



CA Foundation Sampurna

Indian Economy

Notes

Status of Indian Economy:

Pre-Independence Period (1850 -1947)

1. Between the first and the 17th Century AD, India was prosperous and self-radiant and is believed to have controlled _____ of the world's wealth.
 - (a) One Tenth
 - (b) One Third
 - (c) One Fourth
 - (d) Between one third and one fourth
2. In British era, what was the reason for virtual collapse of Indian agriculture?
 - (a) Absentee landlordism
 - (b) High indebtedness of agriculturists, growth of a class of exploitative money lenders
 - (c) Low attention to productivity enhancing measures
 - (d) All of the above
3. In British era, which of the following factors forced many to depend on agriculture for livelihood?
 - (a) Large scale unemployment
 - (b) Absence of alternate sources of employment
 - (c) Both (a) and (b)
 - (d) None of these
4. In British era, the increased pressure on land led to _____.
 - (a) Sub-division and fragmentation of land holdings
 - (b) Subsistence farming
 - (c) Reduced agricultural productivity and poverty
 - (d) All of the above
5. Which of the following cause is reducing the ability of Indian agriculturalists to participate in domestic as well as export market? [June 2024]
 - (a) Low farming productivity and subsistence farming.
 - (b) Large amount of marketable sur-plus with farmers
 - (c) Dominated by big farmers and farm productivity
 - (d) Big landholdings by small farmers
6. Before 1950, the factory-based production _____ in India.
 - (a) Did not exist
 - (b) Existed in petroleum
 - (c) Existed in digital products
 - (d) Existed in agriculture
7. At the end of the 19th century, the Indian jute mill industry was the _____ in the world in terms the of the amount of raw jute consumed in production.
 - (a) Largest
 - (b) Second Largest
 - (c) Negligible
 - (d) Lowest
8. Heavy industries such as the iron industry were established as early as 1814 by British capital. India's iron industry was ranked _____ in the world in terms of output in 1930.
 - (a) First
 - (b) Fifth
 - (c) Seventh
 - (d) Eight



9. Just before the Great Depression, India was ranked as the _____ largest industrialized country measured by the value of manufactured products.

- (a) 10th (b) 11th
- (c) 12th (d) 13th

Indian Economy: Post Independence (1947-1991)

10. The post-independence economic policy was rooted in:

- (a) A capitalist mode of production with heavy industrialization
- (b) Social and economic redistribution and industrialization directed by the state
- (c) Social and economic redistribution through private sector initiative
- (d) Industrialization led by private entrepreneurs and redistribution by state

11. Which of the following was NOT the ideology of industrialization prevailed in the early days of independence?

- (a) Establishing an economic system in which the central government would have authority to design the economic strategy
- (b) To carry out the necessary investments in coordination with the private sector.
- (c) Systematic planning to support industrialization.
- (d) Lowest level of industrialization of the economy

12. In independent India, the comprehensive import controls were maintained until _____.

- (a) 1955 (b) 1962
- (c) 1966 (d) 1970

13. Rapid industrialization of the economy was the cornerstone of whose development strategy?

- (a) Nehru (b) Patel
- (c) Indira (d) None of these

14. The 'Hindu growth rate' is a term used to refer to _____.

- (a) The high rate of growth achieved after the new economic policy of 1991
- (b) The low rate of economic growth of India from the 1950's to the 1980's, which averaged around 3.5 per cent per year
- (c) The low growth of the economy during British period marked by an average 3.5 per cent
- (d) The growth rate of the country because India is referred to as 'Hindustan'

15. In 1954, India signed a long-term agreement with the US for food aid. What was the name of this agreement?

- (a) PL-480
- (b) PL-440
- (c) PL-420
- (d) PL-400

16. The policies in 1950's were guided by _____.

- (a) Nehruvian philosophy of visualizing a socialistic society with emphasis on heavy industries
- (b) Gandhian philosophy of stress-ing on small scale and cottage industry and village republics
- (c) Both (a) and (b)
- (d) None of these

17. Which revolution was materialized by innovative farm technologies including high yielding seed varieties and intensive use of water, fertilizers & pesticides? [June 2024]

- (a) The Green revolution
- (b) The Kisan revolution
- (c) The Agricultural revolution
- (d) The Fasal revolution



18. The economic performance during the period of 1965-81 is the worst in independent India's history the decline in growth during this period is attributed mainly to decline in productivity. Which of the following factors contributed to the decelerated growth that lasted two decades?

- (i) The license-raj, the autarchic policies that dominated the 1960s and 1970s
- (ii) The external shocks of three wars (in 1962, 1965, and 1971)
- (iii) The major droughts (especially 1966 and 1967)
- (iv) The oil shocks of 1973 and 1979
- (a) (i) only
- (b) Both (i) and (ii)
- (c) (i), (ii) and (iii)
- (d) (i), (ii), (iii) and (iv)

19. The government nationalized 14 banks in _____ and then followed it up with nationalizing another 6 in _____.

- (a) 1967, 1977
- (b) 1969, 1980
- (c) 1980, 1969
- (d) None of the above

20. MRTP Act, 1969, is aimed at regulation of _____ which had relatively _____ market power [June 2024]

- (a) Large firms, large
- (b) Large firms, small
- (c) Small firms, small
- (d) Small firms, medium

21. In which year, the policy of reservation of many products for exclusive manufacture by the small scale sector was initiated with the objective of promotion of small-scale industries.

- (a) 1967
- (b) 1969
- (c) 1971
- (d) 1973

The Era of Reforms

22. The first wave of liberalization starts in India _____.

- (a) In 1951
- (b) In 1980's
- (c) In 1990's
- (d) In 1966

23. The number of capital goods items included in the OGL list expanded steadily reaching 1,329 in April 1990. What is the full form of OGL?

- (a) Open General License
- (b) Other Goods List
- (c) Open Goods List
- (d) Other General List

24. Based on the Real Effective Exchange Rate (REER), the rupee was depreciated by about 30 per cent from _____.

- (a) 1980-81 to 1990-91
- (b) 1982-83 to 1990-91
- (c) 1985-86 to 1989-90
- (d) None of these

25. The budget for 1986 introduced policies of _____.

- (a) Cutting taxes further
- (b) Liberalizing imports
- (c) Reducing tariffs
- (d) All of the above

26. What is the main cause attributed to the immediate need for economic reforms in 1991?

[June 2024]

- (a) Fiscal deficit was financed by huge amounts of domestic and external debts
- (b) Forex reserves touched the highest point
- (c) Persistent huge deficit led to declining public debt
- (d) Government's revenue expenditure consistently lowering revenue receipts.



27. To manage the economic crises of 1991, Indian Government approached World Bank and IMF. What is the amount of loan received by India?
- \$ 10 billion
 - \$ 7 billion
 - \$ 5 billion
 - None of these
28. Which of the following was the objective of the LPG reforms, taken in 1991?
- Reorientation of the economy from a centrally directed and highly controlled one to a 'market friendly' or market-oriented economy
 - Macroeconomic stabilization by substantial reduction in fiscal deficit
 - Both (a) and (b)
 - None of these
29. Which of the following is a part of fiscal reforms of 1991?
- Introduction of a stable and transparent tax structure
 - Ensuring better tax compliance
 - Reduction in subsidies and abolition of unnecessary subsidies
 - All of the above
30. What was the focus of monetary and fiscal sector reforms (1991)?
- Reducing the burden of non-performing assets on government banks
 - Introducing and sustaining competition
 - Deregulating interest rates
 - All of the above
31. In "New Industrial Policy" of 1991, the public sector was limited to _____ sectors based on security and strategic grounds.
- | | |
|---------|-----------|
| (a) Ten | (b) Eight |
| (c) Six | (d) Five |
32. The New Economic Policy put an end to the 'License Raj' by removing licensing restrictions for all industries except for 18 that 'related to:
- Security and strategic concerns
 - Social reasons
 - Problems related to safety and overriding environmental issues
 - All of the above
33. In July, 1991 the Indian government devalued the rupee by between _____.
- | | |
|-----------------------|-----------------------|
| (a) 14 to 15 per cent | (b) 15 to 16 per cent |
| (c) 16 to 17 per cent | (d) 18 to 19 per cent |
- Niti Aayog: A Bold Step for Transforming India**
34. When was NITI AAYOG established?
- | | |
|----------------------|----------------------|
| (a) 1st January 2013 | (b) 15th August 2013 |
| (c) 1st January 2015 | (d) 15th August 2015 |
35. To develop the mechanism to formulate credible plans at village level and aggregate these progressively at higher level of government is an objective of _____. [June 2024]
- Ministry of rural development
 - NITI Aayog
 - Commission of policy and planning
 - Planning commission
36. Think tank of the Government of India, that replaced the planning Commission, is _____.
- Mission Commission
 - NITI AAYOG
 - NITI Commission
 - None of these
- The Current State of The Indian Economy:
A Brief Overview**
37. India has the world's _____ area planted under wheat, rice and cotton.
- | | |
|----------------|-----------------------|
| (a) Smallest | (b) Largest |
| (c) Negligible | (d) Significantly low |



38. India is the world's _____ producer of fruits, vegetables, tea, farmed fish, cotton, sugarcane, wheat, rice, cotton and sugar.
 (a) Largest (b) Second-largest
 (c) Third Largest (d) Fifth
39. Indian food and grocery market is the world's _____ largest, with retail contributing 70% of the sales.
 (a) Third (b) Fourth
 (c) Sixth (d) None of these
40. India has the world's _____ cattle herd (buffaloes).
 (a) Largest (b) Second-largest
 (c) Third Largest (d) Fifth
41. According to the latest estimates, _____ of India's population is directly dependent on agriculture for living.
 (a) 30% (b) 40%
 (c) 47% (d) 72%
42. India is among the top _____ exporters of agricultural products in the world.
 (a) Three (b) Five
 (c) Ten (d) Eleven
43. APEDA - full form [June 2024]
 (a) Agricultural product export development agency
 (b) Agricultural produce economic development association
 (c) Animal product export development authority
 (d) Agricultural & processed food export development authority
44. Paramparagat Krishi Vikas Yojana (PKVY) is the scheme for supporting and promoting _____.
 (a) Organic farming
 (b) Improvement of soil health
 (c) Traditional farming methods of agriculture
 (d) Both (a) and (b)
45. PDMC scheme to increase water use efficiency at the farm level. What is the full form of PDMC?
 (a) Per Drop More Crop
 (b) Perfect Drop More Crop
 (c) Perfect Development Mission Crop
 (d) None of these
46. 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) Both (b) and (c) above
47. What does the E-NAM (Electronic National Agriculture Market) aim to achieve? [June 2024]
 (a) Increase farm productivity
 (b) Create a unified national market for agricultural commodities
 (c) Provide financial support to farmers
 (d) Promote organic farming
48. E-amrit is related to _____. [June 2024]
 (a) One-stop destination for all information on electric vehicles
 (b) Facilitates and improve access to Indian government data
 (c) Improves air quality in India by accelerating the deployment of electronic vehicles.
 (d) Provides a stimulus to exports and economic growth
49. India's rank in the Global Innovation Index (GII) improved to 40th in in 2015. 2022 from
 (a) 71st (b) 81st
 (c) 91st (d) 99th



50. In terms of Ease of Doing Business in 2020 India ranks _____.
(a) 63
(b) 77
(c) 45
(d) None of the above
51. _____ is to facilitate data-based decisions related to integrated planning of multimodal infrastructure, thereby reducing logistics cost.
(a) PM Gati Shakti National Master Plan
(b) Mission Gati Shakti National Master Plan
(c) PM Multi-modal National Master Plan
(d) PM Integrated Plan for Multi-Modal
52. PM Gati Shakti is related to [June 2024]
(a) Empowerment of MSMEs
(b) Data based decisions related to integrated planning of multimodal infrastructure thereby reducing the logistic cost
(c) Manufacturing of electric and hybrid vehicle technology
(d) Automatic route for FDI
53. FAME-India Scheme aims to:
(a) Enhance faster industrialization through private participation
(b) To promote manufacturing of electric and hybrid vehicle technology
(c) To spread India's fame among its trading partners
(d) None of the above
54. _____ aims at the empowerment of Micro Small and Medium Enterprises (MSMEs).
(a) Naya Bharat
(b) Viksit Bharat
(c) Udyog Bharat
(d) Udyami Bharat
55. The Foreign Investment Promotion Board (FIPB) _____.
(a) A government entity through which inward investment proposals were routed to obtain required government approvals
(b) No more exists as the same is replaced by a new regime namely Foreign Investment Facilitation Portal
(c) No more exists as all inward investments are through automatic route and need no approval
(d) Is the body which connects different ministries in respect of foreign portfolio investments
56. The Government of India has allowed 100% FDI in marketing of food products and in food product E-commerce under the _____ route. [June 2024]
(a) Automatic
(b) Green channel route
(c) Priority route
(d) Trade route
57. Merchandise Exports from India Scheme was replaced by _____.
(a) Remission of Duties and Taxes on Export Products (RODTEP) in 2021
(b) National Logistics Policy (NLP) in 2020
(c) Remission of Duties and Taxes on Export Products (RODTEP) in 2019
(d) None of the above
58. Which of the following Sector contributes maximum to India's Gross value added? [June 2024]
(a) Primary sector
(b) Secondary sector
(c) Tertiary sector
(d) All of the above



59. Which of the following are fiscal reforms?
- Ensuring better tax compliance
 - Reinvestment of funds in more profitable options
 - Encouraging private sector participation
 - Thrust on curbing government expenditure
- [May 2025]
- (a) Only i and iii (b) Only i, ii, iii
(c) Only i, iii, iv (d) Only i, ii, iv
60. Which of the following best describes the pre-British Indian economy? [May 2025]
- Dependent on imports for goods
 - Self-sufficient villages and cities which were centers of commerce
 - Focus on industrial production
 - Dominated by foreign trade
61. The trade policy reforms include _____. [May 2025]
- Inclusion of licensing restrictions for imports
 - Removal of licensing procedure for imports
 - Complication of tariffs.
 - Inclusion of quantitative restrictions on imports and exports
62. Which initiative by NITI Aayog aims to promote electric vehicles ? [May 2025]
- E-Amrit
 - Shoonya Campaign
 - Methanol Economy Program
 - India Policy Insights (IPI)
63. An appreciation of currency or strong currency makes the domestic currency more _____ therefore it can be exchanged for a _____ amount of foreign currency. [May 2025]
- Weaker, smaller (b) Valuable, larger
(c) Weaker, larger (d) Valuable, smaller
64. What percentage of India's population depends on agriculture for livelihood as per latest estimates ? [May 2025]
- 18% (b) 25%
(c) 47% (d) 60%
65. Which government scheme focuses on providing financial support to farmers suffering crop loss or damage ? [May 2025]
- PM KISAN
 - Pradhan Mantri Fasal Bima Yojana (PMFBY)
 - Soil Health Card Scheme
 - Paramparagat Krishi Vikas Yojana (PKVY)
66. Which regime replaced the Foreign Investment Promotion Board (FIPB)? [May 2025]
- SEBI (b) FIF Portal
(c) NITI Aayog (d) DPIIT
67. What was India's rank in 2022 as per Global Innovation Index? [May 2025]
- 81st (b) 40th
(c) 63rd (d) 25th
68. Which policy replaced the Merchandise Exports from India Scheme (MEIS) in 2021? [May 2025]
- NDAP
 - GST
 - PLI Scheme
 - RoDTEP
69. The early liberalization and reforms started in India in _____. [May 2025]
- 1980s (b) 1970s
(c) 1960s (d) 1990s
70. _____ facilitates and improves access to Indian Government data. [Jan. 2025]
- E-Amrit (b) E-NAM
(c) NDAP (d) MIDH



71. Which scheme is aimed at promoting manufacture of electric and hybrid vehicle technology and to ensure sustainable growth for the same? [Jan. 2025]
 (a) FAME India (b) E-Amrit
 (c) FIPB (d) PDMC
72. Which Act was initially aimed for regulation of large firms which had relatively large market power? [Jan. 2025]
 (a) RBI Act (b) FEMA
 (c) RERA (d) MRTP Act, 1969
73. From which year onwards, India followed the managed floating exchange rate system? [Jan. 2025]
 (a) 1990 (b) 1991
 (c) 1995 (d) 1993
74. Minimum Support Price (MSP) is fixed by the Government of India at _____ of the cost of production. [Jan. 2025]
 (a) Two and a half times
 (b) Half
 (c) One and a half time
 (d) Twice
75. 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? [Jan. 2025]
 (a) PM-MITRA
 (b) PM Gati Shakti National Master Plan
 (c) National Logistic Policy
 (d) Production Linked Incentive (PLI) Scheme
76. During the British period modern industrial sector saw lopsided growth with the dominance of _____ industries. [Jan. 2025]
 (a) Wool and cotton (b) Nylon and silk
 (c) Cotton and jute (d) Silk and cotton
77. Statutory recognition was granted to _____ to facilitate mobilization of adequate resources and their efficient allocation in the capital markets. [Jan. 2025]
 (a) RBI (b) BSE
 (c) SEBI (d) NSE
78. In which of the following sector FDI is not permissible ? [Jan. 2025]
 (a) Telecom (b) Aviation
 (c) Atomic energy (d) Defense
79. Production of milk is included in which sector? [Jan. 2025]
 (a) Tertiary Sector (b) Service Sector
 (c) Primary Sector (d) Secondary Sector



Answer Key

1. (d)	28. (c)	55. (b)
2. (d)	29. (d)	56. (a)
3. (c)	30. (d)	57. (a)
4. (d)	31. (b)	58. (c)
5. (a)	32. (d)	59. (c)
6. (a)	33. (d)	60. (b)
7. (a)	34. (c)	61. (b)
8. (d)	35. (b)	62. (b)
9. (c)	36. (b)	63. (b)
10. (b)	37. (b)	64. (c)
11. (d)	38. (b)	65. (b)
12. (c)	39. (c)	66. (b)
13. (a)	40. (a)	67. (b)
14. (b)	41. (c)	68. (d)
15. (a)	42. (c)	69. (a)
16. (c)	43. (d)	70. (c)
17. (a)	44. (d)	71. (a)
18. (d)	45. (a)	72. (d)
19. (b)	46. (d)	73. (d)
20. (a)	47. (b)	74. (c)
21. (a)	48. (a)	75. (a)
22. (b)	49. (b)	76. (c)
23. (a)	50. (a)	77. (c)
24. (c)	51. (a)	78. (c)
25. (d)	52. (b)	79. (c)
26. (a)	53. (b)	
27. (b)	54. (d)	



Hints and Solution

1. (d)

2. (d)

3. (c)

4. (d)

5. (a)

6. (a)

7. (a)

8. (d)

9. (c)

10. (b)

11. (d)

12. (c)

13. (a)

14. (b)

15. (a)

India signed a long-term Public Law (PL) 480 agreement to get food aid under Government agricultural trade development assistance, with the US in 1954.

16. (c)

17. (a)

18. (d)

19. (b)

20. (a)

21. (a)

22. (b)

23. (a)

24. (c)

25. (d)

26. (a)

27. (b)

28. (c)

29. (d)

30. (d)

31. (b)

32. (d)

33. (d)

34. (c)

35. (b)

36. (b)

37. (b)

38. (b)

39. (c)

40. (a)



- 41. (c)
- 42. (c)
- 43. (d)
- 44. (d)
- 45. (a)
- 46. (d)
- 47. (b)
- 48. (a)
- 49. (b)
- 50. (a)
- 51. (a)
- 52. (b)
- 53. (b)
- 54. (d)
- 55. (b)
- 56. (a)
- 57. (a)
- 58. (c)
- 59. (c)
- 60. (b)

- 61. (b)
- 62. (b)
- 63. (b)
- 64. (c)
- 65. (b)
- 66. (b)
- 67. (b)
- 68. (d)
- 69. (a)
- 70. (c)
- 71. (a)
- 72. (d)
- 73. (d)
- 74. (c)
- 75. (a)
- 76. (c)
- 77. (c)
- 78. (c)
- 79. (c)



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