UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

BA ECONOMICS

VI SEMESTER CORE COURSE

ECONOMICS OF GROWTH AND DEVELOPMENT

QUESTION BANK

1. Human development index is based on
   a) Life expectancy, infant mortality and literacy
   b) Life expectancy, infant mortality and social enrolment ratio
   c) Longevity, knowledge and income
   d) None of these

2. Economic development, as a concept is more relevant for
   a) Developed countries c) Asian countries
   b) Under developed countries d) Developing countries

3. The major factors of economic growth are
   a) Capital accumulation b) Population c) Technical progress d) All the above

4. PQLI was contributed by
   a) Muhabul ul Huq b) Morris D Morris c) Meier G M d) None of these

5. Which is the conventional method of development
   a) National income b) Per capita income c) Both a and b d) None of these

6. Sen explain the concept of development in terms of expansion of
   a) Entitlement and capabilities c) Both
   b) Freedom d) None of these

7. All under developed countries are
   a) Not developing at all c) Developing at different rates
   b) Developing but slowly d) Receding backward

8. “Under developed countries are slums of the world economy” is a statement given by
   a) David Ricardo b) G Myrdal c) Cairn cross d) Arthur Lewis

9. With economic growth there is:
   a) a shift away from agriculture
   c) a shift in favour of agriculture
   b) a shift away from manufacturing
   d) a shift away from services

10. Growth in developed countries is now mostly the result of:
    a) Rising labour productivity
    c) Rising capital – output ratio
    b) Rising investment
    d) Rising Level of Living

11. Which among the following is not a basis of HDI?
    a) Life expectancy
    c) Combined enrolment ratio
    b) Women’s literacy
    d) Real GDP per capita.

12. Economic development means:
    a) Growth b) Development C) Growth plus change d) None of these

13. According to Simon Kuznets, the relationship between GNP per capita and inequality in the distribution of income can be expressed as
    a) a strictly decreasing relationship
    b) a strictly increasing relationship
    c) no relationship
    d) first increasing and then decreasing

14. The inverted U hypothesis of development is put forward by
    a) Simon Kuznets b) Solow c) Meade d) A C Pigou

15. The concept of sustainable development was first given by
    a) Brundtland b) Kindle Berger c) Raul Prebisch d) Keynes

16. The unbalanced growth is propounded by;
    a) Ragner Nurkse b) H Leibenstein c) A O Hirschman d) R Roden

17. Critical minimum efforts thesis treats population as a factor that is;
    a) Income- generating
    c) Investment –inducing
    b) Income – depressing
    d) Market – expanding

18. Critical minimum efforts thesis is given by;
    a) Ragner Nurkse b) H Leibenstein c) A O Hirschman d) R Roden

19. A number of indivisibilities hinder the process of economic growth in the initial stages. This view was enunciated by
    a) R Nurkse b) H W Singer c) P N Rosenstein Rodan d) W W Rostow

20. Which of the following characteristics are most likely found in developing countries?
    a) High population growth rates.
    b) large number of people living in poverty.
    c) Very traditional methods of agricultural production.
    d) all of the above

21. What is gross domestic product (GDP)?
    a) Income earned through foreign exchange.
    b) The number of dollars earned in industry.
    c) Income earned within a country’s boundaries.
    d) Goods received from the nation’s local residents.

22. Which of the following is not a requirement for economic development?
    a) A temperate climate.
    b) Natural resources.
    c) An adequate capital base.
    d) Technological advance.

23. A supply side vicious circle of poverty suggests that poor nations remain poor because
    a) Saving remains low
    b) Investment remains low
    c) There is a lack of effective government
    d) All of the above

24. Economic development refers to
    a) Economic growth.
    b) Economic growth plus changes in output distribution and economic structure.
    c) Improvement in the well-being of the urban population.
    d) Sustainable increases in Gross National Product

25. The Physical Quality of Life Index (PQLI) combines three indicators. They are
    a) infant mortality, life expectancy and adult literacy rate.
    b) crime rate, clean environment and quality of housing.
    c) air pollution rate, water pollution rate and sanitation.
    d) health, education and environment.

26. Infant mortality
    a) is defined as the annual number of deaths of infant under 1 year old per 1,000 live births.
    b) reflects the availability of primary education, the rights of employment and social security.
    c) is life expectancy up to age 3.
    d) reflects the availability of hospitals and childcare facilities, and the parents’ wealth.

27. The Human Development Index (HDI) summarizes a great deal of social performance in a single composite index, combining

a) disparity reduction rate, human resource development rate and the composite index.
b) longevity, education and living standard.
c) minimum schooling, adult literacy and tertiary educational attainment.
d) human resource training, development and R&D.

28. As economic development proceeds, income inequality tends to follow a(n) __________ curve
a) convex. b) inverted U-shaped. c) L-shaped. d) S-Shaped.

29. According to Lewis's model, the dual economy grows only when
a) the modern sector increases its output share relative to the traditional sector.
b) agricultural sector uses modern equipment.
c) agricultural sector hires labour economically.
d) modern manufacturing sector is labour-intensive.

30. Dual economies are countries
a) with double capital and labour
b) with a modern manufacturing sector as well as traditional agriculture sector.
c) that specializes in labour-intensive products more than capital-intensive products.
d) with foreign-owned and domestically-owned capital.

31. The vicious circle theory states that
a) growing government assistance create addiction to welfare programs.
b) low-income levels create pressure for money creation.
c) low-income levels create pressure for cheap imports.
d) low per capita income creates low savings that keep incomes low.

32. Rostow's economic stages are
a) the preconditions for take-off, the take-off, the drive to maturity, and the age of creative destruction.
b) the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass consumption.
c) the preconditions for consumption, the replication, the drive to maturity, and the age of high mass consumption.
d) the learning curve, the age of high mass consumption, post-take off, and the drive to maturity.

33. The essential difference between capitalism and socialism is that
a) capitalism exploits the worker and socialism exploits the property owner.
b) capitalism relies on the market to make economic decisions and socialism uses central planning.
c) capitalism grows through rent seeking and socialism grows through government direction.
d) capitalism relies on consumer satisfaction to dictate choices and socialism relies on producer satisfaction.

34. Sen’s welfare theory relies on
    a) individuals’ accomplishments.
    b) individuals’ capabilities.
    c. individuals’ wealth.
    d) individuals’ education

35. Income inequalities are often shown on a
    a) production possibility curve.
    b) marginal inequality curve.
    c) Sen curve.
    d) Lorenz curve.

36. A value of 1 in Gini index represents
    a) low inequality.
    b) maximum inequality.
    c) 10/10, 000 % inequality.
    d) 1% inequality.

37. The Lorenz curve shows
    a) patterns of poverty between developed and developing countries.
    b) the change in GDP per capita over time.
    c) the poorest’s income shares fall in the early stages of growth.
    d) income concentration relative to a 45-degree line.

38. A period of rapid population growth between a preindustrial, stable population characterized by high birth and death rates and a later, modern, stable population marked by low fertility and mortality is known as
    a) demographic transition.
    b) population maturity.
    c) demobilizing population.
    d) birth-death transformation.

39. The _______________ is the ratio of the non-working population (under 15 years old and over 64 years old) to the working-age population.
    a) labour force participation rate.
    b) per capita population ratio.
    c) population transition.
    d) dependency ratio.

40. A stationary population is when population growth is
    a) increasing at an increasing rate. b) decreasing. c) zero. d) 100%.

41. The Essay on the Principle of Population was written by
    a) The World Bank.
    b) Thomas Robert Malthus.
    c) Julian Simon.
    d) Abraham Lincoln.

42. Economic growth can be seen by an outward shift of:
    a) The Production Possibility Frontier
    b) The Gross Domestic Barrier
    c) The Marginal Consumption Frontier
    d) The Minimum Efficient Scale

43. According to W.W. Rostow, the stages of economic growth are:
    a) Two b) Three c) Four d) Five

44. Most of the underdeveloped economies suffer from ____ which do not let the rate of growth go up from a lower level.
    a) High population pressures
    b) High infant mortality
    c) Hugh monetary mismanagement
    d) High level of technological unemployment

45. The concept of economic growth is:
    a) Identical with the concept of economic development
    b) Narrower than the concept of economic development
    c) Wider as compared to that of economic development
    d) Unrelated to the concept of economic development

46. The rate of growth of an economy mainly depends upon:
    a) The rate of growth of the labour force
    b) The proportion of national income saved and invested
    c) The rate of technological improvements
    d) All of the above

47. The stationary state as envisaged by Adam Smith, is marked by:
    a) Low rate of profit
    b) Subsistence level wages
    c) High rents
    d) All of the above

48. Who put forward the theory of social dualism?
    a) A. Lewis b) G. Myrdal c) J. H. Boeke d) A. O. Hirshman

49. As In an economy with no population growth and no technological change, steady-state consumption is at its greatest possible level when the marginal product of:
    a) labour equals the marginal product of capital
    b) labour equals the depreciation rate.
    c) capital equals the depreciation rate.
    d) capital equals zero.

50. The 'big-push' strategy of development was first advocated by:
    a) Paul N-Rosenstein-Rodan
    b) Simon Kuznets
    c) W.A, Lewis
    d) A. O. Hirshman

51. Which growth model inspired the use of capital-output ratio for development planning?
    a) The Harrod-Domar model
    b) Solow's model
    c. Kaldor's model
    d) Feldman's model

52. As an aid to development planning, much use is being made today of the input-output analysis. Who first used it?
    a) H. Liebenstein
    b) W.W. Leontief
    c) W.A. Lewis
    d) A. O. Hirshman

53. Balanced growth implies:
    a) Simultaneous development of a variety of activities, which support one another
    b) Equal allocation of resources to different sectors
    c) Different sectors growing at their natural rates of growth
    d) Uniform rate of growth of output over time

54. Development with unlimited supplies of labour hypothesis was formulated by:
    a) Gustav Ranis b) W.A. Lewis c) R. Nurkse d) J. Schumpeter

55. Which of the following is not part of the Human Development Index?
    a) infant mortality c) educational attainment
    b) life expectancy d) GDP per capita.

56. The number of deaths of children under one year of age per 1000 live births is the:
    a) child mortality rate c) toddler mortality rate
    b) infant mortality rate d) neo-natal mortality rate.

57. The Gini coefficient is a technique frequently used to show:
    a) variations in life expectancy c) differences in infant mortality
    b) income inequality d) the education gap.

58. A graphical technique that can be used to show the degree of inequality that exists between two variables is the:
    a) Lorenz curve c) Kuznets curve
    b) median-line bar graph d) semantic differential profile

59. Which of the following about strategy of balanced growth is right?
    a) Simultaneous investment in all sectors
    b) All sectors are independent.
    c) Both
    d) None

60. Which of the following about strategy of unbalanced growth is right?
    a) Deliberate imbalance in favour of some sectors
    b) Simultaneous investment in all sectors
    c) Both
    d) None

61. If the production function exhibits decreasing returns to scale in the steady state, an increase in the rate of population would lead to:
    a) growth in total output and growth in output per worker
    b) growth in total output but no growth in output per worker
    c) growth in total output but a decrease in output per worker.
    d) no growth in total output or in output per worker

62. The parameter/s of the PQLI is/are
    a) Life Expectancy Index
    b) Standard of living index
    c) Infant mortality rate
    d) A and C.

63. The concept of HDI was popularized by
    a) Morris D Morris
    b) Adam Smith
    c) Keynes
    d) Mahbub Ul Haq.

64. The component/s of HDI is/are
    a) Life expectancy index
    b) Infant mortality rate
    c) Population growth rate
    d) All the above

65. Which of the following describes why income inequality is bad for economic development?
    a) Income inequality may threaten political stability, because people are dissatisfied with their economic situation and place blame on political authorities.
    b) Income inequality reduces the pool of people with resources, such as education, to improve productivity.
    c) Income inequality may increase distrust and deter commitment amongst people in the marketplace, making contracts enforcement difficult.
    d) All of these answers

66. Which of the following is a goal of economic development?
    a) Economic growth
    b) Reduction of poverty
    c) Improvement of human development (education, health, etc).
    d) All of these answers

67. In the Solow model, if capital is in the steady state, output:
    a) will continue to grow.
    b) is also in the steady state.
    c) will continue to grow, but its rate of growth will slow down.
    d) will decline, but its rate of growth will be positive.

68. For neo-classical theorists, economic under-development is the product of which of the following?
    a) Inappropriate economic policies and too much state interference in the economy
    b) Barriers against free trade

c) Low prices for raw materials

d) Both A and B

69. For Rostow, which of the following constitute pre-conditions for take-off?

a) Investment rate of at least 5% of GNP

b) Universal primary education

c) Development of one or more manufacturing sectors with a high growth rate

d) Both A and B

70. In the Lewis model, what does the term “surplus labour” refer to?

a) An amount of labour that is so high that it deflates wages throughout the economy

b) Labour that does not have at least a primary level education

c) Labour that can be withdrawn from the low productivity agricultural sector without a decrease in the total production

d) Labour that is exploited by the capitalist class

71. Which of the following is not correctly matched?

a) Big-push strategy: Paul N. Rosenstein- Rodan

b) Balanced growth theory: R. Nurkse

c) Development with unlimited supplies of labour: A-0. Hirschman

d) Critical minimum strategy: Prof. Harvey Leibenstein

72. With economic growth, the proportion of labour-force engaged in agriculture:

a) Increases

b) Decreases

c) Remains unaffected

d) Changes in an uncertain manner

73. With which of the following kinds of dualism is H. Myint particularly associated with?

a) Technological dualism

c) Financial dualism

b) Geographical dualism

d) Social dualism

74. In the Lewis model, what will cause an expansion in modern sector employment?

a) A reinvestment of profits by capitalists that allows production to expand

b) Interventions by the State to expand employment

c) An increase in technology

d) An increase in the surplus labour

75. Which of the following is not an important objective of development?

a) increases in per capita income

b) the expansion of available choices

c) increases in individual and national self-esteem

d) all of the above are important objectives of development

76. How does Sen define poverty?
    a) The lack of material well-being
    b) The deprivation of basic capabilities for an individual
    c) The lack of supportive social institutions to ensure ones basic livelihood
    d) The lack of a cultural or religious identity

77. ‘Take off stage’ in an economy means
    a) steady growth begins
    b) economy is stagnant
    c) economy is about to collapse
    d) all controls are removed

78. Any adulterated elements leak into the ground, filtration, and are carried into a groundwater reservoir is known as _____________.
    a) Land contamination
    b) Noise pollution
    c) Water pollution
    d) Air pollution

79. South Africa is a leading exporter of which mineral?
    a) Copper
    b) Diamond
    c) Silver
    d) Platinum

80. Which of the following options is correct when we only accomplish two out of three pillars of sustainable development?
    a) Economic + Environmental sustainability = Viable
    b) Social + Environmental sustainability = Bearable
    c) Social + Economic sustainability = Equitable
    d) All of the above

81. In which year did the word ‘sustainable development’ come into existence?
    a) 1992
    b) 1978
    c) 1980
    d) 1987

82. In which year was the United Nations Commission on Sustainable Development (CSD) started by the UN General Assembly?
    a) 1995
    b) 1994
    c) 1993
    d) 1992

83. After mining, the huge holes left behind are used for ________.
    a) Wastewater storage
    b) Waste and water storage
    c) Waste disposal
    d) Waste storage

84. Mercury and lead are toxic elements that cause ________________.
    a) Noise pollution
    b) Air pollution
    c) Water pollution
    d) Land contamination

85. What is the other word for landscaping?
    a) Reduction
    b) Restoration
    c) Removing topsoil
    d) Restore

86. What does a firm seek for whenever the price of the mineral remains high?

a) new countries b) remains the same c) new miners d) new deposits

87. Which of the following options is not incorporated as sustainable development parameters?
a) Gender disparity and diversity
b) Inter and intra-generational equity
c) Carrying capacity
d) None of the above

88. What is sustainable development?
a) The development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
b) To conserve natural resources and to develop alternate sources of power while reducing pollution and harm to the environment.
c) It is the practice of developing land and construction projects in a manner that reduces their impact on the environment by allowing them to create energy-efficient models of self-sufficiency.
d) All of the above

89. Which of the following is correct, if we only achieve two out of three pillars of Sustainable Development?
a) Social + Economic Sustainability = Equitable
b) Social + Environmental Sustainability = Bearable
c) Economic + Environmental Sustainability = Viable
d) All of the above

90. Consider the following statement (s) related to Sustainability.
I. It refers to a process or state that can be maintained indefinitely.
II. Natural resources must use in ways that do not create ecological debts by over exploiting the carrying and productive capacity of the earth.
III. A minimum necessary condition for sustainability is the maintenance of the total natural capital stock at or above the current level.
Code:
a) Only I b) Only II c) Only II & III d) I, II & III

91. Which of the following is/are not an objective (s) of sustainable development?
a) Continue to implement the family planning program.
b) Maintain a dynamic balance of arable land (not less than 123 million hectares) and implement an agricultural development strategy
c) Maintain a dynamic balance of water resources by reducing water consumption for every unit of gross development product growth and agricultural value-added
d) To bring about a gradual and sometimes catastrophic transformation of the environment

92. What are the Primary Goals of Sustainability?

I. The end of poverty and hunger

II. Better standards of education and healthcare - particularly as it pertains to water quality and better sanitation

III. To achieve gender equality

IV. Sustainable economic growth while promoting jobs and stronger economies

Code:

a) I, II & III b) I, III & IV c) I & III d) I, II, III & IV

93. If iso quants are plotted on a graph with capital measured on the vertical axis and labour on the horizontal axis, then an increase in the wage rate will cause the iso-cost line
    a) to become steeper and optimal quantity of labour will decrease.
    b) to become steeper and optimal quantity of labour will increase
    c) to become flatter and optimal quantity of labour will decrease.
    d) to become flatter and optimal quantity of labour will increase.

94. In the Solow growth model, the assumption of constant returns to scale means that:
    a) all economies have the same amount of capital per worker
    b) the steady-state level of output is constant regardless of the number of workers.
    c) the saving rate equals the constant rate of depreciation.
    d) the number of workers in an economy does not affect the relationship between output per worker and capital per worker.

95. Which of the following UN commission is responsible for reviewing progress in the implementation of Agenda 21 and the Rio Declaration on Environment and Development?
    a) United Nation Disarmament Commission
    b) United Nations Statistical Commission
    c) United Nations Commission on Sustainable Development (CSD)
    d) United Nations Commission on Human Rights

96. Consider the following statement (s) related to the parameters of sustainable development refer to the guiding principles.
    I. Help in understanding the concept of sustainable development
    II. Point the problems associated with it
    III. Help to take active policy measures
    Code:
    a) Both I & II b) Bot II & III c) Both I & IV d) I, II & III

97. Which of the following is not included in the parameters of sustainable development?
    a) Carrying capacity
    b) Inter and Intra-generation equity
    c) Gender disparity and diversity
    d) None of the above

98. As Which of the following is an assumption associated with the definition of a production function?

    a) Technology remains constant

    b) Both inputs and outputs are measured in monetary units.

    c) The function shows the maximum level of output possible with a given combination of inputs.

    d) All units of the inputs are homogeneous.

99. The output elasticity of labour is

    a) equal to one at the level of output where average product is at a maximum.

    b) the percentage change in labour required to produce one more unit of output.

    c) equal to the ratio of total product to the quantity of labour employed.

    d) a measure of the percentage change in output that can result when the quantity of labour is held constant.

100. The combination of inputs is optimal

    a) at points of tangency between isoquants and iso-costs.

    b) if the marginal revenue product is equal to the marginal resource cost for all inputs.

    c) if the marginal rate of technical substitution between every pair of inputs is equal to the ratio of the prices of those inputs.

    d) All of the above are correct.

Answer Key

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

Prepared by:
Dr. Shiji.O
Assistant Professor,
SDE, University of Calicut