Question 1a. Marks: 2.0

TuTu Toys (TT) Inc. is a monopolist in the toy industry. Its cost is $C = 100 - 5Q + Q^2$, and demand is $P = 55 - 2Q$.

TT should set Price P=............. and produce Q=.................. units to maximize profit?

35

10

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Question 1b. Marks: 2.0

TuTu Toys (TT) Inc. is a monopolist in the toy industry. Its cost is $C = 100 - 5Q + Q^2$, and demand is $P = 55 - 2Q$.

Equilibrium Profit of TT is $\Pi =$ ....and consumer surplus is $CS =$ ....

200

100

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Question 1c. Marks: 1.0

TuTu Toys (TT) Inc. is a monopolist in the toy industry. Its cost is $C = 100 - 5Q + Q^2$, and demand is $P = 55 - 2Q$.

Deadweight loss from monolpoly will be

....

50

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Question 5. Marks: 1.0

If the inflation rate has a tendency not to change unless there is a drastic change in economic conditions, it is a case of:

- ○ inertial infation
- ◉ galloping inflation rate
- ○ hyperinflation
- ○ moderate inflation

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Question 6. Marks: 1.0

Bank rate and Repo rate in India are currently at

- [x] 4.25 % and 4.00 % , respectively
- [ ] 4.35 % and 6.00 % , respectively
- [ ] 4.00 % and 4.30 % , respectively
- [ ] 4.25 % and 4.00 % , respectively

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Question 7. Marks: 1.0

Reverse Repo rate is usually ------------ Repo rate

- Bears no relation to
- Equal to
- less than
- more than

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Question 9. Marks: 1.0

What will RBI do to SLR and Bank Rate if it wants to promote growth:

- ○ Increase, Decrease
- ◉ Decrease, Decrease
- ○ Increase, increase
- ○ Decrease. Increase

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Question 11. Marks: 1.0

Net National Product (NNP) at factor cost is

- [ ] NNP at market price – Indirect taxes
- [ ] NNP at market price – (Subsidies – Indirect taxes)
- [x] NNP at market price – (Indirect taxes – Subsidies)
- [x] NNP at market price – Net Indirect taxes

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Question 13. Marks: 1.0

Reserve Bank of India currently uses the following Monetary policy framework

- ○ Interest rate targeting
- ◉ Flexible inflation targeting
- ○ Multiple indicator approach
- ○ Strict inflation targeting

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Question 15. Marks: 1.0

Increase in CRR can act as an instrument for

- [ ] Employment promotion
- [x] Anti-inflationary
- [ ] Investor protection
- [ ] Growth promotion

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Question 16. Marks: 1.0

Dearness allowance as a component of salaries is an example of:

- ○ predominence of private sector in an economy
- ◉ inflation indexing
- ○ tight money policy
- ○ Aggresive workers' demands

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Question 17. Marks: 1.0

A profit maximizing monopolist will produce that output for which

- ○ Marginal cost is minimzed
- ◉ Marginal cost equals marginal revenue
- ○ Average cost is minimized
- ○ Marginal revenue equals price

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Question 18. Marks: 1.0

The definition of narrow money includes:

- ○ coins, currency, and time deposits.
- ○ all currencies and near-monies.
- ○ coins, currency, and all deposits in a bank
- ◉ coins, currency, and demand deposits.

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Question 19. Marks: 1.0

Inflation can be associated with:

- ○ only decreasing real GDP
- ○ increasing or decreasing real GDP
- ○ only decreasing nominal GDP
- ◉ only increasing nominal GDP.

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Question 20. Marks: 1.0

Currently the Gilt-edged securities can be described by:

- (selected) preferred by investors who seek high returns, though risks may be high
- issued by medium, small and micro enterprises.
- preferred by investors who seek predictable returns, with little risk of default.
- certificates printed on paper with gilded edges.

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Question 21. Marks: 1.0

Stagflation is a condition of:

- ○ rising prices and rising output
- ○ stagnant output and stagnant prices
- ○ stagnant prices and rising output
- ◉ rising prices and stagnant output

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Question 22a. Marks: 1.0

Consider two firms with marginal costs $MC_1 = 20 + q_1$ and $MC_2 = 20 + q_2$. Industry demand function is $P = 100 - Q$ with $Q = q_1 + q_2$. Find the reaction curves and cournot solution to answer following questions.

Total output of both firms is

- ○ 50
- ○ 30
- ◉ 40
- ○ 20

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Question 22b. Marks: 1.0

Consider two firms with marginal costs $MC_1 = 20 + q_1$ and $MC_2 = 20 + q_2$. Industry demand function is $P = 100 - Q$ with $Q = q_1 + q_2$. Find the reaction curves and cournot solution to answer following questions.

Sum of the profits of both firms (Π1+Π2) is

- ○ 800
- ○ 600
- ○ 1600
- ◉ 1200

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Question 22c. Marks: 1.0

Consider two firms with marginal costs $MC_1 = 20 + q_1$ and $MC_2 = 20 + q_2$. Industry demand function is $P = 100 - Q$ with $Q = q_1 + q_2$. Find the reaction curves and cournot solution to answer following questions.

Equilibrium price is

- ○ 50
- ◉ 60
- ○ 40
- ○ 30

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Question 28. Marks: 1.0

The following Institution takes care of the management of foreign exchange reserves of the Government of India

- ○ International Monetary Fund
- ◉ Reserve Bank of India
- ○ Central Bank of India
- ○ Export-Import (EXIM) Bank

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Question 29. Marks: 1.0

If marginal cost equals average total cost

- ○ Average total cost is maximized
- ◉ Average total cost is minimized
- ○ Average total cost is rising
- ○ Average total cost is falling

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Question 32. Marks: 1.0

Which one of the following is not a flow variable?

- (selected) Capital
- Investment
- Consumption
- Income

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Question 37. Marks: 1.0

A cost-Push inflation results due to:

- (selected) A leftward shift in Aggregate Supply function
- A leftward shift in aggregate demand function
- A rightward shift in Aggregate Supply function
- A rightward shift in aggregate demand function

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Question 39. Marks: 1.0

Bank Reserves are:

- ○ another term for commercial bank profits.
- ○ are in excess of what is normally required but are sufficient to cover what would be needed if for any reason people became uneasy over the safety of bank deposits.
- ○ held by the banks only in the form of only gold and foreign exchange.
- ◉ Currency held by the bank in their “vault” and deposits with the Central Bank of that country

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Question 40. Marks: 1.0

In order to reduce unemployment resulting from cost-push inflation, policy makers will undertake the following:

- (•) boost aggregate demand by fiscal expansion
- ( ) Start giving unemployment allowances which will be greater than the market wages
- ( ) Increase interest rates
- ( ) Increase tax rates

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