Indian Economy Model Test Questions 4 in English With Answer

1. The main proposal of Dunkel Draft with reference to agriculture is
   a. reduction in agriculture subsidy  b. introduction of modern methods of cultivation
   c. promotion of agriculture marketing  d. none of these

2. Economic development depends on
   a. quantity of human resources  b. quality of human resources
   c. area of land  d. none of these

3. Rural Poverty is due to
   a. lack of adequate employment  b. surplus labour
   c. low wage rate  d. all of these

4. Census in India is conducted every
   a. 5 years  b. 10 years  c. 12 years  d. 3 years

5. The important objective of the development of the Co-operative sector are
   a. prevention of concentration of economic power
   b. wider dispersal of ownership of productive resources
   c. active involvement of people in the development programme
   d. all these

6. Family planning in India has to face a number of obstacles in rural areas because of
   a. Psychological factors and social orthodoxy  b. unawareness of the use of family planning
   c. corruption by the administrators  d. none of these

7. A strategy of industrialization an development of the industries was adopted in
   a. First Five Year Plan  b. Second Five Year Plan
   c. Third Five Year Plan  d. Fifth Five Year Plan

8. Mixed Economy means
   a. private sector and public sector functional together
   b. production by the private sector alone
   c. means of production under Government Control
   d. traditional social activities

9. Tax revenue is distributed between the Central and State Government by the
   a. Planning Commission  b. Election Commission
   c. Finance Commission  d. Public Accounts Committee

10. In recent years, the Indian Economy has been characterized as a
    a. backward economy  b. developed economy
    c. developing economy  d. none of these

11. Which of the following is the most important objective of five year planning of India?
    a. Reducing price instability
    b. Increasing capital economy
    c. Increasing per capital income
    d. Reducing unequality of income and wealth

12. Central Banking functions in India are performed by the
13. Which item earns maximum foreign exchange for India?
   a. Leather and leather goods  
   b. Spices  
   c. Medicines  
   d. Rice

14. Indian agriculture is at present
   a. commercial  
   b. industrial  
   c. export surplus  
   d. self sufficient with little surplus

15. Inflation is calculated by Finance Ministry on the basis of
   a. consumer price index  
   b. cost of living index  
   c. wholesale price index  
   d. retail price index

16. Poverty line is an indicator of
   a. rural population  
   b. unemployment  
   c. low food intake  
   d. weak government

17. India’s recent industrial development is due to
   a. low interest rate  
   b. larger number of entrepreneurs  
   c. privatization  
   d. liberal industrial policy

18. What is dual pricing?
   a. Wholesale price & retail price  
   b. Pricing by agents and pricing by retailers  
   c. Price fixed by the government and price fixed in the open market  
   d. None of these

19. The father of Economics is
   a. J.M.Keynes  
   b. Adam Smith  
   c. Malthus  
   d. David Ricardo

20. Which of the following statement is not true?
   a. Commercial banks keep some cash with the Central Bank  
   b. Inflation results in increase in cost of living  
   c. Reserve Bank is the Central Bank of India  
   d. Reserve Bank gives loan to any member of the public

21. The market price of the commodity is determined
   a. by demand  
   b. by supply  
   c. by Government officials  
   d. by the equilibrium of demand and supply

22. The paper money is issued in India by
   a. The Commercial Bank  
   b. State Bank of India  
   c. Government of India  
   d. Reserve Bank of India

23. The Hundi is a kind of
   a. written promise to pay  
   b. an order to pay  
   c. an Indian form of bill  
   d. a crossed cheque

24. The bank rate is fixed by the
   a. Government  
   b. Commercial Bank
25. Budget is the
   a. proposal of taxation  
   b. annual financial statement of income  
   c. money bill  
   d. annual financial statement of income and expenditure

26. How many Commercial banks have been so far nationalized since 1969?
   a. 20  
   b. 14  
   c. 12  
   d. 27
   Note: 19 in 2010

27. What is the percentage contribution of industry to employment?
   a. 10  
   b. 40  
   c. 60  
   d. 20

28. Which of the following is not a country practicing mixed economy?
   a. U.K  
   b. Italy  
   c. India  
   d. U.S.A.

29. The largest state in population in India’s
   a. Madhya Pradesh  
   b. Bihar  
   c. West Bengal  
   d. Uttar Pradesh

30. India is
   a. an advanced country  
   b. a backward country  
   c. an underdeveloped country  
   d. a developing country

31. Consider the following statements:
   I. Indian agriculture is a gamble in the monsoon  
   II. Agriculturists in India follow old technology  
   a. II is true  
   b. II is false  
   c. Both are true  
   d. Both are true

32. Which of the following features of Indian Economy cause problems in the measurement of
   National income?
   I. Illiteracy  
   II. Growth of public sector  
   III. Non-monetized consumption in the villages  
   IV. People holding multiple jobs
   a. I and II  
   b. I,II and IV  
   c. I,II and III  
   d. II,III and IV

33. The estimated amount of black money in 1996 was
   a. Rs.3,40,000 Cr  
   b. Rs. 4,00,000 Cr  
   c. Rs.5,50,000 Cr  
   d. Rs. 3,00,000 Cr

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

35. In Tamil Nadu, a large quantity of water is used by
   a. Agricultural Sector  
   b. Industrial Sector  
   c. Households  
   d. Mining Sector

36. Indian Agriculture is having the following features
   I. Disguised unemployment  
   II. High productivity  
   III. Majority of large farmers  
   IV. Gamble in the Monsoon
37. Which Bank serves as a Banker’s Bank?
   a. State Bank of India  
   b. Reserve Bank of India  
   c. Union Bank of India  
   d. Central Bank of India

38. Which one of the following is not an effective solution to solve the problem of poverty in India?
   a. Control of population growth  
   b. Increase the production of necessities of life  
   c. Equitable distribution of incomes  
   d. Increasing the salaries of the workers

39. Inflation means
   a. very high prices  
   b. rising prices  
   c. falling prices  
   d. very low prices

40. Match List I with list II and select the correct answer using the codes given below:

<table>
<thead>
<tr>
<th>List I</th>
<th>List II</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Rajmannar Committee</td>
<td>1. Industrial Licensing</td>
</tr>
<tr>
<td>b. Dutt Committee</td>
<td>2. Direct Taxes</td>
</tr>
<tr>
<td>c. Wanchoo Committee</td>
<td>3. Central and State fiscal relation</td>
</tr>
<tr>
<td>d. Chakravarthy Committee</td>
<td>4. Monetary System</td>
</tr>
</tbody>
</table>

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

41. The sickness of some of the industries in India is mainly due to
   a. Shortage of raw material  
   b. labour problem  
   c. transport problem  
   d. mis-management

42. Disguised unemployment in India is mainly related to
   I. Agricultural sector  
   II. Rural area  
   III. Factory sector  
   IV. Urban area

   Choose the correct answer:
   a. I and II are correct  
   b. II and IV are correct  
   c. III and IV are correct  
   d. I and III are correct

43. Which term is not related to International Trade?
   a. O. E. C. D  
   b. O. P. E. C  
   c. G. D. P  
   d. E. E. C

44. Which of the following are priority objectives of the Eighth plan?
   I. Universalisation of elementary education  
   II. Growth and diversification of Agriculture  
   III. Containment of population growth  
   IV. Gradual privatization of public sector undertakings.

   a. I, II and IV are correct  
   b. II, III and IV are correct  
   c. I, III and IV are correct  
   d. I, II and III are correct
45. The number of countries participating in GATT negotiations is
   a. 50       b. 70       c. 90       d. 110

46. Consider the following statements:
   I. Fifty years of planning has enabled India to become self sufficient in food
   II. India now has entered the Ninth Plan period
   Of the statements:
   a. I alone is correct       b. I and II are correct
   c. **II alone is correct**       d. I and II are wrong

47. In India largest number of workers are employed in
   a. Iron and Steel Industry       b. **Cotton Textile Industry**
   c. Jute Mill Industry       d. Sugar Industry

48. Which of the following shows that India is Over populated?
   a. **India is the second most popular country next to China**
   b. The growth rate is highest in the world
   c. There is a poverty, unemployment and pressure of land high birth rate
   d. Small size land holdings

49. Life Insurance Corporation of India is an example of
   a. Development Bank       b. Commercial Bank
   c. **Investment Bank**       d. Co-operative Bank

50. The reason for unemployment in rural areas of India is
   a. poor industrial development
   b. mechanization of agriculture
   c. heavy density of population and halfhearted implementation of agrarian reforms
   d. high illiteracy rate

51. When was the First Five Year Plan launched in India?

52. Population explosion in a country takes place when it has
   a. high birth rate and high death rate
   b. **high birth rate and low death rate**
   c. low birth rate and high death rate
   d. low birth rate and low death rate

53. Very important hurdle in the way of economic development of India is
   a. poverty
   b. low capital formation
   c. low saving rate
   d. inefficient workers

54. In India, professional tax is levied by
   a. Union Government
   b. **State Government**
   c. Local Bodies
   d. none of these

55. Which industry provides jobs to the maximum number of people?
   a. Iron and Steel
   b. **Cotton Textiles**
   c. Sugar Industry
   d. Tea Processing

56. Dumping refers to
   a. selling at low prices
   b. **Selling at low prices in foreign markets**
   c. selling at high prices
   d. none of these
57. The aim of starting Industrial estates is
   a. to attract foreign investors  
   b. to help small entrepreneurs
   c. to promote large scale industries  
   d. to help sick industrial units

58. A budget is
   a. an estimate of the expenditure and receipts of Government for one year 
   b. a record of the past performance of Government
   c. a forecast of Government’s future financial targets 
   d. a statements about the performances of public enterprises

59. Amartya Sen was awarded Nobel prize in
   a. Chemistry  
   b. Economics
   c. Medicine  
   d. Physics

60. Income Tax Rebate for senior citizens in the budget of 1994-95 qualifies people who are
   a. 58 and above  
   b. 60 and above
   c. 65 and above  
   d. 70 and above

61. Trade Related Intellectual property Rights (TRIP) is a part of
   a. Shimla Agreement  
   b. Rights guaranteed in the constitution of India
   c. SAARC agenda  
   d. GATT agenda

62. Minimum Needs Programme was introduced during the
   a. Sixth Plan  
   b. Eighth plan
   c. Third Plan  
   d. No such programme was introduced

63. The Regulated Market aims at getting the farmers
   a. loans  
   b. more consumers
   c. fair prices  
   d. free lands

64. ‘GATT’ has been replaced by
   a. ILO  
   b. ITA
   c. WOTT  
   d. WTO

65. ‘Land to the tiller’ involves
   a. abolition of Zamindari System  
   b. ceiling of land holding
   c. tenancy reforms  
   d. all of these

66. Which one is not the feature of agricultural labourers?
   a. They are unorganized  
   b. They are migratory in character
   c. They are skilled and highly productive  
   d. They are poor

67. Which one does not accept deposit from public?
   a. State Bank of India  
   b. Indian Bank
   c. Indian Overseas Bank  
   d. Reserve Bank of India

68. Due to which of the following problems the currency of a nation meets strong pressure?
   a. Capital flight  
   b. People shift to gold
   c. Savings in banks discouraged  
   d. All of these

69. Among these which one is the negative effect of Green Revolution?
   a. Area of land attitude cultivation increased  
   b. A change in the attitude of the farmers
   c. Depletion of forest and pasture ands  
   d. Generate market surplus

70. Which one represents joint supply?
   a. Birds and Cages  
   b. Radio Sets and TV sets
c. Wool and Mutton
d. Guitars and Violins

71. What is the cure for inflation?
a. Decrease money supply
b. Increase the bank rate
c. Devaluation of currency
b. All of these

72. Windfall profit occurs because of
a. Skilled management
b. Monopoly element
c. Unexpected circumstances
d. Efficient production

73. The dominant occupation of Indians is
a. Trade
b. Industry
c. Transport
d. Agriculture

74. Mother Industry is the name given to
a. iron and steel industry
b. sugar industry
c. cotton industry
d. cement industry

75. Inflation is controlled through monetary policy by
a. RBI
b. Bank of India
c. Central Bank
d. none of these

76. AGMARK is
a. a Co-operative for egg productions
b. a quality guarantee stamp for commodities like edible oils, ghee, honey etc.,
c. a regulated agricultural market
d. farmer’s co-operative

77. Transportation creates
a. time utility
b. place utility
c. both time and place utility
d. none of these

78. Which is the largest single source of central Government’s earning from tax revenue?
a. Excise Duty
b. Customs Duty
c. Wealth Duty
d. Income Tax

79. Consider the following statements:
Assertion(A): Cotton and Textile industry in Tamil Nadu is in crisis
Reason(R): Yield of cotton is very low in Tamil Nadu.
Now select your answer according to the coding scheme given below:
a. Both (A) and (R) are false
b. Both (A) and (R) are true
c. (A) is true, but (R) is false
d. (A) is false, but (R) is true

80. “Crop Insurance Scheme” is beneficial to the farmers, because
I. under this scheme farmers are protected against risks of crop failures on payment of certain premium
II. under this scheme loans are given to the poor farmers
III. under this scheme farmers are assured of a fixed income and they are encouraged to increase production
IV. under this scheme the rate of interest is low.
Of the statements
81. Match List I with List II correctly and select your answer using the codes given below:

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<td>1. Operation flood</td>
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<tr>
<td>b. Milk Production</td>
<td>2. Indian agriculture</td>
</tr>
<tr>
<td>c. Land reforms</td>
<td>3. Samathuvapuram</td>
</tr>
<tr>
<td>d. Casteless Society</td>
<td>4. Ceiling on land holdings</td>
</tr>
</tbody>
</table>

Codes:

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

82. Expands PDS
a. Private Duty System  
b. Public Distribution System  
c. Public Demand Society  
d. Public Dentist Society  

83. NABARD’S primary role is
a. to provide term loans to State Co-operative banks  
b. to assist state Governments for share capital contributions  
c. to act as a refinance institution  
d. all of these  

84. Wanchoo Committee is associated with the following:
   a. Direct taxation  
b. Indirect taxation  
c. Import duties  
d. Export duties  

85. Disguised unemployment refers to
   a. persons with no jobs  
b. more persons employed for a job which a few can accomplish  
c. unemployment among women  
d. unemployment among educated  

86. In 1991 India devalued the rupee by
   a. 15.5%  
b. 18%  
c. 22%  
d. 33%  
   **Note:** In 1991 two times devalued 1rst time 9%, 2nd time -11%  

87. Debentures are issued to raise
   a. seasonal working capital  
b. cyclical working capital  
c. normal working capital  
d. none of these  

88. Who acts as the chairman of the National Development Council?
   a. Minister of planning  
b. Secretary of the planning Commission  
c. Minister of state for planning  
d. Prime Minister  

89. The Industrial Credit and Investment Corporation of India (ICICI) was established to provide financial assistance to industrial units in
   a. Private Sector  
b. Public Sector
90. The object of the fiscal policy is
   a. economic development
   b. distribute justice
   c. price stability
   d. all of these

91. Which of the following is the largest (in terms of profit) public sector organization in India?
   a. Steel Authority of India
   b. Bharat Heavy Electricals
   c. Bharat Petroleum
   d. Oil and Natural Gas Commission

92. The highly labour intensive industry in India is
   a. Iron and Steel Plants
   b. Textile Mills
   c. Construction
   d. Handicrafts

93. The Green Revolution has led to
   a. increase in production
   b. increase in regional inequalities
   c. maximum benefit to the wheat crop
   d. all of these

94. SIDCO is concerned with
   a. Steel production
   b. Small Scale Industries
   c. Large Scale industries
   d. none of these

95. What is a financial year?
   a. March to March
   b. April to April
   c. May to May
   d. January to January

96. AGMARK refers to
   a. egg production
   b. regulated agricultural market
   c. Co-operative bank
   d. quality guarantee stamp for agricultural commodities

97. NABARD is a
   a. Bank
   b. Bureau
   c. Board
   d. Department

98. A person who has an account in a bank is considered to be
   a. a Debtor
   b. a Customer
   c. a Creditor
   d. an Agent

99. Economic planning is necessary for
   a. rapid increase in national income
   b. rapid economic growth
   c. establishing socialistic society
   d. all of these

100. What is meant by Industrial sickness?
    a. Lack of funds for survival
    b. More unemployment
    c. High cost of production
    d. More capital required