

## WBCS (Main) Exam Paper – V Practice Set

### Answers with Explanation

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| <p>1. (b) Of the total number of members of the Legislative Council consists of—Member of local bodies in the state, Graduates of three years and residing within the state. <span style="float: right;">শ্রুতিভঙ্গ</span></p> <p>2. (a) The state election commission, chairman of the state PSC, and the advocate General of the state are appointed by the governor. A judge of the High Court is appointed by the President.</p> <p>3. (d) The forms of oaths or affirmations, in the third schedule of the Indian constitution, are mentioned for the given officials. Third Schedule (Articles 75(4), 99, 124(6), 148(2), 164(3), 188 and 219).</p> <p>4. (c) The directive principles of ‘To ensure the right to have an adequate means of livelihood for men and women equally’ was mentioned in the original text of the constitution.</p> <p>5. (c) The amendment in the Directive Principle of state policy needs for a special majority of the Parliament where the amendment in the election of the president and its manner needs for a special majority of the parliament.</p> <p>6. (a) The words ‘SOCIALIST’, ‘SECULAR’ and ‘UNITY’ &amp; ‘INTEGRITY’ were added by the 42nd Amendment in 1976. <span style="float: right;">শ্রুতিভঙ্গ</span></p> <p>7. (a) In the Constitution, in Part III, in article 16, for clause (4A), the following clause shall be substituted, namely: “(4A) Notwithstanding anything contained elsewhere in the Constitution, the Scheduled Castes and the Scheduled Tribes notified under article 341 and article 342, respectively, shall be deemed to be backward and nothing in this article or in article 335 shall prevent the State from making any provision for reservation in matters of promotions, with consequential seniority, to any class or classes of posts in the services under the State in favour of the Scheduled Castes and the Scheduled Tribes to the extent of the percentage of reservation provided to the Scheduled Castes and the Scheduled Tribes in the services of the State.”</p> <p>8. (b) Prohibition of discrimination – Article-15<br/>Prohibition of employment of children in factories – Article-24<br/>Protection against arrest and detention in certain cases – Article 22</p> | <p>Abolition of untouchability- Article-17</p> <p>9. (c) is correct, Article 39-A Free legal Aid<br/>Article- 43- Living wage of workers.<br/>Article- 44 – Uniform Civil Code. <span style="float: right;">শ্রুতিভঙ্গ</span><br/>Article- 50- Separation of Judiciary.<br/>Articles mentioned above are the part of Directive principles of the state policy.</p> <p>10. (a) Article 50 – Separation between judiciary and executive.<br/>Article-143- Advisory Jurisdiction of the Supreme Court.<br/>Article 51 – Impeachment of the President.<br/>Article- 320 – Function of Public Service Commission.</p> <p>11. (c) Right to equality – Article-14 <span style="float: right;">শ্রুতিভঙ্গ</span><br/>Right to Freedom- Article-19<br/>Right to freedom of Religion- Article 25<br/>Right to constitutional Remedies – Article 32<br/>1. Union List contains 100 subjects (Originally 97)<br/>2. Subjects of Union State and Concurrent Lists<br/>3. Union List contains 100 subjects (Originally 97)<br/>4. State List contains 61 subjects (Originally 66)<br/>5. Concurrent List contains 52 subjects (Originally 47)</p> <p>12. (b) The Nineteenth Amendment of the Constitution of India, officially known as The Constitution (Nineteenth Amendment) Act, 1966, abolished Election Tribunals in India and enabled trial of election petitions by High Courts. The Twenty-fifth Amendment of the Constitution of India, officially known as The Constitution (Twenty-fifth Amendment) Act, 1971, curtailed the right to property, and permitted the acquisition of private property by the government for public use, on the payment of compensation which would be determined by the Parliament and not the courts. <span style="float: right;">শ্রুতিভঙ্গ</span><br/>31st Amendment – 1972 – Increased the number of Lok Sabha seats from 525 to 545.<br/>45th Amendment 1980 – Extended the reservation of seats for the SCs and STs and special representation for the Anglo Indians in Lok Sabha and the State legislature assemblies</p> |
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- for a further period of ten years (i.e up to 1990)
13. (c) (i) **42nd Amendment** - Amendment passed during internal emergency by Indira Gandhi. Provides for curtailment of fundamental rights, imposes fundamental duties and changes to the basic structure of the constitution by making India a “Socialist Secular” Republic  
(ii) **52nd Amendment Act 1985** - Anti Defection Law - Provide disqualification of members from parliament and assembly in case of defection from one party to other  
(iii) **62nd Amendment Act 1989** - Extend reservation for SC / ST and nomination of Anglo Indian members in Parliament and State Assemblies for another ten years i.e. up to 2000  
(iv) **21st Amendment Act 1966** - includes Sindhi as an Official Language
14. (c) A Governor can make recommendation, to the president on dissolution of the state legislative assembly and the declaration of the breakdown of the constitution machinery in the state. Under article 356 State emergency is declared on failure of constitutional machinery in a state. Nearly every state in India has been under a state of emergency at some point of time or the other. The state of emergency is commonly known as ‘President’s Rule’.
15. (d) Money Bills are those Bills which contain only provisions dealing with all or any of the matters specified in sub-clauses (a) to (f) of clause (1) of article 110 of the Constitution. Financial bills can be further classified as financial bills categories A and B. Category A bills contain provisions dealing with any of the matters specified in sub-clauses (a) to (f) of clause (1) of article 110 and other matters and Category B bills involve expenditure from the consolidated fund of India. The bill requires prior assent of the president before presenting in the parliament and is related to formation of boundaries of state, money-bill, expenditure from the consolidated fund etc.
16. (b) According to Article 317 of the constitution of India, the chairman or any other member of a PSC shall be removed from his office by the order of the president with reference to the supreme court on reference being made to it by the President, has, on inquiry, held in accordance with the procedure prescribed in that behalf under Article 145, reported that the Chairman or such other member, as the case may be, ought on any such ground to be removed.
17. (b) Department of official languages is subordinate office of the Ministry of Home affairs. It deals with the implementation of the provisions of the Constitution relating to official languages and the provisions of the Official Languages Act, 1963.
18. (b) In general, the Dinesh Goswami committee (1990) was concerned with electoral reforms. The Goswami Committee on electoral reforms stated that irregularities in electoral rolls are exacerbated by purposeful tampering done by election officials who are bought by vested interests or have partisan attitudes.
19. (b) President- Upholding the constitution and the law; Judge of the supreme court- Faith and allegiance to the constitution of India; Members of Parliament- Faithful Discharge of Duties; Minister for the Union-Secrecy of Information
20. (d) State legislature assemblies, both houses of the parliament form part of the electoral college for the election of the president. An electoral college is a set of electors who are selected to elect a candidate to a particular office. Often these represent different organizations or entities, with each organization or entity represented by a particular number of electors or with votes weighted in a particular way.
21. (a) He will not be able to vote in his favour in the event of a no-confidence motion.
22. (d) The reservation of 33% of seats for women in parliament and state legislature requires constitutional amendment.
23. (c) The validity of nomination of a person to get elected to the municipal council would depend on the condition that his name should be figured in the voter’s list.
24. (d) Decorum = Parliamentary etiquette  
Crossing the floor = Changing the party  
Interpolation = Seeking clarification through ruling  
Yielding the floor = Respecting speaker’s order
25. (b) The value of the vote of an electing member of parliament equals.
26. (d) The preamble to the Constitution of India is a brief introductory statement that sets out the guiding purpose and principles of the document. As originally enacted the preamble described the state as a “sovereign democratic republic”. In 1976 the Fortysecond Amendment

changed this to read “sovereign socialist secular democratic republic”.

27. (a) Originally ten in number, the Fundamental Duties were increased to eleven by the 86th Amendment in 2002, which added a duty on every parent or guardian to ensure that their child or ward was provided opportunities for education between the ages of six and fourteen years. শ্রীসিউস
28. (d) Fundamental Rights are those rights and freedoms of the people of India, which enjoy constitutional recognition and guarantee. The Supreme Court of India and State High Courts have the power to enforce Fundamental Rights. Supreme Court is the guardian protector of fundamental rights. The right to move to the courts for securing the fundamental rights is a very valuable right of the people. Citizens can go to the Supreme Court or the high Courts for getting their fundamental rights enforced. It empowers the Courts to issue directions or orders or writs for this purpose. শ্রীসিউস
29. (c) The concept of Directive Principles of State Policy was borrowed from the Irish Constitution. Article 45 of the Irish Constitution outlines a number of broad principles of social and economic policy. Its provisions are, however, intended solely “for the general guidance of the Oireachtas”, and “shall not be cognizable by any Court under any of the provisions of this Constitution.”
30. (c) Civic duty is the responsibilities of a citizen. Such duties expect one to be a good citizen, obey the laws, serve in the military in time of need, pay taxes, be active in community activities that are supportive of something positive. These are the types of things that enable masses of people to live in close proximity and prosper. শ্রীসিউস
31. (a) At the commencement of the constitution of India, persons domiciled in the territory of India as on 26 November 1949 automatically became Indian citizens by virtue of operation of the relevant provisions of the Indian Constitution coming into force. The majority of the constitutional provisions came into force on 26 January 1950.
32. (b) Liberty is the value of individuals to have agency (control over their own actions). The conceptions of liberty typically consist of the freedom of individuals from outside compulsion or coercion. So the active exercise of freedom and rights as essential to liberty.
33. (d) Political participation is the basis of democracy and a vital part of the enjoyment of all human rights. The right of all people to vote in elections, without any discrimination, is one of the most fundamental of all human rights and civil liberties. However, since democracy is in itself a political process, Right to Vote should be counted as a fundamental political right as it is preservative of all rights.
34. (b) Liberty is one of the human rights which, in the words of John Locke, consists of being free from any superior power on Earth. However, it is non-absolute and can be limited by law or restricted in certain circumstances where there is a need to take into account the rights of other individuals or wider society. The truth is modern laws permit only limited forms of liberty. শ্রীসিউস
35. (a) Liberty is the quality individuals have to control their own actions. Sociologists define the active exercise of freedom and rights as essential to liberty. There must be an independent and impartial judiciary for the protection and preservation and individual liberty. The judiciary must be independent of executive and legislative control.
36. (b) Political liberty is the state or condition of those who are invested with the right effectually to share in framing and conducting the government under which they are politically organized. In other words, it means freedom in the exercise of political activities.
37. (b) The Forty Second Constitution Amendment Act, 1976 has incorporated ten Fundamental Duties in Article 51(A) of the constitution of India. This was done in accordance with the recommendation of the Sardar Swaran Singh Committee. India adopted Fundamental Duties from the Constitution of erstwhile USSR.
38. (d) Rajya Sabha is a permanent House and is not subject to dissolution. However, one-third Members of Rajya Sabha retire after every second year. A member who is elected for a full term serves for a period of six years. The election held to fill a vacancy arising otherwise than by retirement of a member on the expiration of his term of office is called ‘Byelection’. A member elected in a bye-election remains member for the remainder of the term of the member who had resigned or

- died or disqualified to be member of the House under the Tenth Schedule.
39. (c) In the absence of the Speaker, the Deputy Speaker discharges his functions. A member from the Panel of Chairmen presides over the House in the absence of both the Speaker and the Deputy Speaker. অ্যাচিভমেন্ট
40. (d) In democratic systems of governance based on the trias politica, a fundamental parallel and a fundamental difference exists between presidential systems and constitutional monarchic parliamentary system of government. The parallel is that the three branches of government (legislative, executive, judicial) exist largely independent of each other, with their own prerogatives, domains of activity, and exercises of control over each other. In presidential systems, the incumbent of the Head-of-state is elected to office and, after transfer of power, appoints his administration (like in the United States, with unitary executive) or a government headed by a prime minister is formed within the parliament, based on the elected majority (like in France). The latter might lead to a “cohabitation” where a president and his government belonging to different parties or coalitions. অ্যাচিভমেন্ট
41. (a) Legislative prerogative over taxation, legislative control over expenditure and executive initiative in financial matters are some of the fundamental principles of the system of Parliamentary financial control. There are specific provisions in the Constitution of India incorporating these tenets. For example, article 265 provides that ‘no tax shall be levied or collected except by authority of law’; no expenditure can be incurred except with the authorisation of the Legislature (article 266); and President shall, in respect of every financial year, cause to be laid before Parliament, Annual Financial Statement (article 112). অ্যাচিভমেন্ট
42. (d) Member of Parliaments are directly elected by citizens of India on the basis of Universal Adult franchise, except two who are appointed by the President of India. The President of India is elected, from an Electoral College comprising a group of nominees, by the elected members of the Parliament of India (Lok Sabha and Rajya Sabha) as well as of the state legislatures (Vidhan Sabhas). The Vice President is elected indirectly by an electoral college consisting members of both houses of the Parliament.
- Members of the Lok Sabha elect their Speaker in the first meeting of the House after a general election.
43. (a) Dr. Sarvepalli Radhakrishnan was the Vice President of India from 13 May, 1952 to 12 May, 1962. He was the second President of India from 1962 to 1967. অ্যাচিভমেন্ট
44. (c) The All India Services are the three all India Civil Services of India, namely the Indian Administrative Service (IAS), the Indian Police Service (IPS) & the Indian Forest Service (IFS). The officers of the All India Services are recruited and trained by the federal Union Government (“the Centre”) and serve in the various State Governments (“the States”) as well as Centre (which is why the Indian Revenue Service is a “central service” instead of an All India Service as they work only in the Central Government).
45. (a) The first sitting of the Fifth Lok Sabha was held on 19 March, 1971. The term of the Fifth Lok Sabha, which was to expire on 18 March, 1976, was extended by one year, i.e., up to 18 March, 1977 by the House of the People (Extension of Duration) Amendment Act, 1976. However, the House was dissolved on 18 January, 1977 after having been in existence for a period of five years, ten months and six days. The Sixth Lok Sabha met for the first time on 25 March 1977 after the Sixth General Election. The normal term of the Lok Sabha was restored to five years under the Constitution (Forty fourth Amendment) Act, 1978. অ্যাচিভমেন্ট
46. (a) The constitution vests the residuary power, i.e., the power to legislate with respect to any matter not enumerated in any one of the three lists in the union legislatures (Act. 248). It has been left to the courts to determine finally as to whether a particular matter falls under the residuary, power or not.
47. (a) In political science, an initiative (also known as a popular or citizens’ initiative) is a means by which a petition signed by a certain minimum number of registered voters can force a public vote (plebiscite). The vote may be on a proposed statute, constitutional amendment, charter amendment or ordinance, or, in its minimal form, to simply oblige the executive or legislative bodies to consider the subject by submitting it to the order of the day. It is a form of direct democracy. অ্যাচিভমেন্ট



48. (c) Article 370 of the Indian constitution grants special autonomous status to Jammu and Kashmir. As per Article 370 of the Constitution of India, notwithstanding anything in this Constitution: the power of Parliament to make laws for the said State shall be limited to those matters in the Union List and the Concurrent List which, in consultation with the Government of the State, are declared by the President to correspond to matters specified in the Instrument of Accession governing the accession of the State to the Dominion of India as the matters with respect to which the Dominion Legislature may make laws for that State; and such other matters in the said Lists, as, with the concurrence of the Government of the State, the President may by order specify. This article specifies that except for Defence, Foreign Affairs, Finance and Communications, (matters specified in the instrument of accession) the Indian Parliament needs the State Government's concurrence for applying all other laws. Thus the state's residents lived under a separate set of laws, including those related to citizenship, ownership of property, and fundamental rights, as compared to other Indians. শ্রীচিভর্ষ
49. (b) There are three lists detailing the powers, functions and sharing of these among the Union and the States in India. The List I or the Union List, List II or the State List and List III or the Concurrent List are included in the Seventh Schedule of the Constitution.
50. (b) The maximum number of Questions to be placed on the list of Questions for oral answers (Starred Question) on a particular day is 20, while the maximum number of questions to be placed on the list of Un-starred Question is 230. However, the number of Un-starred Questions may exceed by a maximum of 25 Questions pertaining to State/States under President's Rule. শ্রীচিভর্ষ
51. (b) Open Market Operations (OMOs) are the market operations conducted by the Reserve Bank of India by way of sale/purchase of Government securities to/from the market with an objective to adjust the rupee liquidity conditions in the market on a durable basis. When the RBI feels there is excess liquidity in the market, it resorts to sale of securities thereby sucking out the rupee liquidity. Similarly, when the liquidity conditions are tight, the RBI will buy securities from the market, thereby releasing liquidity into the market. The two traditional type of OMO's used by RBI are: Outright purchase (PEMO): Is outright buying or selling of government securities; and Repurchase agreement (REPO): Is short term, and are subject to repurchase. শ্রীচিভর্ষ
52. (d) The Ninth Plan recognised the integral link between rapid economic growth and the quality of life of the mass of the people. Ensuring environmental sustainability of the development process through social mobilisation and participation of people at all level was one of the specific objectives of the Ninth Plan as approved by the National Development Council. In the Ninth Plan document, policies and programmes during the Eighth Plan period were reviewed, shortcomings identified and new policy framework suggested overcoming the shortcomings and ensuring sustainability of the development process not only in economic terms but also in terms of social and environmental factors. শ্রীচিভর্ষ
53. (d) Monetary policy is the process by which monetary authority of a country, generally a central bank controls the supply of money in the economy by exercising its control over interest rates in order to maintain price stability and achieve high economic growth. In India, the central monetary authority is the Reserve Bank of India (RBI). It is so designed as to maintain the price stability in the economy.
54. (d) Statutory Liquidity Ratio refers to the amount that the commercial banks require to maintain in the form gold or government approved securities before providing credit to the customers. Here by approved securities we mean, bond and shares of different companies. Statutory Liquidity Ratio is determined and maintained by the Reserve Bank of India in order to control the expansion of bank credit. Statutory liquidity ratio is the amount of liquid assets such as precious metals (Gold) or other approved securities, that a financial institution must maintain as reserves other than the cash. In a growing economy banks would like to invest in stock market, not in Government Securities or Gold as the latter would yield less returns. One more reason is long term Government Securities (or any bond) are sensitive to interest rate changes. But in an

- emerging economy interest rate change is a common activity.
55. (b) A merchant bank is a financial institution which provides capital to companies in the form of share ownership instead of loans. It is a bank that deals mostly in (but is not limited to) international finance, long-term loans for companies and underwriting. Merchant banks do not provide regular banking services to the general public. শ্রীচর্চিকা
56. (c) The reserve requirement (or cash reserve ratio) is a central bank regulation that sets the minimum reserves each commercial bank must hold (rather than lend out) of customer deposits and notes. These required reserves are normally in the form of cash stored physically in a bank vault (vault cash) or deposits made with a central bank. The required reserve ratio is sometimes used as a tool in monetary policy, influencing the country's borrowing and interest rates by changing the amount of funds available for banks to make loans with. The main objective of minimum reserves is the stabilisation of money market rates. Minimum reserves allow credit institutions to smooth out fluctuations in liquidity such as those caused by the demand for banknotes. শ্রীচর্চিকা
57. (a) Statutory liquidity ratio is the amount of liquid assets such as precious metals (Gold) or other approved securities, which a financial institution must maintain as reserves other than the cash. The statutory liquidity ratio is a term most commonly used in India. The objectives of SLR are to restrict the expansion of bank credit. They serve to augment the investment of the banks in government securities and ensure solvency of banks. শ্রীচর্চিকা
58. (b) In microeconomics, economies of scale are the cost advantages that an enterprise obtains due to expansion. There are factors that cause a producer's average cost per unit to fall as the scale of output is increased. "Economies of scale" is a long run concept and refers to reductions in unit cost as the size of a facility and the usage levels of other inputs increase.
59. (d) A real wage rate is a nominal wage rate divided by the price of a good and is a transparent measure of how much of the good an hour of work buys. It provides an important indicator of the living standards of workers, and also of the productivity of workers. While differences
- in earnings or incomes may be misleading indicators of worker welfare, real wage rates are comparable across time and location. Nominal wages are not sufficient to tell us if workers gain since, even if wages rise, the price of one of the goods also rises when moving to free trade. The real wage represents the purchasing power of wages— that is, the quantity of goods the wages will purchase.
60. (b) In economics, a monopsony (mono: single) is a market form in which only one buyer faces many sellers. It is an example of imperfect competition, similar to a monopoly, in which only one seller faces many buyers. As the only purchaser of a good or service, the monopsonist may dictate terms to its suppliers in the same manner that a monopolist controls the market for its buyers. It is also known as Single buyer Right. A single-payer universal health care system, in which the government is the only "buyer" of health care services, is an example of a monopsony. Another possible monopsony could develop in the exchange between the food industry and farmers.
61. (a) Average revenue is the revenue per unit of the commodity sold. It can be obtained by dividing the TR by the number of units sold. Then,  $AR = TR/Q$ . In other words, it means price. Since the demand curve shows the relationship between price and the quantity demanded, it also represents the average revenue or price at which the various amounts of a commodity are sold, because the price offered by the buyer is the revenue from seller's point of view. Therefore, average revenue curve of the firm is the same as demand curve of the consumer.
62. (d) Rent refers to that part of payment by a tenant which is made only for the use of land, i.e., free gift of nature. The payment made by an agriculturist tenant to the landlord is not necessarily equals to the economic rent. A part of this payment may consist of interest on capital invested in the land by the landlord in the form of buildings, fences, tube wells, etc. The term 'economic rent' refers to that part of payment which is made for the use of land only, and the total payment made by a tenant to the landlord is called 'contract rent'. Economic rent is also called surplus because it emerges without any effort on the part of a landlord. শ্রীচর্চিকা

63. (a) Some goods are known as inferior goods. With inferior goods, there is an inverse relationship between real income and the demand for the good in question. If real incomes rise, the demand for an inferior good will fall. If real incomes fall (in a recession, for instance), the demand for an inferior good will rise. Example: Bus travel. As people get richer, they are more likely to buy themselves a car, or use a taxi, rather than rely on the more inferior bus, so the demand for bus travel falls as real incomes rise. শ্রীচিভর্ষ
64. (d) The Marginal Utility Curve is a curve illustrating the relation between the marginal utility obtained from consuming an additional unit of good and the quantity of the good consumed. The negative slope of the marginal utility curve reflects the law of diminishing marginal utility. The marginal utility curve also can be used to derive the demand curve. Marginal Utility is the utility derived from the last unit of a commodity purchased. One of the earliest explanations of the inverse relationship between price and quantity demanded is the law of diminishing marginal utility. This law suggests that as more of a product is consumed the marginal (additional) benefit to the consumer falls; hence consumers are prepared to pay less. শ্রীচিভর্ষ
65. (c) Monopolistic competition is a type of imperfect competition such that many producers sell products that are differentiated from one another as goods but not perfect substitutes (such as from branding, quality, or location). In monopolistic competition, a firm takes the prices charged by its rivals as given and ignores the impact of its own prices on the prices of other firms. In a monopolistically competitive market, firms can behave like monopolies in the short run, including by using market power to generate profit. In the long run, however, other firms enter the market and the benefits of differentiation decrease with competition; the market becomes more like a perfectly competitive one where firms cannot gain economic profit. শ্রীচিভর্ষ
66. (d) Opportunity cost is the cost of any activity measured in terms of the value of the next best alternative forgone (that is not chosen). It is the sacrifice related to the second best choice available to someone, or group, who has picked among several mutually exclusive choices.
- When economists refer to the “opportunity cost” of a resource, they mean the value of the next-highest-valued alternative use of that resource. If, for example, we spend time and money going to a movie, we cannot spend that time at home reading a book, and we cannot spend the money on something else. If our next-best alternative to seeing the movie is reading the book, then the opportunity cost of seeing the movie is the money spent plus the pleasure we forgo by not reading the book.
67. (d) Consumer sovereignty means that buyers ultimately determine which goods and services remain in production. While businesses can produce and attempt to sell whatever goods they choose, if the goods fail to satisfy the wants and needs, consumers decide not to buy. If the consumers do not buy, the businesses do not sell and the goods are not produced. শ্রীচিভর্ষ
68. (d) Engel’s law is an observation in economics stating that as income rises, the proportion of income spent on food falls, even if actual expenditure on food rises. In other words, the income elasticity of demand of food is between 0 and 1. Engel’s Law doesn’t imply that food spending remains unchanged as income increases: It suggests that consumers increase their expenditures for food products (in % terms) less than their increases in income.
69. (a) Prime Cost refers to a business’s expenses for the materials and labor it uses in production. Prime cost is a way of measuring the total cost of the production inputs needed to create a given output. By analyzing its prime costs, a company can determine how much it must charge for its finished product in order to make a profit. Variable costs are expenses that change in proportion to the activity of a business. Variable cost is the sum of marginal costs over all units produced. It can also be considered normal costs. Fixed costs and variable costs make up the two components of total cost. Prime Cost = Direct Materials + Direct Labour + Direct expenses. This comes to Variable cost + Administrative cost. Administrative cost is the cost associated with the general management of organization in accounting.
70. (b) Marginal product of an input (factor of production) is the extra output that can be produced by using one more unit of the input (for instance, the difference in output when a

firm's labor usage is increased from five to six units), assuming that the quantities of no other inputs to production change. Marginal product, which occasionally goes by the alias marginal physical product (MPP), is one of two measures derived from total product. The other is average product. Marginal product is directly proportional to total product.

71. (a) In microeconomics, economies of scale are the cost advantages that an enterprise obtains due to expansion. "Economies of scale" is a long run concept and refers to reductions in unit cost as the size of a facility and the usage levels of other inputs increase. অ্যাচিভার্স
72. (d) Purchasing power parity (PPP) is an economic theory and a technique used to determine the relative value of currencies, estimating the amount of adjustment needed on the exchange rate between countries in order for the exchange to be equivalent to (or on par with) each currency's purchasing power. It asks how much money would be needed to purchase the same goods and services in two countries, and uses that to calculate an implicit foreign exchange rate. Using that PPP rate, an amount of money thus has the same purchasing power in different countries. অ্যাচিভার্স
73. (a) In macroeconomic theory, liquidity preference refers to the demand for money, considered as liquidity. The concept was first developed by John Maynard Keynes in his book *The General Theory of Employment, Interest and Money* (1936) to explain determination of the interest rate by the supply and demand for money. The demand for money as an asset was theorized to depend on the interest foregone by not holding bonds. Interest rates, he argues, cannot be a reward for saving as such because, if a person hoards his savings in cash, keeping it under his mattress say, he will receive no interest, although he has nevertheless refrained from consuming all his current income. Instead of a reward for saving, interest in the Keynesian analysis is a reward for parting with liquidity.
74. (b) Final goods are goods that are ultimately consumed rather than used in the production of another good. For example, a car sold to a consumer is a final good; the components such as tires sold to the car manufacturer are not; they are intermediate goods used to make the final good.
75. (d) In economics, the cross elasticity of demand

or cross-price elasticity of demand measures the responsiveness of the demand for a good to a change in the price of another good. It is measured as the percentage change in demand for the first good that occurs in response to a percentage change in price of the second good. For example, if, in response to a 10% increase in the price of fuel, the demand of new cars that are fuel inefficient decreased by 20%, the cross elasticity of demand would be -2. A negative cross elasticity denotes two products that are complements, while a positive cross elasticity denotes two substitute products.

76. (a) The law of demand states the inverse relation that comes to exist of between price in one hand and quantity demanded on the other. The law of demand portrays that demand is the function of price. Price is the key determinant of demand. Fluctuations in price leads to changes in the quantity demanded. In other words, the higher the price of a product, the lower the quantity demanded.
77. (b) In economics, utility is a representation of preferences over some set of goods and services. Preferences have a utility representation so long as they are transitive, complete, and continuous. Usefulness refers to which extent something is useful and the utility is the quality of that piece in practical use. Both are inter-related terms. Utility is a factor of usefulness term. Usefulness means having practical utility of a piece which is beneficial, pertinent and functional.
78. (d) The concept of opportunity cost is based on scarcity and choice. The opportunity cost of a commodity is the next best alternative commodity sacrificed. In other words opportunity cost of a commodity is for-going the opportunity to produce alternative goods and services. If one commodity is produced another commodity is sacrificed. So opportunity cost of producing a good is equal to the cost of not producing another commodity. অ্যাচিভার্স
79. (a) 'Labour' refers to the people required to carry out a process in a business. Labour-intensive processes are those that require a relatively high level of labour compared to capital investment. These processes are more likely to be used to produce individual or personalised products, or to produce on a small scale. The costs of labour are: wages and other benefits,



- recruitment, training and so on. Labour intensive processes are more likely to be seen in Job production and in smaller-scale enterprises. শ্রমচিহ্ন
80. (d) Price theory is also known as micro economics and is concerned with the economic behaviour of individual consumers, producers and resource owners. Prof. Leftwich defines Price Theory as “it is concerned with the flow of goods and services from business firms to consumers, the composition of flow and the evaluation of pricing of the component parts of the flow. It is concerned too with the flow of productive resources (or their services) from resource owners to business firms with their evaluation and with their allocation among alternative uses. শ্রমচিহ্ন
81. (b) An oligopoly is a market form in which a market or industry is dominated by a small number of sellers (oligopolists). Because there are few sellers, each oligopolist is likely to be aware of the actions of the others. The decisions of one firm influence, and are influenced by, the decisions of other firms. Some of its characteristics are: Profit maximization conditions; Number of firms; Product differentiation; Interdependence; Non-Price Competition, etc. The distinctive feature of an oligopoly is interdependence. Oligopolies are typically composed of a few large firms. Each firm is so large that its actions affect market conditions. Therefore the competing firms will be aware of a firm’s market actions and will respond appropriately. This means that in contemplating a market action, a firm must take into consideration the possible reactions of all competing firms and the firm’s countermoves.
82. (c) The Law of demand states that the quantity demanded and the price of a commodity are inversely related, other things remaining constant. That is, if the income of the consumer, prices of the related goods, and preferences of the consumer remain unchanged, then the change in quantity of good demanded by the consumer will be negatively correlated to the change in the price of the good. When there is excess demand of the commodity the price starts rising and it continues to rise till equilibrium price is reached. শ্রমচিহ্ন
83. (c) Break-even is the point of balance between making either a profit or a loss. In economics & business, specifically cost accounting, the break-even point (BEP) is the point at which cost or expenses and revenue are equal: there is no net loss or gain, and one has “broken even”. A profit or a loss has not been made, although opportunity costs have been “paid”, and capital has received the risk-adjusted, expected return. শ্রমচিহ্ন
84. (a) Monopolistic competition is a type of imperfect competition such that many producers sell products that are differentiated from one another as goods but not perfect substitutes (such as from branding, quality, or location). In monopolistic competition, a firm takes the prices charged by its rivals as given and ignores the impact of its own prices on the prices of other firms. There are six characteristics of monopolistic competition (MC): (a) Product differentiation; (b) many firms; (c) Free entry and exit in the long run; (d) Independent decision making; (e) market power; and (f) Buyers and Sellers do not have perfect information. Toothpastes, toilet papers, computer software and operating systems are examples of differentiated products.
85. (b) Marginal utility of a good or service is the gain (or loss) from an increase (or decrease) in the consumption of that good or service. As the rate of commodity acquisition increases, marginal utility decreases. If commodity consumption continues to rise, marginal utility at some point falls to zero, reaching maximum total utility. Further increase in consumption of units of commodities causes marginal utility to become negative; this signifies dissatisfaction. শ্রমচিহ্ন
86. (a) The most important defining characteristic of a market in economics is that it allows buyers and sellers to exchange any type of goods, services and information. According to Walter Christaller’s ‘Central Place Theory,’ a central place is a market center for the exchange of goods and services by people attracted from the surrounding area. The central place is so called because it is centrally located to maximize accessibility from the surrounding region.
87. (c) Division of labour is a process whereby the production process is broken down into a sequence of stages and workers are assigned to particular stages. As it is the power of exchanging that gives occasion to the division of labour, so the extent of this division must always be limited by the extent of that power, or, in other words, by the extent of the market. When the market is very small, no person can

- have any encouragement to dedicate himself entirely to one employment. অ্যাচিভার্স
88. (a) Factors of Production is an economic term to describe the inputs that are used in the production of goods or services in the attempt to make an economic profit. Resources required for generation of goods or services, generally classified into four major groups: (i) Land (including all natural resources), (ii) Labor (including all human resources), (iii) Capital (including all man-made resources), and (iv) Enterprise (which brings all the previous resources together for production).
89. (c) The theory of Economic problem states that there is scarcity, or that the finite resources available are insufficient to satisfy all human wants and needs. The problem then becomes how to determine what is to be produced and how the factors of production (such as capital and labor) are to be allocated.
90. (d) The fundamental condition of perfect competition is that there must be a large number of sellers or firms. Homogeneous Commodity is the second fundamental condition of a perfect market. The products of all firms in the industry are homogeneous and identical. In other words, they are perfect substitutes for one another. অ্যাচিভার্স
91. (c) Perfect competition describes markets such that no participants are large enough to have the market power to set the price of a homogeneous product. In the short run, perfectly-competitive markets are not productively efficient as output will not occur where marginal cost is equal to average cost ( $MC=AC$ ). They are allocatively efficient, as output will always occur where marginal cost is equal to marginal revenue ( $MC=MR$ ).
92. (c) Derived demand is a term in economics, where demand for one good or service occurs as a result of the demand for another intermediate/final good or service. This may occur as the former is a part of production of the second. For example, demand for coal leads to derived demand for mining, as coal must be mined for coal to be consumed. As the demand for coal increases, so does its price. অ্যাচিভার্স
93. (b) The fundamental condition of perfect competition is that there must be a large number of sellers or firms. Homogeneous Commodity is the second fundamental condition of a perfect market. অ্যাচিভার্স
94. (c) It was Adam Smith who conceptualized Economics as a science of wealth. Elaborating upon the scope and fundamental conceptualizations of the new science, he then called political economy as “an inquiry into the nature and causes of the wealth of nations.” অ্যাচিভার্স
95. (b) The basic causal relationship between the price level and the value of money is that as the price level goes up, the value of money goes down. The “value of money” refers to what a unit of money can buy whereas the “price level” refers to the average of all of the prices of goods and services in a given economy.
96. (a) Consumer sovereignty means that buyers ultimately determine which goods and services remain in production. In unrestricted markets, those with income or wealth are able to use their purchasing power to motivate producers. So ultimately it means how the consumers want to spend their incomes. অ্যাচিভার্স
97. (c) In microeconomics and macroeconomics, a production function is a function that specifies the output of a firm, an industry, or an entire economy for all combinations of inputs. The primary purpose of the production function is to address allocative efficiency in the use of factor inputs in production and the resulting distribution of income to those factors.
98. (d) The equilibrium price is the price where the goods and services supplied by the producer equals the goods and services demanded by the customer(s). How the equilibrium price is achieved is through the ‘Invisible Hand’, or market forces of the economy.
99. (a) In economics, a cost curve is a graph of the costs of production as a function of total quantity produced. Both the Short-run average total cost curve (SRAC) and Long-run average cost curve (LRAC) curves are typically expressed as U-shaped. However, the shapes of the curves are not due to the same factors.
100. (b) J.S. Mill developed the wages-fund theory. This theory of wage was an attempt to show that in certain circumstances wages could rise above subsistence level. According to this theory a fund of capital has to be accumulated in advance before wage could be paid. This fund of capital is called wages-fund out of which wages are paid to labourers.