

## Examrace

# Competitive Exams: Economics MCQs (Practice\_Test 93 of 122)

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1. On which of the following grounds is increasing inequality justified in initial stages of development?
  - a. It puts greater incomes in the hands of those who have greater average propensity to consume
  - b. It puts greater incomes in the hands of those who have greater average propensity to save
  - c. It puts greater incomes in the hands of those who have greater marginal propensity to consume
  - d. It puts greater incomes in the hands of those who have greater marginal propensity to save
2. What is the correct sequence of the following approaches to development in terms of their chronological emergence?
  - a. Basic needs approach
  - b. Per capita income approach
  - c. Human Development Index Approach

Select the correct answer using the code given below

- a. 1 – 2 – 3
  - b. 2 – 1 – 3
  - c. 2 – 3 – 1
  - d. 1 – 3 – 2
3. The Mahalanobis model was developed for which of the following plans?
    - a. First Five Year Plan
    - b. Second Five Year Plan
    - c. Third Five Year Plan
    - d. Fourth Five Year Plan

4. Which one of the following models explains the paradox pertaining to the rural-urban migration in the context of rising urban employment?
- Lewis model
  - Todano model
  - Solow model
  - Mahalanobis model
5. Consider the following statements: Lewis' model of development with unlimited supplies of labour will fail to work to the full extent if
- there is no disguised unemployment in the traditional sector.
  - modern sector wages do not remain constant up to the point that surplus labour is exhausted.
  - investment in the modern sector is labour-saving.

Which of the statements given above is/are correct?

- 1 only
  - 1 and 2 only
  - 2 and 3 only
  - 1, 2 and 3
6. Match List-I with List-II and select the correct answer using the code given below the lists:

List-I	List-II
A. Aggregate Growth Model	1. Western models as applied to the situation of developing countries
B. Multi-sector Growth Model	2. Analysis of growth in terms of interdependence of sectors
C. Harrod-Domar Growth Model	3. Deals with the entire economy by examining a set of important macro variables
D. The False Paradigm Model	4. For a specific growth rate and a given capital output ratio, the required rate of domestic investment is determined

**A B C D**

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

7. Under which one of the following fundamental assumptions, Solow was able to show that steady state growth was possible and stable?
- a. Flexible K/L ratio
  - b. Flexible S/Y ratio
  - c. Constant growth rate of population
  - d. Constant rate of technical change
8. Consider the following statements: According to the law of variable proportions total product is maximum when
- a. marginal product becomes zero.
  - b. marginal product curve cuts average product curve from above:
  - c. slope of marginal product curve is zero.
  - d. tangent to the total product curve is parallel to the horizontal axis.

Which of the statements given above are correct?

- a. 1 and 4
  - b. 3 and 4
  - c. 1 and 3
  - d. 2 and 3
9. Which one of the following statements is correct? If the elasticity of substitution between two factors X and Y be zero, then it implies that for a given change in outputs
- a. X and Y will always change by the same proportion.
  - b. Y changes but X remains the same
  - c. X changes but Y remains the same.

- d. X and Y both change necessarily by different proportion.
10. Which of the following is not correct in respect of Cobb-Douglas production function?
- It was originally based on the empirical study of US manufacturing industry.
  - It is a linearly homogeneous production function, taking into account two factors, labour and capital, for the entire output of the manufacturing industry.
  - It tells us that out put depends upon labour and capital, and that part of output which cannot be explained by labour and capital, is attributed to the residual.
  - It is based on the assumption of operation of law of diminishing returns.
11. Income consumption line of the 'Consumer Theory' is analogous in 'Production Theory' to which one of the following?
- Expansion path
  - Isoquant line
  - Ridge line
  - Isocost line
12. Suppose a fisherman has fishing net and a boat, He alone hunts fish in sea for which he has to pay no license fee etc. Fish, caught by him, will have which one of the following?
- Zero economic cost of production as he makes no out-of-pocket payment to anybody and is working of his own
  - Negative economic cost of production because he enjoys fishing and has to make no payment
  - Positive cost of production due to his sacrificing the opportunity of working elsewhere and renting out fishing net and boat etc.
  - Infinite cost of production
13. Short-run marginal cost of a firm does not contain any element of which of the following?
- Costs of raw materials
  - Salaries of the managerial staff
  - Wages of labour engaged on daily basis
  - Cost of fuel for operating machines engaged in production
14. Consider the following statements
- The vertical distance from average cost (AC) curve to average variable cost (AVC) curve is average fixed cost (AFC).

b. AVC curve, AC curve and marginal cost (MC) curve are 'U' shaped.

c. AFC curve is horizontal to 'X' axis.

Which of the statements given above are correct?

a. 1 and 2 only

b. 2 and 3 only

c. 1 and 3 only

d. 1, 2 and 3

15. Which one of the following is the correct sequence of magnitude of minima in ascending order in marginal cost (MC) curve, average cost (AC) curve and average variable cost (AVC) curve?

a. MC, AVC, AC

b. AVC, AC, MC

c. MC, AC, AVC

d. AC, MC, AVC

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