

PLANNING, ECONOMIC DEVELOPMENT & FIVE YEAR PLANS 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. Match the following List-I List-II,

List I	List II
(Govt. Policy)	(Year)
A. Information Technology Policy	1. 2000
B. Mineral Policy	2. 2006
C. Hotel Policy	3. 2010
D. Industrial and Investment Promotion Policy	4. 2011

Codes: A B C D

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

Q2. A person qualifies for insurance under the Aam Aadmi Bima Yojana only if he

- Is earning member of rural household
- Is Landless
- Belongs to BPL category
- Between 15- 59 years of age

which among the above statements is / are **correct**?

- a) Only 1
b) 1, 2, 3 & 4
c) 1 & 2
d) 1, 3 & 4

Q3. Consider the following statements :

- Indo-china war had hampered the proper progress and implementation of Fourth Five Year Plan in India.
- In the Indian Economy, the plan Holiday took place during 1966 to 1969

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

Q4. Which of the following is **not** a feature of India's economic planning?

- a) Democratic solution
- b) Planning of imperative nature
- c) Limited centralisation
- d) Planning of indicative nature

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Q5. Which of the following measures should be taken when an economy is going through inflationary pressures?

- The direct taxes should be increased.
- The interest rate should be reduced.
- The public spending should be increased.

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

- a) Only 2
- b) 2 and 3
- c) Only 1
- d) 1 and 2

Q6. Which one of the following sectors of the Indian Economy got highest growth in the term GDP contribution after the adoption of LPG model of Economic Development?

- a) Fishing and Forestry sector
 - b) Mining and Quarrying sector
 - c) Agriculture sector
 - d) Services sector
-

Q7. Relative poverty refers to a situation where:

- a) a person is unable to obtain the necessities for life
 - b) a person falls behind others
 - c) a person is poorer than another in the developed world
 - d) a person is below poverty line
-

Q8. Usual status (US) unemployment is calculated with reference to a period of:

- a) indefinite
 - b) one year
 - c) one week
 - d) one month
-

Q9. Which of the following institutions was/were asked by the Government of India to provide official estimates of black (unaccounted) money held by Indians, both in India and abroad?

- National Institute of Public Finance and Policy.
- National Council of Applied Economic Research.
- National Institute of Financial Management.

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

- a) 1 and 2
- b) 2 and 3
- c) Only 1

d) All of these

Q10. Consider the following statements:

- Indira Gandhi Matritva Sahyog Yojana (IGMSY) has been launched to improve the health and nutrition status of pregnant, lactating women and infants.
- The scheme envisages Cash Incentives for the above beneficiaries
- All Government Women Employees are beneficiaries of the IGMSY

Which among the above statements is / are **correct**?

a) 1 and 2

b) 1 only

c) 2 and 3

d) 1, 2, 3

Q11. First Plan adopted

a) Mahalanobis model

b) Lewis-Fei model

c) Keynesian model

d) Harrod Domar model

Q12. Which one of the following states was having the highest Human Development Index in the year 2012?

a) Uttar Pradesh

b) Kerala

c) Assam

d) Madhya Pradesh

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Q13. When the productive capacity of the economic systems of a state is inadequate to create sufficient number of jobs, it is called

- a) structural unemployment
 - b) seasonal unemployment
 - c) cyclical unemployment
 - d) disguised unemployment
-

Q14. 'The Rolling Plan' for backward countries was suggested by

- a) A. Samuelson
 - b) G. Myrdal
 - c) R. Nurkse
 - d) W.A. Lewis
-

Q15. Consider the following statements :

- PURA model of the economic model was advocated by Dr APJ Abdul Kalam.
- PURA model of economic development is mainly aimed to bridge the gap between the rural-urban divide.

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
-

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Answers to the above questions :

Q1. Answer: (a)

Q2. Answer: (c)

Q3. Answer: (a)

Despite big investments during the first three Plans, the living standards of the poor could not be raised and poverty and inequity in the distribution of state resources remained stark.

Consequently, the period between 1966 and 1969 marked the shift from a 'growth approach' to a 'distribution from growth approach'.

Looking at the failures and pitfalls the planners suspended the impending Fourth Plan, which was due in 1966, until 1969 for a revision of objectives and targets. This was called the 'Plan Holiday' extending from 1 April 1966 to 31 March 1969.

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Q4. Answer: (b)

Indicative planning is peculiar to the mixed economy. In a mixed economy, the public and private sectors work together. In indicative planning, the private sector is neither rigidly controlled nor directed to fulfil the targets and priorities of the plan.

The state provides all types of facilities to the private sector but does not direct it, rather indicates the areas in which it can help in implementing the plan. Under imperative planning, all economic activities and resources of the economy operate under the direction of the state.

There is complete control over the factors of production by the state. There is no consumer's sovereignty in such planning.

Q5. Answer: (c)

Cost-push inflation occurs when businesses respond to rising costs, by increasing their prices to protect profit margins.

There are many reasons why costs might rise: Component costs, Rising labour costs and higher indirect taxes imposed by the government.

So, direct taxes should be increased when an economy is going through inflationary pressures.

Q6. Answer: (d)

Services sector of the Indian economy got the highest growth in the term GDP contribution after the adoption of LPG model of economic development.

Q7. Answer: (b)

Q8. Answer: (b)

Q9. Answer: (d)

The government had selected three think tanks in March 2011 in order to estimate the quantum of black money.

These **three think tanks** are -

1. National Institute of Financial Management (NIFM),
2. National Council for Applied Economic Research (NCEAR) and
3. National Institute of Public Finance and Policy (NIPFP).

Q10. Answer: (a)

Indira Gandhi Matritva Sahyog Yojana (IGMSY) has been launched to improve the health and nutrition status of pregnant, lactating women and infants. The scheme envisages Cash Incentives for the above beneficiaries.

Q11. Answer: (d)

Q12. Answer: (b)

The Human Development Index (HDI) is a composite statistic of life expectancy, education, and income used to rank states.

Among the given states Kerala was having the highest Human Development Index around 0.92 in the year 2012 for achieving the highest literacy rate, quality health services and consumption expenditure of people.

Q13. Answer: (c)

Cyclical unemployment is unemployment that results when the overall demand for goods and services in an economy cannot support full employment. It occurs during periods of slow economic growth or during periods of economic contraction.

Q14. Answer: (b)

Q15. Answer: (b)

Provision of Urban Amenities to Rural Areas (PURA) is a strategy for rural development in India to bridge the gap between rural and urban India.

This concept was given by former president Dr A.P.J. Abdul Kalam. PURA proposes that urban infrastructure and services be provided in rural hubs to create economic opportunities outside of cities.

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