

**Chapter 11**  
**Economic Growth and Development Past Paper Questions**

- 1) “As an economy develops, the share of GDP accounted for by the primary sector tends to fall” the primary sector includes those industries that
- 1) are the most efficient and profitable.
  - 2) produce visible exports.
  - 3) produce externalities.
  - 4) are concerned with agriculture and extraction of raw materials.
  - 5) have relatively high value addition.
- (2003 A/L Economics II-I MCQ 14)*
- 2) The proportion of elderly population in Sri Lanka is rapidly increasing because of,
- 1) low mortality and high fertility.
  - 2) low fertility and high mortality.
  - 3) international migration of youth.
  - 4) declining fertility and declining mortality.
  - 5) high fertility and high mortality.
- (2003 A/L Economics II-I MCQ 17)*
- 3) Which one of the following is not an obstacle to economic growth in developing countries?
- 1) Rapid population growth.
  - 2) High dependency ratio
  - 3) Low savings rates
  - 4) High incidence of international debt.
  - 5) Presence of multinational companies.
- (2003 A/L Economics II-I MCQ 18)*
- 4) Which of the following conditions will generally lead to a fall in a country’s real per capita income?
- 1) A high rate of population growth accompanied by an even higher rate of growth of the capital stock.
  - 2) A high rate of population growth and a stagnant capital stock.
  - 3) A high rate of growth in the capital stock and a rapid rate of technological change.
  - 4) A low rate of population growth and a high rate of technological change.
  - 5) A low rate of population growth and a growing capital stock.
- (2004 A/L Economics II-I MCQ 16)*
- 5) Which of the following factors cause a decrease in the dependency ratio of a country?
- 1) A fall in number of employed persons.
  - 2) An increase in the number of persons in the potential labour force.
  - 3) An increase in number of births.
  - 4) A decrease in the number of persons unemployed.
  - 5) An increase in the number of old-aged persons
- (2004 A/L Economics II-I MCQ 17)*
- 6) Which of the following statements is false?
- 1) Economic development is measured by a wide range of indicators such as life expectancy and education.
  - 2) Economic growth means a sustained increase in the output of goods and services of a country.
  - 3) Standard of living is measured using indices such as per capita income and per capita consumption of electricity and energy.
  - 4) When the economy grows then all the people in a country have a better standard of living.
  - 5) A rising population and a constant national income in real terms means that on average people become poorer.
- (2004 A/L Economics II-I MCQ 18)*

- 7) Economic growth is usually defined as
- 1) the subtraction of the rate of increase in labour force from the rate of increase in output.
  - 2) a sustained increase in real output over time.
  - 3) the increase in input availability.
  - 4) the reduction in the real cost of necessities.
  - 5) the increase in nominal national income.
- (2005 A/L Economics II-I MCQ 11)

- 8) If there has been a 6% increase in nominal GDP, a 4% increase in the price level, and a 2% increase in the population, real GDP per capita has changed by
- 1) -2%
  - 2) 0%
  - 3) 2%
  - 4) 6% .
  - 5) None of the above.
- (2005 A/L Economics II-I MCQ 13)

- 9) A benefit that cannot be expected from the improvement of labour productivity is
- 1) increase in living standard of people.
  - 2) attracting foreign direct investment into the country.
  - 3) increase in export earnings.
  - 4) increase in the rate of economic growth.
  - 5) removal of disparities in income distribution.
- (2005 A/L Economics II-I MCQ 14)

- 10) Which of the following alternative combinations correctly identifies the effects that occur when some of those who are categorized as unemployed stop actively looking for work?

|    | Size of the labour force | Labour force participation rate | Unemployment rate |
|----|--------------------------|---------------------------------|-------------------|
| 1) | increases                | increases                       | increases         |
| 2) | decreases                | decreases                       | decreases         |
| 3) | decreases                | increases                       | decreases         |
| 4) | increases                | decreases                       | increases         |
| 5) | decreases                | decreases                       | increases         |

(2005 A/L Economics II-I MCQ 15)

- 11) Which one of the following groups can be considered as underemployed population?
- 1) People who are willing to work and unable to find jobs.
  - 2) Employed population in the labour force who hold two or more jobs.
  - 3) People who have resigned from their present jobs and are looking for better jobs.
  - 4) People work voluntarily for low wages.
  - 5) People who are working full time and hard, yet have a low marginal product.
- (2005 A/L Economics II-I MCQ 16)

- 12) Which of the following would reduce the average standard of living in a country?
- 1) A rise in both population and GNP by the same percentage.
  - 2) A rise in population and a proportionately smaller rise in GNP.
  - 3) No change in population and a rise in GNP.
  - 4) A fall in population and no change in GNP.
  - 5) A fall in population and smaller proportionate fall in GNP.
- (2005 A/L Economics II-I MCQ 18)

- 13) The human development index (HDI) is an aggregation of widely available indicators of basic human needs. Which of the following is not a component of HDI?
- 1) Life expectancy at birth
  - 2) Gross enrolment ratio.
  - 3) GDP per capita calculated at purchasing power parity.
  - 4) Infant mortality.
  - 5) Adult literacy.
- (2005 A/L Economics II-I MCQ 19)

- 14) The Gini coefficient provides a measure of ,
- 1) the level of absolute poverty.
  - 2) the level of relative income inequality.
  - 3) disguised unemployment.
  - 4) poverty line.
  - 5) the rate of economic growth.
- (2005 A/L Economics II-I MCQ 20)



- 15) Economic dualism in a developing country refers to,
- 1) the lack of integration between traditional and modern sectors.
  - 2) the enormous gap between rich and poor.
  - 3) the disparity between investments in consumption goods and capital goods production.
  - 4) the disparity between consumption and investment.
  - 5) the difference between export – oriented and import substituting industrialization.

(2006 A/L Economics II-I MCQ 15)

- 16) The table below shows population and labour force data for a hypothetical economy.

| Population<br>(million) | Population aged 10<br>years and above<br>(million) | Employed Persons<br>(million) | Unemployed persons<br>(million) |
|-------------------------|----------------------------------------------------|-------------------------------|---------------------------------|
| 50                      | 25                                                 | 15                            | 5                               |

Which of the following statements is true for this economy?

- 1) the participation rate is 50% and the unemployment rate is 20%
- 2) the participation rate is 40% and the unemployment rate is 20%
- 3) the participation rate is 60% and the unemployment rate is 25%
- 4) the participation rate is 60% and the unemployment rate is 20%
- 5) the participation rate is 80% and the unemployment rate is 25%

(2006 A/L Economics II-I MCQ 17)

- 17) If the income earners in a country had the same level of income, then the value of the Gini coefficient would be,

- 1) 0.0
- 2) 0.5
- 3) 1.0
- 4) above 1.0
- 5) infinity.

(2007A/L Economics II-I MCQ 15)

- 18) In a country with a working age population of 130 million, 90 million workers are employed and

10 million workers are unemployed. What is the unemployment rate?

- 1) 5.0%
- 2) 7.1%
- 3) 7.7%
- 4) 10.0%
- 5) 13.0%

(2007A/L Economics II-I MCQ 17)

- 19) Internal balance as a macroeconomic policy objective refers to,

- 1) full employment and price stability.
- 2) full employment and surplus in the balance of payment.
- 3) exports equal to imports.
- 4) savings equal investments..
- 5) price stability and exchange rate stability.

(2007A/L Economics II-I MCQ 18)

- 20) Which one of the followings best defines the concept of sustainable development?

- 1) Achieving the highest rate of economic growth in the present as well as in the future.
- 2) Implementing policies that are aimed at protecting the environment.
- 3) Meeting the needs of the present generation without jeopardizing the capabilities of future generations to meet their own needs.
- 4) Eliminating the economic problem of scarcity in the future.
- 5) Reduction of absolute poverty in the present as well as future generations.

(2007A/L Economics II-I MCQ 19)

21) The table relates to a country's national income, population size, and general price level.

| Year | Nominal National Income<br>1990=100 | Population size<br>1990=100 | General Price Level<br>1990=100 |
|------|-------------------------------------|-----------------------------|---------------------------------|
| 2000 | 300                                 | 200                         | 100                             |
| 2005 | 315                                 | 220                         | 130                             |

Which of the following best describes the changes that took place between 2000 and 2005?

- 1) Real national income had risen.
- 2) Nominal national income per head had risen
- 3) Real national income per head had fallen
- 4) The standard of living had risen.
- 5) Income distribution became more even.

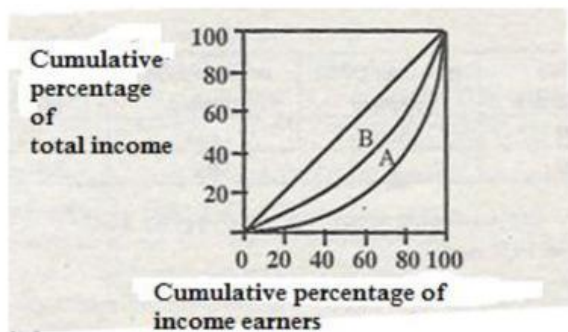
(2008A/L Economics II-I MCQ 15)

22) Economic dualism refers to

- 1) the lack of integration between traditional and modern sectors in a less developed country.
- 2) the enormous gap between rich and poor in a less developed country.
- 3) the disparity between investment in consumption goods and capital goods production.
- 4) The disparity between consumption and investment.
- 5) the dominance of public sector over private sector in a less developed country.

(2008A/L Economics II-I MCQ 16)

23) The diagram shows the movement of the Lorenz curve of income distribution for a country over time



Which of the following could explain the movement of the Lorenz curve from A to B?

- 1) A rise in the Gini coefficient
- 2) The removal of tax on wealth.
- 3) An increase in indirect taxes on necessities.
- 4) An increase in the payment for low income earners
- 5) Privatization of public enterprises.

(2008A/L Economics II-I MCQ 17)

24) The table shows population and labour force data for an economy at a given time.

| Population (million) | Population of working age (million) | Employed persons (million) | Unemployed persons (million) |
|----------------------|-------------------------------------|----------------------------|------------------------------|
| 30                   | 15                                  | 9                          | 3                            |

According to the data given above the participation rate and the unemployment rate respectively are,

- 1) 50 % and 20% .
- 2) 60 % and 25% .
- 3) 60 % and 20% .
- 4) 80 % and 25% .
- 5) 50 % and 25% .

(2008A/L Economics II-I MCQ 18)

25) The three major macroeconomic goals of nearly every society are

- 1) Maintaining stable prices, reducing interest rates and achieving a high rate of economic growth.
- 2) Maintaining high level of employment, increasing the supply of money and achieving a high rate of economic growth.
- 3) maintaining stable prices, maintaining high level of employment and achieving a high rate of economic growth.
- 4) achieving a high rate of economic growth, reducing unemployment, reducing interest rates.
- 5) achieving a high rate of economic growth, achieving a low rate of inflation and reducing interest rates.

(2008A/L Economics II-I MCQ 19)



- 26) Economic development refers to
- 1) economic growth.
  - 2) economic growth plus desirable changes in income distribution and economic structure.
  - 3) improvement of the well-being of the urban population.
  - 4) sustainable increase in Gross national Product.
  - 5) elimination of relative poverty.
- (2009A/L Economics II-I MCQ 15)
- 27) The Human Development Index (HDI) summarizes a great deal of socio-economic performance in a single composite index, combining?
- 1) infant mortality, life expectancy and adult literacy rate.
  - 2) health, education and environment.
  - 3) minimum schooling, adult literacy and clean environment.
  - 4) nutrition, adult literacy and quality of housing
  - 5) longevity, education and living standard.
- (2009A/L Economics II-I MCQ 16)
- 28) All of the following will increase the economy's potential output except,
- 1) an increase in human capital.
  - 2) an increase in physical capital.
  - 3) technological innovation
  - 4) an increase in social capital.
  - 5) a decrease in general level of prices.
- (2010A/L Economics II-I MCQ 10)
- 29) One of the components of the Human Development Index is
- 1) the percentage of population who are in secondary schools
  - 2) the average daily intake of protein.
  - 3) life expectancy at birth.
  - 4) the number of doctors per 1000 people in the population.
  - 5) maternal mortality.
- (2010A/L Economics II-I MCQ 11)
- 30) The table shows the Gini Coefficient for country A and country B over three years.

| Year | Country A | Country B |
|------|-----------|-----------|
| 2000 | 0.40      | 0.90      |
| 2005 | 0.60      | 0.75      |
| 2009 | 0.65      | 0.70      |

Which statement is correct given the data in the table?

- 1) The Lorenz curve for country A is moving closer to the line of equality.
  - 2) The Lorenz curve for country B is moving closer to the line of equality.
  - 3) The Lorenz curve for country A is further away from the line of equality than the Lorenz curve for country B
  - 4) The Lorenz curve for country B is further away from the line of equality than the Lorenz curve for country A
  - 5) The Lorenz curves for both country A and country B are moving closer to the line of equality.
- (2010A/L Economics II-I MCQ 13)
- 31) Employment and unemployment data for a hypothetical economy are given below.

| Category                             | Number (Millions) |
|--------------------------------------|-------------------|
| Population                           | 170               |
| Employed                             | 95                |
| Unemployed and looking for work      | 5                 |
| People who are not looking for work. | 3                 |
| Retired                              | 60                |

The unemployment rate for this economy is,

- 1) 5.3 %
- 2) 5.0 %
- 3) 4.8 %
- 4) 3.0 %
- 5) 2.9

(2010A/L Economics II-I MCQ 14)

- 32) When the government simultaneously engages in expansionary monetary and fiscal policies, which of the following is the likely effect on interest rates and unemployment level.

|    | Interest rates | Unemployment level |
|----|----------------|--------------------|
| 1) | increase       | indeterminate      |
| 2) | increase       | decrease           |
| 3) | increase       | increase           |
| 4) | indeterminate  | decrease           |
| 5) | indeterminate  | increase           |

(2010A/L Economics I MCQ 20)

- 33) Economic growth occurs when there is an increase in

- 1) aggregate demand
- 2) the inflation rates
- 3) wage rates
- 4) employment
- 5) productive capacity

(2011A/L Economics I MCQ 44)

- 34) Which of the following is most likely to lead to improvement in the productivity of labour?

- 1) An increased supply of labour
- 2) Less division of labour
- 3) Less specialization
- 4) Adopting capital intensive methods of labour.
- 5) Product differentiation

(2011A/L Economics I MCQ 45)

- 35) A redistribution of income away from the poorest 10% of society towards the richest 10% of society will move the Lorenz curve,

- 1) closer to the 45-degree line and increase the Gini coefficient.
- 2) closer to the 45-degree line and decrease the Gini coefficient.
- 3) further from the 45-degree line and increase the Gini coefficient.
- 4) further from the 45-degree line and decrease the Gini coefficient.
- 5) on to the 45-degree line and take the Gini coefficient zero value.

(2011A/L Economics I MCQ 46)

- 36) The unemployment rate is the number of people unemployed as a percentage of

- 1) Working age population.
- 2) Population.
- 3) population minus number of students .
- 4) Number of people who are employed.
- 5) Number of people who are employed and are looking for employment.

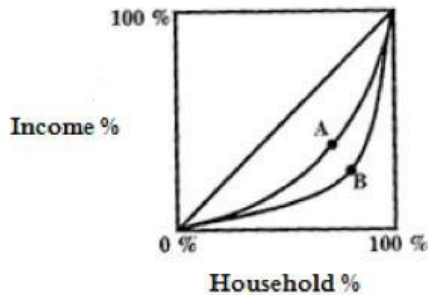
(2011A/L Economics I MCQ 47)

- 37) Three main deprivations reflected in the multi – dimensional poverty index are

- 1) Health, education and standard of living.
- 2) Income, nutrition and longevity.
- 3) Sanitation, child mortality and nutrition.
- 4) Literacy, drinking water and years of schooling
- 5) Health, income and assets.

(2011A/L Economics I MCQ 48)

38) Lorenz curve for country A and country B are shown in the diagram below



With reference to the diagram, which of the following statements correct?

- 1) Country A has a more equitable distribution of income than country B
- 2) Country A has a less equitable distribution of income than country B
- 3) Gini coefficient for country A is equal to 1
- 4) Gini coefficient for country B is equal to 1
- 5) The Gini coefficient for country A is greater than for country B.

(2012A/L Economics I MCQ 42)

39) GNP per capita measured in US dollar using nominal exchange rate, may be a poor indicator of comparative standards of living between high income countries and low-income countries, because of a divergence in

- 1) Nominal exchange rates from purchasing power parity exchange rates.
- 2) Population growth rates.
- 3) Rates of price and wage inflation.
- 4) Ratio of imports to nominal income.
- 5) Nominal effective exchange rates.

(2012A/L Economics I MCQ 43)

40) Long run economic growth of a country would be encouraged through which of the following combinations of events?

|    | Savings rate | Investment | Interest rates |
|----|--------------|------------|----------------|
| 1) | high         | high       | high           |
| 2) | high         | high       | low            |
| 3) | high         | low        | low            |
| 4) | low          | low        | low            |
| 5) | high         | low        | high           |

(2012A/L Economics I MCQ 44)

41) Some demographic data for a country are given below: (Figures are in Rs. millions)

|                            |    |                           |    |
|----------------------------|----|---------------------------|----|
| Population                 | 60 | Population in working age | 50 |
| Number in the labour force | 30 | Number Employed           | 28 |
| Number Unemployed          | 2  |                           |    |

Based on the above data, what is the labour force participation rate of the economy?

- 1) 40%
- 2) 56%
- 3) 60%
- 4) 75%
- 5) 93.3%

(2012A/L Economics I MCQ 45)

42) Economic growth is usually measured by the annual change in

- 1) the consumer price index
- 2) real Gross National Product
- 3) the output in the manufacturing industry.
- 4) consumer expenditure
- 5) rate of investments.

(2012A/L Economics I MCQ 46)

43) One of the components of the Human Development Index is,

- 1) the percentage of population who have completed 12 years of schooling.
- 2) the average daily intake of protein.
- 3) life expectancy at birth.
- 4) adult literacy rate.
- 5) the number of doctors per 1000 persons in the population.

(2012A/L Economics I MCQ 48)



- 44) What is typically associated with a relatively low level of income per capita in a country?
- 1) A high rate of savings.
  - 2) A low rate of economic growth.
  - 3) A low rate of inflation.
  - 4) A low rate of population growth.
  - 5) A high rate of inflation.

(2013A/L Economics I MCQ 42)

- 45) A combination of factors which is most likely to generate a more rapid economic growth is
- 1) An increase in employment and in the balance of payment deficit.
  - 2) An increase in the level of investment and in the size of the working population.
  - 3) More equal distribution of wealth and a higher level of transfer payments.
  - 4) More rapid inflation and an increase in the international debt.
  - 5) An increase in foreign direct investment and increase in interest rates.

(2013A/L Economics I MCQ 43)

- 46) The table below shows, for a given year, the figures for consumption, gross capital formation and depreciation in five countries, namely, A, B, C, D and E (All measured in millions of US dollars)

| Country | Consumption | Gross Capital Formation | Depreciation |
|---------|-------------|-------------------------|--------------|
| A       | 200         | 40                      | 50           |
| B       | 500         | 200                     | 150          |
| C       | 1 000       | 1 200                   | 1 400        |
| D       | 5 000       | 6 000                   | 6 000        |
| E       | 10 000      | 8 000                   | 8 200        |

Given the state of technology remains unchanged, the country which is most likely to experience economic growth is,

- 1) A
- 2) B
- 3) C
- 4) D
- 5) E

(2013A/L Economics I MCQ 44)

- 47) The table below shows the share of total income of different income groups in an economy in 2000 and 2010

| Income Group | % share of total income |      |
|--------------|-------------------------|------|
|              | 2000                    | 2010 |
| Bottom %10   | 4.1                     | 2.5  |
| Bottom %20   | 9.8                     | 6.8  |
| Bottom %30   | 16.0                    | 12.0 |
| Top 30%      | 47.0                    | 54.0 |
| Top 20%      | 35.0                    | 41.0 |
| Top 10%      | 20.0                    | 26.0 |

From the data it may be considered that over the period in question

- 1) the bottom income groups experienced a fall in their income.
- 2) the distribution of income became more unequal.
- 3) the distribution of wealth became more unequal.
- 4) everyone became better off because total income increased.
- 5) the Gini coefficient has decreased.

(2013A/L Economics I MCQ 45)

- 48) Which one of the following changes would best indicate that a country has experienced development?

- 1) An improvement in the average citizens quality of life.
- 2) An increase in the country's real GDP
- 3) An improvement in the country's trade balance.
- 4) An appreciation in the country's currency.
- 5) An increase in the adult literacy rate.

(2013A/L Economics I MCQ 46)

- 49) Economists have proposed that the best policy to promote development is "trade not aid". The implication of this proposal is that developing countries should

- 1) become self – sufficient and not rely on aid.
- 2) be given greater access to markets in developed countries.
- 3) use foreign aid to invest in their export industries.
- 4) use trade barriers to promote import substitution.
- 5) promote development by achieving a surplus in the trade balance.

(2013A/L Economics I MCQ 47)



50) Some of the demographic data for country X is given in the following table.

| Item                                | Number (In millions) |
|-------------------------------------|----------------------|
| Total population                    | 180                  |
| Population (10 and over)            | 150                  |
| Employed population                 | 81                   |
| Unemployed population               | 09                   |
| Population not economically active. | 60                   |

Based on the above information, what is the answer that shows the unemployment and labour force participation rates for country X?

|   | Unemployment Rate | Labour force participation rate |
|---|-------------------|---------------------------------|
| 1 | 10.00%            | 60.00%                          |
| 2 | 10.00%            | 53.33%                          |
| 3 | 6.66%             | 50.00%                          |
| 4 | 5.55%             | 50.00%                          |
| 5 | 5.65%             | 33.33%                          |

(2013A/L Economics I MCQ 48)

51) In a given economy, both employment and unemployment rose over a period of ten years. This situation must have been produced by the increase in

- 1) birth rate
- 2) economically active population
- 3) life expectancy
- 4) dependency ratio
- 5) out migration.

(2013A/L Economics I MCQ 49)

52) The two indices that can be used to measure absolute and relative poverty respectively

- 1) Gini coefficient and household electricity consumption.
- 2) income percentiles and Gini coefficient.
- 3) household poverty level and supply of safe drinking water.
- 4) Poverty line and Gini coefficient.
- 5) maternal nutrition and supply of safe drinking water.

(2014A/L Economics I MCQ 38)

53) Main dimensions of sustainable development are,

- 1) economic development, conservation of resources for future generations and minimization of income inequality.
- 2) economic development, upliftment of social status and minimization of income inequality.
- 3) upliftment of social status, pro poor growth and environment conservation
- 4) environment conservation, inclusive growth and increase in employment.
- 5) economic development, upliftment of social status and environment conservation.

(2014A/L Economics I MCQ 42)

54) Which one of the followings can be considered as unemployed?

- 1) an individual employed in the private sector as a clerk after his graduation.
- 2) an individual who quit his job in order to look after elderly parents.
- 3) an individual who quit his job for higher education.
- 4) a women who stayed home to look after her children but seeking employment now.
- 5) a school student who does not work at his family farm during the examination period.

(2014A/L Economics I MCQ 45)

55) The economic growth is usually measured by the annual percentage change in

- 1) nominal GDP
- 2) real GDP
- 3) nominal GDP per capita
- 4) per capita disposable national income.
- 5) purchasing power parity GDP per capita.

(2015A/L Economics I MCQ 46)

- 56) In a hypothetical economy, if the number of people classified as unemployed is 50000 and the number of people classified as employed is 45000, then the rate of unemployment in that economy is  
 1) 11.1%                      2) 10.0%                      3) 9.2%                      4) 8.0%                      5) 7.4%  
 (2015A/L Economics I MCQ 47)
- 57) It has been reported that over the last 10 years, the Gini coefficient of income distribution of a particular country has risen from 0.45 to 0.65. Which of the following is a likely cause for this change?  
 1) Market power in the factor and output markets has increased.  
 2) Labour market discrimination has been eliminated.  
 3) The distribution of wealth and property has become more equitable.  
 4) The vast majority of adults have achieved at least a pass in the advanced level.  
 5) The tax system has become even more progressive.  
 (2015A/L Economics I MCQ 48)
- 58) Which of the following is most likely to reduce inequality in a country's distribution of income?  
 1) An increase in the population growth rate.  
 2) Vocational training for low skill workers.  
 3) An increase in the budget deficit.  
 4) A decrease in funding for training unemployed workers.  
 5) Imposition of a regressive tax.  
 (2015A/L Economics I MCQ 49)
- 59) As some factories being automated, traditional workers find themselves with mismatched skills and some of them become unemployed. At the same time, computer operators are in high demand. This type of unemployment would be classified as  
 1) Cyclical unemployment                      2) frictional unemployment  
 3) natural unemployment                      4) structural unemployment  
 5) disguised unemployment  
 (2016A/L Economics I MCQ 44)
- 60) Which change would best indicate that a country has achieved development?  
 1) An increase in the country's real GDP.  
 2) An increase in the country's parentage in total world exports.  
 3) An improvement in the balance of payments  
 4) An appreciation in the country's currency.  
 5) An improvement in the average citizen's quality of life.  
 (2016A/L Economics MCQ 45)
- 61) Total dependency ratio is the ratio of  
 1) Children to adult in the population.  
 2) Unemployed to employed population in the labour force.  
 3) Population over 65 years of age to 100 persons in working-age population.  
 4) Population below 15 years of age to population over 15 years of age.  
 5) Population below 15 years and above 59 years of age to the population aged 15 to 59 years.  
 (2016A/L Economics I MCQ 46)
- 62) A Lorenz Curve can be used to evaluate which of the following economic issues?  
 1) The production and allocative efficiency of resources in the economy.  
 2) The comparative advantages of trading partners.  
 3) The intensity of specialization among countries.  
 4) The equality in income distribution.  
 5) The relationship between employment and price stability.  
 (2016A/L Economics I MCQ 48)

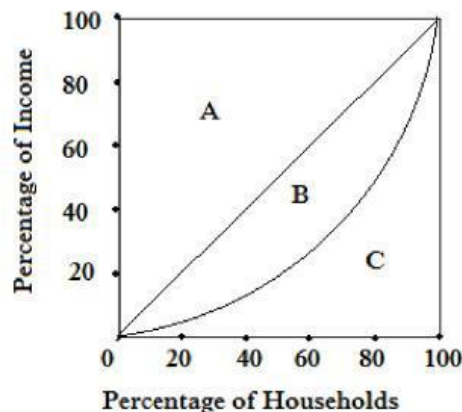


63) An economy's Gross National Income (GNI) per capita based on purchasing power parity has increased over a certain period of time, but its development measures by the Human development index has remained unchanged. What could explain this difference?

- 1) Increasing the number of expected years of schooling for children.
- 2) A decline in the life expectancy at birth.
- 3) A decrease in the adult literacy rate.
- 4) An increase in the rate of inflation.
- 5) An increase in the rate of population growth.

(2017A/L Economics I MCQ 45)

64) The Lorenz curve in the diagram below depicts the distribution of household income in an economy.



How is the Gini coefficient of the inequality of income distribution in this economy measured?

- 1)  $(\text{Area A} \div \text{Area B}) \div \text{Area C}$
- 2)  $\text{Area B} \div \text{Area C}$
- 3)  $\text{Area A} \div (\text{Area B} + \text{Area C})$
- 4)  $\text{Area B} \div (\text{Area B} + \text{Area C})$
- 5)  $\text{Area C} \div (\text{Area A} + \text{Area B})$

(2017A/L Economics I MCQ 46)

65) The table below presents some data pertaining to the labour market in a hypothetical economy at a given year.

| Working age population<br>(million) | Unemployed population<br>(million) | Rate of employment (%) |
|-------------------------------------|------------------------------------|------------------------|
| 25                                  | 3                                  | 80                     |

The labour force participation rate in this economy is,

- 1) 20%
- 2) 30%
- 3) 40%
- 4) 50%
- 5) 60%

(2017A/L Economics I MCQ 47)

66) Which of the following is not a major obstacle to attracting foreign direct investment in Sri Lanka?

- 1) Unstable economic conditions
- 2) Labour market rigidities
- 3) Uncertainty of policies.
- 4) Corruption and weak regulations.
- 5) Lack of diversification in export sector.

(2017A/L Economics I MCQ 50)

67) Income disparity can be measured by

- 1) the difference between GDP and GNI
- 2) the Gini Coefficient.
- 3) the growth rate in Real GDP
- 4) national poverty line.
- 5) Per capita income.

(2018A/L Economics I MCQ 45)

68) From the following, select the three indicators currently used in the Human Development Index.

- A- Purchasing power parity GNI per capita index.
- B- Birth rate index.
- C- Life expectancy index.
- D- Adult literacy index.
- E- Education index.

- 1) A, B and C
- 2) A, C and D
- 3) A, C and E
- 4) A, D and E
- 5) C, D and E

(2018A/L Economics I MCQ 46)

69) Which two of the following arguments imply that the real GNI per capita measure may be a misleading indicator of the standard of living between different countries?

- A- Does not take account of different rates of inflation.
- B- There are different degrees of non- market economic activities between countries.
- C- Does not take account of differing consumer taste.
- D- Does not take account of exchange rate distortions. Thus, this measure should be expressed using 'purchasing parities'
- E- The 'income approach' of GNI measurement may differ from the expenditure approach.

- 1) A and B
- 2) B and C
- 3) B and D
- 4) C and D
- 5) D and E

(2018A/L Economics I MCQ 47)

70) Sustainable development goal 1 is about poverty. The aim of this goal is to

- 1) Cut poverty half by 2030
- 2) End poverty in all its forms everywhere by 2030
- 3) Reduce poverty by 75% in 2030
- 4) End hunger and ensure access by all people to sufficient food.
- 5) Help each country make progress in reducing poverty.

(2018A/L Economics I MCQ 48)

71) The distribution of population among three major age groups of a country is given in the table below.

| Age Group         | Population (million) |
|-------------------|----------------------|
| 0-14 years        | 6                    |
| 15 – 64 Years     | 20                   |
| 65 years and more | 4                    |

The total dependency ratio of this country is

- 1) 10%
- 2) 20%
- 3) 30%
- 4) 33%
- 5) 50%

(2018 A/L Economics I MCQ 49)

72) The Human Development Index (HDI) summarizes a great deal of social performance into a single comparative index, combining

- 1) Disparity reduction rate, human resource development rate and the literacy rate.
- 2) Longevity, education and living standard.
- 3) Minimum schooling, adult literacy and tertiary educational attainment.
- 4) Human resource training, development and innovations.
- 5) Infant mortality, adult literacy and per capita income.

(2019 Old A/L Economics I MCQ 44)



- 73) A redistribution of income from the richest 10% of society towards the poorest 10% will
- 1) increase Gini coefficient and move the Lorenz curve closer to the 45 degree line.
  - 2) decrease Gini coefficient and move the Lorenz curve closer to the 45 degree line.
  - 3) decrease Gini coefficient and move the Lorenz curve further from 45 degree line.
  - 4) increase Gini coefficient and move the Lorenz curve further from 45 degree line.
  - 5) increase Gini coefficient and the Lorenz curve lies on the 45 degree line.

(2019 Old A/L Economics I MCQ 47)

- 74) The table below shows labour market data for a hypothetical economy.

| Year | Number of persons employed (million) | Labour force (million) | Household population aged 15 and above (million) |
|------|--------------------------------------|------------------------|--------------------------------------------------|
| 2017 | 27                                   | 30                     | 60                                               |
| 2018 | 32                                   | 36                     | 80                                               |

Based on this data, which one of the following statements is correct?

- 1) The labour force participation rate in 2018 was lower than that in 2017.
- 2) The rate of employment in 2018 was lower than that in 2017.
- 3) The labour force participation rate in 2018 was higher than that in 2017.
- 4) The labour force participation rate in 2018 was exactly that same as that in 2017.
- 5) The rate of unemployment in 2018 was exactly the same as that in 2017.

(2019 Old A/L Economics I MCQ 48)

- 75) The total dependency ratio in Sri Lanka is defined as the

- 1) Percentage of population over 65 years of age.
- 2) Ratio of number of children to adults in the population.
- 3) Percentage of population below 10 years and above 60 years of age.
- 4) Percentage of population below 15 years and above 64 years of age.
- 5) Ratio of non-working age population to working age population.

(2019 Old A/L Economics I MCQ 49)

- 76) How many Sustainable Development Goals have been agreed by all nations as part of the 2030 Agenda for Sustainable Development?

- 1) 8                      2) 11                      3) 14                      4) 17                      5) 19

(2019 New A/L Economics I MCQ 43)

- 77) One of the components of Human Development Index is

- 1) the percentage of population unemployed.
- 2) the average daily intake protein.
- 3) Life expectancy at birth.
- 4) the number of doctors per 1000 people in the population.
- 5) the adult literacy rate.

(2019 New A/L Economics I MCQ 45)

- 78) Economic development refers to

- 1) Economic growth.
- 2) Economic growth with changes in output distribution and economic structure.
- 3) Improvement in the well being of urban population.
- 4) Sustainable increase in Gross National Income.
- 5) Removal of income disparity of population.

(2019 New A/L Economics I MCQ 46)

79) Which one of the following economic issues can be evaluated with the use of a Lorenz curve?

- 1) The allocative and productive efficiencies of markets.
- 2) The comparative advantage in trading partners and the terms of trade.
- 3) Degree of specialization and growth within countries.
- 4) The equilibrium of market prices.
- 5) The degree of inequality in income distribution.

(2019 New A/L Economics I MCQ 47)

80) The table below shows employment data for a hypothetical economy.

| Year | Population<br>(Million) | Working – age<br>population<br>(Million) | Number of<br>Employed<br>(Million) | Number of<br>unemployed<br>(Million) |
|------|-------------------------|------------------------------------------|------------------------------------|--------------------------------------|
| 1    | 50                      | 25                                       | 12                                 | 3                                    |
| 2    | 60                      | 32                                       | 14                                 | 2                                    |
| 3    | 70                      | 40                                       | 20                                 | 5                                    |
| 4    | 80                      | 45                                       | 24                                 | 6                                    |
| 5    | 90                      | 50                                       | 26                                 | 4                                    |

In which year is the rate of unemployment 20% and labour force participation rate 60%

- 1) Year 1
- 2) Year 2
- 3) Year 3
- 4) Year 4
- 5) Year 5

(2019 New A/L Economics I MCQ 48)

81) What can the economic development policy implemented in Sri Lanka during the period 1960-1977 be called?

- 1) Outward – oriented export promotion policy.
- 2) Inward – oriented import substitution policy.
- 3) Neo – liberal economic policy.
- 4) Open economic policy.
- 5) Market - centered development policy.

(2019 New A/L Economics I MCQ 49)

### Contemporary questions

82) International poverty line for the lower middle-income countries is

- 1) US dollar 1.25
- 2) US dollar 1.90
- 3) US dollar 3.20
- 4) US dollar 5.50
- 5) US dollar 21.70

(2019 Old A/L Economics I MCQ 45)

83) According to the Poverty Headcount Index in 2016, the district which lowest and highest poverty levels in Sri Lanka were respectively,

- 1) Gampaha and Mullaitivu
- 2) Colombo and Kilinochchi
- 3) Gampaha and Batticaloa
- 4) Colombo and Trincomalee
- 5) Hambantota and Vavuniya

(2019 Old A/L Economics I MCQ 46)

84) According to household Income and Expenditure Survey in 2016, the income shares of richest 20% and the poorest 20% of households in Sri Lanka are respectively

- 1) 50.8% and 4.8%
- 2) 45.1% and 4.5%
- 3) 54.1% and 6.1%
- 4) 62.3% and 3.2%
- 5) 53.3% and 5.6%

(2019 Old A/L Economics I MCQ 50)

85) According to the Household Income and Expenditure Survey – 2016, Poverty Head Count Index for urban and rural sectors in Sri Lanka are respectively,

- 1) 4.1% and 8.8%
- 2) 2.0% and 4.0%
- 3) 1.9% and 4.3%
- 4) 1.7% and 3.3%
- 5) 0.9% and 3.4%

(2019 New A/L Economics I MCQ 44)

**END**