

TYBA Economics Sample Question Bank, Sem-VI

Paper IV

- 1) Net Exports of a country are also called as _____.
 - a. Current Account Balance
 - b. Capital Account Balance
 - c. Balance of Payments
 - d. Trade Balance

- 2) Real exchange rate is inversely related to _____.
 - a. Exports
 - b. Imports
 - c. Capital Account Convertibility
 - d. Monetary Policy

- 3) An increase in domestic demand has a _____ impact on trade balance.
 - a. Positive
 - b. Negative
 - c. Nil
 - d. Minimum

- 4) When investors can purchase assets in any country of their choice with low transaction costs is called as _____.
 - a. Capital Flows
 - b. Imperfect Capital Mobility
 - c. Perfect Capital Mobility
 - d. Restricted Mobility

- 5) Under Fixed exchange Rate system, _____ policy is highly effective.
 - a. Fiscal
 - b. Monetary
 - c. Exchange Rate
 - d. Tax

- 6) Under Flexible exchange rate system _____ policy is highly effective.
 - a. Fiscal
 - b. Monetary
 - c. Exchange Rate
 - d. Tax

- 7) One of the strengths of fixed exchange rate systems is that it _____.
 - a. Is highly responsive to market forces
 - b. Ensures Quick Adjustments to Balance of Payments

- c. Imparts Autonomy to Monetary Policy
- d. Promotes domestic stability

8) _____ can be cited as one of the reasons for exchange rate crisis.

- a. Expansionary Monetary Policy
- b. Contractionary Monetary Policy
- c. Excess Spending by the Government
- d. Contractionary Fiscal Policy

9) Under IMF US Dollar was accepted as _____.

- a. Gold Standard
- b. Foreign Currency
- c. Mediating Currency
- d. International Reserve Currency

10) In order to be a part of the European Monetary Union, the government debt of a country should not exceed _____ percent of its GDP.

- a. 40
- b. 50
- c. 60
- d. 70

11) The New Development Bank is a multilateral development bank established by _____

- a. BRICS
- b. ASEAN
- c. SAARC
- d. SAFTA

Answers:

Question	Correct Answer
1	d- Trade Balance
2	a-Exports
3	b-Negative
4	c-Perfect Capital Mobility
5	a-Fiscal
6	b-Monetary
7	d-Promotes Domestic Stability
8	c-Excess Spending by the Government
9	d- International Reserve Currency
10	c-60
11	a-BRICS

Paper V

- 1) According to the Classical Theory of International Trade, trade is mutually beneficial when each of the country produces the commodity in which it has _____.
 - a. Absolute Cost Advantage
 - b. Comparative Cost Advantage
 - c. Trade Surplus
 - d. Deficiency Production

- 2) One of the assumptions of the Comparative Cost theory of International Trade is _____.
 - a. There are two factors of production
 - b. Perfect Mobility of Labour between the countries
 - c. Existence of Oligopoly
 - d. Existence of Perfect Competition

- 3) In the Classical Theory of trade, cost is measured in _____.
 - a. Cost of the inputs
 - b. Wages Paid
 - c. Labour days
 - d. Supply Price of the capital

- 4) According to Heckscher-Ohlin Theory, the basis of international trade is _____.
 - a. Absolute Cost
 - b. Comparative Cost
 - c. Productivity
 - d. Factor Endowments

- 5) According to the Stolper-Samuelson Theorem, international trade will increase returns to the _____, and decrease returns to the _____.
 - a. Scarce Factor, Abundant Factor
 - b. Abundant Factor, Scarce Factor
 - c. Labour, Capital
 - d. Labour, Capital

- 6) Haberler's theory propounds that a country enjoys comparative advantage in the production of a commodity that has a lower _____.
 - a. Opportunity Cost
 - b. Total Cost
 - c. Absolute Cost
 - d. Comparative Cost

- 7) _____ is a form of investment where the investor retains control over the investment.
 - a. FII
 - b. FPI
 - c. FDI

- d. Multi-lateral Investment
- 8) FDIs are governed by _____ considerations.
- Short-run
 - Long-Run
 - Medium-term
 - Immediate
- 9) _____ involves sub-contracting business-related operations to a third-party.
- IPO
 - KPO
 - AI
 - BPO
- 10) GATT was constituted with the desire to _____.
- Liberalise Trade
 - Ensuring International Cooperation on Monetary Issues
 - Bring about Stability in the Exchange Rate
 - Facilitate Monetary Union
- 11) SAFTA is a free trade arrangement of ____.
- ASEAN
 - BRICS
 - EU
 - SAARC

Answers:

Question	Correct Answer
1	a-Absolute Cost Advantage
2	d-Existence of Perfect Competition
3	c-Labour Days
4	d-Factor Endowments
5	b- Abundant Factor, Scarce Factor
6	a-Opportunity Cost
7	c-FDI
8	b-Long Run
9	d-BPO
10	a-Liberalise Trade
11	d-SAARC

Paper- VI

- 1) Financial system intermediates between the flow of funds belonging to _____ and those who _____.
- Save, invest
 - Invest, save
 - Spend, produce
 - Produce, spend
- 2) The simultaneous existence of formal and informal financial sectors is known as financial _____.
- Integrity

- b. Incoordination
 - c. Dualism
 - d. Advancement
- 3) Intermediation Ratio is given by ____.
- a. Net Income/Total Financial Claims
 - b. Total Financial Claims/Net income
 - c. Total Primary Issues/ Total Secondary Issues
 - d. Total Secondary Issues/Total Primary Issues
- 4) The SARFAESI Act was enacted in the year ____.
- a. 2001
 - b. 2002
 - c. 2003
 - d. 2004
- 5) Exchange Rate channel is more effective in economies with _____ exchange rate system.
- a. Flexible
 - b. Fixed
 - c. Managed Floating
 - d. Dirty Floating
- 6) According to the MUDRA Yojana, loans upto the value of Rs. 5 Lakhs are called as ____.
- a. Shishu
 - b. Kishor
 - c. Tarun
 - d. Madhyam
- 7) Which of the following is not a part of the Treasury Bills Market in India?
- a. 28-Day Treasury Bills
 - b. 91-Day Treasury Bills
 - c. 182-Days Treasury Bills
 - d. 364-Days Treasury Bills
- 8) SEBI has the power to regulate_____.
- a. Money Market
 - b. Gilt Edged Market
 - c. Indigenous Traders
 - d. Insider Trading
- 9) _____ are negotiable instruments drawn by seller on the buyer, which are accepted and discounted by banks.
- a. Certificate of Deposits
 - b. Commercial Papers
 - c. Commercial Bills
 - d. Inter-Bank Participation Certificates
- 10) A _____ is an intermediary which is engaged in buying and selling of securities on behalf of unit holders.
- a. Insurance Company
 - b. Mutual Fund
 - c. Merchant Banks

d. Investment Banks

- 11) _____ supplement the role of banking sector in meeting the needs of corporate sector, the unorganised sector and the local borrowers.
- Non-Bank Finance Companies
 - Regional Rural Banks
 - Local Area Banks
 - NABARD

Answers:

Question	Correct Answer
1	a- Save, invest
2	c- Dualism
3	d- Total Secondary Issues/Total Primary Issues
4	b-2002
5	a- Flexible
6	b- Kishor
7	a- 28-Day Treasury Bills
8	d- Insider Trading
9	c- Commercial Bills
10	b- Mutual Fund
11	a- Non-Bank Finance Companies

Paper VII

- In a scatter diagram, great scatter amongst the plotted points indicates ____ correlation.
 - Weak
 - Strong
 - Perfect Positive
 - Perfect Negative
- The correlation coefficient between price and quantity demanded would be _____.
 - Zero
 - Positive
 - Negative
 - Weak
- In a regression equation of the form $y = a + bx$, a is called as _____.
 - Slope Coefficient
 - Y-intercept
 - X-intercept
 - Origin
- Fisher's Index uses _____ mean.
 - Simple
 - Weighted
 - Geometric
 - Hedonic

5. Find Fisher's Index if Laspeyre's Index is 150 and Paasche's Index is 200, Fisher's Index is ____.
- 125.2
 - 150.1
 - 350.5
 - 173.2
6. In constructing and Index Number, the notation used for current year's price is ____
- P_0
 - P_1
 - Q_0
 - Q_1
7. Research Article involves writing the research in ____
- Newspapers
 - Detail
 - Concise Manner
 - Summary form
8. ____ provides complete information on the literature cited in the Research Report
- Bibliography
 - Literature Review
 - Footnotes
 - Appendix
9. The primary data collected for the purpose of research should be presented in ____.
- Appendix
 - Executive Summary
 - Conclusion
 - Literature Review
10. Null Hypothesis states that ____ difference between sample statistic and population parameter.
- Is
 - Is not
 - Can be
 - Absolute
11. α denotes the probability of ____.
- Type I error
 - Type II error
 - Confidence Interval
 - Level of Significance

Answers:

Questions	Correct Answer
1	a-Weak
2	c-Negative
3	b-Y-intercept
4	c-Geometric

5	d-173.2
6	b-P ₁
7	c-Concise Manner
8	a-Bibliography
9	a-Appendix
10	b-Is not
11	a-Type-I Error

Paper VIII

- 1) As per the 2011 Census, the percentage of population in the age group of 15-59 years is _____.
 - a. 59.2
 - b. 60.3
 - c. 61.6
 - d. 62.1
- 2) What is the percentage of population in the age group 60 and above in India, according to 2011 Census?
 - a. 7.2
 - b. 8.6
 - c. 9.2
 - d. 10.1
- 3) _____ gives the proportion of persons whom the individuals in economically active age group needs to support.
 - a. Dependency Ratio
 - b. Fertility Rates
 - c. Age Composition
 - d. Age Structure
- 4) In the Lewis Model production for market is a feature of _____ sector.
 - a. Industrial Sector
 - b. Subsistence Sector
 - c. Agricultural sector
 - d. Services
- 5) Migration is a _____ relocation of an individual, household or a group to a new location.
 - a. Short-term
 - b. Long term
 - c. Temporary
 - d. Illegal
- 6) The informal sector generates demand for _____ labour.
 - a. Rural
 - b. Urban
 - c. Organised
 - d. Unskilled
- 7) The difference between agricultural output and subsistence needs of the farmers is called as _____.

- a. Excess supply
 - b. Drought
 - c. Marketable Production
 - d. Shortage
- 8) In the following equation: $R = \alpha Y + F$, R stands for?
- a. Total Rent
 - b. Total Income
 - c. Wage
 - d. Total Output
- 9) At very low levels of income, substantial part of the income is spent on ____
- a. Insurance
 - b. Health care
 - c. Education
 - d. Food
- 10) The most important problem with public goods framework is that ____.
- a. People benefiting from the resource do not have an incentive to express their willingness to pay to preserve the resource
 - b. They are excludable in nature
 - c. They are rival in nature
 - d. Their supply can be rationed inter-temporally
- 11) Efficient allocation of privately owned resources requires ____.
- a. Government Intervention
 - b. Protection of Property rights
 - c. Social Regulation
 - d. Absence of scarcity rents

Answers:

Question	Correct Answer
1	b-60.3
2	b-8.6
3	a- Dependency Ratio
4	a- Industrial Sector
5	b- Long term
6	d- Unskilled
7	c- Marketable Production
8	a- Total Rent
9	d-Food
10	a- People benefiting from the resource do not have an incentive to express their willingness to pay to preserve the resource
11	b- Protection of Property rights

Paper IX

1. According to Purchasing Power Parity Theory, the exchange rate between two currencies in the ____ will be determined by their respective purchasing power.

- a. Long Run
 - b. Short-Run
 - c. Medium Term
 - d. Never
2. Flexible exchange rate system works on _____ mechanism.
- a. RBI's
 - b. Fiscal
 - c. Regulatory
 - d. Market
3. In case of a flexible exchange rate system, an increase in domestic interest will lead to _____ of the currency.
- a. Revaluation
 - b. Devaluation
 - c. Appreciation
 - d. Depreciation
4. The _____ Agreement is the only multilateral set of rules governing trade in services.
- a. AoA
 - b. GATS
 - c. TRIPs
 - d. TRIMs
5. The _____ declaration focussed on TRIPS and Public Health.
- a.
 - b. Uruguay
 - c. Bali
 - d. Geneva
6. Under the Bilateral Investment Treaty, a _____ can file a case against the host state if the policies of the host state are not consistent with Bilateral Investment Treaty.
- a. Domestic Investor
 - b. Foreign Investor
 - c. Government of the country to which the foreign investor belongs
 - d. WTO
7. The _____ followed the Gold Standard.
- a. World Bank
 - b. GATT
 - c. WTO
 - d. Bretton Woods System
8. Wide fluctuations in financial markets is an early sign of _____.
- a. Financial Crisis
 - b. Debt Crisis
 - c. Trade Cycles
 - d. Buoyancy in the financial markets
9. _____ implies establishing an entirely new enterprise in the foreign market.
- a. Brown-Field Investment

- b. Green - Field Investment
 - c. FPI
 - d. FII
10. A Qualified Financial Investor has to comply to the norms set by _____.
 a. IMF
 b. World Bank
 c. Financial Action Task Force
 d. NDB
11. Which of the following can be considered as a form of FII?
 a. Investment in Mutual Funds
 b. Mergers and Acquisitions
 c. Setting up a new Company in a foreign Country
 d. Partnering with a foreign firm

Answer:

Question Number	Correct Answer
1	a-Long Run
2	d- Market
3	c-Appreciation
4	b-GATS
5	a-Doha
6	b-Foreign Investor
7	d-Bretton Woods System
8	a-Financial Crisis
9	b-Green - Field Investment
10	c-Financial Action Task Force
11	a-Investment in Mutual Funds