\_\_\_\_.

- A. ₹ 10,000
- B. ₹ 12,000
- C. ₹ 15,000
- D. ₹ 20,000

Ans. C

Sol.

- Prime Minister Narendra Modi on **5th March 2019** launched a pension scheme '**Pradhan Mantri Shram Yogi Maan-dhan**'.
- This mega pension scheme ensures old age protection for unorganized Workers, whose monthly income is **Rs 15,000/ per month or less**.
- It is a voluntary and contributory pension scheme, where each subscriber under the PMSYM, shall receive minimum assured pension of Rs 3000- per month after attaining the age of 60 years.

28. The Khadi and Village Industries Commission Act was passed in the year \_\_\_\_\_.

- A. 1948
- B. 1956
- C. 1965
- D. 1964

Ans. B

Sol.

- The Khadi and Village Industries Commission (KVIC) is a **statutory body** formed by the Government of India.
- It was formed under the Act of Parliament, '**Khadi and Village**



### Industries Commission Act of 1956'

- **Mahatma Gandhi** Ji was the social reformer who was also an Industrialist known for his effort promoting Khadi and village industries in India.

29. People above the age of \_\_\_\_\_ years are NOT eligible for the Pradhan Mantri Shram Yogi Mandhan Yojana.

- A. 60                      B. 50  
C. 45                      D. 40

Ans. D

Sol.

- Pradhan Mantri Shram Yogi andhan is a 2019 scheme introduced by Government of India for **poor laborers in the unorganised sector from minimum 18 years of age to maximum 40 years.**

- It is a voluntary and contributory pension scheme, where each subscriber under the PMSYM, shall receive minimum assured pension of Rs 3000- per month after attaining the age of 60 years.

30. As of 2018, India is the leading milk producing country in the world, accounting for approximately

- C. 7 lakhs  
D. 2 lakhs

Ans. A

Sol.

- The Ayushman Bharat Scheme introduced by the Government of India provides medical coverage of **up to ₹ 5 lakh per family per year.**

- It was launched on **23rd September 2018** by Prime Minister Narendra Modi in Ranchi, Jharkhand.

- The scheme aims at making interventions in primary, secondary and tertiary care systems, covering both preventive and promotive health, to address healthcare holistically.

\_\_\_\_\_ of the global market share.

- A. 17%                      B. 22%  
C. 15%                      D. 19%

Ans. D

Sol.

- According to the "Dairy and Milk Processing Market in India (2018-2023), as of 2018, India is the leading milk producing country in the world, **accounting for 19% of the global market share.**

- The milk processing industry in India is expected to expand at a compound annual growth rate (CAGR) of 14.8% between FY 2018 and FY 2023 and will reach INR 2,458.7 Bn in FY 2023.

- Uttar Pradesh, Rajasthan, and Gujarat have been the major milk producing states in India.

- **Uttar Pradesh** is the largest dairy and milk-producing state of India.

31. The Ayushman Bharat Scheme introduced by the Government of India provides medical coverage of up to ₹ \_\_\_\_\_ per family per year.

- A. 5 lakhs  
B. 1 lakh

32. The Micro, Small and Medium Enterprises Development Act was passed in the year \_\_\_\_\_.

- A. 2002                      B. 2006  
C. 2008                      D. 2004

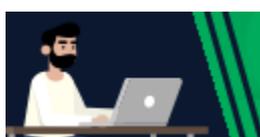
Ans. B

Sol.

- The Micro, Small and Medium Enterprises Development Act was passed in **2006.**

- It was an act to provide for facilitating the promotion and development and enhancing the competitiveness of micro, Small and medium enterprises and formatters connected therewith or incidental thereto.

- The Act is operational from **2nd October 2006**



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### Economics Questions Asked in the Year – 2017

1. In which market form, a market or an industry is dominated by a single seller?

- A. Oligopoly
- B. Monopoly
- C. Duopoly
- D. Monopolistic Competition

Ans. B

Sol.

- Monopoly is a market form in which the market is dominated by a single seller for goods and services which has no substitutes and there are barriers for entry of a new seller as he himself is the law and price maker.

2. Which one of the following is also regarded as Disguised unemployment?

- A. Underemployment
- B. Frictional unemployment
- C. Seasonal unemployment
- D. Cyclical unemployment

Ans. A

Sol. Underemployment is also regarded as Disguised unemployment as the workers skills are underutilised due to over staffing as seen in agriculture or due to over qualification where an engineer works as an peon. It is an important cause of poverty in India.

3. In which market form, a market or industry is dominated by a few firms?

- A. Perfect Competition
- B. Monopoly
- C. Oligopoly
- D. Monopolistic

Ans. C

Sol. Oligopoly is a market form in which market is dominated by a few firms through collusion thus reducing competition for sellers through entry barriers and increasing price for the buyers taking advantage of consumer loyalty.

4. Which amongst the following is not a component of monetary policy in India?

- A. Repo rate
- B. Moral suasion
- C. Credit Rationing
- D. Public Debt

Ans. D

Sol. Public debt is not a component of monetary policy in India. It refers to the total borrowings of the union government such as market loans, treasury bills, securities issued by RBI and borrowing outside the country.

5. Which among the following is not an account under Balance of Payment?

- A. Current Account
- B. Capital Account
- C. Official Reserves Account
- D. Unilateral Payments Account

Ans. C

Sol. Official Reserves Account is not a separate account under Balance of Payment instead it is a subdivision of the capital account. Official reserve account consists of foreign currencies and securities which are held by the government or by its central bank, and is used to balance the payments from year to year.

6. Match the following?

#### Terms

- 1) Globalisation
- 2) Privatisation
- 3) Liberalisation

#### Meaning

- a) Process of reducing or removing restrictions on international trade.
- b) Process of interaction and integration among the people, companies and government of different nations.
- c) Called as denationalization or disinvestment.

A. 1-c, 2-a, 3-b

B. 1-b, 2-c, 3-a

C. 1-b, 2-a, 3-c

D. 1-c, 2-b, 3-a

Ans. B

Sol. **Globalization** is a Process of interaction and integration among the people, companies and government of different nations through trade, investment and information technology.

**Privatization** is the process of transferring an industry from the public sector to the private sector leading to denationalization and disinvestment.



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**Liberalization** is removal or reduction of restrictions on the free exchange of goods between nation like reducing duties and surcharges, relaxing licensing rules, quotas.

7. Which one of the following is not an instrument of credit control in India?

- A. Rationing of credit
- B. Direct Act ion
- C. Open Mark et operations
- D. Variable cost reserve ratios

Ans. D

Sol.

- **Variable cost reserve ratios** are not an instrument of qualitative credit control in India instead variable cash reserve ratio is an instrument of quantitative credit control.
- It indicates the minimum amount which the commercial banks have to keep with the central bank which can be increased or decreased for purpose of credit control.

8. Which among the following is an example of micro-economic variable?

- A. National Income
- B. Aggregate Supply
- C. Employment
- D. Consumer's Equilibrium

Ans. D

Sol. Consumer's equilibrium is an example of micro-economic variable. Micro economic variable studies the behavior of individuals and firms in making decisions regarding the allocation of scarce resources. Consumer Equilibrium refers to the amount of goods and services consumer can purchase using their present level of income and the current level of prices with maximum satisfaction.

9. An economic system combining private and state enterprise is called as \_\_\_\_\_

- A. Market economy
- B. Centrally planned economy
- C. Private economy
- D. Mixed economy

Ans. D

Sol. An economic system combining private and state enterprise is called as

**Mixed economy.** A mixed economy is defined as an economic system consisting of a mixture of either markets and economic planning, public ownership and private ownership, or markets and economic interventionism.

10. What was the main motive of Third Five Year Plan in India?

- A. Rural development
- B. Agriculture
- C. Financial inclusion
- D. Economic reform

Ans. D

Sol. the main motive of Third Five Year Plan in India is **Economic reform**. The term of this plan being from the year 1961 to 1966. The main objective of this plan was to increase the national income more than 5% annually but India failed to achieve its target due to wars with China in 1962 and Pakistan in 1965 and bad monsoon. A Sino-Indian war took place in 1962 so the government changed its focus to the defense sector.

11. Which among the following is not a direct tax?

- A. Income tax
- B. Wealth tax
- C. Corporate tax
- D. None of these

Ans. D

Sol. The Direct taxes are those taxes that cannot be transferred or shifted to another person, i.e., individual pays directly to the government. Major types of direct tax are:

Income Tax, Corporate Tax, Wealth Tax, Estate Duty, Gift Tax, Fringe Benefit Tax, etc.

While the Indirect taxes are those taxes that can be shifted to other person. Some types of indirect tax are:

Sales Tax, Custom Duty, Entertainment Tax, Service Tax. Value Added Tax (VAT), etc.

12. MTNL comes under which of the following category?

- A. Navratna
- B. Maharatna
- C. Mini Ratna



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D. None option is correct

Ans. A

Sol. MTNL comes under Navratna. A company is given a Navratna status when it has 'Miniratna Category - I' status along with a Schedule 'A' listing and atleast 3 out of 5 'Excellent' or 'Very Good' Memorandum of Understanding during the last five years.

13. Which among the following is not an instrument of fiscal policy?

- A. Taxation
- B. Public expenditure
- C. Public debt
- D. Credit Rationing

Ans. D

Sol. Credit Rationing is not an instrument of fiscal policy instead it is an instrument of monetary policy. Fiscal policy is the government spending and taxation that influences the economy. Credit rationing is a qualitative tool for credit control used by RBI to control inflation and deflation.

14. Which of the following equation is/are INCORRECT?

- I.  $NI = NDP + \text{Net Foreign Income}$
- II.  $GNP = GDP + \text{Net Foreign Income}$
- III.  $NDP = GNP - \text{Depreciation}$

- A. Only (I) and (II)
- B. Only (III)
- C. Only (II) and (III)
- D. Only (II)

Ans. B

Sol.  $NDP = GDP - \text{DEPRECIATION}$ . NDP abbreviated as Net domestic product accounts for capital that has been consumed over the year in the form of housing, vehicle, or machinery deterioration.  $NDP + \text{Net foreign Income}$  gives the national income of the country.

15. Which organisation monitors the banks in actually maintaining cash balance?

- A. State Bank of India
- B. Reserve Bank of India
- C. Grameen Bank of India
- D. None of these

Ans. B

Sol. Reserve Bank of India monitors the banks in actually maintaining cash

balance. Every bank has to keep certain amount of cash as cash reserve ratio with RBI out of the deposits it receives for safety purpose and to avoid volatility in the market.

16. Which of the following is called GDP Deflator?

- A. Ratio of nominal to real GDP
- B. Ratio of nominal to real GNP
- C. Ratio of nominal to real CPI
- D. Ratio of real to nominal GNP

Ans. A

Sol.

- Ratio of nominal to real GDP is called GDP deflator.
- GDP deflator is a tool used to measure the level of price changes over time so that current prices which are affected by inflation or deflation can be accurately compared to historical prices.

17. What does indifference curve represent?

- A. Levels of Income and Capital
- B. Satisfaction derived from two goods
- C. Income from two businesses
- D. Relationship between expenditure and savings

Ans. B

Sol. Indifference curve represents satisfaction derived from two goods. To derive such satisfaction, the curve involves striking the combination of two goods (which are represented on the either of the X and Y axis) in such a way so that a consumer derives maximum utility out of the achieved pair.

18. After which five year plan, 'The Rolling Plan' was implemented?

- A. Third Plan
- B. Fifth Plan
- C. Seventh Plan
- D. Ninth Plan

Ans. B

Sol. It was after the fifth year plan that rolling plan was implemented. The time period of such plan was from 1978-80 and were implemented by the Janata party government by terminating the fifth five year plan and started new plan for the year 1978-83. However, when congress government again came back in



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power, they started a sixth five year plan for the year 1980-85.

19. Which tax causes a burden on the poorer section of the society?

- A. Direct Tax
- B. Indirect Tax
- C. Both Direct and Indirect Tax
- D. None of these

Ans. B

Sol. It's the indirect tax which is the burden on the poorer section of the society. It's for the very fact that, it is levied evenly on certain goods and services which are consumed by all sections of the society Ex- eatables, railways and so on. Thus it doesn't differentiate between the incomes level of consumers, unlike direct taxes which involves income slabs.

20. In which of the following market forms a firm does not exercise control over price?

- A. Mixed Competition
- B. Monopoly
- C. Oligopoly
- D. Perfect Competition

Ans. D

Sol. It's in the perfect competition that a firm doesn't not exercise control over price. It is so as in such market set up, buyers and sellers have perfect information about the product, so any increase in price would give a firm competitive disadvantage, and a decrease in the price of the product would also lead to decrease in prices by other sellers.

21. Which of the following is represented by 'Lorenz Curve'?

- A. Employment
- B. Inflation
- C. Deflation
- D. Income Distribution

Ans. D

Sol. Lorenz curve represents income distribution in the country. This curve is used to determine the inequality of the wealth distribution in the country. However to measure the income inequality in a numerical format Gini coefficient is used to quantify the findings of the curve.

22. In centrally planned economy, the \_\_\_\_\_ plans all the important activities in the economy.

- A. Industrialists
- B. Citizens
- C. Government
- D. Judiciary

Ans. C

Sol.

- A centrally planned economy is an economic system in which the state or government makes economic decisions rather than these being made by the interaction between consumers and businesses.
- The government determines the price of goods and services.

23. \_\_\_\_\_ says that if we keep increasing the employment of an input, with other inputs fixed, eventually a point will be reached after which the resulting addition to output (i.e., marginal product of that input) will start falling.

- A. Law of diminishing marginal product
- B. Law of variable proportions
- C. The Short Run
- D. The Long Run

Ans. A

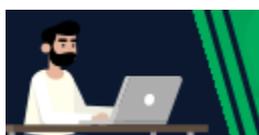
Sol. It's the Law of Diminishing marginal product, which is an economic principle that states that while increasing one input and keeping other inputs as constant may initially increase output, further increases in that input will have a limited effect, and eventually no effect or a negative effect, on output. This law then highlights how increasing production every time is not the best way to increase profitability.

24. In a market system, the central problems regarding how much and what to produce are solved through the coordination of economic activities brought about by \_\_\_\_\_ signals.

- A. Supply
- B. Demand
- C. Price
- D. Stock Market

Ans. C

Sol. It's the price changes which then ensures how to resolve the central problems of how much and what to produce. In the market system, as per the classical theory, it's the invisible hand of market which facilitates supply and



demand to meet at a price, which enables transaction to taken place, thus enabling economic activities.

25. \_\_\_\_\_ says that the marginal product of a factor input initially rises with its employment level. But after reaching a certain level of employment, it starts falling.

- A. Law of diminishing marginal product
- B. Law of variable proportions
- C. The Short Run
- D. The Long Run

Ans. B

Sol. Law of Variable proportion states that as the quantity of one factor is increased, keeping the other factors as constant, the marginal product of that factor will eventually decline. Thus this law is applicable in short run, also assumes that technology is constant and also assumes that factor proportions are variable.

26. The closest example of a centrally planned economy is the \_\_\_\_\_ for the major part of the 20th Century.

- A. USA
- B. India
- C. Soviet Union
- D. Japan

Ans. C

Sol. The closest example of a centrally planned economy is the Soviet Union for the major part of the 20th Century. A planned economy is a type of economic system where investment and the allocation of capital goods is performed through economy-wide economic and production plans. A planned economy may be based on centralized, decentralized or participatory forms of economic planning. The economy of the Soviet Union was based on a system of state ownership of the means of production, collective farming, industrial manufacturing and centralized administrative planning.

27. \_\_\_\_\_ is the relationship between the variable input and output, keeping all other inputs are held constant.

- A. Total product
- B. Average product
- C. Isoquant

D. The Long Run

Ans. A

Sol.

- Total product is the overall quantity of output that a firm produces, usually specified in relation to a variable input.
- Total product is the starting point for the analysis of short-run production. It indicates how much output a firm can produce according to the law of diminishing marginal returns.

28. From which of the following, is the GDP of a country not derived from?

- A. Agricultural sector
- B. Industrial sector
- C. International sector
- D. Service sector

Ans. C

Sol. Gross domestic product (GDP) is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly) of time. GDP is an aggregate measure of production equal to the sum of the gross values added of all resident and institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs). Agriculture , industrial and service sector from these sector we can derived GDP but from International Sector we can't derived GDP.

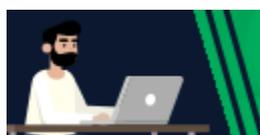
29. \_\_\_\_\_ is the set of all possible combinations of the two inputs that yield the same maximum possible level of output.

- A. The Short Run
- B. The Long Run
- C. Isoquant
- D. Average product

Ans. C

Sol. An isoquant is a firm's counterpart of the consumer's indifference curve. An isoquant is a curve that shows all the combinations of inputs that yield the same level of output. 'Iso' means equal and 'quant' means quantity. Therefore, an isoquant represents a constant quantity of output.

30. A \_\_\_\_\_ deficit is financed by net capital flows from the rest of the world, thus by a capital account surplus.



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- A. Current Account
- B. Savings Account
- C. Capital Account
- D. Asset Account

Ans. A

Sol. The current account deficit is a measurement of a country's trade where the value of the goods and services it imports exceeds the value of the goods and services it exports. The current account includes net income, such as interest and dividends, and transfers, such as foreign aid, although these components make up only a small percentage of the total current account. The current account represents a country's foreign transactions and, like the capital account, is a component of a country's balance of payments. A Current account deficit is financed by net capital flows from the rest of the world, thus by a capital account surplus.

31. \_\_\_\_\_ is defined as the output per unit of variable input
- A. Marginal product
  - B. Production function
  - C. Total product
  - D. Average product

Ans. D

Sol. The term average product refers to the average output (or products) produced by each input (factors of production like labor and land). It's a way for companies to measure total output produced with a particular combination of variable inputs. Relationship between Marginal Product and Average Product:- Marginal product is the increase in total product as a result of adding one more unit of input whereas Average product is the total product (or total output) divided by the quantity of inputs used to produce that total.

32. \_\_\_\_\_ is an alternative way of representing the production function.
- A. The Short Run
  - B. The Long Run
  - C. Isoquant
  - D. Average product

Ans. C

Sol. **Isoquant** represents the production function. It is a contour line drawn through the set of points at which the same quantity of output is produced while changing the quantities of two or more inputs.

- The **short run** is a period in which wages and some other prices are sticky.
- The **long run** is a period in which full wage and price flexibility, and market adjustment are achieved by the market.
- Average product is the quantity of total output produced per unit of a variable input, holding all other inputs fixed.

33. The \_\_\_\_\_ exchange rate is the relative price of foreign goods in terms of domestic goods.

- A. Artificial
- B. Nominal
- C. Fixed
- D. Real

Ans. D

Sol. **Real Exchange Rate** is the ratio of the price level in abroad and the domestic price level. In simple words, it can be said that it is the purchasing power of a currency relative to another at current exchange rates and prices.

- It represents the exchange rate adjusted by the relative price of domestic and foreign goods and services, thus reflects the competitiveness of a country with respect to the rest of the world.

34. The \_\_\_\_\_ exchange rate is the price of one unit of foreign currency in terms of domestic currency.

- A. Artificial
- B. Nominal
- C. Fixed
- D. Real

Ans. B

Sol. The nominal exchange rate E is defined as the number of units of the domestic currency that can purchase a unit of a given foreign currency. A decrease in this variable is termed nominal appreciation of the currency. (Under the fixed exchange rate regime, a downward adjustment of the rate E is termed revaluation.) An increase in this variable is termed nominal depreciation of the currency. (Under the fixed exchange rate regime, an upward



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adjustment of the rate E is called devaluation.)

35. \_\_\_\_\_ of an input is defined as the change in output per unit of change in the input when all other inputs are held constant.

- A. Marginal product
- B. Production function
- C. Total product
- D. Average product

Ans. A

Sol. The marginal product or marginal physical product of an input (factor of production) is the change in output resulting from employing one more unit of a particular input (for instance, the change in output when a firm's labor is increased from five to six units), assuming that the quantities of other inputs are kept constant. The marginal product of a given input can be expressed as:

$$MP = \frac{\Delta X}{\Delta Y}$$

Here Delta X is the change in the firm's use of the input (conventionally a one-unit change) and Delta Y is the change in quantity of output produced (resulting from the change in the input). Note that the quantity Y of the "product" is typically defined ignoring external costs and benefits.

36. The collection of all possible combinations of the goods and services that can be produced from a given amount of resources and a given stock of technological knowledge is called the \_\_\_\_\_ of the economy.

- A. Resource Probability Set
- B. Production Probability Set
- C. Resource Possibility Set
- D. Production Possibility Set

Ans. D

Sol. A production-possibility frontier (PPF) or production possibility curve (PPC) is the possible tradeoff of producing combinations of goods with constant technology and resources per unit time. One good can only be produced by diverting resources from other goods, and so by producing less of them. This tradeoff is usually considered for an economy, but also applies to each

individual, household, and economic organization.

Graphically bounding the production set for fixed input quantities, the PPF curve shows the maximum possible production level of one commodity for any given production level of the other, given the existing state of technology.

37. If at a price, market supply is greater than market demand, we say that there is \_\_\_\_\_ in the market at that price.

- A. Equilibrium
- B. Excess Demand
- C. Excess Supply
- D. Marginal Revenue

Ans. C

Sol.

- In economics, an excess supply or economic surplus is a situation in which the quantity of a good or service supplied is more than the quantity demanded, and the price is above the equilibrium level determined by supply and demand.
- That is, the quantity of the product that producers wish to sell exceeds the quantity that potential buyers are willing to buy at the prevailing price. It is the opposite of an economic shortage (excess demand).

38. In India the reform policies were first introduced in which year?

- A. 1951
- B. 1971
- C. 1991
- D. 2001

Ans. C

Sol. The economic liberalisation in India refers to the economic liberalisation, initiated in 1991, of the country's economic policies, with the goal of making the economy more market and service-oriented and expanding the role of private and foreign investment. Specific changes include a reduction in import tariffs, deregulation of markets, reduction of taxes, and greater foreign investment. Liberalisation has been credited by its proponents for the high economic growth recorded by the country in the 1990s and 2000s.

39. The \_\_\_\_\_ of a firm is a relationship between inputs used and output produced by the firm.



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- A. Marginal product
- B. Production function
- C. Total product
- D. Average product

Ans. B

Sol. In economics, a production function relates quantities of physical output of a production process to quantities of physical inputs or factors of production. The production function is one of the key concepts of mainstream neoclassical theories, used to define marginal product and to distinguish allocative efficiency, a key focus of economics. The primary purpose of the production function is to address allocative efficiency in the use of factor inputs in production and the resulting distribution of income to those factors, while abstracting away from the technological problems of achieving technical efficiency, as an engineer or professional manager might understand it.

40. Which of the following areas make the largest contribution to national income in India?

- A. Industry
- B. Services
- C. Agriculture
- D. Mining

Ans. B

Sol. Services sector is the largest sector of India. Gross Value Added (GVA) at current prices for Services sector is estimated at 73.79 lakh crore INR in 2016-17. Services sector accounts for 53.66% of total India's GVA of 137.51 lakh crore Indian rupees. With GVA of Rs. 39.90 lakh crore, Industry sector contributes 29.02%. While, Agriculture and allied sector shares 17.32% and GVA is around of 23.82 lakh crore INR.

41. Lorenz curve shows

- A. Inflation
- B. Unemployment
- C. Income distribution
- D. Poverty

Ans. C

Sol. Lorenz curve is a graph on which the cumulative percentage of total national income (or some other variable) is plotted against the cumulative percentage of the corresponding population (ranked in increasing size of share). The extent to which the curve sags below a straight

diagonal line indicates the degree of inequality of distribution.

42. Who introduced the term 'Hindu rate of growth'?

- A. Amartya Sen
- B. Raj Krishna
- C. V. K. R. V. Rao
- D. Kaushik Basu

Ans. B

Sol. Hindu rate of growth was given Raj Krishan. This concept refers to the low annual growth rate of the planned economy of India before the liberalizations of 1991, which stagnated around 3.5% from 1950s to 1980s, while per capita income growth averaged 1.3%.

43. The BRICS New Development Bank (NDB) has been set up for

- A. Funding infrastructure projects in emerging economics for sustainable development
- B. Funding non-infrastructure projects in emerging economics for sustainable development
- C. Funding infrastructural projects in developed countries
- D. Funding infrastructural projects in BRICS countries only

Ans. A

Sol. New Development Bank has been established with the aim of funding infrastructure projects in emerging economies for sustainable development. The bank is headquartered in Shanghai.

44. Which one is not included in Non-Banking Financial Institutions (NBFI)s?

- A. EXIM
- B. SIDBI
- C. NABARD
- D. BOI

Ans. D

Sol. Non-Banking Financial institutions refer to those institutions that doesn't accept chequable deposits nor extend loans to general public. So going by this definition, Bank of India, is not an NBFC, but rather a commercial bank.

45. \_\_\_\_\_ is the number of deaths in the population during a given period.

- A. Natality
- B. Mortality
- C. Immigration
- D. Emigration

Ans. B



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Sol. Mortality is the number of deaths in the population during a given period.  
\* Mortality rate is typically expressed in units of deaths per 1,000 individuals per year.

46. \_\_\_\_\_ scheme by the Central Government aims at setting up an organized rural Panchayat in order to make the villages more self-sustained.  
A. Gram Uday Se Bharat Uday Abhiyan  
B. Pradhan Mantri Ujjwala Yojana  
C. Pradhan Mantri Surakshit Matritva Yojana  
D. Vidyanjali Yojana

Ans. A

Sol. Gram Uday Se Bharat Uday Abhiyan scheme was launched by the Central Government aiming at setting up an organized rural Panchayat in order to make the villages more self-sustained.  
\* The abhiyan was launched on the birth anniversary of Dr. Bhimrao Ambedkar by Prime Minister Shri Narendra Modi.  
\* It was launched in April 2016.

47. The demand for a normal good increases with \_\_\_\_\_ in the consumer's income.  
A. Increase                      B. Decrease  
C. Constant                      D. Double

Ans. A

Sol. The demand for a normal good **increases** with increase in income of consumer.  
\* This is called positive income elasticity of demand.  
\* A good is normal when the income elasticity of demand is greater than or equal to zero.

48. The short run average cost curve is \_\_\_\_\_ shaped.  
A. U                                  B. V  
C. X                                  D. W

Ans. A

Sol. The short run average cost curve is U shaped.  
In economics, a cost curve is a graph of the costs of production as a function of total quantity produced. Short-run average total cost curve (SRATC or SRAC) is constructed to capture the relation between cost per unit of output and the

level of output, ceteris paribus. A perfectly competitive and productively efficient firm organizes its factors of production in such a way that the factors of production is at the lowest point. In the short run, when at least one factor of production is fixed, this occurs at the output level where it has enjoyed all possible average cost gains from increasing production. This is at the minimum point in the diagram on the right.

49. A commodity market has a \_\_\_\_\_ structure, if there is one seller of the commodity, the commodity has no substitute, and entry into the industry by another firm is prevented.  
A. Perfect Competition  
B. Monopoly  
C. Oligopoly  
D. Monopolistic Competition

Ans. B

Sol. A commodity market has a Monopoly structure, if there is one seller of the commodity, the commodity has no substitute, and entry into the industry by another firm is prevented.  
A monopoly exists when a specific person or enterprise is the only supplier of a particular commodity. This contrasts with a monopsony which relates to a single entity's control of a market to purchase a good or service, and with oligopoly which consists of a few sellers dominating a market. Monopolies are thus characterized by a lack of economic competition to produce the good or service, a lack of viable substitute goods, and the possibility of a high monopoly price well above the seller's marginal cost that leads to a high monopoly profit.

50. If the \_\_\_\_\_ firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the marginal revenue is zero.  
A. Perfect Competition  
B. Monopoly  
C. Oligopoly  
D. Monopolistic Competition

Ans. B

Sol.



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- If the Monopoly firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the marginal revenue is zero.
- A monopoly is a firm who is the sole seller of its product, and where there are no close substitutes. An unregulated monopoly has market power and can influence prices. Examples: Microsoft and Windows, DeBeers and diamonds, your local natural gas company.

51. The short run marginal cost curve is \_\_\_\_\_ shaped.

- A. U
- B. V
- C. X
- D. W

Ans. A

Sol. The short run marginal cost curve is U shaped.

In economics, a cost curve is a graph of the costs of production as a function of total quantity produced. A short-run marginal cost curve graphically represents the relation between marginal (i.e., incremental) cost incurred by a firm in the short-run production of a good or service and the quantity of output produced. This curve is constructed to capture the relation between marginal cost and the level of output, holding other variables, like technology and resource prices, constant. The marginal cost curve is usually U-shaped. Marginal cost is relatively high at small quantities of output; then as production increases, marginal cost declines, reaches a minimum value, then rises.

52. The demand for a inferior good decreases with \_\_\_\_\_ in the consumer's income.

- A. Increase
- B. Decrease
- C. Constant
- D. Double

Ans. A

Sol.

- An inferior good is a type of good whose demand decreases when income of consumer increases or we can say that demand of inferior good is inversely related to consumer's income.

53. Goods for which the quantity that a consumer chooses, increases as the consumer's income increases and

decreases as the income decreases are called?

- A. Inferior goods
- B. Normal goods
- C. Complementary goods
- D. Substitute goods

Ans. B

Sol.

- Goods for which the quantity that a consumer chooses, increases as the consumer's income increases and decreases as the income decreases are called Normal goods.
- In other words, we can say that the demand of Normal goods is directly related to consumer's income.

54. The demand for an inferior good increases with \_\_\_\_\_ in the consumer's income.

- A. increase
- B. decrease
- C. constant
- D. double

Ans. B

Sol. An inferior good is a type of good whose demand decreases when income of consumer increases or vice versa. In other words, we can say that the demand of an inferior good is inversely related to consumer's income

55. Goods for which demand move in the opposite direction of the income of the consumer are called?

- A. Inferior goods
- B. Normal goods
- C. Complementary goods
- D. Substitute goods

Ans. A

Sol. "Goods for which demand move in the opposite direction of the income of the consumer" are called inferior goods. It is a type of good whose demand decreases when income of consumer increases or vice versa.

56. If the \_\_\_\_\_ firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the average revenue is zero.

- A. Perfect Competition
- B. Monopoly
- C. Oligopoly
- D. Monopolistic Competition

Ans. A

Sol.



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- Perfect Competition firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given for every product or services including labour by the point where the average revenue is zero.
- Perfect Competition is type of market structure in which consumers have the knowledge of market and its changes. This market structure includes large number of consumers and seller which have zero advertising cost.

57. The average variable cost curve is \_\_\_\_\_ shaped.

- A. U
- B. V
- C. X
- D. W

Ans. A

Sol. The shape of the average variable cost curve is U. It represents the relationship between the average variable cost sustained by a firm of the product or services for the short time duration and the quantity produced. It can be defined as the total fixed variable cost per unit of output.

58. The \_\_\_\_\_ balance is the sum of the balance of merchandise trade, services and net transfers received from the rest of the world.

- A. Current Account
- B. Savings Account
- C. Capital Account
- D. Asset Account

Ans. A

Sol. The current balance is the sum of the balance of merchandise trade, services and net transfers received from the rest of the world. . Balance of payments included two types of account i.e capital account balance and current account balance. The Capital Account gives a summary of the capital expenditure and income for a country. All items that carries changes in the stock are listed in the balance of capital account and all other flows of goods and services are recorded in the balance of current account.

59. The relation between the consumer's optimal choice of the quantity of a good and its price is very important and this relation is called the \_\_\_\_\_ function.

- A. Price
- B. Substitution
- C. Supply
- D. Demand

Ans. D

Sol. The relation between the consumer's optimal choice of the quantity of a good and its price is very important and this relation is called the demand function. Demand function shows the relationship between demand of a particular commodity and factors affecting it,i.e price . Demand function can be termed as a desire with the 'willingness' and 'ability' to pay for a commodity. There are two types of demand function which are as follows

- 1) individual demand function
- 2) Market demand function

60. "Reserve Bank of India" is listed in the \_\_\_\_\_ list given in the Seventh Schedule in the Constitution of India.

- A. Union
- B. State
- C. Global
- D. Concurrent

Ans. A

Sol. "Reserve Bank of India" is listed in the union list given in the Seventh Schedule in the Constitution of India. Reserve bank of India is the central banks of india which control every monetary policy of Indian government, it is formed under the reserve bank of India Act 1934 on 1<sup>st</sup> april 1935 with its headquarter located in mumbai. RBI was nationalized in 1 january 1949.

61. The demand for a normal good decreases with \_\_\_\_\_ in the consumer's income.

- A. increase
- B. double
- C. constant
- D. decrease

Ans. D

Sol. The demand for a normal good decreases with decrease in the consumer's income. A good is known as normal good if the income elasticity of demand is greater than or equal to zero. For normal good the change in income is directly proportional to the change in demand. For example if decreased. in income causes decrease in chicken consumption and increase in potato consumption, than chicken is normal good and potato is inferior good.



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62. Short run marginal cost curve cuts the short run average cost curve from \_\_\_\_\_ at the minimum point of short run average cost.

- A. top
- B. below
- C. right
- D. left

Ans. B

Sol. Short run marginal cost curve cuts the short run average cost curve from below at the minimum point of short run average cost. Marginal cost is that excess cost which incurred while producing one more extra unit, it has no relation with the average fixed cost. It is the measurement of production which determines how much production is optimal

63. The \_\_\_\_\_ balance is equal to capital flows from the rest of the world, minus capital flows to the rest of the world.

- A. Current Account
- B. Savings Account
- C. Capital Account
- D. Asset Account

Ans. C

Sol. The capital balance is equal to capital flows from the rest of the world, minus capital flows to the rest of the world. Balance of payments included two types of account i.e capital account balance and current account balance. The Capital Account gives a summary of the capital expenditure and income for a country. The current balance is the sum of the balance of merchandise trade, services and net transfers received from the rest of the world. All items that carries changes in the stock are listed in the balance of capital account and all other flows of goods and services are recorded in the balance of current account.

64. If a consumer's demand for a good moves in the same direction as the consumer's income, the consumer's demand for that good must be inversely related to the price of the good is called \_\_\_\_\_.

- A. Law of demand
- B. Law of supply
- C. Law of substitution
- D. Law of optimal choice

Ans. A

Sol. If a consumer's demand for a good moves in the same direction as the

consumer's income, the consumer's demand for that good must be inversely related to the price of the good is called Law of demand. Law of demand was coined by Alfred marshal in 1892, which states that if all the other conditions remains same then the quantity demanded is inversely proportional to the price. e.g if a person demand two kg of mango at rs 50 per kg, but according to law of demand he demand one kg mango if price rises to 60per kg. So price and demand are opposite to each other and has wider effects on each other.

65. "Taxes on agricultural income" is listed in the \_\_\_\_\_ list given in the Seventh Schedule in the Constitution of India.

- A. Union
- B. State
- C. Global
- D. Concurrent

Ans. B

Sol. "Taxes on agricultural income" is listed in the state list given in the Seventh Schedule in the Constitution of India. There are three list , state list, union list and concurrent list in the 7<sup>th</sup> schedule of the indian constitution. There are 97 items in the union list , 47 items in the concurrent list and 59 items in the state list. These three list are the division of the legislative section.

66. India's first official census operation was undertaken in which year?

- A. 1841
- B. 1881
- C. 1921
- D. 1961

Ans. B

Sol.

- India's first official census operation was undertaken in 1881.
- It has been conducted after every 10 years and it has been conducted 15 times from then. It includes acquiring and recording information about the members of a given population.

67. "Relief of the disabled and unemployable" is listed in the \_\_\_\_\_ list given in the Seventh Schedule in the Constitution of India.

- A. Union
- B. State
- C. Global
- D. Concurrent

Ans. B

Sol. "Relief of the disabled and unemployable" is listed in the State list given in the Seventh Schedule in the



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Constitution of India. State list given in the Seventh Schedule in the Constitution of India includes 59 items (in beginning there are 66 items in the list). Some of the items like Public order, Police, Agriculture, etc.

68. In \_\_\_\_\_, the short run equilibrium results in quantity produced being lesser and prices being higher compared to perfect competition.

- A. Monopsony
- B. Monopoly
- C. Oligopoly
- D. Monopolistic Competition

Ans. D

Sol. Monopolistic Competition (also known as Imperfect Competition) is a type of market structure which combines elements of monopoly and competitive markets, the short run equilibrium results in quantity produced being lesser and prices being higher compared to perfect competition.

69. "Bankruptcy and insolvency" is listed in the \_\_\_\_\_ list given in the Seventh Schedule in the Constitution of India.

- A. Union
- B. State
- C. Global
- D. Concurrent

Ans. D

Sol. "Bankruptcy and insolvency" is listed in the Concurrent list given in the Seventh Schedule in the Constitution of India. Concurrent List includes 52 items and Parliament has exclusive power to legislate Concurrent lists.

70. The marginal product curve is inverse \_\_\_\_\_ shaped.

- A. X
- B. W
- C. V
- D. U

Ans. D

Sol.

The marginal product curve is inverse shaped. The marginal product of an input initially increases and then after a certain level of employment, it starts decreases.



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