

Competitive Exams: Economics MCQs (Practice-Test 65 of 122)

1. Which one of the following statements about the National Agricultural Insurance Scheme (NAIS) is not correct?
 - a. it was introduced from Rabi 2000 – 2001 season
 - b. it replaced the Comprehensive Crop Insurance Scheme (CCIS) which was in operation since 1985.
 - c. it envisages coverae4 of all the food crops, oilseeds and annual commercial horticultural crops in respect of which past yield data is available for adequate number of years
 - d. Among the commercial horticultural crops, eleven crops are currently covered under the scheme.

2. Given the total investment expenditure, an increase in the propensity to save will lead to a
 - a. fall in the rate of interest
 - b. Fall in income
 - c. rise in interest rate
 - d. Rise in income

3. Which one of the following statements is not correct?
 - a. Transaction demand for money is a function of income
 - b. Speculative demand for money is a function of the rate of interest.
 - c. Speculative demand for money is a function of income
 - d. Transaction demand for money is not a function of the rate of interest.

4. Tied loans are generally objected to on which of the following grounds?
 - a. They have adverse effects on the balance of payments of a country.
 - b. The make the currency of the borrowing country overvalued
 - c. They depart from the welfaremaximising principle which calls for borrowing in the cheapest market for capital and buying in the cheapest for goods

d. They are at higher rates of interest and, therefore, involve higher d3bt servicing charge.

5. Tobin's q-theory of investment indicates that firms add to their stock of capital when.

- a. the replacement value of their assets exceeds the market value of their financial assets.
- b. the market value of their financial assets exceeds the replacement value of their real assets.
- c. The market value of their real assets exceeds the book value of their financial assets.
- d. the market value of their financial assets exceeds the book value of their real assets.

6. Match List I (Type of market/Competition) with List II (Products) and select the correct answer using the codes given below the Lists.

List-I

List-II

- | | |
|-----------------------------|--|
| a. Perfect competition | a. Homogeneous product |
| b. Monopolistic competition | b. Unique (with no substitutes) product |
| c. Oligopoly market | c. Homogeneous or differentiated product |
| d. Monopoly market | d. Differentiated product |

A B C D

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

7. Rostow distinguishes five different stages of economic growth, which are:

- a. pre-condition for take-off

- b. Drive to maturity
- c. Stage of high mass consumption C. S. E. Pre-2004 ECONOMIC
- d. Traditional society
- e. Take-off

Which one of the following is the correct sequence of these stages?

- a. 1 - 2 - 3 - 4 - 5
- b. 2 - 1 - 3 - 4 - 5
- c. 4 - 1 - 2 - 3 - 5
- d. 4 - 1 - 5 - 2 - 3

8. Which one of the following Public sector Undertaking is not included in the nine units- 'Navratnas' recognized by the Government of India?
9. The Phillips curve deals with relationship between which of the following?
- a. Wages and price level
 - b. Price level and unemployment
 - c. Unemployment and inflation
 - d. Wages and deflation.

Select the correct answer using the codes given below:

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

10. Consider the following statements: The credit items in the balance of payments account are:
- a. merchandise imports
 - b. Merchandise exports
 - c. Investment income
 - d. payment for services rendered by foreigners.

Which of the statements given above are correct?

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

11. A firm in monopolistic competition differs from a perfectly competitive firm in that the former

- a. is relatively smaller in size
- b. produces differentiated goods as compared to his competitors.
- c. has relatively more freedom to enter and exit
- d. spends less on advertisement

12. To which one of the following phenomena does the statement-that a circular constellation of forces tends to act and react upon one another in such a ways that a poor country remains poor relate?

- a. Stagnation
- b. vicious circle of poverty
- c. Self-perpetuating growth
- d. virtuous circle of development

13. The Rupees was made convertible on the current account of the balance of payments in

- a. July, 1991
- b. april, 1992
- c. August, 1994
- d. April, 1995

14. Consider the following theories of interest:

- a. Liquidity Preference Theory
- b. Loan able Funds theory
- c. classical Theory
- d. LM-IS Theory

The correct chronological order of the above theories is

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

15. Fiscal deficit in the budget means

- a. Revenue deficit plus the net borrowings of the government
- b. Primary deficit minus capital deficit
- c. Budgetary deficit plus the net borrowing of the government
- d. Capital deficit plus the revenue deficit