

ECONOMY (STATIC) - 200 MCQs

PART A: GDP & NATIONAL INCOME (Q1-Q50)

1. GDP measures the value of:
 - A. All goods produced by citizens
 - B. All final goods & services within a country
 - C. All intermediate goods
 - D. Only industrial output
2. GDP is calculated at:
 - A. Factor cost
 - B. Market price
 - C. Basic price
 - D. All of the above
3. GNP differs from GDP by:
 - A. Indirect tax
 - B. Depreciation
 - C. Net factor income from abroad
 - D. Subsidy
4. Which includes depreciation?
 - A. NDP
 - B. GDP
 - C. NNP
 - D. Personal income
5. National Income is measured at:
 - A. Market price
 - B. Factor cost
 - C. Basic price
 - D. Constant price
6. Per capita income is calculated as:
 - A. GDP / Population
 - B. GNP / Population
 - C. National Income / Population
 - D. Disposable income / Population
7. Which sector contributes the maximum to India's GDP?
 - A. Agriculture
 - B. Industry
 - C. Services
 - D. Mining
8. Nominal GDP is measured at:
 - A. Constant prices
 - B. Current prices
 - C. Factor cost
 - D. Base year prices
9. Real GDP removes the effect of:
 - A. Population
 - B. Inflation
 - C. Exports
 - D. Imports
10. GDP deflator measures:
 - A. Interest rate
 - B. Inflation
 - C. Employment
 - D. Output
11. Which is excluded from GDP?
 - A. Teacher's salary
 - B. Farmer's output
 - C. Housewife's service
 - D. Factory output
12. Transfer payments include:
 - A. Pension
 - B. Salary
 - C. Profit
 - D. Rent
13. Which income accrues to land?
 - A. Wage
 - B. Rent
 - C. Interest
 - D. Profit
14. Mixed income arises mainly in:
 - A. Public sector
 - B. Private companies
 - C. Household enterprises
 - D. Government
15. Value added =
 - A. Output - Input
 - B. Output + Input
 - C. Input - Output
 - D. Sales - Profit
16. Which method avoids double counting?
 - A. Income method
 - B. Expenditure method
 - C. Value added method
 - D. Production method
17. GDP at factor cost =
 - A. GDP_{mp} - Indirect tax + Subsidy
 - B. GDP_{mp} + Indirect tax
 - C. GDP_{mp} - Subsidy
 - D. GDP_{mp} + Subsidy
18. Which organization calculates India's GDP?
 - A. RBI
 - B. NITI Aayog
 - C. NSO
 - D. SEBI
19. Base year for GDP calculation is changed to reflect:
 - A. Politics

B. Inflation
C. Structural changes
D. Budget deficit

20. Which sector is least volatile?
A. Agriculture
B. Industry
C. Services
D. Mining

21. Black economy activities are:
A. Included in GDP
B. Excluded from GDP
C. Fully counted
D. Taxed

22. Which income is deducted to get personal income?
A. Corporate tax
B. Transfer payments
C. Wages
D. Interest

23. Disposable income =
A. Personal income – Taxes
B. National income – Taxes
C. GDP – Taxes
D. GNP – Taxes

24. Which increases GDP but not welfare?
A. Education
B. Pollution cleanup
C. Healthcare
D. Infrastructure

25. Which is a stock variable?
A. Income
B. Wealth
C. GDP
D. National income

26. GDP growth indicates:
A. Inflation
B. Economic expansion
C. Population growth
D. Deficit

27. Which activity increases GDP?
A. Buying old house
B. Black market sale
C. Government road construction
D. Transfer payment

28. Which is counted in GDP?
A. Illegal trade
B. Second-hand car sale
C. Brokerage on old house
D. Dowry

29. Which price removes inflation?
A. Current price

B. Market price
C. Constant price
D. Factor price

30. Green GDP adjusts GDP for:
A. Population
B. Environment damage
C. Fiscal deficit
D. Inflation

31. Which country introduced GDP first?
A. UK
B. USA
C. Germany
D. France

32. GDP per capita reflects:
A. Income inequality
B. Living standard
C. Population density
D. Employment

33. Which is NOT part of national income?
A. Rent
B. Wage
C. Transfer payment
D. Profit

34. Depreciation is also called:
A. Capital loss
B. Capital consumption
C. Wear and tear
D. Both B & C

35. Which GDP excludes depreciation?
A. GDP
B. NDP
C. GNP
D. Nominal GDP

36. Which sector is called tertiary sector?
A. Farming
B. Manufacturing
C. Services
D. Mining

37. Which sector is most employment-intensive in India?
A. Industry
B. Agriculture
C. Services
D. Mining

38. GDP does NOT measure:
A. Income
B. Welfare
C. Output
D. Growth

39. Which causes double counting?
A. Final goods

<ul style="list-style-type: none"> B. Value added C. Intermediate goods D. Services 	<ul style="list-style-type: none"> A. Services B. Industry C. Agriculture D. Mining
<p>40. National income at market price includes:</p> <ul style="list-style-type: none"> A. Subsidy B. Indirect tax C. Both A & B D. None 	<p>46. GDP growth rate is measured annually in:</p> <ul style="list-style-type: none"> A. Percentage B. Rupees C. Dollars D. Index
<p>41. GDP growth without job growth is called:</p> <ul style="list-style-type: none"> A. Inflation B. Jobless growth C. Stagflation D. Recession 	<p>47. Which raises per capita income fastest?</p> <ul style="list-style-type: none"> A. Population growth B. GDP growth C. Exports D. Imports
<p>42. Which is excluded from factor income?</p> <ul style="list-style-type: none"> A. Wages B. Rent C. Interest D. Indirect tax 	<p>48. Which GDP ignores price rise?</p> <ul style="list-style-type: none"> A. Nominal B. Market C. Real D. Factor
<p>43. Which country uses GNH instead of GDP?</p> <ul style="list-style-type: none"> A. Nepal B. Bhutan C. Sri Lanka D. Maldives 	<p>49. Which body releases national income data?</p> <ul style="list-style-type: none"> A. RBI B. Finance Ministry C. NSO D. SEBI
<p>44. Which GDP calculation method is most accurate?</p> <ul style="list-style-type: none"> A. Income B. Expenditure C. Output D. All give same result 	<p>50. GDP includes value of:</p> <ul style="list-style-type: none"> A. Household work B. Illegal trade C. Government services D. Transfer payments
<p>45. Which sector fluctuates most with monsoon?</p>	

PART B: INFLATION & MONETARY POLICY (Q51-Q120)

<p>51. Inflation means:</p> <ul style="list-style-type: none"> A. Rise in output B. Rise in prices C. Rise in income D. Rise in employment 	<p>54. Hyperinflation refers to:</p> <ul style="list-style-type: none"> A. Slow price rise B. Moderate inflation C. Very high inflation D. Deflation
<p>52. Deflation means:</p> <ul style="list-style-type: none"> A. Rise in prices B. Fall in prices C. Stagnation D. Growth 	<p>55. Which index measures retail inflation in India?</p> <ul style="list-style-type: none"> A. WPI B. CPI C. GDP deflator D. IIP
<p>53. Moderate inflation is considered:</p> <ul style="list-style-type: none"> A. Harmful B. Beneficial C. Neutral D. Dangerous 	<p>56. WPI measures inflation at:</p> <ul style="list-style-type: none"> A. Retail level B. Wholesale level C. Consumer level D. Import level

57. RBI uses which inflation for policy targeting?

- A. WPI
- B. CPI
- C. GDP deflator
- D. IIP

58. Cost-push inflation is caused by:

- A. Excess demand
- B. Rising production cost
- C. Money supply
- D. Tax cut

59. Demand-pull inflation is caused by:

- A. Supply shock
- B. Wage hike
- C. Excess demand
- D. Deflation

60. Stagflation means:

- A. Inflation + growth
- B. Inflation + unemployment
- C. Growth + employment
- D. Deflation + growth

61. Repo rate is the rate at which RBI lends to:

- A. Government
- B. Banks
- C. NBFCs
- D. Consumers

62. Reverse repo rate means:

- A. RBI borrows from banks
- B. RBI lends to banks
- C. Banks borrow from public
- D. Banks lend to RBI

63. Increase in repo rate leads to:

- A. More lending
- B. Inflation
- C. Costlier loans
- D. More liquidity

64. Cut in repo rate leads to:

- A. Reduced liquidity
- B. Higher interest
- C. Cheaper loans
- D. Lower inflation

65. CRR stands for:

- A. Credit Reserve Ratio
- B. Cash Reserve Ratio
- C. Capital Reserve Ratio
- D. Central Reserve Ratio

66. CRR is maintained with:

- A. Government
- B. RBI
- C. SEBI
- D. Banks

67. Increase in CRR reduces:

- A. Liquidity
- B. Inflation
- C. Deficit
- D. Growth

68. SLR stands for:

- A. Statutory Liquidity Ratio
- B. Special Lending Ratio
- C. State Liquidity Rate
- D. Statutory Lending Rate

69. SLR is maintained in form of:

- A. Cash only
- B. Gold & securities
- C. Foreign currency
- D. Shares

70. Open Market Operations involve:

- A. Taxation
- B. Buying & selling of securities
- C. Printing money
- D. Budget

71. RBI sells securities to:

- A. Increase liquidity
- B. Decrease liquidity
- C. Increase GDP
- D. Control deficit

72. Bank rate is:

- A. Short-term rate
- B. Long-term lending rate
- C. Market rate
- D. Retail rate

73. Quantitative tools control:

- A. Direction of credit
- B. Volume of credit
- C. Priority sector
- D. Sectors

74. Qualitative tools control:

- A. Volume of money
- B. Interest rates
- C. Sectoral credit
- D. Inflation index

75. Moral suasion is:

- A. Legal tool
- B. Persuasive tool
- C. Penal tool
- D. Fiscal tool

76. RBI is established under:

- A. RBI Act 1934
- B. Banking Act 1949
- C. SEBI Act
- D. Companies Act

77. Monetary Policy is formulated by:

- A. Government
- B. RBI
- C. Parliament
- D. SEBI

78. Inflation targeting framework adopted in:

- A. 2010
- B. 2014
- C. 2016
- D. 2020

79. Target inflation range in India is:

- A. 2%-4%
- B. 3%-5%
- C. 4% ±2%
- D. 5%-7%

80. MPC stands for:

- A. Monetary Policy Council
- B. Monetary Policy Committee
- C. Money Policy Committee
- D. Market Policy Committee

81. MPC has how many members?

- A. 4
- B. 5
- C. 6
- D. 7

82. RBI Governor is:

- A. Member only
- B. Chairman of MPC
- C. Advisor
- D. Observer

83. Inflation erodes:

- A. Savings
- B. Exports
- C. Imports
- D. GDP

84. Deflation increases:

- A. Spending
- B. Borrowing
- C. Debt burden
- D. Growth

85. Which inflation benefits borrowers?

- A. Inflation
- B. Deflation
- C. Recession
- D. Stagnation

86. Core inflation excludes:

- A. Food & fuel
- B. Services
- C. Manufacturing
- D. Housing

87. Which policy tool directly affects interest rates?

- A. CRR
- B. Repo rate
- C. SLR
- D. OMO

88. Liquidity Adjustment Facility includes:

- A. Repo & Reverse repo
- B. CRR & SLR
- C. Bank rate
- D. Moral suasion

89. Inflation caused by monsoon failure is:

- A. Demand pull
- B. Cost push
- C. Structural
- D. Built-in

90. Which body prints currency in India?

- A. RBI
- B. Government
- C. Finance Ministry
- D. SEBI

91. Excess liquidity leads to:

- A. Deflation
- B. Inflation
- C. Recession
- D. Depression

92. Tight monetary policy aims to:

- A. Increase money supply
- B. Reduce inflation
- C. Boost growth
- D. Increase spending

93. Easy monetary policy aims to:

- A. Reduce inflation
- B. Increase borrowing
- C. Reduce GDP
- D. Increase taxes

94. Inflation index for industrial workers is:

- A. CPI-IW
- B. CPI-AL
- C. WPI
- D. GDP deflator

95. Which is supply-side inflation control?

- A. Repo rate
- B. Import policy
- C. Tax increase
- D. CRR

96. Which inflation is most harmful?

- A. Mild
- B. Creeping
- C. Hyper
- D. Moderate

97. Which is NOT a monetary tool?

- A. Repo
- B. CRR
- C. Budget
- D. OMO

98. Inflation is measured over:

- A. Month
- B. Year
- C. Decade
- D. Quarter

99. RBI does NOT control:

- A. Inflation
- B. Credit
- C. Taxation
- D. Liquidity

100. Cheap money policy results in:

- A. Higher saving
- B. Lower borrowing
- C. More investment
- D. Lower demand

PART C: FISCAL POLICY & BUDGET BASICS (Q121-Q200)

121. Fiscal policy relates to:

- A. Money supply
- B. Tax & expenditure
- C. Interest rate
- D. Credit

122. Fiscal policy is framed by:

- A. RBI
- B. Government
- C. SEBI
- D. MPC

123. Budget is presented by:

- A. Prime Minister
- B. President
- C. Finance Minister
- D. RBI Governor

124. Union Budget is presented in:

- A. Lok Sabha
- B. Rajya Sabha
- C. Joint session
- D. Finance Commission

125. Budget shows:

- A. Past expenditure
- B. Future plans
- C. Revenue & expenditure
- D. GDP

126. Revenue receipts include:

- A. Loans
- B. Disinvestment
- C. Tax revenue
- D. Borrowing

127. Capital receipts include:

- A. Income tax
- B. GST
- C. Loans
- D. Customs duty

128. Fiscal deficit =

- A. Revenue – Expenditure
- B. Total expenditure – Total receipts

C. Borrowing

D. Revenue deficit

129. Revenue deficit means:

- A. Capital expenditure > capital receipts
- B. Revenue expenditure > revenue receipts
- C. Borrowings > GDP
- D. Imports > exports

130. Primary deficit =

- A. Fiscal deficit – Interest payment
- B. Revenue deficit – interest
- C. Capital deficit
- D. Budget deficit

131. Which deficit reflects current consumption?

- A. Fiscal
- B. Revenue
- C. Primary
- D. Trade

132. Capital expenditure creates:

- A. Assets
- B. Liabilities
- C. Subsidies
- D. Revenue

133. Subsidies increase:

- A. Revenue receipts
- B. Fiscal burden
- C. Exports
- D. GDP deflator

134. Which tax is indirect?

- A. Income tax
- B. Corporate tax
- C. GST
- D. Wealth tax

135. Direct tax burden falls on:

- A. Producer
- B. Consumer
- C. Tax payer
- D. Government

136. GST is:

- A. Direct tax
- B. Indirect tax
- C. Progressive tax
- D. Regressive tax

137. Budget deficit indicates:

- A. Inflation
- B. Borrowing need
- C. Growth
- D. Exports

138. FRBM Act aims to:

- A. Increase spending
- B. Control deficit
- C. Raise taxes
- D. Boost exports

139. Fiscal stimulus involves:

- A. Tax hike
- B. Spending cut
- C. Spending increase
- D. Monetary tightening

140. Expansionary fiscal policy during:

- A. Inflation
- B. Recession
- C. Boom
- D. Hyperinflation

141. Contractionary fiscal policy aims to:

- A. Boost demand
- B. Reduce inflation
- C. Increase deficit
- D. Increase subsidy

142. Budget speech is followed by:

- A. Vote on account
- B. Appropriation bill
- C. Finance bill
- D. Money bill

143. Finance Bill deals with:

- A. Expenditure
- B. Tax proposals
- C. Grants
- D. Salaries

144. Vote on account allows spending for:

- A. Full year
- B. 2 months
- C. 4 months
- D. 6 months

145. Which is NOT a revenue expenditure?

- A. Salary
- B. Pension
- C. Interest payment
- D. Highway construction

146. Capital receipts create:

- A. Income
- B. Assets
- C. Liabilities
- D. Profit

147. Tax buoyancy measures:

- A. Inflation
- B. Tax responsiveness
- C. GDP
- D. Deficit

148. Progressive tax means:

- A. Same rate
- B. Higher income, higher rate
- C. Regressive
- D. Proportional

149. Which tax is progressive?

- A. GST
- B. Excise
- C. Income tax
- D. Customs duty

150. Disinvestment means:

- A. Buying PSU shares
- B. Selling PSU shares
- C. Closing PSUs
- D. Nationalisation

151. Budget classification includes:

- A. Revenue & Capital
- B. Plan & Non-plan
- C. Both A & B
- D. None

152. Which deficit shows government borrowing need?

- A. Revenue
- B. Fiscal
- C. Primary
- D. Trade

153. Which improves fiscal balance?

- A. Higher subsidy
- B. Higher borrowing
- C. Higher revenue
- D. Lower tax

154. Which policy reduces inequality?

- A. Monetary
- B. Fiscal
- C. Trade
- D. Credit

155. Tax evasion reduces:

- A. GDP
- B. Revenue
- C. Inflation
- D. Growth

156. Public debt arises due to:

- A. Revenue surplus
- B. Fiscal deficit
- C. Capital surplus
- D. Trade surplus

157. Which body audits government accounts?

- A. RBI
- B. CAG
- C. SEBI
- D. Finance Ministry

158. Balanced budget means:

- A. No tax
- B. No expenditure
- C. Receipts = Expenditure
- D. No deficit

159. Deficit financing means:

- A. Borrowing
- B. Printing money
- C. Taxation
- D. Disinvestment

160. High fiscal deficit leads to:

- A. Growth
- B. Inflation
- C. Savings
- D. Exports

161. Which expenditure increases long-term growth?

- A. Salary
- B. Subsidy
- C. Infrastructure
- D. Interest

162. Budget documents are laid before:

- A. President
- B. Supreme Court
- C. Parliament
- D. RBI

163. Zero-based budgeting means:

- A. No budget
- B. Fresh justification
- C. No deficit
- D. No tax

164. Which is NOT a capital receipt?

- A. Loan
- B. Disinvestment
- C. Tax revenue
- D. Borrowing

165. Which budget deficit excludes interest?

- A. Revenue
- B. Fiscal
- C. Primary
- D. Trade

166. Which expenditure is non-productive?

- A. Education
- B. Health
- C. Interest payment
- D. Infrastructure

167. Tax to GDP ratio shows:

- A. Inflation
- B. Tax efficiency
- C. Deficit
- D. Growth

168. Which improves fiscal discipline?

- A. Subsidy hike
- B. FRBM
- C. Borrowing
- D. Inflation

169. Which tax is destination-based?

- A. Income tax
- B. GST
- C. Excise
- D. Customs

170. Which budget component reflects welfare?

- A. Capital receipt
- B. Revenue expenditure
- C. Deficit
- D. Borrowing

171. Crowding out effect relates to:

- A. Inflation
- B. Private investment
- C. Exports
- D. Tax

172. Which increases fiscal deficit?

- A. Tax hike
- B. Spending cut
- C. Subsidy increase
- D. Disinvestment

173. Which is a non-tax revenue?

- A. Income tax
- B. GST
- C. Fees
- D. Excise

174. Which tax is shared with states?

- A. Income tax
- B. Corporate tax
- C. GST
- D. Customs

175. Budget estimates are for:

- A. Past year
- B. Current year
- C. Next year
- D. 5 years

176. Revised estimates adjust:

- A. Past errors
- B. Future plans
- C. Current projections
- D. Inflation

177. Which is NOT fiscal policy objective?

- A. Growth
- B. Stability
- C. Equity
- D. Credit control

178. Fiscal multiplier shows impact of:

- A. Tax
- B. Spending
- C. Monetary policy
- D. Repo

179. Which reduces revenue deficit?

- A. Capital spending
- B. Revenue spending
- C. Revenue increase
- D. Borrowing

180. Which budget promotes growth?

- A. High tax
- B. High subsidy
- C. Capital expenditure
- D. Revenue deficit

181. Which tax is proportional?

- A. Income tax
- B. GST
- C. Wealth tax
- D. Corporate tax

182. Which improves credit rating?

- A. High deficit
- B. Fiscal discipline
- C. Inflation
- D. Subsidy

183. Which policy redistributes income?

- A. Monetary
- B. Fiscal
- C. Trade
- D. Credit

184. Which deficit shows future burden?

- A. Revenue
- B. Fiscal
- C. Primary
- D. Trade

185. Which revenue is recurring?

- A. Loan
- B. Disinvestment
- C. Tax
- D. Borrowing

186. Which expenditure is mandatory?

- A. Infrastructure
- B. Defence
- C. Interest payment
- D. Education

187. Which budget type aims zero deficit?

- A. Deficit budget
- B. Balanced budget
- C. Surplus budget
- D. Interim budget

188. Which reflects government's financial health?

- A. GDP
- B. Fiscal deficit
- C. CPI
- D. Repo

189. Which policy tackles recession directly?

- A. Tight monetary
- B. Expansionary fiscal
- C. Contractionary fiscal
- D. Tight fiscal

190. Which increases demand fastest?

- A. Tax cut
- B. Spending cut
- C. CRR hike
- D. Repo hike

191. Which budget item raises future capacity?

- A. Subsidy
- B. Salary
- C. Capital expenditure
- D. Interest

192. Which revenue is volatile?

- A. GST
- B. Corporate tax
- C. Customs duty
- D. Fees

193. Which deficit excludes interest payment?

- A. Revenue
- B. Fiscal
- C. Primary
- D. Trade

194. Which improves long-term fiscal health?

- A. Borrowing
- B. Capital spending
- C. Revenue spending
- D. Subsidy

195. Which tax is most stable?

- A. Customs
- B. Excise
- C. Income tax
- D. Wealth tax

196. Which policy is anti-inflationary?

- A. Expansionary fiscal
- B. Contractionary fiscal
- C. Easy money
- D. Subsidy hike

197. Which budget reduces inequality?

- A. Capital heavy
- B. Welfare oriented
- C. Defence heavy
- D. Interest heavy

198. Which deficit shows current imbalance?

- A. Revenue
- B. Fiscal

C. Primary

D. Trade

199. Which is NOT a budget document?

- A. Finance Bill
- B. Appropriation Bill
- C. FRBM Act
- D. Demand for Grants

200. Which policy uses taxation?

- A. Monetary
- B. Fiscal
- C. Trade
- D. Credit

 **ANSWER KEY (1-200)**

1.B 2.D 3.C 4.B 5.B 6.C 7.C 8.B 9.B 10.B 11.C 12.A 13.B 14.C 15.A 16.C 17.A 18.C 19.C 20.C 21.B 22.A 23.A 24.B
 25.B 26.B 27.C 28.C 29.C 30.B 31.B 32.B 33.C 34.D 35.B 36.C 37.B 38.B 39.C 40.B 41.B 42.D 43.B 44.D 45.C 46.A
 47.B 48.C 49.C 50.C 51.B 52.B 53.B 54.C 55.B 56.B 57.B 58.B 59.C 60.B 61.B 62.A 63.C 64.C 65.B 66.B 67.A 68.A
 69.B 70.B 71.B 72.B 73.B 74.C 75.B 76.A 77.B 78.C 79.C 80.B 81.C 82.B 83.A 84.C 85.A 86.A 87.B 88.A 89.B 90.A
 91.B 92.B 93.B 94.A 95.B 96.C 97.C 98.B 99.C 100.C 121.B 122.B 123.C 124.A 125.C 126.C 127.C 128.B 129.B
 130.A 131.B 132.A 133.B 134.C 135.C 136.B 137.B 138.B 139.C 140.B 141.B 142.C 143.B 144.C 145.D 146.C
 147.B 148.B 149.C 150.B 151.C 152.B 153.C 154.B 155.B 156.B 157.B 158.C 159.B 160.B 161.C 162.C 163.B
 164.C 165.C 166.C 167.B 168.B 169.B 170.B 171.B 172.C 173.C 174.C 175.C 176.C 177.D 178.B 179.C 180.C
 181.B 182.B 183.B 184.B 185.C 186.C 187.B 188.B 189.B 190.A 191.C 192.B 193.C 194.B 195.C 196.B 197.B
 198.A 199.C 200.B