|  |  |  |
| --- | --- | --- |
| **1.** | On the eve of Independence India inherited an economy which was |  |
|  | 1. Poor and backward 2. Modern 3. Self-reliant 4. Capitalist |  |
| 2. | \_\_\_\_\_\_\_\_ is a tax on goods produced abroad by the government of the country   1. Import duty 2. Tariff 3. Cess 4. Income tax |  |
| 3 | Low birth rate and low death rate represents which phase of demographic transition   1. First stage 2. Second stage 3. Third stage 4. Both (ii) and (iii) |  |
| 4. | Most of the studies disclosed that India’s growth of aggregate real output during the first half of the twentieth century was less than   1. 0.5 % 2. 5% 3. 2% 4. 1.5% |  |
| 5. | At the end of the 19th century there were \_\_\_\_\_\_ cotton mills   1. 194 2. 38 3. 56 4. 90 |  |
| 6 | Economy which is growing at a very low rate   1. Stagnant 2. Colonial 3. Socialist 4. Depleted |  |
| 7 | Railways were introduced in India in   1. 1947 2. 1868 3. 1850 4. 1821 |  |
| 8 | During the British rule, the agricultural sector experienced stagnation mainly due to the   1. Land tenure system 2. Foreign trade 3. Infrastructure 4. Industries |  |
| 9 | Mahalwari system was introduced in 1833 during the period of   1. William Bentick 2. Cornwallis 3. Thomas Munro 4. William Digby |  |
| 10 | The year 1921 is described as the “Year of Great Divide” because of   1. High birth rate and high death rate 2. High birth rate and low death rate 3. Low birth rate and high death rate 4. Low birth rate and low death rate |  |
| **11** | What was the nature of Indian economy at the time of Independence?   1. Agricultural 2. Industrial 3. Tertiary 4. Both (i) and (ii) |  |
| 12 | Invisible items includes   1. Banking 2. Agricultural output 3. Machinery 4. Handicraft industry |  |
| 13 | Zamindari system was introduced by   1. Cornwallis 2. William bentick 3. Thomas Munro 4. William Digby |  |
| 14 | If total births during an year are 2000 and total population is 100000, what will be the birth rate?   1. 10 2. 5 3. 2 4. 8 |  |
| 15 | The first official census operation undertaken in India was in year   1. 1850 2. 1901 3. 1881 4. 1980 |  |
| 16 | Which one of the following statement is correct?   1. Railway line was started by Indians 2. 1921 is known as the Year of Great Divide 3. Life expectancy was higher before Independence 4. The Per Capita Income of India was high before Independence |  |
| 17 | Literacy rate is one of the feature of \_\_\_\_\_\_\_\_\_   1. Demographic structure 2. Occupational structure 3. Land Revenue system 4. Agricultural sector |  |
| 18 | The opening of the Suez Canal in 1869   1. Raised the cost of goods transportation between Britain and India 2. Adversely affected the monopoly control of India’s foreign trade 3. Reduced the cost of goods transportation between Britain and India 4. Reduced the export of goods from India to foreign countries |  |
| 19 | What was the feature of Indian economy on the eve of Independence?   1. Higher income level 2. Backward economy 3. Developed industries 4. Full Urbanisation |  |
| 20 | What were the causes of low productivity in the agricultural sector during Independence?   1. Low levels of technology 2. Lack of Investment 3. Both (i) and (ii) 4. No Zamindari System |  |
| 21 | Which one belongs to the Primary sector?   1. Fishing 2. Services 3. Trade 4. Manufacturing of goods |  |
| **22** | Subsistence farming is related with the crops grown for   1. Selling purpose 2. Self consumption purpose 3. Fodder purpose 4. Enhancing the land fertility |  |
| 23 | Which one of the following was high during British rules in India?   1. Literacy Rate 2. Female literacy 3. Infant Mortality Rate 4. Life Expectancy |  |
| 24 | Most of the Indian population was dependent on which sector for livelihood during British Rule?   1. Primary Sector 2. Secondary sector 3. Tertiary sector 4. Both (i) and (ii) |  |
| 25 | The first railway bridge in India linked   1. Bombay with Thane 2. Kolkata with Bombay 3. Kolkata and Thane 4. Bombay and Bengal |  |

1. In which year new economic policy was initiated.
   1. 1999
   2. 1991
   3. 2000
   4. 2001
2. the most urgent problem with prompted by introduction of new economic policy in 1991 was
   1. poor performance of public sector
   2. High tax rate leading to tax evasion
   3. foreign exchange crisis
   4. lower private Sector Investment
3. Reason which gives importance to privatization
   1. decline in private Monopoly
   2. favour the objective of social welfare
   3. reduce the cost of minimising wastages.
   4. increase employment
4. excess of import or export result in
   1. decline in foreign exchange reserve
   2. increase in Foreign Exchange Reserves
   3. no change in foreign exchange reserve
   4. decline in RBI reserves
5. which one is comes under the category of indirect taxes
   1. wealth tax
   2. house tax
   3. value added tax
   4. income tax
6. Liberalisation leads to some limitations
   1. lesser participation of foreign investor
   2. it neglect the social welfare
   3. no improvement in productivity
   4. improvement in financial sector

Answers

1. B, 2. C, 3. C, 4. A, 5. C, 6. B

Agrregate Demand and Supply

understanding

Q1. In the consumption function, 200 + 0.6Y, the value of autonomous saving will be

a) 200 b) -200 c) 0.6 d) 0.4

Q2. At zero level of income consumption is

a) zero b) positive c) negative d) zero or negative

Q3. Which of the following is correct

a) MPC + MPS =1

b) MPC+ MPS >1

* MPC – MPS = 1

d) MPC + MPS = 0

Q4 An economy is at full employment and AD is greater than AS, what will be the impact on price level in such an economy?

a) Rise b) Fall c) no change d) both rise and fall

Q5. IF MPC is greater than MPS the value of multiplier is

a) greater than 2 b) less than 2 c) equal to 2 d) equal to 5

Remembering

Q6 Full employment implies absence of

a) unemployment b) Voulantary unemployment

c) Invoulantry unemployment d) none of these

Q7. Average Propensity to consume is equal to

a) Y/C b) change in Y / change in C c) C/Y

* hange in C / change in Y

Q8. In consumptoionfuction C= C + bY, b represents

a) autonomous consumption b) savings

c) MPC d) MPS

Q9. Which of the following statement is true about excess demand at corresponding full employment level:-

a) situation when AS > AD b) situation when AS < AD

c) situation when AS = AS d) AD is less than or equal to AS

Q10. If MPC = 0, the value of multiplier is -

a) 0 b) 1 c) between 0 and 1 d) Infinity

Analysing

Q11. When consumption function shoots from Y-axis, it indicates that :-

a) consumption is zero when income is zero

b) saving is negative when income is positive

* consumption is positive when income is zero
* saving is positive when income is zero

Q12. Breakeven point occurs when

a) Y = S b) S = 0 c) C > Y d) Y> C

Q13. Multiplier is the ratio of increase in income to given increase in

a) Supply b) Deamand c) Investment d) Capital structure

Q14. If change in investment is thousand and MPC is 0.8 then income will change by

a) 1250 b) 2500 c) 5000 d) 10000

Q15. When AD is greater than AS, inventories

a) fall b) rise c) do not change d) fall then rise

Evaluating

Q16. Autonomous investment curve is always

a) a vertical staright line.

b) negatively related to income

c) an upward rising staright line

d) always equal to income

Q17. In determination of equilibrium level of income by AD – AS approach, AD is represented by

a) C + S b) C + I c) S + I d) C + Y

Q18. If the MPS is 1, how much will be MPC?

a) 1 b) 0.5 c) 0 d) 0.4

Q19. At full employment level an economy decides to increase government spending. What might be the probable reasons for such a step?

a) Economy is going through situation of excess demand

b) It is suffering from inflationary gap

* Economy wants to increase output and employment

d) Economy wants to decrease output and employment

Q20. How are both APC and APS associated with National Income

a) both APC and APS fall with increase in National Income

b) both APC and APS rise with increase in National Income

c) APC falls APS rises with increase in nationalm income

d) APC rises APS falls with increase in nationalm income

Q21. What is the value of multiplier, when S = -100 + 0.4Y

a) 1.5 b) 1.05 c) 2.5 d) 2.05

Q22. Mpc being equal to 0.5, what will be change in C, if imncome increases by 100

a) 60 b) 50 c) 40 d) 70

Q23. If MPC = 0.4 and change in income is 1000, what will be change in savings

a) 400 b) 500 c) 600 d) 250

Q24. An economy is at full employment and its AS is less than AD. Suggest the most suitable fiscal policy measure for such and economy

a) raising volume of investment decreasing CRR

b) Raising commercial bank reserves through purchase of securities

c) Reducing taxes to increase household purchasing power

d) Reducing public expenditure to reduce demand.

Q25. An economy is at full employment excess demand situation . Suggest a suitable monetary policy measure to bring the economy at full employment equilibrium

a) Reducing excess cash reserves with commercial banks

b) Encouraging borrowings of commercial banks

c) enhancing the credit creqating power of commercial banks.

d) increasing excess cash reserves with commercial banks.

Answer

1. b 11. c 21. c

2. b 12 b 22. b

3 a 13 c 23 c

4 a 14 c 24 a

5 a 15 a 25 a

6 c 16 a

7 c 17 b

8 c 18 c

9 b 19 c

10 b 20 c

1. Which of the following countries has the lowest density of population?
2. India.
3. China.
4. Pakistan.
5. U.S.A.
6. Growth rate of population is highest in which of the followingcountries?
7. India.
8. China.
9. Pakistan.
10. Bangladesh.
11. The economic reforms process started in china is the year:
12. 1991
13. 1978
14. 1988
15. 1949
16. The Great leap forward campaign was launched in china in the year:
17. 1978
18. 1988
19. 1958
20. 1949
21. Fertility rate is very high in which of the following countries:
22. India.
23. China
24. Pakistan.
25. U.S.A

Understanding:

1. A country can experience economic growth only if:
2. GNP is high.
3. HDI is high
4. IMR is high
5. **MMR is high**
6. Why FDI is a critical driver of economic growth?
7. It increases unemployment.
8. It increases non debt financial resources.
9. Reduces exports.
10. Increases imports.
11. Special economic zones were setup to:
12. Attract foreign investors.
13. To develop the backward region.
14. Tomaintain economic equality.
15. To promote private sector.
16. China discontinued the one child policy because:
17. It reduces the number of adults of working age.
18. It increased the number of dependent population.
19. People become dissatisfied with the policy.
20. Number of population decreased.
21. Chinese invading global market because:
22. China has given much focus on manufacturing sector.
23. Policy of GLF introduced by china.
24. One child policy introduced by china.
25. Development of export oriented industries.

Analyzing:

1. What made India to shift from primary sector to tertiary sector?
2. Failure of PSU’s.
3. Extended communications.
4. Failure of manufacturing sector.
5. Development of IT sector.
6. Which is a primary sector activity?
7. Tourism
8. Shop keeping
9. Milk vendor
10. Dairy
11. Agriculture is the largest employment source in India because?
12. Government policies favour agricultural sector.
13. Lack of education
14. Lack of mobility.
15. All the above
16. India has an edge over china because of:
17. Young population.
18. Skilled manpower
19. Excess of investment
20. Urbanization.
21. Pakistan has an edge over India because of:
22. Less percentage of population below poverty line.
23. Improved water sources.
24. Urbanization.
25. All of these.

Evaluation and analysis.

1. China succeed in achieving higher growth rate than India because :
2. Followed communist pattern of economy.
3. Started reforms early
4. Given much importance to manufacturing sector.
5. All of the above.
6. In terms of the sectorial contribution to GDP, the economy of china relying more on:
7. Primary sector
8. Secondary sector
9. Tertiary sector
10. None of these.
11. In terms of sectorial contribution to GDP, economies of India and Pakistan are now relying more on:
12. Primary sector.
13. Secondary sector.
14. Tertiary sector.
15. Agricultural sector.
16. Which of the following features relates to the Chinese economy:
17. Very high fertility rate.
18. Growth due to service sector.
19. Growth due to manufacturing sector
20. High density of population.
21. The proportion of population below poverty line in India is:
22. 15.9%
23. 22.6%
24. 21.9%
25. 44.2%

REMEMBERING

Q.1 Price of one currency in relation to foreign currencies is determined by forces of demand and supply is known as:-

(a) Equilibrium Rate (b) Fixed exchange Rate

(c) Exchange Rate (d) Flexible exchange Rate

Q.2 The current account of BoP includes transaction related to:-

(a) Financial assets

(b) Borrowing from foreign countries

(c) Export and import of invisible items

(d) Foreign investment

Q.3 Which one is the component of current account:-

(a) Invisibles

(b) Foreign Direct Investment

(c) Banking Capital

(d) Loans

Q.4 Occasional intervention by central bank to influence the exchange rate is known as:-

(a) Managed floating

(b) Hedging

(c) Appreciation

(d) Depreciation

Q.5 What is the relationship between demand for foreign exchange and exchange rate?

(a) Inverse (b) Direct

(c) One to One (d) No relationship

UNDERSTANDING

Q.1 BoP deficit leads to:-

(a) Decrease in official reserves

(b) increase in official reserves

(c) No change in official reserves

(d) Increase in BoT account

Q.2 The measurement of Balance of Payment deficit is based on:-

(a) Autonomous Transactions

(b) Accommodating Transactions

(c) Current account Transactions

(d) Capital account Transactions

Q.3 Which of the following items are included in current account BoP:-

(a) Foreign Investment

(b) Loans

(c) NRI remittances

(d) Non factor services

Q.4 The term foreign exchange refers to:-

(a) Exchange of goods of one nation for goods of other nation

(b) Exchange of goods of one nation for services of other nation

(c) Exchange of goods of one nation for currency of other nation

(d) Exchange of currency of one nation for currency of other nation

Q.5 Invisible balance refers to:-

(a) Export - Imports

(b) Trade balance + Balance of Non factor service

(c) Balance of Non factor service + Balance of Income + Balance of Transfers

(d) Exports - Imports + Balance of Factor Services

APPLYING

Q.1 If Rs.120 are required to buy 1$, instead of Rs.100:-

(a) Domestic currency has appreciated

(b) Domestic currency has depreciated

(b) Rupee value of import bill will increase

(d) Rupee value of export bill will decrease

Q.2 Which of the following statement is true:-

(a) BoT includes foreign borrowing

(b) Autonomous items are determined by profit motive

(c) Accomodating items are above the line items

(d) BoT includes payment of interest and dividends

Q.3 When there is depreciation of currency:-

(a) Exports become cheaper

(b) Imports become cheaper

(c) Exports become costlier

(d) No effect on imports.

Q.4 If value of exports is Rs.100 lacs and import of Rs.1650 lacs, Balance of Trade shows:-

(a) surplus of Rs.650 lacs

(b) deficit of Rs.650 lacs

(c) surplus of Rs.2650 lacs

(d) deficit of Rs.2650 lacs

Q.5 Surplus in BoP account occurs when:-

(a) Receipts = Payments

(b) Receipts > Payments

(c) Receipts < Payments

(d) None of the above

Q.6 If balance of trade is showing a deficit of Rs.400 crores and value of imports is Rs.1100 crores than the value of exports would be:-

(a) Rs.200 crores

(b) Rs.500 crores

(c) Rs.700 crores

(d) Rs.900 crores

ANALYSIS AND EVALUATING

Q.1 BoP deficit is caused when:-

(a) current account balance is negative

(b) capital account balance is positive

(c) current account balance is zero

(d) increase in official reserves take place

Q.2 If value of visible exports is greater than the value visible imports the balance relates to:-

(a) Current account BoP

(b) Balance of Trade

(c) Capital account BoP

(d) Foreign exchange account

Q.3 Balance of payment "surplus" in excess of:-

(a) current account payment over current account receipts

(b) capital account payment over capital account receipts

(c) Autonomous payments over autonomous receipts.

(d) Autonomous receipts over autonomous payments.

Q.4 How can increase in foreign direct investment, other things remaining the same affect the foreign exchange rate:-

(a) FER will fall

(b) FER will rise

(c) No change in FER

(d) FER will fluctuate

Q.5 When the exchange rate rises due to managed floating, it is called:-

(a) Devaluation (b) Appreciation

(c) Depreciation (d) Revaluation

Q.6 Which of the following is a source of supply of foreign exchange?

(a) Current transfers to abroad

(b) Speculation

(c) Portfolio investment

(d) Capitalisation in rest of the world

Q.7 Favourable disequilibrium in BoP account leads to:-

(a) Increase in official reserve with RBI

(b) Decrease in official reserve with RBI

(c) No change in official reserve with RBI

Q.8 Due to depreciation of foreign currency, the supply of foreign currency in domestic economy will:-

(a) Increase (b) Not change

(c) Either increase or decrease (d) Decrease

Q.9 Equilibrium exchange rate occurs when:-

(a) Supply of foreign exchange > Demand for foreign exchange

(b) Supply of foreign exchange = Demand for foreign exchange

(C) Supply of foreign exchange < Demand for foreign exchange

(d) Both (a) and (b)

|  |  |  |
| --- | --- | --- |
| Q.1 land Reform is:  (a) fixing the maximum size of land  (b) to change in the ownership of land Holdings  (c) use of new technology in agriculture sector  (d) abolition of intermediaries  Q.2 identify the economy ,in which means of production are used to promote social welfare:  (a) mixed economy  (b)capitalist economy (c)socialist economy (d)developed economy  Q.3 The contribution made by different sector of the economy in the GDP of the country is called:  (a)Self Reliance  (b)structural composition (c)economic development (d)national income  Q.4 In what ways protection from imports take place ?  (a) through tariffs, quota and import substitution  (b) by providing facilities to domestic companies  (c)by increase in import duties (d)by decrease in price of domestic goods  Q.5 which policy came into existence to prevent certain firms from becoming more efficient?  (a) liberalization (b)disinvestment  (c)permitlicence Raj  (d)trade policy |  |  |

Category of the Question

1. NEP stands for:

a.) New economic policy b.) New Export Policy Remembering

c.) New economic progress d.) Nation export policy

2. Liberalisation is a situation wherein:

a.) No intervention by state b.) greater freedom and flexibility by private sectorAnalysing and evaluating

c.) Government manages fiscal deficit d.) Government maintain law and order

3. Which is the tariff barrier among the following:

a.) Quota system b.) Product standard Understanding

c.) Ad velorem duty d.) Product labelling

4. Privatisation promotes: Applying

a.) socialist pattern b.) Increased efficiency

c.) Producer’s soverignity d.) Laissez faire system

5. WTO stands for: Remembering

a.) World trade organization b.) World transport organization

c.) World triff organization d.) World teachersorganisation

Answers:

1.(a) 2.(b) 3.(c) 4.(b) 5.(a)

**Multiple Choice Questions**

**Remembering**

1. Supply of money is

(a) Flow variable (b) Stock variable (c) Real flow (d) Money flow

**Ans. Stock Variable**

2. Monetary policy is the policy of

(a) Government (b) Central Bank (c) Commercial Bank (d) NABARD

**Ans. Central Bank**

3. The bank that operates without any profit motive in public interest is

(a) Central Bank (b) Nationalised Commercial Bank (c) Canara Bank (d) Punjab National Bank

**Ans. Central Bank**

4. CRR stands for

(a) Credit Reserve Ratio (b) Cash Reserve Ratio (c) Commercial Reserve Ratio (d) Central Reserve Ratio

**Ans. Cash Reserve Ratio**

5. Bank rate for controlling credit is applicable in the

(a) Very Short run (b) Short run (c) Medium run (d) Long run

**Ans. Long run**

6. Open market operation is done by

(a) Commercial bank (b) Rural Bank (c) World bank (d) Central Bank

**Ans. Central Bank**

7. Demand deposits include:

(a) Saving Account deposits and fixed deposits (b) Saving account deposits and current account deposits (c) Current deposits and fixed deposits (d) all types of deposits

**Ans. Saving account deposits and current account deposits**

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**Understanding**

1. The components of money supply are:

(a) Currency held by the public (b) demand deposits of the public in commercial banks (c) other deposits with the RBI (d) currency held by the public and demand deposit of the public in commercial banks

**Ans. Currency held by the public and demand deposit of the public in commercial banks**

2. Qualitative instruments includes EXCEPT:

(a) Margin Requirement (b) Bank Rate (c) Rationing of credit (d) Moral Suasion

**Ans. Bank Rate**

3. Which one of the following is used for credit creation:

(a) K = 1/LRR (b) K = 1/SLR (c) K = 1/Bank Rate (d) K = 1/ Repo Rate

Ans. **K = 1/LRR**

4. Identify qualitative measure of central bank:

(a) Bank rate (b) Open market operation (c) Margin Requirement (d) Cash reserve ratio

**Ans. Margin Requirement**

5. Quantitative instrument of monetary policy includes:

(a) Margin Requirement (b) Direct Action (c) Statutory Liquidity Ratio (d) Rationing of Credit

**Ans. Statutory Liquidity Ratio**

6. The lender of the last resort is the function of:

(a) Rural Bank (b) Central Bank (c) Post office (d) Commercial bank

**Ans. Central Bank**

7. Credit Control means

(a) Contraction of credit only (b) Extension and contraction of money supply (c) extension of credit only (d) supply of money remains the same

**Ans. Extension and contraction of money supply**

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

**Applying**

1. During deflation, it is advisable to \_\_\_\_\_\_\_\_\_\_\_

(a) Lower the bank rate and purchase of securities in the open market

(b) Increase the bank rate and purchase of securities in the open market

(c) Decrease in bank rate and sale of securities in the open market

(d) Increase in bank rate and sale of securities in the open market

**Ans. Lower the bank rate and purchase of securities in the open market**

2. Which of the following will increase the supply of money?

(a) Fall in bank rate (b) Sale of securities in open market (c) Increase in the cash reserve ratio (d) Increase in Repo rate

**Ans. Fall in bank rate**

3. To curb inflation, the RBI should use

(a) Reducing the bank rate (b) Reducing the Repo rate (c) Selling the government securities (d) Reducing the Reverse repo rate

**Ans. Selling the government securities**

4. LRR and money creation has

(a) positive relation (b) negative relation (c) No relation (d) Both (a) and (b)

**Ans. Negative relation**

5. The value of credit multiplier will be high when

(a) Cash reserve ratio is high (b) Cash reserve ratio is low (c) Cash reserve ratio is zero (d) Cash reserve ratio is infinity

**Ans. Cash reserve ratio is low**

6. Which of the following is the supplier of money?

(a) Government and banking system (b) Cooperative societies (c) General public (d) Life insurance corporation

**Ans. Government and banking system**

7. Fixed deposit is also termed as :

(a) Chequeable deposits (b) Demand deposit (c) Time deposit (d) Non – Chequeable deposits

**Ans. Time deposit**

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**Evaluation**

1. What will be the effect of increase in repo rate on money supply?

(a) money supply will increase (b) money supply will decrease (c) money supply will remain the same (d) money supply will initially increase and then it will decrease

**Ans. money supply will decrease**

2. What will be the value of multiplier if CRR is 10%.

(a) 5 times (b) 2 times (c) 10 times (d) 100 times

**Ans. 10 times**

3. Total deposits created by commercial banks isRs. 12,000 crore and LRR is 25%. Calculate the amount of initial deposits.

(a) 6000 crore (b) 4000 crore (c) 5000 crore (d) 3000 crore

**Ans. 3000 crore**

4. Find the odd one out among the following:

(a) Reserve Bank of India (b) Bank of England (c) IDBI Bank (d) Federal Reserve Bank of the USA

**Ans. IDBI Bank**

5. What is the value of money multiplier when initial deposits are Rs. 500 crores and LRR is 10%.

(a) 0.1 (b) 0.2 (c) 10 (d) 20

**Ans. 10**

6. Commercial banks create money by way of:

(a) Time deposits (b) Demand deposits (c) Treasury Bills (d) Bill of exchange

**Ans. Demand deposits**

7. Quantitative credit control deals with:

(a) Quantity of money supply (b) increase in money supply (c) decrease in money supply (d) no change in money supply

**Ans. Quantity of money supply**

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**Analysis**

1. When the central act as a banker to the government, what does it do?

(a) It carries out government transactions (b) It advises on monetary and financial matters (c) It keeps accounts of the government (d) It carries out government transactions, advises on monetary and financial matters and keeps accounts of the government

**Ans. It carries out government transactions, advises on monetary and financial matters and keeps accounts of the government**

2. To soak the liquidity from the market, to control inflation:

(a) Government securities should be purchased (b) Government securities should be sold (c) Repo rate should be decreased (d) Cash reserve ratio should be decreased

**Ans. Government securities should be sold**

3. Which of the following is the function of Central Bank?

(a) Accepting deposits from the general public (b) Giving loans to general public (c) Banker’s Bank (d) Credit Creation

**Ans. Banker’s Bank**

4. Bank rate is for:

(a) Central bank by the central bank (b) Commercial bank by the government (c) Central Bank by commercial Bank (d) Commercial Bank by central bank

**Ans. Commercial Bank by central bank**

5. Which of the following changes by the central bank can increase the money supply?

(a) Increase in Repo Rate (b) Increase in CRR (c) Purchase of government securities in the open market (d) Sale of government securities in the open market

**Ans. Purchase of government securities in the open market**

6. Name the credit control method which refers to the difference between the amount of loan and market value of the securities offered by the borrower against the loan?

(a) Selective credit control (b) Moral Suasion (c) Margin requirement (d) Legal reserve requirements

**Ans. Margin requirement**

7. Central Bank is an apex bank of the country that:

(a) Controls the entire banking system of the country (b) accepts and lending of deposits to public (c) store of value (d) creates credit

**Ans. Controls the entire banking system of the country**

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

Multiple choice questions

1. Which international organisation replaced general agreement on trade and tariff (GATT):
2. International Monetary Fund
3. United Nations
4. World Trade Organisation
5. World Health Organisation

(Remembering)

2) All indirect taxes have been subsumed under:

1. state government tax
2. Central Government tax
3. Goods and service tax
4. Value added tax

(Evaluation and analyse)

3) Demonetisation aimed at:

1. Curb corruption
2. Digitalization
3. Curtail counterfeit currency
4. All of the above

(Applying)

4) Mudra Bank was set up to meet the credit needs of the:

1. farmers
2. Small Enterprises
3. Large Enterprises
4. Exporters

(Understanding)

5) reforms in indirect taxes categorised into:

1. financial sector reforms
2. Reforms in industrial sector
3. Agricultural sector reforms
4. External sector reforms

(Creating)

Answers:

1- c

2-c

3-d

4-b

5-a

**REMEMBERING**

1. Budget deficit means:  
   a) budget expenditure – budget receiptsb) capital expenditure – capital receipts  
   c) total expenditure – total receipts (excluding borrowings)  
   d) total expenditure – revenue receipts   
   **ans. – [a]**
2. Disinvestment by Government means:  
   a) selling of its fixed capital assets  
   b) selling of share of public enterprises held by it  
   c) selling of its buildings  
   d) selling of its buildings & shares  
   **ans. – [b]**
3. Fiscal Deficit – Interest Payment equals to :  
   a) primary deficit  
   b) revenue deficit  
   c) budget deficit  
   d) gross fiscal deficit  
   **ans. – [a]**
4. Primary deficit is borrowing requirement of government for making  
   a) interest payment  
   b) other than interest payment  
   c) payments off public debts  
   d) payment off borrowing from RBI  
   **ans. – [b]**
5. Zero primary deficit means :  
   a) no liabilities with government  
   b) the government has to resort to borrowing only to meet interest payments  
   c) no interest payments  
   d) no current liabilities  
   **ans. – [b]**
6. Loans to state government are a part of :  
   a) revenue receipts b) capital receipts  
   c) capital expenditure d) plan revenue expenditure  
   **ans. – [c]**  
   **UNDERSTANDING**
7. A budget is balanced when :  
   a) budget expenditure = budget receipts  
   b) budget expenditure > budget receipts  
   c) budget expenditure < budget receipts  
   d) budget expenditure ≥ budget receipts  
   **ans. – [a]**
8. Which one of these is revenue expenditure?  
   a) purchase of shares b) loan advanced  
   c) subsidies d) expenditure on acquisition of land  
   **ans. – [c]**
9. Which of the following is a non- tax revenue receipts:  
   a) GST b) Import duty c) Escheat d) wealth tax  
   **ans. – [c]**
10. Borrowing in government budget is :  
    a) revenue deficit b) fiscal deficit c) primary deficit d)deficit in taxes  
    **ans. – [b]**
11. Identify the tax whose burden can’t be shifted :  
    a) GST b) Income – Tax c) Sales tax d) VAT  
    **ans. – [b]**
12. Which of the following is a direct tax:  
    a) Income Tax b) GST  
    c) excise duty d) custom Duty  
    **ans. – [a]**  
    **APPLYING**
13. Which of the following item *Either creates a liability Or reduces any asset* :  
    a) capital receipts b) revenue receipts  
    c) revenue expenditure d) capital expenditure  
    **ans. – [a]**
14. The government has increased the rate of income tax. the objective of government is to:  
    a) maintain balanced regional development  
    b) redistribute income & wealth  
    c) reallocate resources  
    d) ensure economic stability  
    **ans. – [b]**
15. SEZ are created by the government to achieve the objective of :  
    a) balanced regional development b) Reallocation of resources  
    c) Economic stability d) Redistribution of income  
    **ans. – [a]**
16. In a situation of Inflation the government should adopt :  
    a) Balance Budget b) deficit budget  
    c) Capital budget d) surplus Budget  
    **ans. – [d]**
17. Which of the following is a source of capital receipt?  
    a) foreign donations b) dividends  
    c) disinvestment d) indirect taxes  
    **ans. – [c]**
18. To correct the situation of deflation the government will:  
    a) Increase its expenditure b) Increase in taxes  
    c) Increase public borrowing d) Reduce the borrowing from RBI

**ans. – [a]**

**EVALUATING & ANALYSING**

1. If primary deficit is Rs. 3,500 and interest payment is Rs. 500, the fiscal deficit is :  
   a) Rs. 2,900 b) Rs. 4,000  
   c) Rs. 4,100 d) Rs. 4,200  
   **ans. – [b]**
2. Gift tax is a paper tax because -  
   a) it is an indirect tax b) it is a direct tax  
   c) it does not have significant revenue yield d) it does not have significant capital yield  
   **ans. – [c]**
3. In a government budget, if revenue receipts are Rs. 100 lakh, capital receipts are Rs. 50 lakh and revenue deficit is Rs. 25 lakh, how much is the revenue expenditure?   
   a) 100 lakh b) 125 lakh  
   c) 50 lakh d) 75 lakh  
   **ans. – [b]**
4. Which of the following statement is not true for fiscal deficit? A Fiscal deficit :  
   a) represents the borrowing of the government  
   b) is the difference between total expenditure & total receipts of the government  
   c) is the difference between total expenditure & total receipts other that borrowing  
   d) increases the future liability of the government.  
   **ans. – [a]**
5. Which one of the following statement is incorrect?  
   a) Revenue receipts are regular in nature  
   b) there is no future obligation to return the amount in case of revenue receipts.  
   c) capital receipts either create an asset or cause a reduction in the liabilities of the government.  
   d) borrowings are treated as capital receipts as they lead to an increase in liability.  
   **ans. – [c]**
6. Fees of the government college is a revenue receipt because:  
   a) it creates liability of the government  
   b) it neither creates any liability nor reduces any asset of the government.  
   c) it neither creates any asset nor reduces any liability of the government.d) it increases assets of the government.  
   **ans. – [b]**
7. Which one of the following is a combination of capital expenditure:  
   a) grants & interest payments  
   b) subsidies & constructions of roads  
   c) construction of roads and repayment of loans  
   d) Defence expenditure and construction of school building.  
   **ans. – [c]**

Multiple Choice Questions of the Chapter **National Income and Related Aggregates** with solution

By GROUP-1

TYPES- **REMEMBERING**

1. Operating surplus stands for:

(a) Income from property only (b) non work income

(c) wage income (d) income from entrepreneurship

Ans: (b)

2. compensation of employees stands for :

(a) work income (b) transfer income

(c) entrepreneurship income (d) income from land

Ans: (a)

3. GDPMP includes:

(a) NFIA (b) consumption of fix capital

(c) payment of texes (d) value of imports.

Ans: (b)

4. GVAMP  provides solutions to:

(a) the problems of double counting. (b) the problem of double coincidence of wants.

(c) undervaluation of national income (d) unequal distribution of wealth

Ans: (a)

5. income method of calculating national income is also known:

(a) industrial origin method (b) distributed share method

(c) Income disposal method (d) industrial method

Ans (c)

TYPES- **UNDERSTNADING**

1. Which of the following would be the normal resident of India?

a) An Indian working in an American embassy in india

b) An Indian working in Singapore branch of an Indian bank.

c) A team of German engineers in Jaiselmer on official job for six months.

d) Five Afghan students pursing law in India for the last four years

Ans: a)

2) Circular flow of income is based on the fact that:

a) All sectors are self sufficient and independent

b) income generated in one sector is consumed by itself

c) one person’s expenditure is another person’s income

d) all economies are closed economies

Ans: c

3)Which of the following is termed as Gross Domestic Product at factor cost:

a) It is the market value of all the final goods and services produced within domestic territory of a country.

b) It is the market value of all the final goods and services produced nationally.

c) It is the market value of all the final goods and services produced within domestic territory of a country less net indirect taxes.

d) It is the market value of all the final goods and services produced nationally less indirect taxes.

Ans: c

4) which of the following is used for calculating National Incomeby income method:

a) Income Tax b) Corporation Tax

c) Sales Tax d) Net Indirect Tax

Ans: b)

5. Which of the following is an example of factor income?

a)Interest received by bank from producer b) Retirement pension

c) Old age pension d) Interest received by bank from household

Ans: a)

**Type: III, Applying**

1. National Income with output method:

a) is an amount obtained by adding net factor income from abroad with net domestic product at factor cost.

b) is an amount obtained by adding net factor income from abroad with net domestic product at factor cost.

c) is an amount obtained by deducting net factor income from abroad with net domestic product at factor cost.

d) is an amount of all the final goods and sevices produced doemstically.

Ans: a)

2. Which of the following is a flow aggregate?

a) Distance between delhi and Bombay

b) a note of Rs.2000

c) Bank account

d) Number of houses in Jaipur on 31st December

Ans c)

3. Construction of a School building by the Government will be part of

a) Domestic fixed Capital formation

b) Change in stock

c) Government final consumption expenditure

d) Residential construction investment

Ans: c

4. Depreciation is also known as:

a) Capita Loss

b) Unforeseen obsolescence

c) Capital allowance

d) Both a) and b)

Ans: c

**Type IV: Evaluating and Analysing**

1. Identifying the final good from the following which would be included in National Income:

a) Elephant purchased by Circus

b) Car purchase for further sale

c) electricity bill paid by School

d) Gram flour purchased by sweet mart

Ans: a

2. If Net factor income to abroad is (-)120crores, factor income from abroad is 150 crores and domestic income is Rs.4500 crores, Find National Income

a) Rs.4380 crores

b) Rs.4620 crores

c) Rs. 4700crores

d) Rs.4300 crores

Ans b)

3. If GDPmpis Rs. 10000 crores, Intermediate consumption is Rs.2500 and the ratio of Sales to change in stock is 2:1, then Sales will be:

a) Rs.4000

b) Rs.5000

c) Rs.3000

d) Rs.2000

Ans: b

4. We Know Net Exports = Exports – imports. While calculating Gross domestic capital formation, Exports are included because:

a)Exporter get paid for it

b) It is an expenditure on domestic product

c) It is final expenditure by the buyers

d) Imports results in expenditure

Ans: b

5. GNPfcis equal to NNPfcwhen

a) Consumption of fixed capital is zero

b) Net indirect tax is zero

c) Net factor income from abroad is zero

d) Intermediate consumption is zero

Ans: a

Type 5: Mix type

1. Real Income means:

a) National Income at Current Prices

b) National Income at Constant Prices

c) National Income at average Prices of 5 years

d) National Income at factor Prices

**Ans: b**

2. If the national income is Rs.2800crores an domestic income is Rs.3000crores, which of the following option will be correct?

a) Factor income from abroad Rs500. and factor income to abroad is Rs.200

b) Factor income from abroad Rs400. and factor income to abroad is Rs.600

c) Factor income from abroad Rs600. and factor income to abroad is Rs.400

d) Factor income from abroad Rs700. and factor income to abroad is Rs.700

**Ans: b**

3. GDP deflator equals to

a)

b)

c)

d)

**Ans: a**

4. Value of output is obtained by:

a) The sum of domestic sales and closing stock

b) The sum of total sales and change in stock

c) The sum of Export sales and closing stock

d) The Difference of Total sales and change in stock

**Ans: b**

5. which of the following is a component of domestic income?

a) Old age pension

b) Operating Surplus

c) Unemployment allowance

d) Social security contribution by employees

TRUE/FALSE of the Chapter **National Income and Related Aggregates** with solution

By GROUP-1

Type - I, Remembering

1. National income is sum of all the transfer income generated in an economy. **Ans: False**

2. NDFfc is equal to NDPmp less Net Indirect Tax. **Ans: True**

3. Double counting can be avoided by summing up total output of firms. **Ans: False**

4. NNPmp is equal to NNPfc when Net Indirect Tax are Zero **Ans: True**

5. Expenditure on electricity by factory is an intermediate cost for the factory. **Ans True**

**Type - II, Understanding**

1. Bus fare paid by passengers is a final consumption expenditure. Ans: True

2. NDPmp is the sum up of operating surplus, compensation of employees, mixed income and Net Indirect Tax.

Ar

3. GDPmp is inclusive of indirect taxes but exclusive of subsidies. Ans: True

4.Salary of an Indian working in Russian embassy in india is included in National Income of India as Factor income from abroad. Ans: True

5. Income tax is included for calculating national income by income method. Ans: False

**Type - III, Applying**

1. Old age pension is factor income. Ans True

2. National income can be less than domestic income if FIFA > FITA. Ans: False

3. If NDPfc = 80, NIT =10, Net factor income from abroad (-10), NNPmp is equal to Rs.70, Ans. False

4. National Income is a flow concept as it measured for an accounting year and not at a point of time. Ans: True

5. NVAfc = factor payments. Ans: True

**Type - IV, Evaluating and Analysing**

1. Brokerage on the sale and purchase of shares and bonds is to be included in national income. Ans: True

2. If Nominal GNP is Rs.1200 and Real GNP is 400, then GNP deflator will be Rs.200. Ans False.

3.in a soap factory 5000 cakes @ 10 per unit of soaps remain unsold at the end of financial year, if stock was zero at the beginning of the year. In this situation inventory investment will be Rs.50000. Ans: True

4. when a farmer keeps a part of crop grown on his farm for consumption by his family, it will be counted as final consumption expenditure. Ans: True

5. Increase in the prices of stock lying with a trader must be added to calculate National Income by

Value added method. Ans: False

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Q.1 Identify the following types of taxes from the given options:  1. It is a type of tax, which impact and incidence lie on the same person (a) GST  2. it is a type of tax, which impact and incidence lie on the different persons (b) capital gain tax  3. Tax that imposed on property and income of an individual (c) indirect tax  4. Tax that is proportionate in nature (d) direct tax  Answer: 1 b, 2 a, 3 d, 4 c  Q.2 classify the following as expenditure and receipts:  1. Purchase of metro coaches from Japan (a) revenue expenditure  2. Dividend received by government from a company (b) capital receipts  3. Sale of 40% shares of a PSU to a private company (c) capital expenditure  4. Pension paid to retired Government employees (d) revenue receipts  Answer: 1c,2d,3b,4a  Q.3 match the following statements with objectives of government budget:  1. Government increases taxes on super rich people (a) reallocation of resources  2. government increases its own expenditure during deflation to increase aggregate demand (b) economic stability (c) economic growth (d) reducing inequalities in income and wealth  Answer: 1d,2b  Q.4 identify the different types of deficit:  1.fiscal deficit (a) total expenditure - total receipts  2. Primary deficit (b) revenue expenditure - revenue receipts  3. Revenue deficit (c) total expenditure - total receipts excluding borrowings  (d) fiscal deficit - interest payment  Answer 1c,2d,3b  Q5. Identify the following types of receipts:  1. Revenue receipts (a) neither create any asset nor reduces any liability  2. Capital receipts (b) either creates a liability or reduces an asset  (c) either creates asset or reduces liability  (d) neither creates a liability or reduces any asset  Answer: 1d,2b   |  |  | | --- | --- | |  |  | |  |  |

|  |  |  |
| --- | --- | --- |
| **1.** | On the eve of Independence India inherited an economy which was |  |
|  | 1. Poor and backward 2. Modern 3. Self-reliant 4. Capitalist |  |
| 2. | \_\_\_\_\_\_\_\_ is a tax on goods produced abroad by the government of the country   1. Import duty 2. Tariff 3. Cess 4. Income tax |  |
| 3 | Low birth rate and low death rate represents which phase of demographic transition   1. First stage 2. Second stage 3. Third stage 4. Both (ii) and (iii) |  |
| 4. | Most of the studies disclosed that India’s growth of aggregate real output during the first half of the twentieth century was less than   1. 0.5% 2. 5% 3. 2% 4. 1.5% |  |
| 5. | At the end of the 19th century there were \_\_\_\_\_\_ cotton mills   1. 194 2. 38 3. 56 4. 90 |  |
| 6 | Economy which is growing at a very low rate   1. Stagnant 2. Colonial 3. Socialist 4. Depleted |  |
| 7 | Railways were introduced in India in   1. 1947 2. 1868 3. 1850 4. 1821 |  |
| 8 | During the British rule, the agricultural sector experienced stagnation mainly due to the   1. Land tenure system 2. Foreign trade 3. Infrastructure 4. Industries |  |
| 9 | Mahalwari system was introduced in 1833 during the period of   1. William Bentick 2. Cornwallis 3. Thomas Munro 4. William Digby |  |
| 10 | The year 1921 is described as the “Year of Great Divide” because of   1. High birth rate and high death rate 2. High birth rate and low death rate 3. Low birth rate and high death rate 4. Low birth rate and low death rate |  |
| **11** | What was the nature of Indian economy at the time of Independence?   1. Agricultural 2. Industrial 3. Tertiary 4. Both (i) and (ii) |  |
| 12 | Invisible items includes   1. Banking 2. Agricultural output 3. Machinery 4. Handicraft industry |  |
| 13 | Zamindari system was introduced by   1. Cornwallis 2. William bentick 3. Thomas Munro 4. William Digby |  |
| 14 | If total births during an year are 2000 and total population is 100000, what will be the birth rate?   1. 10 2. 5 3. 2 4. 8 |  |
| 15 | The first official census operation undertaken in India was in year   1. 1850 2. 1901 3. 1881 4. 1980 |  |
| 16 | Which one of the following statement is correct?   1. Railway line was started by Indians 2. 1921 is known as the Year of Great Divide 3. Life expectancy was higher before Independence 4. The Per Capita Income of India was high before Independence |  |
| 17 | Literacy rate is one of the feature of \_\_\_\_\_\_\_\_\_   1. Demographic structure 2. Occupational structure 3. Land Revenue system 4. Agricultural sector |  |
| 18 | The opening of the Suez Canal in 1869   1. Raised the cost of goods transportation between Britain and India 2. Adversely affected the monopoly control of India’s foreign trade 3. Reduced the cost of goods transportation between Britain and India 4. Reduced the export of goods from India to foreign countries |  |
| 19 | What was the feature of Indian economy on the eve of Independence?   1. Higher income level 2. Backward economy 3. Developed industries 4. Full Urbanisation |  |
| 20 | What were the causes of low productivity in the agricultural sector during Independence?   1. Low levels of technology 2. Lack of Investment 3. Both (i) and (ii) 4. No Zamindari System |  |
| 21 | Which one belongs to the Primary sector?   1. Fishing 2. Services 3. Trade 4. Manufacturing of goods |  |
| **22** | Subsistence farming is related with the crops grown for   1. Selling purpose 2. Self consumption purpose 3. Fodder purpose 4. Enhancing the land fertility |  |
| 23 | Which one of the following was high during British rules in India?   1. Literacy Rate 2. Female literacy 3. Infant Mortality Rate 4. Life Expectancy |  |
| 24 | Most of the Indian population was dependent on which sector for livelihood during British Rule?   1. Primary Sector 2. Secondary sector 3. Tertiary sector 4. Both (i) and (ii) |  |
| 25 | The first railway bridge in India linked   1. Bombay with Thane 2. Kolkata with Bombay 3. Kolkata and Thane 4. Bombay and Bengal |  |

**DEVELOPMENT EXPERIENCE 1950-1990**

**&**

**GOVERNMENT BUDGET**

MRS. MEENAKSHI KHANDELWAL

MCQ’S

Q.1 land Reform is:

(a) fixing the maximum size of land

(b) to change in the ownership of land Holdings

(c) use of new technology in agriculture sector

(d) abolition of intermediaries

Q.2 identify the economy ,in which means of production are used to promote social welfare:

(a) mixed economy

(b)capitalist economy (c)socialist economy (d)developed economy

Q.3 The contribution made by different sector of the economy in the GDP of the country is called:

(a)Self Reliance

(b)structural composition (c)economic development (d)national income

Q.4 In what ways protection from imports take place ?

(a) through tariffs, quota and import substitution

(b) by providing facilities to domestic companies

(c)by increase in import duties (d)by decrease in price of domestic goods

Q.5 which policy came into existence to prevent certain firms from becoming more efficient?

(a) liberalization (b)disinvestment

(c)permitlicence Raj

(d)trade policy

MRS. NEETI BHATIA

MCQ’S

1. The motive behind the introduction of land reforms in India was :

(a) Self sufficiency in food grains

(b) Industrial Development

(c) Agricultural Development

(d) Equity in Agriculture

2. Which economic system India followed after independence?

(a) Socialistic Economy

(b) Capitalistic Economy

(c) Mixed Economy

(d) Free Economy

3. Which objective of planning was considered a necessity to reduce our dependence on foreign goods

(a) Self Reliance

(b) Modernization

(c) Equity

(d) Economic Growth

4. Mixed economy means an Economy whose?

(a) both agriculture & industry are equally promoted by the state.

(b) there is a co-existence of public sector & private sector.

(c) economy is controlled by military as well as civilians

(c) there is an importance of small scale along with large scale industries

5. Self reliance in the economic content implies that a country :

(a) Meet its demand of goods and services from domestic production

(b) Exports some of its goods but does not import anything

(c) Have sufficient energy production to produce all goods.

(d) Meet its demand for vital goods from domestic production.

6. Why Public Sector in the initial planning phases was necessary for country's development?

(a) Private industrialist have sufficient capital for investment.

(b) The market was not big enough to encourage private industrialist

(c) To develop Indian Economy on the socialist line.

(d) To develop Indian economy on the capitalist line

7. Among the achievements of Indian Planning, we may include.

(a) Development of strong infrastructure

(b) Diversification of industries

(c) Diversification of agriculture

(d) Development of Information Technology

MCQ’S

1. Which of the following countries is the largest trading partner of India?
2. US (b) UK (c) UAE (d) China
3. Natural rate of unemployment in consistent with the situation of –
4. Full employment (c) under employment
5. over employment (d) structural unemployment
6. investment limit for small industries is –
7. Rs. 1 crore (c) Rs. 2 crore
8. Rs. 3 crore (d) Rs. 5 crore
9. Price support policy focuses on –
10. High price (c) Low price
11. Stability of the Income firm (d) both b and c
12. MCQ  
      
    1. Land Ceiling means  
      
    A. Not allowing others to enter agriculture land.  
      
    B. Fixing the maximum size of land which could be owned by an individual.  
      
    C. Covering the land with a sheet.  
      
    D. Putting fancies for the agriculture field
13. 2. Planning commission was set up in  
      
    A. 1948   
      
    B. 1950   
      
    C. 1951   
      
    D. 1952
14. 3. Planning Commission India derives its objective from-  
      
    A. Fundamental Rights of Indian Constitution  
      
    B. Directive Principles of State Policy of Indian Constitution  
      
    C. Preamble of Indian Constitution  
      
    D. Fundamental Duties of Indian Constitution
15. 4. The concept of five year plan in India was introduced by  
      
    A. Lord Mountbatten   
      
    B. Indira Gandhi   
      
    C. Jawaharlal Nehru   
      
    D. Lal Bahadur Shastri  
      
      
    5. Tariffs and quotas adopted under industrial policy was to -  
      
    A. Increase exports   
      
    B. Make exported goods cheaper   
      
    C. To increase foreign competition   
      
    D. To restrict import and protect domestic forms from foreign competition

MCQ’s

Question number 1- which states at the time of independence the variety of industries was very narrow largely confined to cotton textile

A) jamshedpur and Kolkata

B) Pune and nasik

C) uttar Pradesh and Pune

Question number 2- in which year Planning Commission was set up

A) 1950

B) 1948

C) 1947

D) 1951

Question number 3- wheat Revolution is also known as.

A) green revolution

B) rice revolution

C) maize revolution

D) forest revolution

Question number 4- fixing the maximum size of land is refers to.

A) Abolition of intermediaries

B) portion of agricultural produce sold in the market

C) Land ceiling

D) maximum size

Question number 5- which organisation was founded in 1995.

A) World Trade Organisation

B) carribbean telecommunication union

C) Eastern Caribbean telecommunication authority

D) Asian African legal consultative Organisations

**REMEMBERING**

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   a) budget expenditure – budget receiptsb) capital expenditure – capital receipts  
   c) total expenditure – total receipts (excluding borrowings)  
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1. If primary deficit is Rs. 3,500 and interest payment is Rs. 500, the fiscal deficit is :  
   a) Rs. 2,900 b) Rs. 4,000  
   c) Rs. 4,100 d) Rs. 4,200  
   **ans. – [b]**
2. Gift tax is a paper tax because -  
   a) it is an indirect tax b) it is a direct tax  
   c) it does not have significant revenue yield d) it does not have significant capital yield  
   **ans. – [c]**
3. In a government budget, if revenue receipts are Rs. 100 lakh, capital receipts are Rs. 50 lakh and revenue deficit is Rs. 25 lakh, how much is the revenue expenditure?   
   a) 100 lakh b) 125 lakh  
   c) 50 lakh d) 75 lakh  
   **ans. – [b]**
4. Which of the following statement is not true for fiscal deficit? A Fiscal deficit :  
   a) represents the borrowing of the government  
   b) is the difference between total expenditure & total receipts of the government  
   c) is the difference between total expenditure & total receipts other that borrowing  
   d) increases the future liability of the government.  
   **ans. – [a]**
5. Which one of the following statement is incorrect?  
   a) Revenue receipts are regular in nature  
   b) there is no future obligation to return the amount in case of revenue receipts.  
   c) capital receipts either create an asset or cause a reduction in the liabilities of the government.  
   d) borrowings are treated as capital receipts as they lead to an increase in liability.  
   **ans. – [c]**
6. Fees of the government college is a revenue receipt because:  
   a) it creates liability of the government  
   b) it neither creates any liability nor reduces any asset of the government.  
   c) it neither creates any asset nor reduces any liability of the government.d) it increases assets of the government.  
   **ans. – [b]**
7. Which one of the following is a combination of capital expenditure:  
   a) grants & interest payments  
   b) subsidies & constructions of roads  
   c) construction of roads and repayment of loans  
   d) Defence expenditure and construction of school building.  
   **ans. – [c]**

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| SR | Multiple Choice Questions Of The Chapter CURRENT CHALLENGES FACING INDIAN ECONOMY With Solution By \_\_\_\_\_\_\_\_\_\_\_\_\_ From \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Category of question with reason |
| 1  2  3  4  5 | Economist identify the poor on the basis of their \_\_\_\_\_\_\_\_\_\_\_ and ownership of assets   1. Income 2. Occupation 3. Expenditure 4. Living standard correct answer (B)   Who was the first person to define poverty in terms of Jail Cost of Living?   1. Dadabai naroji 2. V K R V Rao 3. Willian Digby 4. R.C. Desai correct answer (A)   The accept average calories required per person in urban area is\_\_\_\_\_\_\_\_\_\_   1. 2400 2. 2100 3. 2500 4. 2150 correct answer (B)   Benefit of economic growth percolates down to all the sections of the society is termed as\_\_\_\_   1. Poverty alleviation programme 2. Social participation 3. Trickle down approach 4. Redistribution of income correct answer (C)   Which organization publishes the official data on poverty?   1. NSSO 2. RBI 3. CSO 4. Niti Aayog correct answer (D) |  |

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| 1.  2.  3.  4.  5. | National bank of agriculture and rural development was set up in \_\_\_\_\_\_\_\_\_\_\_\_\_   1. July 1969 2. July 1982 3. April 1949 4. June 1982 correct answer (B)   \_\_\_\_\_\_\_\_\_\_\_ ia an apex development financial institution in India handling planning and operations in the field of credit for agriculture and other economic activities in rural areas.   1. Central bank 2. Credit cooperative bank 3. NABARD 4. RRB correct answer (C)   Organic farming is related to   1. Maintaing fertility of the soil 2. Use of chemical fertilizers 3. Decreasing fertility of soil 4. Using pesticides correct answer (A)   The period of 1991-2003 is known as\_\_\_\_\_\_\_\_\_\_   1. Green Revolution 2. Blue Revolution 3. Second Green Revolution 4. Golden Revolution   The term operation flood that place between 1960- 2012 is associated with\_\_\_\_\_\_\_\_   1. Hydro Electricity Generation 2. Milk production 3. Cleaning the rivers 4. Petroleum production correct answer (B) |  |

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| SR | Multiple Choice Questions Of The Chapter CURRENT CHALLENGES FACING INDIAN ECONOMY With Solution By \_\_\_\_\_\_\_\_\_\_\_\_\_ From \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Category of question with reason |
| 1  2  3  4  5 | Which of the following is a major source of Human Capital Formation in a country\_\_\_\_\_\_\_   1. Expenditure on defence 2. Expenditure on subsidy 3. Expenditure on education 4. Expenditure on fertilizers corerect answers (C)   The government of India is leving a \_\_\_\_\_\_\_\_\_\_\_\_ percent Education Cess on all the union taxes for spending on elementary education.   1. 2 percent 2. 5 percent 3. 10 percent 4. 12 percent correct answer (A)   The number of persons employed per hundred persons is termed as\_\_\_\_\_\_\_\_\_\_\_\_\_   1. Worker population ratio 2. Head count ratio 3. Capital gain ratio 4. Legal reserve ratio correct answer (A)   Which of the following has the largest source of power in India?   1. Wind power 2. Solar power 3. Hydro electricity 4. Thermal power correct answer (D)   Which of the following is a commercial source of energy?   1. Firewood 2. Coal 3. Animal dung 4. Agriculture waste correct answer (B) |  |

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| 1  2  3  4  5 | Infrastructure is divided into following two categories   1. Economic and non- economic 2. Social and monetary 3. Economic and social 4. Social and political correct answer (C)   Informal workers   1. Work in factories 2. Work in government department 3. Do not get social security benefits 4. Form trade unions correct answer (C)   Who is a worker?   1. A person who is engaged in some economic activity 2. A person who is paid by his employers 3. Self employed person 4. A person who does physical labor correct answer (A)   When did RTE act become operational?   1. 2007 2. 2008 3. 2009 4. 2010 correct answer (D)   Which of the following is not an example of physical capital?   1. Machinery 2. Raw material 3. Education and knowledge in people 4. Building correct answer (C) |  |

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| SR | Multiple Choice Questions Of The Chapter CURRENT CHALLENGES FACING INDIAN ECONOMY With Solution By \_\_\_\_\_\_\_\_\_\_\_\_\_ From \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Category of question with reason |
|  | Which of the following is a wage employment programme?   1. Integrated rural development programme 2. National rural employment programme 3. Training for rural youth self employment programme 4. Swaran Jytanti Gram Swarozgar yojana correct answer (B)   The concept of sustainable development is related to:   1. Rural development 2. Growth rate of GDP 3. Human development 4. Environment correct answer (D)   \_\_\_\_\_\_\_\_\_\_\_ is an indicator which measures the number of people dying prematurely due to a particular disease.   1. Global burden of disease 2. Golden burden of disease 3. Global basket of depression 4. Global break down disease correct answer (A)   Following is an advantage of sustainable economic development   1. Higher per capita income 2. Rapid industrialization 3. Beneficial to future generations 4. Agricultural development correct answer (C)   Global warming is caused by:   1. Nitrogen 2. Oxygen gas 3. Green house gases 4. Hot climate correct answer (C) |  |