

Examrace

Competitive Exams: Economics MCQs (Practice_Test 12 of 122)

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1. Match List I with List II and select the correct answer:

List-I	List-II
<p>A. Gold currency standard</p> <p>B. Gold Bullion Standard</p> <p>C. Gold Exchange Standard</p> <p>D. International Gold Standard</p>	<p>1. It is a device for preserving equilibrium exchange rates in all gold standard countries.</p> <p>2. Currency unit convertible to another country's currency which is on the gold coin standard</p> <p>3. Standard unit of money is a gold coin of a definite weight and fineness reserve against currency notes</p>

A B C D

a. 3 4 2 1

b. 3 4 1 2

c. 2 3 4 1

d. 2 3 1 4

2. Consider the following statements: Unanticipated inflation is likely to benefit

- a. debtors.
- b. Life insurance policy holders.
- c. persons having fixed deposits with companies.
- d. Persons having fixed deposits with bank.

Of these statements:

- a. 1 alone is correct

- b. 1 and 2 are correct
 - c. 1,2 and 3 correct
 - d. 2,3 and 4 are correct
3. Managed currency is said to be the
- a. managed currency is said to be the easily
 - b. currency, the intrinsic value of which can be managed by increasing or decreasing its supply
 - c. currency to be managed if the government of the country intervenes in some way or the other to influence the prevailing rate of exchange
 - d. quota of currency to be managed by the central Bank at times of deflation.
4. Consider the following statements: Money supply in India can be increased if
- a. RBI puts out more paper money for circulation.
 - b. the commercial banks expand their credit operations
 - c. The central Government gives more grants of the states the Government of India borrows from the RBI.
 - d. The Government of India borrows from the BRI.

Of these statements

- a. 1,2 and 3 are correct
 - b. 2,3 and 4 are correct
 - c. 1,3 are 4 are correct
 - d. 1,2 and 4 are correct
5. Income velocity of money depends upon
- a. frequency of spending money income by the people
 - b. frequency of earning and spending of money
 - c. the speed with money stock moves from income earners to the producers of final goods.
 - d. liquidity preference of cash by the people for the produces of final goods

6. Match List I (Type of Banks/Banks) with List II (Function/Characteristics) and select the correct answer:

List-I	List-II
A. Investment	1. Two or more separately incorporated banks brought under

Banks	the control of a holding company
B. Group Banking	2. Provide credit on long-term basis
C. Chain Banks	3. Banks linked together through deposits by smaller banks of some of their cash reserves with bigger Banks
D. Correspondent Bank	4. Branches of the bank linked together for better mobilisation of deposits
	5. S Banks brought under common control by a device other than the holding company.

A B C D

a. 1 3 4 5

b. 2 5 4 1

c. 2 1 3 5

d. 2 1 5 3

7. Which one of the following methods can be used as an instrument of qualitative control of credit by the Central Bank

- Bank Rate Policy
- Changes in margin Requirements
- Variations in Reserve Ratio
- Variations in Reserve Ratio

8. Consider the following statements: The two main objectives of fiscal policy in development countries are:

- rapid economic growth
- price stability
- full employment
- equitable distribution

Select the correct answer using the codes given below:

- 1 and 2 are correct
- 2 and 3 are correct

- c. 2 and 4 are correct
- d. 1 and 4 are correct
9. the whole burden of a tax will be borne by the sellers, if
- the demand for a commodity is inelastic and supply is perfectly elastic
 - the elasticity of demand for a commodity is same as the elasticity of supply of the commodity.
 - the demand for a commodity is perfectly elastic and supply is inelastic.
 - the elasticity of demand for a commodity is less than the elasticity of supply of that commodity
10. Which one of the following pairs is correctly matched?
- Fiscal deficit 褰G. D. P.
 - Primary deficit 褰Money Supply
 - Monestised deficit 褰Interest payment
 - Budget deficit 褰Revenue expenditure and receipts on Revenue Account
11. What is the correct sequence of the following?
- Marrakhesh Declaration.
 - smithsonian Agreement.
 - Keynes Plan
- Select the correct answer using the codes given below:
- 1,2, 3
 - 2,3, 1
 - 3,2, 1
 - 3,2, 1
12. The singer-Prebisch theory maintains that
- less developed countries suffer a welfare loss from secular decline in terms of trade due to primary product exports
 - less developed countries always gain in trade when they trade with developed countries.
 - less developed countries lose in terms of welfare but gain in terms of foreign exchange
 - dependence upon trade for development is not harmful to less developed countries

13. Denoting the price of capital and labour by P_k and P_L respectively and countries by A and B, if
- country B is relatively labour abundant
 - country A is relatively labour abundant
 - country A is relatively capital abundant
 - relative factor abundance is indeterminate
14. The terms of trade for a country will improve as a result of currency devaluation (where S_X = export elasticity of supply, S_M = import elasticity of supply, D_X = export elasticity of demand, D_M = import elasticity of demand) if
- $S_X S_M > D_X D_M$
 - $D_X D_M > S_X S_M$
 - $D_X D_M = S_X S_M$
 - $S_X S_M < D_X D_M$
15. Consider the following statements: The equivalence between the effects of a tariff and a quota which limits imports by the same amount depends on the assumption that
- there are competitive conditions prevailing abroad.
 - there is perfect competition among quota holders.
 - there is free competition within the domestic import competing industry.
 - 1 alone is correct
 - 1 and 2 correct
 - 1, 2 and 3 are correct
 - 2 and 3 are correct