

MCQ FOR COMPETITIVE EXAMINATION

1. In case of public goods market demand is derived by vertical summation because public goods are :
- A. Free goods
 - B. Unlimited in supply
 - C. Non-rival consumption
 - D. Owned by public sector

Ans:- C

2. A rational consumer choosing between uncertain events will make a choice on the basis of :
- A. Expected monetary benefits
 - B. Expected utility
 - C. Expected prices
 - D. Expected incomes in future

Ans :- B

3. The theory of unlimited supply of labour was proposed by:
- A. J.M.Keynes
 - B. Robert Sole
 - C. A.Lewis
 - D. Roy Harrod

Ans:- C

4. The Bretton-Woods system finally collapsed at the global level in the year:
- A. 1970
 - B. 1971
 - C. 1972
 - D. 1973

Ans:- B

5. Let the consumption function be $C = Rs. 30 + 0.80 Y$ and investment spending be $I = Rs. 70 - 2i$, where i is the rate of investment. Then an increase in autonomous investment by Rs.30 would shift the IS curve :
- A. To the left by Rs.150
 - B. To the right by Rs.150
 - C. To the right by Rs.30
 - D. To the left by Rs.30

Ans :- C

6. Social Welfare Function is assumed

- A. Theoretically
- B. Axiomatically
- C. Hypothetically
- D. Empirically

Ans:- C

7. With which of the following is the doctrine of excess capacity in the long run associated?
- A. Monopoly
 - B. Oligopoly
 - C. Monopolistic competition
 - D. Perfect competition

Ans:C

8. Which one of the following is not an instrument of fiscal policy?
- A. Public Revenue
 - B. Public Expenditure
 - C. Public Borrowing
 - D. Cash ReserveRatio

Ans:- D

9. The Phillips Curve shows the relation between
- A. Income and consumption
 - B. Income and price level
 - C. Income and investment
 - D. Inflation and unemployment

Ans:- D

10. The major difference between Horrod -Domar and Solow models of growth lies in:
- A. Substitutability between labour and capital
 - B. Returns of Scale
 - C. Returns of variable factor
 - D. Growth of income

Ans:- A

11. Indicative Planning is ;
- A. Rigid
 - B. Comprehensive
 - C. Autocratic
 - D. Flexible

Ans :- B

12. Which of the following is generally referred to as a 'broader measure of money supply' ?
- A. M₁
 - B. M₂

- C. M_3
- D. M_4

Ans :- C

13. As per the UNDP's Global Human Development Report 2007 , India's relative ranking out of 177 countries in respect of HDI was:
- A. 123
 - B. 131
 - C. 128
 - D. 125

Ans :- C

14. The mean and variance of a standard normal variate respectively
- A. 0, 0
 - B. 0, 1
 - C. 1, 0
 - D. 1, 2

Ans :- B

15. The area between -3 and +3 under standard normal curve is
- A. 1
 - B. 0.9973
 - C. 0.95
 - D. 0.6826

Ans:- B

16. The statistical technique used to determine the degree of relationship between two variables is called
- A. Dispersion
 - B. Index Numbers
 - C. Association
 - D. Correlation

Ans :- D

17. Pareto Optimality can take place at any point on :
- A. Laffer Curve
 - B. Engel Curve
 - C. Contract Curve
 - D. Lorenz Curve

Ans :- C

18. Which of the following averages is known as 'root-mean square'?
- A. Quadratic Mean
 - B. Harmonic Mean

- C. Geometric Mean
- D. Combined Mean

Ans :- A

19. Chamberlin introduced the concept of cost known as :

- A. Fixed cost
- B. Floating cost
- C. Selling cost
- D. Variable cost

Ans:- C

20. The stable exchange rate system prevailed in the world trading during the period:

- A. 1919 –1939
- B. 1919 – 1971
- C. 1946 –1971
- D. 1971 – onwards

Ans :- C

21. The numerical value of balanced budget multiplier is :

- A. 1
- B. Less than 1 but more than zero
- C. More than 1
- D. Zero

Ans:- A

22. If the mean of a given distribution is 6.0 and standard deviation 0.50 ,then the coefficient of variation will be :

- A. 4.0 per cent
- B. 8.3 per cent
- C. 16.0 per cent
- D. None of the above

Ans :- B

23. A bag contains 7 red , 12 white and 4 green balls. One ball is drawn from the bag .what is chance that it is white

- A. $12/23$
- B. $7/23$
- C. $4/23$
- D. $23/12$

Ans:- A

24. Given the two regression lines Y on X and X on Y as follows :

$$3X + 2Y = 26.0$$

$$6X + Y = 31.0$$

Then their (r) will be equal to

- A. 0.4
- B. 0.5
- C. 0.6
- D. 0.7

Ans :- B

25. Cancun conference of WTO took place in the year :

- A. 2003
- B. 2004
- C. 2005
- D. 2006

Ans:- A

26. 'Consumption irreversible' is implicit in which of the following hypothesis?

- A. Absolute Income Hypothesis
- B. Relative Income Hypothesis
- C. Life Cycle Hypothesis
- D. Permanent Income Hypothesis

Ans:-B

27. Which one of the following is an indicator of poverty?

- A. Head-count index
- B. Poverty -gap ratio
- C. Poverty -square gap ratio
- D. All of the above

Ans :- D

28. The distribution for which mean and variance are equal is

- A. Poisson
- B. Binomial
- C. Normal
- D. Gamma

Ans:- A

29. Factor reversal test is satisfied by

- A. Laspeyres's Index
- B. Fischer's Index
- C. Marshall -Edworth Index
- D. Pasche's Index

Ans :- B

30. Type I error is defined as

- A. Reject null-hypothesis when it is false.

- B. Reject null-hypothesis when it is true.
- C. Accept null-hypothesis when it is true.
- D. Accept null- hypothesis when it is false .

Ans :- B

31. The sum of the squares of deviations of the given set of observations is minimum when taken from
- A. Mode
 - B. Median
 - C. Variance
 - D. Mean

Ans –D

32. Equity of Taxation can best be achieved by applying the principle of
- A. Equal Absolute Sacrifice
 - B. Benefit
 - C. Equal Marginal Sacrifice
 - D. Equal Proportional Sacrifice

Ans :- D

33. The role of State under globalization is
- A. Zero
 - B. Maximum
 - C. Minimum
 - D. Neutral

Ans :- C

34. Marginal cost of pure public goods is
- A. Zero or close to zero
 - B. One
 - C. A. and B. both
 - D. Very high

Ans :- A

35. The Deficit Budget in which the deficits are covered through taxes is called
- A. Balanced Budget
 - B. Unbalanced Budget
 - C. Surplus Budget
 - D. Zero-base Budget

Ans :- A

36. The most advanced type of economic integration is
- A. Economic union
 - B. Customs union

- C. Common market
- D. Free Trade Area

Ans :- A

37. Which of the following is not a free trade area?
- A. The North American Free Trade Agreement
 - B. Southern Common Market
 - C. European Common Market
 - D. European Free Trade Association

Ans :- C

38. Which of the following is appropriate activity giving rise to external economics?
- A. A direct tax
 - B. Tariff
 - C. Trade policies
 - D. Production subsidy

Ans:- D

39. As per the hypothesis of Rational expectations in guessing the future economic agents:
- A. Are always right
 - B. Are always wrong
 - C. Make systematic error
 - D. Make random error

Ans :- A

40. The share of India's agricultural exports in the total exports in the year 2001-02 was:
- A. 31.7%
 - B. 30.6%
 - C. 19.4%
 - D. 14%

Ans :- D

41. When interest elasticity of demand for money is zero the L -M curve is :
- A. Vertical Parallel to Y - axis
 - B. Horizontal Parallel to X-axis
 - C. Positive Sloping Straight line
 - D. Negative Sloping Straight line

Ans :- A

42. Knife-Edge problem arise in:
- A. Solow model
 - B. Kaldor model
 - C. Joan Robinson model
 - D. Harrod-Domar model

Ans:- D

43. If E is the event of getting a total of 12 in throwing a dice twice , the probability of getting a total of less than 12 is :
- A. $1/3$
 - B. $1/6$
 - C. $35/36$
 - D. $1/18$

Ans:- C

44. If two goods are bad substitutes, indifference curve will:
- A. Be a straight line
 - B. Approach a straight line
 - C. Approach a right angle
 - D. Slope upwards

Ans :- C

45. The five year plans in India are finalised after the approval of :
- A. The President and the Prime Minister
 - B. The Rajya Sabha
 - C. National Development Council
 - D. The Lok Sabha

Ans:- C

46. Based on a sample of 100 observations, the correlation coefficient between x and y is found to be nearly zero . Then
- A. x and y are definitely unrelated
 - B. x and y are linearly related to each other
 - C. x and y may be non-linearly related to each other
 - D. there is spurious correlation between x and y

Ans :- C

47. If ,in a set of items, each items has a definite place of its own,then we are using :
- A. Weak ordering
 - B. Strong ordering
 - C. Both A. and B.
 - D. None of the above

Ans :- B

48. Which of the following canon is associated with Adam Smith?
- A. Canon of elastisity
 - B. Canon of productivity
 - C. Canon of certainty
 - D. Canon of expediency

Ans:- C

49. If correlation coefficients between two variables is equal to -1, then these variables are:

- A. Uncorrelated
- B. Moderately correlated
- C. Highly correlated
- D. Perfect correlated

Ans:-D

50. The revealed preference theory of consumer's behaviour is based on

- A. Consistency
- B. Strong ordering
- C. Positive income elasticity of demand
- D. All the above

Ans:- D.

