

## MCQs Economics of Growth and Development- Semester 3

1. Which of the following could not be considered a major economic system?
- capitalism.
  - communism.
  - socialism.
  - physical quality of life index.

Answer: D

2. Economic development refers to
- Economic growth.
  - Economic growth plus changes in output distribution and economic structure.
  - Improvement in the well-being of the urban population.
  - Sustainable increases in Gross National Product.

Answer: D

3. OPEC is the
- Organization of Petroleum Exporting Country.
  - Organization of Pre- European Commission.
  - Oil Producing Economies Caucus.
  - Organization of Problematic Economies Committee.

Answer: B

4. PPP is
- a theory that tells us that exchange rates between currencies are in equilibrium when their purchasing power is the same in both countries.
  - GDP divided by exchange rate.
  - a measure of income inequality.
  - a measure of infant mortality in developing countries.

Answer: D

5. The Physical Quality of Life Index (PQLI) combines three indicators. They are
- infant mortality, life expectancy and adult literacy rate.
  - crime rate, clean environment and quality of housing.
  - air pollution rate, water pollution rate and sanitation.
  - health, education and environment.

Answer: C

6. Infant mortality
- is defined as the annual number of deaths of infant under 1 year old per 1,000 live births.
  - reflects the availability of primary education, the rights of employment and social security.
  - is life expectancy up to age 3.
  - reflects the availability of hospitals and childcare facilities, and the parents' wealth.

Answer: C

7. The Human Development Index (HDI) summarizes a great deal of social performance in a single composite index, combining

- a. disparity reduction rate, human resource development rate and the composite index.
- b. longevity, education and living standard.
- c. minimum schooling, adult literacy and tertiary educational attainment.
- d. human resource training, development and R&D.

Answer: A

8. According to the text, basic needs include

- a. food, clothing and housing.
- b. health, education and quality housing.
- c. adequate nutrition, primary education, health, sanitation, water supply and housing.
- d. longevity and living standards.

Answer: B

9. ASEAN refers to the

- a. Association of South East Agro Nations.
- b. Association of South East Asian Nations.
- c. Alliance of South East Asian Neighbors.
- d. Alliance of South Eastern African Nations

Answer: B

10. As economic development proceeds, income inequality tends to follow a(n) \_\_\_\_\_ curve

- a. convex.
- b. inverted U-shaped.
- c. L-shaped.
- d. S-Shaped.

Answer: B

11. According to Lewis's model, the dual economy grows only when

- a. the modern sector increases its output share relative to the traditional sector.
- b. agricultural sector uses modern equipment.
- c. agricultural sector hires labor economically.
- d. modern manufacturing sector is labor-intensive.

Answer: D

12. Dual economies are countries

- a. with double capital and labor
- b. with a modern manufacturing sector as well as traditional agriculture sector.
- c. that specialize in labor-intensive products more than capital-intensive products.
- d. with foreign-owned and domestically-owned capital.

Answer: B

13. The vicious circle theory states that

- a. growing government assistance create addiction to welfare programs.
- b. low income levels create pressure for money creation.
- c. low income levels create pressure for cheap imports.

d. low per capita income creates low savings that keep incomes low.

Answer: D

14. The Harrod-Domar growth model suggests that growth is
- directly related to savings and inversely related to the capital/output ratio.
  - directly related to the capital/output ratio and inversely related to savings.
  - indirectly related to savings and the capital/output ratio.
  - directly related to savings and the capital/output ratio.

Answer: D

15. Which of the following was not a classical economist?

- Adam Smith.
- Thomas R. Malthus.
- John Stuart Mill.
- John Maynard Keynes.

Answer: D

16. Adam Smith advocated

- laissez-faire.
  - the invisible hand.
  - free-trade policy.
  - competitive markets.
- I and II only
  - II and III only
  - I, II and III only
  - I, II, III and IV

Answer: D

17. Rostow's economic stages are

- the preconditions for takeoff, the takeoff, the drive to maturity, and the age of creative destruction.
- the traditional society, the preconditions for takeoff, the takeoff, the drive to maturity, and the age of high mass consumption.
- the preconditions for consumption, the replication, the drive to maturity, and the age of high mass consumption.
- the learning curve, the age of high mass consumption, post-takeoff, and the drive to maturity.

Answer: B

18. The essential difference between capitalism and socialism is that

- capitalism exploits the worker and socialism exploits the property owner.
- capitalism relies on the market to make economic decisions and socialism uses central planning.
- capitalism grows through rent seeking and socialism grows through government direction.
- capitalism relies on consumer satisfaction to dictate choices and socialism relies on producer satisfaction.

Answer: B

19. The ultimate effect of the "invisible hand" of Adam Smith is that, in a competitive economy, everyone

- a. benefits if each acts in his/her own interest.
- b. will increase their profits in a free market.
- c. should act to maximize economic growth.
- d. should act to promote the public interest.

Answer: A

20. Sen's welfare theory relies on

- a. individuals' accomplishments.
- b. individuals' capabilities.
- c. individuals' wealth.
- d. individuals' education.

Answer: A

21. Income inequalities are often shown on a

- a. production possibility curve.
- b. marginal inequality curve.
- c. Sen curve.
- d. Lorenz curve.

Answer: D

22. A value of 1 in Gini index represents

- a. low inequality.
- b. maximum inequality.
- c. 10/10, 000% inequality.
- d. 1% inequality.

Answer: B

23. The Lorenz curve shows

- a. patterns of poverty between developed and developing countries.
- b. the change in GDP per capita over time.
- c. the poorest's income shares fall in the early stages of growth.
- d. income concentration relative to a 45-degree line.

Answer: D

24. A period of rapid population growth between a preindustrial, stable population characterized by high birth and death rates and a later, modern, stable population marked by low fertility and mortality is known as

- a. demographic transition.
- b. population maturity.
- c. demobilizing population.
- d. birth-death transformation.

Answer: A

25. The \_\_\_\_\_ is the ratio of the non-working population (under 15 years old and over 64 years old) to the working-age population.

- a. labor force participation rate.
- b. per capita population ratio.

- c. population transition.
- d. dependency ratio.

Answer: D

26. A stationary population is when population growth is
- a. increasing at an increasing rate.
  - b. decreasing.
  - c. zero.
  - d. 100%.

Answer: C

27. The Essay on the Principle of Population was written by
- a. The World Bank.
  - b. Thomas Robert Malthus.
  - c. Julian Simon.
  - d. Abraham Lincoln.

Answer: B

28. Malthus's theory was that population
- a. increased proportionally to economic growth.
  - b. increased geometrically, outstripping food supply, which grew arithmetically
  - c. increased stagnantly with food supply and economic development.
  - d. increased disproportionately, surpassing agricultural production.

Answer: B

29. The development of high-yielding varieties (HYVs) of wheat and rice is known as
- a. the agribusiness revolution.
  - b. farming system theory.
  - c. the Green Revolution.
  - d. agri-R&D.

Answer: C

30. The total fertility rate (TFR) is
- a. the total number of children born in a country in a given year divided by labor force.
  - b. the number of children born to the average woman during her reproductive years.
  - c. the number of births in a country divided by total population in a given year.
  - d. the number of women age 15-45 in a country divided by total population.

Answer: B

31. A production function
- a. shows the dependency output of the working population.
  - b. depicts the relationship between input and output.
  - c. states the relationship between products and income distribution.
  - d. is a function of natural resources in a country.

Answer: B

32. Disguised unemployment is

- a. when marginal revenue productivity of labor is zero.
- b. the same as seasonal unemployment of LDC agricultural.
- c. the rigid factor proportions in LDC agriculture and industry.
- d. due to capital formation and the level of technology remaining constant.

Answer: A

33. The Keynesian remedy for unemployment is to
- a. decrease aggregate demand.
  - b. reduce tax rates or lower interest rates.
  - c. increase government spending.
  - d. decrease private consumption and investment.

Answer: C

34. The emigration of highly-skilled people from the developing countries is known as
- a. the brain drain.
  - b. human capital deterioration.
  - c. productivity.
  - d. labor degradation.

Answer: B

35. Which of the following was a socialist country?

- I Holland.
  - II Soviet Union.
  - III China.
  - IV India
- a. I and II only.
  - b. II and III only.
  - c. III and IV only.
  - d. I and IV only.

Answer: B

36. Joseph Schumpeter is the exceptional economist who links the entrepreneur to
- a. oligopolistic capitalism.
  - b. resource management.
  - c. innovation.
  - d. land and labor.

Answer: C

37. Progress that meets the needs of the present without compromising the ability of future generations to meet their own needs is
- a. the tragedy of commons.
  - b. sustainable development.
  - c. net primary productivity (NPP).
  - d. the impossibility theorem.

Answer: B

38. Many environmental resources are public goods, which are characterized by
- a. rivalry and exclusion in consumption.
  - b. nonrivalry and non-exclusion in consumption.
  - c. rivalry but non exclusion in production.

d. nonrivalry but exclusion in usage.

Answer: B

39. The greenhouse effect is the phenomenon by which
- a. biological diversity is dominant in agricultural production.
  - b. the globe's water pollution affects plankton.
  - c. the earth's atmosphere traps infrared radiation.
  - d. climatic changes occur naturally in the forest.

Answer: C

40. The Montreal Protocol, signed in 1987 and strengthened in 1990,
- a. attains the global optimal level of common property resource.
  - b. relies on internationally tradable emission permits.
  - c. minimizes free riders of public goods.
  - d. reduces ozone depletion through the cutting of chlorofluorocarbon production.

Answer: D

41. Monetary policy affects the \_\_\_\_\_ and \_\_\_\_\_.
- a. reserve, unemployment.
  - b. money supply, interest rate.
  - c. taxes, exchange rate.
  - d. stock price, minimum wage.

Answer: B

42. The Reserve bank of India and the Federal Reserve
- a. are central banks.
  - b. are branches of commercial banks.
  - c. use fiscal policy to influence GDP.
  - d. loan money to most of LDC commercial banks.

Answer: A

43. If people with higher incomes pay a higher percentage of income in taxes, the income tax structure is
- a. progressive.
  - b. regressive.
  - c. value-added taxes (VAT).
  - d. excise taxes.

Answer: A

44. When the financial system lacks the capability of making judgements about investment opportunities due to asymmetric information, leading to potentially bad credit risks lending is subject to
- a. adverse selection.
  - b. moral hazard.
  - c. social goods.
  - d. hyperinflation.

Answer: A

45. An annual summary of a country's international economic and financial transactions is
- the capital account.
  - the international balance of payments statement.
  - the long term current account.
  - the trade account.

Answer: B

46. The IMF is an agency charged with providing
- technical assistance to stock market and financial market problems.
  - loans for post-World War II reconstruction.
  - short-term credit for international balance of payments deficits.
  - bonds denominated in U.S. dollars as a loan to LDCs.

Answer: C

47. Economic growth can be measured by:

- The CPI
- The CBI
- GDP
- MPC

Answer: C

48. In a boom:

- Unemployment is likely to fall
- Prices are likely to fall
- Demand is likely to fall
- Imports are likely to fall

Answer: A

49. To boost economic growth the government is most likely to:

- Increase interest rates
- Increase taxation rates
- Provide incentives to invest
- Provide incentives to save

Answer: C

50. Economic growth can be seen by an outward shift of:

- The Production Possibility Frontier
- The Gross Domestic Barrier
- The Marginal Consumption Frontier

d) The Minimum Efficient Scale

Answer: A

51. According to W.W. Rostow, the stages of economic growth are:

- a. Two
- b. Three
- c. Four
- d. Five

Answer: D

52. Most of the underdeveloped economies suffer from \_\_\_\_\_ which do not let the rate of growth go up from a lower level.

- a. High population pressures
- b. High infant mortality
- c. High monetary mismanagement
- d. High level of technological unemployment

Answer: A

53. The concept of economic growth is:

- a. Identical with the concept of economic development
- b. Narrower than the concept of economic development
- c. Wider as compared to that of economic development
- d. Unrelated to the concept of economic development

Answer: B

54. The rate of growth of an economy mainly depends upon:

- a. The rate of growth of the labour force
- b. The proportion of national income saved and invested
- c. The rate of technological improvements
- d. All of the above

Answer: D

55. The stationary state as envisaged by Adam Smith, is marked by:

- a. Low rate of profit
- b. Subsistence level wages
- c. High rents
- d. All of the above

Answer: D

56. Who put forward the theory of social dualism?

- a. A.Lewis
- b. G.Myrdal
- c. J.H.Boeke
- d. A.O.Hirshman

Answer: C

57. Who coined the phrase 'demonstration effect'?

- a. W.W.Rostow
- b. James Duessenberry

- c. R.Nurkse
- d. J.K.Galbraith

Answer: B

58. Unemployment created by some long-term change in demand or technological conditions in an economy is known as:

- a. Frictional unemployment
- b. Cyclical un-employment
- c. Structural unemployment
- d. Disguised unemployment

Answer: C

59. How many stages of economic growth were defined and analysed by Rostow which all economies are supposed to pass through in the course of their development?

- a. Seven
- b. Five
- c. Four
- d. Three

Answer: B

60. The 'big-push' strategy of development was first advocated by:

- a. Paul N-Rosenstein-Rodan
- b. Simon Kuznets
- c. W.A, Lewis
- d. A.O.Hirshman

Answer: A

61. Which growth model inspired the use of capital-output ratio for development planning?

- a. The Harrod-Domar model
- b. Solow's model
- c. Kaldor's model
- d. Feldman's model

Answer: A

62. As an aid to development planning, much use is being made today of the input-output analysis. Who first used it?

- a. H. Liebenstein
- b. W.W.Leontief
- c. W.A.Lewis
- d. A.O.Hirshman

Answer: B

63. Balanced growth implies:

- a. Simultaneous development of a variety of activities, which support one another
- b. Equal allocation of resources to different sectors
- c. Different sectors growing at their natural rates of growth
- d. Uniform rate of growth of output over time

Answer: C

64. Development with unlimited supplies of labour hypothesis was formulated by:

- a. Gustav Ranis
- b. W.A.Lewis
- c. R. Nurkse
- d. J.Schumpeter

Answer: B

65. Which of the following is not correctly matched?

- a. Big-push strategy: Paul N. Rosenstein- Rodan
- b. Balanced growth theory: R. Nurkse
- c. Development with unlimited supplies of labour: A-O. Hirschman
- d. Critical minimum strategy: Prof. Harvey Leibenstein

Answer: C

66. With economic growth, the proportion of labour-force engaged in agriculture:

- a. Increases
- b. Decreases
- c. Remains unaffected
- d. Changes in an uncertain manner

Answer: B

67. Which one of the following was given a central place by Schumpeter in his theory of development?

- a. Capital accumulation
- b. Role of the Government
- c. Need for balanced growth
- d. Role of innovations

Answer: D

68. With which of the following kinds of dualism is H. Myint particularly associated with?

- a. Technological dualism
- b. Geographical dualism
- c. Financial dualism
- d. Social dualism

Answer: C

69. The second stage of the theory of demographic transition is characterised by:

- a. High birth-rate and high death rate
- b. High birth-rate and falling death-rate
- c. Low birth-rate and low death-rate
- d. Falling birth-rate and falling death-rate

Answer: B

70. Which of the following models makes the assumption of constant saving-income ratio?

- a. Kaldor model
- b. Leontief model
- c. Harrod-Domar model

d. Joan Robinson model

Answer: C

71. Identify the model which is concerned with the 'golden age' equilibrium:

- a. Kaldor model
- b. Joan Robinson model
- c. Keynesian model
- d. Domar model

Answer: B

72. India's First Five Year Plan was based on:

- a. Mahalanobis model
- b. Feldman model
- c. Harrod-Domar model
- d. Leontief model

Answer: C

73. Marx refers to the concept of organic composition of capital. Which of the following ratios stands for this capital? Constant capital = C; Variable capital = V; Surplus value = S

- a.  $C/(V+S)$
- b.  $C/V$
- c.  $C/(C+V)$
- d.  $(C+V)/V$

Answer: A

74. Marx had given a concept of unemployment in the context of the capitalist system which keeps wages down or prevents wages from rising even as demand for labour increases. What is that concept called?

- a. Surplus labour
- b. Reserve army of labour
- c. Under employment
- d. Disguised unemployment

Answer: B

75. Marx attributed the capitalist crisis to:

- a. High rate of wages
- b. Falling rate of profit
- c. Inflationary pressures
- d. Exploitation of labour

Answer: D

76. Which of the following is not part of the Human Development Index?

- a. infant mortality
- b. life expectancy
- c. educational attainment
- d. GDP per capita

Answer: A

77. The number of deaths of children under one year of age per 1000 live births is the:

- a. child mortality rate
- b. infant mortality rate
- c. toddler mortality rate
- d. neo-natal mortality rate

Answer: B

78. The Gini coefficient is a technique frequently used to show:

- a. variations in life expectancy
- b. income inequality
- c. differences in infant mortality
- d. the education gap

Answer: B

79. A graphical technique that can be used to show the degree of inequality that exists between two variables is the:

- a. Lorenz curve
- b. median-line bar graph
- c. Kuznets curve
- d. semantic differential profile

Answer: A

80. The People's Campaign for Decentralised Planning was launched in 1996 in the Indian state of:

- a. Tamil Nadu
- b. Bihar
- c. Karnataka
- d. Kerala

Answer: D

81. Which of the following explains the term economic growth?

- a. Increase in per capita production
- b. Increase in per capita real income
- c. structural change in the economy
- d. all the above are right

Answer: D

82. Economic development is characterized by

- a. Structural change in the economy
- b. Change in the occupational structure
- c. Both a and b
- d. None of the above

Answer: C

83. Which of the following explains the term economic development?

- a. Improvement in the technology involved
- b. Improvement in production
- c. Improvement in distribution system
- d. All the above

Answer: D

84. An underdeveloped economy is characterized by

- a. High per capita real income
- b. Large proportion of labor force in the tertiary sector
- c. State of deprivation of large proportion of population
- d. All the above

Answer: C

85. Scarcity of capital , technological backwardness and unemployment are generally found in

- a. Developed countries
- b. Underdeveloped countries
- c. Both
- d. None of the above

Answer: B

86. Which of the following denotes an underdeveloped economy?

- a. High level of inequalities
- b. Low level of capital productivity
- c. A relatively closed economy
- d. All the above

Answer: D

87. Capital formation in underdeveloped countries is a major bottleneck. The reason can be

- a. Small size of market with no incentive for investment
- b. Low level of income
- c. Demonstration effect
- d. All the above

Answer: B

88. i. Higher level of capital-output ratio indicates efficient use of capital.  
ii. It reflects the productivity of capital in the economy

- a. I only
- b. ii only
- c. both
- d. none

Answer: C

89. Which of the following about strategy of balanced growth is right?

- a. Simultaneous investment in all sectors
- b. All sectors are independent.
- c. Both
- d. None

Answer: A

90. Which of the following about strategy of unbalanced growth is right?

- a. Deliberate imbalance in favor of some sectors
- b. Simultaneous investment in all sectors
- c. Both
- d. None

Answer: A

91. The concept of PQLI was developed by

- a. Morris D Morris
- b. UNO
- c. UNDP
- d. Oxford Poverty and Human Development Initiative

Answer: A

92. The parameter/s of the PQLI is/are

- a. Life Expectancy Index
- b. Standard of living index
- c. Infant mortality rate
- d. A and C

Answer: D

93. The concept of HDI was popularized by

- a. Morris D Morris
- b. Adam Smith
- c. Keynes
- d. Mahbub Ul Haq

Answer: D

94. The component/s of HDI is/are

- a. Life expectancy index
- b. Infant mortality rate
- c. Population growth rate
- d. All the above

Answer: A

95. The Multidimensional Poverty Index has been developed by

- a. The UNDP
- b. Oxford HDI
- c. The UNO
- d. Morris D Morris

Answer: B

96. Which of following is not a component of MPI?

- a. Health
- b. Education
- c. Occupation
- d. Standard of living

Answer: C

97. Which of the following is not an indicator to measure MPI?

- a. Electricity
- b. Nutrition
- c. Cooking fuel
- d. Profession

Answer: D

98. Economic growth in India will happen necessarily if there is

- a. Population growth
- b. Capital formation
- c. Technical progress in the global economy
- d. All the above

Answer: D

99. Inclusive governance includes

- a. Allowing NBFCs to do banking
- b. Increase government spending on health
- c. Strengthening mid-day meals scheme
- d. All the above

Answer: D

100. An open economy is one where

- a. Deficit financing is absent
- b. No export activities
- c. No import activities
- d. Economy opened to the world

Answer: D

101. Depression is characterized by

- a. unprecedented level of underemployment
- b. Drastic fall in income
- c. Drastic fall in output and employment
- d. All the above

Answer: D

102. The phase of gradual fall in income, output and employment is

- a. Boom
- b. Recession
- c. Depression
- d. Recovery

Answer: B

103. A successful inclusive growth strategy includes

- a. Equal opportunities
- b. Financial inclusion
- c. equity
- d. all the above

Answer: D

104. Dual economy refers to existence of

- a. Imports and export activities
- b. Bilateral ties
- c. Traditional and modern aspects in the economy
- d. Both a and b

Answer: C

105. Mixed economy means an economy where there is

- a. Existence of capitalism
- b. Privatization, liberalization and globalization
- c. Existence of both public and private sectors
- d. Growing crops along with rearing animals

Answer: C

106. Arrange in the right order the contribution of sectors to the GDP from highest to lowest.

- a. Agriculture, manufacturing, tertiary
- b. Agriculture, tertiary, manufacturing
- c. Tertiary, manufacturing, agriculture
- d. Manufacturing, tertiary, agriculture

Answer: C

107. The financial year in India is

- a. April 1 to March 31
- b. January 1 to December 31
- c. March 1 to April 30
- d. March 16 to March 15

Answer: A

108. The net value of GDP after deducting depreciation from GDP is

- a. Net national product
- b. Net domestic product
- c. Gross national product
- d. Disposable income

Answer: B

109. When depreciation is deducted from GNP, the net value is

- a. Net national product
- b. Net domestic product
- c. Gross national product
- d. Disposable income

Answer: A

110. The author of the book An Essay on Principles of Population is

- a. Malthus
- b. James Princep
- c. Keynes
- d. Frank Notenstein

Answer: A

111. Consider the following statements and identify the right ones.

i. According to the Malthusian theory, supply of food grains increase in geometric progression

ii. The population grows in arithmetic progression.

- a. I only
- b. ii only
- c. both
- d. none

Answer: D

112. As defined by the 1987 UN World Commission on Environment and Development, which of the following best describes sustainable development?

- a. Development with a small carbon footprint
- b. Development for which financial resources will be available over the medium and long term
- c. Development strategies that can be easily replicated by other countries or regions

d. Development that meets the needs of the present without compromising the ability of future generations to meet their own needs

Answer: D

113. A multi-dimensional measure of poverty include includes which of the following elements?

- a. Health level
- b. Education level
- c. Living standards
- d. All of these answers

Answer: D

114. Which of the following describes why income inequality is bad for economic development?

- a. Income inequality may threaten political stability, because people are dissatisfied with their economic situation and place blame on political authorities.
- b. Income inequality reduces the pool of people with resources, such as education, to improve productivity.
- c. Income inequality may increase distrust and deter commitment amongst people in the marketplace, making contracts enforcement difficult.
- d. All of these answers

Answer: D

115. Which of the following is a goal of economic development?

- a. Economic growth
- b. Reduction of poverty
- c. Improvement of human development (education, health, etc).
- d. All of these answers

Answer: D

116. According to the Romer model, if the stock of ideas increases by 15 %, by how much will output per worker increase, when all else is equal?

- a. 5%
- b. 10%
- c. 15%
- d. 20%

Answer: C

117. Complete the following sentence. Marx believed that economic development should be led by:

- a. religious leaders.
- b. capitalists.
- c. individual entrepreneurs .
- d. the state.

Answer: D

118. Complete the following sentence. The Romer model falls into a class of growth models in which the key determinants of economic growth are.

- a. implicit in the model.
- b. explicit in the model.
- c. exogenously determined.
- d. not known

Answer: A

119. In the Solow model, if capital is in the steady state, output:

- a. will continue to grow.
- b. is also in the steady state.
- c. will continue to grow, but its rate of growth will slow down.
- d. will decline, but its rate of growth will be positive.

Answer: B

120. For neo-classical theorists, economic under-development is the product of which of the following?

- a. Inappropriate economic policies and too much state interference in the economy
- b. Barriers against free trade
- c. Low prices for raw materials
- d. Both A and B

Answer: D

121. For Rostow, which of the following constitute pre-conditions for take-off?

- a. Investment rate of at least 5% of GNP
- b. Universal primary education
- c. Development of one or more manufacturing sectors with a high growth rate
- d. Both A and B

Answer: A

122. In the Lewis model, what does the term “surplus labor” refer to?

- a. An amount of labor that is so high that it deflates wages throughout the economy
- b. Labor that does not have at least a primary level education
- c. Labor that can be withdrawn from the low productivity agricultural sector without a decrease in the total production
- d. Labor that is exploited by the capitalist class

Answer: C

123. In the Lewis model, what will cause an expansion in modern sector employment?

- a. A reinvestment of profits by capitalists that allows production to expand
- b. Interventions by the State to expand employment
- c. An increase in technology
- d. An increase in the surplus labor

Answer: A

124. Which of the following is not an important objective of development?

- a. increases in per capita income
- b. the expansion of available choices
- c. increases in individual and national self-esteem
- d. all of the above are important objectives of development

Answer: D

125. The Harrod-Domar growth model is based on the relationship of what two economic elements?

- a. Raw materials and technology
- b. Savings and investment
- c. Educational enrollment and number of teachers
- d. Tariff and tax levels

Which of the following is not an important objective of development?

- a. increases in per capita income
- b. the expansion of available choices

c. increases in individual and national self-esteem  
d. all of the above are important objectives of development

**Answer: D**

Answer: B

126. Which of the following is central to Marx's economic theory of labor?

- a. Workers become more effective as education in the country increases.
- b. Strong population growth is necessary to continue to increase national production
- c. Workers, or the proletariat, are being robbed of their labors by the owners of capital, or the bourgeoisie.
- d. Without capital, labor has no value.

Answer: C

127. How does Sen define poverty?

- a. The lack of material well-being
- b. The deprivation of basic capabilities for an individual
- c. The lack of supportive social institutions to ensure ones basic livelihood
- d. The lack of a cultural or religious identity

Answer: B

128. **Which of the following may be termed as long-term objectives of Indian planning?**

1. Self-reliance
2. Productive employment generation
3. Growth of 7 per cent per annum
4. Growth in infrastructure

(a) 1 and 2

- (b) 3 and 4
- (c) 1, 2 and 4
- (d) 2, 3 and 4

Answer: C

129. **'Take off stage' in an economy means**

- (a) steady growth begins
- (b) economy is stagnant
- (c) economy is about to collapse
- (d) all controls are removed

Answer: A

130. **The concept of Five Year Plans in India was introduced by**

- a. Lord Mountbatten
- b. Jawaharlal Nehru
- c. Indira Gandhi
- d. Lal Bahadur Shastri

Answer: A

131. **Which of the following are not correct assessments of the decades of India's Five-Year Plans?**

- 1. There has been very low capital formation
  - 2. Growth has favoured the better off
  - 3. Production has increased substantially though often falling short of targets
  - 4. The public sector has contributed nothing to economic growth
- (a) 1 and 4
  - (b) 2 and 3
  - (c) 1, 2 and 4
  - (d) 3 and 4

Answer: C

132. **The Planning Commission of India:**

- I. was set up in 1950
- II. is a constitutional body
- III. is an advisory body
- IV. is a government department

- (a) I and II
- (b) II and III
- (c) I and III
- (d) III only

Answer: C

133. **India had a plan holiday:**

- (a) after the China-India War of 1962
- (b) after the drought of 1966
- (c) after the liberation of Bangladesh in 1971
- (d) after the India-Pakistan War in 1965

Answer: B

134. **The growth rate of agricultural production was negative in the:**

- (a) First Plan
- (b) Second Plan
- (c) Third Plan
- (d) Fourth Plan

Answer: C

135. **'Globalisation of Indian Economy' means:**

- (a) stepping up external borrowings
- (b) establishing Indian business units abroad
- (c) having minimum possible restrictions on economic relations with other countries
- (d) giving up programmes of import substitution

Answer: C

136. **Consider the following:**

1. Life expectancy at birth
2. Gross enrolment ratio for schools
3. Adult Literacy rate
4. Per capita income

Which of the above is/are the parameters for the measurement of Human Development Index by UNDP?

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

Answer: D

**137. The headquarters of IMF and World Bank are located at :**

- (a) Geneva and Montreal
- (b) Geneva and Vienna
- (c) New York and Geneva
- (d) Both Washington DC

Answer: D

**138. "World Development Report" is an annual publication of:**

- (a) United Nations Development Programme
- (b) International Bank of Reconstruction and Development
- (c) World Trade Organisation
- (d) International Monetary Fund

Answer: B

**139. Match the following:**

Publishers	Publication
A. Ministry of Industry	1. Report on Currency and Finance
B. Central Statistical Organisation	2. Economic Survey
C. Reserve Bank of India	3. Wholesale Price Index
D. Ministry of Finance	4. National Accounts Statistics

	A	B	C	D
(a)	4	3	2	1
(b)	3	4	1	2

(c)	4	3	1	2
(d)	3	4	2	1

Answer: B

140. The dependency burden is

- a. a measure of the degree to which the less developed countries are dependent on the rich industrial countries.
- b. the average number of children that a woman gives birth to during her lifetime.
- c. the number of babies born per 1000 persons.
- d. the percent of the population that is below 15 and above 65 years of age.

Answer: D

141. Which of the following is not an indicator that is used to compute the Human Development Index?

- a. life expectancy at birth.
- b. real GDP per capita.
- c. infant mortality rate.
- d. adult literacy rate.

Answer: C

142. The Green Revolution has led to :

- 1. spurt in all food grains production
  - 2. increase in regional inequalities
  - 3. reduction in inter-personal inequalities within a region
  - 4. good production in wheat
- (a) 1 and 3
  - (b) 1, 2 and 3
  - (c) 2, 3 and 4
  - (d) 2 and 4

Answer: C

143. Low productivity of agriculture in India is not caused by:

- (a) inadequate availability of inputs
- (b) subdivision of land holdings
- (c) less area under cultivation
- (d) poor finance facilities

Answer: C

144. Who among the following have been the Union Finance Ministers of India?

- 1. P Chidambaram
- 2. Dr Manmohan Singh
- 3. Y. Y Reddy
- 4. Pranab Mukherjee

Select the correct answer using the code given below:

- (a) 1, 2 and 3 only

- (b) 1, 3 and 4 only
- (c) 2 and 4 only
- (d) 1, 2, and 4

**145. Which one of the following is the correct sequence in the decreasing order of production (in million tonnes) of the given food grains in India?**

- (a) Wheat - Rice – Pulses - Coarse cereals
- (b) Rice – Wheat - cereals
- (c) Wheat - Rice - Coarse cereals - Pulses
- (d) Rice - Wheat - Coarse cereals – Pulses

Answer: D

**146. Many a times we read about the priority sector in newspapers. Which of the following is/are considered segment(s) of Priority Sector in India?**

- (1) Agriculture
- (2) Small Scale Industries
- (3) Textile industry

- (A) 1 only
- (B) 2 only
- (C) 1&2
- (D) 2&3

Answer: C

**147. Which of the following statements regarding Indian agriculture is correct?**

- (a) It contributes nearly 16 per cent of the GDP
- (b) India has the least area in the world under pulse crops
- (c) The share of food grains in gross cropped area has not increased since independence
- (d) Agriculture accounts for twenty per cent of India's exports

Answer: A

**148. Who is regarded as the founder of the scientific Socialism?**

- (a) Rousseau
- (b) Karl Marx
- (c) Engels
- (d) Lenin

Answer: B

**149. The book 'Wealth of Nations' was written by:**

- (a) Eric Roll
- (b) J.M. Keynes
- (c) Adam Smith
- (d) Harold Laski

Answer: C

**150. From the view of world economy, Third World implies:**

- (a) the developed countries
- (b) the developing countries
- (c) block led by U.S.A., U.K. etc.
- (d) None of these

Answer: B

**151. India is regarded as a country with "Demographic Dividend". This is due to**

- (a) Its high population in the age group below 15 years
- (b) Its high population in the age group of 15-64 years
- (c) Its high population in the age group above 65 years
- (d) Its high total population

Answer: B

**152. Which State stands first in the length of roads in the country?**

- (a) Maharashtra
- (b) Uttar Pradesh
- (c) Madhya Pradesh
- (d) Rajasthan

Answer: C

**153. Who is the originator of Green Revolution in India?**

- (a) Norman E. Borlaug
- (b) M.S. Swaminathan
- (c) Garry Backer
- (d) None of these

Answer: B

**154. What is Green Gold?**

- (a) Tea
- (b) Coffee
- (c) Gold
- (d) Rice

Answer: A

**155. What percentage of country's demand for natural rubber is met by indigenous production:**

- (a) 80%
- (b) 97%
- (c) 86%
- (d) 100%

Answer: C

**156. Buffer stocks of foodgrains have helped the Government to achieve all but one of the following:**

- (a) solve food problem
- (b) maintain Public Distribution System
- (c) implement employment generation programmes
- (d) provide balanced diet to masses

Answer: C

**157. India is said to be in the second stage of the demographic transition because:**

- a) birth rate is high but -death rate is declining due to improvement in healthy services
- b) death rates and birth rates are declining sharply
- c) none of the above
- d) both birth and death rates are high

Answer: A

**158. Which arrangement of the following would show the correct sequence of demographic transition as typically associated with economic development?**

- i. Low birth rate with low death rate
  - ii. high birth rate with low death rate
  - iii. high birth rate with high death rate
- (a) 1, 2, 3
  - (b) 1, 3, 2
  - (c) 3,2, 1
  - (d) 2, 1, 3

Answer: C

**159. India is a member of which of the following?**

- i. Asia-Pacific Economic Cooperation
- ii. Colombo Plan
- iii. Organization for economic cooperation and development (OECD)
- iv. Asian Development Bank

Select the correct answer using the code given below:

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

Answer: B

**160. What does Sensex relate to?**

- a. Supercomputer
- b. A new technique in e-business
- c. A new technique in bridge building
- d. An index of stocks of large companies

Answer: D

**161. Which of the following is/are commodity/ies on which subsidy is given to farmers/poor in India?**

1. Fertilizer
  2. Kerosene
  3. LPG
- a) Only A
  - b) Only B
  - c) Only C
  - d) A, B and C

Answer: D

162. NITI in the NITI Aayog stands for
- National Institution for Transferring India
  - National Institution for Transforming India
  - National Income for Transferring India
  - National Institution for Travelling India

Answer: B

163. **Planning in India derives its objectives from:**

- Fundamental Rights
- Directive Principles of State policy
- Fundamental Duties
- Preamble

Answer: B

164. **Economic survey is published by :**

- Ministry of Finance
- Planning Commission
- Govt. of India
- Indian Statistical Institute

Answer: A

165. **Dadabhai Naoroji theorised on the drain of wealth from India in his book:**

- Poverty under British Rule in India
- Poverty in British Rule in India
- Poverty and Un-British Rule in India
- Poverty of Economic Drain in British India

Answer: C

166. **Which one of the following is the correct sequence in the decreasing order of contribution of different sectors to the Gross Domestic Product of India ?**

- Services-Industry-Agriculture
- Services-Agriculture-Industry
- Industry-Services-Agriculture
- Industry-Agriculture-Services

Answer: A

167. **Nationalisation of banks was done with the purpose of:**

- financing the industries
- improving credit facilities

- c. consolidating the economy
- d. improving security of deposits

Answer: B

**168. Which three of the following nationalized banks have been merged recently**

- a. New Bank of India and Bank of India and SBI
- b. Central Bank of India and Corporation Bank and Bank of Baroda
- c. Karur Bank and Bank of India and Vijaya Bank
- d. Bank of baroda and Vijaya Bank and Dena Bank

Answer: D

**169. What are gilt-edged securities?**

- a. Securities issued by the multinationals
- b. Securities issued by the government
- c. Securities issued by the private sectors
- d. Securities issued by the joint venture companies

Answer: B

**170. The functions of the Reserve Bank of India are:**

1. issuing all notes and coins
  2. distributing all notes and coins
  3. formulating monetary policy
  4. acting as agent of Government in respect of India's membership of the IMF
- (a) 1, 3 and 4
  - (b) 2 and 3
  - (c) 2, 3 and 4
  - (d) 1, 2, 3 and 4

Answer: A

**171. 'Repo rate' is the rate at which:**

- a. the Reserve Bank of India lends to State Government
- b. the international aid agencies lend to Reserve Bank of India
- c. the Reserve Bank of India lends to banks
- d. the banks lend to Reserve Bank of India

Answer: C

**172. The Securities and Exchange Board of India has been set up to :**

1. Protect the interests of investors
2. To regulate the activities of brokers in the stock market
3. to ensure transparency in operation in the stock market.
4. to encourage a healthy growth of the stock market

Choose your answer from:

- (a) 1 and 2
- (b) 1, 2 and 4
- (c) 1, 2 and 3
- (d) 1, 2, 3 and 4

Answer: D

**173. Which among the following is the oldest Development Financial Institution of India?**

- a. UTI
- b. IDBI
- c. ICICI
- d. IFCI

Answer: D

**174. Which major Indian financial institution has above 50 percent ownership of IDBI bank?**

- a. UTI
- b. LIC
- c. ICICI
- d. IFCI

Answer: B

**175. Which one of the following Indian banks is not a nationalized bank?**

- a. Corporation Bank
- b. Dena Bank
- c. Federal bank
- d. Vijaya Bank

Answer: C

**176. Which of the following is the 'informal route' of credit in financial sector?**

- a. Credit cards
- b. Loan against gold from financial institute
- c. Debit cards
- d. Money lender

Answer: D

**177. Which of the following are referred to as the developed economies?**

- a. Countries earning huge industrial profits
- b. Countries proficient in trade and export
- c. Countries having large per capita income
- d. Countries advanced in technology

Answer: C

**178. Rate of growth of an economy is measured in terms of:**

- a. per capita income
- b. industrial development
- c. number of people who have been lifted above the poverty line
- d. national income

Answer: D

**179. The standard of living in a country is represented by its:**

- a. national income
- b. per capita income
- c. poverty ratio
- d. unemployment rate

Answer: B

**180. Which is the best measure of economic growth of a country ?**

- a. GNP
- b. GDP
- c. Net revenue
- d. None of these

Answer: B

**181. Since 1951, in India:**

- a. national income has increased but per capita income has decreased
- b. national and per capita incomes have both increased fast
- c. national income has increased and per capita income has also increased but at a slower rate
- d. national income and per capita income have increased every year

Answer: C

**182. Since independence, both development and non-development expenditures have increased, the increase in the former being a little more than in the other. Non development expenditure involves:**

- 1. interest payment
  - 2. subsidies
  - 3. defence
  - 4. irrigation
- (a) 1 and 2
  - (b) 1 only
  - (c) 1, 2 and 3
  - (d) 2, 3 and 4

Answer: C

**183. The prices at which the government purchases food grains for maintaining the public distribution system and for building up buffer stocks are known as :**

- a. Minimum Support Prices
- b. Procurement Prices
- b) Issue Prices
- c) Ceiling Prices

Answer: A

**184. Who is the chairman of 14th Finance Commission?**

- a. C. Rangarajan
- b. N. K Singh
- c. Bimal Jalan
- d. Vijay Kelkar

Answer: A

**185. If saving exceeds investment, the national income will :**

- (a) fall
- (b) rise
- (c) fluctuate
- (d) remain constant

Answer: A

**186. Which of the following are the main causes of slow rate of growth of per capita income in India?**

- 1)High capital-output ratio
- 2)High rate of growth of population
- 3)High rate of capital formation
- 4)High level of fiscal deficits

- (a) 1 and 2
- (b) 2, 3 and 4
- (c) 1 and 4
- (d) 1, 2, and 4

Answer: A

**187. The rising prices in India can be checked through:**

- 1. Budgetary policy
- 2. Monetary policy
- 3. Increasing production
- 4. Increasing income levels

Choose your answer from:

- (a) 1 and 2
- (b) 1, 2 and 3
- (c) 1, 2, 3 and 4
- (d) 2 and 3

Answer: A

**188. A budgetary deficit means:**

- a. total expenditure is more than total revenue

- b. current expenditure is more than current revenue
- c. capital expenditure is more than capital revenue
- d. total expenditure is more than current revenue

Answer: A

**189. Fiscal deficit in the budget means:**

- a. Revenue deficit plus the net borrowings of the government
- b. Budgetary deficit plus the net borrowings of the government
- c. Capital deficit plus revenue deficit
- d. Primary deficit minus capital deficit

Answer: B

**190. Fiscal deficit in the Union Budget means:**

- a. the difference between current expenditure and current revenue
- b. net increase in Union Government's borrowings from the Reserve Bank of India
- c. the sum of budgetary deficit and net increase in internal and external borrowings
- d. the sum of monetised deficit and budgetary deficit

Answer: C

**191. Among the structural changes which of the following is not wholly welcome?**

- a. Increase in the share of construction in the GNP
- b. Relative contribution of agriculture to our GNP is declining
- c. Marked improvement in the contribution of manufacturing to the GNP
- d. Substantial increase in the percentage contribution of public administration and defence to GDP

Answer: B

**192. Net factor income from abroad added to NDP gives:**

- a. GNP
- b. NNP
- c. GDP

d. per capita income

Answer: B

**193. Match the following:**

A. Boom 1. Business activity at a high level with increasing income, output and employment at macro level

B. Recession 2. Gradual fall in income, output and employment with business activity in a low gear

C. Recovery 3. Steady rise in the general price level and income, output and employment

D. Depression 4. Unprecedented level of unemployment and drastic fall in income and output

	A	B	C	D
(a)	1	2	3	4
(b)	1	2	4	3
(c)	2	1	4	3
(d)	2	1	3	4

Answer: A

**194. Gross National Income is always more than Net National Income because it includes:**

- (a) foreign income
- (b) capital consumption allowance
- (c) indirect taxes
- (d) direct taxes

Answer: B

**195. Gross National Product at market prices is defined as :**

- a. the market value of all final goods and services produced in an economy taking into account net factor income from abroad
- b. the market value of all final goods and services produced in an economy
- c. the market value of all final goods and services produced in an economy plus indirect taxes
- d. the market value of all final goods and services produced in an economy plus indirect taxes minus subsidies

Answer: D

**196. National income refers to:**

- a. money value of goods and services produced in a country during a year.
- b. money value of stocks and shares of a country during a year.
- c. money value of capital goods produced by a country during a year.
- d. money value of consumer goods produced by a country during a year.

Answer: A

**197. National income calculated at current prices in India has shown a tendency to rise at a faster rate than national income at constant prices. This is because:**

- a. India's population has been rising fast
- b. General price level in the economy has been rising rapidly
- c. Statistically manipulations are employed by the Planning
- d. Base year chosen is an abnormal year

Answer: B

**198. The measure of a worker's real wage is :**

- a. the change in his productivity over a given time
- b. his earning after deduction at source
- c. his daily earnings
- d. the purchasing power of his earnings

Answer: D

**199. Real national income denotes:**

- a. national income at constant prices
- b. per capita income
- c. national income at current prices
- d. net factor income

Answer: A

**200. Who is the new Finance minister of India:**

- a. Arun Jaitley
- b. Narendra Modi
- c. Nirmala Sitharaman
- d. Piyush Goyal

Answer: C

















