

MACRO FUNDAMENTALS, GDP, INVESTMENT, GROWTH 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. Green revolution had the greatest impact on

- a) Maize
 - b) Rice
 - c) Wheat
 - d) Barley
-

Q2. Which of the following are the objectives of the commission for Agricultural costs and prices (CACP)?

- To stabilise agricultural prices.
- To ensure meaningful real income levels to the farmers.
- To protect the interest of the consumers by providing essential agricultural commodities at reasonable rates through public distribution system.
- To ensure maximum price for the farmer.

Choose the correct answer from the codes given below. Code

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

Q3. Consider the following statements:

- i. Real GDP has steadily increased in the last decade
- ii. GDP at current market prices has steadily increased in the last decade

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

- a) Both (i) & (ii)
- b) (ii) only

- c) (i) only
 - d) Neither (i) nor (ii)
-

Q4. 'Super Rice' was developed by

- a) G.S. Khush
- b) M.S. Swaminathan
- c) P.K. Gupta
- d) N.E. Borlaug

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Q5. Consider the following statements regarding the **services trade of India**:

- i. Value of export of services is equal to merchandise exports
- ii. India services trade is steadily in surplus in the last decade

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

- a) Both (i) & (ii)
 - b) (ii) only
 - c) (i) only
 - d) Neither (i) nor (ii)
-

Q6. Consider the following statements:

- i. Decrease in investments will lead to depletion of capital stock in the economy
- ii. A decrease in investments will lead to an increase in the incremental capital-output ratio
- iii. A decrease in investments will lead to a decrease in the production of goods and services

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

- a) (i) & (iii) only
- b) (ii) only
- c) (i) only

d) None of the above

Q7. The licensing policy for the industries drew strength from

- a) Industrial Policy Resolution, 1956
 - b) Industrial Policy Resolution, 1948
 - c) Industries Act 1951
 - d) Congress Party Resolution of establishing Socialistic pattern of society
-

Q8. As per Micro, Small and Medium Enterprises Development Act 2006, medium enterprises are defined as those with the investment of

- a) Rs. 5 crores to Rs. 10 crores
 - b) Rs. 25 lakhs to Rs. 5 crores
 - c) more than Rs. 10 crores
 - d) less than Rs. 10 crores
-

Q9. Consider the following statements:

- i. Investment in the economy increases with a decrease in the capital-output ratio
- ii. Economic output increases with a decrease in capital-output ratio

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

- a) Both (i) & (ii)
 - b) (ii) only
 - c) (i) only
 - d) Neither (i) nor (ii)
-

Q10. Consider the following statements regarding **Small-Scale industries**,

Small-Scale industries are in most cases not as efficient and competitive as large-scale ones. Yet the Government provides preferential treatment and reservation in a range of products to the small firms because small scale-industries.

- Provide higher employment on a per-unit capital development basis.
- Promote a regional dispersion of industries and economic activities.

- Have performed better in the export of manufactured products than the large scale ones.
- Provide jobs to low skill workers who otherwise may not find employment avenues elsewhere.

Which of the above statements are **correct**?

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

Q11. India is planning to become a \$5 Trillion economy by 2024-25. Consider the following statements.

- i. It is in nominal terms
- ii. It is in PPP terms
- iii. It will require compounded annual real growth of around 8%, with 4% inflation

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

- a) (i) & (iii) only
- b) (ii) only
- c) (i) only
- d) (ii) & (iii) only

Q12. Consider the statements regarding the **various inflation indices published in the country**:

- i. Wholesale Price Index (WPI) does not represent the inflation in services
- ii. Consumer Price Index (CPI) represents the inflation in goods and services
- iii. CPI and WPI represent the inflation of imported goods also
- iv. GDP deflator captures the inflation of the goods and services produced domestically

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

- a) (ii), (iii) & (iv) only
- b) (i), (ii), (iii) only
- c) (i) & (ii) only
- d) All of the above

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Q13. Reason for low-productivity in Indian agriculture is

- a) small land holdings
- b) engagement of more persons in agricultural operations than needed
- c) All of the above
- d) backward technique of production

Q14. Long-term agricultural credit is provided by

- a) District Cooperative Bank
- b) Primary Cooperative Society
- c) State Cooperative Bank
- d) Land Development Bank

Q15. Which of the following agencies is **not** engaged in exporting agricultural goods from India?

- a) State Trading Corporation
- b) NAFED
- c) MMTC
- d) IFFCO

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Answers to the above questions :

Q1. Answer: (c)

Q2. Answer: (b)

Q3. Answer: (a)

Real GDP (i.e. GDP at constant market prices) and Nominal GDP (i.e. GDP at current market prices) both have steadily increased in the last decade (in fact in the last 30 years) but the growth rate of Real GDP and Nominal GDP has fluctuated and has not increased steadily in the last decade.

Refer the Trends

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Q4. Answer: (a)

Q5. Answer: (b)

India's services exports are around 7.7% of GDP in 2018-19, while merchandise exports are around 12.1% of GDP.

India's services imports are around 4.6% of GDP in 2018-19. India's services trade has been consistently in surplus for the last decade.

Refer the Trends

Q6. Answer: (d)

If investments are decreasing that means there is less production of capital goods in the economy but that does not mean that the existing capital stock will decrease. The existing capital stock will keep on increasing even if investments are decreasing. So, (i) statement is false.

And since existing capital stock will keep on increasing, therefore production of goods and services i.e. GDP will keep on increasing. So, (iii) statement is false.

If investments are decreasing, that means the production of capital goods is decreasing. Then you can't say anything about the productivity of capital i.e. ICOR.

So, (ii) statement is also false.

Q7. Answer: (c)

Q8. Answer: (a)

Q9. Answer: (b)

Capital/Output ratio represents (inverse of) productivity of capital. If the capital/output ratio is decreasing, that means capital is becoming more productive. But you cannot say that investment will increase.

But if capital is becoming more productive, then the economic output will increase.

Q10. Answer: (b)

Q11. Answer: (a)

2018-19 2024-25 USD 2.7 Trillion USD 5 Trillion (nominal GDP) (Nominal GDP)

So, it requires 85% growth in six years, which comes down to around 12% compounded annual growth. This 12% is nominal growth which can be achieved with real growth of around 8% and inflation of around 4%.

Q12. Answer: (d)

Services are not traded/transacted in the wholesale markets. So, WPI data does not include inflation due to services. So, (i) statement is true

When goods are imported in India, first they move to the wholesale mandis and then they come to the retail markets. So, wholesale prices and retail prices both get impacted because of the imported goods.

So, (iii) statement is true.

As the formula of GDP Deflator (is) = $\frac{\text{Nominal GDP}}{\text{Real GDP}}$

Since GDP includes only domestic goods and services, hence, GDP Deflator does not include inflation due to imported goods and services. So, (iv) statement is true.

Q13. Answer: (c)

Q14. Answer: (d)

Q15. Answer: (c)

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