

Competitive Exams: Economics MCQs (Practice-Test 87 of 122)

1. Which one of the following is not the target stipulated in the Tenth Five-Year Plan?
 - a. Creating 50 million job opportunities
 - b. Reduction in poverty ratio from 26 percent to 21 percent
 - c. Reducing gender gaps in literacy and wages rates by 50 percent
 - d. Doubling per capita income in 8 years

2. Consider the following items which are assigned weight in calculating wholesale price index in India
 - a. Primary articles
 - b. Fuel, power light and lubricants
 - c. Food products
 - d. Chemicals and chemical products

Which one of the following is the correct order of the above items in descending order in terms of their weight in the price index?

- a. 1 – 2 – 3 – 4
 - b. 1 – 2 – 4 – 3
 - c. 4 – 3 – 2 – 1
 - d. 1 – 3 – 2 – 4
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3. Consider the following components of financial saving of the household sector in India
 - a. Currency
 - b. Deposits
 - c. Shares and debentures
 - d. Insurance funds

Which one of the following is the correct order of the aforesaid items in descending order in terms of their contribution to the financial saving of the household sector in the year

2005 – 06?

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

4. Consider the following statements relating to marginal rate of technical substitution (MRTS)
- a. The MRTS in case of an isoquant measures the rate at which one input is substituted for the other.
 - b. The MRTS of input X for input Y at a point on an isoquant is equal to the positive slope of the isoquant at that point.
 - c. The MRTS equals to the ratio of the marginal product of input Y to the marginal product of input X.

Which of the statements given above are correct?

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

5. When is an isoquant L-shaped?
- a. When the two factors are complementary
 - b. When the two factors are perfect substitutes
 - c. When the two factors are used in fixed proportions
 - d. When the two factors are imperfect substitutes
6. A firm's average total cost is Rs. 60, its average variable cost is Rs. 55, and its output is 50 units. What is its total fixed cost?
- a. Less than Rs. 200
 - b. Between Rs. 200 and Rs. 300
 - c. More than Rs. 300

d. Firm has no fixed cost

7. Under constant returns to scale, which one of the following is the nature of the longrun average cost curve?

- a. Parallel to output axis
- b. Upward rising
- c. Downward sloping
- d. Identical to short-run average cost curve

8. In the figure shown below, MN and QR are two straight line demand curves parallel to each other. Consider the following statements

- a. The slope and elasticity of demand is same on the demand curves MN and QR, at the price P_0 .
- b. The slopes are same but elasticity of demand is more on demand curve MN than demand curve QR, at price
- c. Elasticities of demand are same but slope of demand curve MN is less than that of QR at the price P_0 .

Which of the statements given above is/are correct?

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

9. When the negative income effect is greater than substitution effect, it is die case of which one of the following?

- a. Giffen goods
- b. Inferior goods
- c. Luxury goods
- d. Normal goods

10. Which one of the following statements is correct? Consumption possibility frontier is same as

- a. the indifference curve

- b. the budget line
- c. the production possibility frontier
- d. the demand curve

11. Which one of the following statements is not correct?

- a. Normal goods have a positive income elasticity of demand
- b. Inferior goods have a negative income elasticity of demand
- c. Necessity has an income elasticity of demand that is less than one
- d. Luxury goods have an income elasticity of demand that is equal to one

12. A firm has certain initial equilibrium price, when demand function $QD = 50 - 3P$ and supply function is $20 + 3P$. If the firm's demand function is shifted to $QD = 68 - 3P$, what is the initial equilibrium price and the new equilibrium price, respectively?

- a. 5 and 6
- b. 5 and 8
- c. 6 and 8
- d. 8 and 5

13. Cournot model assumes which of the following?

- a. There are two firms operating in the market.
- b. The firms face a kinked demand curve.
- c. Each firm acts on the assumption that their competitors will not react to her decision to change output.

Select the correct answer by using the code given below

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

14. Which one of the following statements is correct? The Sweezy mode of oligopoly assumes that price elasticity of demand

- a. is higher for a price increase than for a price decrease

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- b. is lower for a price increase than for a price decrease
- c. cannot change for a price increase or price decrease
- d. cannot change for a price decrease

15. Which one of the following statements is correct?

- a. Demand for factors of production is an independent demand
- b. Demand for factors of production is a derived demand
- c. Demand for factors of production is a reciprocal demand
- d. Demand for factors of production is same as the demand for commodities