

## Examrace

# Competitive Exams: Economics MCQs (Practice\_Test 109 of 122)

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1. Which one of the following pairs is correctly matched? Change in imports\_\_\_\_\_ associated with a given change in income.

Change in imports associated with a given change in income    Average propensity to  
a. import \_\_\_\_\_

Value of imports as a percentage of total national income    Marginal propensity to  
b. import \_\_\_\_\_

c. Change in nations' income caused by—Foreign trade multiplier change in its exports

d. When some products contribute much more to growth than others—Balanced growth

2. according to the elasticity approach, for a evaluation to have a positive effect on a country's trade balance, the sum of the elasticity's of demand for a country's exports and of its demand for imports has to be equal to

a. unity

b. less than unity

c. zero

d. greater than unity

3. Consider the following statements: Under the gold-standard inflow of gold from the deficit the surplus nation results in

a. a fall in the interest rate in the surplus nation

b. a fall in the interest rate in the deficit nation

c. an outflow of capital from surplus to deficit nation

d. an outflow of capital front deficient to surplus nation

Of the above statements.

a. 1 and 4 are correct

b. 1 and 3 are correct

c. 2 and 3 are correct

d. 2 and 4 are correct.

4. Direct control refers to

- a. interference with the operation of the market forces
- b. price and wage control
- c. trade and exchange control
- d. all of the above

5. Which of the following items were responsible for most of the increase in international liquidity since World War II?

- a. Gold
- b. Dollars
- c. Other convertible currencies
- d. SDRs

Select the correct answer using the codes given below:

Codes:

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

6. 'Most favoured nation clause' under GATT, requires countries

- a. preferential treatment to particular identified countries.
- b. preferential treatment only to developing countries
- c. preferential treatment to countries with a balance payments deficit.
- d. preferential treatment to all member countries of GATT.

7. An underdeveloped economy is generally characterized by a

- a. high ratio of commercial farming to subsistence farming.
- b. high ratio of industrial output to total output
- c. high utilization of existing capital in the economy
- d. coexistence of underutilized labour with unexploited natural as other resources.

8. which one of the following statement correctly defines the term natural Rate of Growth?
- It is the minimum rate at which output can be advanced with full employment of labour.
  - It is the natural rate at which output can be advanced with full employment of labour
  - it is the maximum rate at which output can be advanced with full employment of labour
  - It is the actual rate at which output can be advanced with full employment of labour
9. In the Lewis model of economic development, the capitalist sector generates and reinvests surplus and, in turn, absorbs labour withdrawn from the subsistence sector. The process continues.
- MPL in the capitalist sector is greater than o the subsistence sector.
  - L L MP in the capitalist sector is less than MPL in the subsistence sector.
  - MPL in the capitalist sector is greater than wage rate in that sector and MPL in the subsistence sector is now positive.
  - MPL = APL in the capitalist sector
- o. Consider the following statements: According to Nurkse, disguised unemployment is a source of capital formation in an underdeveloped economy, if all unproductive workers are
- maintained by productive workers
  - provided assets through loans
  - mobilised on works immediately raising productivity.

Of the above statements

- 1, 2 and 3 are correct
  - 1 and 2 are correct
  - 1 and 3 are correct
  - 2 and 3 are correct
11. Match List I with List II and select the correct answer using the codes given below the lists:

List-I (Doctrine)	List-II (Name of economist)
A. Neo-classical theory of economic growth	1. Leibenstein
B. big-push theory of economic development	2. J H Boeke
C. Critical minimum effort thesis	3. Hirschman
D. Social Dualism	4. Rosenstein Rodan

5. Meade

**A B C D**

- a. 2 3 4 5
- b. 5 4 1 2
- c. 3 5 2 1
- d. 1 3 5 2
12. According to Kuznets, during the process of development the income inequalities tend to
- a. increase
- b. decrease
- c. increase first and then decrease
- d. decrease first and then increase
13. a technical change which permits more output to be produced from unchanged inputs is considered to be
- a. embodied
- b. disembodied
- c. both, embodied and disembodied
- d. neither embodied nor disembodied
14. If the foreign exchange rate of an underdeveloped country is to be determined only on the basis of purchasing power parity, the current exchange rate in relation to an advanced country's currency in general is
- a. over-valued
- b. under-valued
- c. neither over-valued nor under-valued
- d. same as the rate determined on demand and supply basis.
15. Consider the following statements: In the context of liberalism and globalisation
- a. planning has no role to play

- b. planning has an indicative role
- c. planning has a role to play in providing safety net for the poor.

Of the above statements

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

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