

Q.1) Which of the following are the features of 'capitalist economy'?

1. It supports the policy of Laissez faire.
 2. It dissolves the institution of inheritance.
 3. Demand and supply of commodities determines the prices in the market.
 4. Sale and purchase of labour services at wage rate.
 5. Regulated by government licensing policy,
- Select the correct answer using the code given below.

- a) 1, 2, 4 and 5 only
- b) 1, 3 and 4 only
- c) 2, 3 and 5 only
- d) 1 and 4 only

Q.2) It shows the relationship between economic growth and inequality. It is inverted U shaped meaning that as initially economic growth leads to greater inequality, followed later by the reduction of inequality. The situation given above can be best described using which one of the following curves?

- a) Laffer Curve
- b) Phillips Curve
- c) Engel Curve
- d) Kuznets Curve

Q.3) Consider the following pairs:

Income	Explanation
1. Personal Income	Aggregate of factor income and transfer income.
2. Personal Disposable Income	Income remaining with individual after deduction of all taxes
3. Private income	It is the total national income of the country that goes to the government.
4. National disposable income	Maximum amount of goods and services the domestic economy has at its disposable

Which of the pairs given above is/are correct?

- a) 1 and 3 only
- b) 2, 3 and 4 only
- c) 1, 2 and 4 only
- d) 2 and 4 only

Q.4) Which of the following are the limitations of using GDP as a measure of welfare?

1. The increase in the level of GDP may not increase the welfare level in the society.
2. It focuses more on the total estimate of income distribution of individuals in an economy.
3. It undervalues all the non-monetary transactions within an economy.
4. It does not take into consideration the impact of negative and positive externalities in an economy.

Select the correct answer using the code given below.

- a) 1 only
- b) 2, 3 and 4 only
- c) 1, 2 and 4 only
- d) 1, 3 and 4 only

Q.5) Consider the following statements:

Other things remaining unchanged market demand for a good might increase if:

1. Price of its substitute increases
2. Price of its complement increases
3. The good is an inferior good and income of the consumers increases
4. Its price falls

Which of the above statements are correct?

- a) 1 and 4 only
- b) 2, 3 and 4 only
- c) 1, 3 and 4 only
- d) 1, 2 and 3 only

Q.6) Consider the following statements with reference to money supply:

1. An increase in the supply of money typically increases market interest rates.
2. The stock of money in money supply refers to the stock of money held by the public.
3. M0 or Reserve money is the most liquid fund.

Which of the above statements is/are correct?

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1, 2 and 3