



National Commerce Olympiad 2012
A True Test Of Your Genius
National Commerce Olympiad Foundation
An NGO For Research & Development Of Commerce Studies

Economics XII

1. If the fiscal deficit of the Union Government is Rs. 75,000 crores and lending to State is Rs. 25,000 crores, interest payments are Rs. 25,000 crores, what is the amount of the primary deficit?
 - A. Rs. 50,000 cr
 - B. Rs. 25,000 cr
 - C. Rs. 1,00,000 cr
 - D. Rs. 1,25,000 cr

2. Fiscal deficit in the Union Budget means
 - A. The difference between current expenditure and current revenue
 - B. Net increase in Union Government's borrowings from the Reserve Bank of India
 - C. The sum of budgetary deficit and net increase in internal and external borrowings
 - D. The sum of monetized deficit and budgetary deficit

3. In which of the following sequences the change in quantity of money leads to change in price level in the Keynesian models?
 - A. Change in quantity of money - change in investment - change in employment and output - change in rate of interest - change in price level
 - B. Change in quantity of money - change in employment and output - change in investment - change in the rate of interest - change in price level
 - C. Change in quantity of money - change in investment - change in rate of interest - change in employment and output - change in price level
 - D. Change in quantity of money - change in rate of interest - change in investment - change in employment and output - change in price level

4. As long as the principle of diminishing marginal utility is operating, any increased consumption of a good
 - A. Lowers total utility.
 - B. Produces negative total utility.
 - C. Lowers marginal utility and, therefore, total utility.
 - D. Lowers marginal utility, but may raise total utility.

Head Office H-108, 2nd Floor, New Asiatic Building, Connaught Place, New Delhi-110001

Ph: 011-43694444 (30 lines), Email: info@ncofindia.org, www.ncofindia.org



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5. In a preference ordering exercise in which two baskets of goods are being considered, it is assumed by indifference theory that the consumer is able to
- Measure the amount of pleasure expected from the preferred basket.
 - Say how much more one basket is valued over the other.
 - Calculate only the absolute value of the less desirable basket.
 - Make no absolute measure of the value of any of the market baskets.
6. Suppose an individual spends all his income on only two goods, good X and good Y. Moreover, suppose that you were asked to derive his price consumption curve for good Y. Which of the following would be allowed to vary?
- Money income
 - The tastes of the consumer
 - The price good
 - The price of good
7. A market demand curve can be derived by adding all the individual demand curves
- Vertically.
 - Horizontally.
 - In parallel.
 - Any of the above as long as it is consistent
8. Price elasticity at a given price is not affected by
- The price of complements.
 - The price of substitutes
 - Change in tastes.
 - Change in supply
9. In long-run equilibrium, a monopolistically competitive firm will find
- Marginal cost below average total cost.
 - Marginal cost equal to minimum average total cost.
 - Both (a) and (b)
 - Neither (a) nor (b).



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10. Suppose a competitive firm produces 100 units of X for a price of Rs 10 a unit. The firm is employing labor and capital such that the marginal physical product of labor and capital is 20 and 5 and the prices paid to labor and capital are Rs 60 and Rs 40 respectively. How would you characterize the firm?
- A. The firm is in long-run equilibrium
 - B. The firm is earning excess profits
 - C. The firm should expand production
 - D. The firm should contract production

Answer

- 1. A
- 2. D
- 3. D
- 4. D
- 5. C
- 6. D
- 7. D
- 8. A
- 9. C

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NCOF Sample questions 2012

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