MS ECONOMICS ADMISSION TEST

Sample Paper

100 Multiple Choice Questions • Total Marks: 100

Time Allowed: 2 Hours Name: ____________________________ Roll No: ______________

Instructions:

1. Attempt ALL questions. Each question carries equal marks (1 mark each).
2. Each question has four options (A, B, C, D). Choose the single best answer.
3. There is no negative marking. Fill the answer bubble/box clearly on the answer sheet.
4. Section I: Economics (Q1–70), Section II: English (Q71–85), Section III: Mathematics (Q86–100).
5. Use of a calculator is not permitted unless otherwise stated.

SECTION I — ECONOMICS (Questions 1–70)

1. The law of demand states that, other things being equal, as the price of a good rises, the quantity demanded:

(A) Increases
(B) Decreases
(C) Remains constant
(D) Becomes zero

2. A movement along a demand curve is caused by a change in:

(A) Consumer income
(B) The price of the good itself
(C) Tastes and preferences
(D) The price of related goods

3. If the price elasticity of demand for a good is 0.4, the demand is said to be:

(A) Elastic
(B) Unit elastic
(C) Inelastic
(D) Perfectly elastic

4. The point at which marginal utility becomes zero corresponds to:

(A) Minimum total utility
(B) Maximum total utility
(C) Negative total utility
(D) Constant total utility

5. The slope of the budget line is equal to the:

(A) Ratio of marginal utilities
(B) Negative ratio of the prices of the two goods
(C) Ratio of incomes
(D) Marginal rate of technical substitution

6. At the point of consumer equilibrium under indifference curve analysis:

(A) MRS equals the ratio of prices
(B) MRS is greater than the price ratio

- **(C)** MRS is less than the price ratio
- **(D)** Total utility is minimized

7. The production function shows the relationship between:

- **(A)** Inputs and the price of output
- **(B)** Inputs and maximum output
- **(C)** Cost and revenue
- **(D)** Profit and output

8. The law of diminishing marginal returns applies in the:

- **(A)** Long run only
- **(B)** Short run
- **(C)** Market period only
- **(D)** Very long run

9. When marginal product is greater than average product, average product is:

- **(A)** Falling
- **(B)** Rising
- **(C)** Constant
- **(D)** At its maximum

10. The shape of the average total cost curve is typically:

- **(A)** Upward sloping straight line
- **(B)** U-shaped
- **(C)** Horizontal
- **(D)** Downward sloping straight line

11. Marginal cost intersects average total cost at the latter's:

- **(A)** Maximum point
- **(B)** Minimum point
- **(C)** Midpoint
- **(D)** Origin

12. Which of the following is a fixed cost for a firm in the short run?

- **(A)** Wages of daily-wage workers
- **(B)** Cost of raw materials
- **(C)** Rent on the factory building
- **(D)** Electricity used in production

13. A firm in perfect competition is a:

- **(A)** Price maker
- **(B)** Price taker
- **(C)** Quantity taker
- **(D)** Monopolist

14. In perfect competition, a firm earns only normal profit in the:

- **(A)** Short run
- **(B)** Long run
- **(C)** Market period
- **(D)** Never

15. A profit-maximizing firm produces where:

(A) MR = MC
(B) AR = AC
(C) MC = AC
(D) TR is maximum

16. The demand curve faced by a monopolist is:

(A) Perfectly elastic
(B) Downward sloping
(C) Horizontal
(D) Perfectly inelastic

17. Price discrimination requires that the seller be able to:

(A) Produce at zero cost
(B) Prevent resale between markets
(C) Face a horizontal demand curve
(D) Operate under perfect competition

18. Under monopolistic competition, firms sell products that are:

(A) Identical
(B) Differentiated
(C) Perfect substitutes
(D) Complements only

19. A distinguishing feature of an oligopoly is:

(A) A single seller
(B) Many small sellers
(C) A few interdependent sellers
(D) Free entry and exit

20. The kinked demand curve model is used to explain:

(A) Price rigidity in oligopoly
(B) Perfect competition pricing
(C) Monopoly output
(D) Consumer equilibrium

21. Economic profit differs from accounting profit because it includes:

(A) Only explicit costs
(B) Implicit (opportunity) costs
(C) Only fixed costs
(D) Sales taxes

22. A deadweight loss represents:

(A) Transfer of income to government
(B) Loss of total surplus not captured by anyone
(C) Producer surplus only
(D) Consumer surplus only

23. The marginal rate of technical substitution refers to the rate at which one input can be substituted for another while keeping:

(A) Cost constant
(B) Output constant
(C) Price constant
(D) Revenue constant

24. A tax on producers shifts the supply curve:
(A) Rightward
(B) Leftward (upward)
(C) It does not shift
(D) It becomes vertical

25. The incidence of an indirect tax falls more heavily on consumers when demand is:
(A) Highly elastic
(B) Highly inelastic
(C) Unit elastic
(D) Perfectly elastic

26. In the theory of the firm, the shut-down point occurs where price equals minimum:
(A) Average total cost
(B) Average variable cost
(C) Marginal cost above AVC
(D) Average fixed cost

27. Gross Domestic Product (GDP) measures the total market value of all final goods and services produced:
(A) By a country's citizens anywhere
(B) Within a country's borders in a period
(C) Including intermediate goods
(D) Over the entire history of a country

28. Which of the following is NOT included in the calculation of GDP?
(A) Government purchases
(B) Net exports
(C) Value of intermediate goods
(D) Private investment

29. Nominal GDP is converted to real GDP by adjusting for:
(A) Unemployment
(B) Changes in the price level
(C) Population growth
(D) Interest rates

30. The value of the GDP deflator in the base year is always:
(A) Zero
(B) 100
(C) 1000
(D) Equal to real GDP

31. The multiplier effect is larger when the marginal propensity to consume is:
(A) Lower
(B) Higher

(C) Zero
(D) Negative

32. If the marginal propensity to consume is 0.8, the value of the simple spending multiplier is:
(A) 1.25
(B) 2
(C) 4
(D) 5

33. The equilibrium level of national income is determined where aggregate demand equals:
(A) Aggregate supply
(B) Money supply
(C) Investment
(D) Government spending

34. According to Keynes, the main cause of unemployment is a deficiency of:
(A) Money supply
(B) Aggregate demand
(C) Labor supply
(D) Capital stock

35. Structural unemployment arises due to:
(A) Seasonal changes
(B) A mismatch of skills and jobs
(C) Short-term job search
(D) A recession

36. The unemployment that exists at the natural rate consists of frictional and:
(A) Cyclical unemployment
(B) Structural unemployment
(C) Seasonal unemployment
(D) Disguised unemployment

37. Demand-pull inflation is caused by:
(A) Rising production costs
(B) Excess aggregate demand
(C) A fall in the money supply
(D) An increase in unemployment

38. The Phillips curve depicts a short-run trade-off between inflation and:
(A) Economic growth
(B) Unemployment
(C) Interest rates
(D) The exchange rate

39. Cost-push inflation is typically associated with a leftward shift in:
(A) Aggregate demand
(B) Aggregate supply
(C) The money demand curve
(D) The labour supply curve

40. Fiscal policy refers to the use of government spending and:

(A) Interest rates
(B) Taxation
(C) The money supply
(D) Exchange rates

41. An expansionary fiscal policy during a recession would involve:

(A) Reducing government spending
(B) Increasing taxes
(C) Increasing government spending
(D) Selling government bonds

42. The primary function of a central bank is to:

(A) Collect taxes
(B) Control the money supply and regulate banks
(C) Set the national budget
(D) Fix all prices

43. When a central bank buys government securities in the open market, the money supply tends to:

(A) Decrease
(B) Increase
(C) Remain unchanged
(D) Become negative

44. An increase in the statutory reserve requirement of commercial banks will:

(A) Increase lending capacity
(B) Decrease the money supply
(C) Increase the money supply
(D) Have no effect

45. The money multiplier is equal to the reciprocal of the:

(A) Interest rate
(B) Reserve ratio
(C) Inflation rate
(D) Marginal propensity to save

46. According to the quantity theory of money, if the money supply doubles and output is constant, the price level will:

(A) Halve
(B) Double
(C) Remain constant
(D) Fall to zero

47. The liquidity preference theory of interest was proposed by:

(A) Adam Smith
(B) David Ricardo
(C) J.M. Keynes
(D) Milton Friedman

48. A budget deficit occurs when government expenditure exceeds:

(A) Government revenue
(B) National income
(C) Money supply
(D) Private investment

49. The 'crowding out' effect refers to a fall in private investment caused by:

(A) Lower taxes
(B) Increased government borrowing
(C) A rise in exports
(D) A fall in interest rates

50. Stagflation is a situation characterized by high inflation combined with:

(A) High growth
(B) Low unemployment
(C) High unemployment and stagnant output
(D) Deflation

51. Automatic stabilizers in fiscal policy include:

(A) Discretionary spending programs
(B) Progressive taxes and unemployment benefits
(C) Central bank interest-rate decisions
(D) Open-market operations

52. The nominal interest rate approximately equals the real interest rate plus:

(A) The unemployment rate
(B) The expected inflation rate
(C) The growth rate of GDP
(D) The tax rate

53. The theory of comparative advantage was developed by:

(A) Adam Smith
(B) David Ricardo
(C) Alfred Marshall
(D) Paul Samuelson

54. A country has a comparative advantage in producing a good when it can produce it at a lower:

(A) Absolute cost
(B) Opportunity cost
(C) Selling price
(D) Wage rate

55. A tariff is a:

(A) Quantitative restriction on imports
(B) Tax on imported goods
(C) Subsidy to exporters
(D) Ban on trade

56. The current account of the balance of payments records:

(A) Foreign direct investment
(B) Trade in goods and services and transfers

(C) Purchases of foreign assets
(D) Changes in reserves only

57. A depreciation of the domestic currency tends to make exports:

(A) More expensive abroad
(B) Cheaper abroad
(C) Unchanged in price
(D) Illegal

58. Under a flexible exchange rate system, the exchange rate is determined by:

(A) The central bank
(B) Demand and supply of the currency
(C) The government budget
(D) The IMF

59. The J-curve effect describes the short-run response of the trade balance to a currency:

(A) Appreciation
(B) Depreciation
(C) Peg
(D) Revaluation

60. The institution primarily responsible for providing short-term balance-of-payments support is the:

(A) World Bank
(B) International Monetary Fund
(C) World Trade Organization
(D) United Nations

61. The Human Development Index (HDI) combines income, education and:

(A) Employment
(B) Health (life expectancy)
(C) Inflation
(D) Savings

62. The Gini coefficient is a measure of:

(A) Inflation
(B) Income inequality
(C) Economic growth
(D) Unemployment

63. A Lorenz curve that coincides with the line of perfect equality indicates a Gini coefficient of:

(A) 1
(B) 0.5
(C) 0
(D) Infinity

64. Public goods are characterized by being non-rival and:

(A) Excludable
(B) Non-excludable
(C) Scarce in supply
(D) Priced by the market

65. A negative externality in production leads to a market output that is:

(A) Socially optimal
(B) Greater than the socially optimal level
(C) Less than the socially optimal level
(D) Zero

66. The Pigouvian tax is designed to correct:

(A) Budget deficits
(B) Negative externalities
(C) Inflation
(D) Trade deficits

67. In regression analysis, the coefficient of determination (R-squared) measures:

(A) The slope of the line
(B) The proportion of variation explained by the model
(C) The intercept
(D) The sample size

68. The arithmetic mean is most affected by:

(A) The mode
(B) Extreme values (outliers)
(C) The median
(D) The range only

69. In a normal distribution, the mean, median and mode are:

(A) All different
(B) Equal
(C) Always zero
(D) Undefined

70. A Type I error in hypothesis testing occurs when we:

(A) Accept a true null hypothesis
(B) Reject a true null hypothesis
(C) Accept a false null hypothesis
(D) Reject a false null hypothesis

SECTION II — ENGLISH (Questions 71–85)

71. Choose the correct synonym for the word 'ABUNDANT':

(A) Scarce
(B) Plentiful
(C) Empty
(D) Rare

72. Choose the correct antonym for the word 'BENEVOLENT':

(A) Kind
(B) Generous
(C) Malevolent
(D) Charitable

73. Identify the correctly spelled word:

(A) Occassion
(B) Occasion
(C) Ocasion
(D) Occassion

74. Fill in the blank: She has been living here ______ 2015.

(A) for
(B) since
(C) from
(D) at

75. Choose the correct sentence:

(A) Each of the students have a book.
(B) Each of the students has a book.
(C) Each of the student have a book.
(D) Each of the students having a book.

76. The plural of 'analysis' is:

(A) analysises
(B) analyses
(C) analysis
(D) analysi

77. Fill in the blank: The committee ______ divided in its opinion.

(A) are
(B) were
(C) was
(D) have

78. Choose the word that best completes: A person who studies the economy is an ______.

(A) economist
(B) economic
(C) economy
(D) economical

79. Identify the part of speech of the underlined word: She sings BEAUTIFULLY.

- **(A)** Adjective
- **(B)** Adverb
- **(C)** Noun
- **(D)** Verb

80. Choose the correct preposition: He is good ______ mathematics.

- **(A)** in
- **(B)** at
- **(C)** on
- **(D)** with

81. Select the correct form: If I ______ rich, I would travel the world.

- **(A)** am
- **(B)** was
- **(C)** were
- **(D)** will be

82. Choose the correctly punctuated sentence:

- **(A)** Its a beautiful day, isnt it?
- **(B)** It's a beautiful day, isn't it?
- **(C)** Its' a beautiful day, isnt' it?
- **(D)** It's a beautiful day isn't it?

83. The word 'METICULOUS' most nearly means:

- **(A)** Careless
- **(B)** Very careful and precise
- **(C)** Lazy
- **(D)** Quick

84. Choose the correct passive voice of: 'They built the bridge.'

- **(A)** The bridge is built by them.
- **(B)** The bridge was built by them.
- **(C)** The bridge has built by them.
- **(D)** The bridge built by them.

85. Identify the error: 'Neither the manager nor the workers was present.'

- **(A)** Neither
- **(B)** nor
- **(C)** was
- **(D)** present

SECTION III — MATHEMATICS (Questions 86–100)

86. If $3x + 7 = 22$, then the value of x is:

- **(A)** 3
- **(B)** 5
- **(C)** 7
- **(D)** 15

87. The value of 15% of 240 is:

- **(A)** 24
- **(B)** 30
- **(C)** 36
- **(D)** 40

88. If the ratio of two numbers is 3:5 and their sum is 64, the larger number is:

- **(A)** 24
- **(B)** 40
- **(C)** 45
- **(D)** 32

89. Simplify: $2^3 \times 2^4 =$

- **(A)** 2^7
- **(B)** 2^{12}
- **(C)** 4^7
- **(D)** 2^1

90. The derivative of $f(x) = x^3$ with respect to x is:

- **(A)** $3x$
- **(B)** x^2
- **(C)** $3x^2$
- **(D)** $x^4/4$

91. The area of a circle with radius 7 units is (use $\pi = 22/7$):

- **(A)** 154 sq units
- **(B)** 44 sq units
- **(C)** 22 sq units
- **(D)** 308 sq units

92. If a shirt priced at 800 is sold at a 25% discount, the selling price is:

- **(A)** 600
- **(B)** 700
- **(C)** 750
- **(D)** 500

93. The average of the numbers 12, 18, 24 and 30 is:

- **(A)** 20
- **(B)** 21
- **(C)** 22
- **(D)** 24

94. The next term in the sequence 2, 6, 12, 20, ___ is:

- **(A)** 28
- **(B)** 30
- **(C)** 32
- **(D)** 36

95. If $\log_{10}100 = x$, then x equals:

- **(A)** 1

(B) 2
(C) 10
(D) 100

96. The solution to the equation $x^2 - 9 = 0$ is:

(A) $x = 3$ only
(B) $x = -3$ only
(C) $x = \pm 3$
(D) $x = 9$

97. A sum of money doubles in 8 years at simple interest. The annual rate of interest is:

(A) 8%
(B) 10%
(C) 12.5%
(D) 16%

98. The integral $\int 2x\,dx$ equals:

(A) $x^2 + C$
(B) $2x^2 + C$
(C) $2 + C$
(D) $x + C$

99. If a fair die is rolled once, the probability of getting an even number is:

(A) 1/6
(B) 1/3
(C) 1/2
(D) 2/3

100. The slope of the line passing through the points (1, 2) and (3, 8) is:

(A) 2
(B) 3
(C) 4
(D) 6

— END OF PAPER —