

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. GDPmp – Indirect tax + Subsidy
 - B. GDPmp + Indirect tax
 - C. GDPmp – Subsidy
 - D. GDPmp + 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

- | | |
|---|---|
| <p>B. Value added
C. Intermediate goods
D. Services</p> <p>40. National income at market price includes:
A. Subsidy
B. Indirect tax
C. Both A & B
D. None</p> <p>41. GDP growth without job growth is called:
A. Inflation
B. Jobless growth
C. Stagflation
D. Recession</p> <p>42. Which is excluded from factor income?
A. Wages
B. Rent
C. Interest
D. Indirect tax</p> <p>43. Which country uses GNH instead of GDP?
A. Nepal
B. Bhutan
C. Sri Lanka
D. Maldives</p> <p>44. Which GDP calculation method is most accurate?
A. Income
B. Expenditure
C. Output
D. All give same result</p> <p>45. Which sector fluctuates most with monsoon?</p> | <p>A. Services
B. Industry
C. Agriculture
D. Mining</p> <p>46. GDP growth rate is measured annually in:
A. Percentage
B. Rupees
C. Dollars
D. Index</p> <p>47. Which raises per capita income fastest?
A. Population growth
B. GDP growth
C. Exports
D. Imports</p> <p>48. Which GDP ignores price rise?
A. Nominal
B. Market
C. Real
D. Factor</p> <p>49. Which body releases national income data?
A. RBI
B. Finance Ministry
C. NSO
D. SEBI</p> <p>50. GDP includes value of:
A. Household work
B. Illegal trade
C. Government services
D. Transfer payments</p> |
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PART B: INFLATION & MONETARY POLICY (Q51-Q120)

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|---|--|
| <p>51. Inflation means:
A. Rise in output
B. Rise in prices
C. Rise in income
D. Rise in employment</p> <p>52. Deflation means:
A. Rise in prices
B. Fall in prices
C. Stagnation
D. Growth</p> <p>53. Moderate inflation is considered:
A. Harmful
B. Beneficial
C. Neutral
D. Dangerous</p> | <p>54. Hyperinflation refers to:
A. Slow price rise
B. Moderate inflation
C. Very high inflation
D. Deflation</p> <p>55. Which index measures retail inflation in India?
A. WPI
B. CPI
C. GDP deflator
D. IIP</p> <p>56. WPI measures inflation at:
A. Retail level
B. Wholesale level
C. Consumer level
D. Import level</p> |
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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:
- Direct tax
 - Indirect tax
 - Progressive tax
 - Regressive tax
137. Budget deficit indicates:
- Inflation
 - Borrowing need
 - Growth
 - Exports
138. FRBM Act aims to:
- Increase spending
 - Control deficit
 - Raise taxes
 - Boost exports
139. Fiscal stimulus involves:
- Tax hike
 - Spending cut
 - Spending increase
 - Monetary tightening
140. Expansionary fiscal policy during:
- Inflation
 - Recession
 - Boom
 - Hyperinflation
141. Contractionary fiscal policy aims to:
- Boost demand
 - Reduce inflation
 - Increase deficit
 - Increase subsidy
142. Budget speech is followed by:
- Vote on account
 - Appropriation bill
 - Finance bill
 - Money bill
143. Finance Bill deals with:
- Expenditure
 - Tax proposals
 - Grants
 - Salaries
144. Vote on account allows spending for:
- Full year
 - 2 months
 - 4 months
 - 6 months
145. Which is NOT a revenue expenditure?
- Salary
 - Pension
 - Interest payment
 - Highway construction

146. Capital receipts create:
- Income
 - Assets
 - Liabilities
 - Profit
147. Tax buoyancy measures:
- Inflation
 - Tax responsiveness
 - GDP
 - Deficit
148. Progressive tax means:
- Same rate
 - Higher income, higher rate
 - Regressive
 - Proportional
149. Which tax is progressive?
- GST
 - Excise
 - Income tax
 - Customs duty
150. Disinvestment means:
- Buying PSU shares
 - Selling PSU shares
 - Closing PSUs
 - Nationalisation
151. Budget classification includes:
- Revenue & Capital
 - Plan & Non-plan
 - Both A & B
 - None
152. Which deficit shows government borrowing need?
- Revenue
 - Fiscal
 - Primary
 - Trade
153. Which improves fiscal balance?
- Higher subsidy
 - Higher borrowing
 - Higher revenue
 - Lower tax
154. Which policy reduces inequality?
- Monetary
 - Fiscal
 - Trade
 - Credit
155. Tax evasion reduces:
- GDP
 - Revenue
 - Inflation
 - 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