

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

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Q1. A situation where we have people whose level of income is **not** sufficient to meet the minimum consumption expenditure is considered as

- a) Rural Poverty
 - b) Relative Poverty
 - c) Urban Poverty
 - d) Absolute Poverty
-

Q2. Who among the following Indian Economists has done pioneering work on National Income ?

- a) M.L. Seth
 - b) Jagdish Bhagwati
 - c) Amartya Sen
 - d) V.K.R.V. Rao
-

Q3. Which one of the following is **not** an instrument of Fiscal policy?

- a) Taxation
 - b) Open Market Operations
 - c) Public borrowing
 - d) Public expenditure
-

Q4. Indian economy is a

- a) Communistic economy
- b) Mixed economy

c) Capitalistic economy

d) Centralised economy

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Q5. To achieve economic self-reliance was the main objective of which Five Year Plan?

a) Second Five Year Plan

b) First Five Year Plan

c) Third Five Year Plan

d) Fourth Five Year Plan

Q6. What is MUDRA?

a) Scheme for Agricultural Insurance

b) Development and Refinance Agency

c) New Planet Discovered

d) Development and Regulatory Authority for Urban Township

Q7. “Jeevan Aastha” — a scheme relating to investment and saving, was launched during 2008– 09, by

a) ICICI Prudential

b) Tata AIG

c) Bajaj Allianz

d) LIC

Q8. What does term ‘Green shoots’ represent in an Economy?

- a) signs of growth of agriculture sector in a declining economy
 - b) signs of growth of agriculture sector in a growing economy
 - c) signs of economic recovery during an economy downturn.
 - d) signs of economic decline in a developed economy.
-

Q9. Which Indian private sector company has the largest sales turnover?

- a) Reliance Industries
 - b) Tata Sons
 - c) ITC Ltd.
 - d) Hindustan Lever Ltd.
-

Q10. The Employment Guarantee Scheme, which is now an important component of the NCMP, was first introduced in which State ?

- a) Maharashtra
 - b) Kerala
 - c) Andhra Pradesh
 - d) West Bangal
-

Q11. 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
-

Q12. In India which of the following taxes is levied by the State Governments?

- a) Capital gains tax

- b) Excise duty on liquor
- c) Customs tax
- d) Corporation tax

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Q13. One of the reasons for India's occupational structure remaining more or less the same over the years has been that

- a) Ceiling on land holdings have enabled more people to own land and hence their preference to stay with agriculture
- b) investment pattern has been directed towards capital intensive industries
- c) productivity in agriculture has been high enough to induce people to stay with agriculture
- d) People are largely unaware of the significance of transition from agriculture to industry for economic development

Q14. The new symbol of Indian currency is designed by

- a) Y.V. Reddy
- b) Santosh Kumar
- c) Udaya Kumar
- d) Dr. Rangarajan

Q15. According to the Employment Outlook 2007 reports of the Organisation for Economic Cooperation and Development (OECD), the number of new jobs created in India every year from 2000 to 2005 is

- a) 13 million
 - b) 8 million
 - c) 11 million
 - d) 5 million
-

Answers to the above questions :

Q1. Answer: (d)

Absolute poverty is defined as a situation in which the individual's basic needs are not covered, in other words, there is a lack of basic goods and services (normally related to food, housing and clothes).

This concept of poverty is strongly linked to destitution which is an inability to meet the minimum consumption expenditure. It is a level of poverty as defined in terms of the minimal requirements necessary to afford minimal standards of food, clothing, health care and shelter.

According to a UN declaration that resulted from the World Summit on Social Development in Copenhagen in 1995, absolute poverty is "a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services."

Q2. Answer: (d)

V.K. R.V. Rao has done pioneering works on national income in India. One of his works on national income was 'Changes in India's National Income-A Static Economy in Progress' (1954). The other was 'The National Income of British India' (1941).

Q3. Answer: (b)

Open market operations (OMO) refers to the buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system.

A central bank (Reserve Bank of India) uses OMO as the primary means of implementing monetary policy.

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Q4. Answer: (b)

Indian economy is an example of a mixed economy, an economic system that contains a mixture of markets and economic planning, in which both the private sector and state direct the economy.

It is a mixture of public ownership and private ownership; and market economies with strong regulatory oversight and governmental provision of public goods.

Q5. Answer: (d)

The Fourth Five-Year Plan (1969–1974) set before itself the two principal objectives – growth with stability and progress towards self-reliance.

It laid great emphasis on agriculture's growth rate so that a chain reaction can start. The Fifth Five-Year Plan (1974–1979) also focused on self-reliance in agricultural production and defence.

Q6. Answer: (b)

MUDRA (Micro Units Development and Refinance Agency) is a public sector financial institution that provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs.

It was launched by Prime Minister Narendra Modi on 8 April 2015.

Q7. Answer: (d)

Jeevan Aastha policy of Life Insurance Corporation of India is a single premium assurance plan which offers guaranteed benefits on death and maturity.

The plan has a maximum shelf life of 45 days and offers five and ten-year maturities to customers. The scheme has fixed the minimum age at entry as 13 years which would enable parents to make provisions for the higher education of their children.

Similarly, the maximum age at entry has been fixed as 60 years. The plan offers guaranteed addition of Rs100 for every thousand of maturity sum assured for 10 years term and Rs90 per annum for policies with a five-year term.

The policyholder can also avail of the benefits of tax exemption and has the option of surrendering the policy or raising a loan under the policy.

Q8. Answer: (c)

Green shoot is a term used colloquially and propagandistically to indicate signs of economic recovery during an economic downturn.

It was first used in this sense by Norman Lamont, the then Chancellor of the Exchequer of the United Kingdom, during the 1991 recession.

Q9. Answer: (a)

In 2012, Reliance Industries posted its highest ever turnover of USD 66.8 billion and net profit of USD 3.9 billion.

Reliance Industries is the country's largest private sector company on all major financial parameters with a turnover of Rs 339,792 crore, cash profit of Rs 31,994 crore and net profit of Rs 20,040 crore as of March 31, 2012.

Q10. Answer: (a)

The Employment Guarantee Scheme (EGS) underlying the National Rural Employment Guarantee Act is by far one of the largest social safety-net programmes launched anywhere in the developing world.

Maharashtra became the first state in India to guarantee work in 1979 following a severe drought. The EGS began in 1972 during the drought period.

However, it received a statutory basis in 1977 when the Maharashtra Legislative Assembly unanimously voted it as a law of the land. The law became operative on January 26, 1979, with the consent of the President of India.

Q11. 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.

Q12. Answer: (b)

Excise duty on production few items including that on liquor is imposed by state governments.

Excise duty on alcohol, alcoholic preparations, and narcotic substances is collected by the State Government and is called "State Excise" duty. For most of the states, excise duty is the second largest tax revenue after sales taxes (State VAT).

Q13. Answer: (b)

Q14. Answer: (c)

Udaya Kumar, an assistant professor at IIT Guwahati, is the designer of the Indian rupee sign. The design resembles both the Devanagari letter "ॠ" (ra) and the Latin capital letter "R", with a double horizontal line at the top.

The design was selected through an "open" competition among Indian residents.

Q15. Answer: (c)

Over the period 2000-05, India generated 11.3 million net new jobs per year, on average. The figure was 7 million in China, 2.7 million in Brazil and 0.7 million jobs in the Russian Federation, compared with an average of 3.7 million net new jobs generated in the OECD area as a whole each year over the same period.

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