

Competitive Exams: Economics MCQs (Practice-Test 2 of 122)

1. The index which combines social indicators of the life expectancy and literacy with a measure of basic income adjusted to reflect purchasing power sufficient to raise the people above the poverty line is called

- a. Basic Needs Index
- b. Purchasing Power Index
- c. Human Development Index
- d. Welfare Index

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

List-I

- a. Absorptive capacity of capital
- b. Technological dualism
- c. Permissive and sequence
- d. Physical quality of Life Index

List-II

- a. A O Hirschman
- b. M. Kalecki
- c. b. Higgins
- d. D. Morris

A B C D

a. 2 3 4 1

b. 2 3 1 4

c. 3 2 1 4

d. 3 2 4 1

3. Consider the following statement: On the supply side the argument for a Big Push theory is tied up with the assumed existence of
- small size of market
 - externalities
 - indivisibilities.
 - high growth of population

Of these statements

- 1 and 2 are correct
 - 1, 3 and 4 are correct
 - 2, 3, and 4 are correct
 - 2 and 3 are correct
4. In W W Rostow's 'Stages of growth' the Drive to maturity stage
- follows take-off stage
 - starts development
 - completes development
 - follows High Mass Consumption state
5. According to friend rich list the different stage of development follow the sequence.
- pastoral, agriculture, agriculture manufacturing
 - savage, agriculture, agricultural manufacturing
 - agriculture, agricultural manufacturing, industry
 - savage, pastoral, agriculture, agricultural manufacturing, manufacturing commerce.
6. A production possibility frontier (PPF) is shown in the given diagram a less developed country (LDC) will be
- inside the PPF
 - one the PPF
 - above the PPF
 - at a point which coincides with the origin

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

List-I

- a. Economic growth and Structure
- b. Readings in the Theory of Income distribution
- c. An essay on Marxian Economics
- d. The theory of Geographical Location of economic activity

List-II

- a. Fellner
- b. Kuzners
- c. W H Dean
- d. Joan Robinson

 A B C D

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

8. Generally speaking the optimum population of a country refers to the size of the population which

- a. maximiss output per head.
- b. maintains constant rate of growth of population
- c. lead to an increase in the proportion of workers in the industry
- d. provides gainful employment to the rural population.

9. The most important objective of development planning is to

- a. ensure a greater degree of economic equality
- b. ensure a higher degree of economic growth and development
- c. make available larger provisions for capital formation and investment.
- d. provide grater opportunities for full employment

10. Consider the following statement:

- a. sectoral planning model
- b. bi-sector model.
- c. consistency model
- d. growth model

Of these statements

- a. 1 and 2 are correct
- b. 2 and 3 are correct
- c. 1 and 3 are correct
- d. 3 and 4 are correct

11. Capital deepening is a process in which

- a. output remains constant
- b. capital intensity remains constant
- c. distribution of income becomes more equitable
- d. technology changes with an increase in output per worker

12. Consider the following statements: Intermediate technology is based on

- a. imported raw materials.
- b. production of consumption goods to a greater extent.
- c. local inputs and local markets.
- d. capital intensive technology.

Of these statements

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

13. Match List I with List II and select the correct answer:

List-I

- a. Hamilton-List
- b. Marshall Lerner
- c. FY Edgeworth
- d. Jacob Viner

List-II

- a. Trade creation and trade diversion effects
- b. Indian-industry argument
- c. Elasticity approach
- d. Impoverishing growth

A B C D

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

14. Consider the following passage: 'In a system of freely flexible exchange rates each country must be prepared to let the exchange rate fall or rise to whatever level is required to clear the foreign exchange market. The authorities must not intervene. Only if these conditions are met will autonomous equilibrium in foreign exchange market and its equivalent (that is balance of payments equilibrium) be consistently achieved.' According to this passage, under freely flexible exchange rate

- a. equilibrium of balance of payments is automatic
- b. government's interference is necessary for equilibrium
- c. foreign exchange market cannot bring about equilibrium.
- d. gold standard is required for equilibrium

15. With commodity 'X' measured along the horizontal axis and commodity 'Y' measured along the vertical axis, if the production possibility curve is a straight line, then its slope would indicate

- a. the marginal rate of transformation of X and Y
- b. the ratio of prices of X and Y

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c. both the situations indicated in a & b

d. neither of the situations indicated in a & b