

Indian Economy Model Test Questions 5 in English With Answer

1. Primary market deals with
 - a. **raw material**
 - b. agricultural produce
 - c. long term securities
 - d. short term securities
2. Registration of partnership is
 - a. compulsory
 - b. not necessary
 - c. **optional**
 - d. all of these
3. The closing stock should be valued at
 - a. cost price
 - b. market price
 - c. **cost price or market price whichever is lower**
 - d. none of these
4. Which type of deposits is called Demand Deposits?
 - a. Fixed deposits
 - b. **Current deposits**
 - c. Recurring deposit
 - d. Cash certificates
5. Auditing is compulsory in the case of
 - a. Sole tradership
 - b. Partnership
 - c. **Joint stock companies**
 - d. all of these
6. In which year the first Industrial policy was announced?
 - a. 1940
 - b. 1945
 - c. **1948**
 - d. 1950
7. Point out the Act which is not connected to consumer protection:
 - a. Sale of Goods Act
 - b. Prevention of Food Adulteration Act
 - c. Essential Commodities Act
 - d. **Indian Contract Act**
8. Transportation is described as
 - a. **physical marketing**
 - b. exchange marketing
 - c. facilitating marketing
 - d. none of these
9. If a cheque bears a date before the date of issue, it is
 - a. **post dated**
 - b. invalid cheque
 - c. defective cheque
 - d. anti dated cheque
10. Where was the first Co-operative Society in the country started?
 - a. Delhi
 - b. Bihar
 - c. Karnataka
 - d. **Tamil Nadu**
11. Land Ceiling refers to
 - a. fixing the limit for holding urban land
 - b. fixing the limit of land for irrigation purpose
 - c. **fixing the minimum limit of land owned by a family**
 - d. fixing the land holding for industrial purpose
12. The principal source of revenue for Tamil Nadu Government is
 - a. **Sales Tax**
 - b. State excise duty
 - c. Entertainment Tax
 - d. Land revenue
13. The tax which yields maximum revenue to the Government of India is
 - a. Income Tax
 - b. Customs Duties
 - c. **Excise Duty**
 - d. Gift Tax

14. The duty of the Finance Commission in India is
- to advise the Finance Minister
 - to settle the financial disputes among the states
 - to mediate in international transactions
 - to make recommendations on Centre-State financial relationship**
15. Inflation can benefit one of the following sections:
- Consumers
 - Creditors
 - Debtors**
 - Labourers
16. Total number of banks nationalised so far is
- 14
 - 20**
 - 22
 - 10
- Note:** 19 in 2010
17. The General Agreement on Tariff and Trade (GATT) was replaced by the World Trade Organisation in
- 1994
 - 1995**
 - 1996
 - 1997
18. National Income in India is computed by
- Planning Commission
 - Central Statistical Organisation**
 - Finance Commission
 - Reserve Bank of India
19. The Ninth Five Year Plan relates to the period
- 1980-85
 - 1985-90
 - 1990-95
 - 1997-2002**
20. Which is not a labour as a factor of production?
- Labour is inseparable from labourers
 - It has poor bargaining power
 - It is less mobile
 - It is the result of savings**
21. Economic Order Quantity refers to
- the maximum quantity
 - the minimum quantity
 - the average quantity
 - the order quantity that minimizes total inventory cost**
22. A Bill of Exchange contains
- an unconditional order
 - a promise
 - request to deliver goods**
 - none of these
23. The principles of “one man-one vote” is followed in
- Joint Stock Company
 - Co-operative Society**
 - Partnership
 - none of these
24. Which of the following is not a feature of socialism?
- Centralised planning
 - No right to own property
 - No role for price mechanism
 - Freedom to do any business**
25. Which Organisation implements “Crop Insurance Scheme”?
- Life Insurance Corporation
 - General Insurance Corporation**
 - Unit Trust of India
 - None of these
26. Which Organisation implements the “Monetary policy”?
- Government of India
 - Reserve Bank of India**
 - State Bank of India
 - State Government
27. The maximum number of people in India work in

- a. **primary sector**
c. tertiary sector
28. Land reforms refer to
a. abolition of intermediaries
c. ceilings on land holding
29. ISI refers to
a. industrial CO-operative
c. banks
30. The meaning of the World “economic” is closely associated with the word
a. free **b. scarce** c. unlimited d. unrestricted
31. Devaluation of money means
a. deliberate reduction in external value of domestic currency
b. reduction in the value of money
c. increase in the volume of money
d. none of these
32. Expansion of GATT is
a. Gross Agreement of Tariffs and Trade
c. Great Association of Trade and Tigers
- b. General Agreement on Trade and Traffic
d. General Agreement on Trade and Tariff
33. The period of Ninth Five Year Plan is
a. 1994-1999 b. 1995-2000 c. 1996-2001 **d. 1997-2002**
34. How many banks were nationalised in 1969?
a. 16 **b. 14** c. 13 d. 10
35. Whose signature appears on ten rupee currency?
a. Minister of Finance
c. Secretary, Ministry of Finance
- b. Governor Reserve Bank of India**
d. None of these
36. The one rupee note bears the signature of
a. Secretary, Ministry of Finance
c. Finance Minister
- b. Governor, Reserve Bank of India
d. None of these
37. The main aim of community Development programme is
a. setting up of co-operative societies
c. setting up agro-based industries
- b. setting up of cottage industries
d. increasing the living standard of the rural people
38. The major advantage of setting up industries at the village level is the use of
a. modern technology
c. skilled labour force
- b. self-employment and family labour**
d. none of these
39. India devalued the rupee first in the year
a. 1946 b. 1966 c. 1956 d. 1976
Note: 1st time in 2001 – 9%, 2nd time in 2001 – 11%
40. Which country accounts for the largest share of Indian exports?
a. U.S.A b. U.K c. Canada d. Japan
41. The maximum number of people in India works in the

- a. **primary sector**
 c. tertiary sector service factor
- b. secondary sector
 d. none of these
42. Omkar Goswami Committee is associated with study of the issue of
 a. **industrial sickness**
 c. industrial finance
- b. industrial disputes
 d. industrial insurance
43. Graicunas propounded the theory of
 a. span of control
 c. departmentation
- b. **supervision and guidance**
 d. decentralisation of authority
44. Per capita income is
 a. National income X population
 c. $\frac{\text{National Income}}{\text{Population}}$
- b. $\frac{\text{Population}}{\text{National Income}}$
 d. all of these
45. Filing is an important aspect of
 a. **Record-Keeping**
 c. House-Keeping
- b. Book-Keeping
 d. Time-Keeping
46. Break even point occurs when
 a. marginal revenue equates marginal cost
 c. marginal revenue equates total cost
- b. **total revenue equates total cost**
 d. total revenue exceeds total cost
47. Which of the following banks act as lead banks?
 a. **Co-operative banks**
 c. Private banks
- b. Public sector banks
 d. Foreign banks
48. Per capita income of development countries is how many times higher than that of India?
 a. 5 times
 c. 20 times
- b. **15 times**
 d. 50 times
49. Which of the following is not a direct tax?
 a. income tax
 c. **sales tax**
- b. wealth tax
 d. estate duty
50. 'Self Interest promotes general Welfare' – whose statements is this?
 a. Karl Marx
 c. **sales tax**
- b. Periyar
 d. Ambedkar
51. Theory of population was given by
 a. Adam Smith
 c. Ricardo
- b. **Malthus**
 d. Keynes
52. The New Industrial policy of 1991 emphasized the expansion of
 a. **private sector**
 c. co-operative sector
- b. public sector
 d. joint sector
53. Minimum Wages Act was passed in the year
 a. 1947
 c. 1949
- b. **1948**
 d. 1950
54. Planning in mixed economy implies
 a. **sharing of the means production between the state and private sector**
 b. sharing of the means of production between one state to another
 c. sharing of the means of production between one city to another

- d. sharing of the means of production from the country to another
55. Sectoral Composition of national income consists of
a. two sectors **b. three sectors** c. four sectors d. five sectors
56. GDP , Gross Domestic Product means
a. income generated by the factors of production during a year within the country
b. Income from the factors of production + income from abroad
c. Income from factors of production – Depreciation
d. Income from factors of production – Taxes
57. The number of families benefited by Jawahar Rozgar – Yojana programme is
a. 440 lakhs b. 460 lakhs c. 470lakhs d. 490 lakhs
58. TANSTIA is an association of
a. large scale industries b. medium scale industries
c. **small and tiny industries** d. small scale industries
59. The father of economics is
a. Alfred Marshall **b. Adam Smith**
c. Ricardo d. Karl Marx
60. Human capital formation refers to
a. increase in population b. increase in capital goods
c. increase in the knowledge and skills of the people d. increase in youth population
61. Bank Rate means
a. the interest rate at which Commercial Bank advance loans
b. the interest rate at which the banks settle their mutual loans
c. the interest rate at which Commercial Banks end to co-operative Banks
d. the interest rate at which the Central Bank rediscounts bills of exchanges
62. District Industries centres were set up under the policy of
a. 1956 b. 1973 c. 1977 **d. 1980**
63. The concept of joint sector was announced in the policy of
a. 1956 b. 1970 **c. 1973** d. 1980
64. At present each bank branch serves on an average population of
a. 12,000 b. 8,500 **c. 15,000** d. 64,000
65. The title of the book written by Karl Marx is
a. Wealth of Nations **b. Das Kapital**
c. Personnel Management d. Principles of Economics
66. The state which has the lowest percentages of persons below the poverty line to
a. Kerala b. Maharastra **c. Punjab** d. Gujarat
67. Of the following which is the most important factor in economic growth?
a. Growth of capital formation b. Growth of Technology
c. Growth of Agriculture d. Foreign entrepreneurship
68. NABARD was established in the year
a. 1981 **b. 1982** c. 1983 d. 1984
69. Which if the following is related to Urban areas?

- a. JRY **b. NRY** c. NREP d. TRYSEM
70. IRDP stands for
 a. Indian Rural Development Programme **b. Integrated Rural Development Programme**
 c. Indian Rural Development Policy d. None of these
71. The major advantage of a capitalistic economy is the
 a. absence of trade cycles b. equality of income and employment opportunities
 c. end to unemployment **d. incentives to private enterprise**
72. Interest on National Debt is includes in
 a. Net National product **b. Gross National product**
 c. Personal Income d. National Income
73. Khadi and village Industries commission was setup during
a. IInd plan b. IIIrd plan c. IVth plan d. Vth plan
74. The object of factories Act is to deal with
 a. Health and welfare b. Working hours
 c. Annual leave **d. All these**
75. Mixed economy refers to
 a. public sector b. private sector
c. combination of public and private sector d. None of these
76. "Bank Rate Policy" is refer to
 a. rate of interest of commercial banks on their loans given
 b. rate of interest of co-operative banks in their loans given
c. rate of interest of Reserve Bank on its advances to Commercial Banks
 d. None of these
77. Petty cash book is used to record
 a. expenses on purchase of asset b. expenses of entertainment
 c. salary paid **d. small amount spent regularly**
78. The first directors of a company are usually appointed by
 a. Shareholders b. Board of Directors
 c. Creditors **d. Promoters**
79. The famous book "General and Industrial Management" was written by
a. Henry Fayol b. F. W. Taylor
 c. Elton Mayo d. Peter Drucker
80. What is the rate of interest charged for the loans given under the Differential Rate of Interest Scheme?
 a. 10% b. 15% **c. 6%** d. 4%
81. The basic characteristic of an undeveloped country like India is
a. Underutilisation of resource b. exploitation of labour
 c. misuse of capital d. lack of entrepreneurship
82. Blank money refers to
 a. money accumulated by black market transactions
b. money accumulated by the evasion of taxes

- c. money accumulated by monopoly trade
d. all of these
83. Adverse balance of trade refers to a situation where
a. Exports are more than imports **b. Imports are more than exports**
c. Exports are equal to Imports d. None of these
84. Progressive taxation refers to
a. Increase of rate of tax with increase of income
b. decrease of rate of tax with increase of income
c. constant rate of tax with increase on income
d. None of these
85. Deficit financing is
a. excess of expenditure by public sector enterprises over the income
b. excess of expenditure incurred by a Government over its receipt
c. excess of advance made by the Central Government to state Government
d. all of these
86. In 1998 the Nobel Prize winner of Economic is
a. Raja Chelliah b. Manmohan Singh
c. Bimal Jalan **d. Amartya sen**
87. During inflation prices, will
a. rise b. fail c. stagnate d. not change soon
88. The former name of the State Bank of India was
a. United Bank of India b. People's Bank of India
c. Imperial Bank of India d. Indian Bank
89. Pandiayn GramaBank operating in Tamil Nadu is a
a. Rural Development Bank b. Co-operative Bank
c. Private Sector Bank **d. Regional rural Bank**
90. The Head Office of Reserve Bank of India is at
a. New Delhi **b. Mumbai**
c. Kolkata d. Chandigarh
91. A debenture earns
a. dividend b. commission
c. discount **d. interest**
92. Federal Finance deals with
a. Central Government's Finance b. State Government's Finance
c. Local Bodies Finance **d. Centre-states Finance relationship**
93. The first Five-year plane gave top priority to
a. Agriculture and Irrigation b. Large scale Industry
c. Unemployment and Poverty d. Communication and Education
94. Dual economy refers to
a. co-existence of agriculture and industry
b. co-existence of large and small scale industries

- c. co-existence of private and public sectors
d. co-existence of modern and backward segments
95. The Eighth Five-Year has been mainly designed to
- a. development of heavy industries **b. removed of poverty**
c. eradicate unemployment d. eradicate unemployment and poverty
96. The per capita income of a country of a country is calculated by dividing the following by the population
- a. National Income** b. Total money supply
c. Total tax revenue of the Government d. Total bank credit
97. One of the following industries is not an agro-based one. Identify it
- a. Sugar b. Cotton textile **c. Cement** d, Jute
98. According to the least estimates the percentage of population in India which lives below the poverty line is
- a. 51% b. 38% **c. 24%** d.15%
99. Deficit financing results in
- a. inflation** b. deflation
c. depression d. none of these
100. The main contribution of Nobel prize winning economist Amartya Sen is in
- a. Rural economics b. Industrial Economics
c. Welfare economics d. Econometrics