

Examrace

Competitive Exams: Economics MCQs (Practice_Test 52 of 122)

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1. Which one of the following statement is correct in respect of equation of exchange $MV = PT$?
 - a. If M is double, leaving V and T unaffected, then P must double
 - b. If M is doubled, leaving v unaffected, then P will be halved
 - c. If M and T are doubled, leaving v unaffected, then P will be halved
 - d. If M is doubled, V is halved, laving t unaffected, then P gets multiplied 3 times
2. Match List I (name of the Economist) with List II (concept/theory) and select the correct answer:

List-I	List-II
A. A W Phillips B. Findlay Shirras C. J M Keynes D. R S Sayers	1. Central Bank 2. Trade-off between wage and unemployment rate 3. theory of profit 4. Taxable capacity 5. liquidity trap

A B C D

- a. 5 4 1 2
 - b. 2 3 5 1
 - c. 5 3 1 2
 - d. 2 4 5 1
3. The Central Bank can decrease the bank credit component of the money supply by

- a. lowering the cash reserve requirements
 - b. increasing the bank rate
 - c. lowering the bank rate
 - d. buying of government securities by the
Central Bank
4. Which one of the following can be called as an instrument of selective credit control?
- a. Fixing statutory liquidity requirements
 - b. Variation of bank reserve ratio
 - c. Fixing of margins for lending against specific securities
 - d. Altering discount rate
5. Which one of the following represents capital adequacy ratio for commercial Banks?
- a. Ratio of capital to risk-weighted assets
 - b. Ratio of capital to short-term deposits
 - c. Ratio of capital to non-term deposits
 - d. Ratio of capital to non-performing assets
6. Derivative deposit means
- a. cash deposited in a bank by an employee of a business firm
 - b. deposits created by a commercial Bank out of its borrowings from the RBI.
 - c. cash deposited in a bank by another Commercial Bank
 - d. deposits created by a bank out of its credit provided to the customer of the bank
7. Which one of the following is generally regarded as the true index of economic growth?
- a. An increase in national income at constant prices during a year
 - b. a sustained increase in real per capita income
 - c. an increase in national income at current prices over time
 - d. an increase in national income along with increase in population.
8. Marx refers to the concept of organic composition of capital. Which one of the following ratios stands for this (where C is Constant capital, V is variable capital and s is surplus value)
- a. $C V + S$

b. CV

c. $CC + V$

d. (CV)

$V +$

9. Which one of the following factors is stressed by Schumpeter in his theory of economic growth?

a. Innovations

b. Laissez-faire

c. population growth

d. surplus value

10. The 'Big-push' strategy of development was first advocated by

a. Rosenstein Rodan

b. Simon Kuznets

c. W A Lewis

d. A O Hirschman

11. Consider the following statements: The effect of a tariff is to

a. raise the domestic price

b. reduce consumption

c. increase imports

Which of the above statements are correct?

a. 1 and 2

b. 2 and 3

c. 1 and 3

d. 1, 2 and 3

12. Which one of the following statements is NOT correct?

a. Free Trade Area among a group of countries means that they eliminate import tariffs against one another but maintain their original tariff levels against the rest of the world.

b. customs Union among a group of countries means that they eliminate import tariffs against one another, coordinated their macro-policies and impose a common tariff wall

against the rest of the world.

- c. In a common market the member countries eliminate import tariffs against one another, allow free mobility of factors between them and maintain a common tariff was against the rest of the world.
 - d. In a Economic Union, the member countries eliminate import tariffs against one another, allow free mobility of factors between them, coordinate their macro-policies and maintain a common tariff wall against the rest of the world
13. For a large trading country, optional tariff argument is based on the proposition that a tariff imports
- a. lowers the country's terms of trade
 - b. improves the country's terms of trade
 - c. leaves the country's terms of trade unchanged
 - d. fails to protect the imports competing industries.
14. Suppose, a country has adopted freely floating exchange a system. Then, ceteris paribus, if price level in the country rises lads to a
- a. rise in the demand for the country's currency and currency depreciates
 - b. rise in the demand for country's currency and currency appreciates.
 - c. fall in the demand for country's currency and currency
 - d. fall in the demand for country's currency and currency depreciates
15. Which one of the following pairs is NOT correctly matched?
- a. MFA—Agricultural Free Trade
 - b. UNCTAD—Free Trade Area
 - c. IMF—Balance of Payments Difficulties
 - d. MFN—Direct foreign

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