

Examrace

Competitive Exams: Economics MCQs (Practice_Test 104 of 122)

Get top class preparation for UGC right from your home: [fully solved questions with step-by-step explanation](#)- practice your way to success.

1. India's net transfers from abroad exceeded, for the first time, net invisible earnings from abroad during:
 - a. 1990 – 91
 - b. 1987 – 88
 - c. 1980 – 81
 - d. 1970 – 71
2. Which one of the following offers the least liquidity?
 - a. treasury bills
 - b. Immovable property
 - c. Bills of exchange
 - d. Bearer cheques
3. Which one of the following pairs is correctly matched?
 - a. Differential interest rate—Import credit
 - b. M1—Time deposits
 - c. Cash reserve ratio—Selective credit control
 - d. Statutory liquidity ratio—General credit control
4. In which one of the following sources of revenue of the Central government did the percentage share come down from 35% in 1950 – 51 to 15% in 1987 – 88?
 - a. Taxes on commodities (net)
 - b. Taxes on income (net)
 - c. Taxes on property (net)
 - d. Non-tax revenue
5. Which one of the following is the correct definition of budget deficit?

- a. Difference between receipts and expenditure of the government in the revenue account.
 - b. Difference between receipts and expenditure in the capital account.
 - c. Sum total of the net addition to Treasury bills issued by the Government and drawn from its cash balance held with the RBI
 - d. Difference between government expenditure and net lending on the one hand and current revenue and grants on the
6. Of the total domestic financial resources available to the central government for financing the annual plans during 1989 – 90 and 1990 – 91 which one of the following was the most important source?
- a. Resources/contributions of public sector enterprises
 - b. Balance from current revenue
 - c. market borrowings
 - d. Small saving
7. Which one of the following is levied by the state government?
- a. Excise on sugar
 - b. Excise on liquor
 - c. Excise on cement
 - d. Excise on cycles
8. During the Seventh five Year Plan on India, total expenditure by the centre, States and the Union Territories was the highest on
- a. irrigation and flood control
 - b. energy
 - c. industry and minerals
 - d. communications
9. The 9th Finance Commission recommended a separate formula for the distribution of State share in Union excise duties. This formula envisaged that 25 percent of shareable proceeds of Union excise duties should be distributed among the states on the basis of
- a. 1991 population
 - b. 1981 population
 - c. 1971 population

- d. 1951 population
- 10. The modified Gadgil formula is used to
 - a. administer tax and non-tax revenue between states
 - b. allocate central assistance to state plans
 - c. decide upon grants-in-aid to states
 - d. decide the allocation of centrally sponsored schemes between states.
- 11. Consider the following statements In India, the pressures on prices in recent years have been due to
 - a. fluctuations and failures in agricultural production
 - b. inadequacy of imports.
 - c. deficit financing and debt servicing
 - d. input subsidization.

Of these statements

- a. 1, 2 and 4 are correct
 - b. 1, 2 and 3 are correct
 - c. 2, 3, and 4 are correct
 - d. 3 and 4 are correct
12. ◦ **Assertion (A):** The average fixed cost curve rectangular hyperbola.
- **Reason (R):** The rate of increase in average variable cost curve higher than the rate of decrease in the average fixed cost.
 - a. Both A and R are true and R is the correct explanation
 - b. Both A and R are true but R is not a correct explanation
 - c. A is true but R is false
 - d. A is false R is true
13. ◦ **Assertion (A):** For the Cobb-Douglas Utility Function $U(x_1, x_2) = x_1^{a_1} \times x_2^{a_2}$ the expenditure shares are independent of prices and income.
- **Reason (R):** For this utility function, the demand function for x_1 and x_2 do not depend on prices and income.
 - a. Both A and R are true and R is the correct explanation

- b. Both A and R are true but R is not a correct explanation
 - c. A is true but R is false
 - d. A is false R is true
14. ◦ **Assertion (A):** For inferior goods the income elasticity of demand is negative.
- **Reason (R):** As income rises, goods on which spending grows relatively faster than income will occupy a rising share of income.
 - a. Both A and R are true and R is the correct explanation
 - b. Both A and R are true but R is not a correct explanation
 - c. A is true but R is false
 - d. A is false R is true
15. ◦ **Assertion (A):** According to Rostow, in the final stage of 'high mass consumption' the balance of attention for the society is shifted from supply to demand, from problems of production to problems of consumption and of welfare in the widest sense.
- **Reason (R):** There is not much difference in the 'takes off stage and the' high mass consumption stage'.
 - a. Both A and R are true and R is the correct explanation
 - b. Both A and R are true but R is not a correct explanation
 - c. A is true but R is false
 - d. A is false R is true