Paper 4 - Economics and BCK: Full Trend Bank

Section 1 - 50 MCQs (answers inline)

Q1. Elasticity of demand measures responsiveness of demand to change in:

(a) Price
(b) Supply
(c) Income only
(d) Technology

Answer: Price - Price elasticity definition.

Q2. In perfect competition, price equals:

(a) MR and AR
(b) MC only
(c) ATC
(d) TR

Answer: MR and AR - Price taker: P=AR=MR.

Q3. National income at factor cost equals domestic income plus:

(a) Net factor income from abroad
(b) Depreciation
(c) Indirect taxes
(d) Exports

Answer: Net factor income from abroad - NDPFC + NFIA.

Q4. Which is a money market instrument?

(a) Treasury bill
(b) Bond
(c) Equity
(d) Preference share

Answer: Treasury bill - Short-term security.

Q5. BOP always balances due to:

(a) Double entry
(b) Govt policy
(c) Market forces
(d) Gold standard

Answer: Double entry - Accounting identity.

Q6. For monopoly, MR lies:

(a) Below AR
(b) Equal to AR
(c) Above AR
(d) On AR

Answer: Below AR - Downward AR.

Q7. Fiscal policy refers to:

(a) Govt taxation and expenditure

(b) Money supply
(c) CRR/Bank rate
(d) Forex policy

Answer: Govt taxation and expenditure - Monetary policy covers money supply.

Q8. EoDB index publisher is:

(a) World Bank
(b) IMF
(c) WTO
(d) UNCTAD

Answer: World Bank - World Bank (used historically).

Q9. MSME stands for:

(a) Micro, Small and Medium Enterprises
(b) Mega, Small and Medium Enterprises
(c) Micro, Sole and Medium Enterprises
(d) Macro, Small and Micro Enterprises

Answer: Micro, Small and Medium Enterprises - Acronym.

Q10. Inflation is sustained rise in:

(a) General price level
(b) Relative prices only
(c) Production
(d) Tax rates

Answer: General price level - Definition.

Q11. Elasticity of demand measures responsiveness of demand to change in:

(a) Price
(b) Supply
(c) Income only
(d) Technology

Answer: Price - Price elasticity definition.

Q12. In perfect competition, price equals:

(a) MR and AR
(b) MC only
(c) ATC
(d) TR

Answer: MR and AR - Price taker: P=AR=MR.

Q13. National income at factor cost equals domestic income plus:

(a) Net factor income from abroad
(b) Depreciation
(c) Indirect taxes
(d) Exports

Answer: Net factor income from abroad - NDPFC + NFIA.

Q14. Which is a money market instrument?

(a) Treasury bill
(b) Bond
(c) Equity
(d) Preference share

Answer: Treasury bill - Short-term security.

Q15. BOP always balances due to:

(a) Double entry
(b) Govt policy
(c) Market forces
(d) Gold standard

Answer: Double entry - Accounting identity.

Q16. For monopoly, MR lies:

(a) Below AR
(b) Equal to AR
(c) Above AR
(d) On AR

Answer: Below AR - Downward AR.

Q17. Fiscal policy refers to:

(a) Govt taxation and expenditure
(b) Money supply
(c) CRR/Bank rate
(d) Forex policy

Answer: Govt taxation and expenditure - Monetary policy covers money supply.

Q18. EoDB index publisher is:

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(b) IMF
(c) WTO
(d) UNCTAD

Answer: World Bank - World Bank (used historically).

Q19. MSME stands for:

(a) Micro, Small and Medium Enterprises
(b) Mega, Small and Medium Enterprises
(c) Micro, Sole and Medium Enterprises
(d) Macro, Small and Micro Enterprises

Answer: Micro, Small and Medium Enterprises - Acronym.

Q20. Inflation is sustained rise in:

(a) General price level
(b) Relative prices only
(c) Production
(d) Tax rates

Answer: General price level - Definition.

Q21. Elasticity of demand measures responsiveness of demand to change in:

(a) Price
(b) Supply
(c) Income only
(d) Technology

Answer: Price - Price elasticity definition.

Q22. In perfect competition, price equals:

(a) MR and AR
(b) MC only
(c) ATC
(d) TR

Answer: MR and AR - Price taker: P=AR=MR.

Q23. National income at factor cost equals domestic income plus:

(a) Net factor income from abroad
(b) Depreciation
(c) Indirect taxes
(d) Exports

Answer: Net factor income from abroad - NDPFC + NFIA.

Q24. Which is a money market instrument?

(a) Treasury bill
(b) Bond
(c) Equity
(d) Preference share

Answer: Treasury bill - Short-term security.

Q25. BOP always balances due to:

(a) Double entry
(b) Govt policy
(c) Market forces
(d) Gold standard

Answer: Double entry - Accounting identity.

Q26. For monopoly, MR lies:

(a) Below AR
(b) Equal to AR
(c) Above AR
(d) On AR

Answer: Below AR - Downward AR.

Q27. Fiscal policy refers to:

(a) Govt taxation and expenditure
(b) Money supply
(c) CRR/Bank rate
(d) Forex policy

Answer: Govt taxation and expenditure - Monetary policy covers money supply.

Q28. EoDB index publisher is:

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(b) IMF
(c) WTO
(d) UNCTAD

Answer: World Bank - World Bank (used historically).

Q29. MSME stands for:

(a) Micro, Small and Medium Enterprises
(b) Mega, Small and Medium Enterprises
(c) Micro, Sole and Medium Enterprises
(d) Macro, Small and Micro Enterprises

Answer: Micro, Small and Medium Enterprises - Acronym.

Q30. Inflation is sustained rise in:

(a) General price level
(b) Relative prices only
(c) Production
(d) Tax rates

Answer: General price level - Definition.

Q31. Elasticity of demand measures responsiveness of demand to change in:

(a) Price
(b) Supply
(c) Income only
(d) Technology

Answer: Price - Price elasticity definition.

Q32. In perfect competition, price equals:

(a) MR and AR
(b) MC only
(c) ATC
(d) TR

Answer: MR and AR - Price taker: P=AR=MR.

Q33. National income at factor cost equals domestic income plus:

(a) Net factor income from abroad
(b) Depreciation
(c) Indirect taxes
(d) Exports

Answer: Net factor income from abroad - NDPFC + NFIA.

Q34. Which is a money market instrument?

(a) Treasury bill
(b) Bond
(c) Equity
(d) Preference share

Answer: Treasury bill - Short-term security.

Q35. BOP always balances due to:

(a) Double entry
(b) Govt policy
(c) Market forces
(d) Gold standard

Answer: Double entry - Accounting identity.

Q36. For monopoly, MR lies:

(a) Below AR
(b) Equal to AR
(c) Above AR
(d) On AR

Answer: Below AR - Downward AR.

Q37. Fiscal policy refers to:

(a) Govt taxation and expenditure
(b) Money supply
(c) CRR/Bank rate
(d) Forex policy

Answer: Govt taxation and expenditure - Monetary policy covers money supply.

Q38. EoDB index publisher is:

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(c) WTO
(d) UNCTAD

Answer: World Bank - World Bank (used historically).

Q39. MSME stands for:

(a) Micro, Small and Medium Enterprises
(b) Mega, Small and Medium Enterprises
(c) Micro, Sole and Medium Enterprises
(d) Macro, Small and Micro Enterprises

Answer: Micro, Small and Medium Enterprises - Acronym.

Q40. Inflation is sustained rise in:

(a) General price level
(b) Relative prices only
(c) Production
(d) Tax rates

Answer: General price level - Definition.

Q41. Elasticity of demand measures responsiveness of demand to change in:

(a) Price
(b) Supply

(c) Income only
(d) Technology

Answer: Price - Price elasticity definition.

Q42. In perfect competition, price equals:

(a) MR and AR
(b) MC only
(c) ATC
(d) TR

Answer: MR and AR - Price taker: P=AR=MR.

Q43. National income at factor cost equals domestic income plus:

(a) Net factor income from abroad
(b) Depreciation
(c) Indirect taxes
(d) Exports

Answer: Net factor income from abroad - NDPFC + NFIA.

Q44. Which is a money market instrument?

(a) Treasury bill
(b) Bond
(c) Equity
(d) Preference share

Answer: Treasury bill - Short-term security.

Q45. BOP always balances due to:

(a) Double entry
(b) Govt policy
(c) Market forces
(d) Gold standard

Answer: Double entry - Accounting identity.

Q46. For monopoly, MR lies:

(a) Below AR
(b) Equal to AR
(c) Above AR
(d) On AR

Answer: Below AR - Downward AR.

Q47. Fiscal policy refers to:

(a) Govt taxation and expenditure
(b) Money supply
(c) CRR/Bank rate
(d) Forex policy

Answer: Govt taxation and expenditure - Monetary policy covers money supply.

Q48. EoDB index publisher is:

(a) World Bank
(b) IMF
(c) WTO
(d) UNCTAD

Answer: World Bank - World Bank (used historically).

Q49. MSME stands for:

(a) Micro, Small and Medium Enterprises
(b) Mega, Small and Medium Enterprises
(c) Micro, Sole and Medium Enterprises
(d) Macro, Small and Micro Enterprises

Answer: Micro, Small and Medium Enterprises - Acronym.

Q50. Inflation is sustained rise in:

(a) General price level
(b) Relative prices only
(c) Production
(d) Tax rates

Answer: General price level - Definition.

Section 2 - 30 Case-based questions (answers inline)

Case 1. Elasticity and revenue: At price 11, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 2. Consumption function C = 100 + 0.8Y. For Y=1020, compute Savings.

Answer: C = 916.0. S = Y - C = 104.0.

Case 3. Convert GDP at market price 2060 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2060 - 200 + 50 = 1910.

Case 4. Elasticity and revenue: At price 14, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 5. Consumption function C = 100 + 0.8Y. For Y=1050, compute Savings.

Answer: C = 940.0. S = Y - C = 110.0.

Case 6. Convert GDP at market price 2120 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2120 - 200 + 50 = 1970.

Case 7. Elasticity and revenue: At price 12, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 8. Consumption function C = 100 + 0.8Y. For Y=1080, compute Savings.

Answer: C = 964.0. S = Y - C = 116.0.

Case 9. Convert GDP at market price 2180 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2180 - 200 + 50 = 2030.

Case 10. Elasticity and revenue: At price 10, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 11. Consumption function C = 100 + 0.8Y. For Y=1110, compute Savings.

Answer: C = 988.0. S = Y - C = 122.0.

Case 12. Convert GDP at market price 2240 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2240 - 200 + 50 = 2090.

Case 13. Elasticity and revenue: At price 13, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 14. Consumption function C = 100 + 0.8Y. For Y=1140, compute Savings.

Answer: C = 1012.0. S = Y - C = 128.0.

Case 15. Convert GDP at market price 2300 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2300 - 200 + 50 = 2150.

Case 16. Elasticity and revenue: At price 11, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 17. Consumption function C = 100 + 0.8Y. For Y=1170, compute Savings.

Answer: C = 1036.0. S = Y - C = 134.0.

Case 18. Convert GDP at market price 2360 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2360 - 200 + 50 = 2210.

Case 19. Elasticity and revenue: At price 14, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 20. Consumption function C = 100 + 0.8Y. For Y=1200, compute Savings.

Answer: C = 1060.0. S = Y - C = 140.0.

Case 21. Convert GDP at market price 2420 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2420 - 200 + 50 = 2270.

Case 22. Elasticity and revenue: At price 12, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 23. Consumption function C = 100 + 0.8Y. For Y=1230, compute Savings.

Answer: C = 1084.0. S = Y - C = 146.0.

Case 24. Convert GDP at market price 2480 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2480 - 200 + 50 = 2330.

Case 25. Elasticity and revenue: At price 10, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 26. Consumption function C = 100 + 0.8Y. For Y=1260, compute Savings.

Answer: C = 1108.0. S = Y - C = 152.0.

Case 27. Convert GDP at market price 2540 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2540 - 200 + 50 = 2390.

Case 28. Elasticity and revenue: At price 13, elasticity e=1.5 (>1). If price increases slightly, what happens to TR?

Answer: Demand elastic -> TR falls when price rises.

Case 29. Consumption function C = 100 + 0.8Y. For Y=1290, compute Savings.

Answer: C = 1132.0. S = Y - C = 158.0.

Case 30. Convert GDP at market price 2600 to factor cost given indirect taxes 200 and subsidies 50.

Answer: GDPFC = 2600 - 200 + 50 = 2450.