

INTRODUCTION TO INDIAN ECONOMY BASED INDIAN ECONOMY MCQ PRACTICE QUESTIONS AND ANSWERS PDF WITH EXPLANATION

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Q1. Who is the Ex-officio Chairman of the Planning Commission ?

- a) Finance Minister
 - b) Minister for Planning & Development
 - c) Prime Minister
 - d) Minister for Rural & Community Development
-

Q2. Which of the following States has the highest number of slums as per the data recently released by the Ministry of Housing and Urban Poverty Alleviation?

- a) West Bengal
 - b) Uttar Pradesh
 - c) Maharashtra
 - d) Andhra Pradesh
-

Q3. Open market operations of RBI refer to buying and selling of

- a) Government bonds
 - b) Foreign exchange
 - c) Gold
 - d) Commercial bills
-

Q4. Which is the biggest tax paying sector in India?

- a) Industrial sector
- b) Agriculture sector

c) Transport sector

d) Banking sector

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Q5. ISI mark is **not** given to which of the following products?

a) Cloth

b) Hosiery goods

c) Biscuits

d) Electrical goods

Q6. Securities and Exchange Board of India is a

a) Regulatory Body

b) Quasi Judicial body

c) Advisory Body

d) Constitutional Body

Q7. The slack season in the Indian economy is

a) Mar-April

b) Sept-Dec

c) Jan-June

d) Feb-April

Q8. Consider the following statements :

- Higher growth in GDP and population can occur together.
- Per capita income always decreases with high population growth.

Which of the statements given above is/are **correct**?

- a) 2 only
 - b) Both 1 and 2
 - c) 1 only
 - d) Neither 1 nor 2
-

Q9. Which of the following is definitely a major indication of the state of the economy of a country?

- a) Rate of inflation
 - b) None of these
 - c) Number of banks in a country
 - d) Rate of GDP growth
-

Q10. Which of the following is **not** a part of national income?

- a) Profits
 - b) Wages and Salaries
 - c) Rent
 - d) Interest on national debt
-

Q11. HRIDAY scheme launched by Urban Development Ministry aims at

- a) Development of smart cities
 - b) Education of girl child
 - c) Urban sewage treatment
 - d) Development of heritage sites
-

Q12. Per capita income is obtained by dividing National Income by

- a) Total working population
- b) Total population of the country
- c) Area of the country

d) Volume of capital used

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Q13. Which bank is limited to the needs of agriculture and rural finance ?

- a) SBI
- b) RBI
- c) IFC
- d) NABARD

Q14. Which Five Year Plan is **not correct** among the following ?

- a) Second 1956-61
- b) First 1951-56
- c) Third 1961-66
- d) Fourth 1966-71

Q15. The most appropriate measure of a country's economic growth is its

- a) Net National Product
- b) Gross Domestic Product
- c) Net Domestic Product
- d) Per capita Real Income

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Answers to the above questions :

Q1. Answer: (c)

With the Prime Minister as the ex-officio Chairman, the Planning Commission of India has a nominated Deputy Chairman, who is given the rank of a full Cabinet Minister. Mr Montek Singh Ahluwalia is presently the Deputy Chairman of the Commission.

Cabinet Ministers with certain important portfolios act as part-time members of the Commission, while the full-time members are experts in various fields like Economics, Industry, Science and General Administration.

Q2. Answer: (c)

As per the 65th Round NSS Survey, Maharashtra was the leading state in terms of the number of slums with 17019 slums in the state. Andhra Pradesh came second, while West Bengal came third.

In terms of a number of cities having a Slum Population of 50,000 and above, Andhra Pradesh with 36 cities came first, followed by Maharashtra.

Q3. Answer: (a)

OMOs are the market operations conducted by the Reserve Bank of India by way of sale/ purchase of Government securities to/ from the market with an objective to adjust the rupee liquidity conditions in the market on a durable basis. When the RBI feels there is excess liquidity in the market, it resorts to the sale of securities thereby sucking out the rupee liquidity.

Similarly, when the liquidity conditions are tight, the RBI will buy securities from the market, thereby releasing liquidity into the market.

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Q4. Answer: (a)

India's large service industry accounts for 57.2% of the country's GDP while the industrial and agricultural sectors contribute 28.6% and 14.6% respectively.

Agriculture is the predominant occupation in Rural India, accounting for about 52% of employment. The service sector makes up a further 34% and the industrial sector around 14%.

Q5. Answer: (c)

ISI mark is a certification mark for industrial products in India, which is mandatory for certain products to be sold in India, like most of the electrical appliances viz; switches, electric motors, wiring cables, heaters, kitchen appliances etc., and other products like portland cement, LPG valves, LPG cylinders, automotive tyres.

Q6. Answer: (a)

The Securities and Exchange Board of India (SEBI) is the designated regulatory body for the finance and investment markets in India.

It was established in the year 1988 and given statutory powers on 30 January 1992 through the SEBI Act, 1992. It is an autonomous body.

Q7. Answer: (c)

The slack season in the Indian economy is Jan-June.

Q8. Answer: (b)

Higher growth in GDP and population can occur together. Per capita income always decreases with high population growth as income per person decreases with rise in population.

Q9. Answer: (d)

The rate of GDP growth is a major indication of the state of the economy of a country. Economic growth is the increase in the market value of the goods and services produced by an economy over time. It is conventionally measured as the per cent rate of increase in gross domestic product.

Gross domestic product (GDP) is the market value of all officially recognized final goods and services produced within a country in a year, or another given period of time.

Q10. Answer: (d)

National Income is the money value of all goods and services produced in a country during a year. The income method of the calculation of National Income adds up all incomes received by the factors of production generated in the economy during a year.

This includes wages from employment and self-employment, profits to firms, interest to lenders of capital and rents to owners of the land.

Q11. Answer: (d)

National Heritage City Development and Augmentation Yojana (HRIDAY) was launched on 21 January 2015 with the aim of bringing together urban planning, economic growth and heritage conservation in an inclusive manner to preserve the heritage character of each Heritage City.

The Scheme shall support the development of core heritage infrastructure projects for heritage assets such as monuments, Ghats, temples etc. along with reviving certain intangible assets.

Q12. Answer: (b)

Per capita income or average income or income per person is the mean income within an economic aggregate, such as a country or city.

It is calculated by taking a measure of all sources of income in the aggregate (such as GDP or Gross National Income) and dividing it by the total population.

Q13. Answer: (d)

National Bank for Agriculture and Rural Development (NABARD) was established on 12 July 1982 by a special act by the parliament and its main focus was to uplift rural India by increasing the credit flow for elevation of agriculture & rural non-farm sector.

It has been accredited with "matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India".

Q14. Answer: (d)

The time period of Fourth Five Year Plan was 1969- 1974. Three annual plans preceded it.

Q15. Answer: (d)

The most appropriate measure of a country's economic growth is its per capita real income.

Per capita income is average income, a measure of the wealth of the population of a nation. It is used to measure a country's standard of living thus a better indicator of economic growth.

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