**Agricultural Economics and Trade, ASEC- 1101 (3+0)**

**QUESTION BANK**

1. What reduce the value of money?
   1. Hiding it under a mattress
   2. Deflation
   3. Cutting it in half with scissors
   4. Inflation
2. The meaning of ‘Economics’ is most closely associated with the word
   1. Unlimited
   2. Free
   3. Scare
   4. None
3. The definition of Economics given by Alfred Marshall has neglected
   1. Material welfare
   2. Non-material welfare
   3. Both
   4. None
4. If the price of a commodity is too high, the supply will be greater than the demand upon:
   1. Monopoly
   2. Boycott
   3. Surplus
   4. Shortage
5. Which of the following defined Economics on scientific lines?
   1. Adam Smith
   2. Lionel Robbins
   3. Alfred Marshall
   4. None
6. The cost incurred by a farmer for pumping irrigation water is a:
   1. Fixed cost
   2. Variable cost
   3. Marginal cost
   4. Average cost
7. Economics is a
   1. Science
   2. Art
   3. Both
   4. None
8. Which of the following, falls under Deductive method of economic investigation?
   1. LDMU
   2. Engle’s Law
   3. Malthusian theory of population
   4. None
9. In Capitalism, the prices of commodities are
   1. Fixed by the Government
   2. Determined by market forces
   3. Fixed by Marketing Department
   4. All the above
10. In Mixed economy, there is
    1. One Public sector
    2. Only Private sector
    3. Coexistence of both Public and Private sectors
    4. None of the above
11. Which of the following is tangible and concrete
    1. Table
    2. Doctor service
    3. Mother rearing a child
    4. Military service
12. Free goods have great
    1. Value in use
    2. Value in exchange
    3. Transferability
    4. None
13. Utility in Economics refers to
    1. Usefulness
    2. Pleasure
    3. Satisfaction
    4. Want satisfying power
14. When value of a good is expressed in terms of money, it is called………..
    1. Wealth
    2. Income
    3. Price
    4. Utility
15. ‘Wealth consists of all potentially exchangeable means of satisfying human needs’ defined by
    1. Adam Smith
    2. Lionel Robbins
    3. Alfred Marshall
    4. J. M. Keynes
16. Patents and copyrights are
    1. Material, Transferable goods
    2. Material, Non-transferable goods
    3. Non-material, transferable goods
    4. Non-material, non-transferable goods
17. Wealth is a
    1. Fund
    2. Income
    3. Flow
    4. All of the above
18. A demand curve represents a relationship between:
    1. Total cost and total revenue
    2. Price and quantity purchased
    3. Price and quantity produced
    4. Profit and losses
19. Which of the following cases refers to direct consumption?
    1. Machinery
    2. Implements
    3. Food
    4. All the above
20. According to Cardinality approach of analysing the consumer behaviour
    1. Utility is not measurable
    2. Utility is measurable
    3. Utility values are always positive
    4. Utility values are always negative
21. According to LDMU, the consumer derives maximum satisfaction, when, marginal utility is
    1. Zero
    2. More than one
    3. Less than zero
    4. Infinity
22. Which of the following law is the basic law of consumption
    1. LEMU
    2. LDMU
    3. Indifference curve analysis
    4. Consumers’ surplus
23. The Law of Equi-Marginal Utility deals with
    1. One commodity
    2. More than one commodity
    3. Only two commodities
    4. None
24. Which one of the following would cause an increase in the price of an agricultural commodity?
    1. An increase in supply and a decrease in demand
    2. A decrease in demand with no change in supply
    3. A decrease in supply with no change in demand
    4. All of the above would cause price to increase
25. The concept of Consumers’ surplus is not applicable to
    1. Comforts
    2. Luxuries
    3. Necessaries
    4. All the above
26. The shape of Indifference curve is …………… to origin
    1. Concave
    2. Convex
    3. Hyperbola
    4. U shape
27. The law of demand is based on
    1. Law of equi-marginal utility
    2. Consumers’ surplus
    3. Law of diminishing marginal utility
    4. All the above
28. Which of the following is a Giffen good?
    1. Meat
    2. Air conditioner
    3. Bread
    4. Fridge
29. In case of perfect elastic demand, the shape of demand curve is
    1. Convex
    2. Concave
    3. Parallel to x-axis
    4. Parallel to y-axis
30. In case of perfect inelastic demand, the shape of demand curve is
    1. Convex
    2. Concave
    3. Parallel to x-axis
    4. Parallel to y-axis
31. In case of unit elasticity demand, the elasticity is
    1. E = Infinity
    2. E = <1
    3. E > 1
    4. E = 1
32. Which of the following is a fixed capital?
    1. Seeds
    2. Coal
    3. Machinery
    4. Food
33. Malthusian theory population states that
    1. Food production increases at faster pace than population
    2. Food production increases at slower pace than population
    3. Both food production and populationincreases at same pace
    4. Food production increases at constant pace, whereas populationincreases at faster pace
34. …………is market situation in which there are few sellers for the commodity
    1. Monopoly
    2. Duopoly
    3. Oligopoly
    4. Monopsony
35. In perfect competition, there are
    1. Large numbers of buyers and few numbers of sellers in the market
    2. Large numbers of sellers few numbers of buyers in the market
    3. Numbers of buyers and sellers are more or less equal in number
    4. One buyer and one seller
36. In general, Macroeconomic theories are based upon
    1. Inductive method
    2. Deductive method
    3. Positive economics
    4. None
37. The price below which the producer is not willing to sell the commodity is
    1. Minimum Support price
    2. Procurement price
    3. Floor price / Reserve price
    4. Normal price
38. In Monopoly market situation
    1. There is competition between firms
    2. Absence of competition
    3. Product is heterogeneous
    4. Cross elasticity of demand for the product is very high
39. The cross elasticity of demand for the product in monopoly market is
    1. High
    2. Low
    3. Infinity
    4. Zero
40. Land is a
    1. Natural factor
    2. Social factor
    3. Artificial factor
    4. Economic factor
41. Right to private property is a characteristic of -------------
    1. Capitalist Economy
    2. Socialist Economy
    3. Mixed Economy
    4. None of these
42. Using up of wealth to satisfy the innumerable wants of human beings
    1. Consumption
    2. Production
    3. Exchange
    4. Distribution
43. Marginal utility analysis is developed by
    1. Allan and Hicks
    2. Marshall
    3. Adam Smith
    4. Lionnel Robbins
44. Consumer Surplus =
    1. Total price-Total utility
    2. Total quantity-Total price
    3. Total Utility-Total price
    4. Total utility-Total quantity
45. The level of consumption of commodities, a family is accustomed to consume in order to maintain decent life.
    1. Engel’s Law
    2. Consumer Behaviour
    3. Consumer Surplus
    4. Standard of Living
46. Quasi rent concept was introduced by
    1. Marshall
    2. Adam Smith
    3. Lionnel Robbins
    4. Allan and Hicks
47. Which is the correct statement for market?
    1. A place where commodities are bought and sold
    2. Potential buyers and sellers of the produce
    3. A place which provides facilities for exchange of commodities
    4. All the above
48. The money consists of bank notes and deposits in a bank including over draft facilities is known as
49. Paper money
50. Token money
51. Bank money
52. Standard money
53. The branch of economics, which deals with the Income and expenditure of public authorities such as Central government, State government, Corporations, Municipalities etc.. is known as
    1. Public Expenditure
    2. Public Finance
    3. Taxation
    4. Public Income
54. Poor person should be taxed less and rich persons should be taxed more, in the case of
    1. Cannon of Economy
    2. Canon of Convenience
    3. Canon of Certainty
    4. Canon of Equality
55. AoA came in to the force on
    1. 1975
    2. 1995
    3. 1985
56. Measuring the cost of a fixed basket of products and services is known as
    1. Consumer price index
    2. Wholesale price index
    3. Producer price index
57. Sales tax is an example of ----------- Tax
    1. Direct tax
    2. Indirect tax
    3. Regressive tax
    4. Progressive tax
58. Micro Economics is also known as
    1. Income theory
    2. Consumer Theory
    3. Price theory
    4. None of the above
59. “Price rise as demand Increase” is related to
    1. Positive Economics
    2. Normative Economics
    3. Micro Economics
    4. Macro Economics
60. The law of supply states that if the price of the commodity is increased, supply of the commodity will-----------
    1. Increased
    2. Decreased
    3. Remains constant
    4. None of the above
61. Wheel of wealth is also known is known as
    1. National Income
    2. Gross domestic product
    3. Net national product
    4. Circular flow of income
62. Expand IPR
    1. Intellectual Progressive Rights
    2. Intelligent Property Rights
    3. Intellectual Property Rights
    4. Intelligent Progressive Rights
63. Which of the following is an imperfect market?
    1. Monopoly
    2. Oligopoly
    3. Both a and b
    4. None of these
64. ABC Company buying potatoes from XYZ traders results in
    1. Place utility
    2. Form utility
    3. Time utility
    4. Possession utility
65. Trade liberalisation in India resulted in
    1. Increased share of agricultural and allied products in total export earnings
    2. Increase in absolute value of total exports
    3. Both a and b
    4. None of these
66. Tariffication of all non tariff barriers is related to
    1. Market access commitment
    2. Aggregate measure of support
    3. Export subsidy
    4. Trade Related Intellectual Property Rights (TRIPS)
67. AoA allows unlimited support to activities such as
    1. Pest and Disease
    2. Public stock holding for food security purpose
    3. Domestic food aid
    4. All of them
68. According to Ricardian theory, Rent is
    1. Differential rent
    2. Scarcity rent
    3. Zero for land
    4. None
69. Which of the following do not enter in to the cost of production?
    1. Wages
    2. Interest
    3. Quasi rent
    4. None
70. Gross National Product at market prices is by
    1. Gross National Product + Market prices
    2. Gross National Product × Market prices
    3. Gross National Product / Market prices
    4. Gross National Product - Market prices
71. Net National Product is given by
    1. Gross National Product + Depreciation
    2. Gross National Product × Depreciation
    3. Gross National Product / Depreciation
    4. Gross National Product – Depreciation
72. Domestic Income is given by
    1. National Income + Net income from abroad
    2. National Income - Net income from abroad
    3. Gross National Product + Net income from abroad
    4. Gross National Product - Net income from abroad
73. Which of the following is included in Personal income?
    1. Undistributed corporate profits
    2. Profit taxes
    3. Transfer payments
    4. None
74. ‘Rent is paid for the use of land’ given by
    1. Marshall
    2. Ricardo
    3. Malthus
    4. Adam Smith
75. Disposable Income is given by
    1. Consumption expenditure + Savings
    2. Consumption expenditure – Savings
    3. Consumption expenditure – Investment
    4. None of the above
76. Which is the other name for net foreign investment in our country?
    1. NNP
    2. Net export
    3. Net import
    4. GNP
77. Which of the following directly increases the GNP of a country?
    1. An increase in investment
    2. A surplus in budget
    3. A fall in national debt
    4. A rise in the interest rate
78. Economic growth means
    1. More output
    2. More input
    3. Both
    4. None
79. An example for direct tax is/are
    1. Income tax
    2. Death duty
    3. Property duty
    4. All the above
80. Tax bearer and tax payers are different in case of
    1. Direct tax
    2. Indirect tax
    3. Both
    4. None
81. Canons of Taxation are enunciated by
    1. Alfred Marshall
    2. Cannon
    3. Adam Smith
    4. Dalton
82. ------------ is a tax which is really paid a person on whom it is legally imposed
    1. Indirect tax
    2. Direct tax
    3. Stamp duty
    4. Capital gains
83. Inflation implies
    1. Rise in money value
    2. Fall in money value
    3. Trend fluctuations
    4. Cyclical fluctuations
84. When inflation is caused by wage increases enforced by the Unions, it is known as
    1. Cost push inflation
    2. Galloping inflation
    3. Creeping inflation
    4. Demand pull inflation
85. Better measure of economic development
    1. GNP
    2. National Income
    3. Per capita Income
    4. HDI
86. According to Marshall, the basis of consumer surplus is --------
    1. Law of diminishing marginal utility
    2. Law of equi-marginal utility
    3. Law of proportions
    4. All of the above
87. A demand schedule
    1. Is a particularly difficult itinerary
    2. Sets out amounts demanded at various prices
    3. Is always a straight line
    4. Shows diagrammatically how demand changes with income
88. The Engel Curve for Giffen goods is
    1. Positively sloped
    2. Negatively sloped
    3. Vertical
    4. Horizontal
89. Depreciation is
    1. Net Investment
    2. Gross Investment
    3. A decrease in the stock of capital
    4. An increase in the stock of capital
90. In broad terms, the difference between microeconomics and macroeconomics
    1. They are different sets of tools and ideas
    2. Microeconomics studies decisions of individual people and firms and macroeconomics studies the entire national economy
    3. Macroeconomics studies the effects of government regulation and taxes on the price of individual goods and services whereas microeconomics does not
    4. Microeconomics studies the effects of government taxes on the national unemployment rate
91. Macroeconomics is the branch of economics that studies
    1. Prices of individual goods
    2. The way individual markets works
    3. The economy as a whole
    4. All the above.
92. VAT is -----------
    1. Value Added Tax
    2. Valued Assets Tax
    3. Value Assets Total
    4. None of these
93. In the short-run:
    1. All costs are fixed
    2. All costs are variable
    3. At least one cost is fixed
    4. At least one cost is variable
94. What is the specific objective of GATT?
    1. Globalization
    2. Increase world population’
    3. Complete use of resources
    4. All the above
95. WTO is a
    1. Bank
    2. Board
    3. Trade organization
    4. Telecom organization
96. Where is the Headquarter of WTO located?
    1. New York
    2. Washington
    3. Paris
    4. Geneva
97. The main objective of WTO
    1. Import and export restrictions to be abolished
    2. Instead of bilateral agreements, WTO expects the countries to follow multilateral agreements
    3. To regulate international trade of both goods and services
    4. All of the above
98. The WTO was earlier known as
    1. GATT
    2. UNICEF
    3. UNCTAD
    4. FAO
99. What is the root cause of trade?
    1. Opportunity cost
    2. Comparative advantage
    3. Marginal Utility
    4. Nominal Utility
100. Human wants are
     1. Unlimited
     2. Complementary
     3. Satiable
     4. All of them
101. Scarcity definition of economics is given by
     1. Lionel Robbins
     2. Adam Smith
     3. Alfred Marshall
     4. J.M. Keynes
102. Supply of a commodity influenced by
     1. Number of firms
     2. Price
     3. Technology
     4. All of them
103. The demand for a commodity that can be put to several uses is called
     1. Joint demand
     2. Derived demand
     3. Composite demand
     4. Direct demand
104. Who is considered to be father of economics?
     1. J.M Keynes
     2. Alfred Marshal
     3. Adam Smith
     4. Lionel Robbins
105. Public and Private sector co-exist under
     1. Capitalism
     2. Socialism
     3. Command economy
     4. Mixed economy
106. A capitalist economy seeks to solve various problems with the help of
     1. Economic planning
     2. Price mechanism
     3. Efficient allocation of resources
     4. None of these
107. Consumers surplus is large when the demand is
     1. Perfectly elastic
     2. Perfectly inelastic
     3. Relatively elastic
     4. Relatively inelastic
108. The demand for a commodity is said to be elastic, when it
     1. Is as luxury
     2. Have substitutes
     3. Have several uses
     4. All of them
109. There is no distinction between firm and industry in
     1. Perfect competition
     2. Monopsony
     3. Monopolistic competition
     4. Monopoly
110. The kinked demand curve is a feature of
     1. Oligopoly
     2. Monopoly
     3. Duopoly
     4. Monopsony
111. When the rate of inflation per annum ranges between 3-10 %, it is referred to as
     1. Walking inflation
     2. Running inflation
     3. Creeping inflation
     4. Hyper inflation
112. Interest is the price paid for the use of
     1. Land
     2. Capital
     3. Labour
     4. Organisation
113. When several things are demanded for a joint purpose, it is a case of
     1. Derived demand
     2. Composite demand
     3. Joint demand
     4. Direct demand
114. Principle of progressive taxation is based on
     1. Law of diminishing returns
     2. Law of diminishing marginal utility
     3. Law of equi-marginal utility
     4. Law of substitution