Competitive Exams: Economics MCQs (Practice-Test 81 of 122)

1. Which of the following is/are correct in respect of opportunity cost theory?

    a. A straight line production possibility curve indicates constant opportunity cost.

    b. The production possibility curve under increasing cost would be concave to the origin.

    Select the correct answer by using the code given below

    a. 1 only

    b. 2 only

    c. Both 1 and 2

    d. Neither 1 nor 2

2. Which curve shows that how much of its import commodity is required by a nation in exchange for various quantities of its export commodity?

    a. Offer curve

    b. Indifference curve

    c. Demand curve

    d. Production possibility curve

3. Prebisch-Singer thesis enunciates which of the following?

    a. International trade has been operating as a mechanism of international inequalities and has, therefore, retarded the development of less developed countries.

    b. he strategy of import substitution as a means to achieve self-sufficiency in industrial production, has led to mal allocation of resources and a very bad effect on industrial productivity.

    Select the correct answer by using the code given below

    a. 1 only

    b. 2 only

c. Both 1 and 2

d. Neither 1 nor 2

4. If the supply of a commodity is very inelastic in the exporting country and demand for the same is fairly elastic in the importing country, the imposition of tariff will have which one of the following?

    a. A very large protective effect

    b. No protective effect atall

    c. A very large revenue effect

    d. A very small protective effect

5. If an Indian exporter exports to Bangladesh Rs. 50, 000 worth of goods payable in three months, the balance of payment for India will show which one of the following?

    a. Current account credit goes up and capital account debit also goes up by Rs. 50, 000 each

    b. Current account credit goes down and capital account debit goes up by Rs. 50, 000 each

    c. Current account credit goes down and capital account debit also goes down by Rs. 50, 000 each

    d. Current account credit goes up and capital account debit goes down by Rs. 50, 000 each

6. Devaluation makes Balance of Payments worse in the short-run and then improves it in the long-run. What is this phenomenon known as?

    a. Marshall-Lerner condition

    b. J-curve effect

    c. Money illusion effect

    d. Backwash effect

7. Which one of the following is considered as non-debt creating foreign investment inflow?

    a. External assistance

    b. Foreign direct investment

    c. Borrowing from the IMF

   d. Commercial borrowings

8. Exchange rates are kept same in all the parts of market by using which one of the following?
   a. SDRs
   b. Arbitrage
   c. Hedging
   d. Speculation
9. An over-valued currency in the foreign exchange market will have which one of the following impacts in India?
   a. Make imports costlier and exports cheaper
   b. Will have no effect on cost of imports
   c. Give protection to domestic industry against foreign competition
   d. Make imports cheaper and exports costlier
10. The inflationary impact of the inflow of foreign capital in India is neutralized by the Reserve Bank of India by which one of the following methods?
   a. Permitting outflow of foreign exchange
   b. Sale of securities in the open market
   c. Facilitating imports of essential commodities
   d. Permitting depreciation of Indian rupee in the foreign exchange market
11. Which one of the following is the correct sequence in the process of economic integration between different countries?
   a. Common market-Free trade area-Custom union-Economic union
   b. Free trade area-Custom union-Common market-Economic union
   c. Free trade area-Common market-Custom union-Economic union
   d. Common market-Free trade area-Economic union-Custom union
12. Under Gold Standard, how can a surplus in a country's balance of payments be eliminated?
   a. By inflow of gold and a rise in general price level

b. By outflow of gold and a rise in general price level

c. By inflow of gold and a fall in general price level

d. By outflow of gold and a fall in general price level

13. Which one of the following governs the theory which brings parity with respect to convertibility of currency into gold content?

    a. Mint parity of exchange

    b. Special Drawing Rights

    c. Floating exchange rate

    d. Multiple exchange rate

14. In order to reduce the balance of payment deficits of the member countries, which one of the following schemes was introduced by the World Bank in 1980?

    a. Buffer stock loans

    b. Supplementary loans

    c. Structural adjustment loans

    d. Gold loans

15. Special Drawing Rights (SDRs) introduced by the IMF are in which form?

    a. Gold

    b. Both silver and gold

    c. Paper currency

    d. Book-keeping entry only