

Examrace

Competitive Exams: Economics MCQs (Practice_Test 22 of 122)

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1. In the Ricardian theory of distribution, agricultural sector being subject to diminishing returns, as production, increase
 - a. Rent share (R/q) will remain constant, wage-share (W/Q) will rise and profitshare (P/q) will also rise.
 - b. R/Q will rise, W/Q will rise and P/Q will fall
 - c. R/Q will fall, W/Q will fall and P/q will rise
 - d. R/Q will rise, W/q will fall and P/Q will fall.
2. The distribution of two commodities between two individuals is said to be Pareto optimal, when
 - a. any change in the distribution makes the two individuals better off than before
 - b. any change that makes one individual better off must make, the other worse off:
 - c. any change in the economic organization increases the welfare of some and reduces the welfare of other's and those who gain are able to compensate the losers.
 - d. the marginal social products are equal in all industries and production of wealth is maximized.
3. The GNP gap is the gap between
 - a. GNP and NNP
 - b. GNP and depreciation
 - c. GNP and GDP
 - d. potential and actual GNP
4. In an economy where people always consume half of any additional income and save the other half, an additional govt. Expenditure of Rs. 20, 000 can create an additional income of
 - a. Rs. 10, 000

- b. Rs. 40, 000
 - c. Zero
 - d. Rs. 20, 000
5. When a linear consumption function undergoes a parallel shift downwards, the investment multiplier will
- a. fall
 - b. rise marginally
 - c. remain as before
 - d. become double
6. If the consumption function passes through the origin, then $APC = MPC$ it must be
- a. linear without any intercept
 - b. non-linear without any intercept
 - c. linear with a negative intercept on the income axis
 - d. linear with a positive intercept on the consumption axis
7. Consider the following:
- a. Investment demand
 - b. Aggregate demand
 - c. Rate of interest
 - d. money supply

The correct sequence for the impact of change in money supply as visualized by Keynes is

- a. 1, 2, 3, 4
 - b. 2, 1, 3, 4
 - c. 4, 3, 2, 1
 - d. 4, 3, 1, 2
8. If the rate of interest is greater than zero, it follows that
- a. present goods and future goods always have an equal value
 - b. present goods are worth less than future goods

- c. present consumption is worth more than future consumption.
 - d. present consumption is worth less than future consumption.
9. Given the consumption function: $C = 205 + 0.9 Y$ what is the multiplier?
- a. 0.09
 - b. 10.0
 - c. 0.9
 - d. 9.00
10. The Phillip's curve is the schedule showing the relationship between
- a. aggregate supply and demand
 - b. total savings and investment
 - c. the rate of unemployment and rate of inflation
 - d. demand for the supply of loan-able funds
11. suppose that the money supply in an economy is constant rate, then if the level of income increases, there will be
- a. a decrease in the quantity of money demanded and an increase in the rate of interest.
 - b. an increase in the quantity of money demanded and an increase in the rate of interest.
 - c. a decrease in the quantity of money demanded and a decrease in the rate of interest.
 - d. an increase in the quantity of money demanded and decrease in the rate of interest.
12. For a production function $q = 1.45L + 0.45K + 0.55$, the output elasticity for labour is
- a. 1.45
 - b. 0.45
 - c. $0.45 + 0.55$
 - d. 0.55
13. Which one of the following is the most important limitation of the per capita GNP as the measure of welfare?
- a. The increase in the per capita GNP may not always raise the real standard of living of the masses.
 - b. this measure does not take into account the increase in the population.
 - c. This measure does not take into account the employment aspect.

- d. This measure does not take into consideration government expenditures
14. Which one of the following pairs of countries is part of G = 7?
- a. India and Pakistan
 - b. Russia and China
 - c. USA and UK
 - d. Australia and Hungary
15. Which of the following was/were assume in the neo-dissocial growth as propounded be Shows
- a. A variable savings rate
 - b. a constant population growth rate.
 - c. a variable capital-output ratio.

Select the correct answer using the codes given below:

- a. 1 alone
- b. 1 and 2
- c. 3 alone
- d. 2 and 3

Frequently Asked Questions (FAQs)

Where to get answers for economics questions When a linear consumption function undergoes a parallel shift downwards, the investment multiplier will

(- ak...@ on 30-Aug-2017)

1 Answer

For solved answers with detailed explanations go to -

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