INTRODUCTION TO MACRO ECONOMICS 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. 'Galloping Inflation' is also known as

a) Hyper Inflation

b) Creeping Inflation

c) Running Inflation

d) Walking Inflation

Q2. Regarding money supply situation in India it can be said that the :

a) Currency with the public is more than the deposits with the banks.

b) Currency with the public is almost equal to the deposits with banks.

c) Currency with the public is less than the deposits with the banks.

d) Currency with the public is inconvertible only.

Q3. Personal disposable income is :

a) equal to personal income minus direct taxes paid by household.

b) equal to personal income minus indirect taxes.

c) always more than personal income.

d) always equal to personal income.

Q4. Equilibrium price in the market is determined by the

a) equality between average cost and average revenue.

b) equality between marginal cost and marginal revenue.

c) equality between total cost and total revenue.

careericons.com

d) equality between marginal cost and average cost.

5000+ FREE INDIAN ECONOMY MCQ QUESTION BANK FOR ALL SSC, UPSC, BANK, RAILWAY EXAMS

Free Practice MCQs » Download More PDF » Free Online Quiz »

Q5. Which of the following is deducted from GNP to arrive at NNP ?

a) Tax

b) Subsidy

c) Interest

d) Depreciation

Q6. An indifference curve measures the same level of

a) Satisfaction from Income and Capital

b) Satisfaction from expenditure and savings

c) Satisfaction from two commodities

d) Output from two factors

Q7. The value of investment multiplier relates to

a) change in income due to change in consumption.

b) change in the income due to change in induced investment.

c) change in autonomous investment due to change in income.

d) change in income due to change in autonomous investment.

Q8. While determining income the expenditure on which of the following items is **not** considered as investment ?

a) Increase in the stock of unsold articles

b) Stock and share in joint stock company

c) Computer

d) Construction of factory

Q9. When income increase, consumption also increases :

a) in the same proportion

b) None of the options

c) in a higher proportion

d) in a lower proportion

Q10. What is an octroi ?

a) Tax processing centre

b) Tax information centre

c) Tax collection centre

d) Tax

Q11. A camera in the hands of a professional photographer is a _______ good.

a) Consumer

b) Capital

c) Intermediary

d) Free

Q12. The terms “Micro Economics” and “Macro Economics” were coined by

a) Ragner Frisch

b) J.M. Keynes

c) Ragner Nurkse

d) Alfred Marshall

1000+ FREE INTRODUCTION TO MACRO ECONOMICS BASED QUESTIONS AND ANSWERS FOR ALL COMPETITIVE EXAMS

careericons.com

Free Practice MCQs » Download More PDF » Free Online Quiz »

Q13. Situation Analysis is useful for:

a) Capital Market

b) Analysis of Capital Market and Capital Market

c) SWOT Analysis

d) Analysis of Capital Market

Q14. The difference between the GNP and the NNP is equal to the

a) indirect tax revenue

b) capital depreciation

c) direct tax revenue

d) consumer expenditure on durable goods

Q15. In a highly developed country the relative contribution of agriculture to GDP is

a) the same as that of other sectors

b) zero

c) relatively low

d) relatively high

Read More introduction to macro economics Question and Answes »

Answers to the above questions :

Q1. Answer: (a)

When prices rise between 20% to 100% per annum or even more, it is called galloping or hyperinflation. Such a situation brings a total collapse of the monetary system because of the continuous fall in the purchasing power of money.

Galloping inflation has an adverse effect on middle and low-income groups in society.

Q2. Answer: (c)

Money supply in India includes the following:

1. Currency with the public;
2. Demand deposits and time deposits with banks;
3. Deposits with Reserve Bank of India; and
4. Deposits in Post Office.

The currency with the public is less than the total currency issued by RBI. This is because of cash reserves with banks, i.e., a part of currency issued remains with banks.

As far as deposits are concerned, during the last four decades, the proportion of demand deposits, time deposits and others with banks in relation to the total supply of money has been increasing with reciprocal diminution in currency held by the public.

This is mainly due to the expansion of banking facilities in the country. Almost all the money in the economy exists as bank deposits – and banks create these deposits simply by making loans.

Q3. Answer: (a)

Disposable income is total personal income minus personal current taxes. In national accounts definitions, personal income, minus personal current taxes equals disposable personal income.

Subtracting personal outlays (which includes the major category of personal (or, private) consumption expenditure) yields personal (or, private) savings.

5000+ INDIAN ECONOMY MCQ TOPIC WISE MCQ QUESTION BANK WITH SOLVED ANSWERS & FREE PDF

INTRODUCTION TO INDIAN ECONOMY

PLANNING, ECONOMIC DEVELOPMENT & FIVE YEAR PLANS

NATIONAL INCOME & HUMAN DEVELOPMENT INDEX

AGRICULTURE SECTOR, SUBSIDY AND FOOD PROCESSING

INDUSTRIES, MANUFACTURING & SERVICE SECTORS

careericons.com

INCLUSIVE GROWTH, SUSTAINABLE DEVELOPMENT AND EMPLOYMENT

POVERTY & UNEMPLOYMENT INTRODUCTION TO MICRO ECONOMICS

INTRODUCTION TO MACRO ECONOMICS

MACRO FUNDAMENTALS, GDP, INVESTMENT, GROWTH

DEMAND & SUPPLY, PROFIT LOSS, INFLATION & PRICE INDEX

FISCAL POLICY, PUBLIC FINANCE AND MONETARY POLICY

MONEY SUPPLY, BANKING AND FINANCIAL INSTITUTIONS

TAXES TYPES, METHODS & BUDGETING PROCESS

BANKING, SECURITY MARKET & INSURANCE

Q4. Answer: (b)

The equilibrium price is the market price where the quantity of goods supplied is equal to the quantity of goods demanded.

This is the point at which the demand and supply curves in the market intersect. Both under perfect competition and monopolistic competition, the firm is in equilibrium at the point of equality of marginal cost and marginal revenue.

(MC = MR).

Q5. Answer: (d)

If we subtract the depreciation charges from the gross national product, we get net national product at market price. Net national product at market price=Gross national product at market price-Depreciation.

Q6. Answer: (c)

An indifference curve is a locus of combinations of goods which derive the same level of satisfaction so that the consumer is indifferent to any of the combinations he consumes.

If a consumer equally prefers two product bundles, then the consumer is indifferent between the two bundles. The consumer gets the same level of satisfaction (utility) from either bundle.

In other words, an indifference curve is the locus of various points showing different combinations of two goods providing equal utility to the consumer.

Q7. Answer: (c)

The term investment multiplier refers to the concept that any increase in public or private investment spending has a more than proportionate positive impact on aggregate income and the general economy.

The investment multiplier tries to determine the financial impact of a public or private project.

Q8. Answer: (a)

The gross national product is the sum total of all final goods and services produced by the people of one country in one year. The GNP is a flow concept. It can be calculated with either the expenditure approach or the income approach.

The expenditure approach sums all that is purchased: in a sense, it is equivalent to the income approach because purchases are only possible if income is present.

GDP can be calculated as the sum of all expenditures: personal consumption expenditure (C), gross private domestic investment (Ig), government purchases (G), and net exports (Xn).

An increase in the stock of unsold articles does not come under any of these heads.

Q9. Answer: (d)

According to the Keynesian Consumption theory, “men are disposed, as a rule, and on average, to increase their consumption as their income increases, but not by as much as the increase in their income.”

Another feature of consumer behaviour is that when income increases, people do not spend their entire incremental income on consumption. They save a part of it for their financial security during the period of unemployment, illness, etc.

In simple words, the marginal propensity to consume decreases, i.e., households spend a decreasing proportion of marginal income on consumption.

That is why families on a lower-income scale save a lower percentage of their income and those on a higher scale of income save a larger proportion of their income.

careericons.com

Q10. Answer: (d)

Octroi is a local tax that is collected by the state government on those goods that have been bought into the city/state for the purpose of personal use and sale.

The charges on the items are generally levied after on the weight, value and a total number of goods. It is levied on certain articles, such as foodstuffs, on their entry into a city.

Q11. Answer: (c)

Good is any tangible item, whether produced or found naturally and which is available for exchange. A free good is a good that is so abundant in supply that it has no opportunity cost, for example, air.

Intermediary good is a firm's product that is used as an input into the production process of either the same firm or another.

Q12. Answer: (a)

The terms microeconomics and macroeconomics were coined by Professor Ragnar Frisch of Oslo University for the first time in 1933 and since then they have gained popularity and were widely used by other economists. Now they have become an integral part of economic terminology.

Ragnar Anton Kittil Frisch was a Norwegian economist and the co-winner with Jan Tinbergen of the first Nobel Memorial Prize in Economic Sciences in 1969. Frisch was one of the founders of economics as modern science.

He made a number of significant advances in the field of economics and coined a number of new words.

Q13. Answer: (c)

Three of the four options in the question are identical.

Situation analysis refers to a collection of methods that managers use to analyze an organization's internal and external environment to understand the organization's capabilities, customers, and business environment.

careers360.com

It is useful for Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis in which internal strengths and weaknesses of an organization and external opportunities and threats faced by it are closely examined to chart a strategy.

Q14. Answer: (b)

Depreciation refers to two very different but related concepts: the decrease in value of assets (fair value depreciation), and the allocation of the cost of assets to periods in which the assets are used (depreciation with the matching principle).

The difference between the GNP and NNP is equal to capital depreciation. It is the wearing out, breaking down, or technological obsolescence.

Q15. Answer: (c)

In developed countries, the labour productivity of any commercial agriculture is high, so only a very small percentage of the population is involved with agriculture even when agriculture is a major industry and export.

These countries focus more on the manufacturing and service industries. Agriculture or the primary sectors of the economy have sizeable contributions to the GDP of developing nations.

On our site **Careerions.com**, You can find all the content you need to prepare for any kind of exam like. **Verbal Reasoning, Non-Verbal Reasoning, Aptitude, English, Computer, History, Polity, Economy, Geography, General Science, General Awareness** & So on. Make use of our expert-curated content to get an edge over your competition and prepare for your exams effectively.

Practice with our **Free Practice MCQs, Mock Tests Series, Online Quiz** and get an idea of the real exam environment. Keep track of your progress with our detailed performance reports. They are perfect for competitive exam preparation, as well as for brushing up on basic & fundamental knowledge. The questions are updated regularly to keep up with the changing syllabuses.

careerions.com