

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

Created By [Careericons](#) Team

Q1. Which of the following is equivalent to National income?

- a) NDP at factor cost
 - b) GDP at market price
 - c) NNP at market price
 - d) NNP at factor cost
-

Q2. Personal disposable income means?

- a) Personal income- indirect taxes + fees+ fines
 - b) Personal income- direct taxes
 - c) Personal income- indirect taxes + fees+ fines+ social security contribution by employers
 - d) None of these
-

Q3. Which is **not** included in the private income arising in a country?

- a) Net factor income from abroad
 - b) Factor income from net domestic product
 - c) Current transfers from government
 - d) Current payments on foreign loans
-

Q4. One of the reasons for India's occupational structure remaining more or less the same over the years has been that :

- invest pattern has been directed towards capital intensive industries
- productivity in agriculture has been high enough to induce people to stay with agriculture
- ceiling on land holdings have enabled more people to own land and hence their preference to stay with agriculture

- people are largely unaware of the significance of transition from agriculture to industry for economic development

Find out the **correct** option from the code :

- a) None of the above
- b) 4 only
- c) 2 and 3 only
- d) 1 only

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Q5. Which among the following sectors contribute most to GDP of India?

- a) Secondary sector
- b) Primary sector
- c) All three contribute equally
- d) Tertiary sector

Q6. In India, National Income is computed by which of the following

- a) Ministry of Finance
- b) Planning Commission
- c) Reserve Bank of India
- d) Central Statistical Organisation

Q7. Which of the following can aid in furthering the Government's objective of inclusive growth?

- promoting self help group
- promoting micro, small and medium Enterprises
- Implementing the Right to Education Act

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

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

Q8. Human Development Index (HDI) is constructed with reference to

- Life expectancy at birth, real GDP per capita, gross enrolment ratio, adult literacy rate.
- Life expectancy at birth, real GDP per capita, combined gross enrolment ratio, adult literacy rate.
- Life expectancy, GDP per capita, infant mortality rate, literacy rate.
- GDP per capita, infant mortality rate, literacy rate

Codes:

- a) 1 and 3
 - b) 1 and 2
 - c) 3 only
 - d) 1, 2 and 4
-

Q9. Which of the following is a sign of economic growth?

- a) A sustained increase in real per capita income
 - b) An increase in national income at constant prices during a year
 - c) An increase in national income along with increase in population
 - d) An increase in national income at current prices overtime
-

Q10. Which one of the following states was having the highest Human Development Index in the year 2012?

- a) Kerala
 - b) Assam
 - c) Uttar Pradesh
 - d) Madhya Pradesh
-

Q11. Which sector of the Indian economy contributes largest to the GDP?

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

Q12. Which one of the following is related with the Atkinson's index of an economy ?

- a) An effect of supply demand mismatch
- b) A method to determine the income inequality
- c) A method to determine the unemployment
- d) None of the above

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Q13. Which one of the following publishes the 'Global Competitiveness Index' report?

- a) IMF
 - b) UNDP
 - c) WTO
 - d) World Economic Forum
-

Q14. National Income is the

- a) Net National Product at factor cost
- b) Net National Product at market price
- c) Net Domestic Product at factor cost
- d) Net Domestic Product at market price

Q15. National Income is the

- a) NNP at factor cost
 - b) NNP at market price
 - c) Net Domestic product at market price
 - d) Net domestic product at factor cost.
-

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Answers to the above questions :

Q1. Answer: (d)

NNP at factor cost is equivalent to national income. Net National Product at factor cost is the aggregate payments made to the factors of production.

NNP at FC is the total incomes earned by all the factors of production in the form of wages, profits, rent, interest etc. plus net factor income from abroad.

Q2. Answer: (b)

Personal income = direct taxes + fees + fines + social security contribution by employers.

The amount of money that households have available for spending and saving after income taxes have been accounted for.

Disposable personal income is often monitored as one of the many key economic indicators used to gauge the overall state of the economy. Disposable income is total personal income minus personal current taxes.

Disposable Personal Income is the amount of money that households have available for spending & saving after income taxes have been counted for.

$P.I = \text{Direct taxes} + \text{fees} + \text{fines} + \text{social security contribution by employees}$

Q3. Answer: (d)

Private income arising in a country does not include current payments on foreign loans.

Private income includes any type of income received by a private individual or household, often derived from occupational activities, or income of an individual that is not in the form of a salary (e.g. income from investments).

Thus private income includes factor income from the net domestic product, net factor income from abroad & current transfers from the government.

Private income = Domestic product accruing to the private sector + Net factor income from abroad + Net other transfer income.

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Q4. Answer: (d)

The gap between poor and rich will be wide and it must be increase when their investment lean towards capital sector. They only prefer profit.

Q5. Answer: (d)

Q6. Answer: (d)

Q7. Answer: (d)

The Government's objective of inclusive growth can be furthered by promoting self-help groups, promoting micro, small and medium enterprises and implementing the right to education.

This will improve employment opportunities, increase GDP etc.

Q8. Answer: (b)

HDI is the geometric mean of (i) Life Expectancy Index (LEI), Education Index (EI) and Income Index (II)

$$HDI = \sqrt[3]{LEI \times EI \times II}$$

$$LEI = \frac{\text{Life Expectancy} - 20}{82.3 - 20}$$

(where 20 and 82.3 are the minimum and maximum values of expectancy of life at birth in years).

$$EI = \frac{MYSLEYSI - 0}{0.951 - 0}$$

where MYSI (Mean Years of Schooling Index)

$$= \frac{MYS - 0}{13.2 - 0}$$

EYSI (Expected Years of Schooling Index)

$$= \frac{EYS - 0}{20.6 - 0}$$

$$II = \frac{\text{Log Per Capita GNI} - \log 100}{\text{log}(107721) - \log 100}$$

(100 and 107721 are the minimum and maximum values of Per Capita Gross National Income in US \$).

Q9. Answer: (a)

Q10. Answer: (a)

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.

Latest HDI of the Indian state - Kerala - Highest (0.797) - Chhattishgarh lowest (NA)

Q11. Answer: (c)

The tertiary sector of the Indian economy contributes the largest to the GDP. During the last decade, the tertiary sector has shown remarkable expansion.

The economy is divided into three sectors on the basis of activities-primary, secondary and tertiary.

The primary sector is involved in agriculture, the secondary sector is involved in manufacturing, mining, construction while the 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.

Q12. Answer: (b)

The Atkinson index is a measure of income inequality developed by British economist Anthony Barnes Atkinson.

The measure is useful in determining which end of the distribution contributed most to the observed inequality.

Q13. Answer: (d)

Q14. Answer: (a)

Q15. Answer: (a)

National Income is the Net National product at the factor cost.

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