

GENERAL ECONOMICS

ERRATA

Question	Option 1	Option 2	Option 3	Option 4	Answer
TFC is	U shaped	horizontal	vertical	concavo – convex	b
MR of the nth unit is given by	$TR_n - TR_{n-1}$	$TR_n + TR_{n-1}$	TR_n / TR_{n-1}	TR_{n+1} / TR_n	a
If goods X and Y are substitutes, then	cross elasticity between X and Y is zero.	cross elasticity between X and Y is positive.	cross elasticity between X and Y is one.	cross elasticity between X and Y is negative.	b
Demand curve is upward rising for	snob effect	normal goods	luxury goods	all are true	a
More may be demanded at a higher price in the case of	giffen goods	normal goods	luxury goods	all are true.	a
The quantity demanded does not respond to price change and so the elasticity value is	one	infinite	zero	none of these	c
If percentage change in quantity demanded is equal to the percentage change in price, price elasticity is	one	less than zero	zero	less than one	a
If a fall in P leads to an increase in total revenue, we have elasticity of demand as	greater than one	less than one	zero	infinite	a
Economic development improvement in	quantitative terms	qualitative terms	per capita income	None of these	b
The average rate of growth for the last 55 years is	3%	3.4%	4%	4.4%	d
During 1950-2005 , per capita has increased by nearly	1.5 times	2.5 times	2 times	4 times	d
During 1950-2005 , national income has increased by nearly	8 times	15 times	10 times	11 times	b
At present the percentage of population involve in agriculture is	60%	67%	70%	72%	a
People who are not able to a certain minimum standard of consumption are termed as	poor	rich	unhappy	happy	a
The percentage of population involved in agriculture is	60%	65%	70%	75%	a
During the 8 th plan, the industrial sector achieved an average annual growth rate of	7.3%	8.0%	8.1%	8.2%	a
Cheap money policy is followed during	depression	inflation	recession	revival	a
India's direct tax structure	progressive	regressive	nothing definite can be said	none of these	a
The labour supply curve is	upward	downward	backward	none of	c

	rising	sloping	bending	these	
P, P are the prices of one unit of goods x, y respectively, x/y the slope of the budget line is	p_x/p_y	p_y/p_x	MU_x/MU_y	MU_y/MU_x	A
If money income of the consumer increases , other thing being constant, the budget line will	shift rightwards	shift leftwards	shift rightwards in a parallel way	shift leftwards in a parallel way	c
If the monopolist goes for price discrimination in two markets, the price elasticity of demand in these markets must be	different	same	price elasticity does not influence price discrimination	none of these	a
In the long run, monopolist	operates at the minimum point of LAC curve	operates beyond the minimum point of LAC curve	operates before the minimum point of LAC curve	any of the option is possible	d
Each firm under monopolistic competition has	the same amount of demand	differentiated product	identical product	nothing definite can be said	b
Firms under monopolistic competition have	no excess capacity	concept of excess capacity does not arise	have excess capacity	none of these	c
If the supply is perfectly inelastic, the supply curve is	vertical	horizontal	Upward sloping	None of these	a
For perfectly inelastic supply curve, elasticity value is	zero	infinite	one	None of these	b
In the long run	only demand can change	only supply can change	both demand & supply can change	none of these	c
Product differentiation under perfect competition is	none	slight	non substantial	extreme	a
Product differentiation under monopolistic competition is	none	slight	non substantial	extreme	b
Product differentiation under oligopoly is	none	slight	non substantial	extreme	c
Product differentiation under monopoly is	none	slight	non substantial	extreme	d
For a monopolist, the necessary condition for equilibrium is	$P=MC$	$P=MR=AR$	$MR=MC$	None of these	c
In the long run, the monopolist operates	not at minimum point of LAC	minimum point of LAC	nothing define can be said	none of these	c
"Excess capacity exists for a monopoly firm" – this statement	true	sometimes true	true under special	false	b

			conditions		
If any two points are taken on the AFC curve, the corresponding area covered by the points will be	Different	Same	Nothing definite can be said	None of these	B
The cost function is $c=kq$, k is a constant. Then	$MC>AC$	$MC=AC$	$MC<AC$	none of these	B
If the demand curve is given by $p = 8 - 3q$ then in an imperfect market we have	$MR = 16 - 3q$	$MR = 16 - 6q$	$MR = 8 + 6q$	$MR = 8 - 6q$	D
The demand curve is $p = (a - bq)^2$ where $a, b > 0$. The demand curve is	linear	concave	nothing definite can be said	convex	D
Let the demand curve be $q = Ap^{-b}$ where A, b are positive constants. Then price elasticity value	Zero	One	A	b	D
If price elasticity is 0.8, the value of revenue elasticity with respect to price is	0	1.8	0.2	0.8	B
Price elasticity of a good is -4 and cross elasticity is +3. Then income elasticity will be	-1	1	0	-2	B
The demand curve is $p = 80 - 6q$. If elasticity of demand is unity, the value of q is	2	3	6.6	3.5	C
A monopolist faces two markets A & B. Elasticity in market A is higher than the elasticity in Market B. The price will be higher in	Market A	Market B	Can not be said	Both markets will have the same price	B
The equilibrium condition of a multi plant monopolist operating in two markets is	$MR=MC$	$MR_1 = MC_2 = MC$	$MR_1 = MC_2 = MC$	$MR = MC_1 = MC_2$	D
Given the Cobb Douglas production function $q = AK^aL^b$. We can have	$a+b < 1$	$a+b = 1$	$a+b > 1$	All are possible	D
For CRS, we have	$a+b < 1$	$a+b > 1$	$a+b = 1$	$a+b = 1$	D
If the product function is homogeneous of degree n , then the value of elasticity of substitution	zero	Infinite	1	Can not be determined	D

If w, r are the prices of one unit of L, K respectively, then the slope of the isocost line will be	w/r	$-k/l$	MP_l / MP_k	k/l	A
For a competitive firm $P = 6$ and $TC = 1 + q^2$. Then the amount of profits it will earn will be	7	8	9	10	B
Given the total cost function $0.01x^3 - 2x^2 + 400x$, find the value of x for which $MC = AC$	50	150	100	200	C
For a constant cost industry, let an unit tax be imposed on a competitive firm. For a constant cost industry, price rise will be	by less than the tax amount	by equal to the tax amount	by more than the tax amount	none of these	B
For a decreasing cost industry, let an unit tax be imposed on a competitive firm., price rise will be	by less than the tax amount	by equal to the tax amount	by more than the tax amount	none of these	C
The short run cost function of a firm is $PC = 5 + 3q - 4q^2$ Is it possible for the firm to sell in a competitive market?	Yes	No	Cannot the said	None of these	B
For a monopolist, $TC = 100 + 20q^2$ and the demand curve is $P = 400 - 20q^2$ Then the profit of the monopolist is	600	700	800	900	D