

Examrace

Competitive Exams: Economics MCQs (Practice_Test 61 of 122)

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1. Consider the following statements: Under the Gold Standard System, gold represented
 - a. common unit value
 - b. international means of payment
 - c. a store of value

Which of these statements are correct?

- a. 1 and 2
 - b. 1 and 3
 - c. 2 and 3
 - d. 1, 2 and 3
2. Match List I with List II and select the correct answer:

List-I	List-II
A. Forward exchange	1. A device of covering exchange risk against the price rise of foreign currency.
B. Hedging	2. A contract to buy and sell foreign exchange against another currency at some fixed rate in the future at a price agreed upon now
C. Arbitrage	3. the movement of exchange rate between two limits set by the cost of moving gold from one country to another
D. Specie points	4. a mechanism which makes two markets that are physically separate, into a single

A B C D

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

3. Anticipation of an increase in the rate of inflation will

- a. cause the short run Phillips curve to shift upward to the right
- b. cause an increase in the real rate of interest
- c. reduce the normal rate of unemployment in the long run
- d. cause the rate of inflation to slow down, other things remaining constant

4. consider the following statements:

- a. An increase in marginal propensity to import increases the value of the multipliers.
- b. An increase in autonomous tax revenues, ceteris paribus, brings a downward shift in the aggregate spending schedule.
- c. A increase in autonomous net exports, ceteris peribus, shifts the aggregate spending schedule upwards.

Which of these statements are correct?

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

5. From a monetarist point of view, which one of the following statements about inflation is not correct?

- a. Inflation is a direct outgrowth of the attempts of greedy business entrepreneurs and unscrupulous unions to raise their prices and wages
- b. Inflation is a monetary phenomenon in all economies
- c. If an experience of inflation caused an increase in the expected rate of inflation, those expectations of more inflations would tend to be selffulfilling

- d. although union may protect the high prices of union-made goods, only macro-policy markers and normally responsible for perpetuating inflation.
6. Fisher's quantity theory of money has mainly been criticised because
- a. it does not tell us as to how the changes in the quantity of money influence the price level
 - b. it overemphasizes the demand for money by assuming supply of money as being constant
 - c. it analyses short term variations in the value of money
 - d. it emphasizes too much on the price level
7. Gresham's law explains that
- a. two grams of silver is equal to half gram gold for conversion.
 - b. good money chases bad money out
 - c. velocity of circulation of money fluctuates rapidly
 - d. bad money drives good money out of circulation
8. Which of the following instruments for quantitative control of credit are used by reserve Bank of India
- a. Cash requirement ratio
 - b. Statutory liquidity ratio
 - c. Open market operations
 - d. margin requirements

Select the correct answer using the codes given below:

- a. 1 and 2
 - b. 2 and 4
 - c. 1, 2 and 3
 - d. 3 and 4
9. Which one of the following is the correct measurement of fiscal deficit in India?
- a. excess of revenue expenditure over revenue receipts
 - b. Difference between revenue receipts plus non-debt capital receipts and the total expenditure.
 - c. Total expenditure of the Government less interest payments.

- d. Difference between revenue receipts and capital expenditure
10. The arithmetic mean of marks scored by girls in a class is 70 while that of the boys is 60. If the arithmetic mean of marks scored by students is 63, then the percentage of girls in the class of girls in the class
- a. is less than that of the boys
 - b. is equal to that of the boys
 - c. is more than that of the boys
 - d. cannot be computed because of insufficient data

11. consider the following indicators:

- a. High birth rate and low death rate
- b. Low birth rate and low death rate
- c. High birth rate and high death rate

The correct sequence of these in the course of economic development is

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

12. A rolling plan refers to a plan which

- a. does not change its targets every year
- b. changes its allocations every year
- c. changes its allocations and targets every year
- d. changes only its targets every year

13. If the price index of shares declines by 10% on Tuesday but rises by 10% on Wednesday, then the index on Wednesday in relation to the index on Monday will be

- a. lower
- b. same
- c. higher
- d. dependent on the level of index on

Monday

14. Which one of the following is a non-debt flow of capital between different countries?
- a. Commercial borrowings
 - b. Portfolio investment
 - c. short-term borrowings from IMF
 - d. Sale and purchase of bonds in the capital markets
15. Consider the following statements:
- a. reallocation of labour and capital among different sectors of the economy.
 - b. growth of exports and capital inflows to the economy
 - c. improvement in the quality of labour.

Which of these statements are correct?

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

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