

Competitive Exams: Economics MCQs (Practice-Test 70 of 122)

1. A welfare notch is a situation in which there is
 - a. decrease in total income for families when they increase the amount they work.
 - b. increase in total income for families when they increase the amount they work.
 - c. decrease in total income for families when they decrease the amount they work.
 - d. increase in total income for families when they decrease the amount they work.

2. During the nineties, which of the following sectors registered highest growth rate in India?
 - a. Agriculture and allied activities
 - b. Manufacturing
 - c. Construction
 - d. Services

3. The backlog of unemployment as a percentage of the labour force in India at the beginning of Tenth Five Year Plane a was
 - a. 14%
 - b. 9%
 - c. 27%
 - d. 3%

4. Consider the following two situation:
 - a. Situation 1 has an income tax system
 - b. Situation 2 has an no income tax system

Then the investment multiplier in situation 2

- a. becomes smaller
- b. becomes negative
- c. becomes larger

- d. remains unaffected
5. According to Milton Friedman's Permanent Income Hypothesis, all increases in
- a. permanent income are saved
 - b. permanent income are consumed
 - c. transitory income are saved
 - d. transitory income are consumed
6. A progressive tax system corresponds to
- a. horizontal equity
 - b. Vertical equity
 - c. Uniform equity
 - d. None of the above three
7. Which one of the following statements about foreign Direct Investment (FDI) in India is not correct?
- a. FDI up to 100 percent permitted under the automatic route in the advertising sector
 - b. FDI in print media sector is allowed up to 26 percent of paid up equity capital of India entities publishing periodicals and newspapers dealing with new and current affairs.
 - c. FDI up to 100 percent is allowed in tea sector including tea plantation, subject to compulsory Indian partner within a period of five years and prior approval of the State government in case of any future land use change.
 - d. FDI up to 100 percent permitted with prior approval of the government for development of integrated township, commercial premises, hotels, resorts and regional level urban infrastructure facilities
8. Consider the following statement about Rural Infrastructure Development Fund (RIDF):
- a. RIDF was set up in NABARD in 1995 – 96
 - b. It provides loans to State governments and State owned corporations for expeditious completion of on-going rural infrastructure project
 - c. Under its scheme, domestic commercial banks contribute to the Fund on the basis of their shortfall in their lending to the priority sectors/agriculture.
 - d. Panchayati institutions are eligible to implement RIDF projects

Which of the statements given above are correct?

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

9. Consider the following statement about Pareto optimality:

- a. Pareto Optimality in an economy is ensured if marginal rate of substitution between two goods is same for all individuals.
- b. Pareto Optimality is ensured when the marginal rate of technical substitution is equal to input price ratio.
- c. There is a link between the conditions of attainment of Pareto Optimality and those of attainment of the general equilibrium.
- d. Pareto Optimality is neutral about income distribution

Which of the statements given above are correct?

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

10. The sum of squares of deviation of a set of values is minimum when deviation is taken about:

- a. Arithmetic Mean
- b. Median
- c. Mode
- d. harmonic Mean

11. If the distribution is positively skewed, then

- a. Mean > Median > Mode
- b. Mean < Median < Mode
- c. Mean < Mode > Median

d. Median < Mode < Mean

12. Given the following data: No. Of observations = 100 Arithmetic mean = 1000 Variance = 256.0 The co-efficient of variance will be equal to

- a. 1.6%
- b. 2.5%
- c. 3.5%
- d. 4.5%

13. consider the following statements about consumer's surplus and public finance:

- a. Where the consumers are enjoying surplus, there is scope for taxation, for people are willing to pay more
- b. In the case of constant return, the consumer's surplus will be diminished by more than the gross receipts of the State.
- c. In the case of diminishing return, the gross receipts from the tax may be greater than the resulting loss of consumer's surplus.
- d. In the case of increasing return, a tax will increase consumer's surplus more than it brings to the State

Which of the statements given above is/are correct?

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

14. If the co-efficient of correlation is unity, the relation between the two variables X and Y is

- a. Y is directly proportional to X
- b. Y is inversely proportional to X
- c. Y is equal to X²
- d. None of the above

15. Fisher's idea index number satisfies

- a. Time reversal test only

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- b. Factor reversal test only
- c. Both time and Factor reversal test
- d. Circular test only