

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

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

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**Q1.** GDP is defined as the value of all

- a) goods and services in an economy in a year
  - b) goods produced in an economy in a year
  - c) final goods produced in an economy in a year
  - d) final goods and services produced in an economy in a year.
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**Q2.** The “Dual Economy” is a mixture of ?

- a) industrial sector and manufacturing sectors
  - b) traditional agriculture sector and modern industrial sector
  - c) state ownership of the means of production
  - d) industrial sector and trading of goods obtained through imports
  - e) None of these
- 

**Q3.** The term National Income represents:

- a) Gross national product at market prices minus depreciation plus net factor income from abroad.
  - b) Gross national product at market prices minus depreciation
  - c) Gross national product at market prices minus depreciation and indirect taxes plus subsidies.
  - d) Gross national product at market prices minus net factor income from abroad.
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**Q4.** Among Indian economists, who had done pioneering work on National Income?

- a) Prof. Shenoi
- b) P. N Dhar
- c) V. K. R. V Rao
- d) Jagdish Bhagwati

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**Q5.** The value of all final goods and services produced by the normal residents of a country and their property, whether operating within the domestic territory of the country or outside in a year is termed as

- a) Net National Income
- b) Gross National Income
- c) Gross Domestic Product
- d) Net Domestic Product

**Q6.** Which one of the following is the **correct** sequence in the decreasing order of contribution of different sectors to the Gross Domestic Product of India?

- a) Service, Agriculture, Industry
- b) Service, Industry, Agriculture
- c) Industry, Agriculture, Service
- d) Industry, Service, Agriculture

**Q7.** Consider the following statements:

- The percentage of urban population in India according to 2011 census is 31.16.
- Uttar Pradesh is the most populated state in India according to 2011 census.

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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**Q8.** Which one of the following countries has the highest percentage of the services sector in the GDP of the country?

a) France

b) United States

c) United Kingdom

d) Spain

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**Q9.** Which of the following methods is **not** being used in the unemployment estimation by the NSSO in India?

a) Current daily status

b) Current monthly status

c) Usual principal status

d) Current weekly status

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**Q10.** Which one of the following is **not** a method of measurement of National income?

a) Income Method

b) Value Added Method

c) Expenditure Method

d) Investment Method

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**Q11.** The main source of National income in India is

a) agriculture

b) service sector

c) industrial sector

d) trade sector

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**Q12.** The multi-dimensional poverty index of UNDP includes

- a) 12 indicators
- b) 8 indicators
- c) 14 indicators
- d) 10 indicators

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**Q13.** In India, rural incomes are generally lower than the urban incomes. Which of the following reasons account for this?

- A large no. of farmers are illiterate and know little about scientific-agriculture.
- Prices of primary products are lower than those of manufactured products.
- Investment in agriculture has been lower when compared to investment in industry:

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

**Q14.** Consider the following statements

- High growth will led to inflation.
- High growth will lead to deflation.

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

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

**Q15.** Consider the following statements:

- The India Human Development Survey (IHDS) is a nationally representative, multi-topic survey of households across India.
- IHDS is conducted by the NCAER.

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

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

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**Answers to the above questions :**

**Q1. Answer: (d)**

GDP is defined as the value of all final goods and services produced in an economy in a year.

The total quantity of goods produced in an economy during the year is multiplied by their current prices to get the GDP. Gross Domestic Product can be calculated using formulas.

$$\mathbf{GDP = C + G + I + NX}$$

Where, **C** - Private consumption or consumer spending in the national economy.

**G** - Sum of Govt. spending.

**I** - Sum of all the country's investment including business Capital expenditure.

**NX** - Nation's total net exports

**NX = Export – Import**

**Q2. Answer: (b)**

A dual economy is the existence of two separate economic sectors within one country, divided by different levels of development, technology, and different patterns of demand.

The concept was originally created by Julius Herman Boeke to describe the coexistence of modern and traditional economic sectors in a colonial economy.

**Q3. Answer: (c)**

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**Q4. Answer: (c)**

The first person to adopt a scientific procedure in estimating the national income was Dr VKRV Rao in 1931.

PN Dhar - He was an economist & head of Indira Gandhi's Secretariat Jagdish Bhagwati - An Indian Economist. He is a University professor of economics and law at Columbia University.

**Q5. Answer: (b)**

The sum of a nation's gross domestic product (GDP) plus net income received from overseas.

Gross national income (GNI) is defined as the sum of value added by all producers who are residents in a nation, plus any product taxes (minus subsidies) not included in the output, plus income received from abroad such as employee compensation and property income.

**Q6. Answer: (b)**

**Q7. Answer: (a)**

Both the statements are correct.

**Q8. Answer: (b)**

The economy of France is the world's largest single national economy.

It has the highest percentage of the services sector in the GDP equivalent to 79.8%.

The service sector percentage for India is 56.9%

**Q9. Answer: (b)**

**Q10. Answer: (d)**

The investment method is not a method of measurement of National income.

There are three methods of measurement:

- income method,
- product or value-added method and
- the expenditure method.

The investment method is only appropriate if the property is let or operated under a management structure by a third party. Income method - Under this method National income

is measured as a flow of factor income.

**Q11. Answer: (b)**

The service sector is one of the three economic sectors. it includes:

1. telecommunication,
2. hospitality industry/tourism,
3. mass media,
4. healthcare/hospitals,
5. information technology,
6. banking,
7. insurance,
8. investment management,
9. accountancy,
10. legal services,
11. consulting,
12. retail sales,
13. real estate, and
14. education.

The maximum contribution to national income comes from the service sector which contributes more than 50%.

**Q12. Answer: (d)**

**Q13. Answer: (c)**

In India, a large no. of farmers are illiterate and know little about scientific agriculture. Prices of primary products are lower than those of manufactured products and investment in agriculture has been lower when compared to investment in the industry.

All these reasons are responsible for lower rural income.

**Q14. Answer: (b)**



Typically, higher inflation is caused by strong economic growth. If Aggregate demand in an economy expanded faster than aggregate supply, we would expect to see a higher inflation rate.

If demand is rising faster than supply, then this suggests that economic growth is higher than the long-run sustainable rate of growth.

**Q15. Answer: (d)**

Both the statements are correct.

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