

# 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

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**Q1.** One of the problems in calculating the national income in India **correctly** is

- a) inflation
  - b) low savings
  - c) non-monetised consumption
  - d) under-employment
- 

**Q2.** The Swarna Jayanti Shahari Rojgar Yojna (SJSRY) mainly aims at creating employment opportunities for

- a) self employment in urban areas only
  - b) both self employment and wage employment in urban areas
  - c) wage employment in urban areas only
  - d) None of these
- 

**Q3.** India exports power to \_\_\_\_\_.

- a) Myanmar
  - b) Bangladesh
  - c) Pakistan
  - d) Bhutan
- 

**Q4.** Which of the following is **not** in the infrastructure sector?

- a) Construction of roads
- b) Power generation

- c) Food production
- d) Expansion of air ports

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**Q5.** High rates of interest in a low inflation region

- a) discourage people to make an investment
- b) are not favourable for credit expansion
- c) create atmosphere for capital formation
- d) attract people to make an investment

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**Q6.** Which nationalised bank of India has a shining star as its emblem?

- a) Bank of Baroda
- b) Indian Bank
- c) Bank of India
- d) Syndicate Bank

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**Q7.** The Commission in India dealing with minimum support price, procurement price, etc in connection with agricultural goods is the

- a) Agricultural Costs and Prices Commission
- b) Planning Commission
- c) Agricultural Price Commission
- d) National Marketing Commission

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**Q8.** The Government of India made it obligatory on the part of all commercial banks that they should give some cash amount while purchasing Government bonds. What would you call this?

- a) Cash Reserve Ratio
  - b) Statutory Liquidity Ratio
  - c) Minimum Reserve Ratio
  - d) Floating Reserve Ratio
- 

**Q9.** Kisan Credit Card scheme was introduced in

- a) 2000
  - b) 1996
  - c) 1998
  - d) 1991
- 

**Q10.** India's biggest nationalised enterprise today

- a) the Indian Commercial Banking System
  - b) the Indian Railways
  - c) the Indian Power Sector
  - d) the Indian Telecommunication System
- 

**Q11.** Taxation is a tool of

- a) Fiscal policy
  - b) Monetary policy
  - c) Price policy
  - d) Wage policy
- 

**Q12.** Which of the following items is a major item of Indian export?

- a) Car engines
- b) Potato chips
- c) Textile garments
- d) Computer chips

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**Q13.** Which sector of the Indian economy contributes largest to the GNP?

- a) Secondary sector
- b) Public sector
- c) Tertiary sector
- d) Primary sector

**Q14.** In the national context which of the following indicates Macro Approach ?

- a) Sales of Bata Shoe Company
- b) Inflation in India.
- c) Exports of Mangoes to UK
- d) Income from Railways.

**Q15.** How does the consumer benefit with VAT ?

- a) Reduces the cost of production
- b) It removes tax on tax and thus reduces price-rise
- c) With the abolition of the sales tax
- d) Due to the exemption of small businesses from the tax within certain limits prescribed by the State

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**Answers to the above questions :**

**Q1. Answer: (c)**

**Q2. Answer: (b)**

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) seeks to provide gainful employment to the urban unemployed or underemployed through the setting up of self-employment ventures or provision of wage employment.

It is a Centrally Sponsored Scheme which came into effect on 1 December 1997.

**Q3. Answer: (b)**

India's commercial export of power to Bangladesh commenced in October 2013 with the inauguration of the Bangladesh-India Power Transmission Centre at western Bherampura, near West Bengal.

India will export 500 MW of electricity daily to Bangladesh for 35 years.

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**Q4. Answer: (c)**

Food production or agriculture is a primary activity of the economy making direct use of natural resources. This includes agriculture, forestry and fishing, mining, and extraction of oil and gas. This is contrasted with the secondary sector, producing manufactured and other processed goods, and the tertiary sector, producing services.

Infrastructure is basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function.

The term typically refers to the technical structures that support a society, such as roads, bridges, water supply, sewers, electrical grids, telecommunications, and so forth.

**Q5. Answer: (d)**

Inflation reflects a situation where the demand for goods and services exceeds their supply in the economy. Higher interest rates in low inflation means higher real returns not just on money, but on all other assets too. These higher real returns increases the allocation of investment.

**Q6. Answer: (c)**

The new logo of the Bank of Baroda is a unique representation of a universal symbol. It comprises dual 'B' letterforms that hold the rays of the rising sun.

It is known as the 'Baroda Sun' which is the single most powerful source of light and energy – its far-reaching rays dispel darkness to illuminate everything they touch.

With this logo, the Bank of Baroda seeks to be the source that will help all its stakeholders realise their goals. To customers, the bank seeks to be a one-stop, reliable partner who will help them address different financial needs.

To employees, the bank offers rewarding careers and to our investors and business partners, maximum return on their investment.

**Q7. Answer: (b)**

The Commission for Agricultural Costs and Prices (CACP), the government's nodal agency to recommend the minimum price for farm commodities.

The Agricultural Prices Commission was set up in January 1965 to advise the Government on the price policy of major agricultural commodities with a view to evolving a balance and integrated price structure in the perspective of the overall needs of the economy and with due regard to the interests of the producer and the consumer.

Since March 1985, the Commission has been known as Commission for Agricultural Costs and Prices

**Q8. Answer: (b)**

Statutory liquidity ratio is the number of liquid assets such as precious metals (Gold) or other approved securities, which a financial institution must maintain as reserves other than the cash. The statutory liquidity ratio is a term most commonly used in India.

The objectives of SLR are to restrict the expansion of bank credit. They serve to augment the investment of the banks in government securities and ensure the solvency of banks.

**Q9. Answer: (c)**

Kisan Credit Card Scheme (KCC) aims at providing adequate and timely support from the banking system to the farmers for their short-term credit needs for the cultivation of crops. This mainly helps farmers purchase inputs etc., during the cropping season.

The credit card scheme proposed to introduce flexibility to the system and improve cost efficiency. It was introduced in August 1998.

**Q10. Answer: (b)**

Indian Railway is an Indian state-owned enterprise, owned and operated by the government of India through the Ministry of Railways. Railways were first introduced to India in 1853 from Bombay to Thane.

In 1951 the systems were nationalized as one unit, the Indian Railways, becoming one of the largest networks in the world.

IR operates both long-distance and suburban rail systems on a multi-gauge network of broad, metre and narrow gauges.

**Q11. Answer: (a)**

Fiscal policy is the use of government revenue collection (taxation) and expenditure (spending) to influence the economy.

**Q12. Answer: (a)**

India exports were worth 23698 Million USD in September of 2012. Historically, from 1994 until 2012, India Exports averaged 8603.18 Million USD reaching an all-time high of 30418.00 Million USD in March of 2011 and a record low of 1805.00 Million USD in May of 1994. Exports amount to 22% of India's GDP.

Gems and jewellery constitute the single largest export item, accounting for 16 per cent of exports.

India is also a leading exporter of textile goods, engineering goods, chemicals, leather manufactures and services. India's main export partners are European Union, United States, United Arab Emirates and China.

**Q13. Answer: (c)**

The tertiary sector of the Indian economy contributes largest to the GNP. During the last decade tertiary sector has shown remarkable expansion. The economy is divided into three sectors on the basis of activities-primary, secondary and tertiary.

Primary sector is involved in agriculture, secondary sector is involved in manufacturing, mining, construction while tertiary sector is involved in trade, transport, communication, banking & other services.

In the last decade, India has expanded maximum in providing services like IT, telecommunication, healthcare, tourism which is contributing around 60% to GDP.

**Q14. Answer: (c)**

Macroeconomics is a branch of economics dealing with the performance, structure, behaviour, and decision-making of an economy as a whole, rather than individual markets.

It explains the relationship between such factors as national income, output, consumption, unemployment, inflation, savings, investment, etc.



**Q15. Answer: (b)**

Value Added Tax (VAT) is a tax applied on the value that is added to goods and services at each stage in the production and distribution chain.

It forms part of the final price the consumer pays for the goods or services. On the domestic market, VAT is collected in stages, by registered manufacturers, wholesalers, retailers and services providers.

It is only individuals and firms registered with the VAT Service who can charge VAT on their supplies. However, the collection of the tax at more than one stage does not lead to duplication of the tax.

VAT is designed to ensure that most forms of consumer spending are taxed evenly and fairly. VAT is not a tax on the seller for it is the buyer who pays the tax. VAT will not be an additional tax, but a replacement for some existing indirect taxes.

It will be a broad-based, comprehensive and simplified system of taxation on transactions. VAT will improve, simplify and modernize the tax system.

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