

NATIONAL INCOME & HUMAN DEVELOPMENT INDEX BASED INDIAN ECONOMY MCQ PRACTICE QUESTIONS AND ANSWERS PDF WITH EXPLANATION

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Q1. The growth rate of per capita income at current prices is higher than that of per capita income at constant prices, because the later takes into account the rate of

- a) increase in price level
 - b) growth of population
 - c) increase in the wage rate
 - d) growth of money supply
-

Q2. In the post-Independence period, economic reforms were first introduced in India under :

- a) Indira Gandhi Government (1980)
 - b) Janata Party Government (1977)
 - c) Rajiv Gandhi Government (1985)
 - d) P.V. Narsimha Rao Government (1990)
-

Q3. As per the Human Development Report 2015, consider the following statements.

- India ranks 130 out of 188 countries.
- HDI is based on the indices for life expectancy education and PPP.
- In comparison to other nations in the BRICS, India has the lowest rank.

Which of the statement(s) given above is/are **correct**?

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

Q4. When did the Government of India established the independent Ministry for 'Women and Child Development'?

- a) 1987
- b) 1985
- c) 1988
- d) 1986

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Q5. One of the problems in calculating National Income in India is

- a) Inflation
- b) Under-employment
- c) Non-monetised consumption
- d) Low level of savings

Q6. Who coined the term 'Hindu rate of growth' for Indian economy?

- a) Kirit S. Parikh
- b) A.K. Sen
- c) Raj Krishna
- d) Montek Singh Ahluwalia

Q7. National income is based on the

- a) production of goods and services
- b) total revenue of the state
- c) net profit earned and expenditure made by the state.
- d) the sum of all factors of income

Q8. Human Development Index comprises literacy rates, life expectancy at birth and

- a) GDP per head at real purchasing power.
 - b) GDP per head in the US dollars.
 - c) GNP in US dollars
 - d) National Income per head in US dollars.
-

Q9. Which one of the following organisations publishes the Human Development Report?

- a) UNDP
 - b) UNESCO
 - c) IMF
 - d) World Bank
-

Q10. In India, planned economy is based on?

- a) Socialist system
 - b) Gandhian system
 - c) Capitalist system
 - d) Mixed economy system
-

Q11. National income ignores

- a) salary of employees
 - b) sales of a firm
 - c) exports of the IT sector
 - d) sale of land
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Q12. What was India's estimated GDP growth rate for 2018-19 in the Economic survey?

- a) 7.2% - 7.5%
- b) 6.3% - 7.1%
- c) 7% - 7.2%
- d) 7% - 7.5%

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Q13. Consider the following statements:

- Minimum Wages Act is only applicable to the scheduled employments of the centres and the states.
- Minimum Wages Act has allowed discrimination between male and female workers or different minimum wages for them.

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

- a) 1 and 2
- b) 2 only
- c) 1 only
- d) None

Q14. GDP deflator is used to :

- a) measure the inflation in a country.
- b) measure the relative reduction in GDP growth rate of a country.
- c) compare the GDP of a country vis a vis other countries of the world.
- d) estimate the purchasing power of the citizen of a country.

Q15. Consider the following statements:

- According to the data studied by planning commission in 2011–12, 21.9% of the population of India falls under the poverty line.
- The incidence of poverty is measured by the poverty ratio, which is the ratio of number of poor to the total population expressed as percentage.

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

- a) 1 and 2
- b) 2 only
- c) 1 only
- d) None

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Answers to the above questions :

Q1. Answer: (a)

Q2. Answer: (d)

The economy of India had undergone significant policy shifts at the beginning of the 1990s. This new model of economic reforms is commonly known as the LPG or Liberalization, Privatization and Globalization model.

LPG model of economic development in India was proposed by Dr Manmohan Singh, economist and finance minister at that time under the PV Narasimha Rao Government in 1990.

Q3. Answer: (d)

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Q4. Answer: (b)

Q5. Answer: (c)

Q6. Answer: (c)

The term was coined by Indian economist Raj Krishna.

The Hindu rate of growth is a derogatory term referring to the low annual growth rate of the socialist economy of India before 1991, which stagnated around 3.5% from the 1950s to the 1980s.

Q7. Answer: (a)

National Income is based on the production of goods and services.

A variety of measures of national income and output are used in economics to estimate total economic activity in a country or region, including

1. gross domestic product (GDP),
2. gross national product (GNP),
3. net national income (NNI), and
4. adjusted national income (NNI* adjusted for natural resource depletion).

Q8. Answer: (a)

HDI combines three dimensions:

- A long and healthy life: Life expectancy at birth,
- Education index: Mean years of schooling and
- Expected years of schooling and a decent Standard of living.

Q9. Answer: (a)

Q10. Answer: (d)

The planned economy is based on the mixed economy system. The concept of a mixed economy evolved from the ideas of Keynes. The concept of Mixed Economy means that both private enterprises and public enterprises coexist.

However, the condition attached is that the private enterprises must work for serving society rather than having only self-interest. Further, private enterprises may not be allowed in every sector of the economy like areas of national importance. Gandhian Economic order is based on co-operation equality, human values self-sufficient village, nationalisation of basic industries & theory of trusteeship.

A socialistic economic system is characterised by social ownership and democratic control of the means of production.

Capitalist system: It is the system where means of production are owned by private individuals profit is the main motive & there is no interference by the Govt in the economic activity.

Q11. Answer: (d)

National Income ignores sale of land.

Q12. Answer: (d)

Q13. Answer: (c)

The Minimum Wages Act, 1948 is Indian legislation enacted by the Parliament of India for statutory fixing of minimum wages to be paid to skilled and unskilled labours of centre and state.

Minimum Wages Act does not allow discrimination between male and female workers.

Q14. Answer: (a)

The GDP deflator is an economic metric that accounts for inflation by converting output measured at current prices into constant-dollar GDP.

The GDP deflator shows how much a change in the base year's GDP relies upon changes in the price level.

Q15. Answer: (a)

Both the statements are correct.

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