

MSc in Economics

Q #1: The indifference curves for perfect substitutes are:

- a) Concave
- b) Convex
- c) L-shaped
- d) Straight lines

Ans: D

Q # 2: Revenue generated by a quantity tax is given by:

- a) Tax rate x price
- b) Quantity x price
- c) Tax rate x quantity
- d) Tax rate x quantity x price

Ans: C

Q # 3: If an economy is experiencing a balance of payments deficit and high inflation, the appropriate policy would be:

- a) Increase interest rates
- b) Increase money supply
- c) Decrease direct taxes
- d) Remove import tariffs

Ans: A

Q # 4: Direct taxes are preferred over the indirect taxes because,

- a) They are progressive
- b) They help in reduction in the interest rates
- c) They are not elastic
- d) They are easy to administer

Ans: A

NOTE: The M.Phil in Economics and the Ph.D in Economics sample tests will be of the same pattern.