

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. Ritchet Inflation

2 'Planning from below' is known as:

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

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

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

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

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

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

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

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

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

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

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

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

12. India has ?

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

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

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

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

4. Whom of the following propounded principles of taxation.

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

5. Taxes on commodities are

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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.

2. Per capita income is:

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

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

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

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

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

ANSWERS

Capitalistic and Socialistic Economy

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|--------|---------|---------|---------|--------|--------|--------|--------|
| 1. (A) | 2. (A) | 3. (A) | 4. (A) | 5. (D) | 6. (A) | 7. (C) | 8. (A) |
| 9. (A) | 10. (A) | 11. (B) | 12. (C) | | | | |

Mixed Economy and Per Capita Income

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|---------|---------|---------|---------|---------|---------|---------|---------|
| 1. (B) | 2. (B) | 3. (A) | 4. (C) | 5. (B) | 6. (B) | 7. (A) | 8. (B) |
| 9. (A) | 10. (A) | 11. (B) | 12. (C) | 13. (D) | 14. (B) | 15. (A) | 16. (D) |
| 17. (A) | 18. (D) | 19. (D) | 20. (C) | | | | |

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|--------|--------|--------|--------|--------|--------|
| 1. (B) | 2. (A) | 3. (D) | 4. (C) | 5. (C) | 6. (B) |
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