

## Competitive Exams: Economics MCQs (Practice-Test 29 of 122)

1. Match List I (international finances) with List II (Principal kinds of loans purpose) and select the correct answer using the codes given below the list

List-I

- a. IBRD
- b. International Development Association
- c. Association Finance Corporation
- d. IMF

List-II

- a. Building infra-structure
- b. Soft Loan window
- c. Soft loan window
- d. Balance of payment deficit

**A B C D**

a. 2 1 3 4

b. 1 2 4 3

c. 1 2 3 4

d. 2 1 4 3

2. Match List I with List I and select the correct answer using the codes given below the lists

List-I

- a. Concertina effect
- b. Veblen effect
- c. ratchet effect
- d. Crowding out effect

List-II

- a. Investment
- b. Consumption
- c. Prices
- d. Oscillations

A B C D

a. 2 4 1 3

b. 4 2 1 3

c. 4 2 3 1

d. 2 4 3 4

3. • **Assertion (A):** One of the characteristics of many undeveloped countries is that they have a low saving rate and low capital formation.
- **Reason (R):** In underdeveloped countries like India this is mainly due to a high level of consumption.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
4. Assertion (A) In India an inverse relationship exists between farm size and production traditional farming. Reason (R): Small farms invariably used family labour
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
5. • **Assertion (A):** India has in the recent past resorted to significant food imports.
- **Reason (R):** Food imports had become necessary to meet shortages arising out of persistent droughts in select pockets of the country.
- a. Both A and R are true and R is the correct explanation of A

- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
6. • **Assertion (A):** The growth of industries during 1991 – 93 has experienced a decelerating tendency in India.
- **Reason (R):** There is a deficiency of demand for the industrial goods which has been caused by asymmetric distribution of benefits from growth in agriculture.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
7. **Assertion (A)** Based on the data available for 1991 – 93, it could be maintained that India's overall debt is within manageable limits both in terms of serviceability and in relation to the GDP of the country. **Reason (R):** During the period under reference imports have fallen and the GDP has risen.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
8. • **Assertion (A):** Central Government liabilities registered a sharp increase in the eighties from 35.6% of GDP in 1980 – 81 to 53.2% of GDP in 1990 – 91.
- **Reason (R):** A combination of revenue deficits and poor returns on assets financed by capital receipts was responsible.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
9. • **Assertion (A):** There are increasing returns to scale when increase in total output is more than proportional to the increase in inputs.

- **Reason (R):** Returns to scale result due to the indivisibility of factors of production.
  - a. Both A and R are true and R is the correct explanation of A
  - b. Both A and R are true but R is NOT a correct explanation of A
  - c. A is true but R is false
  - d. A is false but R is true
  
- 10. • **Assertion (A):** In the short-run under perfect competition, given the market demand and the market supply, the industry is in equilibrium at that price which clears the market.
  - **Reason (R):** In the long-run all the firms in the industry earn profit.
    - a. Both A and R are true and R is the correct explanation of A
    - b. Both A and R are true but R is NOT a correct explanation of A
    - c. A is true but R is false
    - d. A is false but R is true
  
- 11. • **Assertion (A):** The imposition of Sales Tax does NOT affect the profit of the monopolist.
  - **Reason (R):** The monopolist shifts the burden of Sales tax on to the consumer.
    - a. Both A and R are true and R is the correct explanation of A
    - b. Both A and R are true but R is NOT a correct explanation of A
    - c. A is true but R is false
    - d. A is false but R is true
  
- 12. • **Assertion (A):** Public utilities do not opt for the profit-maximizations pricing policy.
  - **Reason (R):** It would lead to underutilization of capacity.
    - a. Both A and R are true and R is the correct explanation of A
    - b. Both A and R are true but R is NOT a correct explanation of A
    - c. A is true but R is false
    - d. A is false but R is true

13. • **Assertion (A):** The level of employment in a economy, according of Keynes, is a function of GNP.
- **Reason (R):** GNP is determined by aggregate demand which in turn depends upon consumption of the households and investment decisions of business.
- a. Both A and R are true and R is the correct explanation of A
  - b. Both A and R are true but R is NOT a correct explanation of A
  - c. A is true but R is false
  - d. A is false but R is true
14. • **Assertion (A):** Deficit financing could never be a good technique of resource mobilisation in a developing country.
- **Reason (R):** Deficit financing leads to inflation.
- a. Both A and R are true and R is the correct explanation of A
  - b. Both A and R are true but R is NOT a correct explanation of A
  - c. A is true but R is false
  - d. A is false but R is true
15. • **Assertion (A):** With-economic development, occupational structure of a country undergoes significant changes.
- **Reason (R):** An increasing number of job opportunities get created in the onagricultural sectors.
- a. Both A and R are true and R is the correct explanation of A
  - b. Both A and R are true but R is NOT a correct explanation of A
  - c. A is true but R is false
  - d. A is false but R is true