

EKATVAM ACADEMY
TEST PAPER 1 (CHP 1 UNIT 2)
ECONOMICS

Marks-30

1. Freedom of choice is the advantage of _____.
(a) Socialism (b) Capitalist
(c) Mixed economy
(d) None of the above
2. Capitalist or Laissez faire economy has which of the following characteristics?
(a) Relatively equal income distribution
(b) Competition
(c) Price mechanism
(d) Collective ownership
3. In a mixed economy, there aresectors of industries.
(a) Two (b) Three
(c) Four (d) Five
4. In India Mixed Economy exist due to :
(a) Coexistence of public sector and private sector.
(b) Individual forces of demand and supply.
(c) Orders by government.
(d) None of these.
5. The 'Central Economics Problem' does not deal with which of the following economic problems?
(a) What to product?
(b) How to produce?
(c) For whom to produce?
(d) Where to produce?
6. Price Mechanism is the main feature of which economy
(a) Capitalistic Economy
(b) Mixed Economy
(c) Socialist Economy
(d) All of the above
7. Socialism ensures:
(a) Rapid growth and balanced development
(b) Right to work
(c) Incentives for efficient economic decisions
(d) Both (a) and (b).
8. Mixed economy means:
(a) Coexistence of both private and public sector
(b) Coexistence of poor and rich people
(c) Both (a) and (b)
(d) None
9. Capitalistic Economy uses _____ as principal means of allocating resources.
(a) Demand (b) Supply
(c) Price (d) All of the above
10. The capitalist Economy uses _____ as principle means of allocation of resources –
(a) Price (b) Demand
(c) Supply (d) None
11. Which of the following statement is false?
(a) The Resources are limited.
(b) The Resources have alternative uses.
(c) If resources are unlimited, people would be able to satisfy all their wants.
(d) The economics problem arises because resource has only a single use.
12. Freedom of choice is the advantage of
(a) Socialism (b) Capitalism

- (c) Mixed Economy (d) Communism
13. The Government itself must run important and selected industries and eliminate the free play of profit motive and self – interest. It is applicable in case of _____ economy.
 (a) Capitalist (b) Socialist
 (c) Mixed (d) Price
14. Mixed economy means:
 (a) Co – existence of small and large industries
 (b) Promoting both agriculture and industries in the economy
 (c) Co – existence of rich and poor
 (d) Co – existence of public and private sectors
15. Which out of these are the feature of capitalism?
 (i) Profit motive
 (ii) Human Welfare
 (iii) Work through price mechanism
 (a) (i) and (ii)
 (b) (b) (ii) and (iii)
 (c) (c) (i) and (iii)
 (d) All of these
16. The basic problem of scarcity give rise to:
 (a) Technological problems
 (b) Social problems
 (c) Cultural problems
 (d) Economic problems
17. Capitalistic Economy uses _____ as principal means of allocating resources.
 (a) Demand (b) Supply
 (c) Price (d) All of the above
18. The Concept of socialist economy was propounded by:
 (a) Karl Mark
 (b) Frederic Engels
 (c) Adam Smith
 (d) Both (a) & (b)
19. Dual system of pricing exist in:
 (a) Free market economy
 (b) Socialistic economy
 (c) Mixed economy
 (d) None of the above
20. In a capitalist economy the allocation of resources is performed by :
 (a) Producers (b) Government
 (c) Planners (d) Price mechanism
21. The term ‘Economics’ owes its origin to the Greek word.
 (a) Aikonomia
 (b) Wikonomia
 (c) Oikonomia
 (d) None of the above.
22. Which one is not the characteristic of capitalistic economy?
 (a) Profit motive
 (b) Income inequality
 (c) Free employment
 (d) Collective ownership
23. _____ involves the predominance of bureaucracy and resulting in inefficiencies and delays.
 (a) Socialistic economy
 (b) Capitalist economy
 (c) Mixed economy
 (d) Free market economy
24. Which of the following state statement is correct?
 (a) Mixed economy is not always a golden path between

capitalistic and socialistic economy

- (b) Socialistic economy is not always a 'golden path' between mixed economy and capitalism.
- (c) Capitalistic economy is not always a 'golden path' between mixed economy and socialism.
- (d) Local economy is not always a golden path' between internal and international economy.

25. In a capitalist economy, allocation of resources is done by:

- (a) Producers
- (b) Government
- (c) Planners
- (d) Price mechanism

26. One of the demerits of capitalism is that it leads to formation of

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- (a) Duopoly
- (b) Oligopoly
- (c) Monopoly
- (d) Perfect Competition

27. Which of the following statement does not apply to a market economy?

- (a) Firms decide whom to hire and what to product
- (b) Firms at maximizing profits
- (c) Households decide which firms to work for and what to buy with their incomes
- (d) Government policies are the Primary forces that guide the decisions of firms and households.

28. In which economy market and government both play on important role?

- (a) Mixed economy
- (b) Socialistic economy
- (c) Capitalistic economy
- (d) Business economy.

29. Under _____, the Consumers have no freedom of choice.

- (a) Capitalist
- (b) Socialist
- (c) Mixed
- (d) None

30. The choice between labour and Capital intensive techniques is related with.

- (a) What to Produce?
- (b) How to produce?
- (c) For whom to Produce
- (d) All of the above.