

PRACTICE PAPER - 9

1. Rapid rate of growth of USA is because of increase in

- a) Natural Resource
- b) Physical capital
- c) Productivity
- d) All of the above

2. A country's rate of growth is determined by

- a) The interaction of supply and demand
- b) The average propensity to save
- c) Law of comparative costs
- d) The choice it makes between consumption and investment

3. Which one of the following is not fully correct?

- a) Scientific growth has both a successive sequence and a feedback effect
- b) Science is the basis of modern technology
- c) A scientific discovery is an addition to knowledge
- d) Growth is a time determined process

4. What is the contribution of agriculture to National Income in India at present? (1986-87)

- a) 32.8 percent at 1980-81 prices
- b) 40.8 percent at 1980-81 prices
- c) 33.8 percent at 1980-81 prices
- d) 50.8 percent at 1980-81 prices

5. In the short run, the monopolist

- a) Incurs a loss
- b) Breaks down
- c) Makes a profit
- d) Any of the above

6. Middle East countries have become rich because of

- a) Human capital
- b) Oil reserves
- c) Physical capital
- d) Productivity growth

7. A capitalist economy adheres to the technique of planning by-

- a) Inducement
- b) Direction

- c) Central authority
- d) None of these

8. The stage in which the society effectively applies the range of modern technology to the bulk of its resources is known as

- a) take-off
- b) drive to maturity
- c) the age of high mass consumption
- d) precondition for a take-off

9. A finance bill is

- a) a bill which would authorise expenditure out of the Consolidated Fund of India
- b) a bill to authorise expenditure out of the Contingency Fund of India
- c) a bill ordinarily introduced each year to give effect to the financial proposals of the Government of India for the next following financial year
- d) none of these

10. Price discrimination is possible

- a) Only under monopoly situation
- b) Under any market form
- c) Only under monopolistic competition
- d) Only under perfect competition

11. Physical capital is

- a) Gift of nature
- b) Gift of god
- c) Man made tools and equipments
- d) None of the above

12. The optimum tariff is the tariff which-

- a) Maximizes country's foreign trade
- b) Minimizes imports
- c) Maximizes country's welfare
- d) Maximizes its earnings from tariff

13. The stage "in which the basic needs are no longer a problem and the uses of the automobile and the durable consumer goods are extensive" is known as:

- a) drive to maturity
- b) take-off
- c) the Age of High Mass Consumption
- d) preconditions for take-off

14. The Planning Commission was established in

- a) 1949
- b) 1952

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- c) 1950
d) 1951
- 15. The imposition of a ceiling on a monopolist's price will effect his**
- Profits only
 - Average revenue in the short-run only
 - Equilibrium output only
 - Equilibrium output and profits
- 16. Natural resource is**
- Gift of nature
 - Created by man
 - Both (a) & (b)
 - Either (a) or (b)
- 17. Who among the following is not associated with the balanced growth theory?**
- Nurkse
 - Rodan
 - P. Streeten
 - Lewis
- 18. Which one of the following is not true about takeoff?**
- Investment doubles and exceeds 10 percent of national income
 - There will be development of one or more leading sectors in the economy
 - Attitudes and institutions firmly geared towards growth
 - The existence of a cultural frame work that exploits the growth impulses
 - None of the above
- 19. Green Revolution means**
- raising more crops
 - HYV programme
 - green vegetation
 - using green manure
- 20. Which one of the following is identical with multiplant monopolist?**
- Cartel aiming at joint profit maximisation
 - Oligopoly with low-cost firm as leader
 - Market sharing cartels
 - Oligopoly with dominant firm as leader
- 21. Japan has abundant reserve of**
- Petrol
 - Minerals
 - Both (a) & (b)
 - Neither (a) nor (b)
- 22. If there is no retaliation from its trading partner, imposition of tariff by a country will-**
- Produce an expansionary effect on national income
 - Bring about a decrease in unemployment
 - Have a favourable effect on its balance of trade
 - All of the above
- 23. Which one of the following is a wrong statement?**
- Modern technology is the base of modern economic growth
 - Scientific discovery may be major or minor
 - Attitudes of people change first and economic growth follows
 - An invention is a minor knowledge applied to day-to-day knowledge of production
- 24. The share of the agricultural sector in the real national income of India in 1960-61 and 1973-74**
- remained constant
 - increased
 - decreased
 - nothing certain can be said
- 25. Price control is one of the monopoly regulations which is most advantageous for—**
- The producer
 - The consumer
 - The government
 - The seller
- 26. Capital stock includes**
- Machinery
 - Industrial plants
 - Inventories of raw materials
 - All the above
- 27. A tariff can help in bringing down unemployment in a country (provided the other country does not retaliate) through-**
- An expansionary effect on national income
 - Reducing imports and increasing demand for home produced goods

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- c) Exporting part of its unemployment to its trading partner
d) All of the above
- 28. The income per worker in India is relatively the**
a) highest in the agricultural sector and lowest in the service sector
b) highest in the agricultural sector and lowest in the manufacturing sector
c) highest in the service sector and lowest in the agriculture sector
d) highest in the manufacturing sector and lowest in the service sector
- 29. A national wage policy is not possible in India due to**
a) differences in the standard of living
b) existence of many states
c) diversity in labour efficiency
d) rise and fall of the cost of living
- 30. Pure Monopoly exists**
a) When there is a single producer
b) When there is a single producer without any close substitutes
c) When there is a single producer with close substitutes
d) When a few producers control the industry
- 31. Depletion of capital stock due to constant use is called**
a) Investment
b) Capital formation
c) Depreciation
d) None of the above
- 32. The fundamental cause for the collapse of the Bretton Woods System was-**
a) The liquidity problem
b) The adjustment problem
c) The confidence problem
d) All of the above
- 33. During the initial stages of growth process the product per worker**
a) increases in the agricultural sector only
b) increases in both the agricultural sector and the non-agricultural sector
c) increases more in the agricultural sector than in the non-agricultural sector
d) increases more in non-agricultural sector than in agricultural sector
- 34. Comprehensive national forest policy was announced in**
a) July 1948
b) April 1950
c) May 1952
d) May 1962
- 35. Under monopoly the supply curve is absent because**
a) The monopolist always makes profit
b) There is no entry for others
c) Equilibrium involves $MC = MR$ and $MR < P$
d) The monopolist controls the supply
- 36. Increase in capital stock between two periods of time is called**
a) Investment
b) Capital formation
c) Depreciation
d) None of the above
- 37. The 'beggar thy neighbour' policy refers to the use of tariff for-**
a) Improving country's balance of trade
b) Eradicating unemployment
c) Earning foreign exchange
d) Importing sophisticated technology
- 38. The Solow model of long-run growth concerns itself with**
a) continuous production function linking output to the inputs of capital and labour
b) 'n' as Harrod's natural rate of growth in the absence of technological change
c) homogeneous capital, proportional saving function and a given growth rate in labour force
d) all the above
- 39. The most promising non-conventional source of energy in India is**
a) tidal power
b) geo-thermal energy
c) solar energy
d) wind power
- 40. Gross Investment-Depreciation is equal to**
a) Net depreciation

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- b) Net investment
c) Net capital stock
d) Net capital formation
41. If a single monopolist enjoying internal economies of scale is replaced by a large number of producers operating under perfect competition, it may be said that—
a) Price will increase and output will fall
b) Both price and output will rise
c) Price will increase but the effect on output will be indeterminate
d) Output will fall but the effect on price will be indeterminate
42. Which one of the following does not represent an evolution of the Bretton Woods System as-it operated until 1971?
a) The General Arrangements to Borrow
b) Standby arrangements
c) Flexible exchange rates
d) Special drawing rights
43. Which one of the following is true about Solow's model?
a) He considered only the problem of balance between Harrods G_w and G_n
b) He did not consider the problem of balance between Harrods G_w and G_n
c) His analysis assumes variable capital-labour ratio for a steady growth
d) All the above
44. Which state has been the largest drought prone area?
a) Tamil Nadu
b) Assam
c) Rajasthan
d) Bihar
45. The degree of monopoly power can be measured by the formula
a) $\frac{P-MC}{P}$
b) $\frac{AR-MR}{MR}$
c) $\frac{AR-MR}{MR}$
d) $\frac{MR-AR}{MR-AR}$
46. Capital stock of a nation will increase if there is increase in
a) Gross investment
b) Depreciation
c) Net investment
d) Consumption
47. By changing from free trade to a situation of optimum tariff, a single country will
a) Never improve its welfare-
b) Always improve its welfare
c) Improve its welfare if the trading partner country's offer curve is non-linear
d) Improve its welfare if the trading partner country's offer curve is a straight line
48. In the Singer model, if 's' is the net savings ratio, 'p' the productivity of investment and 'r', the rate of annual increase in population then the growth rate is
a) $sp - r$
b) $s(p-r)$
c) $s(r - p)$
d) $sp + r$
49. About 85 percent of India's raw silk is produced in
a) Jammu and Kashmir
b) Tamil Nadu
c) Karnataka
d) Kerala
50. Bilateral monopoly means
a) Two rival sellers only
b) Two rival buyers only
c) A monopoly seller buying his input from many suppliers
d) A monopolist facing a monopsonist
51. Amount of investment needed to increase the income by a particular percentage is determined by
a) Capital-output ratio
b) Incremental capital output ratio
c) Revenue output ratio
d) Cost-output ratio
52. Direct controls refer to-
a) Interferences with the operation of the market forces
b) Price and wage controls
c) Trade and exchange controls
d) All of the above
53. Joan Robinson's theory of capital accumulation depends on
a) labour productivity
b) profit wage relation

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- c) both labour productivity and profit wage relation
d) capital productivity
- 54. The single largest cottage industry of Manipur is**
a) sericulture
b) leather goods
c) handloom weaving
d) bamboo industry
- 55. A monopolist who is selling in two markets in which demand is not identical will be unable to maximise his profits unless he**
a) Sells below costs of production in both markets
b) Practices price discrimination
c) Equates the volume of sales in both markets
d) Equates marginal costs with marginal revenue in one market only
- 56. Incremental capital output ratio is represented by**
a) K/L
b) $\Delta K/\Delta L$
c) $\Delta K/Dy$
d) K/y
- 57. Joan Robinson's theory stresses the importance of**
a) labour in capital accumulation
b) capital in capital accumulation
c) both labour and capital in capital accumulation
d) none of the above
- 58. A country's offer curve will be a straight line if it can shift, without any difficulty or cost, factors of production from-**
a) Export to import-competing sector of production
b) Import-competing to export sector of production
c) Both (A) and (B)
d) None of the above
- 59. The Forest Research Institute is located at**
a) Baroda
b) Gandhi Nagar
c) Dehradun
d) Gauhati
- 60. A firm enjoys maximum control over the price of its product under**
a) Monopoly
b) Perfect competition
c) Oligopoly
d) Imperfect competition
- 61. Amount of investment needed to increase the economy by a particular percentage is**
a) $ICOR \times \Delta y$
b) $ICOR/\Delta y$
c) $ICOR - \Delta y$
d) $ICOR + \Delta y$
- 62. The golden age is the one in which**
a) there is full employment but the desired rate of accumulation is higher than the actual and possible rates of growth
b) cost push inflation makes growth difficult
c) there is a steady rate of accumulation but it is not sufficient for full employment
d) there is full employment or near full employment and the growth rate of population is matched by the growth rate of capital
- 63. Which one of the following statements is incorrect with regard to the effect of a devaluation on a country in recession?**
a) The nation's exports are stimulated while its imports are discouraged
b) The nation's real national income rises
c) The nation's real national income rises in the nation's imports
d) The original improvement in the nation's trade balance is smaller than the final improvement
- 64. With the commencement of the Tarapur Atomic Power Station, nuclear power generation was initiated in**
a) 1965
b) 1975
c) 1972
d) 1969
- 65. Under bilateral monopoly the price is higher if—**
a) The monopolist has his way
b) The monopolist acts as a competitor
c) The monopsonist has his way
d) The monopsonist sells his own product in a monopoly market
- 66. If ICOR is equal to 5 and government wants the national income to increase by Rs. 5000 crore, then total investment needed will be**
a) Rs. 10,000 crore

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- b) Rs.25,000 crore
- c) Rs.35,000 crore
- d) Rs. 1,000 crore

67. Match the following

Ages	Problems
1. Golden age	A. labour shortage, excess capital
2. Leaden age	B. no problem in growth process
3. Bastard	C. low actual growth rate Golden age
4. Creeping	D. inflation barrier due to platinum age cost push

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

68. If two countries jointly co-operate and act as a single unit-

- a) Free trade will be the optimal policy
- b) Each should levy a mutually agreed upon tariff on imports from the other
- c) One should levy optimum tariff while the other should not levy any tariff
- d) Both should play the tariff game

69. About 95 percent of Indian total output of sillim iate is produced in

- a) Manipur
- b) Tripura
- c) Kerala
- d) Bihar

70. One equates price and MC to maximise profit, the other one equates MC and MR for the same purpose they are

- a) Monopolist and perfect competitor
- b) Monopsonist and perfect competitor
- c) Oligopolist and monopolist
- d) Perfect competitor and duopolist

71. Investment can be increased by increasing the rate of

- a) Imports
- b) Exports
- c) Savings
- d) Consumption

72. Harrod's model of growth depends on constant

- a) capital productivity

- b) saving-income ratio
- c) capital productivity and saving-income ratio
- d) labour productivity

73. A country's offer curve will be straight line when its price elasticity of supply for exports is-

- a) Infinitely large
- b) Unity
- c) Zero
- d) Negative

74. The economic aspect of the food problem is that (in India)

- a) the food problem is due to the poverty of the people
- b) the people are not only under fed, but also undernourished
- c) there is deficiency of food in relation to demand
- d) there is surplus of food in relation to demand

75. The equilibrium level of output for the pure monopolist is where

- a) $MR = MC$
- b) $MR > MC$
- c) $MR < MC$
- d) $P < AC$

76. Demand for investible resources is generated by

- a) Consumers
- b) Businessmen
- c) Employees
- d) Trade unions

77. According to Joan Robinson, "the state of economic bliss" is

- a) a case of golden age where rate of accumulation is zero, profit is high, and consumption is low
- b) a case of golden age where profit rate is zero and rate of accumulation is high and consumption is low
- c) a case of golden age where profit is zero, and rate of accumulation is high
- d) a special case of golden age where rate of accumulation is zero, profit is zero and technical system makes the consumption at maximum level possible

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78. The appropriate expenditure-switching policy to correct a deficit in the balance of payments is-

- a) Revaluation
- b) Devaluation
- c) Monetary policy
- d) Fiscal policy

79. The quantitative aspect of the food problem is that (in India)

- a) the food problem is due to the poverty of the people
- b) the people are not only underfed, but also under nourished
- c) there is deficiency of food in relation to demand
- d) there is surplus of food in relation to demand

80. If the price is statutorily fixed and equal to MC, monopoly profits will be

- a) Increased
- b) Decreased
- c) Eliminated
- d) At same level

81. Which of the following are sources of supply of physical capital?

- a) Increase in rate of savings
- b) Disharding precious metals
- c) Surplus budget
- d) All the above

82. Which of the following is the correct sequence of scientific knowledge?

- a) Discovery, Invention, innovation, Improvement and Spread
- b) Discovery, Innovation, Improvement, Invention and Spread
- c) Discovery, Innovation, Invention, Spread and Improvement
- d) Any of the above

83. Surplus labour theory assumes that-

- a) Less developed countries are overpopulated
- b) Labour contributes nothing to output in less developed countries
- c) The marginal product of labour is close to zero in less developed countries

d) There is too much unemployment in less developed countries

84. Who inaugurated the "Grow-more trees", campaign in July 1950?

- a) K.M. Munshi
- b) Nehru
- c) L. Bahuguna
- d) Bhave

85. Given the cost conditions

- a) Monopoly output and price will be higher than under pure competition
- b) Monopoly output will be lower and price higher than under pure competition
- c) Monopoly output will be higher and prices lower than under pure competition
- d) Monopoly output and price will be lower than under pure competition

86. Deficit financing leads to

- a) Capital formation
- b) Inflation
- c) Both (a) & (b)
- d) Neither (a) or (b)

87. Which of the following external sources of increasing capital stock has maximum political implications?

- a) Foreign trade
- b) Foreign Direct Investment
- c) Foreign Aid
- d) None of the above

88. Economic growth is associated with

- a) a decline in the share of agricultural sector both in labour force and income
- b) a rise in the share of service sector in the labour
- c) a rise in the share of manufacturing sector, more in income than in labour force
- d) all the above

89. Which sector is more heterogeneous and creates more income inequalities in UDCs?

- a) Agricultural Sector
- b) Service Sector
- c) Manufacturing Sector
- d) None of the above

90. According to Lewis the subsistence sector is that part of the economy which-

- a) Makes use of reproducible capital
- b) Does not make use of reproducible capital

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- c) Employs labour for wages in mines, factories, and plantations for earning profits
d) None of the above
- 91. Which State has the maximum forest area?**
a) Madhya Pradesh
b) Assam
c) Kerala
d) Andhra
- 92. A monopolist will fix the equilibrium output of his product where the elasticity of his AR curve is**
a) Greater than or equal to one
b) Equal to or less than one
c) Less than one but more than zero
d) Zero
- 93. Human capital becomes strategically important in**
a) Feudalism
b) Capitalism
c) Socialism
d) New Economy
- 94. Skilled manpower of underdeveloped countries working in developed countries is leading to**
a) Knowledge Drain
b) Brain Drain
c) Capital Drain
d) None of the above
- 95. Which of the following ways can improve human resource stock of a country?**
a) Creating Education facility
b) Effective health system
c) On the Job training
d) All the above
- 96. "Malthusianism has stood unsheltered, impregnable amidst all the controversy that has raged around it". This is the remark of**
a) Walker
b) Marshall
c) Dumont
d) Arthur Lewis
- 97. In the underdeveloped countries death rate has sharply declined due to-**
a) Increase in the per capita income
b) Increase in the level of education
c) Improvement in the medical facilities
d) Increase in the people's concern for their life
- 98. Planning Commission is a**
a) Statutory body
b) Non-Statutory body
c) Constitutional body
d) Ad-hoc body
- 99. Competitors in monopolistic competition have full control over**
a) The price of their product
b) Product quality
c) The shape of the market demand curve
d) The elasticity of product substitutions
- 100. The number of and investment in central public sector undertakings are nearly**
a) 223 and Rs. 350 billion
b) 250 and Rs. 300 billion
c) 273 and Rs. 325 billion
d) 350 and Rs. 273 billion

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
C	D	D	C	D	B	A	B	C	A	C	C	C	C	D	A	C	E	B	A
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
D	C	D	C	B	D	D	C	C	B	C	C	C	C	C	A	A	D	C	B
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
C	D	C	C	A	C	C	A	C	D	B	D	C	C	B	C	A	D	C	A
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
A	D	C	D	A	B	A	D	A	A	C	C	D	C	A	B	D	C	C	C
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
D	A	C	A	B	C	C	D	B	B	A	C	D	B	D	A	C	B	B	B