



Question Bank - Multiple Choice Questions (MCQs)

Unit 1: Introduction

1. Which of the following explains the term economic growth?
 - a. Increase in per capita production
 - b. Increase in per capita real income
 - c. structural change in the economy
 - d. all the above are right

2. Which of the following explains the term economic development?
 - a. Improvement in the technology involved
 - b. Improvement in production
 - c. Improvement in distribution system
 - d. All the above

3. An underdeveloped economy is characterized by
 - a. High per capita real income
 - b. Large proportion of labor force in the tertiary sector
 - c. State of deprivation of large proportion of population
 - d. All the above

4. Scarcity of capital, technological backwardness and unemployment are generally found in
 - a. Developed countries
 - b. Underdeveloped countries
 - c. Both
 - d. None of the above



5. Which of the following denotes an underdeveloped economy?
- a. High level of inequalities
 - b. Low level of capital productivity
 - c. A relatively closed economy
 - d. All the above
6. Capital formation in underdeveloped countries is a major bottleneck. The reason can be
- a. Small size of market with no incentive for investment
 - b. Low level of income
 - c. vicious circle of poverty
 - d. All the above
7. Consider the following statements and identify the right ones.
- i. Higher level of capital-output ratio indicates efficient use of capital.
 - ii. It reflects the productivity of capital in the economy
- a. I only
 - b. ii only
 - c. both
 - d. none
8. Which of the following about strategy of balanced growth is right?
- a. Simultaneous investment in all sectors
 - b. All sectors are independent.
 - c. Both
 - d. None
9. Which of the following about strategy of unbalanced growth is right?
- a. Deliberate imbalance in favor of some sectors
 - b. Simultaneous investment in all sectors
 - c. Both
 - d. None



- 10.** The additional capital used per unit of additional production is called
- a. Induced investment
 - b. Autonomous investment
 - c. Incremental Capital Output ratio
 - d. None of the above
- 11.** Economic growth in India will happen necessarily if there is
- a. Population growth
 - b. Capital formation
 - c. Technical progress in the global economy
 - d. All the above
- 12.** An open economy is one where
- a. Deficit financing is absent
 - b. No export activities
 - c. No import activities
 - d. Economy opened to the world
- 13.** Depression is characterized by
- a. unprecedented level of underemployment
 - b. Drastic fall in income
 - c. Drastic fall in output and employment
 - d. All the above
- 14.** Consider the following statements and identify the right ones.
- i. During independence, Indian economy was heavily dependent on the tertiary sector
 - ii. Development of industrial and services sector was not limited.
- a. I only
 - b. ii only



- c. both
- d. none

15. Consider the following statements and identify the right ones.

- i. The share of agriculture to the GDP today is less than 5% today
- ii. The tertiary sector contributes about 55% of the occupational structure. (employment)

- a. I only
- b. ii only
- c. both
- d. none

16. Dual economy refers to existence of

- a. Imports and export activities
- b. Bilateral ties
- c. Traditional and modern aspects in the economy
- d. Both a and b

17. Mixed economy means an economy where there is

- a. Existence of capitalism
- b. Privatization, liberalization and globalization
- c. Existence of both public and private sectors
- d. Growing crops along with rearing animals

18. Indian economy today is a

- i. Developing economy
- ii. Emerging economy
- iii. Dual economy
- iv. Non-agricultural economy



- a. I and ii only
- b. I, ii and iii
- c. I, ii, iii, iv
- d. iii and iv

19. Consider the following statements and consider the right ones.

- i. In India, structure of economy and occupational structure is very similar.
- ii. Today, Tertiary sector contributes the highest to the GDP.

- a. I only
- b. ii only
- c. both
- d. none

20. Arrange in the right order the contribution of sectors to the GDP from highest to lowest.

- a. Agriculture, manufacturing, tertiary
- b. Agriculture, tertiary, manufacturing
- c. Tertiary, manufacturing, agriculture
- d. Manufacturing, tertiary, agriculture

21. The financial year in India is

- a. April 1 to March 31
- b. January 1 to December 31
- c. March 1 to April 30
- d. March 16 to March 15

22. Consider the following statements and identify the right ones.

- i. National income is the monetary value of all final goods and services produced.
- ii. Depreciation is deducted from gross value to get the net value



- a. I only
- b. ii only
- c. both
- d. none

23. The state with lowest death rate is

- a. West Bengal
- b. Haryana
- c. Bihar
- d. Kerala

24. The state with lowest birth rate is

- a. West Bengal
- b. Kerala
- c. Karnataka
- d. Assam

25. Consider the following statements and identify the right ones.

- i. The Planning Commission was set up by the Government resolution.
- ii. It formulates plans for effective utilization of resources.

- a. I only
- b. ii only
- c. both
- d. none

Unit 1: Answer Key

1-d	2-d	3-c	4-b	5-d	6-d	7-b	8-a	9-a	10-c
11-b	12-d	13-d	14-d	15-d	16-c	17-c	18-b	19-b	20-c
21-a	22-c	23-a	24-b	25-c					



Unit 2: Agriculture Development in India since Independence

- 1) Indian agriculture is typically characterized as?
 - a. land surplus, labour scare economy
 - b. land surplus, labour surplus economy
 - c. land scare, labour surplus economy
 - d. land scare, labour scare economy

- 2) The National Bank for Agriculture and Rural Development (NABARD) was established in the year?
 - a. 1970
 - b. 1975
 - c. 1977
 - d. 1982

- 3) NABARD (National Bank for Agriculture and Rural Development) was established in the?
 - a. Fourth Five Year plan
 - b. Fifth Five Year plan
 - c. Sixth Five Year plan
 - d. Eighth Five Year plan

- 4) Which Indian state produces the largest quantity of pulses?
 - a. Maharashtra
 - b. Uttar Pradesh
 - c. Madhya Pradesh
 - d. Rajasthan

- 5) Which agency is responsible for procurement, distribution and storage of food grain production in India?
 - a. Ministry of Agriculture
 - b. Food Corporation of India
 - c. C. NAFED
 - d. TRIFED



- 6) Who regulates the markets in agricultural products in India?
 - a. Essential Commodities Act, 1955
 - b. Agricultural Produce Market Committee (APMC) Act enacted by States
 - c. Agricultural Produce (Grading and Marking) Act, 1937
 - d. Food Products Order, 1956 and Meat and Food Products Order, 1973

- 7) Which sector is the backbone of Indian economy?
 - a. Service sector
 - b. Financial Sector
 - c. Tourism Sector
 - d. Agriculture Sector

- 8) Which among the following is not a cereal?
 - a. Rice
 - b. Wheat
 - c. Gram
 - d. Maize

- 9) Which among the following does not belong to welfare schemes for the farmers?
 - a) Kisan Credit Card Scheme
 - b) SHG (self-help group) Bank Linkage Programme
 - c) National Agricultural Insurance Scheme
 - d) Employee Referral Scheme

- 10) When did the Government present Kisan Credit Card Scheme?
 - a) April 1853
 - b) August 1998
 - c) July 1991
 - d) November 1995



11) Which is the highest food grain producing Indian state, as per 2013-14?

- a) Madhya Pradesh
- b) Punjab
- c) Uttar Pradesh
- d) Maharashtra

12) Which is the highest Pulses producing Indian state, as per 2013-14?

- a) Madhya Pradesh
- b) Maharashtra
- c) Uttar Pradesh
- d) Rajasthan

13) Which Indian state has the largest irrigated agricultural area, as per 2010 survey?

- a) Gujarat
- b) Madhya Pradesh
- c) Rajasthan
- d) Uttar Pradesh

14) Which is the largest rice producing Indian state, as per 2013-14 records?

- a) Andhra Pradesh
- b) Uttar Pradesh
- c) West Bengal
- d) Punjab

15) Which is the largest jowar producing Indian state, as per 2011-12 records?

- a) Andhra Pradesh
- b) Karnataka
- c) Madhya Pradesh
- d) Maharashtra



16) Which is the leading Indian state in cotton production, as per 2013-14 records?

- a) Andhra Pradesh
- b) Gujarat
- c) Maharashtra
- d) Tamil Nadu

17) Which is the leading Indian state in groundnut production, as per 2013-14 records?

- a) Andhra Pradesh
- b) Gujarat
- c) Tamil Nadu
- d) Karnataka

18) Which is the highest coconut producing Indian state, as per 2013-14 records?

- a) Karnataka
- b) Kerala
- c) Tamil Nadu
- d) Maharashtra

19) The characteristic features of Indian Agriculture are:

1. Labour surplus economy
2. Structural unemployment
3. Large size of land holding
4. Traditional technology of production

Which statements are correct?

- a. 1 and 2
- b. 2 and 3
- c. 1 and 4
- d. 3 and 4 Ans:

20) The Apex institution in the spare of agriculture credit is:

- a. State Bank of India
- b. Reserve Bank of India
- c. Regional Rural of Bank



d. NABARD

21) As we know, a lot of people from underdeveloped states migrate to various progressive states as agricultural labour. What are the major problems of agriculture in India owing to which people have to leave their own land and work as laborer on somebody else's farm/land?

1. Lack of irrigation facilities, low productivity of land and uncertain monsoon.
2. Non availability of fertilizers etc. on subsidized rates.
3. Single crop cultivation.

Select the correct option

- a. Only 1
- b. Only 2
- c. Only 3
- d. All the three Ans:

22) Marginal land holding is when,

- a. Owning less than one hectare of land
- b. Owning less than 4 hectares of land
- c. Owning less than 10 hectares of land
- d. All of them are true

23) Arrange in the right order the contribution of sectors to the GDP from highest to lowest.

- a. Agriculture, manufacturing, tertiary
- b. Agriculture, tertiary, manufacturing
- c. Tertiary, manufacturing, agriculture
- d. Manufacturing, tertiary, agriculture

24) What are the real problems of the Indian agriculture?

- I. Dependence on Erratic Monsoon
- II. Low productivity
- III. Constraints of financial resources and indebtedness
- IV. Lack of land reforms
- V. Small land size and fragmentation of landholdings



- a. I, II, III and IV only
- b. II and IV only
- c. III and V only
- d. All

25) What as the prime target of the first five-year plan of India?

- a. Development of the industries
- b. Development of Agriculture
- c. Development of infrastructure
- d. Development of ports

26) Approx. ___ % of Indian population is still Agriculturist.

- a. 46%
- b. 50%
- c. 58%
- d. 64%

27) Contribution of agriculture to Gross National Product is approximately?

- a. 14%
- b. 15%
- c. 16.5%
- d. 17.5%

28) Which of the following is the commercial crop in India?

- a. Mustard
- b. tobacco
- c. Jute
- d. All of the above

29) Who approves the Fair and Remunerative Price (FRP) of sugarcane?

- a. Cabinet Committee on Economic Affairs
- b. Commission for Agricultural Costs and Prices
- c. Directorate of Marketing and Inspection, Ministry of Agriculture
- d. Agricultural Produce Market Committee



30) The *Green Revolution* in India was the outcome of the efforts of who amongst the following?

- a. M.S. Swaminathan
- b. C. Rangrajan
- c. K.V. Kamath
- d. Rakesh Mohan

Unit 2: Answer Key

1-c	2-d	3-c	4-c	5-b	6-b	7-d	8-c	9-d	10-b
11-c	12-a	13-d	14-c	15-d	16-b	17-b	18-b	19-c	20-d
21-d	22-a	23-c	24-d	25-b	26-c	27-d	28-d	29-a	30-a

Unit 3: Industrial Development in India since independence

1. Consider the following statements and identify the right ones.

- i. The Industrial Policy of 1948 was the first industrial policy statement by the Government
- ii. It gave leading role to the private sector

- a. I only
- b. ii only
- c. both
- d. none

2. Consider the following statements and identify the right ones.

- i. As per the 1948 policy, six industries were under the mixed sector
- ii. New units could be set up by the private sector

- a. i only
- b. ii only
- c. both



d. none

3. Which of the following was not an objective of the 1956 industrial policy?

- a. Development of cooperative sector
- b. Expansion of public sector
- c. Develop heavy and machine making industries
- d. None of the above

4. Consider the following statements and identify the right ones.

- i. The 1980 industrial policy emphasized "economic federalism"
- ii. Liberal license policies were advocated for agro-based industries

- a. I only
- b. ii only
- c. both
- d. none

5. The most urgent problem which prompted the introduction of the New Economic Policy in 1991 was

- A. Foreign exchange crisis
- B. All of these
- C. Poor performance of public sector
- D. High tax rate leading to tax evasion

6. Which of the following industries are to be given compulsory licensing?

- a. Alcohol
- b. Tobacco
- c. Drugs and pharmaceuticals
- d. All the above

7. Which of the following industries was de-reserved in 1993?

- a. Atomic energy



- b. Atopic minerals
- c. Mining of copper and zinc
- d. Railways

8. Which of the following is not a Maha-Ratna industry?

- a. GAIL
- b. Coal India Limited
- c. SAIL
- d. Airports Authority of India

9. Which of the following is a nav Ratna category unit?

- a. HAL
- b. Oil India Limited
- c. MTNL
- d. All the above

10. Consider the following statements and identify the right ones.

- i. The new manufacturing policy aims to create 100 million jobs and increase share of manufacturing sector in the GDP
- ii. A special purpose vehicle is created to develop infrastructure on PPP mode

- a. I only
- b. ii only
- c. both
- d. none

11. Which of the following statements is correct?

- (a) The public sector was given a dominant position in the newly Independent India
- (b) The foreign trade policy post-Independence allowed free trade of all goods and services.
- (c) Monetary policy post-Independence sought to keep the CRR at a very low level.
- (d) None of the above.



- 12.** All of the following developments were noticed during 1991 (when economic reforms were enforced) except one. Identify it.
- (a) National debt was nearly 60 per cent of the GNP of India
 - (b) Inflation crossed double digits.
 - (c) Foreign reserves were maintained at a very high level.
 - (d) None of the above.
- 13.** At present only _____ industries are reserved for the public sector.
- (a) 5
 - (b) 7
 - (c) 8
 - (d) 3
- 14.** At present there are only _____ industries for which licensing are compulsory.
- (a) 18
 - (b) 3
 - (c) 10
 - (d) 9
- 15.** At present, in which sector 100 per cent FDI is allowed in India?
- (a) Defense
 - (b) Drugs and pharmaceuticals
 - (c) Banks
 - (d) Insurance
- 16.** As a result of the New Industrial Policy, 1991:
- (a) Prior approval of central government is required for establishing new undertakings, and expanding the present undertaking.
 - (b) An industry intending to have more than 100 crores of assets is required to obtain the permission of the central government.
 - (c) Prior approval of central government for establishing new undertakings and expanding existing undertaking is not required
 - (d) Two or more companies deciding to amalgamate are required to take the prior approval of the central government.
- 17.** Which of the following is also known as International Bank for Reconstruction and Development?



- (a) IMF
- (b) RBI
- (c) WTO
- (d) World Bank

- 18.** In which among the following year was 'liberalized industrial policy' in India was announced for the first time?
- a. 1992
 - b. 1995
 - c. 1991
 - d. 1996
- 19.** Increase in aggregate output of goods and services
- a. Economic development
 - b. Economic planning
 - c. Economic growth
 - d. Economy
- 20.** The economic reforms were intended to take the Indian economy into three specific directions which are
- A. LPG
 - B. DPG
 - C. LDG
 - D. DLP
- 21.** LPG stands for
- A. Liberalisation, Privatisation, Globalisation
 - B. Liberalisation, Performance, Globalisation
 - C. Liberalisation, Privatisation, Growth
 - D. Liberalisation, Performance, Growth



- 22.** Under the industrial policy of 1991, the number of industries reserved for the public sector have been reduced from 17 to
- A. 8
 - B. 6
 - C. 3
 - D. 5
- 23.** The main source of foreign capital in India is
- A. Loans from abroad
 - B. None
 - C. Foreign direct investment
 - D. Both A and C
- 24.** 24. In which among the following year the MRTP act become effective
- A. 1980
 - B. 1960
 - C. 1970
 - D. 1990
- 25.** LQP raj refers to
- A. license, quota, Privatisation raj
 - B. liberalisation, quota, permit raj
 - C. license, quota, permit raj
 - D. license, quarter, Privatisation raj
- 26.** 26. Which act was removed under NEP
- A. MRMP
 - B. MDPE
 - C. MRRP
 - D. MRTP



- 27.** The NEP in 1991 was initiated by the
- A. Prime Minister
 - B. Foreign Minister
 - C. Home Minister
 - D. Finance Minister
- 28.** There are three industries which are reserved for the public sector except
- A. Railway transport
 - B. Atomic energy
 - C. Defence equipment
 - D. Electricity
- 29.** During the economic crisis, the World bank and IMF provided India a loan of
- A. 7 billion
 - B. 5 billion
 - C. 8 billion
 - D. 6 billion
- 30.** PSU is
- A. Producing sector undertaking
 - B. None
 - C. Public sector undertaking
 - D. Private sector undertaking
- 31.** Selling off the share of public sector companies to the private individuals and institutions is known as
- A. Amendments
 - B. Delicensing
 - C. Dereservation
 - D. Disinvestment
- 32.** The most urgent problem which prompted the introduction of the New Economic Policy in 1991 was
- A. Foreign exchange crisis
 - B. All of these
 - C. Poor performance of public sector
 - D. High tax rate leading to tax evasion



Unit 3: Answer Key

1-a	2-a	3-d	4-c	5-b	6-d	7-c	8-d	9-d	10-c
11-a	12-c	13-d	14-b	15-b	16-c	17-d	18-c	19-c	20-a
21-a	22-a	23-d	24-c	25-c	26-d	27-d	28-d	29-a	30-c
31-d	32-b								

Unit 4: Infrastructure Development in India since 1991

1. Which programme was launched in 2006 with objective of correcting regional imbalances in provision of healthcare?
 - a) Pradhan Mantri Swasthya Suraksha Yojna
 - b) National Rural Health mission
 - c) Janani Suraksha Yojna
 - d) Integrated Disease Surveillance
2. All the support structures which facilitates development of a country constitute its (1)
 - a) None
 - b) Infrastructure
 - c) Manufactures
 - d) Construction
3. Who gives the final approval to the five-year plans of India?
 - a) National Development Council (NDC)
 - b) Ministry of Finance
 - c) Planning Commission (now NITI Aayog)
 - d) President of India



4. Which programme given the slogan of Garibi Hatao?

- a) 7th five-year plan
- b) 3rd five-year plan
- c) 6th five-year plan
- d) 5th five-year plan

5. Consider the following statements about India's energy mix:

- 1. Coal is the source of more than 50% energy needs.
- 2. Renewable sources of energy contribute more than 15% of energy requirements of India.

Which of the statements given above is/are correct?

- a) 1` only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

6. Despite having large reserves of coal, why does India import millions of tonnes of coal?

- 1. It is the policy of India to save its own coal reserves for the future and import it from other countries for the present use.
- 2. Most of the power plants in India are coal based, and they are not able to get sufficient supplies of coal from within the country.
- 3. Steel companies need a large quantity of coking coal, which has to be imported.

Which of the statements given above is/are correct?

- a) 1` only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1, 2, and 3

7. When was the first train streamed off in India?

- a) 1848
- b) 1853
- c) 1875
- d) 1880



8. Which of the following produces maximum crude petroleum in India at present?

- a) Assam
- b) Gujarat
- c) Off-shore BOMBAY High
- d) Coastal Tamil Nadu

9. Which one of the following is an abiotic and renewable resource?

- a) iron ore
- b) livestock
- c) water
- d) forest

10. Which kind of power accounts for the largest share of power generation of India?

- a) hydro-electricity
- b) thermal
- c) nuclear
- d) solar

11. Which one of the following is the oldest oil refinery in India?

- a) Digboi
- b) Koyali
- c) Haldia
- d) Mathura

12. The oil and natural gas commission was set up in?

- a) 1956
- b) 1959
- c) 1961
- d) 1965



13. The conventional source of energy are

- a) Non- Commercial
- b) Commercial Source
- c) Both
- d) None

14. The word 'Health' means

- a) Ability to realize one's potential
- b) Absence of disease
- c) Both
- d) None

15. What is the FDI allowed for Urban Infrastructure?

- a)49
- b)100
- c)75
- d)51

16. What is the rank of the construction sector in employment generation?

- a)2nd
- b)1st
- c)4th
- d) 5th

17. Which of the following is not in the infrastructure sector?

- a) Power generation
- b) National highways
- c) Food Production
- d) Railways



18. Which of the following is/are comes under Economic Infrastructure?

- a) Transport
- b) Communication
- c) Irrigation and Power
- d) All the above

19. Which of the following is true:

A Economic infrastructure means those basic facilities

B. services which directly benefit the process of production and distribution of an economy

- a). A only
- b). B only
- c). both A and B
- d). neither A nor B

20. Which of the following is true:

A. Development of sufficient and quality infrastructure helps in economic development by facilitating production and investment in any economy.

B. shortage of these facilities in underdeveloped countries is the main cause of less economic development

- a) A only
- b) B only
- c) both A and B
- d) neither A nor B

Unit 4: Answer Key

1-a	2-b	3-a	4-d	5-c	6-b	7-b	8-c	9-c	10-b
11-a	12-d	13-c	14-c	15-b	16-a	17-c	18-d	19-c	20-c



Unit 5: Human Resource Development

1. Which three indicators are used in the Human Development Index (HDI)?

- i) Standard of living
- ii) Education
- iii) Life expectancy
- iv) Condition of environment

- a) Only I, II & IV
- b) Only I, II, & III
- c) Only I & II
- d) All of the above

2. Who releases the Human Development Report?

- a) World bank
- b) World economic forum
- c) United Nations
- d) UNCTAD

3. Who secured the top rank in The Human Development Report 2018?

- a) Sweden
- b) Norway
- c) Switzerland



d) Austria

4. What is the rank of India in the Human Development Index 2018?

a) 142nd

b) 136th

c) 140th

d) 130th

5. When was the Gender Inequality Index (GII) introduced?

a) 2010

b) 2011

c) 1999

d) 2005

6. Who invented the Human development Index?

a) Paul Krugman

b) Mahbub -ul Haqq

c) Jean dreze

d) Alfred marshal

7. Who releases the Multidimensional Poverty Index (MPI)?

a) World Bank

b) World Economic Forum

c) UNDP

d) Asian Development Bank



8. Which statement depicts the best definition of sustainable development?
- a) It means optimal utilization of natural resources.
 - b) Sustainable use of natural resources without considering the need of the future generation.
 - c) Present generation fulfils its needs while considers the needs of the future generation as well.
 - d) None of these
9. Which of the following about strategy of unbalanced growth is right?
- a) Deliberate imbalance in favour of some sectors
 - b) Simultaneous investment in all sectors
 - c) Both
 - d) None
10. Consider the following statements and identify the right ones.
- i. Unbalanced growth strategy is also known as Mahalanobis strategy
 - ii. This strategy was adopted in India after the 7th five-year plans.
- a. I only
 - b. ii only
 - c. both
 - d. none
11. The concept of PQLI was developed by
- a. Morris D Morris
 - b. UNO
 - c. UNDP
 - d. Oxford Poverty and Human Development Initiative



12. The parameter/s of the PQLI is/are

- a. Life Expectancy Index
- b. Standard of living index
- c. Infant mortality rate
- d. A and C

13. Consider the following statements and identify the right ones

- i. The Oxford PHI publishes Human Development Report
- ii. The HDR is published biennially.

- a. I only
- b. ii only
- c. both
- d. none

14. The concept of HDI was popularized by

- a. Morris D Morris
- b. Adam Smith
- c. Keynes
- d. Mahbub UI Haq

15. The component/s of HDI is/are

- a. Life expectancy index
- b. Infant mortality rate
- c. Population growth rate
- d. All the above



16. The Multidimensional Poverty Index has been developed by
- The UNDP
 - Oxford HDI
 - The UNO
 - Morris D Morris
17. Which of following is not a component of MPI?
- Health
 - Education
 - Occupation
 - Standard of living
18. Consider the following statements and identify the right ones.
- Each indicator in educational dimension is equally weighted at $1/6$
 - Each indicator in standard of living is equally weighted at $1/8$
- I only
 - ii only
 - both
 - none
19. Which of the following is not an indicator to measure MPI?
- Electricity
 - Flooring
 - Cooking fuel
 - Profession



20. Which of the following was the 1st state to bring out state HDR?
- Rajasthan
 - Karnataka
 - Madhya Pradesh
 - Kerala
21. The investment by government to create socio-economic infrastructure is
- Induced investment
 - Autonomous investment
 - Incremental COR
 - None of the above
22. Economic growth in India will happen necessarily if there is
- Population growth
 - Capital formation
 - Technical progress in the global economy
 - All the above
23. Inclusive governance includes
- Allowing NBFCs to do banking
 - Increase government spending on health
 - Strengthening mid-day meals scheme
 - All the above
24. An open economy is one where
- Deficit financing is absent
 - No export activities
 - No import activities
 - Economy opened to the world



25. Which one of the following is NOT one of the dimensions to the Human Development Index?

- a. Health
- b. Education
- c. Living standards
- d. Political freedom

26. Which one of the following is NOT one of the indicators for the Human Development Index dimensions?

- a. Life expectancy at birth
- b. Gross domestic product per capita
- c. Mean years of schooling
- d. Expected years of schooling

Unit 5: Answer Key

1-b	2-c	3-b	4-d	5-a	6-b	7-c	8-c	9-a	10-a
11-a	12-d	13-d	14-d	15-a	16-b	17-c	18-a	19-d	20-c
21-b	22-b	23-d	24-d	25-d	26-b				

Unit 6: Global Economic Development and Foreign Capital

1. Which of the following resulted from the Great Depression?

- a) Increased trade barriers and devalued currencies.
- b) A stable exchange rate system.
- c) Free international capital flows.
- d) None of the options given is correct.



2. What is the main role of the IMF?

- a) To ensure a stable exchange rate regime and provide emergency assistance to countries facing crises in balance of payments.
- b) To be a forum for trade and liberalization.
- c) To assist countries in development.
- d) To facilitate private investment around the world.

3. What is the main role of the World Bank?

- a) To be a forum for trade and liberalization.
- b) To assist countries in development.
- c) To facilitate private investment around the world.
- d) All of the options given are correct.

4. What is meant by the 'Washington Consensus'?

- a) The consensus in Washington about matters of foreign policy.
- b) The ten-point guideline to liberal economic reform for development around the world.
- c) The ten-point guideline for economic growth in Europe.
- d) The ten-point neo-liberal guideline for progress in the US.

5. Why do states undertake protectionist measures?

- a) To assist private investment.
- b) To keep competitive foreign goods from flooding the market.
- c) To keep stable exchange rates.
- d) All of the options given are correct.



6. What does structural adjustment involve?

- a) Measures to reduce inflation.
- b) Measures to curb government expenditure.
- c) Deregulation.
- d) All of the options given are correct

7. What is the mercantilist view of IPE?

- a) The world economy is where states seek to maximize their wealth and independence relative to other states.
- b) The world economy is an arena of capitalist competition in which social groups are always in conflict.
- c) Free trade and free movement of capital shape the policies of governments and economic actors.
- d) None of the options given are correct.

8. What is Dependency Theory?

- a) Economic activity in the richer countries often leads to serious economic problems in the poorer countries.
- b) Economic development of poorer countries is positively dependent on economic growth of richer countries.
- c) Economic growth is beneficial to all.
- d) None of the options given are correct.

9. The constructivist approach pays attention to what?

- a) The rational actor.
- b) How rational choice can be applied to constructing social groups.
- c) How actors construct their interests within a structure of ideas, culture, and knowledge (which itself is shaped by hegemonic powers).



- d) How states and other actors construct their preferences, highlighting the role of identities, beliefs, tradition, and values.
10. Under what conditions will states create international institutions?
- a) For mutual gains.
 - b) Only where position relative to other states is not affected.
 - c) They arise as reflections of identities and interest of states and groups which are themselves forged through interactions.
 - d) Depends on the school of thought.
11. Amalgamation and rapid unification between countries can be identified as
- a) Globalisation
 - b) Liberalisation
 - c) Socialisation
 - d) Privatisation
12. Globalisation has improved in the living structure of
- a) All the people
 - b) Workers in developing countries
 - c) People in developed countries
 - d) None of the above.
13. Which Indian industries have been hit by globalisation?
- a) Cement
 - b) Jute
 - c) Toy making
 - d) Information Technology (IT)



14. Which organisations strain on the liberalisation of foreign investment and foreign trade?
- a) International Monetary Fund
 - b) World Health Organisation
 - c) World Trade Organisation
 - d) International Labour Organisation
15. Tax on imports can be treated as
- a) Collateral
 - b) Trade Barriers
 - c) Foreign Trade
 - d) Terms of Trade
16. The main reason behind MNCs investments are
- a) To benefit foreign countries
 - b) To provide financial support to the country's government
 - c) For the welfare of underprivileged people.
 - d) To increase the assets and earn profits.
17. Which institute supports investments and foreign trade in India?
- a) International Monetary Fund (IMF)
 - b) World Trade Organisation (WTO)
 - c) World Bank
 - d) International Labour Organisation (ILO)



18. When did the government remove the barriers for investment and investment in India?
- a) 1990
 - b) 1991
 - c) 1992
 - d) 1993
19. Which of the following is referred to as the predecessor to WTO?
- a) GATT
 - b) OPEC
 - c) World Bank
 - d) IMF
20. Hyperglobalization is a process of globalization which —
- a) emphasizes the rise of regionalism
 - b) emphasizes the rise of the TNC and decline of the nation state
 - c) emphasizes the rise of nation states
 - d) emphasizes the decline of the TNC
21. Economic globalization is characterized by —
- a) cross-cultural flows of ideas
 - b) rise of regionalism
 - c) international migration
 - d) international trade and investment flows



22. Ethnocentric orientation is a predisposition towards —
- a) the global economy
 - b) geographically proximate regions
 - c) the home country
 - d) regionalism
23. Business entities engaged in international business activity are commonly known as —
- a) State-trading corporations
 - b) EOUs
 - c) TNCs
 - d) NGOs
24. Who founded Facebook in 2004?
- a) Mark Zuckerberg
 - b) Sean Fanning
 - c) Jack Dorsey
 - d) Steve Jobs
25. International orientation refers to —
- a) a gradual process of internationalization
 - b) an attitude or strategic predisposition of a TNC towards internationalization
 - c) a firm's modes of entry into international business
 - d) the stage theory of internationalization



Unit 6: Answer Key

1-a	2-a	3-b	4-b	5-b	6-d	7-a	8-a	9-d	10-d
11-a	12-b	13-c	14-c	15-b	16-d	17-b	18-b	19-a	20-b
21-d	22-c	23-c	24-a	25-b					

Unit 7 Foreign Trade and Balance of Payment

1. _____ is a systematic record of all the economic transaction between one country and rest of the world:
 - a. Balance of Trade
 - b. Balance of Transaction
 - c. Budget
 - d. Balance of payments

2. As per IMF balance of payment manual, import export of goods should be presented on:
 - a. FOB basis
 - b. FOR basis
 - c. CIF basis
 - d. All of these

3. OECD stands for:
 - a. Organization for export co-operation & development
 - b. Organization for economic commission & development
 - c. Organization for export commission & development
 - d. Organization for economic co-operation & development



4. India has witnessed a surplus for the third successive year in which account of the balance of payment?
- Trade account of BOP
 - Current account of BOP
 - Both (a) and (b)
 - None of these
5. In India which authority takes the purview of import & export:
- EXIM
 - RBI
 - Ministry of Finance
 - Ministry of commerce
6. Devaluation means:
- To reduce the value of home currency in other currency
 - To appreciate the value of home currency
 - To increase the value of home currency in other currency.
 - To constant the value of home currency.
7. _____ is a systematic record of all transactions of a country in a year.
- Balance of payment
 - Balance of Trade
 - Current Account of Balance of Payment
 - None.
8. The current account of Balance of Payment includes trade balance and _____.
- Settlement account



- b. Capital account
 - c. Invisibles
 - d. Errors and omissions.
9. Balance of payment deficit can be removed through:
- a. Devaluation of currency
 - b. Vigorous export promotion
 - c. Import substitution
 - d. All of the above.
10. The difference between the value of a nations visible exports and visible import is.
- a. Balance of trade.
 - b. Balance of payments.
 - c. Balance of current Account.
 - d. Balance of Capital Account.
11. Which of the following is NOT a restriction to international trade?
- a. Quotas.
 - b. GATT.
 - c. Subsidies.
 - d. Exchange controls.
12. FDI stands for:
- a. foreign direct investment.
 - b. foreign domestic investment.
 - c. foreign direct intervention.
 - d. foreign direct intermediation



13. The balance of payments of a country records flows of money from:
- imports and exports and investment flows.
 - imports and exports and investments flow and speculative flows.
 - imports and exports.
 - imports and exports and domestic demand.
14. Trade between two countries can be useful if cost ratios of goods are:
- Undetermined
 - Decreasing
 - Equal
 - Different
15. The term Euro Currency market refers to
- The international foreign exchange market
 - The market where the borrowing and lending of currencies take place outside the country of issue
 - The countries which have adopted Euro as their currency
 - The market in which Euro is exchanged for other currencies
16. Which of the following theories suggests that firms seek to penetrate new markets over time?
- Imperfect Market Theory
 - Product cycle theory
 - Theory of Comparative Advantage
 - None of the above



17. Dumping refers to:
- Reducing tariffs
 - Sale of goods abroad at low a price, below their cost and price in home market
 - Buying goods at low prices abroad and selling at higher prices locally
 - Expensive goods selling for low prices
18. International trade and domestic trade differ because of:
- Different government policies
 - Immobility of factors
 - Trade restrictions
 - All of the above
19. The margin for a currency future should be maintained with the clearing house by
- The seller
 - The buyer
 - Either the buyer or the seller as per the agreement between them
 - Both the buyer and the seller
20. The following statement with respect to currency option is wrong
- Foreign currency- Rupee option is available in India
 - An American option can be executed on any day during its currency
 - Put option gives the buyer the right to sell the foreign currency
 - Call option will be used by exporters



21. Govt. policy about exports and imports is called:

- a. Commercial policy
- b. Fiscal policy
- c. Monetary policy
- d. Finance policy

22. Which of the following is international trade?

- a. Trade between countries
- b. Trade between regions
- c. Trade between provinces
- d. Both (b) and (c)

23. Market in which currencies buy and sell and their prices settle on is called the

- a. International bond market
International capital market
- b. Foreign exchange market
- c. Eurocurrency market

Unit 7: Answer Key

1-d	2-a	3-d	4-b	5-d	6-a	7-a	8-c	9-a	10-a
11-b	12-a	13-b	14-d	15-b	16-b	17-b	18-d	19-d	20-d
21-a	22-a	23-c							



Unit 8 Regional and International Economic Co-operation-Importance, Objective, Structure and Functions

1. _____ is an important reason for economic integration.
 - a. Geographic proximity
 - b. Democracy
 - c. Totalitarianism
 - d. Common law practice

2. Neighboring countries tend to collaborate for all of the following reasons EXCEPT:
 - a. the distance that goods need to travel between such countries is short
 - b. neighboring countries tend to be in similar economic situations and therefore are able to better control currency exchange rates
 - c. consumers' tastes are likely to be similar, and distribution channels can be easily established in adjacent countries
 - d. neighboring countries may have a common history and interests, and may be more willing to coordinate their policies

3. Geographic proximity is an important reason for economic integration because consumer tastes are likely to be:
 - a. different.
 - b. opposite.
 - c. similar.
 - d. strange.

4. Which of the following types of regional economic integration focuses only on eliminating internal tariffs?
 - a. customs union
 - b. common market
 - c. complete economic integration
 - d. free trade area

5. In which of the following types of regional economic integration are internal tariffs eliminated with member countries levying a common external tariff on goods being imported from nonmembers.



- a. customs union
 - b. free trade area
 - c. common market
 - d. complete economic integration
6. A _____ focuses on eliminating internal tariffs with member countries levying a common external tariff on goods being imported from nonmembers. Additionally, this type of regional economic integration allows free mobility of production factors such as labor and capital.
- a. free trade area
 - b. common market
 - c. customs union
 - d. complete economic integration
7. In _____, countries focus on eliminating internal tariffs among member countries, have a common external trading policy among nonmembers, allow free mobility of production factors within member countries, and adopt common economic policies.
- a. free trade area
 - b. customs union
 - c. complete economic integration
 - d. common market
8. _____ occurs when production shifts to more efficient producers for reasons of comparative advantage, allowing consumers access to more goods at a lower price than would have been possible without integration.
- a. Trade diversion
 - b. Divestment
 - c. Trade creation
 - d. Retrenchment
9. Which of the following was developed with the rationale that the U.S.-Canadian trade was the largest bilateral trade in the world and that the United States is Mexico's and Canada's largest trading partner?
- a. CEFTA (the Central European Free Trade Agreement)
 - b. NAFTA (the North American Free Trade Agreement)
 - c. ASEAN (Association of South East Asian Nations)
 - d. EU (the European Union)



10. _____ occurs when trade shifts to countries in the group at the expense of trade with countries not in the group, even though the nonmember country might be more efficient in the absence of trade barriers.
- Trade creation
 - Divestment
 - Retrenchment
 - Trade diversion
11. NAFTA calls for all of the following EXCEPT:
- the harmonization of trade rules
 - the liberalization of restrictions on services
 - the implementation of a common currency
 - the liberalization of restrictions on foreign investment
12. NAFTA is a good example of:
- trade erosion.
 - divestment.
 - retrenchment.
 - trade diversion.
13. The _____ is a political organization comprised of 185 countries, and it is headquartered in New York City. This organization deals with a variety of political issues, such as security and world peace, but it also deals in humanitarian and economic issues.
- World Trade Organization
 - World Bank
 - European Union
 - United Nations
- Note: even global environmental issues have also been taken care by UN
14. Where is the headquarters of the EU?
- Belgium
 - Netherlands
 - Luxembourg
 - Greece
15. Where is the headquarters of the SAARC?
- Manila
 - Kathmandu
 - New Delhi
 - Jakarta



16. Apart from India, Pakistan and Bangladesh who are the other member countries of SAARC?

- a. Nepal, Bhutan, Thailand and Singapore
- b. Nepal, Bhutan, Malaysia and Maldives
- c. Nepal, Bhutan, Maldives, Sri Lanka and Afghanistan
- d. None of The Above

17. Which of the following is not the main purpose for formation of SAARC

- a. To Combat Terrorism
- b. To Promote the Welfare of the people of South Asia
- c. To form mutual Defence against foreign aggression
- d. None of The Above

18. SAPTA is a trade agreement by _____

- a. ASEAN Nations
- b. APEC Nations
- c. SAARC Nations
- d. EU Nations

19. What is the full form of ASEAN?

- a. Association of South East Asian Nations
- b. Administration of South East Asian Nations
- c. Administration of Southern Eastern Asian Nations
- d. Organisation of South East Asian Nations

Unit 8: Answer Key

1-a	2-b	3-c	4-d	5-a	6-b	7-c	8-c	9-b	10-d
11-c	12-d	13-d	14-a	15-b	16-c	17-c	18-c	19-a	