



## Competitive Exams: Economics MCQs (Practice\_Test 1 of 122)

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1. Consider the following statement: The study of national income accounts is of great importance because it
  - a. reveals the changes in the size and composition of the national product.
  - b. provides us with information about the distribution of national income in the society among various groups
  - c. reveals the manner in which national expenditure is divided between consumption and investment.

Of these statements

- a. 1 and 2 are correct
  - b. 2 and 3 are correct
  - c. 1 and 3 are correct
  - d. 1, 2 and 3 are correct
2. Consider the following type of income:
    - a. Personal income.
    - b. Private income
    - c. Disposable income
    - d. National income

The correct sequence in descending order of their magnitude is

- a. 4, 2, 1, 3
  - b. 4, 2, 3, 1
  - c. 2, 4, 3, 1
  - d. 2, 4, 1, 3
3. Disposable personal income is

- a. the sum of wages, salaries, commissions, bonuses and other forms of employees earnings before deduction of any taxes or social security contributions, net income from royalties and rentals, interest income and profits of a corporation, partnership or proprietorship
  - b. disposable income plus personal taxes; or current personal income receipts after deducting social security contributions but before deduction of personal taxes.
  - c. a concept of receipts rather than a concept of earning and is computed after taxes and social security contributions. One must add receipts that are not payments for current productive purposes and one must deduct all earning not currently received and all taxes and social security contribution.
  - d. the concept of individual's incomes as the money value of his earnings from productive services currently rendered by him or by his property after deduction of personal taxes and social security contributions.
4. Given the total investment expenditure, an increase the propensity to save will lead to
- a. fall in the quantity of income
  - b. fall in income rise in interest rate
  - c. rise in income
  - d. rise in income
5. The national income of a country for a given period is equal to the
- a. total value of goods and services produced by the nationals
  - b. sum of total consumption and investment expenditure
  - c. sum of personal income of all individuals
  - d. money value of final goods and services produced
6. Gross national Savings measure the
- a. amount of GNP not consumed
  - b. excess of income over consumption plus the net taxes
  - c. sum of retained earnings and depreciation amounts
  - d. excess of disposable income over consumption.
7. Social accounting system in India is classified into which one of the following sets of sectors?

- a. Enterprise, households and government
- b. Assets, liabilities and debt position
- c. Public sector, private sector and joint sector
- d. Income, product and expenditure

8. Match List I with List II and select the correct answer.

List-I

List-II

- |   |        |
|---|--------|
| a. Supply creates its own demand  | a. N/A |
| b. Choice reveals preference  | b. N/A |
| c. Division of labour is limited by the extent of the market                    | c. N/A |
| d. Corn is high not because rent is paid, but rent is paid because corn is high | d. N/A |

**A B C D**

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- a. 1 4 2 3
- b. 1 4 3 2
- c. 4 1 3 2
- d. 4 1 2 3

9. According to permanent income hypothesis, the (APC) equals the

- a. long-run aggregate Marginal Propensity to Consume (MPC)
- b. long-run aggregate APC is greater than the long-run aggregate MPC
- c. long-run aggregate APC is less than the long-run aggregate MPC
- d. APC of every individual is equal irrespective of different levels of income of families

10. If there is an expectation of a rise in the price level, investment will be encouraged because:

- a. there will be an increased production of capital goods
  - b. there will be a rise in the prospective return from capital
  - c. the people will save more and interest rate will fall
  - d. the cost of production of capital goods will fall
11. In the given diagram, speculative demand for money curve  $l(r)$  has four regions R1, R2, R3 and R4. Liquidity trap is indicated by the region (s).
- a. R1 alone
  - b. R1 and R4
  - c. R3 and R4.
  - d. R4 alone
12. according to Keynes, marginal propensity to consume
- a. can never exceed unity
  - b. may exceed unity when dissaving occurs
  - c. can never exceed the average propensity to consume
  - d. is the reciprocal of the marginal propensity to save.
13. Supermultiplier refers to
- a. interaction of the Multiplier and the Accelerator
  - b. reciprocal of the marginal propensity to consume
  - c. capital output ratio
  - d. budget multiplier
14. In the liquidity preference theory of interest of Keynes money acts as a link between the present and the future in the case of
- a. transaction demand for money
  - b. precautionary demand for money
  - c. business demand for money
  - d. speculative demand for money
15. Consider the following statements: Economic Development's is a

- a. continuous process.
- b. short-term process.
- c. long-term process.

Of these statements,

- a. 2 alone is correct
- b. 1 and 3 are correct
- c. 3 alone is correct
- d. 1 and 2 are correct

## Frequently Asked Questions (FAQs)

**for UGC net economics**

( - di...@ on 23-Jun-2017)

[1 Answer](#)

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- Examrace on 11-Jul-2017

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( - di...@ on 22-Sep-2015)

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