

S. R. Fatepuria College, Murshidabad & Plassey College, Nadia

MCQ for Competitive Exam

Topic: Indian Economy

Date of Upload: 14/02/2022

1. If there is a lack of money supply in comparison to the supply of goods and services, then the possible consequence would be _____.

- A. Hyperinflation
- B. Inflation
- C. Deflation
- D. Devaluation

Ans. C

Q2. Who gave the 'General Equilibrium Theory'?


- A. J.M.Keynes
- B. Leon Walras
- C. David Ricardo
- D. Adam Smith

Ans: B

Q3. Which of the following economic activities employs the maximum number of people in India?

- A. Tourism
- B. Agriculture
- C. Mining
- D. Manufacturing

Ans. B


S.R. Fatepuria College
P.O.-Belabanga, Dt.-Murshidabad

S. R. Fatepuria College & Plassey College

MCQ for Competitive Exam

Topic: Indian Economy

Date of Upload: 14/02/2022

1. If there is a lack of money supply in comparison to the supply of goods and services, then the possible consequence would be _____.

A. Hyperinflation

B. Inflation

C. Deflation

D. Devaluation

Ans. C

Q2. Who gave the ‘General Equilibrium Theory’?

A. J.M.Keynes

B. Leon Walras

C. David Ricardo

D. Adam Smith

Ans: B

Q3. Which of the following economic activities employs the maximum number of people in India?

A. Tourism

B. Agriculture

C. Mining

D. Manufacturing

Ans. B

Q4. A sustained rise in the general price level in an economy is called _____.

A. Disinflation

B. Deflation

C. Inflation

D. Stagflation

Ans. C

Q5. Neo-Malthusian Theory is associated is with which of the following?

A. Employment

B. Poverty

C. Resource Scarcity

D. Income

Ans: C

Q6. The Banking Regulation Act was passed in India in _____.

A. 1965

B. 1974

C. 1949

D. 1951

Ans. C

Q7. A _____ occurs when a government's total expenditures exceed the revenue that it generates, excluding money from borrowings.

A. Current Account Deficit

B. Fiscal Deficit

C. Budgetary Deficit

D. Revenue Deficit

Ans. B

Q8. The base financial year for the calculation of the all India Index of Industrial Production (IIP) is :

- A. 2010-2011**
- B. 2004-2005**
- C. 2011-2012**
- D. 2005-2006**

Ans. C

Q9. What does the Lorenz Curve indicate?

- A. Relationship between the price of a certain commodity and its demand**
- B. Income distribution**
- C. Rate of employment**
- D. Taxable income elasticity**

Ans. B

Q10. A situation where the expenditure of the government exceeds its revenue is called _____.

- A. Default Financing**
- B. Deficit Revenue**
- C. Budget Deficit**
- D. Fiscal Deficit**

Ans. C

Q11. Which amongst the following is not in the list of Maharatna?

- A. Coal India Ltd.**
- B. Steel Authority of India Ltd.**
- C. Hindustan Petroleum Corporation Ltd.**
- D. Bharat Heavy Electricals Ltd.**

Ans: C

Q12. An economic condition when there is one buyer and many sellers is called_____.

A. Monopoly

B. Oligopoly

C. Monopsony

D. Perfect Competition

Ans. C

Q13. What is the name given to the graph that shows all the combinations of two commodities that a consumer can afford at given market prices and within the particular income level in economic terms?

A. Demand Curve

B. Isocost Line

C. Budget Line

D. Supply Curve

Ans. C

Q14. In economic terms what do we mean by ‘Intermediate Goods’?

A. Fixed assets used by manufacturers

B. Price of goods without GST

C. Goods sold between industries for the resale or production of other goods

D. Goods in transit before reaching the consumers

Ans. C

Q15. The demand for a commodity or service which is a consequence of the demand for something else is called _____.

A. Direct Demand

- B. Income Demand**
- C. Derived Demand**
- D. Composite Demand**

Ans. C

Q16. Which economist gave the theory of Opportunity Cost?

- A. Gottfried Haberler**
- B. John Keynes**
- C. Milton Friedman**
- D. Adam Smith**

Ans. A

Q17. When the output is equal to zero, the variable cost is _____.

- A. constant**
- B. zero**
- C. maximum**
- D. minimum**

Ans. B

Q18. The interest rate charged by banks on short-term loans to their largest, most secure and most creditworthy customers is called _____.

- A. Variable Rate**
- B. Prime Lending Rate**
- C. Discount Rate**
- D. Amortised Rate**

Ans. B

Q19. The _____ exchange rate is the relative price of foreign goods in terms of domestic goods.

A. Artificial

B. Nominal

C. Fixed

D. Real

Ans. D

Q20. A substantial increase in capital expenditure or revenue deficit leads to

_____.

A. Fiscal Deficit

B. Primary Deficit

C. Budgetary Deficit

D. Revenue Deficit

Ans. A

Q21. What effect will a decrease in demand and an increase in supply have on equilibrium price?

A. Equilibrium price will rise

B. Equilibrium price will fall

C. Equilibrium price will be constant

D. Sometimes price will rise and sometimes it will fall

Ans. B

Q22. What is the value of the tangible resources such as raw materials and labour that are used in the production process called?

A. Variable Cost

B. Opportunity Cost

C. Real Cost

D. Fixed Cost

Ans. C

Q23. When the fiscal deficit is high, what happens to prices?

- A. Prices increase**
- B. There is no direct impact on prices**
- C. Prices remain stable**
- D. Prices decrease**

Ans. B

Q24. A marketplace in which a final good or service is bought and sold is called _____.

- A. Factory Market**
- B. Equity Market**
- C. Commodity Market**
- D. Product Market**

Ans. D

Q25. What is the economic impact of increase in productivity of firms?

- A. No change in Gross Domestic Product**
- B. Increase in Gross Domestic Product**
- C. Decrease in Gross Domestic Product**
- D. The impact may vary among nations and their economic conditions**

Ans. B

Q26. What would happen to the demand curve when there is an increase in the price of substitute products?

- A. Outward Shift**
- B. Initially inward and then after a period outward shift**
- C. Inward shift**
- D. Remains constant**

Ans. A

Q27. Which theory in economics proposes that countries export what they can most efficiently and plentifully produce?

- A. Input-Output Model**
- B. Cournot Competition**
- C. Heckscher-Ohlin Model**
- D. Solow-Swan Model**

Ans. C

Q28. Who among the following publishes the economic survey of India?

- A. National Development Council**
- B. Ministry of Finance**
- C. Institute of Finance**
- D. Indian Statistical Institute**

Ans: B

Q29. In _____ economies all productive resources are owned and controlled by the government?

- A. Dual**
- B. Socialist**
- C. Mixed**
- D. Capitalist**

Ans: B

Q30. Which of the following statements is true regarding Disinflation?

- A. A scenario when inflation is mainly due to inflation of only a few commodities and not of all commodities**
- B. An overall decrease in prices over a specific period**

- C. A decrease in the rate of inflation in a specific period**
- D. A sudden sharp decrease in prices due to unexpected reasons**

Ans: C

Q31. Which of these institutions fixes the Repo Rate and Reverse Repo rate in India?

- A. Comptroller and Auditor general of India**
- B. Reserve Bank of India**
- C. Ministry of Finance**
- D. State bank of India**

Ans: B

Q32. In the context of Capital markets , the abbreviation ‘FPO’ stands for?

- A. Free Public Offer**
- B. First Portfolio operation**
- C. Follow-on Public Offer**
- D. First Public Offer**

Ans: C

Q33. In which year was World Trade Organization established?

- A. 1952**
- B. 1942**
- C. 1947**
- D. 1995**

Ans: D

Q34. _____ of an input is defined as the change in output per unit of change in the input when all other inputs are held constant.

- A. Marginal product**

B. Production function

C. Total product

D. Average product

Ans. A

Q35. Movement along the supply curve is known as_____?

A. Contraction of Supply

B. Expansion of Supply

C. Increase in supply

D. Expansion and contraction of supply

Ans: D

Q35. In which of the following case, law of demand fails?

A. Giffen good

B. Normal goods

C. Inferior goods

D. Both Giffen and Inferior goods

Ans: D

Q36. The_____curve represents the demand of all consumers in the market taken together at different levels of the price of the good

A. Monotonic

B. Indifferent

C. Market demand

D. Diminishing

Ans: C

Q37. Who takes the decision regarding the savings and loan activities in a self help group (SHG)?

- A. Private Bank**
- B. Reserve bank of India**
- C. Members of Group**
- D. Non government organizations**

Ans: C

Q38. Goods for which demand move in the opposite direction of the income of the consumer are called?

- A. Inferior goods**
- B. Normal goods**
- C. Complementary goods**
- D. Substitute goods**

Ans. A

Q39. Which of the following is not true about a demand draft?

- A. It is a negotiable instrument**
- B. It is a banker's cheque**
- C. It may be dishonoured for lack of funds**
- D. It is issued by a bank**

Ans: C

Q40. Which of the following country is not a member of BRICS association?

- A. Brazil**
- B. Russia**
- C. Iceland**
- D. China**

Ans: C

Q41. The collection of all possible combinations of the goods and services that can be produced from a given amount of resources and a given stock of technological knowledge is called the _____ of the economy.

- A. Resource Probability Set**
- B. Production Probability Set**
- C. Resource Possibility Set**
- D. Production Possibility Set**

Ans. D

Q42. If at a price, market supply is greater than market demand, we say that there is _____ in the market at that price.

- A. Equilibrium**
- B. Excess Demand**
- C. Excess Supply**
- D. Marginal Revenue**

Ans. C

Q43. Which of the following is also regarded as Disguised Unemployment?

- A. Underemployment**
- B. Frictional unemployment**
- C. Seasonal unemployment**
- D. Cyclical unemployment**

Ans: A

Q44. The BRICS New Development Bank (NDB) has been set up for

- A. Funding infrastructure projects in emerging economics for sustainable development**
- B. Funding non-infrastructure projects in emerging economics for sustainable development**

- C. Funding infrastructural projects in developed countries**
- D. Funding infrastructural projects in BRICS countries only**

Ans. A

Q45. When there is only one buyer and one seller of product, it is called_____situation

- A. Public monopoly**
- B. Bilateral monopoly**
- C. Franchised monopoly**
- D. Monopsony**

Ans: B

Q46. Which of the following sponsors Regional Rural banks (RRB)?

- A. Reserve bank of India**
- B. Foreign banks**
- C. National Commercial banks**
- D. Co-Operative banks**

Ans: C

Q47. Which of the following is not an account under Balance of Payment?

- A. Current Account**
- B. Capital Account**
- C. Official Reserves Account**
- D. Unilateral Payments Account**

Ans: C

Q48. Which of the following is not a component of monetary policy in India?

- A. Repo Rate**
- B. Moral Suasion**

C. Credit Rationing

D. Public Debt

Ans: D

Q49. The _____ balance is equal to capital flows from the rest of the world, minus capital flows to the rest of the world.

A. Current Account

B. Savings Account

C. Capital Account

D. Asset Account

Ans: C

Q50 .If a consumer's demand for a good moves in the same direction as the consumer's income, the consumer's demand for that good must be inversely related to the price of the good is called _____.

A. Law of demand

B. Law of supply

C. Law of substitution

D. Law of optimal choice

Ans. A

Q51. In which market form, a market or industry is dominated by a few firms?

A. Perfect competition

B. Monopoly

C. Oligopoly

D. Monopolistic

Ans: C

Q52. Who selects the Social Audit Committee under MGNREGA scheme?

A. Chief Minister

B. Gram Sabha

C. Mayor

D. B.D.O

Ans: B

Q53. Which of the following is not an instrument of credit control in India?

A. Rationing Of credit

B. Direct action

C. Open market operations

D. Variable cost reserve ratios

Ans: D

Q54. Which among the following is an example of micro-economic variable?

A. National Income

B. Aggregate supply

C. Employment

D. Consumer's equilibrium

Ans: D

Q55. Which of the following rate is charged by banks to their most credit worthy customers?

A. Prime Lending Rate

B. Statutory Liquidity Rate

C. Bank Rate

D. Repo Rate

Ans: A

Q56. What was the main motive of Third Five Year Plan in India?

- A. Rural development**
- B. Agriculture**
- C. Financial inclusion**
- D. Economic reform**

Ans: B

Q57. Courier service comes under which sector?

- A. Primary**
- B. Secondary**
- C. Tertiary**
- D. Both Secondary and Tertiary**

Ans: C

Q58. Which of the following is not an instrument of fiscal policy?

- A. Taxation**
- B. Public expenditure**
- C. Public debt**
- D. Credit rationing**

Ans: D

Q59. Which of the following equation is/are INCORRECT?

- i) $NI = NDP + \text{Net Foreign Income}$**
- ii) $GNP = GDP + \text{Net Foreign Income}$**
- iii) $NDP = GNP - \text{Depreciation}$**

- A. I and ii**
- B. Only iii**
- C. ii or iii**
- D. Only ii**

Ans: B

Q60. Which of the following is called GDP deflator?

- A. Ratio of nominal to real GDP**
- B. Ratio of nominal to real GNP**
- C. Ratio of nominal to real CPI**
- D. Ratio of nominal to real GNP**

Ans: A

Q61. What does indifference curve represent?

- A. Levels of income and capital**
- B. Satisfaction derived from two goods**
- C. Income from two businesses**
- D. Relationship between expenditure and savings**

Ans: D

Q62. In _____, the short run equilibrium results in quantity produced being lesser and prices being higher compared to perfect competition.

- A. Monopsony**
- B. Monopoly**
- C. Oligopoly**
- D. Monopolistic Competition**

Ans: D

Q63. Short run marginal cost curve cuts the short run average cost curve from _____ at the minimum point of short run average cost.

- A. top**

B. below

C. right

D. left

Ans. B

Q64. The demand for a normal good decreases with _____ in the consumer's income.

A. increase

B. double

C. constant

D. decrease

Ans. D

Q65. The _____ balance is the sum of the balance of merchandise trade, services and net transfers received from the rest of the world.

A. Current Account

B. Savings Account

C. Capital Account

D. Asset Account

Ans. A

Q66. The relation between the consumer's optimal choice of the quantity of a good and its price is very important and this relation is called the _____ function.

A. Price

B. Substitution

C. Supply

D. Demand

Ans. D

Q67. If the _____ firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the average revenue is zero.

- A. Perfect Competition**
- B. Monopoly**
- C. Oligopoly**
- D. Monopolistic Competition**

Ans. A

Q68. The demand for a inferior good decreases with _____ in the consumer's income.

- A. Increase**
- B. Decrease**
- C. Constant**
- D. Double**

Ans. A

Q69. Goods for which the quantity that a consumer chooses, increases as the consumer's income increases and decreases as the income decreases are called?

- A. Inferior goods**
- B. Normal goods**
- C. Complementary goods**
- D. Substitute goods**

Ans. B

Q70. If the _____ firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the marginal revenue is zero.

- A. Perfect Competition**
- B. Monopoly**
- C. Oligopoly**
- D. Monopolistic Competition**

Ans. B

Q71. Which one is not included in Non Banking Financial Institutions (NBFIs)?

- A. EXIM**
- B. SIDBI**
- C. NABARD**
- D. BOI**

Ans. D

Q72. Which of the following areas make the largest contribution to national income in India?

- A. Industry**
- B. Services**
- C. Agriculture**
- D. Mining**

Ans. B

Q73. Who introduced the term 'Hindu rate of growth'?

- A. Amartya Sen**
- B. Raj Krishna**

C. V. K. R. V. Rao

D. Kaushik Basu

Ans. B

Q74. The _____ of a firm is a relationship between inputs used and output produced by the firm.

A. Marginal product

B. Production function

C. Total product

D. Average product

Ans. B

Q75. After which five year plan the rolling plan was implemented?

A. Third plan

B. Fifth plan

C. Seventh Plan

D. Ninth Plan

Ans: B

Q76. The Community Development Programme was launched in the year

A. 1950

B. 1952

C. 1951

D. 1953

Ans: B

Q77. Which of the following taxes is levied by the State Government only?

A. Wealth Tax

B. Entertainment Tax

C. Income tax

D. Gift Tax

Ans: B

Q78. Which tax causes a burden on the poorer section of the society?

A. Direct tax

B. Indirect Tax

C. Both direct and indirect tax

D. None of these

Ans: B

Q79. Which of the following is an example of progressive tax?

A. Excise Duty

b. Octroi

C. Income tax

D. House tax

Ans: C

Q80. Which of the following does not form a part of the foreign exchange reserves of India?

A. Gold

B. SDRs

C. Foreign currency assets

D. Foreign currency and securities held by the banks and corporate bodies

Ans: D

Q81. 'Food for Work Programme' was introduced at time of which Five Year Plan?

A. Fifth

B. Tenth

C. Seventh

D. Ninth

Ans: B

Q82. What is Disposable Personal Income?

A. Personal Income + Subsidies

B. personal Income – Subsidies

C. Personal Income – Direct Taxes

D. Personal Income – Indirect Taxes

Ans: C

Q83. Lender of the Last Resort is:

A. SBI

B. IDBI

C. NABARD

D. RBI

Ans: D

Q84. Devaluation is majorly done to

A. Encourage export

B. Encourage import

C. Discourage import

D. To encourage both export and import

Ans: A

Q85. Which of the following represents plateau phase in Population?

A. Birth rate and death rate are equal

B. Birth rate and death rate are not equal

C. Birth rate is higher than death rate

D. Death rate is more than birth rate

Ans: A

Q86. The Industrial Bank of India was set up in

A. July, 1968

B. July, 1966

C. July, 1964

D. July, 1962

Ans: B

Q87. Which of the following is not a part of national income?

A. Wages and Salaries

B. Profits

C. Rent

D. Interest on national debt

Ans: D

Q88. Scheduled bank is a bank which is

A. Nationalised

B. Not Nationalised

C. based in foreign country

D. Included in the second schedule of RBI

Ans: D

Q89. If Reserve Bank of India reduces the cash reserve ratio, it will

A. Increase credit creation

B. Decrease credit creation

C. Have no impact on credit creation

D. Have no define impact on credit creation

Ans: A

Q90. The one rupee note bears the signature of:

A. Governor, RBI

B. Finance Minister

C. Secretary, Ministry of Finance

D. None of the above

Ans: C

Q91. RRBs are owned by

A. Central Government

B. State Government

C. Sponsor Bank

D. Jointly by all the above

Ans: D

Q92. Per capita income is obtained by dividing National Income by

A. Total population of the country

B. Total working population

C. Area of the country

D. Volume of capital used

Ans: A

Q93. Which of the following is the most important domestic source of planned finance?

A. balance of current revenue

B. Profit from public sector units

C. Domestic public savings

D. Additional taxation

Ans: C

Q94. Which of the following taxes is levied by the union and appropriated and planned by the states?

A. Service tax

B. Stamp duty

C. Property tax

D. Passenger and freight duty

Ans: B

Q95. Planning and control are so related that

A. Planning initiates control

B. Control initiates planning

C. Both are equivalent

D. Both go on simultaneously in cycle

Ans: D

Q96. The main difference between Gross Domestic Product (GDP) and Gross National Product (GNP) is

A. Transfer payments

B. Net foreign income from abroad

C. Capital consumption allowance

D. Capital gains

Ans: B

Q97. Who amongst the following has never been the Governor of Reserve Bank of India?

A. D.Subbarao

- B. C. Rangarajan**
- C. B.B. Bhattacharya**
- D. Y.V. Reddy**

Ans: C

Q98. Which of the following taxes is not shared between Union and the States?

- A. Income tax**
- B. Excise duty**
- C. Corporation tax**
- D. Sales tax**

Ans: D

Q99. What does Open Market Operation of the RBI means?

- A. Buying and selling shares**
- B. Auctioning of foreign exchange**
- C. Trading in securities**
- D. Transactions in gold**

Ans: C

Q100. SEBI was set up in

- A. 1992**
- B. 1980**
- C. 1984**
- D. 1988**

Ans: D

Q101. The Minimum Support Price for food grains was introduced in the year

A. 1944

B. 1964

C. 1974

D. 1954

Ans: C