

## CA Mohnish Vora (MVSIR)

- CA, CFA L1, B.COM
- Faculty for
  - CA Foundation- Business Economics
  - CA Intermediate- Financial Mgt & Strategic Mgt
- 5+ years of teaching experience
- Passionate about teaching, started teaching at a young age
- Known for making difficult concepts easy by innovative examples, charts, summary & tricks
- Taught thousands of students on various online platforms in a short span of time
- Author of Best selling Books on Economics, FM & SM



**CA FOUNDATION**

# Important MCQs Marathon

**Macro Economics**

**Top 200+ MCQs**  
**(Latest RTP MTP & PYQ)**

**CA MOHNISH VORA**





## Chapter 6 – Extra MCQs (Latest RTP, MTP PYQ)

MTP Dec 24

1

Which of the following does **not** enter the calculation of national income?

- a) Exchange of previously produced goods
- b) Exchange of second-hand goods
- c) Exchange of stocks and bonds
- d) All the above

MTP Dec 24

2

In the Keynesian cross diagram, the point at which the **aggregate demand function** crosses the **45-degree line** indicates the :

- a) level of full employment income.
- b) less than full employment level of income.
- c) **equilibrium level of income which may or may not be full employment level of income**
- d) autonomous level of income which may not be full employment level of income

MTP Dec 24

3

**Net domestic expenditure is consumption expenditure plus**

- a) Net foreign investment
- b) Net foreign investment plus net domestic investment
- c) **Net domestic investment**
- d) Replacement expenditure

MTP Dec 24

4

Which of the following is **NOT** included in the calculation of **GDP** using the **expenditure approach**?

- a) Consumption expenditure (C)
- b) Government purchases (G)
- c) Business investment (I)
- d) **Transfer payments**

MTP Dec 24

5

Which organization is primarily responsible for **compiling and publishing regional accounts data in India**?

- a) Reserve Bank of India (RBI)
- b) National Sample Survey Organization (NSSO)
- c) **Central Statistical Office (CSO)** Actual ans should be DES
- d) Ministry of Finance

MTP Dec 24

6

Which of the following components is used to assess the **regional economic performance in India**?

- a) Poverty Ratio
- b) Employment Rate
- c) Per Capita Income
- d) **All of the above**

MTP Dec 24

7

What is the purpose of a **debt-to-GDP ratio** in public debt management?

- a) To measure the government's annual revenue
- b) **To evaluate the proportion of debt relative to the country's economic output**
- c) To assess the level of inflation in the economy
- d) To determine the amount of currency in circulation

MTP Dec 24

8

In India **agricultural income** is calculated by :

- a) Income method
- b) **Output method**
- c) Expenditure method
- d) None of them.

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MTP Dec 24

## 9 Savings represent

- a) An injection to the circular flow of income  
 b) A withdrawal <sup>from</sup> ~~into~~ the circular flow (Leakage)  
 c) Both an injection and a withdrawal  
 d) None of the above.

MTP Dec 24

10 Actual AD > Potential AD  
Inflationary gap: ☹

- a) raises the level of output  
 b) does not impact the level of output  
 c) raises the general price level  
 d) both (b) and (c)

MTP Dec 24

## 11 Which of the following is an intermediate good?

- a) The Purchase of gasoline for a ski trip to colorado  
 b) The Purchase of Pizza by a college student  
 c) The Purchase of baseball uniform by a professional baseball team  
 d) The Purchase of Jogging Shoes by a Professor

MTP Dec 24

## 12 National Income accountants can avoid multiple counting by:

- a) including transfers in their calculation  
 b) only counting final goods  
 c) counting both intermediate and final Good  
 d) only counting intermediate goods

GDCF (-) Depn = NDCF  
 $\Rightarrow GDCF = NDCF + Depn$ 

MTP Dec 24

## 13 Gross Investment refers to:

- a) Private investment minus Public Investment  
 b) Net Investment plus replacement investment  
 c) net investment after it has been inflated for changes in the price level  
 d) net investment plus net exports

MTP Dec 24

14

Given Consumption Function is  $C = 300 + 0.75 Y$ ; Investment = ₹ 800; Net Imports = ₹ 100. The equilibrium level of output is:

- a) 4000  
 b) 5000  
 c) 8000  
 d) None of these
- $AS = AD$   
 $\Rightarrow Y = C + I (-) Net Imp$   
 $\Rightarrow Y = 300 + 0.75Y + 800 (-) 100$   
 $\Rightarrow Y = 1000 + 0.75Y$   
 $\Rightarrow 0.25Y = 1000 \Rightarrow Y = 4000$

 $k = \frac{1}{1-b} = \frac{1}{mps} = \frac{1}{0.2} = 5$  MTP Dec 24

15

What is the value of Investment Multiplier when saving function is represented as  $S = -60 + 0.2Y$ ?

- a) 2  
 b) 5  
 c) 4  
 d) 0.2
- $C = a + b \cdot Y_d$   
 $S = -a + (1-b) Y_d$   
 $b = 0.80$   
 $MPS$

MTP Dec 24

From the following data, calculate "Gross value added at factor cost".

S. No.	Particulars	Rs. In Crore
1.	Sale	+ 180
2.	Rent	5
3.	Subsidy	+ 10
4.	Change in Stock	+ 15
5.	Purch. of Raw Mat.	(-) 100
6.	Profits	25

- a) 105  
 b) 210  
 c) 185  
 d) None of these
- $180 + 15 (-) 100 + 10 = GVA_{fc}$   
 $105$

MTP Jan 25

17

Which of the following statements is true?

- a) NDP is greater than GDP if prices are falling  
 b) NDP is greater than GDP if prices are rising  
 c) NDP can be greater than GDP but only if the economy is growing  
 d) NDP cannot be greater than GDP
- $G - Depn = N$

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**GDP  $\leftrightarrow$  NDP = Dep<sup>n</sup>** MTP Jan 25

18 The difference between **gross domestic investment** and **net domestic investment** is equal to:

- a) unwanted inventory changes
- b) the difference between NDP and national income
- c) the addition to the capital stock
- d) the difference between GDP and NDP

MTP Jan 25

19 Which one is a **component of profit**?

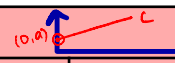
- a) Dividend
- b) Undistributed Profit
- c) Corporate Profit Tax
- d) All of these

*Profit*  
*Tax* *Div* *RE*  
*Und. Profit*

**Changes in Inv<sup>y</sup>** MTP Jan 25

20 Increases in **unwanted business inventories** are counted as:

- a) a decrease in the capital stock
- b) an increase in consumption
- c) an increase in investment
- d) an increase in depreciation

 MTP Jan 25

21 A consumption function of the form  $C = C_0 + c YD$  has a **positive vertical intercept  $C_0$** , which indicates that:

*(Autonomous cons<sup>n</sup>)*

- a) some consumption is unaffected by changes in disposable income
- b) the MPC will increase as disposable income increases
- c) the APC will always increase as disposable income increases
- d) the APC will always be less than the MPC

**(Repeat)** MTP Jan 25

22 National income accountants can **avoid multiple counting** by:

- a) Counting both intermediate and final goods.
- b) Only counting final goods.
- c) Only counting intermediate goods.
- d) Including transfers in their calculations.

**L<sup>Y</sup>P**  
 **$\times$  L<sup>Y</sup>O** PYQ Jan 2025

23 **Nominal GDP** is :

- a) Same as real GDP
- b) Real GDP less depreciation
- c) **GDP at current prices**
- d) GDP at constant prices

*C<sup>Y</sup>O*  
 *$\times$  B<sup>Y</sup>P*  
*Real GDP*

**$k = \Delta Y / \Delta I$**  PYQ Jan 2025

24 The **investment multiplier** is defined as the ratio of :

- a) Change in investment due to change in saving
- b) Change in demand due to change in investment
- c) Change in consumption due to change in investment
- d) **Change in national income due to change in investment**

**94** PYQ Jan 2025

25 The ratio of **total consumption to total income** is known as :

- a) **Average propensity to Consume (APC)**
- b) Marginal propensity to Consume (MPC)
- c) Saving function
- d) Income function

PYQ Jan 2025

26 While using the **income method**, which of the following income is **included** while calculating national income?

- a) Capital gains
- b) Windfall profits
- c) Income from sale of second-hand goods
- d) **Commissions and brokerages**

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PYQ Jan 2025

27

Calculate Gross value added at market price if sales = 750, opening stock = 300, closing stock = 200 and intermediate consumption is 250.

- a) 400
- b) 450
- c) 600
- d) 650

$$\begin{array}{r} \text{Sales} \quad 750 \\ + \text{CIS} \quad (100) \\ \hline \text{V.O.} \quad 650 \\ (-) \text{I.C.} \quad (250) \\ \hline \text{GVAmp} \quad 400 \end{array}$$

PYQ Jan 2025

28

The consumption function is a functional relationship between aggregate consumption and :

- a) Aggregate disposable income
- b) Aggregate demand
- c) Aggregate supply
- d) savings

$C \rightarrow Y_d$

PYQ Jan 2025

29

The value of all final goods and services produced in the country within a given period is called :

- a) National income
- b) Gross domestic product (GDP)
- c) Net national product (NNP)
- d) Gross national product (GNP)

PYQ Jan 2025

30

If GDP MP is more than GNP MP it means :

$$\text{GDPmp} + \text{NFIA} = \text{GNPmp}$$

$-ve$

- a) The aggregate amount that a country's citizens and companies earn abroad is greater than the aggregate amount that foreign citizens and overseas companies earn in that country.
- b) NFIA is negative.
- c) The aggregate amount that a country's citizens and companies earn abroad is equal to the aggregate amount that foreign citizens and overseas companies earn in that country.
- d) NFIA is positive.

PYQ Jan 2025

31

Calculate average propensity to save when  $C = 300$  and  $Y = 1200$ .

- a) 0.25
- b) 0.50
- c) 0.75
- d) 0.80

$$\text{APS} = \frac{S}{Y} = \frac{Y - C}{Y} = \frac{1200 - 300}{1200} = \frac{900}{1200} = 0.75$$

$0 < \text{MPC} < 1$

PYQ Jan 2025

32

Marginal propensity to consume is :

- a) Zero when the income is zero
- b) always less than unity but greater than zero.
- c) Greater than one when income rises.
- d) It does not depend on income.

PYQ Jan 2025

33

Product method or Value - added method for calculation of national income is also called :

- a) Industrial origin method
- b) Income disposal method
- c) Factor payment method
- d) Distributed share method

PYQ Jan 2025

34

In a 3 sector model, suppose  $C = 8 + 0.6 Y_d$ ,  $I = 60$ ,  $G = T = 10$ , where  $C$  is consumption,  $I$  is investment,  $Y_d$  is disposable income,  $G$  is government expenditure and  $T$  is tax. Find out the equilibrium level of national income.

$$Y_d = Y - T = Y - 10$$

At equi

$$AS = AD$$

$$\Rightarrow Y = C + I + G$$

$$\Rightarrow Y = 8 + 0.6(Y - 10) + 60 + 10$$

$$\Rightarrow Y = 78 + 0.6Y - 6$$

$$\Rightarrow 0.4Y = 72 \Rightarrow Y = 180$$

- a) 120
- b) 150
- c) 180
- d) 200

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PYQ Jan 2025

35

In an economy investment expenditure is increased by Rs. 300 crores and marginal propensity to consume is 0.6. calculate the total increase in income.

- a) Rs. 300 crores  
b) Rs. 100 crores  
c) Rs. 650 crores  
d) Rs. 750 crores
- $k = \frac{1}{1-b} = \frac{1}{0.4} = 2.50$   
 $\Delta I = 300 \times 2.50 = 750$

PYQ Jan 2025

36

Find the real GDP if nominal GDP = 720 and price index = 120.

- a) 864  
b) 500  
c) 600  
d) 700
- $GDP Def = \frac{GDPN}{GDP} \times 100$   
 $\Rightarrow 120 = \frac{720}{GDP} \times 100$   
 $\Rightarrow GDP = 600$

PYQ Jan 2025

37

Which of the following is not true for personal income ?

- a) It is income received by household sector.  
b) It includes Non - profit institutions serving households.  
c) It is a measure of actual current income receipts of persons only from productive activities.  
d) It excludes retained earnings.

RTP Jan 25

38

In explaining level of unemployment, Keynes emphasized:

- a) Change in Technology  
b) Aggregate demand  
c) Inflationary expectations  
d) Lending by financial institutions

RTP Jan 25

39

When Investment in an economy increases from ₹10000 crores to ₹14000 crores & as a result of this national income rises ₹80000 to ₹92000 crores, Investment Multiplier.

- a) 3  
b) 4  
c) 5  
d) None of these
- $k = \frac{\Delta Y}{\Delta I} = \frac{92K - 80K}{14K - 10K} = \frac{12K}{4K} = 3$

RTP May 2025

40

According to Keynes, inflationary gap is caused by

- a) excess supply  
b) excess demand  
c) deficiency of demand  
d) deficiency of supply

RTP May 2025

41

Find nominal GDP, if real GDP = 450 and price index = 120

- a) 500  
b) 450  
c) 540  
d) None of these
- $120 = \frac{GN}{450} \times 100$   
 $\Rightarrow GDPN = 540$

## Answer Key – Economics Chapter 6 – Extra MCQs (Latest RTP, MTP PYQ)

1	D	11	C	21	A	31	C
2	C	12	B	22	B	32	B
3	C	13	B	23	C	33	A
4	D	14	A	24	D	34	C
5	C	15	B	25	A	35	D
6	D	16	A	26	D	36	C
7	B	17	D	27	A	37	C
8	B	18	D	28	A	38	B
9	B	19	D	29	B	39	A
10	D	20	C	30	B	40	B
						41	C



## Chapter 7 – Extra MCQs (Latest RTP, MTP PYQ)

MTP Dec 24

1 Which of the following is **key operational target** in a Budget?

- a) Fiscal Deficit
- b) Revenue Deficit
- c) The General Government Debt
- d) The Central Government Debt

MTP Dec 24

2 Which of the following is **not a classification** of **public expenditure**?

- a) Functional classification
- b) Revenue and Capital
- c) Voted and Charged
- d) Plan and Non Plan

MSP → FD

MTP Dec 24

3 Which of the following is an implication of the imposition of **price ceiling below the equilibrium price**?

- a) Shortages in the market
- b) Problem of allocation of limited supplies among large number of consumers
- c) Black marketing
- d) All of the above

MTP Dec 24

4 Which of the following measures of meeting deficit in a budget, leads to an **increase in money supply** in the economy.

- a) Disinvestment
- b) Loan from World Bank
- c) Deficit Financing
- d) All of these

MTP Dec 24

4 Which of the following measures of meeting deficit in a budget, leads to an **increase in money supply** in the economy.

- a) Disinvestment
- b) Loan from World Bank
- c) Deficit Financing
- d) All of these

MTP Dec 24

5 If government wants to contribute to **capital formation**, then **revenue surplus** should be :

- a) Negative
- b) Positive →  $Rev Receipts > Revenue Exp$
- c) Zero
- d) None of the above

MTP Dec 24

6 What is the **primary purpose** of the **Finance Commission** in India?

- a) To formulate monetary policy
- b) To allocate central taxes to state governments
- c) To recommend measures for economic planning
- d) To audit the accounts of the government

MTP Dec 24

7 A Substantial increase in capital expenditure or revenue expenditure leads to \_\_\_\_\_

- a) Fiscal deficit
- b) Budgetary deficit
- c) Primary deficit
- d) None of these

MTP Dec 24

8 Tax reforms are concerned with the reforms in the government taxation and public expenditure policies which are collectively known as its \_\_\_\_\_

- a) Financial reform
- b) Fiscal Policy
- c) Financial Policy
- d) None of these

MTP Dec 24

9 Goods and services tax (GST) was enacted by parliament vide **Constitutional Amendments Act 2016**.

- a) 103rd
- b) 105th
- c) 101
- d) None of these





MTP Dec 24

10 Macroeconomic stabilization may be achieved through:

- a) Free market economy
- b) Fiscal Policy
- c) Monetary Policy
- d) Both (b) & (c)

MTP Dec 24

11 Fiscal Federalism refers to:

- a) Organising and Implementing development plan
- b) The management of Fiscal Policy by a nation
- c) Division of economic functions and resources among different layers of the government
- d) None of these

MTP Dec 24

12 The major reason for market failure:

- a) Market Power
- b) Externalities
- c) Public Good
- d) All the above

MTP Dec 24

13 The Public debt management cell was created in:

- a) 2016
- b) 2015
- c) 2020
- d) 1995

MTP Dec 24

14 The argument for education subsidy is based on:

- a) Education is costly
- b) The ground that education is merit good
- c) Education creates positive externalities
- d) (b) & (c)

MTP Dec 24

15 Public financial management system in the central government and matters connected with state finance is managed by:

- a) The department of expenditure
- b) The department of financial services
- c) The department of economic affairs
- d) None of these

MTP Dec 24

16 Which concept involves a one-shot injection of government expenditure into a depressed economy with the aim of boosting business confidence and encouraging larger private investment?

- a) Pump Priming
- b) Deficit Financing
- c) Compensatory Spending
- d) Public Spending

MTP Jan 25

17 Which of the following is NOT a function of public finance?

- a) Allocation of resources for public goods
- b) Income redistribution to achieve social equity
- c) Providing tax relief to corporates to boost economic growth
- d) Stabilization of the economy through fiscal measures

MTP Jan 25

18 The current account deficit (CAD) in India refers to the excess of:

- a) Imports over exports
- b) Exports over imports
- c) Total investment over savings
- d) Government expenditure over revenue

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MTP Jan 25

19

Which of the following is the primary objective of India's fiscal policy?

- a) To regulate foreign exchange rates
- b) To control inflation through market mechanisms
- c) To manage government expenditure and tax collection to influence the economy
- d) To encourage high savings rates among citizens

MTP Jan 25

20

Which of the following is a major issue associated with the fiscal deficit in India?

- a) Increased foreign exchange reserves
- b) Higher government borrowing leading to inflation
- c) Reduced taxation leading to a decrease in government revenue
- d) Increase in foreign direct investments

MTP Jan 25

21

Which of the economists below most likely advocated activist government policies?

- a) Milton Friedman
- b) John Maynard Keynes
- c) Robert Lucas
- d) Thomas Sargent

MTP Jan 25

22

Which of the following is an example of market failure?

- a) Perfect competition in the economy
- b) Non-exclusion in public goods (free rider)
- c) All firms making profits in a perfectly competitive market
- d) Optimal allocation of resources by private individuals

MTP Jan 25

23

When a market fails to allocate resources efficiently, leading to overproduction or underproduction of goods, it is called:

- a) Monopoly
- b) Externalities → Market Failure
- c) Public Goods
- d) Market Equilibrium

MTP Jan 25

24

In the budget-making process, what is the term used to describe the government's planned expenditure exceeding its expected revenue?

- a) Budget surplus
- b) Budget deficit
- c) Balanced budget
- d) National Debt

MTP Jan 25

25

Which of the following is the correct sequence of stages in the budget-making process?

- a) Presentation, Drafting, Execution, Approval
- b) Drafting, Presentation, Approval, Execution
- c) Execution, Presentation, Approval, drafting
- d) Presentation, Approval, Execution, drafting

MTP Jan 25

26

Which of the following is a tool of expansionary fiscal policy?

- a) Increasing taxes
- b) Cutting government spending
- c) Reducing subsidies on essential goods
- d) Increasing government spending to stimulate demand

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MTP Jan 25	
27	<p>What was the <u>main objective</u> of the <u>Fiscal Responsibility and Budget Management Act, of 2003</u>?</p> <p>a) Achieve Fiscal Surplus b) Stop Money Laundering c) <u>Eliminate Fiscal Deficit</u> d) Eliminate Revenue deficit</p>
MTP Jan 25	
28	<p>Which of the following is the most accurate representation of the government's role in <u>resource allocation</u> according to the <u>fiscal function of public finance</u>?</p> <p>a) The government maximizes profits by privatizing public goods. <math>\alpha</math> b) The government ensures the efficient distribution of resources in competitive markets. <math>\alpha</math> c) <u>The government allocates resources to public goods like defence and infrastructure.</u> d) The government avoids intervening in resource allocation to maintain market efficiency. <math>\alpha</math></p>
MTP Jan 25	
29	<p>Which of the following situations best demonstrates a <u>market failure due to asymmetric information</u>?</p> <p>a) A monopolist exploiting market power by reducing supply b) <u>Consumers buying substandard products because they lack information about quality</u> c) The government providing public goods like street lighting d) A natural monopoly were economies of scale drive market concentration</p>
MTP Jan 25	
<p><u>Recession <math>\rightarrow</math> EFP</u> <u>Inflation <math>\rightarrow</math> CFP</u></p>	
30	<p>Which of the following would be an example of a <u>counter-cyclical fiscal policy</u> during a period of <u>recession</u>?</p> <p>a) Increasing taxes and reducing government spending b) <u>Cutting taxes and increasing government expenditure</u> c) Reducing the public debt by increasing savings d) Avoiding changes in taxes and government spending</p>

MTP Jan 25	
31	<p>Which of the following <u>government interventions</u> is most appropriate to <u>correct the market failure</u> caused by <u>positive externalities</u>?</p> <p>a) Implementing taxes on consumption of the good b) <u>Subsidizing the production of the good</u> c) Imposing strict regulations on production d) Reducing government spending on the good</p>
MTP Jan 25	
32	<p><u>Policies used to target specific key exporting industries</u> in order to <u>achieve economic growth</u> in that sector is likely to have which following effect?</p> <p>a) Lowering national debt b) Cause a budget surplus c) <u>Increase employment rates in that sector and improve the current account balance</u> <math>\rightarrow</math> Export <math>\uparrow</math> Impd <math>\downarrow</math> d) Increase employment rates in that sector and worsen the current account balance</p>
MTP Jan 25	
33	<p>Which of the following budget types specifically aims to <u>reduce the deficit</u> by either <u>increasing taxes</u> or <u>reducing government spending</u>?</p> <p>a) Balanced budget b) Expansionary budget c) <u>Contractionary budget</u> d) Surplus budget</p>
PYQ Jan 2025	
34	<p><u>Taxes on agriculture income</u> is levied by. :</p> <p>a) Central government b) <u>State government</u> c) Both central and state government as they are in concurrent list. d) Local self-government</p>





PYQ Jan 2025

35

Government's direct production of an economic good e.g. electricity and public transportation services are example of :

- a) Allocation function
- b) Distribution function
- c) Stabilization function
- d) Protection function

PYQ Jan 2025

36

When the outcomes of a policy are not visible for some time it is called

- a) Recognition lag
- b) Decision lag
- c) Implementation lag
- d) Impact lag

PYQ Jan 2025

37

The excess of the government's total expenditure over its total receipts excluding borrowings is termed as :

- a) Revenue deficit
- b) Fiscal deficit
- c) Primary deficit
- d) Budgetary deficit

PYQ Jan 2025

38

The receipts which neither create any liability nor cause any reduction in the assets of government are called :

- a) Non - debt capital receipts
- b) Debt capital receipts
- c) Revenue receipts
- d) Estimated receipts

PYQ Jan 2025

39

Which of the following is applied on inter-state movement of goods and services and on imports and exports ?

- a) CGST
- b) SGST
- c) IGST
- d) Income tax

Regressive Tax GST

PYQ Jan 2025

40

A progressive direct tax system ensures : → Income Tax

- a) Economic growth with stability because it distributes the burden of taxes unequally.
- b) Those who have greater ability to pay contribute more and the tax burden is distributed fairly among the population.
- c) Uniform taxes for all.
- d) Luxuries are taxed heavily.

PYQ Jan 2025

41

Non-debt capital receipts of government include :

- a) Market loans for different purposes
- b) State provident fund (Net)
- c) Securities issued against small savings
- d) Recoveries of loans and advances.

PYQ Jan 2025

42

The cap and trade method used by government to ensure that pollution is minimized in the most cost effective way is an example of :

- a) Government intervention to correct externalities
- b) Government intervention in the case of merit goods
- c) Government intervention in the case of demerit goods
- d) Government intervention for correcting market failure

PYQ Jan 2025

43

Which constitutional body maintains fiscal federalism in India?

- a) Central government
- b) Parliament
- c) Reserve bank of india
- d) Finance commission

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RTP Jan 25

44 Which of the following is an example of market failure?

- a) Externalities
- b) Low prices
- c) Excess supply
- d) Excludable and rival goods

RTP Jan 25

45 Which of the following is an example of an automatic stabilizer in the budget?

- a) Discretionary spending
- b) Progressive taxation
- c) Infrastructure investment
- d) Unemployment benefits.

RTP May 2025

46 Fiscal federalism primarily deals with:

- a) Distribution of financial resources among different levels of government
- b) Distribution of power between Legislature and Executive
- c) Relationship between Judiciary and Legislature
- d) Conduct of elections in a federal country

RTP May 2025

47 Under Article 112, the Annual Financial Statement is presented in which house of Parliament first?

- a) Lok Sabha
- b) Rajya Sabha
- c) Joint Session of Parliament
- d) Finance Committee

RTP May 2025

48 The Government offer minimum assured price to the farmers to purchase their output is called

- a) Market Price
- b) Support Price
- c) Equilibrium Price
- d) Ceiling Price

Answer Key – Economics Chapter 7 – Extra MCQs (Latest RTP, MTP PYQ)

1	A	11	C	21	B	31	B	41	D
2	D	12	D	22	B	32	C	42	A
3	D	13	A	23	B	33	C	43	D
4	D	14	D	24	B	34	B	44	A
5	B	15	A	25	B	35	A	45	D
6	B	16	A	26	D	36	D	46	A
7	A	17	C	27	C	37	B	47	A
8	B	18	A	28	C	38	C	48	B
9	C	19	C	29	B	39	C		
10	D	20	B	30	B	40	B		

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Chapter 8 – Extra MCQs (Latest RTP, MTP PYQ)

MTP Dec 24

1 In the Cambridge equation for money demand, what does "k" represent?

- a) The velocity of money
- b) The money supply
- c) The income elasticity of money demand
- d) The proportion of income held as money

MTP Dec 24

2 Which measure of the money supply includes M1 and all other forms of near money that are less liquid than M1?

- a) M3
- b) M2
- c) L
- d) M0

MTP Dec 24

3 Which economic indicator is commonly used to measure inflation in India?

- a) Gross Domestic Product (GDP)
- b) Consumer Price Index (CPI)
- c) Producer Price Index (PPI)
- d) Index of Industrial Production (IIP)

MTP Dec 24

4 \_\_\_\_\_ considered demand for money is an application of a more general theory of demand for capital assets

- a) Baumol
- b) Milton Friedman
- c) J M Keynes
- d) None of these

MTP Dec 24

5 The ratio that relates the change in the money supply to a given change in the monetary base is called the:

- a) required reserve ratio
- b) money multiplier
- c) Deposit ratio
- d) None of these

$$m = \frac{M}{MB}$$

MTP Dec 24

6 Which of the following component of monetary policy can be adopted to correct excess demand?

- a) Increase in repo rate
- b) Increase in CRR
- c) Increase in margin requirement
- d) All of these

MTP Dec 24

7 Reverse repo rate:

- a) generate interest income (for comm. Bank)
- b) is increased to curb inflation
- c) is not a policy rate
- d) both (a) & (b)

MTP Dec 24

8 The RBI is mandated to Publish a monetary policy report every:

- a) Six months
- b) Three months
- c) Twelve months
- d) None of these

MTP Dec 24

9 The Liquidity Trap is the extreme effect of:

- a) Monetary Policy
- b) Fiscal Policy
- c) Either (a) or (b)
- d) None of these

crowding out  
↳ Ineffective Fiscal Policy

MTP Dec 24

10 What will be the value of Credit Multiplier when the Required Reserve ratio is 50%?

- a) 4
- b) 2
- c) 3
- d) 1

$$CM = \frac{1}{R} = \frac{1}{0.5} = 2$$





MTP Dec 24

11

If the required reserve ratio is 20 percent, currency in circulation is Rs. 800 billion, demand deposits are Rs. 2000 billion, and excess reserves total Rs. 2 billion, find the value of money multiplier

- a) 2.50  
b) 2.90  
c) 2.60  
d) 2.40

$$M = \frac{1 + C}{r + e + c}$$
$$= \frac{1 + 0.40}{0.20 + 0.001 + 0.40}$$
$$= \frac{1.40}{0.601} = 2.33$$

$$C = \frac{800}{2000} = 0.40$$
$$r = 0.20$$
$$e = \frac{2}{2000} = 0.001$$

2.329

MTP Dec 24

12

Money Supply is directly proportional to:

- a) Cash reserve ratio (r)  
b) Monetary base (H)  
c) currency deposit ratio (k)  
d) Money Multiplier (m)

MTP Dec 24

13

According to Cambridge equation, the value of money depends upon :

- a) Demand for money  
b) Supply of money  
c) Demand for goods and services  
d) All of the above

MTP Jan 25

14

Which of the following is NOT a part of the money supply in an economy?

- a) Currency held by the central bank  
b) Demand deposits in commercial banks  
c) Saving accounts in commercial banks  
d) Time deposits in commercial banks

MTP Jan 25

15

Which of the following is NOT a typical tool of monetary policy used by a central bank?

- a) Open market operations  
b) Changing the reserve requirements of commercial banks  
c) Adjusting the tax rates in the economy  
d) Changing the discount rate

MTP Jan 25

16

Which of the following is the most effective monetary policy tool for managing short-term fluctuations in the economy?

- a) Open market operations  
b) Changing tax rates  
c) Changing government expenditure  
d) Price control measures

MTP Jan 25

17

Which of the following factors does NOT directly affect the demand for money?

- a) Interest rates  
b) The level of income or output  
c) The price level in the economy  
d) The government's fiscal deficit

MTP Jan 25

18

The transaction motive for holding money implies that money is held to:

- a) Make speculative investments in financial markets  
b) Provide liquidity for daily transactions and purchases  
c) Protect wealth against inflationary risks  
d) Save for future investment in assets

MTP Jan 25

19

In an economy, a change in the reserve ratio will directly affect the:

- a) Level of interest rates in the market  
b) Supply of money in circulation  
c) Demand for money at different income levels  
d) Government's budgetary balance

MTP Jan 25

20

Which of the following is the primary objective of monetary policy in a country?

- a) To reduce government expenditure  
b) To regulate the money supply to achieve macroeconomic goals like controlling inflation  
c) To provide interest-free loans to the private sector  
d) To balance the national budget



MTP Jan 25

21

According to the Quantity Theory of Money, if the money supply increases while the velocity of money and output remain constant, the general price level will:

- a) Decrease
- b) Increase proportionately
- c) Stay the same
- d) Increase, but unpredictably

MTP Jan 25

22

If the central bank implements an expansionary monetary policy by lowering the reserve requirement, the immediate effect on the money supply will be:

- a) A decrease in the money supply
- b) An increase in the money supply
- c) No change in the money supply
- d) A reduction in interest rates without affecting money supply

MTP Jan 25

23

Which of the following actions would the central bank most likely take to combat inflationary pressure in the economy?

- a) Decrease the interest rate
- b) Increase the money supply
- c) Raise the reserve ratio for commercial banks
- d) Lower the statutory liquidity ratio

MTP Jan 25

24

If the central bank wants to decrease the money supply, which of the following tools of monetary policy is most likely to be used?

- a) Lowering the discount rate
- b) Conducting open market purchases of government bonds
- c) Increasing the reserve requirement for commercial banks
- d) Reducing taxes to increase consumer spending

MTP Jan 25

25

Which of the following is a primary objective of India's monetary policy?

- a) To reduce the overall level of taxation in the economy
- b) To control the money supply and curb inflation
- c) To promote export-led growth through currency devaluation
- d) To ensure a balanced budget for the government

PYQ Jan 2025

26

Which of the following is not a characteristic of money?

- a) Generally acceptable
- b) Effortlessly recognizable
- c) Easily transportable
- d) Easily reproducible by people.

PYQ Jan 2025

27

The currency issued by the Central Bank is known as \_\_\_\_\_ and is backed by supporting reserves and its value is a sovereign guarantee.

- a) Real money
- b) Credit money
- c) Fiat money (Token Money)
- d) Sovereign bonds

PYQ Jan 2025

28

Considering that with a money multiplier of 1.5 there has been an increment of Rs. 600 cr of money supply. Find out the monetary base.

- a) Rs. 800 cr
  - b) Rs. 200 cr
  - c) Rs. 400 cr.
  - d) Rs. 900 cr
- $$m = \frac{M}{MB}$$
$$\Rightarrow 1.50 = \frac{600cr}{MB}$$
$$\Rightarrow MB = 400 cr.$$

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PYQ Jan 2025

29 Calculate Narrow Money **M1** from the following data.

Currency with public	<b>+</b> Rs. 88,000 cr
Demand deposit with the banking system	<b>+</b> Rs. 2,20,000 cr
Time deposit with the banking system	Rs. 2,40,000 cr
Other deposits with RBI	<b>+</b> Rs. 2,60,000 cr
Saving deposits with Post Office Saving Bank	Rs. 50,000 cr

a) Rs. 5,68,000 cr.  
b) Rs. 6,18,000 cr.  
c) Rs. 5,98,000 cr.  
d) Rs. 6,38,000 cr.

PYQ Jan 2025

30 Liquidity adjustment facility (LAF) was introduced by RBI on the basis of the recommendation of the \_\_\_\_\_ committee on the reforms in banking sector.

- a) Tandon  
b) Narsimha  
c) Chore  
d) Basel

PYQ Jan 2025

31 Money created by the commercial banks is called \_\_\_\_\_

- a) Real money  
b) High powered money  
c) Fiat money  
d) Credit money.

PYQ Jan 2025

32 Under the concept of money supply, the term 'public' do not include \_\_\_\_\_

- a) Households  
b) Institutions  
c) Government and banking system  
d) Firms

PYQ Jan 2025

33 Compute the total credit money created by the banking system if the required reserved ratio is 15% for every Rs. 12,00,000 deposited in the banking system ?

- a) Rs. 1,00,00,000  
b) Rs. 80,00,000  
c) Rs. 1,25,00,000  
d) Rs. 1,50,00,000

$$MB \times M = M$$
$$12 \times \frac{1}{0.15} = M$$

**80L**

PYQ Jan 2025

34 Calculate currency with the public from the following data :

Notes in circulation	<b>+</b>	Rs. 45,000 cr.
Circulation of rupee coins	<b>+</b>	Rs. 1,500 cr.
Circulation of small coins	<b>+</b>	Rs. 750 cr.
Cash on hand with banks	<b>-</b>	Rs. 27,500 cr.

**19,750**

- a) Rs. 74,750 cr.  
b) Rs. 19,750 cr.  
c) Rs. 73,250 cr.  
d) Rs. 29,750 cr.

PYQ Jan 2025

35 \_\_\_\_\_ is a penal rate at which RBI lends money to banks, above the rate available under the rep policy ?

- a) Marginal standing facility rate  
b) Bank rate  
c) Repo rate  
d) Reverse repo rate

RTP Jan 25

36 To influence spending the monetary policy is directed at directly influencing in the short run:

- a) Interest Rate  
b) Unemployment  
c) Inflation Rate  
d) Growth Rate

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RTP Jan 25

37

Which of the following is included in M2, a broader measure of money supply compared to M1?

- a) Currency in circulation
- b) Savings deposits *of p.a*
- c) Demand deposits
- d) Traveler's checks

$$\begin{array}{r} M_1 \\ + \quad \bigcirc \\ \hline M_2 \end{array}$$

RTP Jan 25

38

Which of the statements gives a true picture of the effect of lowering the cash reserve ratio by the central bank of a country?

- a) The lending capacity of commercial banks will increase
- b) The lending capacity of commercial banks will decrease
- c) The lending capacity of commercial banks may increase or decrease
- d) None of these

RTP Jan 25

39

An important money market instrument by the government to bridge the deficit between the revenue & expenditure in budget.

- a) T-bills
- b) Bonds
- c) CDs
- d) CPs

$$\begin{array}{ccc} GE & & GR \\ \downarrow & & \downarrow \\ 80\% & \xleftrightarrow{\text{Sow}} & 30\% \end{array}$$

RTP Jan 25

40

Which agency regulates the money supply in India?

- a) The Government of India
- b) Commercial banks
- c) Reserve Bank of India
- d) None of the above

RTP May 2025

41

Which of the following statements is true about Indian monetary system?

- a) The Indian monetary system is based on the gold standard
- b) The Indian monetary system is based on the credit money standard
- c) The Indian monetary system is based on the paper standard
- d) None of these

RTP May 2025

42

Which of the following statements is true about the money supply?

- a) It is the total volume of money that is held by the government of a country
- b) It is the total volume of money that is held by the general public of a country over a time period (Flow)
- c) It is the total volume of money that is held by the general public of a country at a particular point in time
- d) All of the above

RTP May 2025

43

Which of the following statements is true about credit creation by banks?

- a) Banks create credit on the basis of their total assets
- b) Banks create credit on the basis of their total deposits
- c) Banks create credit on the basis of their total securities
- d) None of these

RTP May 2025

44

Open market operation will become successful if there is a:

- a) free-market economy
- b) developing economy
- c) well-developed bill and security market  $\rightarrow$  Govt Sec Market
- d) All of the above  $\rightarrow$  Well-Edged Market

RTP May 2025

45

What is Currency Deposit Ratio (CDR)?

- a) Ratio of money held by the public in currency to that of money held in bank deposits
- b) Ratio of money held by the public in bank deposits to that of money held by public in currency
- c) Ratio of money held in demand drafts to that of money held in treasury bonds
- d) None of the above



Answer Key – Economics Chapter 8 – Extra MCQs (Latest RTP, MTP PYQ)

1	D	11	A	21	B	31	D	41	C
2	B	12	B	22	B	32	C	42	C
3	B	13	A	23	C	33	B	43	B
4	B	14	A	24	C	34	B	44	C
5	B	15	C	25	B	35	A	45	A
6	D	16	A	26	D	36	A		
7	D	17	D	27	C	37	B		
8	A	18	B	28	C	38	A		
9	A	19	B	29	A	39	A		
10	B	20	B	30	B	40	C		

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## Chapter 9 – Extra MCQs (Latest RTP, MTP PYQ)

MTP Dec 24	
1	The External Debt has been shown at the exchange rate applicable at the time of:  a) Contracting the debt. b) Expanding the debt. → a) c) Both a & b d) None of the above

MTP Dec 24	
2	Most Favoured Nation (MFN) clause was introduced by:  a) WTO b) GATT c) ADB d) IBRD

MTP Dec 24	
3	Which term describes the movement of capital from one country to another to exploit investment opportunities?  a) Foreign Direct Investment (FDI) b) Foreign Portfolio Investment (FPI) c) Exchange Rate Speculation d) Capital Flight

MTP Dec 24	
4	Which of the following is a zero-sum game?  a) Prisoners dilemma b) Competition for market share c) Pricing strategy d) None of the above is correct.

MTP Dec 24	
5	In Heckscher Ohlin theory factors of production are---in number.  a) one b) two c) three d) four

MTP Dec 24	
6	Which of the following holds that a country can increase its wealth by encouraging exports and discouraging imports:  a) Capitalism b) Socialism c) Mercantilism d) None of these

MTP Dec 24	
7	Which of the following is not a non-tariff barrier:  a) Complex documentation requirement b) Countervailing duties charged by importing country c) Pre -Shipment product inspection and certification on requirements d) None of these

MTP Dec 24	
8	At any point of time all markets tend to have the same exchange rate for a given currency due to:  a) Hedging b) Arbitrage c) Speculation d) None of these

MTP Dec 24	
9	A group of countries that have a free trade agreement between themselves and may apply a common external tariff to other countries:  a) Free trade area b) Custom union c) Trade bloc d) Regional preferential trade agreements

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MTP Dec 24

10 National Treatment Principle (NTP) says :

- a) Imported goods and domestic goods should be treated equally
- b) Exported goods and imported goods should be treated equally.
- c) Imported goods and domestic goods should be treated differently
- d) Internal trade is more important than international trade

MTP Dec 24

11 The terms revaluation is applied to:

- a) Flexible exchange rate → Maruer
  - b) Fixed exchange rate
  - c) Gold
  - d) ECB
- App Dep

MTP Dec 24

12 Any act of interference by a Central Bank like the RBI in influencing the exchange rate is referred to as which of the following in India?

- a) Dirty Floats
- b) Managed Floats
- c) Fixed Floats
- d) Market Stabilization Floats

MTP Jan 25

13 According to the Heckscher-Ohlin theory, a country will have a comparative advantage in the production of goods that:

- a) Require labour-intensive techniques if the country has a surplus of capital. ✗
- b) Utilize abundant factors of production that the country has in large supply.
- c) Require advanced technology in which the country is technologically superior. ✗
- d) Require high labour costs in a country with low wages. ✗

MTP Jan 25

14 Which of the following is the main motivation for companies to engage in Foreign Direct Investment (FDI)?

- a) To reduce foreign competition in domestic markets
- b) To gain access to new markets and resources
- c) To avoid taxes in the home country
- d) To lower labour costs by outsourcing to developing countries

1\$ = £90 → 1\$ = £80 MTP Jan 25

15 Which of the following would be an effect of a revaluation of a country's currency?

- a) Increased demand for the country's exports
- b) A decrease in the cost of imports for consumers
- c) Increased competitiveness of the country's exports in the global market
- d) A higher cost of living for consumers due to decreased purchasing power

MTP Jan 25

16 In the context of trade negotiations, the term "Most-Favoured-Nation (MFN)" status refers to:

- a) A preferential treatment granted to one country over others in trade agreements.
- b) The obligation to trade exclusively with a particular country.
- c) A policy that allows countries to impose tariffs on imports from specific nations.
- d) A requirement to offer the same trade terms to all trading partners.

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MTP Jan 25

17 Which of the following is NOT a key assumption of Ricardo's theory of comparative advantage?

a) Two countries, each specializing in the good it can produce most efficiently, will both gain from trade.

b) Resources are immobile between countries but mobile within a country.

c) Trade occurs only due to differences in technology between countries.

d) Both countries in trade can benefit even if one country is less efficient in producing both goods.

MTP Jan 25

18 Which of the following is a potential benefit of Foreign Direct Investment (FDI) for the host country?

a) Increased inflation due to higher government expenditure

b) Reduction in technological transfer to local industries

c) Creation of employment opportunities and skill development

d) Increased dependence on foreign companies for resources

MTP Jan 25

19 If a country's currency is depreciating, it means that:

a) The domestic currency is increasing in value relative to foreign currencies.

b) The country's exports will become more expensive to foreign buyers.

c) The country's exports become cheaper for foreign buyers, potentially boosting trade.

d) The central bank is actively increasing the supply of money.

MTP Jan 25

20 In international trade negotiations, which of the following is the most common objective for countries involved in multilateral trade talks?

a) To increase tariffs and protect domestic industries

b) To reduce trade barriers and promote free trade

c) To restrict foreign competition through quotas

d) To enhance domestic subsidies for agricultural sectors

Pluri lateral y MTP Jan 25

21 Which of the following is an example of a multilateral trade agreement?

a) North American Free Trade Agreement (NAFTA)

b) European Union (EU) Trade Policies

c) World Trade Organization (WTO) agreements

d) Bilateral Trade Agreement between two countries

MTP Jan 25

22 Which of the following is the primary objective of bilateral trade agreements?

a) To create trade barriers between the two countries involved

b) To establish free trade between two countries by eliminating tariffs and restrictions

c) To focus on mutual military cooperation between the countries

d) To standardize monetary policies between two countries

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PYQ Jan 2025

23

Which tariff is expressed either on the basis of the value of the imported goods or on the basis of a unit of measure of the imported goods depending on which generates the most income (or least income at time) for the country?

*w.e.h.*

a) Ad valorem tariff  
b) Specific tariff  
c) Mixed tariff  
d) Compound tariff

*Specific Ad-v*  
*w.e.h.*

PYQ Jan 2025

24

The system wherein the nominal tariff rates on imports of manufacturer goods are higher than the nominal tariff rates on intermediate inputs and raw materials is known as \_\_\_\_\_

a) Applied tariff  
b) Escalated tariff  
c) Bound tariff  
d) Preferential tariff

PYQ Jan 2025

25

Which of the following is a measure to protect human, animal or plant life from risks arising out of additives, pests, toxins, etc. and to protect the biodiversity?

a) Prohibited tariff  
b) Sanitary and phytosanitary measures  
c) Technical barriers to trade  
d) Anti - dumping duties

PYQ Jan 2025

26

With regards to international trade the European union can be categorized as a \_\_\_\_\_

a) Trading bloc  
b) Free trade area  
c) Bilateral agreements  
d) Customs union

PYQ Jan 2025

27

Factor Endowment Theory of trade is also known as \_\_\_\_\_

a) Baumol and Tobin theory  
b) Adam Smith, Absolute Cost Advantage theory  
c) Heckscher - Ohlin theory  
d) Factor Price Equalization theory

PYQ Jan 2025

28

Which tariff is calculated on the basis of specific contents of the imported goods (duties are payable by its components on related items)?

a) Compound tariff  
b) Mixed tariff  
c) Ad valorem tariff  
d) Technical tariff

PYQ Jan 2025

29

A total ban imposed by the Government on imports or exports of some or all commodities to a particular country or regions for a specified or indefinite period is known as \_\_\_\_\_

a) Prohibitive tariff  
b) Anti-dumping duties  
c) Embargo  
d) Rules of origin

PYQ Jan 2025

30

The theory of Comparative Advantage in International Trade was presented by \_\_\_\_\_

a) Adam Smith  
b) David Ricardo  
c) John Maynard Keynes  
d) Milton Friedman

PYQ Jan 2025

31

Which of the following country is not a member of the G20 economies?

a) Argentina  
b) India  
c) Tunisia  
d) Mexico

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PYQ Jan 2025

32

Investments which are reciprocal investments between countries are referred to as \_\_\_\_\_

- a) Horizontal direct investment
- b) Vertical direct investment
- c) Two-way direct foreign investment
- d) Conglomerate foreign investment

PYQ Jan 2025

33

In which of the following sector FDI is not permissible ?

- a) Telecom
- b) Aviation
- c) Atomic energy
- d) Defense

RTP Jan 25

34

Dumping refers to:

- a) Reducing tariffs
- b) Sale of goods abroad at a lower price, below their cost and price in their home market
- c) Buying goods at low prices abroad and selling at higher prices locally
- d) None of these

RTP Jan 25

35

The WTO was established to implement the final act of Uruguay round agreement of:

- a) MFA
- b) GATT
- c) TRIP
- d) MNC

RTP May 2025

36

FII helps to improve:

- a) Capital market
- b) How of equity capital
- c) Financial innovation and development
- d) All the above

RTP May 2025

37

The effects of inflation on the price competitiveness of a country's products may be offset by:

- a) An appreciation of the currency
- b) A revaluation of the currency
- c) A depreciation of the currency
- d) None of the above

India

USA

Answer Key – Economics Chapter 9 – Extra MCQs (Latest RTP, MTP PYQ)

1	A	11	B	21	C	31	C
2	B	12	B	22	B	32	C
3	B	13	B	23	C	33	C
4	B	14	B	24	B	34	B
5	B	15	B	25	B	35	B
6	C	16	D	26	D	36	D
7	B	17	C	27	C	37	C
8	B	18	C	28	D		
9	C	19	C	29	C		
10	A	20	B	30	B		

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## Chapter 10 – Extra MCQs (Latest RTP, MTP PYQ)

MTP Dec 24

1 Nationalization means:

- a) Selling of government stake to private sector
- b) Selling of government companies to private sector
- c) Government purchasing 26% shares in private companies
- d) Taking of full control and management from Private Sector by the Government

MTP Dec 24

2 What is the primary objective of the Indian government's "Make in India" initiative?

- a) To increase imports from other countries
- b) To promote local manufacturing and attract foreign investment
- c) To reduce domestic production costs
- d) To expand the agricultural sector

MTP Dec 24

3 Which of the following is NOT a function of NITI Aayog?

- a) Formulating five-year plans
- b) Promoting sustainable development
- c) Facilitating cooperative federalism
- d) Providing policy and technical advice to the central and state governments

MTP Dec 24

4 The Indian government's policy of "Import Substitution Industrialization" (ISI) primarily aimed to:

- a) Increase imports to stimulate economic growth
- b) Reduce dependence on foreign goods by promoting domestic industries
- c) Encourage foreign investment in local industries
- d) Expand the agricultural sector for export

MTP Dec 24

5 Who maintains a buffer stock of foodgrains in India?

- a) FCI
- b) NAFED
- c) Ministry of Agriculture
- d) None of these

MTP Dec 24

6 The minimum support price is declared by:

- a) Ministry of Agriculture
- b) Ministry of Finance
- c) The Cabinet Committee on economic affairs
- d) None of these

MTP Dec 24

7 Atal Tinkering lab is an initiative by which of the following institution?

- a) Niti Aayog
- b) CBSE
- c) National Ayush Mission
- d) Reserve bank of India

MTP Dec 24

8 **Assertion (A).** New Economic Policy is to expand the economic wings of the country. **Reason (R) :** Due to economic liberalisation or relaxation in the import tariffs, deregulation of markets or opening the markets for private and foreign players, and reduction of taxes.

- Both Assertion and Reason**
- a) and Reason(R) are true, and Reason (R) is the correct explanation of Assertion (A).
  - b) Both Assertion (A) and Reason(R) are true, and Reason(R) is not the correct explanation of Assertion (A).
  - c) Assertion (A) is true, but Reason (R) is false.
  - d) Assertion (A) is false but Reason(R) are is true.

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MTP Jan 25

9 Which of the following is a primary objective of India's **Five-Year Plans**?

- a) To regulate and control foreign trade
- b) To promote balanced economic growth across all regions**
- c) To discourage the private sector in favour of public enterprises
- d) To ensure foreign aid and capital inflows into the country

MTP Jan 25

10 The **Green Revolution** in India focused **primarily** on **increasing** the **production** of:

- a) Oilseeds
- b) Food grains, especially wheat and rice**
- c) Fruits and vegetables
- d) Cash crops like cotton and sugarcane

MTP Jan 25

11 Which of the following policies has the **Indian government** adopted to **promote small-scale industries**?

- a) Granting subsidies to large multinational corporations
- b) Providing financial and technical assistance to small businesses**
- c) Encouraging imports of capital goods for industrial use
- d) Abolishing labour laws to increase industrial output

MTP Jan 25

12 Which of the following is the **most important source** of **India's foreign exchange earnings**?

- a) Industrial exports
- b) Remittances from Indians working abroad
- c) Tourism
- d) Services exports, especially IT and software**

Not in syllabus

MTP Jan 25

13 Which of the following is a correct measure of **unemployment** in India?

- a) Labour force participation rate**
- b) Gross Domestic Product per capita
- c) Inflation rate
- d) Poverty headcount ratio

MTP Jan 25

14 **Economic globalization** has seen:

- a) business cycles in the rest of the world synchronize with those of India.
- b) financial markets become more integrated over time.
- c) financial disruptions spread more easily among countries.
- d) all the above.**

MTP Jan 25

15 Which of the following is **not** an example of a policy designed to **encourage competition**?

- a) Deregulation
- b) Trade liberalization
- c) Reducing income tax**
- d) Anti-monopoly regulations

MTP Jan 25

16 Which of the following is considered a **major challenge** to the **Indian agricultural sector**?

- a) Over-reliance on capital-intensive machinery
- b) Low level of technological adoption and irrigation facilities**
- c) Excessive imports of agricultural products
- d) Lack of foreign investments in the sector

MTP Jan 25

17 Which of the following sectors saw the **highest growth rate** after the **economic reforms of 1991** in India?

- a) Agriculture
- b) Industrial Sector
- c) Services Sector**
- d) Mining and Quarrying

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MTP Jan 25

18

Which of the following is the most accurate reason for the persistence of poverty in India despite economic growth?

- a) Low level of foreign investment in rural areas
- b) High inequality in the distribution of income and resources
- c) Limited development in urban sectors
- d) Lack of a social security system for the working population

PYQ Jan 2025

19

Facilitates and improves access to Indian Government data.

- a) E-Amrit
- b) E-NAM
- c) NDAP
- d) MIDH

PYQ Jan 2025

20

Which scheme is aimed at promoting manufacture of electric and hybrid vehicle technology and to ensure its sustainable growth?

- a) FAME India
- b) E-Amrit → only info
- c) FIPB
- d) PDMC

PYQ Jan 2025

21

Which Act was initially aimed for regulation of large firms which had relatively large market power?

- a) RBI Act
- b) FEMA
- c) RERA
- d) MRTP Act, 1969

PYQ Jan 2025

22

Which policy was adopted to ensure world class industrial infrastructure which would attract cutting edge technology and boost FDI and local investment in the textile sector?

- a) PM-MITRA
- b) PM Gati Shakti National Master Plan
- c) National Logistic Policy
- d) Production Linked Incentive (PLI) Scheme

PYQ Jan 2025

23

During the British period modern industrial sector saw lopsided growth with the dominance of \_\_\_\_\_ industries.

- a) Wool and cotton
- b) Nylon and silk
- c) Cotton and jute
- d) Silk and cotton

PYQ Jan 2025

24

Statutory recognition was granted to \_\_\_\_\_ to facilitate mobilization of adequate resources and their efficient allocation in the capital markets.

- a) RBI
- b) BSE
- c) SEBI
- d) NSE

PYQ Jan 2025

25

Production of milk is included in which sector?

- a) Tertiary sector
- b) Service sector
- c) Primary sector
- d) Secondary sector

PYQ Jan 2025

26

From which year onwards, India followed the managed floating exchange rate system?

- a) 1990
- b) 1991
- c) 1995
- d) 1993

PYQ Jan 2025

27

Minimum support price (MSP) is fixed by the Government of India at \_\_\_\_\_ of the cost of production.

- a) Two and a half times
- b) Half
- c) One and a half time
- d) Twice



RTP Jan 25

28 FDI in telecom sector is raised to:

a) 49%  
b) 51%  
c) 100%  
d) None of these

RTP Jan 25

29 E-NAM is:

a) An electronic name card given to citizens of India  
b) National Agriculture Market with the objective of creating a unified national market for agricultural commodities.  
c) a pan-India electronic trading portal which networks the existing APMC mandis  
d) (b) and (c) above

(ICAI SM) RTP Jan 25

30 The new economic policy of 1991 manifest in:

a) State led industrialization and import substitution  
b) Rethinking the role of markets versus the state  
c) Emphasized the role of good governance  
d) None of these

RTP Jan 25

31 \_\_\_\_\_ are also known as International Bank for Reconstruction & Development.

a) IMF  
b) ADB  
c) World Bank  
d) ECM

RTP May 2025

32 Which of the following is NOT a function of NITI Aayog?

a) Policy formulation and coordination  
b) Allocation of financial resources to states  
c) Promoting cooperative federalism  
d) Serving as a think tank for the government

RTP May 2025

33 What activity is termed as activity of tertiary sector?

a) Wheat production  
b) Mobile production  
c) Construction of a dam  
d) Fishing

RTP May 2025

34 Devaluation of Indian Rupee in terms of US Dollar was in the year.

a) 2019  
b) 2000  
c) 1981  
d) 1991

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8	A	18	B	28	C		
9	B	19	C	29	D		
10	B	20	A	30	B		

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