



## Chapter-01

### Introduction

1.From the national point of view which of the following indicates Micro Approach?

- (A) Per capita income in India
- (B) Study of sales of TISCO
- (C) Inflation of India
- (D) Educated Unemployment in India

2.The theory of distribution relates to which of the following?

- (A) The distribution of assests
- (B) The distribution of income
- (C) The distribution of factor payments
- (D) Equality in the distribution of the income and wealth

3.The problem of Economics arises from-

- (A) Plenty
- (B) Scarcity of goods
- (C) More wants and less goods
- (D) All of the above

4.Why is rent earned by land even in the long run?

- (A) Land has original and indestructible power
- (B) Land is a man made factor
- (C) Its supply is inelastic in the short run
- (D) Its supply is inelastic in the long run

5.Who is called the father of Economics?

- (A) J.M. Keynes
- (B) Malthus
- (C) Ricardo
- (D) Adam Smith

6.The four factors of production are-

- (A) Land, labour, capital, organisation
- (B) Land, electricity, water labour
- (C) Labour, capital, land rainfall
- (D) Labour, climate, land, rainfall

7.Division of labour is the result of-

- (A) Complicated work
- (B) Excessive pressure
- (C) Excess supply of labour
- (D) Specialisation

8.Who said, "Economics is the Science of Wealth"?

- (A) Robbins
- (B) J.S. Mill
- (C) Adam Smith
- (D) Keynes

9.Micro-economics is also called-

- (A) Income theory
- (B) Investment theory
- (C) Price theory
- (D) Expenditure theory

10.Quasi rent is a \_\_\_\_ phenomenon.

- (A) Medium term
- (B) Long term
- (C) Short term
- (D) No time

11.Rent is a factor payment paid to-

- (A) Land
- (B) Restaurant
- (C) Building
- (D) Factory

12. According to Modern Theory of Rent, rent accrues to-

- (A) Capital only
- (B) Any factor
- (C) Labour only
- (D) Land only

13.Which of the following is not an economic problem?

- (A) Deciding between paid work and leisure
- (B) Deciding between expenditure on one good and the other





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(C) Deciding between alternative methods of personal savings

(D) Deciding between different ways of spending leisure time

14. Which among the following statements is not true when there is an increase in interest rate in an economy?

- (A) Increase in saving
- (B) Decrease in loan
- (C) Increase in production cost
- (D) Increase in capital return

15. Investment is equal to-

- (A) Gross total of all types of physical capital assets
- (B) Gross total of all capital assets minus wear and tear
- (C) Stock of plants, machines
- (D) None of the above

16. Investment and savings are kept equal through a change in the level of-

- (A) Consumption
- (B) Investment
- (C) Government expenditure
- (D) Income

17. Imputed gross rent of owner occupied buildings is a part of-

- (A) Capital formation
- (B) Final consumption
- (C) Intermediate consumption
- (D) Consumer durable

18. Which one of the following would not constitute an economic activity?

- (A) A teacher teaching students in his class
- (B) A teacher students under Sarva Shiksha Abhiyan
- (C) A teacher teaching his own daughter at home
- (D) A teacher providing consultancy services from his residence

19. Trickle down theory ignores the impact of economic growth on-

- (A) Investment
- (B) Savings
- (C) Income distribution
- (D) Consumption

20. From the national point of view, which of the following indicates micro approach?

- (A) Study of sales of mobile phones by BSNL
- (B) Unemployment among Women
- (C) Per capita income in India
- (D) Inflation in India

21. The concept of joint sector implies cooperation between

- (A) Public sector and private sector industries
- (B) State Government and Central Government
- (C) Domestic and Foreign Companies
- (D) None of these

22. A 'Market Economy' is one which-

- (A) Is controlled by the Government
- (B) Is free from the Government control
- (C) Is influenced by international market forces
- (D) All of these

23. Economics assumes that-

- (A) People have unlimited desires but limited resources
- (B) People have limited desires but unlimited resources
- (C) Allocation of resources of not centrally planned will cause inefficiency
- (D) People are emotional and make irrational decisions

24. Micro economics deals with-

- (A) The circular flow of income
- (B) The decision making of a single economic variable like demand
- (C) Understanding unemployment
- (D) Economic growth







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25. Which of the following statements is incorrect, if resources were unlimited?

- (A) There would still be scarcity and opportunity costs
- (B) There would still be scarcity but no opportunity costs
- (C) There would be no scarcity, but there would be opportunity costs.
- (D) There would neither be scarcity nor opportunity costs

26. Which of the following statements deals with microeconomics?

- (A) Government spending will decrease unemployment
- (B) Increase in money supply will increase inflation.
- (C) Lower interest rates will increase investment
- (D) Higher fees at private schools will increase admissions at public schools

27. Socialism is successful in achieving because of-

- (A) Excess socialistic approach in society
- (B) To increase standard of living
- (C) Equal distribution of income
- (D) None of the above

28. The Production of a commodity mostly through the natural process is an activity of-

- (A) Primary Sector
- (B) Secondary Sector
- (C) Tertiary Sector
- (D) Technology Sector

29. Economics is a-

- (A) Computer Science
- (B) Physical Science
- (C) Social Science
- (D) Natural Science

30. Price theory is also known as-

- (A) Macro Economics
- (B) Development Economics
- (C) Public Economics
- (D) Micro Economics

31. "Economics is what it ought to be" This statement refers to-

- (A) Normative Economics
- (B) Positive Economics
- (C) Monetary Economics
- (D) Fiscal Economics

32. 'Hire and Fire' is the policy of-

- (A) Capitalism
- (B) Socialism
- (C) Mixed economy
- (D) Traditional economy

33. The Economic development depends on-

- (A) Natural resources
- (B) Capital formation
- (C) Size of the market
- (D) All of these

34. What are the main components of basic social infrastructure of an economy?

- (A) Education, Industry and Agriculture
- (B) Education, Health and Civil Amenities
- (C) Transport, Health and Banks
- (D) Industry, Trade and Transport

35. A mixed economy works primarily through the-

- (A) Market mechanism
- (B) Central allocative machinery
- (C) Market mechanism regulated by government policy
- (D) Market mechanism guided by government participation and planning

36. A closed economy is one which-

- (A) Does not trade with other countries
- (B) Does not possess any means of international transport
- (C) Does not have a coastal line
- (D) Is not a member of the UNO





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37. India is called a mixed economy because of the existence of-

1. Public Sector
2. Private Sector
3. Joint Sector
4. Cooperative Sector

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- (A) 1 and 2
- (B) 1 and 3
- (C) 3 and 4
- (D) 2 and 4

38. In an economy, the sectors are classified into public and private on the basis of-

- (A) Employment conditions
- (B) Nature of economic activities
- (C) Ownership of enterprises
- (D) Use of raw materials

39. Which of the following is a part of tertiary sector?

- (A) Power and Transportation
- (B) Animal Husbandry
- (C) Cotton Manufacturing
- (D) Cultivation of Crops.

40. Which one of the following categories of workers is termed as cultivators?

- (A) Those who own land and cultivate
- (B) Those who lease in land and cultivate
- (C) Those who cultivate the land of others
- (D) Those who own land and lease in from others or institutions and cultivate

41. The study of individual markets of demand and supply in which the 'players', or the decision makers, were also individuals (buyers or sellers, even companies) who were seen as trying to maximize their profits (as producers or sellers) and their personal satisfaction or welfare levels (as consumers) is called-

- (A) Macroeconomics
- (B) Econometrics
- (C) Microeconomics
- (D) Heterodox Economics

42. An economic system combining private and state enterprise is called as-

- (A) Market economy
- (B) Centrally planned economy
- (C) Private economy
- (D) Mixed economy

43. In a centrally planned economy, the \_\_\_\_\_ plans all the important activities in the economy.

- (A) Industrialists
- (B) Citizens
- (C) Government
- (D) Judiciary

44. The closest example of a centrally planned economy is the \_\_\_\_\_ for the major part of the 20th Century.

- (A) USA
- (B) India
- (C) Soviet Union
- (D) Japan

45. What is the meaning of 'Laissez Faire Policy'?

- (A) Fair legislation
- (B) Control over trade
- (C) Withdrawal of 'some restrictions'
- (D) None of these

46. In which economic system the goods produced are distributed among people not on the basis of what people need but on the basis of Purchasing Power?

- (A) Socialist
- (B) Mixed
- (C) Capitalist
- (D) Marxist

