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Competitive Exams: Economics MCQs (Practice_Test 65 of 122)

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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 coverage 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. They 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 debt 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	1. Homogeneous product
B. Monopolistic competition	2. Unique (with no substitutes) product
C. Oligopoly market	3. Homogeneous or differentiated product
D. Monopoly market	4. 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
- is relatively smaller in size
 - produces differentiated goods as compared to his competitors.
 - has relatively more freedom to enter and exit
 - 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?
- Stagnation
 - vicious circle of poverty
 - Self-perpetuating growth
 - virtuous circle of development
13. The Rupees was made convertible on the current account of the balance of payments in
- July, 1991
 - april, 1992
 - August, 1994
 - April, 1995
14. Consider the following theories of interest:
- Liquidity Preference Theory
 - Loan able Funds theory
 - classical Theory
 - LM-IS Theory
- The correct chronological order of the above theories is
- 1 - 4 - 3 - 2
 - 3 - 2 - 1 - 4
 - 1 - 2 - 3 - 4
 - 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

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