Examrace

Competitive Exams: Economics MCQs (Practice_Test 96 of 122)

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1. Which one of the following statements is correct? To derive disposable income from National Income, one has to

   a. deduct income taxes and add transfer payments.

   b. deduct income taxes and deduct transfer payments.

   c. add income taxes and add transfer payments.

   d. add income taxes and deduct transfer payments.

2. Match List-I with List-II and select the correct answer using the code given below the lists:

List-I (Concept)	List-II (Economist)
A. Liquidity trap	1. M, Friedman
B. Demonstration effect	2. A. C. Pigou
C. Permanent income hypothesis	3. J. Duesenberry
D. Wealth effect	4. J. M. Keynes

   A B C D

   a.   4 3 1 2

   b.   1 2 4 3

   c.   4 2 1 3

   d.   1 3 4 2

3. Given % change in nominal GNP = 18 % change in population = 0.5 % change in price level 1.3 What is the approximate percentage change in real per capita GNP?

   a. Zero

b. 0.5

c. 1.0

d. 1.3

4. Which one of the following statements is correct? Value of output and value-added can be distinguished if we know

a. the value of intermediate inputs

b. the value of net indirect taxes

c. the value of imports

d. the value of consumption of fixed capital

5. There are 2 assets A and B in which one can invest his saving of ₹ 1,000/-

Assume that there is no risk and interest rate is 10 %

Asset A gives a return of ₹ 100/-in perpetuity.

Asset B gives ₹ 200/-at the end of year 1 and ₹ 900/-at the end of the year 2.

Which one of the following statements is correct?

1. Present value of A and B are the same.

2. Present value of B is higher than that of A.

3. Present value of A is higher than that of B.

4. Information is inadequate to determine the present values of A and B.