

**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**

- c. neither Sales nor Income Tax      d. Local 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:** 11<sup>th</sup> 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
- a. Secret Profit      b. Capital Profit  
**c. Divisible Profit**      d. Correct Profit
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:
- |        |                                  |    |                       |         |  |  |  |
|--------|----------------------------------|----|-----------------------|---------|--|--|--|
| List I |                                  |    |                       | List II |  |  |  |
| a.     | Kimbal D.S. and Kimbal (Jr) D.S. | 1. | Co-operatives         |         |  |  |  |
| b.     | Robert Owen                      | 2. | Scientific Management |         |  |  |  |
| c.     | F.W. Taylor                      | 3. | Sole proprietorship   |         |  |  |  |
| d.     | Lord Lindley                     | 4. | Company               |         |  |  |  |
- Codes:
- |           |          |          |          |          |
|-----------|----------|----------|----------|----------|
|           | a        | b        | c        | d        |
| <b>a.</b> | <b>3</b> | <b>1</b> | <b>2</b> | <b>4</b> |
| 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
- a. Government Instrument      b. Public Instrument  
**c. Negotiable Instrument**      d. Foreign Instrument
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

- a. Bank of India  
**c. Reserve Bank of India**
- b. IDBI  
 d. State Co-operative Bank
32. Land Development Banks provide loans on  
 a. short term basis  
**c. long term basis**  
 b. medium term basis  
 d. all bases
33. Sericulture Co-operative are concentrated in  
 a. Gujarat  
 c. Uttar Pradesh  
 b. Assam  
**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  
**c. traditional and modern**  
 b. primary and secondary  
 d. routine and changing
36. Who gave the concept of PODSCORB?  
 a. Lyndall Urwick  
 c. Ralph Davis  
**b. Luther Gullick**  
 d. Peter F. Drucker
37. Which of the following accounts is prepared to find out the cost of good produced?  
 a. Trading Account  
 c. Profit and loss Account  
**b. Manufacturing Account**  
 d. Balance Sheet
38. Refusing the payment of a cheque is called  
 a. Endorsement  
**c. Dishonor**  
 b. Special crossing  
 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  
 c. Deficit financing  
 b. Increase in Government expenditure  
**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**



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

List I		List II	
a. Consumption		1. Perfect Competition	
b. Production		2. Rent	
c. Market		3. Utility	
d. Distribution		4. Scale	

Codes

	a	b	c	d
a.	2	3	4	1
<b>b.</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>
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  
c. Demand curve
- b. Average cost 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. cyclical 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 increase the National income
  - b. to increase 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



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