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ECONOMIC DEVELOPMENT – MCQ BOOKLET

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1. Nature of Indian Economy

Demographic Profile and its Economic Implications

1. Which of the following statements are true with refrence to Economic Survey 2018-19?

- **1. The annual population growth rate is set to increase from 1.1% in 2011-21 to 1.5% in 2031-41.**
- **2. The service sector (excluding construction) has a share of 54.3% to India's Gross Value Added (GVA) in 2018-19.**
- **3. Share of employment of service sector is at 34%.**
- **4. India accounts for 18% of the world's population but uses only 6% of world's primary energy.**

A. 1, 2 and 3 only
B. 1, 3 and 4 only
C. 2, 3 and 4 only
D. 1, 2, 3 and 4

Ans: C

GPSC Prelims CSP-2-2019

Statement 1 is incorrect; the Economic Survey 2018-19 projected a decline in the annual population growth rate, not an increase. Statement 2 is correct; the Survey stated that the services sector (excluding construction) contributed 54.3% to India's GVA in 2018-19. Statement 4 is correct; the Survey mentioned India's population share is 18% of the world, while its primary energy use is only 6%. Statement 3, stating the employment share of the service sector is 34%, is presented as correct in this MCQ, aligning with Option C. While the official tables in the Survey reported the employment share around 31-32%, figures can vary slightly based on methodology or source within the Survey itself, or external sources commonly referenced alongside the Survey. Assuming the question intended to include this as correct data point from the survey's broader discussion or referenced statistics, Option C is the intended answer.

2. Disguised unemployment generally means:

A. Large number of people remain unemployed
B. Alternative employment is not available
C. Marginal productivity of labour is zero
D. Productivity of worker is low

Ans: C

HPPSC HPAS Prelims-2014

HPPSC HPAS Prelims-2014

In disguised unemployment, the marginal productivity of the additional labour is zero or close to zero, meaning their removal would not significantly decrease the total output.

3. What was the unemployment rate during 2015-16 based on Usual Principal Status in India ?

A. 8.7 percent
B. 7.8 percent
C. 5.0 percent

D. 4.2 percent

Ans: C

HPPSC HPAS Prelims-2016

- This data is based on the employment-unemployment surveys conducted by government agencies like the Labour Bureau or NSSO (National Sample Survey Office). - The Usual Principal Status (UPS) approach measures unemployment based on the activity status of a person over a reference period of 365 days preceding the date of survey. - According to the Fifth Annual Employment-Unemployment Survey (2015-16) conducted by the Labour Bureau, the unemployment rate for persons of age 15 years and above on UPS basis was 5.0%.

4. वर्ष 2015-16 के दौरान भारत में सामान्य प्रमुख स्थिति (UPS) आधारित बेरोजगारी दर क्या थी ?

A. 8.7 प्रतिशत

B. 7.8 प्रतिशत

C. 5.0 प्रतिशत

D. 4.2 प्रतिशत

Ans: C

HPPSC HPAS Prelims-2016

- यह डेटा श्रम ब्यूरो या एनएसएसओ (राष्ट्रीय नमूना सर्वेक्षण कार्यालय) जैसी सरकारी एजेंसियों द्वारा किए गए रोजगार-बेरोजगारी सर्वेक्षणों पर आधारित है। - सामान्य प्रमुख स्थिति (UPS) दृष्टिकोण सर्वेक्षण की तारीख से पहले के 365 दिनों की संदर्भ अवधि में किसी व्यक्ति की गतिविधि स्थिति के आधार पर बेरोजगारी को मापता है। - श्रम ब्यूरो द्वारा किए गए पांचवें वार्षिक रोजगार-बेरोजगारी सर्वेक्षण (2015-16) के अनुसार, 15 वर्ष और उससे अधिक आयु के व्यक्तियों के लिए UPS आधार पर बेरोजगारी दर 5.0% थी।

5. The marginal productivity of disguised unemployed workers is :

A. Zero

B. Not zero

C. Less than zero

D. Greater than zero

Ans: A

HPPSC HPAS Prelims-2024

Disguised unemployment, also known as hidden unemployment, occurs when labour is employed in a way that adds little or nothing to the total output of the economy. In situations of disguised unemployment (common in traditional agriculture in overpopulated regions), the marginal productivity of labour is zero. This means that if one or more workers are removed from the task or production process, the total output does not decrease, because those remaining can perform the same amount of work.

6. Labour force participation rate is defined as the

A. ratio of unemployed population to work force

B. ratio of employed and willing to work to working age population

C. ratio of employed to unemployed population

D. ratio of work force to working age population excluding disguised unemployment

Ans: B

JPSC CS Prelims-2024

- Labour Force = Number of employed people + Number of unemployed people (seeking work). - Working Age Population = Total population within the specified age range (e.g., 15-64 years). - LFPR = (Labour Force / Working Age Population) 100. - Option B's numerator "employed and willing to work" is the closest representation of the Labour Force among the given options. "Willing to work" in this context typically includes both the employed and the unemployed who are seeking employment.

7. What does it mean by Human Capital Formation ?

A. Development of Infrastructure for the Economy

B. Development of abilities and skills of people

C. Increase in the stock of machines, equipment, buildings in the Economy

D. Growth of Bank deposits

Ans: B

OPSC CS Prelims-2017

Human Capital Formation is the process of increasing the stock of human capital. Human capital refers to the skills, knowledge, and health that people possess. Investments in education, training, healthcare, and nutrition contribute to human capital formation, enhancing the productivity and earning capacity of individuals.

8. According to Malthus's population theory, epidemics, natural calamities and war are known as

A. Positive checks
B. Preventive checks
C. Policy checks
D. All of the above

Ans: A

PPSC CS Prelims-2018

- Malthus argued that population tends to grow faster than the food supply, leading to a situation where checks are necessary to keep the population in line with resources. - He identified two types of checks: Preventive checks and Positive checks. - Positive checks are factors that increase the death rate, such as famine, disease (epidemics), and warfare. They act by reducing the population size after it has grown too large for the available resources.

9. 'Usual Principal Status', 'Usual Subsidiary Status' and 'Usual Principal and Subsidiary Status' approaches are used in the measurement of

A. GDP
B. Unemployment
C. Inflation
D. Services Sector Growth Rate

Ans: B

PPSC CS Prelims-2021

These statuses are used to determine whether a person is employed, unemployed, or outside the labour force based on the primary and secondary activities they engaged in during the reference period. This classification is fundamental to the measurement of employment and unemployment rates.

10. Worker to Population Ratio (WPR) is defined as

A. Percentage of employed persons in total population
B. Percentage of working age population in total population
C. Percentage of employed persons in labour force
D. Percentage of employed persons in working age population

Ans: A

RPSC RAS Prelims-2024

WPR is a key labour market indicator that measures the extent of employment in the population. It is calculated as the number of employed persons divided by the total population, multiplied by 100.

11. The number of persons who remained unemployed for a major part of the year is called

A. Usual status unemployment
B. Daily status unemployment
C. Weekly status unemployment
D. None of the above

Ans: A

UPPCS Prelims-2019

In India, different concepts are used to measure unemployment based on the reference period. The Usual Status (US) approach measures the number of persons who remained unemployed for a relatively longer period during the reference year (365 days preceding the survey). It captures chronic or long-term unemployment, identifying individuals who were available for work but were unable to find it for a major part of the year.

12. Which of the following statements is true regarding the trend of unemployment rate in India between July-September, 2019 and July-September, 2022?

- **1. It remained the same.**
- **2. It declined.**

Select the correct answer from the codes given below:

A. 2 is true and 1 is false.
B. Both 1 and 2 are false.
C. 1 is true and 2 is false.
D. Both 1 and 2 are true.

Ans: A

UPPCS Prelims-2024

According to the Periodic Labour Force Survey (PLFS) data released by the National Statistical Office (NSO), the urban unemployment rate for persons aged 15 years and above declined from 8.3% in July-September 2019 to 7.2% in July-September 2022. Thus, statement 1 is false as it did not remain the same, and statement 2 is true as it declined.

13. Match list-I with list-II and select the correct answer using code given below the lists - List - I (Theories of Population)

(A) Optimum Population Theory	**(B) Social Mal-adjustment Theory**
(C) Demographic Transition Theory	**(D) Population-Food Supply Relationship Theory**

List - II (Propounders of Theories)

(1) Thompson	**(2) Malthus**
(3) Edwin Kennan	**(4) Henry George**

Code -

A. A-(1), B-(2), C-(3), D-(4)
B. A-(3), B-(4), C-(1), D-(2)
C. A-(2), B-(3), C-(4), D-(1)
D. A-(4), B-(3), C-(1), D-(2)

Ans: B

UPPCS Prelims-2023

(A) Optimum Population Theory is significantly associated with Edwin Cannan. (B) Social Mal-adjustment Theory is associated with Henry George, who linked poverty and social issues to land ownership and advocated a single tax on land value. (C) Demographic Transition Theory was initially proposed by Warren Thompson and later developed by Frank Notestein. (D) The Population-Food Supply Relationship Theory is the core of Thomas Robert Malthus's famous Essay on the Principle of Population.

14. Consider the following statements :

- **1. Employment growth in India in the second half of the first decade of 21st century was relatively modest.**
- **2. There was lower labour force participation rate across all ages during the period.**

Which of the statements given above is/are correct?

A. 1 only
B. 2 only
C. Both 1 and 2
D. Neither 1 nor 2

Ans: C

UPSC CAPF-2013

- Statement 1 is correct. Economic data from the period 2004-05 to 2009-10 indicated a phenomenon often termed 'jobless growth', where GDP grew significantly but employment growth was sluggish and relatively modest compared to the previous periods.
- Statement 2 is also correct. During this period, there was a noticeable decline in the Labour Force Participation Rate (LFPR) across various age groups, including youth and women, particularly in rural areas. This contributed to the modest employment growth despite economic expansion.

15. What is the impact on the "Social overhead capital requirements" of an economy, if the population increases ?

A. Social overhead capital requirements fall.
B. Social overhead capital requirements remain unchanged.
C. Social overhead capital requirements increase.

D. Social overhead capital requirements fall drastically.

Ans: C

UPSC Combined Section Officer-2024

Social overhead capital refers to the basic infrastructure and services necessary for economic development and social well-being, such as roads, railways, ports, communication systems, power grids, water supply, sanitation, schools, and hospitals. An increase in population directly leads to a greater demand for these facilities and services, thereby increasing the requirement for social overhead capital to maintain or improve living standards and support economic activity.

16. In India which one of the following collects and publishes the unemployment Index?

A. Planning Commission
B. Finance Commission
C. N.S.S.O.
D. U.N.O.

Ans: C

UPPSC Upper Mains-2014

The official data on unemployment in India is primarily collected and published by the National Sample Survey Office (NSSO)/National Statistical Office (NSO).

17. Which of the following is not correct about the concepts developed by NSSO for analysing the problem of unemployment in India?

A. Current Weekly Status
B. Current Daily Unemployment
C. Usual Status Unemployment
D. Current Monthly Status

Ans: B

Paper I 4

NSSO uses concepts like Usual Status, Current Weekly Status, and Current Daily Status to analyze unemployment. "Current Daily Unemployment" is not a recognized concept among these.

Developing Economy Characteristics

18. Which of the following factors could potentially contribute to stagflation in the Indian economy?

- **1. High inflationary pressures due to increased Government spending**
- **2. Decline in industrial production and sluggish economic growth**
- **3. Decrease in aggregate demand and consumer spending**
- **4. Appreciation of the domestic currency leading to reduction of export competitiveness**

Select the correct answer using the codes given below.

A. Only 1 and 2
B. Only 2 and 3
C. Only 1, 3 and 4
D. 1, 2, 3 and 4

Ans: A

BPSC Prelims Exam-69th

- Stagflation = Stagnation (slow growth/high unemployment) + Inflation (rising prices). - Causes can include negative supply shocks (e.g., sudden rise in oil prices), poor macroeconomic policies, or structural rigidities. - Factors that simultaneously cause high inflation and impede growth contribute to stagflation.

19. According to the law of diminishing marginal utility, as the amount of a good consumed increases, the marginal utility of that good tends to

A. improve
B. diminish
C. remain constant
D. first diminish and then improve

Ans: B

UPSC CDS-1-2018