Indian Economy Model Test Questions 3 in English With Answer

1. TIDCO is the abbreviation of
   a. Tamil Nadu Information Development Corporation Limited
   b. Tamil Nadu Industrial Development Corporation Limited
   c. Tamil Nadu Investment Development Corporation Limited
   d. Tamil Nadu Information Development Control Limited

2. On which of the following do people of India spend most of their income?
   a. Clothing
   b. Food
   c. Fuel and lighting
   d. Household durables

3. Which of the following was not a characteristic of our economy at the time of Independence?
   a. we were expecting capital goods
   b. India was industrially under developed
   c. Indian farmers were following primitive methods
   d. none of these

4. Which of the following does not contribute to the development of the Indian economy?
   a. Population growth
   b. Rising Industrial output
   c. Modern technology
   d. Green Revolution

5. Which Government undertaking is responsible for the management of public steel plants in India?
   a. SAIL
   b. GAIL
   c. ONGC
   d. BHEL

6. A major irrigational project is one which covers the minimum area of
   a. 2000 hectares
   b. 5000 hectares
   c. 8000 hectares
   d. 10,000 hectares

7. Average size of land holding in India is
   a. 7 hectares
   b. 5 hectares
   c. 4 hectares
   d. less than 2 hectares

8. Per capita income is calculated as
   a. income of each state divided by its population
   b. per head individual income divided by total population
   c. gross national income divided by total population
   d. total population multiplied by factor income

9. The minimum number of persons required to form primary co-operative society is
   a. 2
   b. 6
   c. 10
   d. 12
   
   Note: Number of persons required – 25

10. Multinational is
    a. a joint venture at government level between more than two countries
    b. a company making use of foreign countries
    c. an enterprise operating in many countries
    d. a joint venture at private level between more than two countries

11. Agricultural Income is exempted from
    a. Sales Tax
    b. Income Tax
12. Land ceiling for a small farmer to avail subsidy from Tamil Nadu Government
   a. 2 hectares  
   b. 3.5 hectares  
   c. 5 hectares  
   d. 2.5 hectares

13. Expand NABARD
   a. National Bank for Agricultural and Research Development
   b. National Bank for Agricultural and All India Rural Development
   c. National Bank for Agriculture and Rural Financing
   d. National Bank for Agriculture and Rural Development

14. Balance of Trade means
   a. balance amount due to a foreign trader
   b. balance amount due from a foreign dealer
   c. the difference between the value of exports and imports
   d. none of these

15. Consider the following statements:
   I. EXIM Policy refers to export and import
   II. EXIM Policy refers to export of Indian machineries
   III. EXIM Policy refers to import of capital goods
   IV. EXIM Policy refers to trade fairs in foreign countries
   Of the statements:
   a. I alone is correct
   b. I and II are correct
   c. I, II and III are correct
   d. All are correct

16. Based on investment which industrial unit is called a Small Scale unit?
   a. Rs. 50 lakhs  
   b. Rs. 25 lakhs  
   c. Rs. 60 lakhs  
   d. Rs. 40 lakhs

17. How many Five year Plans have been implemented in India so far?
   a. 7  
   b. 8  
   c. 5  
   d. 4
   Note: 11th Plan (2007-2012)

18. Who framed the fundamental principles of Taxation?
   a. Adam Smith  
   b. Marshall
   c. R.K. Shanmugam Chettiar  
   d. None of these

19. The main function of SIPCOT in Tamil Nadu is to
   a. give only advice to entrepreneurs
   b. provide balancing finance
   c. provide raw materials
   d. provide electricity

20. The condition of agriculture towards the national income of the country approximately is
   a. 58%  
   b. 54%  
   c. 45%  
   d. 41%
   Note: 17.1%

21. The strategy for large scale industrialization was adopted for the first time in
   a. First Plan  
   b. Second Plan
   c. Fourth Plan  
   d. Fifth Plan

22. Which organization promotes trade?
a. STC   b. MMTC   c. ECGC   d. UNICEF
23. The profit which can be legally distributed to the shareholders of a company in the form of dividend is called
24. If a single Director, his eligible share should be kept
   a. 2 months from the date of his appointment   b. Until he retires   c. At the time of appointment   d. None of these
25. Match List I with List II correctly and select your answer using the codes given below:

<table>
<thead>
<tr>
<th>Li</th>
<th>List II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Kimbal D.S.and Kimbal (Jr) D.S.</td>
</tr>
<tr>
<td>b.</td>
<td>Robert Owen</td>
</tr>
<tr>
<td>c.</td>
<td>F.W.Taylor</td>
</tr>
<tr>
<td>d.</td>
<td>Lord Lindley</td>
</tr>
</tbody>
</table>

   | 1.  | Co-operatives    |
   | 2.  | Scientific Management |
   | 3.  | Sole proprietorship |
   | 4.  | Company           |

   Codes:

   a. 3 1 2 4    b. 1 3 4 2    c. 3 2 1 4    d. 2 4 3 1
26. Consider the following statements:
   Assertion(A): As per the partnership Deed, a legal heir of deceased, Mr. A is admitted as partner.
   Reason(R): Mr. A is mad
   Of the statements
   a. Both (A) and (R) are true and (R) is the correct explanation of (A)
   b. Both (A) and (R) are true and (R) is not the correct explanation of (A)
   c. (A) is true, but (R) is false
   d. (A) is false, but (R) is true
27. Distribution of free samples to the consumers is an example for
   a. dealer promotion   b. sales force promotion   c. consumer promotion   d. trade promotion
28. The strategy of expansion of product line is called
   a. Trading down   b. Expansion of product mix   c. Development of new uses for the existing products   d. Trading up
29. The promissory note, bill of exchange or cheque payable either to order or bearer is a
30. An agreement with a minor is a
   a. void contract   b. voidable contract   c. valid contract   d. none of these
31. Clearing house of Banks are normally held in
32. Land Development Banks provide loans on
   a. short term basis  
   b. medium term basis  
   c. long term basis  
   d. all bases

33. Sericulture Co-operative are concentrated in
   a. Gujarat  
   b. Assam  
   c. Uttar Pradesh  
   d. Karnataka

34. Grapevine refers to
   a. channel of formal communication  
   b. channel of informal communication  
   c. upward communication  
   d. downward communication

35. The functions of a modern office are classified into
   a. basic and administrative  
   b. primary and secondary  
   c. traditional and modern  
   d. routine and changing

36. Who gave the concept of PODSCORB?
   a. Lyndall Urwick  
   b. Luther Gullick  
   c. Ralph Davis  
   d. Peter F. Drucker

37. Which of the following accounts is prepared to find out the cost of good produced?
   a. Trading Account  
   b. Manufacturing Account  
   c. Profit and loss Account  
   d. Balance Sheet

38. Refusing the payment of a cheque is called
   a. Endorsement  
   b. Special crossing  
   c. Dishonor  
   d. Standing instruction

39. Which of the following is the leading Export item among Indian Plantation crops?
   a. Coffee  
   b. Rubber  
   c. Spices  
   d. Tea

40. The apex institution in the field of industrial finance is
   a. RBI  
   b. IDBI  
   c. IFC  
   d. ICICI

41. Among the following, which is not a mere cause for inflation?
   a. Increase in money supply  
   b. Increase in Government expenditure  
   c. Deficit financing  
   d. Over-production

42. Reason for high birth rate is
   a. the average age of marriage among females is low  
   b. depressed agriculture  
   c. lack of industrial development  
   d. family planning

43. Balance of trade refers to
   a. value of invisible items of export and import  
   b. export surplus  
   c. value of visible items of export and import
44. Government of India appointed the Monopolies inquiry Commission under the Chairmanship of
   a. Mahalanobis   b. K.C. Dasgupta
   c. Nehru        d. Indira Gandhi

45. The essential part of a general crossing is
   a. cross lines of the cheque  b. three parallel lines
   c. two parallel lines        d. four parallel lines

46. The Central Bank of our country is
   a. Central Bank of India    b. State Bank of India
   c. Indian Bank              d. Reserve Bank of India

47. Match List I with List II correctly and select your answer using the codes given below:

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<tr>
<td>a. Dutt Committee(1969)</td>
<td>1. Industrial Licensing</td>
</tr>
<tr>
<td>b. Wanchoo Committee(1971)</td>
<td>2. Direct taxes</td>
</tr>
<tr>
<td>d. Chakravarthy Committee(1985)</td>
<td>4. Monetary System</td>
</tr>
</tbody>
</table>

Codes
   a   b   c   d
   a.  4   3   2   1
   b.  1   2   4   3
   c.  1   2   3   4
   d.  4   1   3   2

48. Unfavorable balance to trade means
   a. export is equal to import
   b. export is less than import
   c. export is greater than import
   d. none of these

49. “Supply Creates its Own Demand”. Who said this?
   a. Keynes
   b. Ricardo
   c. Say
   d. Mill

50. Consider the following statements
    Assertion(A): Per capita income is low in India
    Reason(R): There is very low population in India
    Of the statements
    a. Both (A) and (R) are true and (R) is the correct explanation of (A)
    b. Both (A) and (R) are true and (R) is not the correct explanation of (A)
    c. (A) is true, but (R) is false
    d. (A) is false, but (R) is true

51. The plan holiday period was

52. IDBI stands for
    a. Industrial Development Bank of India
    b. Indian Development Bank of Industries
c. Indian Domestic Bank of Industries
d. none of these  
**Note:** Industrial Development Bank of India

53. Current A/C in a bank is normally opened by
   a. individuals  
   b. business firms  
   c. salaried persons  
   d. none of these

54. The need-hierarchy theory motivation is given by
   a. Maslow  
   b. Herzberg  
   c. McGregor  
   d. Vroom

55. Stock exchange deals with the
   a. second hand securities  
   b. issue of shares  
   c. issue of debentures  
   d. none of these

56. Sacrificing ratio is used at the time of
   a. admission of a partner  
   b. retirements of a partner  
   c. **death of a partner**  
   d. dissolution of a firm

57. UTI is associated with
   a. banking trade  
   b. foreign trade  
   c. road transport  
   d. investment trust

58. Long term solvency is indicated by
   a. rate of return  
   b. liquid ration  
   c. **debt equity ratio**  
   d. capital gearing ratio

59. Inflation is beneficial to
   a. debtor  
   b. creditor  
   c. both debtor and creditor  
   d. none of these

60. The main aim of monetary policy into
   a. control smuggling  
   b. eradicate tax evasion  
   c. regulate production  
   d. **regulate money supply**

61. The international liquidity problem is attended by
   a. UNO  
   b. IMF  
   c. Central Bank  
   d. Nationalized Bank

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<td>1. Perfect Competition</td>
</tr>
<tr>
<td>b. Production</td>
<td>2. Rent</td>
</tr>
<tr>
<td>c. Market</td>
<td>3. Utility</td>
</tr>
<tr>
<td>d. Distribution</td>
<td>4. Scale</td>
</tr>
</tbody>
</table>

Codes
   a. 2 3 4 1
   b. **3 4 1 2**
   c. 1 2 3 4
   d. 4 1 2 3

63. Which is the other name given to the average revenue curve?
a. Profit curve  
   b. Average cost curve  
   c. Demand curve  
   d. Indifference curve

64. Which is the oldest Scale Industry in India?  
   a. Cotton Industry  
   b. Sugar Industry  
   c. Jute Industry  
   d. Iron and Steel Industry

65. In India disguised unemployment prevails in  
   a. Agricultural sector  
   b. Industrial sector  
   c. Transport sector  
   d. Trade sector

66. Wheat is not suitable for growing in South India because of  
   a. winter are too warm  
   b. low rainfall  
   c. early summer  
   d. poor soil condition

67. The second Five year Plan gave importance to  
   a. Agriculture Development  
   b. Industrial Development  
   c. Social Development  
   d. Transport and Communication Development

68. Which one of the following Five Year Plan recognized human development as the core of all development efforts?  
   a. The Third Five Year Plan  
   b. The Fifth Five Year Plan  
   c. The Sixth Five Year Plan  
   d. The Eighth Five Year Plan

69. The system of Indian economy is  
   a. capitalist  
   b. mixed economy  
   c. socialist  
   d. none of these

70. In which Five Year Plan eradication of poverty was main theme?  
   a. First  
   b. Second  
   c. Fourth  
   d. Fifth

71. How many Nationalised Banks are therein India?  
   a. 6  
   b. 14  
   c. 20  
   d. 21

   **Note:** Now 19 banks(2010)

72. Product differentiation is a special feature of  
   a. Monopoly  
   b. Perfect Competition  
   c. Monopolistic Competition  
   d. None of these

73. When was NABARD formed?  
   a. 1982  
   b. 1992  
   c. 1972  
   d. 1962

74. Who is connected with Laissez Faire?  
   a. Adam Smith  
   b. Kissinger  
   c. Keynes  
   d. Ricardo

75. As per capita income increase, the share of agriculture in labour force  
   a. decreases  
   b. increases  
   c. remains constant  
   d. first increases and then decreases

76. Human capital formation refers to the process of  
   a. increasing the number of people  
   b. physical growth of capital  
   c. increasing knowledge, skills and capacities of people of the country
d. providing more facilities to the people

77. Who were the recipients of Nobel Prize in Economics?
   a. J.E. Meade and Bertil Ohlin
   b. Ragnar Myrdal and Jan Tinbergen
   c. Gunnar Myrdal and Koopman
   d. J.R.Hicks and Paul Samuelson

78. Unemployment which occurs when workers move from one job to another job is known as
   a. seasonal unemployment
   b. frictional unemployment
   c. technological unemployment
   d. cylical unemployment

79. Which of the following is not positively relevant to growth?
   a. technology
   b. population growth
   c. natural resources
   d. size of the country

80. The weakest economic group in India is represented by
   a. Industrial workers
   b. Small and marginal farmers
   c. Landless labourers
   d. Women workers

81. The aim of the economics planning should be
   a. to increases the National income
   b. to increases the Per capita income
   c. to improve standard of living of the people
   d. all of these

82. The First Five Year Plan was based on
   a. Harrod-Domar model
   b. Friedman model
   c. Rostow model
   d. Mahalanobis model

83. The most serious problem of India is
   a. unemployment, not poverty
   b. Poverty, not unemployment
   c. underemployment, not poverty
   d. stagnation, not poverty

84. The percentage of the Indian urban population below the poverty line in 1989-90 was
   a. 17%
   b. 18%
   c. 19%
   d. 21%

85. India’s agriculture after Independence
   a. has improved steadily and has become fairly advanced
   b. has improved only marginally and has created problems for the country
   c. has shown very good progress
   d. has recorded progress comparable to that of the advanced countries

86. Inequalities in product per worker in under developed countries are perhaps
   a. less than in developed countries
   b. more than in developed countries
   c. the same as in developed countries
   d. nothing is known

87. Development is impossible without
88. Developing countries rely on Industry
   a. to grow rapidly
   b. to train labour and absorb it into high paying jobs
   c. for reasons of security and national pride
   d. for all these

89. Per capita income rises when
   a. GNP and population both increase at the same rate
   b. GNP and population both remain constant
   c. GNP increases faster than population
   d. GNP increases slower than population

90. Under development is the result of
   a. economic factors
   b. social factors
   c. political factors
   d. economic, social and political factors all together

91. A closed economy is the one which
   a. does not permit emigration
   b. does not immigration
   c. does not permit foreign trade
   d. does not permit domestic trade

92. The First Five Year Plan formulated in the year
   a. 1947 b. 1950 c. 1951 d. 1956

93. Who appoints the auditor of a Joint Stock company?
   a. Government
   b. Directors
   c. Share holders
   d. None of these

94. Duration of the Eighth Five Year Plan is

95. Which of the following is not an employment programme?
   a. National Rural Development Programme
   b. Integrated Rural Development Programme
   c. Jawahar Rozgar Yojana
   d. Training of Rural Youth for Self employment

96. The expansion of abbreviation IADP is
   a. Internal Agricultural Development
   b. intensive Agricultural District Programme
   c. Indian Agricultural Development Programme
   d. Agricultural Development Programme based on Industrial atmospheres

97. Which one of the following is correctly matched?
   a. Rabinson - Population theory
   b. Malthus - Economic theory
   c. Adam Smith - Father of Economics
   d. Karl Marx - A Famous Economist

98. Consider the following statements:
Assertion(A): rice is the major crop in Tamil Nadu
Reason(R): People of Tamil Nadu eat rice in large quantity
Of the statements
a. Both (A) and (R) are true and (R) is the correct explanation of (A)
b. Both (A) and (R) are true and (R) is not the correct explanation of (A)
c. (A) is true, but (R) is false
d. (A) is false, but (R) is true

99. What is Deficit Financing?
   a. Expenditure exceeding the Revenue   b. The means of financing the deficit
c. Revenue exceeding the expenditure   d. None of these

100. The main feature of our new economic policy is
    a. foreign investment  b. foreign trade
c. foreign technology  d. foreign cosmetics