

## Competitive Exams: Economics MCQs (Practice-Test 80 of 122)

1. Which one of the following is the basic objective of monetary policy?
  - a. To control deficit of the budget
  - b. To control deficit in the balance of payment
  - c. To control cost and availability of money
  - d. To control public expenditure
2. Match List-I (Committee) with List-II (Subject) and select the correct answer using the codes given below the lists:

List-I (Committee)

List-II (Subject)

- |                            |                               |
|----------------------------|-------------------------------|
| a. Tandon Committee        | a. Capital Financing          |
| b. Rakesh Mohan Committee  | b. Infrastructure Development |
| c. Narasimhan Committee    | c. Financial Sector Reforms   |
| d. Omkar Goswami Committee | d. Industrial Sickness        |

**A B C D**

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

3. The heavy industries strategy under the Second Five Year Plan has been criticised for several reasons. Which one of the following is not among them?

- a. Inadequate emphasis on agriculture, small scale and cottage industries
- b. Emergence of continuous trade deficits
- c. Growing unemployment and inequality of income and wealth
- d. Failure to achieve expansion in the capital goods sector and diversification of industrial capacity

4. Which one of the following statements is correct?

- a. Rural urban income disparities have increased over a period of time
- b. Rural urban income disparities have not changed over a period of time
- c. Rural urban income disparities have declined over a period of time
- d. Income distribution does not influence growth

5. Consider the following statements: The National Agricultural Policy of 2000 in India aims at

- a. A growth rate of 6% per annum in agriculture.
- b. Growth with equity.
- c. Supply driven growth rate.
- d. Demand driven growth rate.

Which of the statements given above are correct?

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

6. In India, which one among the following formulates the fiscal policy?

- a. Planning Commission
- b. Ministry of Finance
- c. Finance Commission
- d. The Reserve Bank of India

7. Consider the following statements:

- a. The first Industrial Policy of Government of India was introduced in 1948.
- b. The Industrial Policy introduced by Government of India in 1956 is also known as 'Economic Constitution' of India.
- c. The Committee on Growth of concentration of economic powers in India was appointed under the chairmanship of Prof. P. C. Mahalanobis in 1961.
- d. A special group on targeting ten million employment opportunities per year was constituted by Planning

Commission with one of its member as

Chairman.

Which of the statements given above are correct?

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

8. Which one of the following is correct in respect of India? Percentage of workers engaged in

- a. agricultural sector is increasing
- b. industry sector is more than tertiary sector
- c. tertiary sector is decreasing
- d. tertiary sector is more than industry sector

9. Consider the following statements:

- a. Tenth Five Year Plan aims at a reduction of poverty ratio by 5 percentage points by 2007.
- b. Tenth Five Year Plan aims at a reduction in gender gaps in literacy and wage rates by at least 40 per cent by 2007.
- c. Tenth-Five Year Plan aims at a reduction in the decadal rate of population growth between 2001 and 2011 to 16.2 per cent.
- d. Tenth Five Year Plan aims at an enhancement in literacy rates to 75 per cent by 2007.

Which of the statements given above are correct?

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

10. • **Assertion (A):** VAT is less inflationary than multi-stage turnover tax.

• **Reason (R):** VAT reduces the cascading effect on prices.

- a. Both (A) and (R) are individually true and (R) is the correct explanation of (A)
- b. Both (A) and (R) are individually true, but (R) is not the correct explanation of (A)
- c. (A) is true, but (R) is false
- d. (A) is false, but (R) is true

11. • **Assertion (A):** Indirect taxes do not satisfy the canon of equity.

• **Reason (R):** Indirect taxes fall on all persons indiscriminately, irrespective of their ability to pay.

- a. Both (A) and (R) are individually true and (R) is the correct explanation of (A)
- b. Both (A) and (R) are individually true, but (R) is not the correct explanation of (A)
- c. (A) is true, but (R) is false
- d. (A) is false, but (R) is true

12. • **Assertion (A):** Variance of X is always greater than the Standard Deviation of X.

• **Reason (R):** Variance is square of

Standard Deviation.

- a. Both (A) and (R) are individually true and (R) is the correct explanation of (A)
- b. Both (A) and (R) are individually true, but (R) is not the correct explanation of (A)
- c. (A) is true, but (R) is false
- d. (A) is false, but (R) is true

13. • **Assertion (A):** Index numbers are useful tools in economic planning.

- **Reason (R):** Consumer price index number estimates the changes in the standard of living of the people.
  - a. Both (A) and (R) are individually true and (R) is the correct explanation of (A)
  - b. Both (A) and (R) are individually true, but (R) is not the correct explanation of (A)
  - c. (A) is true, but (R) is false
  - d. (A) is false, but (R) is true
  
- 14. • **Assertion (A):** Reducing fiscal deficit is a challenging job for the government of India.
  - **Reason (R):** Reduction in government expenditure reduces social investment.
    - a. Both (A) and (R) are individually true and (R) is the correct explanation of (A)
    - b. Both (A) and (R) are individually true, but (R) is not the correct explanation of (A)
    - c. (A) is true, but (R) is false
    - d. (A) is false, but (R) is true
  
- 15. • **Assertion (A):** Real income is greater than money income during inflation.
  - **Reason (R):**  $\text{Real Income} = \frac{\text{Money Income}}{\text{Price Index Number}}$ 
    - a. Both (A) and (R) are individually true and (R) is the correct explanation of (A)
    - b. Both (A) and (R) are individually true, but (R) is not the correct explanation of (A)
    - c. (A) is true, but (R) is false
    - d. (A) is false, but (R) is true