

# Sure-Shot MCQ'S for Economics Exam – 18<sup>th</sup> March 2026

## • Balance of Trade Calculation

1. Suppose that, the Balance of Trade of a nation exhibits a deficit of ₹ 50,000 crore. The import of visible items are five times of the exports of visible items. The value of exports of visible items would be ₹ \_\_\_\_\_ crore.

(Choose the correct alternative to fill up the blank) 1

- (a) 20,000
- (b) 10,000
- (c) 12,500
- (d) 20,300

2. Suppose, the Balance of Trade of an imaginary economy shows a favourable balance of ₹ 500 crore. The values of merchandise exports are ₹ 1200 crore and transfer payments are ₹ 400 crore.

The value of merchandise imports would be ₹ \_\_\_\_\_ crore.

(Choose the correct alternative to fill in the blank) 1

- (A) 1700
- (B) 750
- (C) 700
- (D) 900

3. If a country exports goods worth of ₹ 600 crores and imports goods worth of ₹ 450 crores, the value of Balance of Trade of the country would be \_\_\_\_\_ of ₹ \_\_\_\_\_ crores. 1

- (A) deficit, 150
- (B) surplus, 150
- (C) deficit, 1,050
- (D) surplus, 1,050

## • Investment Multiplier

1. For the given Consumption function,  $C = 205 + 0.9 Y$ , the value of investment multiplier would be \_\_\_\_\_.

(Choose the correct alternative to fill up the blank) 1

- (a) 0.09
- (b) 10.0
- (c) 0.9
- (d) 9.0

2. Suppose for a hypothetical economy :

$$C = 100 + 0.75Y \quad (\text{where } C = \text{Consumption and } Y = \text{Income})$$

$$I_0 = 400 \quad (I_0 = \text{Autonomous Investment})$$

Value of Investment Multiplier (K) would be \_\_\_\_\_.

(Choose the correct alternative to fill in the blank) 1

- (A) 5
- (B) 4
- (C) 6
- (D) 3

3. Suppose, the saving curve of an economy makes an intercept at a negative value of ₹ 50 crores. In the economy, 20% of an increase in income is saved.

In the light of above context, identify the value of investment multiplier (K). 1

**Options :**

- (A) 2 (B) 5  
(C) 10 (D)  $\infty$  (infinite)

• **MPC & MPS Relation**

1. Identify which of the following equations is true.

(Choose the correct alternative) 1

- (a)  $MPC + MPS = 0$   
(b)  $MPC + MPS = 1$   
(c)  $MPC + MPS > 1$   
(d)  $MPC + MPS < 1$

2. Read the following statements carefully : 1

*Statement 1 :* If in an economy the level of income increases ( $\Delta Y$ ), it will always proportionately increase the level of consumption ( $\Delta C$ ).

*Statement 2 :* Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) are always equal to each other.

In the light of the given statements, choose the correct alternative from the following :

- (A) Statement 1 is true and Statement 2 is false.  
(B) Statement 1 is false and Statement 2 is true.  
(C) Both Statements 1 and 2 are true.  
(D) Both Statements 1 and 2 are false.

• **Consumption Function**

1. For the given Consumption function,  $C = 205 + 0.9 Y$ , the value of investment multiplier would be \_\_\_\_\_.

(Choose the correct alternative to fill up the blank) 1

- (a) 0.09  
(b) 10.0  
(c) 0.9  
(d) 9.0

- **National Income Identities**

1. The difference between National Income at market price and National Income at factor cost is \_\_\_\_\_.

(Choose the correct alternative to fill up the blank) 1

- (a) net indirect taxes
- (b) net factor income from abroad
- (c) consumption of fixed capital
- (d) market price

2. Identify the correct equation from the following : 1

- (A)  $GDP_{MP} = NNP_{FC} + \text{Depreciation}$
- (B)  $NDP_{FC} = NNP_{FC} + \text{Net Indirect Taxes}$
- (C)  $GNP_{MP} = GDP_{MP} + \text{Net Factor Income from Abroad}$
- (D)  $NNP_{FC} = NDP_{MP} + \text{Depreciation}$

3. From the items given in Column-I and Column-II, choose the correct pair. 1

**Column-I**

**Column-II**

- |                                  |                                                |
|----------------------------------|------------------------------------------------|
| (a) Income from Property         | (i) Old age pension                            |
| (b) Income from Entrepreneurship | (ii) Profit                                    |
| (c) Mixed Income                 | (iii) Rent free accommodation from an employer |
| (d) Compensation of Employees    | (iv) Interest from capital                     |

**Options :**

- |                 |                |
|-----------------|----------------|
| (A) (a) – (i)   | (B) (b) – (ii) |
| (C) (c) – (iii) | (D) (d) – (iv) |

- **Balance of Payment (BOP)**

1. Read the following statements carefully :

*Statement 1 :* Borrowings by a nation from the World Bank to finance Balance of Payment (BoP) deficit will be recorded in the capital account.

*Statement 2 :* Autonomous transactions are independent of the condition of Balance of Payment (BoP) account.

In light of the given statements, choose the correct alternative from the following : 1

- (a) Statement 1 is true and Statement 2 is false.
- (b) Statement 1 is false and Statement 2 is true.
- (c) Both Statements 1 and 2 are true.
- (d) Both Statements 1 and 2 are false.

2. "As per the National Stock Exchange (NSE) data, dated 9<sup>th</sup> June, 2023, there was a net selling off worth ₹ 309 crore by Foreign Institutional Investors (FIIs) over the period of one month i.e., 9<sup>th</sup> May, 2023 – 9<sup>th</sup> June, 2023."  
The above mentioned transactions will be recorded on \_\_\_\_\_ side of \_\_\_\_\_ account of Balance of Payments of India.  
(Choose the correct alternative to fill in the blanks) 1
- (A) Debit, Current (B) Credit, Capital  
(C) Credit, Current (D) Debit, Capital
3. In the context of Current Account transactions of Balance of Payment, identify the incorrect statement from the following : 1  
(Choose the correct option)
- Options :**  
(A) Export of goods and services are recorded as credit items.  
(B) Import of goods and services are recorded as debit items.  
(C) All transfer payments are recorded as debit items.  
(D) All transfer receipts are recorded as debit items.

• **Commercial Banks Functions**

1. Read the following statements carefully :
- Statement 1 :* Primary deposits are the cash deposits by general public with commercial banks.
- Statement 2 :* Secondary deposits are those deposits which arise on account of credit provided by the commercial banks to the people.
- In light of the given statements, choose the correct alternative from the following : 1
- (a) Statement 1 is true and Statement 2 is false.  
(b) Statement 1 is false and Statement 2 is true.  
(c) Both Statements 1 and 2 are true.  
(d) Both Statements 1 and 2 are false.
2. In the context of the Commercial Banks, which of the following statements are correct ? (Choose the correct option) 1
- (I) Deposits received are liabilities for Commercial Banks.  
(II) They are creator of credit in the economy.  
(III) They accept deposits from general public.  
(IV) They accept deposits on behalf of Reserve Bank of India.
- Options :**  
(A) (I), (II) and (III) (B) (II) and (III)  
(C) (I) and (II) (D) (I) and (IV)



- **APC / Saving Calculation**

1. Suppose, the value of Average Propensity to Consume (APC) is 0.8 and National Income is ₹ 4,000 crores, the value of saving would be ₹ \_\_\_\_\_ crores. (Choose the correct option to fill up the blank) 1

**Options :**

- (A) 100 (B) 200  
(C) 500 (D) 800

- **Unemployment Concept**

1. A situation in which an able bodied person is not willing to work at the existing wage rate, is referred to as \_\_\_\_\_ situation. (Choose the correct alternative to fill up the blank)

- (a) Full employment  
(b) Involuntary unemployment  
(c) Voluntary unemployment  
(d) Disguised unemployment

- **Public Goods Concept**

1. Read the following statements : Assertion (A) and Reason (R). Choose the correct option from those given below :

**Assertion (A) :** Public goods are those goods that are collectively consumed by the public.

**Reason (R) :** Public goods are excludable and rivalrous in nature.

**Options :**

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).  
(C) Assertion (A) is true, but Reason (R) is false.  
(D) Assertion (A) is false, but Reason (R) is true.

- **Exchange Rate System**

1. Read the following statements carefully : 1

**Statement-1** : Managed floating exchange rate system is an amalgamation of fixed and flexible exchange rate system.

**Statement-2** : Managed floating exchange rate system is also known as 'hybrid system'.

In the light of the given statements, choose the correct option from the following :

- (A) Statement 1 is true and Statement 2 is false.
- (B) Statement 1 is false and Statement 2 is true.
- (C) Both Statements 1 and 2 are true.
- (D) Both Statements 1 and 2 are false.

- **Functions of Money**

1. "Irfaan (a student) borrows ₹ 80,000 to finance his college fee. He plans to begin repaying the loan six months after his graduation, making payments over a span of ten years."

Based on above text, identify the indicated function of money.

(Choose the correct option) 1

**Options :**

- (A) Medium of Exchange
- (B) Unit of Account
- (C) Standard of Deferred Payments
- (D) Store of Value