

Capitalistic and Socialistic Economy

1. An expression coined by economists to describe an economy that is growing at such a slow pace that more jobs are being lost than are being added:

- A** Growth Recession
- B** Stagflation
- C** Recession
- D** Ratchet Inflation

Answer: Growth Recession

2 'Planning from below' is known as:

- A** Functional planning
- B** Centralized planning
- C** Decentralized planning
- D** Structural planning

Answer: Functional

3 When the population growth rate of an economy becomes greater than the achievable economic growth rate, it is known as:

- A** Population Trap
- B** Population Explosion
- C** Population Crisis
- D** None of the above

Answer: Population Trap

4 _____ got the highest priority during the first plan period in India.

- A** Development of Agriculture including irrigation
- B** Growth with social justice
- C** Self reliance
- D** Removal of unemployment

Answer: Development

5 Most of the underdeveloped economies suffer from ____ which do not let the rate of growth go up from a lower level.

- A** High level of technological unemployment
- B** High infant mortality

- C** High monetary mismanagement
- D** High population pressures

Answer: High popula

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

- A** Five
- B** Four
- C** Two
- D** None of the above

Answer: Five

7 Which among the following is a characteristic of underdevelopment?

- A** High rate of urbanization
- B** Growth of industries
- C** Vicious circle of poverty
- D** None of the above

Answer: Vicious c

8 "Underdeveloped countries are the slums of the world Economy." This statement is by

- A** A.N. Caimcross
- B** Jagdish Bhagwati
- C** Ragnar Nurkse
- D** Colin Clark

Answer: A.N. Cai

9 By __ growth rate of an economy can be speeded up.

- A** Investment in human capital formation
- B** Investment abroad
- C** Investment in share market
- D** Investment in primary sector

Answer: Investment in human capital formation

10. The most simple and popular method of measuring economic development is to calculate the trend of gross national product (GNP) at _____

- A Constant prices
- B Current prices
- C Both of the above
- D None of the above

Answer: Constan

4. The normal condition of a capitalist economy in classical theory is:

- A. underemployment
- B. full employment
- C. general unemployment
- D. frictional unemployment

Answer: B

1. India has ?

- A Socialistic economy
- B Gandhian economy
- C Mixed economy
- D Free economy

Answer: C

Mixed Economy and Per Capita Income

1) 'Mixed Economy' means

- (A) Co-existence of small scale and large scale industries
- (B) Co-existence of private and public sectors
- (C) Assigning equal importance to both agriculture and heavy industries
- (D) Co-existence of the rich and the poor

Answer: Option B

2) Devaluation of currency can help to increase exports if elasticity of demand of exportable items in other countries is

- (A) Less than one
- (B) Greater than one
- (C) Equal to one
- (D) Zero

Answer: Option B

3) What could a government do to correct the current account deficit

- (A) Reduce the deficit on the balance of trade
- (B) Reduce the repayment of loans
- (C) Reduce the surplus on the capital account
- (D) Reduce the volume of exports

Answer: Option A

4) Whom of the following propounded principles of taxation.

- (A) Keynes
- (B) Marshall
- (C) Adam Smith
- (D) Al Ghazali

Answer: Option C

5) Taxes on commodities are

- (A) Direct taxes
- (B) Indirect taxes
- (C) Progressive taxes
- (D) Proportional taxes

Answer: Option B

6) Which among the following could be said to be an 'Open Economy'?

- a) A nation that follows the doctrine of Free-market and Laissez-faire economics
- b) A nation that trades with other nations in goods and services and financial assets
- c) An economy that operates without government intervention
- d) None of the above

ANSWER: b) A nation that trades with other nations in goods and services and financial assets

7) The records of exports and imports in goods and services and transfer payments is known as

- a) Current account
- b) Budget surplus
- c) Economic leakage
- d) degree of openness

ANSWER: a) Current account

8) Exchange rates for one currency against another currency, are known as:

- a) Real exchange rate
- b) Nominal exchange rate
- c) Superfluous exchange rate
- d) None of the above

ANSWER: b) Nominal exchange rate

9) The ratio of foreign rates to domestic rates measured in the 'same' currency is known as:

- a) Real exchange rate
- b) Nominal exchange rate
- c) Superfluous exchange rate
- d) None of the above

ANSWER: a) Real exchange rate

10) Which among the following is taken as the real measure of a country's international competitiveness?

- a) Real exchange rate
- b) Nominal exchange rate
- c) Superfluous exchange rate
- d) None of the above

ANSWER: a) Real exchange rate

11) In a closed economy, aggregate demand is the sum of

- A) consumer expenditure, actual investment spending, and government spending.
- B) consumer expenditure, planned investment spending, and government spending.
- C) consumer expenditure, actual investment spending, government spending, and net exports.
- D) consumer expenditure, planned investment spending, government spending, and net exports.

Answer: B

12 : An increase in national income because of an increase in prices only is called an

- a) Increase in real income
- b) Increase in national income at constant prices
- c) Increase in nominal national income
- d) Increase in national income at base year prices

Answer : c

- 13 : The national income of a country for a given period is equal to the
- a) Consumption and investment expenditure incurred by the government
 - b) Consumption and investment expenditure incurred by Indians abroad
 - c) Consumption and investment expenditure incurred by private sector
 - d) Consumption and investment expenditure incurred by all the above

Answer : d

- 14 : The growth rate in per capita income at current prices is higher than that of per capita income at constant prices, because the former takes into account the rate of
- a) Growth of population
 - b) Increase in price level
 - c) Growth of money supply
 - d) Increase in the wage rate

Answer : b

- 15 : The value of all final goods and services produced by the normal residents of a country and their property, whether operating within the domestic territory of the country or outside, in a year is termed
- a) Gross national income
 - b) Net national income
 - c) Gross domestic product
 - d) Net domestic product

Answer : a

- 16 : National income in context of India is the collective income of all the Indians. Which of the following is equivalent to national income?

- a) Gross domestic product at market price
- b) Net domestic product at factor prices
- c) Net national product at market prices
- d) Net national product at factor cost

Answer : d

- 17 : Gross domestic product is more than the net domestic product. Gross domestic product (GDP) is called “gross” because its computation does not exclude
- a) Consumption of capital in production process

- b) Subsidies on consumption of goods
- c) Earnings of foreign exchange in domestic country
- d) Informal economy

Answer : a

18 : Which one of the following is responsible for bringing out the report on national and per capital income in India?

- a) Ministry of Planning
- b) Ministry of Human Resource Development
- c) Ministry of Home Affairs
- d) Ministry of Statistics and Programme Implementation

Answer : d

19 : The main reason for the low growth rate in India in spite of high rates of savings and capital formation is

- a) Low rate of investment rate
- b) Low level of foreign investment
- c) Low capital/output ratio
- d) High capital/output ratio

Answer : d

20: In India, National Income Statistics are computed by which of the following ?

- a) Planning Commission
- b) Ministry of Finance
- c) Central Statistical Office
- d) RBI

Answer : c

Maharatna and Navratna Company

1.We can obtain per capita income of a country by calculating:

- (a) the total income of a person
- (b) by dividing the national income by the total population of a country
- (c) the total value of all goods and services
- (d) the total exports of the country.

Answer: (b)

2.Per capita income is:

- (a) income per person

- (b) income per family
- (c) income per earning person
- (d) income per month

Answer: (a)

3. Human Development Index compares countries based on which of the following levels of the people?

- (a) Educational level
- (b) Health status
- (c) Per capita Income
- (d) All the above

Answer: (d)

4. Which one among the following is a developmental goal for the landless rural labourers?

- (a) To get electricity and water
- (b) To educate their children
- (c) More days of work and better wages
- (d) To shift to the cities

Answer: (c)

5. Underemployment occurs when people:

- (a) do not want to work
- (b) are working in a lazy manner
- (c) are working less than what they are capable of doing
- (d) are not paid for their work

Answer: (c)

6. In terms of human development, which of the following countries is ahead of India?

- (a) Bangladesh

(b) Sri Lanka

(c) Nepal

(d) Bhutan Answer

Answer: (b)