

INDIAN ECONOMY

Objective

Applicable For All Competitive Exams

Sure Questions

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QUESTIONS WITH ANSWERS

Fundamentals of Indian Economy and Planning

1. National Development Council was set up in:

- (a) 1948
- (b) 1950
- (c) 1951
- (d) 1952

Ans: (d)

2. Economic Planning is a subject: [Asstt Grade 1991]

- (a) in the Union List
- (b) in the State List
- (c) in the Concurrent List
- (d) unspecified in any special list

Ans: (a)

3. For internal financing of Five Year Plans, the government depends on: [NDA 1991]

- (a) taxation only
- (b) taxation and public borrowing

- (c) public borrowing and deficit financing
- (d) taxation, public borrowing and deficit financing

Ans: (a)

4. The National Development Council gets its administrative support from:

- (a) Planning Commission
- (b) Finance Commission
- (c) Administrative Reforms Commission
- (d) Sarkaria Commission

Ans: (a)

5. The Five Year Plans of India intend to develop the country industrially through: [NDA 1991]

- (a) the public sector
- (b) the private sector
- (c) the public, private, joint and Cooperative sectors
- (d) increasing collaboration with non-resident Indians

Ans: (c)

6. The Planning Commission is : [UP PCS 1994]

- (a) a Ministry
- (b) a Government department
- (c) an Advisory body
- (d) an Autonomous Corporation

Ans: (c)

7. Which of the following statements is correct? [AAO 1993]

- (a) Planning Commission is a constitutional body
- (b) The Prime Minister is the Chairman of the Planning Commission
- (c) The Minister of Planning is always necessarily the Deputy Chairman of Planning Commission
- (d) The draft plan is prepared by the National Development Council

Ans: (b)

8. The principal reason why national economic planning is still being pursued inspite of embracing a market economy since 1991 is that: [IAS 1994]

- (a) the vast quantity of capital already deployed in the public sector needs to be nurtured
- (b) the market economy is mainly confined to industry and commerce and central planning in agriculture is necessary
- (c) it is a constitutional requirement
- (d) Five Year Plans can continue to provide a long-term perspective to the economy in market friendly fashions

Ans: (d)

9. 'Take off stage' in an economy means: [CBI 1990]

- (a) steady growth begins
- (b) economy is stagnant
- (c) economy is about to collapse
- (d) all controls are removed

Ans: (a)

10. Planning in India derives its objectives from:

- (a) Fundamental Rights
- (b) Directive Principles of State policy
- (c) Fundamental Duties
- (d) Preamble

Ans: (b)

11. 70% of working population of India is engaged in:

- (a) public sector
- (b) primary sector
- (c) secondary sector
- (d) tertiary sector

Ans: (b)

12. Economic survey is published by :[IAS 1998]

- (a) Ministry of Finance
- (b) Planning Commission
- (c) Govt. of India
- (d) Indian Statistical Institute

Ans: (a)

13. Who is called the 'Father of Economics' ?

- (a) Max Muller
- (b) Karl Marx
- (c) Adam Smith
- (d) None of these

Ans: (c)

14. The concept of Five Year Plans in India was introduced by

- (a) Lord Mountbatten
- (b) Jawaharlal Nehru
- (c) Indira Gandhi
- (d) Lal Bahadur Shastri

Ans: (b)

- (a) First
- (b) Third
- (c) Fifth
- (d) None of the above

Ans: (a)

84. Match the following:

List-I

- A. Year of the Great Divide
- B. Industrial Policy Resolution
- C. Setting up of Planning Commission
- D. Nationalisation of 14 Commercial banks

List-II

- 1. 1950
- 2. 1921
- 3. 1969
- 4. 1956

	A	B	C	D
(a)	2	4	1	3
(b)	4	3	1	2
(c)	2	1	3	4
(d)	1	3	4	2

Ans: (a)

85. Success of 4th plan was obstructed by :

- (a) poor monsoon
- (b) war with Pakistan
- (c) problem of Bengal refugees
- (d) All of the above

Ans: (d)

and Alleviation Programmes

1. **The 'Slack Season' in the Indian Economy is:**

- (a) March - April
- (b) Sept. - Dec.
- (c) Jan. - June
- (d) Feb. – April

Ans: (c)

2. **Consider the following statements:**

- 1. The nation-wide scheme of the National Child Labour Projects (NCLP) is run by the Union Ministry of Social Justice and Empowerment.
- 2. Gurupadswamy Committee dealt with the issues of child labour.

Which of the statements given above is/are correct? [IAS 2007]

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

Ans: (c)

3. **Which of the following groups of states has the largest concentration of rural poor and people living below the poverty line?**

- (a) Karnataka, Maharashtra, Goa
- (b) Goa, Andhra Pradesh, Maharashtra
- (c) Tamil Nadu, Kerala, Goa
- (d) Andhra Pradesh, Karnataka, Tamil Nadu

Ans: (d)

4. **India's wage policy is based on : [Railways 1994]**

- (a) cost of living
- (b) standard of living
- (c) productivity
- (d) None of the above

Ans: (a)

5. **Unemployment which occurs when workers move from one job to another job is known as : [IAS 1992]**

- (a) seasonal unemployment
- (b) frictional unemployment

Currency and Inflation

1. Which of the following are definite implications of a fall in inflation?

1. Prices have fallen
 2. Prices are increasing more slowly than before
 3. Food supply has increased
 4. There is industrial stagnation
- (a) 1 and 3
(b) 1 only
(c) 2 only
(d) 1, 3 and 4

Ans: (c)

2. Among the causes of inflation can be listed:

1. slow growth in agricultural output
 2. increasing non-development expenditure of Government
 3. rapid population growth
 4. rapid growth in costly imports
- (a) 1 and 2
(b) 2 and 3
(c) 1, 2, 3 and 4
(d) 1 and 4 only

Ans: (c)

3. Among the remedies of inflation we cannot include:

- (a) better capacity utilisation
- (b) lowering bank rate
- (c) reducing budgetary deficit
- (d) an efficient public distribution system

Ans: (b)

4. A very rapid growth in prices in which money loses its value to the point where even barter may be preferable is known as:

- (a) inflation
- (b) hyper-inflation
- (c) deflation
- (d) disinflation

Ans: (b)

5. Inflationary Gap is a situation characterized by:

- (a) excess of Aggregate Demand over Aggregate Supply at the full employment level
- (b) gap between Galloping Inflation and Runaway Inflation
- (c) Inflation coupled with recession
- (d) Inflation that usually prevails in a developing country

Ans: (a)

6. Which of the following is wrongly matched?

- (a) Depression: Insufficient demand causing large scale unemployment of men and machinery over a long period of time
- (b) Recession: Reduction in demand and production/ investment over a short period of time
- (c) Stagflation: slow pace of economic activity due to falling prices
- (d) Boom: Rapid and all-round spurt in economic activity

Ans: (c)

7. The cause of inflation is:

- (a) increase in money supply
- (b) fall in production
- (c) increase in money supply and fall in production
- (d) decrease in money supply and fall in production

Ans: (c)

8. Who among the following is most benefitted from inflation? [IAS 1989]

- (a) Government pensioners
- (b) Creditors
- (c) Savings Bank Account holders
- (d) Debtors

Ans: (d)

9. Which of the following groups suffer the most from inflation? [CPO SI 2003]

- (a) Debtors
- (b) Creditors
- (c) Business class
- (d) Holders of real assets

Ans: (b)

10. Minimum inflation in post economic reform was in :

Ans: (c)

Indian Banking System and Capital Market

1. All of the following are subsidiaries of the State Bank of India, except:

- (a) State Bank of Bikaner and Jaipur
- (b) Central Bank of India
- (c) State Bank of Hyderabad
- (d) State Bank of Patiala

Ans: (b)

2. Consider the following events:

1. Conversion of Imperial Bank of India into S.B.I.
2. Establishment of NABARD
3. Setting up of RRBs
4. Nationalisation of R.B.I.

The correct chronological sequence of these events is : [CDS 1999]

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

Ans: (b)

3. Word Bull and Big are associated with which branch of commercial activity? [UP PCS 2002]

- (a) Foreign Trade
- (b) Banking
- (c) Share Market
- (d) Manufacturing

Ans: (c)

4. How do we define the terms bull and bear with regard to stock markets?

- (a) A bull is an optimistic operator who first buys and then sells shares in expectation of the price going up; a bear is a pessimistic market operator who sells the shares in expectation of buying them back at a lower price
- (b) There is nothing significantly different as both operate in the capital market
- (c) Bull is one who first sells a share and then buys it at a lower price; bear means one who first buys and then sells it in expectation of prices going up
- (d) A bull is ready to buy any share; a bear only deals in government securities

Ans: (a)

5. The first Bank established in India was

- (a) Punjab National Bank
- (b) Traders Bank
- (c) State Bank of India
- (d) Bank of Hindustan

Ans: (d)

6. In India, the first bank of limited liability managed by Indians and founded in 1881 was:

- (a) Hindustan Commercial Bank
- (b) Oudh Commercial Bank
- (c) Punjab National Bank
- (d) Punjab and Sind Bank

Ans: (b)

7. Which amongst the following rural banks has been named after a river? [NDA 2002]

- (a) Prathama Bank
- (b) Varada Grameen Bank
- (c) Thar Anchalik Grameen Bank
- (d) Aravali Kshetriya Grameen Bank

Ans: (b)

8. A Scheduled Bank is one which is included in the: [CPO SI 2002]

- (a) II Schedule of Banking Regulation Act
- (b) II Schedule of Constitution
- (c) II Schedule of Reserve Bank of India Act
- (d) None of the above

Ans: (2)

98. Which one of the following is not a feature of Limited Liability Partnership firm? [IAS 2010]

- (a) Partners should be less than 20
- (b) Partnership and management need not be separate
- (c) Internal governance may be decided by mutual agreement among partners
- (d) It is a corporate body with perpetual succession

Ans: (a)

99. Which of the following statements is/are correct?

- 1. NIFTY is based upon 50 firms in India.
- 2. NIFTY is governed and regulated by the Reserve Bank of India.
- 3. NIFTY does not trade in mutual funds

Select the correct answer using the code given below: [CDS 2012]

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

Ans: (a)

100. Private Sector Mutual Funds in India were permitted in [UP PCS 2011]

- (a) 1964
- (b) 1993
- (c) 1994
- (d) 2001

Ans: (b)

Fiscal System of India

1. Which of the following is the basis for determining the national income?

- (a) Total revenue of the State
- (b) Net profit earned and expenditure incurred by the State
- (c) Production of goods and services
- (d) All of the above

Ans: (c)

2. Which of the following is not a method of estimating national income? [I. Tax & Central Excise 1991]

- (a) Income method
- (b) Value-added method
- (c) Expenditure method
- (d) Export-import method

Ans: (d)

3. The national income of India is estimated mainly through: [CBI 1993]

- (a) production method alone
- (b) expenditure method alone
- (c) production and expenditure methods
- (d) production and income methods

Ans: (d)

4. Which of the following are referred to as the developed economies?

- (a) Countries earning huge industrial profits
- (b) Countries proficient in trade and export
- (c) Countries having large per capita income
- (d) Countries advanced in technology

Ans: (c)

5. An advalorem duty is a tax on the basis of: [IAS 1988]

- (a) the price of a commodity
- (b) the value added
- (c) the advertisement expenditure
- (d) the unit of the commodity

Ans: (a)

6. Consider the following statements with regard to Statutory liquidity Ratio (SLR) :

1. To meet SLR, commercial banks can use cash only.
2. SLR is maintained by the banks with themselves.
3. SLR restricts the banks' leverage in pumping more money into the economy.

Which of the statements given above is/are correct? [CDS 2010]

- (a) 1, 2 and 3
- (b) 1 and 3

Ans: (b)

180. Which of the following is an indirect tax?

- (a) Corporation Tax
- (b) Excise Duty
- (c) Wealth Tax
- (d) Capital Gains Tax

Ans: (b)

Industries, Infrastructure and Foreign Trade

1. Which Agriculture export item is second in case of India?

- (a) Marine product
- (b) Rice
- (c) Sugar
- (d) Oil cake

Ans: (b)

2. The performance of which of the following industries is considered performance of the core industry? [RBI Grade B Officer 2011]

- (1) Garments
- (2) Leather
- (3) IT
- (4) Oil and Petroleum
- (5) Handicrafts

Ans: (4)

3. Which of the following agencies has the power to declare any industrial unit as a potentially sick unit? [CDS 2000]

- (a) BIFR
- (b) MRTPC

- (c) FICCI
- (d) IRBI

Ans: (a)

4. The most important small-scale industry in India is that of:

- (a) textiles
- (b) jute
- (c) jewellery
- (d) handloom

Ans: (d)

5. UTI has been divided into two parts UTI-I and UTI-II. Which part has been kept under the control of the government?

- (a) UTI-I
- (b) UTI-II
- (c) Both the above
- (d) None of the above

Ans: (a)

6. Which part of separated UTI is under SEBI's regulation?

- (a) UTI-I
- (b) UTI-II
- (c) Both the above
- (d) None of the above

Ans: (b)

7. Which of the following is not sponsor of newly established UTI-II?

- (a) Punjab National Bank
- (b) General Insurance Corporation
- (c) Life Insurance Corporation of India
- (d) State Bank of India

Ans: (b)

8. The largest importer country of Indian textile is :

- (a) Italy
- (b) Germany
- (c) Singapore
- (d) USA

Ans: (d)

9. Indian Railways revenue from:

- (a) passenger fare
- (b) freight

International Organisations and Human Development

1. **G-77 summit is a forum for: [CDS 2000]**

- (a) North-South Cooperation
- (b) East-West Cooperation
- (c) South-South Cooperation
- (d) North-North Cooperation

Ans: (a)

2. **The headquarters of World Trade Organisation is in : [CDS 2000]**

- (a) Montreal
- (b) Seattle
- (c) Geneva
- (d) The Hague

Ans: (c)

3. **The headquarters of OPEC (Organisation of Petroleum Countries) is at :**

- (a) Vienna
- (b) Kuwait City
- (c) Algeria
- (d) Tehran

Ans: (c)

4. **Consider the following:**

- 1. Life expectancy at birth
- 2. Gross enrolment ratio for schools
- 3. Adult Literacy rate
- 4. Per capita income

Which of the above is/are the parameters for the measurement of Human Development Index by UNDP? [CDS 2005]

- (a) 1, 2 and 4

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

Ans: (d)

5. Which of the following constitute the World Bank? [IAS 1995]

1. International Bank of Reconstruction and Development
2. International Finance Corporation
3. International Development Association
4. International Monetary Fund

Choose the correct answer from the codes given below:

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

Ans: (a)

6. The headquarters of IMF and World Bank are located at :

- (a) Geneva and Montreal
- (b) Geneva and Vienna
- (c) New York and Geneva
- (d) Both Washington DC

Ans: (d)

7. Voting rights in the IMF are distributed on the basis of: [CDS 1993]

- (a) one country, one vote
- (b) proportion to the share of the income of the country in the world income
- (c) proportion to contributions given by each country
- (d) proportion to quota allotted to countries from time to time

Ans: (d)

8. "World Development Report" is an annual publication of: [IAS 2002]

- (a) United Nations Development Programme
- (b) International Bank of Reconstruction and Development
- (c) World Trade Organisation
- (d) International Monetary Fund

Ans: (b)

9. Match the following:

Publishers

Publication

A. Ministry of Industry

1. Report on Currency and Finance

- | | | | | |
|-----|---|---|---|---|
| (a) | 1 | 4 | 2 | 5 |
| (b) | 1 | 4 | 3 | 5 |
| (c) | 4 | 1 | 2 | 5 |
| (d) | 4 | 1 | 2 | 5 |

Ans: (a)

Natural Resources and Other Facts of Indian Economy

1. Low productivity of agriculture in India is not caused by:

- (a) inadequate availability of inputs
- (b) subdivision of land holdings
- (c) less area under cultivation
- (d) poor finance facilities

Ans: (c)

2. The per capita foodgrains consumption:

- (a) has fallen steadily over the years
- (b) has fluctuated
- (c) has remained stagnant
- (d) has risen very slowly

Ans: (d)

3. Highest milk producer in India is :

- (a) U.P.
- (b) Gujarat
- (c) Punjab
- (d) Haryana

Ans: (a)

4. GDR means:

- (a) 'gross domestic ratio' which is a macro aggregate
- (b) 'global depository receipt' which is the mechanism to raise funds from international market
- (c) 'global development range' which has been set up by UNO for developing countries
- (d) 'geographically developed regions' as defined by the UNDP

Ans: (b)

5. The Green Revolution has led to :

- 1. spurt in all foodgrains production
 - 2. increase in regional inequalities
 - 3. reduction in inter-personal inequalities within a region
 - 4. good production in wheat
- (a) 1 and 3
 - (b) 1, 2 and 3
 - (c) 2, 3 and 4
 - (d) 2 and 4

Ans: (d)

6. The success of the Green Revolution does not require:

- (a) adequate irrigation facilities
- (b) availability of high yielding seeds
- (c) pesticides and chemical fertilizers
- (d) large scale mechanization

Ans: (d)

7. NAFED is concerned with:

- 1. promotion of inter-state and export trade of farm produce
 - 2. import of foodgrains for buffer stocking and public distribution
 - 3. marketing of eggs and poultry' at national level
 - 4. movement of consumer goods from surplus areas to scarcity areas
- (a) 1 and 2
 - (b) 1, 2 and 3
 - (c) 3 and 4
 - (d) 1, 3 and 4

Ans: (d)

8. The 'Year of Great Divide' refers to:

- (a) rapid growth rate in population after 1921
- (b) the declining sex ratio after 1921
- (c) the slow-down in death rate after 1921
- (d) all the above

Ans: (a)

(c) 1, 2 and 3 only

(d) 1, 2, 3 and 4

Ans: (a)

66. Consider the following statements:

1. The agreement on South Asian Free Trade Area (SAFTA) came into effect from 1st December, 2005.
2. As per SAFTA agreement terms, India, Pakistan and Sri Lanka have to decrease their custom duties to the level of 0 to 5 percent by the year 2013.

Which of the statements given above is/are correct? [IAS 2006]

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

Ans: (d)

67. Which one of the following countries is not a member of ASEAN? [IAS 2006]

(a) Vietnam

(b) Brunei Darussalam

(c) Bangladesh

(d) Myanmar

Ans: (c)

68. With reference to Union Government, which one of the following undertake the country-wide Economic Census? [Asstt Comm 2008]

(a) Department of Expenditure

(b) The National Sample Organization

(c) Planning Commission

(d) The Central Statistical Organization

Ans: (d)

69. In which year was 'Rajiv Gandhii Grameen Vidyutikaran Yojana' launched? [Asstt Comm 2008]

(a) 2004

(b) 2005

(c) 2006

(d) 2007

Ans: (b)

70. India is self-sufficient in production of which of the following commodities? [RBI Grade B Officer 2011]

(1) Edible oil

- (2) Milk
- (3) Pulses
- (4) Natural gas
- (5) All of these

Ans: (2)

71. What does S & P 500 relate to? [IAS 2008]

- (a) Supercomputer
- (b) A new technique in e-business
- (c) A new technique in bridge building
- (d) An index of stocks of large companies

Ans: (d)

72. Which one amongst the following has the largest livestock population in the world? [IAS 2008]

- (a) Brazil
- (b) China
- (c) India
- (d) USA

Ans: (c)

73. Basel II relates to which one of the following? [IAS 2007]

- (a) International standards for safety in civil aviation
- (b) Measures against cyber crimes
- (c) Measures against drug abuse by sportspersons
- (d) International standards for measuring the adequacy of a bank's capital

Ans: (d)

74. Tarapore Committee was associated with which one of the following? [IAS 2007]

- (a) Special Economic Zones
- (b) Fuller capital account convertibility
- (c) Foreign exchange reserves
- (d) Effect of oil-prices on the Indian economy

Ans: (b)

75. A National Development Fund was created by the Govt. of India a few years ago. What was the purpose of the fund? [Punjab & Sindh Bank 2011]

- (A) Boost investment in social sector projects to promote education, healthcare and employment.
 - (B) Capital investments in selected profitable PSEs to yield adequate returns
 - (C) To fund revision in pay structure of central Govt. employees.
- (1) Only A
 - (2) Only B

- (3) Only C
- (4) Both A & B
- (5) None of these

Ans: (1)