

Examrace

Competitive Exams: Economics MCQs (Practice_Test 101 of 122)

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1. Devaluation works better if
 - a. it is accompanied by a decline in short term interest rates
 - b. foreign demand for the devaluing country's exports is price elastic
 - c. the devaluing country's demand for imports is inelastic
 - d. devaluation raised the price of exports
2. In the initial stages of development, population explosion occurs primarily due to
 - a. a sharp increase in birth rate
 - b. a sharp decrease in death rate
 - c. a fall in both birth and death rates
 - d. increases rate of immigration
3. The empirical evidence testifies that as an economy develops the percentage share of the primary sector in the national income.
 - a. increases
 - b. remains constant
 - c. decreases
 - d. decrease initially and then increases
4. Dualism in development economics refers to
 - a. dual price policy
 - b. co-existence of modern and traditional sectors
 - c. co-existence of private and public sectors
 - d. Co-existence of institutional and noninstitutional agencies
5. Prebisch-Singer thesis enunciates that an important factor inhibiting the growth of developing countries has been

- a. the secular deterioration in terms of trade experienced by them in commodity trade
 - b. high population growth rate
 - c. lack of effective demand in the domestic economy
 - d. low rate of domestic saving and investment
6. Calculating the size of gaps as per Chenery's two gap model, what will be the 'savings gap' if the target growth rate of national real income is 6 percent, the capital output ratio is 3: 1, the marginal saving rate is 13 percent and the initial savings ratio is also 13 percent?
- a. 7 %
 - b. 6%
 - c. 5%
 - d. 4%
7. In the Keynesian system, all fall in money wage rate will lead to:
- a. an increase in employment
 - b. a decrease in the price level
 - c. an increase in the interest rate
 - d. a decrease in the quantity of money
8. Phillips curve shows the relation between the
- a. percentage of wage increase and the percentage of unemployment of economy's labour force
 - b. percentage of wage increase and the percentage of increased employment of economy's labour force
 - c. percentage of price change and the percentage of change in income
 - d. percentage of price change and the percentage of change in demand.
9. In the Ricardian model, a higher growth rate of accumulation will.
- a. postpone the stationary state
 - b. hasten the stationary state
 - c. reduce the population growth rate
 - d. cause increasing returns to emerge
10. If a tax system collects Rs. 100 from individuals with income of Rs. 1000 and Rs. 150 from individuals with income of Rs. 2000, the tax system is said to be

- a. regressive
 - b. progressive
 - c. proportional
 - d. none of the above
11. The real value of tax on a given level of real income under progressive income taxation
- a. rises under inflation
 - b. decreases under inflation
 - c. remains unchanged under inflation
 - d. rises under depression
12. Mahalanobis plan model adopted in India in the fifties aimed at:
- a. building a strong defence industry base
 - b. setting up heavy industries which were capital intensive
 - c. curbing inflation in the economy
 - d. removing unemployment without short
13. The selective regional planning approach aim at
- a. selecting specific regions in a country for optimum development
 - b. providing equal investment in selected regions
 - c. equal development rates for all regions in selected sectors
 - d. deliberate unequal development rates for the different regions of the economy
14. Of the following states, per capita net state domestic product in India during 1988 – 89 (current prices) was the highest in
15. Liquidity trap refers to
- a. Punjab
 - b. Kerala
 - c. Haryana
 - d. Nagaland