

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

For All Competitive SSC, Bank, IBPS, UPSC, Railway, IT & Other Govt. Exams

Created By [Careericons](#) Team

**Q1.** Special Economic Zone (SEZ) concept was first introduced in

- a) Pakistan
- b) Japan
- c) India
- d) China

**Q2.** Consider the following statement in regards to Low per capita Income:

- India is a developing economy
- India's per capita income level is higher as compared with other developed countries
- According to World Development Report (2011), India's per capita income was the US \$ 1499 in 2014
- India's per capita income falls in the category of Lower Middle-Income Countries(LMC)

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

- a) 1, 2 and 3
- b) 1, 2 and 4
- c) 1 and 2
- d) 1, 3 and 4

**Q3.** Matching Based MCQ Match columns A and B

Columns A	Columns B
I. Mixed economy	a. India has strong powers invested in the Centre with financial independence and adequacy
II. Federal economy	b. Public sector business enterprise exists with Private sector
III. Overpopulation	c. In each decade Indian population is increased By 20%

IV. Disparities in Income Distribution

d. India's per capita income is about 1/40 of the US level Of per capita

Codes: A B C D

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

**Q4.** Consider the following statements in regard to Gross National Product (GNP):

- Gross National Product refers to the money value of total output or production of final goods and services produced by the nationals of a country during a given period of time.
- In the calculation of GNP, we include the money value of goods and services produced by nationals outside the country

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

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**Q5.** Which of the following is a part of tertiary sector?

- a) Cultivation of crops
- b) Animal Husbandry
- c) Cotton manufacturing
- d) Power and transportation

**Q6.** SEBI was set up in

- a) 1980

- b) 1992
  - c) 1984
  - d) 1988
- 

**Q7.** What does the open market operations of the RBI mean?

- a) Auctioning of foreign exchange
  - b) Buying and selling shares
  - c) Trading in securities
  - d) Transactions in gold
- 

**Q8.** The RBI issues currency notes under the

- a) Maximum Fiduciary System
  - b) Fixed Fiduciary System
  - c) Fixed Minimum Reserve System
  - d) Proportional Reserve System
- 

**Q9.** Golden Handshake Scheme is associated with

- a) Voluntary retirement
  - b) Private investment in public enterprises
  - c) Establishing joint enterprises
  - d) Inviting foreign companies
- 

**Q10.** Consider the following statements:

- The Fifth Economic Census was conducted by CSO in the year 2007.
- Intelligent Character Recognition (ICR) technology is being used for detailed processing of the data collected in the Fifth Economic Census.

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

- a) 2 only

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

**Q11.** The Indian Economy is a

- a) Socialist economy
  - b) Mixed economy
  - c) Liberal economy
  - d) None of the above
- 

**Q12.** The Gandhian economy is based on the principle of

- a) Trusteeship
- b) State control
- c) Competition
- d) None of the above

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**Q13.** Consider the following statements and select the **correct** code :

- Most of the governments run unbalanced budgets.
- In a balanced budget there could be budget surplus but no budget deficit.

Code :

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

**Q14.** Which car has been the best seller in India in 2004-2005 ?

- a) Maruti Suzuki Alto
- b) Maruti 800
- c) Tata Indica
- d) Santro Xing

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**Q15.** Which of the following will **not** be the part of 'financial inclusion'?

- Opening educational centres.
- Opening wealth management centres by Citibank.
- Eradication of poverty.
- Report of Khan Commission on financial inclusion.

Select the **correct** answer using the codes given below:

- a) 1, 3 and 4
- b) 1, 2 and 4
- c) 1, 2 and 3
- d) 1, 2, 3 and 4

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**Answers to the above questions :**

**Q1. Answer: (d)**

Worldwide, the first known instance of an SEZ seems to have been an industrial park set up in Puerto Rico in 1947 to attract investment from the US mainland.

In the 1960s, Ireland and Taiwan followed suit, but in the 1980s China made the SEZs gain global currency with its largest SEZ being the metropolis of Shenzhen.

**Q2. Answer: (d)**

India is a developing economy. Its per capita income level is much low than compared of other developed countries. According to World Development Report (2011), India's per capita income was the US \$ 1499 in 2014.

The per capita income in the United States is US \$ 47240 and hence India's per capita income is about 1/40 of the US level of per capita.

The per capita income of 2015 has increased by 10.1%, (as compared to 2014) as stated by Minister of State for Statistics and Programme Implementation Gen. V K Singh.

The national income in 2014-15 stood at Rs. 11,217,079 crore. With the mentioned per capita income, India falls in the category of Lower Middle-Income Countries(LMC)

### Q3. Answer: (c)

There are different types of economic types.

1. The benefit of a mixed economy is to achieve a welfare state with a socialistic pattern of society.
2. India is a federal economy.
3. India is a developing economy.
4. India's population is getting increased in each decade.

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**Q4. Answer: (d)**

Gross National Product refers to the money value of total output or production of final goods and services produced by the nationals of a country during a given period of time, generally a year.

In the calculation of GNP, we include the money value of goods and services produced by nationals outside the country.

**Q5. Answer: (d)**

The service sector, also called the tertiary sector, is one of the three parts of the economy in the Threesector hypothesis. It involves the provision of services to businesses as well as final consumers.

Services may involve the transport, distribution and sale of goods from producer to consumers as may happen in wholesaling and retailing, or may involve the provision of a service, such as in pest control or entertainment.

**Q6. Answer: (d)**

The Securities and Exchange Board of India (SEBI) was established in the year 1988 and given statutory powers on 12 April 1992 through the SEBI Act, 1992. It is the regulator for the securities market in India.

**Q7. Answer: (c)**

An open market operation (also known as OMO) is an activity by a central bank to buy or sell government bonds on the open market. A central bank uses them as the primary means of implementing monetary policy.

The usual aim of open market operations is to control the short term interest rate and the supply of base money in an economy and thus indirectly control the total money supply.

**Q8. Answer: (c)**

The Reserve Bank of India has the sole right to issue banknotes of all denominations. The distribution of one rupee notes and coins and small coins all over the country is undertaken by the Reserve Bank as an agent of the Government.

The system as it exists today is known as the minimum reserve system.

**Q9. Answer: (a)**

A golden handshake is a clause in an executive employment contract that provides the executive with a significant severance package in the case that the executive loses his or her job through firing, restructuring, or even scheduled retirement.

This can be in the form of cash, equity, and other benefits, and is often accompanied by accelerated vesting of stock options.

**Q10. Answer: (a)**

**Q11. Answer: (b)**

**Q12. Answer: (a)**

**Q13. Answer: (c)**

When the total expenditures of a government is equal to the taxes and other receipts it is a balanced budget. All budgets with either deficits or surpluses are unbalanced.

**Q14. Answer: (a)**

After beating the Maruti 800 over the second half of 2004, the Maruti Alto officially took the title of the bestselling car in India over the Full Year 2005.

Below the Alto at 102,970 units, the Hyundai Santro (aka Atos), built-in India, took the 2nd spot over the period at 73,822 sales and the Tata Indica was 3rd with 70,267 sales.

**Q15. Answer: (b)**

Financial inclusion is the delivery of financial services, at affordable costs, to sections of disadvantaged and low-income segments of society.

It includes opening educational centres, opening wealth management centres by Citibank, etc. Khan Commission had put the report on financial inclusion.

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