

***India's economic development is a journey  
of resilience and innovation.***



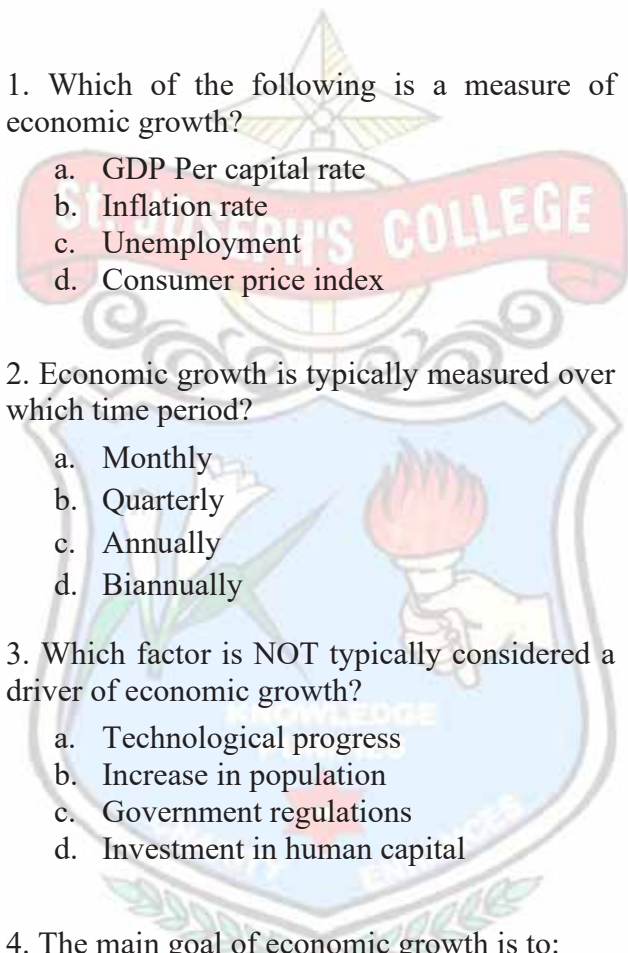
## **QUESTION BANK ON INDIAN ECONOMIC DEVELOPMENT**

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## INDIAN ECONOMIC DEVELOPMENT

### UNIT – I

#### PART A

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1. Which of the following is a measure of economic growth?
    - a. GDP Per capital rate
    - b. Inflation rate
    - c. Unemployment
    - d. Consumer price index
  2. Economic growth is typically measured over which time period?
    - a. Monthly
    - b. Quarterly
    - c. Annually
    - d. Biannually
  3. Which factor is NOT typically considered a driver of economic growth?
    - a. Technological progress
    - b. Increase in population
    - c. Government regulations
    - d. Investment in human capital
  4. The main goal of economic growth is to:
    - a. Ensure equitable distribution of wealth
    - b. Increase the standard of living

- c. Control inflation
- d. Minimize unemployment

5. The term "per capita" in GDP per capita refers to:

- a. Total population
- b. Average income
- c. Average wealth
- d. Each individual person

6. Which country experienced the "Asian Miracle" characterized by rapid economic growth in the late 20th century?

- a. China
- b. Japan
- c. India
- d. South Korea

7. Which type of investment is directly linked to economic growth?

- a. Foreign direct investment (FDI)
- b. Stock market investment
- c. Personal savings
- d. Real estate investment

8. The term "productivity" in the context of economic growth refers to:

- a. Total output
- b. Efficiency of resource utilization

- c. Total profit
- d. Gross domestic product

9. Which factor can contribute to sustainable economic growth?

- a. Overexploitation of natural resources
- b. Environmental degradation
- c. Renewable energy adoption
- d. Increased pollution

10. Which sector plays a crucial role in fostering economic growth?

- a. Agricultural sector
- b. Manufacturing sector
- c. Service sector
- d. All of the above

11. The term "Laffer Curve" is associated with:

- a. Fiscal policy
- b. Monetary policy
- c. Taxation and revenue
- d. Budget deficit

12. Economic growth is usually represented by changes in:

- a. GNP (Gross National Product)
- b. CPI (Consumer Price Index)
- c. GDP (Gross Domestic Product)
- d. PPF (Production Possibility Frontier)

13. The "Solow Growth Model" emphasizes the role of:

- a. Population growth
- b. Savings and capital accumulation
- c. Government spending
- d. Technological innovation

14. Which policy aims to promote economic growth by controlling the money supply and interest rates?

- a. Fiscal policy
- b. Monetary policy
- c. Trade policy
- d. Industrial policy

15. A sustained increase in the real GDP over time is indicative of:

- a. Recession
- b. Stagnation
- c. Economic growth
- d. Deflation

16. The Harrod-Domar model focuses on the role of:

- a. Population growth
- b. Technological progress
- c. Savings and investment
- d. Government expenditure

17. Economic growth is often measured as a percentage change in:

- a. Consumer spending
- b. Labor force participation
- c. Real GDP
- d. Import-export ratio

18. Which policy is aimed at fostering long-term economic growth through improving human capital?

- a. Industrial policy
- b. Education policy
- c. Monetary policy
- d. Trade policy

19. The "Catch-up Effect" suggests that:

- a. Developed countries tend to grow faster than developing countries
- b. Developing countries tend to grow faster than developed countries
- c. Population growth hinders economic growth
- d. Inflation leads to economic stagnation

20. The term "Economic Expansion" refers to a period when an economy:

- a. Contracts
- b. Experiences negative GDP growth
- c. Grows at a slower rate than potential

- d. Grows in terms of output and employment

21. Economic development primarily focuses on:

- a. Increase in GDP
- b. Enhancement of human well-being
- c. Control of inflation
- d. Reduction in trade deficits

22. The Human Development Index (HDI) includes indicators related to:

- a. Only economic factors
- b. Education, income, and health
- c. Political stability and freedom
- d. Environmental sustainability

23. Economic development is often measured by factors such as:

- a. Gross National Income (GNI)
- b. Stock market performance
- c. Foreign exchange reserves
- d. Unemployment rate

24. The concept of "sustainable development" emphasizes:

- a. Rapid industrialization
- b. Continuous economic growth



- c. Meeting present needs without comprising future generations
- d. Exploitation of natural resources

25. Which factor is NOT typically considered a component of economic development?

- a. Poverty reduction
- b. Social equity
- c. High inflation rates
- d. Access to education

26. Which theory emphasizes the importance of institutions for economic development?

- a. Modernization theory
- b. Dependency theory
- c. Institutional theory
- d. Structuralist theory

27. The term "Brain Drain" refers to:

- a. Movement of skilled individuals from one country to another
- b. Education's impact on economic growth
- c. Migration of low-skilled workers
- d. Investments in intellectual capital

28. The "Lewis Dual Sector Model" discusses the transition of an economy from:

- a. Agrarian to industrial
- b. Industrial to post-industrial



- c. Socialist to capitalist
- d. Developing to developed

29. Which policy focuses on addressing regional disparities in economic development?

- a. Monetary policy
- b. Fiscal policy
- c. Social policy
- d. Infrastructure policy

30. The term "poverty trap" implies:

- a. A situation where poverty perpetuates itself and is difficult to escape
- b. A temporary phase of poverty in an economy
- c. Rapid economic growth leading to poverty
- d. Poverty caused by government policies

31. Economic development aims to achieve:

- a. Equal distribution of wealth
- b. Maximum profit for businesses
- c. Income equality
- d. Equitable opportunities for all individuals

32. Which factor is crucial for inclusive economic development?

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- a. Monopoly of resources
- b. High income inequality
- c. Access to basic services for all
- d. Limited educational opportunities

33. The concept of "Gini Coefficient" measures:

- a. Economic growth
- b. Income inequality
- c. Human development
- d. Education levels

34. Which factor is NOT a social determinant of economic development?

- a. Access to healthcare
- b. Political stability
- c. Cultural diversity
- d. Education level

35. "Import Substitution Industrialization (ISI)" is a strategy aimed at:

- a. Promoting exports over imports
- b. Encouraging foreign investment
- c. Reducing dependency on imported goods by producing them domestically
- d. Increasing reliance on international trade

36. The concept of "income distribution" refers to:

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- a. Distribution of national wealth among individuals
- b. Distribution of goods among regions
- c. Allocation of government funds to various sectors
- d. Distribution of consumer goods among the population

37. Which policy aims to promote economic development by encouraging entrepreneurship and innovation?

- a. Monetary policy
- b. Fiscal policy
- c. Industrial policy
- d. Trade policy

38. "Social capital" in economic development refers to:

- a. Financial resources available to individuals
- b. Networks, relationships, and norms that facilitate cooperation among individuals and groups
- c. Physical infrastructure in a society
- d. Government subsidies for social programs

39. The concept of "human capital" refers to:

- a. Physical infrastructure in a country
  - b. Financial resources available to individuals
  - c. Skills, knowledge, and expertise of individuals contributing to economic productivity
  - d. Government subsidies for education
40. The term "inclusive growth" implies:
- a. Economic growth benefiting only a few individuals or groups
  - b. Economic growth that benefits all segments of society
  - c. Economic growth with high inflation rates
  - d. Economic growth without considering environmental factors
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- d. Economic growth without considering environmental factors

61. What does "per capita income" refer to?

- a. Total income of a nation

- b. Average income per person
- c. Gross domestic product (GDP)
- d. Net national income

62. How is per capita income calculated?

- a. By dividing total income by total population
- b. By adding total income and total population
- c. By multiplying total income and total population
- d. By subtracting total income from total population

63. Which measure is NOT an indicator of per capita income?

- a. Median income
- b. Mean income
- c. Real income
- d. Nominal income

64. A higher per capita income generally indicates:

- a. Lower standard of living
- b. Higher economic development
- c. Decreased economic growth
- d. Lower productivity

65. Per capita income is often used as an indicator to compare:

- a. Economic growth rates
- b. Population growth rates
- c. Income distribution
- d. Standard of living between countries

66. Which factor can cause a rise in per capita income?

- a. Increase in total population
- b. Decrease in total savings
- c. Increase in total national debt
- d. Increase in total national output

67. Per capita income is a useful measure for assessing:

- a. Income inequality
- b. Unemployment rates
- c. Poverty levels
- d. Government expenditures

68. Which term represents the average income of individuals in a country over a specific time period?

- a. Per capita GDP
- b. Gross national income
- c. National income
- d. Per capita savings

69. Which type of inflation can distort the accuracy of per capita income calculations?

- a. Stagflation
- b. Hyperinflation
- c. Deflation
- d. Disinflation

70. In a country with a growing population and stagnant income levels, what happens to per capita income?

- a. Increases
- b. Decreases
- c. Stays the same
- d. Depends on the rate of inflation

71. Per capita income is an important factor in determining:

- a. International trade policies
- b. Consumer spending patterns
- c. Social welfare programs
- d. Industrial output

72. Which factor can artificially inflate per capita income?

- a. Increased income inequality
- b. Higher unemployment rates
- c. Dependence on foreign aid
- d. Few extremely wealthy individuals

73. How does per capita income differ from average income?

- a. Per capita income includes non-wage sources of income
- b. Per capita income is calculated monthly, while average income is annual
- c. Per capita income considers the entire population, while average income is calculated for a specific group
- d. There is no difference between the two terms

74. What happens to per capita income if there is an increase in income inequality?

- a. Increases
- b. Decreases
- c. Stays the same
- d. Cannot be determined

75. A decline in per capita income may be a result of:

- a. Economic recession
- b. Inflation
- c. Increased government spending
- d. Rise in consumer spending

76. Which factor doesn't influence per capita income?

- a. Employment rate

- b. Wage rate
- c. Interest rates
- d. Government policies

77. Which measure is more accurate for comparing income levels across different countries?

- a. Gross national income
- b. Per capita income
- c. Real income
- d. Disposable income

78. Per capita income is a useful tool for:

- a. Assessing income inequality within a country
- b. Determining the size of the labor force
- c. Calculating trade deficits
- d. Predicting future economic growth

79. Which factor might not impact per capita income directly?

- a. Technological advancements
- b. Migration patterns
- c. Climate change
- d. Fiscal policy changes

80. Per capita income is an indicator of:

- a. Economic prosperity
- b. Business productivity



- c. Market demand
- d. National debt

81. what are considered basic needs according to the Human Development Index (HDI)?

- a. Education, shelter, and clothing
- b. Food, water, and healthcare
- c. Electricity, transportation, and communication
- d. Education, healthcare, and clean environment

82. The concept of basic needs is often associated with the fulfillment of:

- a. Luxuries
- b. Necessities
- c. Desires
- d. Wants

83. In the context of basic needs, "shelter" primarily refers to:

- a. Homelessness prevention programs
- b. Affordable housing and accommodation
- c. Providing temporary shelters during emergencies
- d. Construction of luxury homes

84. Basic needs are often categorized as those necessary for:

- a. Survival and well-being

- b. Financial stability
- c. Social status
- d. Intellectual growth

85. Access to clean drinking water is considered a:

- a. Primary basic need
- b. Secondary basic need
- c. Tertiary basic need
- d. Quaternary basic need

86. The Millennium Development Goals (MDGs) included targets related to fulfilling basic needs, such as:

- a. Universal access to the internet
- b. Reduction of child mortality rates
- c. Expansion of luxury tourism
- d. Development of high-end industries

87. Basic needs are often used as a framework to measure:

- a. Economic growth
- b. Human development
- c. Political stability
- d. Cultural diversity

88. Which factor is NOT typically considered a basic need?

- a. Access to education

- b. Access to entertainment
- c. Adequate healthcare
- d. Nutritious food

89. Food security" refers to:

- a. Availability of a variety of cuisines
- b. Availability of genetically modified crops
- c. Access to safe and nutritious food at all times
- d. Access to fast food outlets

90. Access to healthcare services is crucial for addressing:

- a. Environmental sustainability
- b. Income inequality
- c. Poverty alleviation
- d. Technological advancements

91. Basic needs are fundamental for achieving:

- a. Economic growth
- b. Human rights
- c. Technological innovation
- d. Political stability

92. Which category does "education" fall under in terms of basic needs?

- a. Social need
- b. Psychological need

- c. Economic need
- d. Physical need

93. Basic needs are often addressed through:

- a. Government policies and social programs
- b. Corporate advertising campaigns
- c. Entertainment industry initiatives
- d. Religious institutions' efforts

94. "Universal healthcare" aims to provide:

- a. Healthcare coverage for select groups
- b. Healthcare only during emergencies
- c. Healthcare to all citizens regardless of their ability to pay
- d. Healthcare exclusively to urban populations

95. In the context of basic needs, "sanitation" refers to:

- a. Access to high-speed internet
- b. Clean drinking water sources
- c. Hygienic toilet facilities and waste disposal systems
- d. Access to luxury spas and wellness centers

96. Basic needs are often used as a framework to address:

- a. Climate change mitigation

- b. Technological advancements
- c. Income tax regulations
- d. Poverty reduction strategies

97. "Energy access" as a basic need encompasses:

- a. Access to luxury energy sources
- b. Access to renewable energy sources
- c. Availability of energy drinks
- d. Access to reliable and affordable electricity for households

98. Which factor is NOT a component of basic needs according to the HDI?

- a. Access to clean air
- b. Access to quality education
- c. Access to safe drinking water
- d. Access to affordable transportation

99. Basic needs often form the foundation for:

- a. Economic policies
- b. Social justice movements
- c. Cultural festivals
- d. Religious practices

100. The concept of basic needs is crucial for:

- a. Reducing income inequality
- b. Promoting luxury consumption
- c. Increasing government spending

- d. Enhancing corporate profits

101. What does the Physical Quality of Life Index (PQLI) measure?

- a. Economic prosperity
- b. Health, education, and standard of living
- c. Infrastructure development
- d. Political stability

102. The PQLI is a composite index created by:

- a. United Nations Development Programme (UNDP)
- b. World Health Organization (WHO)
- c. United Nations Educational, Scientific and Cultural Organization (UNESCO)
- d. International Monetary Fund (IMF)

103. Which factors are used to calculate the Physical Quality of Life Index (PQLI)?

- a. GDP, life expectancy, and literacy rate
- b. Income per capita, healthcare expenditure, and education level
- c. Life expectancy, infant mortality rate, and literacy rate
- d. Poverty rate, access to clean water, and education expenditure

104. The PQLI aims to assess:

- a. Overall economic development

- b. Health conditions only
- c. Quality of life aspects related to basic needs
- d. Educational infrastructure

105. What does the life expectancy component in the PQLI measure?

- a. Average age of a population
- b. Number of years a person is expected to live at birth
- c. Age distribution in a society
- d. Health expenditure per capital

106. The PQLI uses literacy rate as an indicator of:

- a. Economic productivity
- b. Educational attainment
- c. Access to higher education
- d. Gender equality

107. Which component of the PQLI deals with the number of deaths of infants under one year old per thousand live births?

- a. Literacy rate
- b. Life expectancy
- c. Infant mortality rate
- d. Healthcare expenditure



108. A higher PQLI score indicates:

- a. Lower quality of life
- b. Higher quality of life
- c. Lower life expectancy
- d. Lower literacy rates

109. How are the three components of the PQLI combined to create the index?

- a. By averaging their values
- b. By summing their values
- c. By taking the median value
- d. By calculating the weighted average

110. Which term best describes the PQLI?

- a. Economic index
- b. Social index
- c. Environmental index
- d. Political index

111. The PQLI focuses on:

- a. Basic human needs
- b. Infrastructure development
- c. Economic growth
- d. Military strength

112. Which country is most likely to have a higher PQLI score?

- a. Country A with high life expectancy, low infant mortality, and high literacy

- b. Country B with low life expectancy, high infant mortality, and high literacy
- c. Country C with high life expectancy, high infant mortality, and high literacy
- d. Country D with low life expectancy, low infant mortality, and low literacy

113. What does the literacy rate component in the PQLI measure?

- a. Ability to read and write
- b. Access to schools
- c. educational attainment of the population
- d. Access to libraries

114. The PQLI is primarily concerned with evaluating:

- a. Economic development progress
- b. Social well-being
- c. Political stability
- d. Environmental sustainability

115. How does the PQLI differ from GDP or GNI as an indicator?

- a. It solely focuses on economic factors.
- b. It considers only health-related aspects.
- c. It incorporates social factors along with economic ones.
- d. It measures the income levels of a nation.

116. Which factor does the PQLI NOT take into account?

- a. Income inequality
- b. Literacy levels
- c. Infant mortality rate
- d. Environmental pollution

117. In the context of the PQLI, what does the term "infant mortality rate" signify?

- a. Number of deaths among children aged 5-14 per thousand live births
- b. Number of deaths among children aged 0-per thousand live birth
- c. Number of deaths among adults aged 20-40 per thousand live births
- d. Number of deaths among elderly aged 65+ per thousand live births

118. Which region would likely have a higher PQLI score?

- a. Region A with high life expectancy, low infant mortality, and high literacy
- b. Region B with low life expectancy, high infant mortality, and high literacy
- c. Region C with high life expectancy, high infant mortality, and high literacy
- d. Region D with low life expectancy, low infant mortality, and low literacy

119. How does the PQLI contribute to understanding human development?

- a. By focusing only on economic factors
- b. By emphasizing social aspects alongside economic indicators
- c. By concentrating solely on environmental sustainability
- d. By analyzing political stability

120. Which term best describes the PQLI's scope?

- a. National economic development
- b. Social progress and human well-being
- c. Military capabilities
- d. Technological advancement

121. The Human Development Index (HDI) is a measure of:

- a. Economic growth only
- b. Overall development based on health, education, and income
- c. Political stability
- d. Industrialization progress

122. The HDI was introduced by:

- a. United Nations Development Programme (UNDP)
- b. World Bank
- c. International Monetary Fund (IMF)
- d. World Health Organization (WHO)

123.. The HDI combines indicators from which three key dimensions of human development?

- a. Health, economic growth, and gender equality
- b. Education, economic productivity, and income distribution
- c. Health, education, and standard of living (income)
- d. Poverty alleviation, economic stability, and environmental sustainability

124. In the HDI, life expectancy at birth measures:

- a. Average years a person is expected to live
- b. Average years a person works
- c. Average years of education
- d. Average years of healthy life

125.The HDI measures education using indicators such as:

- a. Literacy rate and mean years of schooling
- b. Higher education enrollment and tertiary degrees
- c. Access to schools and university facilities
- d. Investment in educational infrastructure

126. The income component of the HDI is measured using:

- a. GDP per capita (adjusted for purchasing power parity)
- b. Gross national savings
- c. Gross national income
- d. Personal savings per capita

127. Which range of values is used to categorize countries in the Human Development Report based on their HDI scores?

- a. Low, medium, high, and very high human development
- b. Low, moderate, high, and very high economic development
- c. Developing, emerging, developed, and advanced nations
- d. Poor, average, good, and excellent living standards

128. The HDI serves as a tool to:

- a. Compare economic growth rates
- b. Compare the overall development status among countries
- c. Measure government spending on healthcare
- d. Analyze income inequality within a country

129.The HDI does not consider:

- a. Income distribution within a country
- b. Educational disparities among genders
- c. Environmental sustainability
- d. Life satisfaction levels

130.A higher HDI value indicates:

- a. Lower human development
- b. Higher human development
- c. Lower life expectancy
- d. Lower educational attainment

131.The HDI's purpose is to assess:

- a. Economic development exclusively
- b. Progress in healthcare only
- c. Progress in overall human development
- d. Technological advancements

132.The HDI considers health by focusing on:

- a. Access to healthcare facilities
- b. Life expectancy at birth
- c. Vaccination coverage rates
- d. All of the above

133.The HDI was created to address the limitations of using:

- a. GDP per capita as a measure of development
- b. Gini coefficient for income distribution



- c. Unemployment rates for social progress
- d. Environmental impact assessments

134. The HDI categorizes countries into different levels of development based on:

- a. Historical economic growth rates
- b. Predicted future GDP trends
- c. Achieved levels of human development
- d. Government stability

135. Which component is given the most weight in the HDI calculation?

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

136. The HDI was first introduced in the:

- a. 1980s
- b. 1970s
- c. 1990s
- d. 1960s

137. The HDI has been widely used to:

- a. Evaluate environmental policies
- b. Measure educational expenditures
- c. Analyze poverty reduction strategies
- d. Forecast stock market trends

138.The HDI doesn't directly consider:

- a. Income inequality
- b. Life satisfaction levels
- c. Educational disparities among regions
- d. Environmental conservation efforts

139.The HDI considers education by focusing on:

- a. Enrollment rates in tertiary education
- b. Mean years of schooling
- c. Number of universities in a country
- d. Government expenditure on education

140.What does a country with a high HDI value likely have?

- a. Low life expectancy
- b. High literacy rates
- c. Low GDP per capita
- d. High income inequality

141. Gender empowerment primarily focuses on:

- a. Equal opportunities and rights for both genders
- b. Advancement of women's rights only
- c. Providing advantages to men over women
- d. Economic development without considering gender differences

142. The Gender Empowerment Measure (GEM) assesses:

- a. Access to education for women
- b. Economic participation and decision-making power of women
- c. Household responsibilities of men
- d. Maternal healthcare services

143. Gender empowerment is closely associated with:

- a. Increasing male dominance
- b. Bridging the gender gap in various spheres of life
- c. Limiting women's roles to household activities
- d. Encouraging gender stereotypes

144. The Gender Inequality Index (GII) considers factors like:

- a. Economic participation and decision-making
- b. Literacy rates among men
- c. Political representation of men
- d. Health conditions of men

145. Gender empowerment primarily aims to achieve:

- a. Subjugation of women
- b. Reduction in men's roles in society

- c. Gender equality in all aspects of life
- d. Reinforcement of traditional gender roles

146. Gender empowerment is crucial for:

- a. Upholding stereotypes about gender roles
- b. Strengthening a nation's economy
- c. Limiting opportunities for women
- d. Maintaining status quo in society

147. The GEM evaluates gender empowerment based on:

- a. Economic participation and decision-making indicators
- b. Household income disparity
- c. Educational opportunities for women
- d. Employment opportunities for men

148. Which term describes the process of gaining control over resources and decision-making for both genders?

- a. Gender bias
- b. Gender equality
- c. Gender discrimination
- d. Gender empowerment

149. Gender empowerment does NOT involve:

- a. Promoting equal rights for men only

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- b. Addressing systemic inequalities between genders
- c. Ensuring access to opportunities for both men and women
- d. Challenging stereotypes and biases related to gender

150. The Gender Parity Index (GPI) focuses on:

- a. Access to education for girls compared to boys
- b. Economic participation of men compared to women
- c. Political representation of women in government
- d. Healthcare services for men compared to women

151. Gender empowerment contributes to:

- a. Increasing gender-based discrimination
- b. Improved socio-economic development
- c. Reinforcing traditional gender roles
- d. Limiting opportunities for women in leadership

152. Gender-sensitive policies aim to:

- a. Maintain gender disparities
- b. Address inequalities and promote equal opportunities

- c. Exclude men from decision-making processes
- d. Reinforce patriarchal norms

153. Gender mainstreaming involves:

- a. Prioritizing one gender over the other in policy-making
- b. Integrating gender perspectives in all policies and programs
- c. Reducing opportunities for women
- d. Ignoring gender-based issues in society

154. The aim of gender-sensitive education is to:

- a. Promote gender-based discrimination
- b. Provide equal opportunities for both genders in education
- c. Limit educational opportunities for girls
- d. Prioritize boys' education over girls'

155. Gender empowerment includes efforts to:

- a. Limit women's political participation
- b. Ensure fair wages for men only
- c. Eliminate gender-based violence
- d. Maintain stereotypes about men and women

156. Gender empowerment measures focus on:

- a. Suppressing women's rights
- b. Elevating men's social status

- c. Enhancing women's agency and capabilities
- d. Excluding women from the workforce

157. Gender-responsive budgeting aims to:

- a. Allocate more resources to men's welfare
- b. Reduce funding for women's programs
- c. Analyze and address gender inequalities in budget allocations
- d. Exclude women from economic decision-making

158. Gender stereotypes refer to:

- a. Fixed roles and expectations based on gender
- b. Equal opportunities for both genders
- c. Elimination of gender-based biases
- d. Recognition of individual capabilities regardless of gender

159. Gender-based violence includes acts targeting individuals based on:

- a. Their physical appearance
- b. Their socioeconomic status
- c. Their gender
- d. Their religious beliefs



160. The Gender Gap Index (GGI) evaluates disparities between genders in terms of:

- a. Economic participation and opportunity, educational attainment, political empowerment, and health and survival
- b. Access to luxury goods
- c. Cultural preferences of men and women
- d. Traditional gender roles in society

161. Which of the following is a factor influencing economic development?

- a. Political stability
- b. Ethnic diversity
- c. Religious beliefs
- d. All of the above

162. Which factor contributes to economic development by providing a stable environment for businesses and investments?

- a. Political stability
- b. Cultural diversity
- c. Natural disasters
- d. Economic inequality

163. A country with a high level of human capital is more likely to experience:

- a. Slower economic growth
- b. Rapid economic development

- c. Resource depletion
- d. Reduced technological innovation

164. Which factor hinders economic development due to its negative impact on income distribution and social stability?

- a. Technological advancements
- b. Corruption
- c. Education access
- d. Foreign direct investment

165. Access to which resource is critical for economic development due to its role in industrialization and infrastructure development?

- a. Gold
- b. Oil
- c. Water
- d. Diamonds

166. A high level of which factor contributes positively to economic development by promoting innovation and entrepreneurship?

- a. Economic inequality
- b. Income disparity
- c. Education and skills
- d. Natural disasters

167. Which factor refers to a country's ability to trade goods and services with other nations, thereby influencing economic development?

- a. Import restrictions
- b. Tariffs
- c. Trade openness
- d. Protectionism

168. The presence of which factor can stimulate economic development by attracting global investments and facilitating technology transfer?

- a. Cultural isolation
- b. Economic globalization
- c. Currency devaluation
- d. Government subsidies

169. Which factor significantly affects economic development by providing stability, jobs, and infrastructure?

- a. Agriculture
- b. Tourism
- c. Manufacturing
- d. Service industry

170. Infrastructure development, including transportation and communication systems, contributes to economic development by:

- a. Reducing income inequality
- b. Increasing unemployment rates

- c. Facilitating trade and movement of goods and services
- d. Limiting technological innovation

171. Which factor refers to the accumulation of physical capital and human capital that drives economic growth?

- a. Technological progress
- b. Savings and investments
- c. Political stability
- d. Population growth

172. Economic development can be hindered by an excessive reliance on:

- a. Trade agreements
- b. Natural resources
- c. Government subsidies
- d. Technological advancements

173. Which factor, when properly managed, can positively influence economic development through innovation and improved productivity?

- a. Brain drain
- b. Brain gain
- c. Brain circulation
- d. Brain waste

174. Economic development can be hampered by a lack of access to:

- a. Financial markets
- b. Natural disasters
- c. Unskilled labor
- d. Bureaucratic hurdles

175. Which factor can negatively impact economic development by draining the skilled workforce from a country?

- a. Technological advancements
- b. Brain drain
- c. Education reforms
- d. Government subsidies

176. Which factor, if unstable, can negatively impact economic development by creating uncertainty in financial markets and business operations?

- a. Political stability
- b. Currency devaluation
- c. Trade agreements
- d. Technological advancements

177. High levels of which factor can foster economic development by encouraging entrepreneurship and innovation?

- a. Income inequality
- b. Income disparity

- c. Income distribution
- d. Income equality

178. Inadequate access to which factor can hinder economic development by limiting business expansion and trade opportunities?

- a. Technology
- b. Infrastructure
- c. Skilled labor
- d. Natural resources

179. Which factor influences economic development by affecting consumer spending patterns and market demand?

- a. Government subsidies
- b. Technological advancements
- c. Income distribution
- d. Exchange rates

180. Economic development can be adversely affected by which factor, as it limits access to new technologies and efficient production methods?

- a. Technological advancements
- b. Intellectual property rights
- c. Trade agreements
- d. Market competition

## ANSWERS

1.a 2.c 3.a 4.b 5.d 6.d 7.a 8.b 9.c 10.d 11.c 12.c 13.b  
14.b 15. c 16.c 17.c 18.b 19.b 20.d 21.b 22.b 23.a  
24.c 25.c 26.c 27.a 28.a 29.d 30.a 31.d 32.c 33.b 34.c  
35.c 36.a 37.c 38.b 39.c 40.b 41.b 42.b 43.a 44.c 45.c  
46.c 47.a 48.a 49.d 50.a 51.d 52.c 53.b 54.c 55.c 56.a  
57.c 58.b 59.c 60.b 61.b 62.a 63.c 64.b 65.d 66.d 67.a  
68.a 69.b 70.b 71.c 72.d 73.c 74.b 75.a 76.c 77.c 78.a  
79.c 80.a 81.b 82.b 83.b 84.a 85.a 86.b 87.b 88.b 89.c  
90.c 91.b 92.a 93.a 94.c 95.c 96.d 97.d 98.d 99.b  
100.a 101.b 102.b 103.c 104.c 105.b 106.b 107.c  
108.b 109.b 110.b 111.a 112.a 113.a 114.b 115.c  
116.a 117.b 118.a 119.b 120.b 121.b 122.a 123.c  
124.a 125.a 126.a 127.a 128.b 129.c 130.b 131.c  
132.d 133.a 134.c 135.a 136.a 137.c 138.a 139.b  
140.b 141.a 142.b 143.b 144.a 145.c 146.b 147.a  
148.d 149.a 150.a 151.b 152.b 153.b 154.b 155.c  
156.c 157.c 158.a 159.c 160.a 161.d 162.a 163.b  
164.b 165.c 166.c 167.c 168.b 169.c 170.c 171.b  
172.b 173.b 174.a 175.b 176.a 177.d 178.b 179.c  
180.b

## PART B & PART C

1. Distinguish between growth and development.



2. Explain about the gender empowerment measure.
3. Discuss the differences between these two concepts and why both are crucial for a country's progress.
4. Analyze the factors that contribute to economic growth in a developing country.
5. Define human resource development (HRD) and discuss its significance in modern organizations.
6. Analyze the role of training and development programs in enhancing employee skills and productivity.
7. Define gender empowerment and discuss its significance in achieving gender equality.
8. Analyze the key components and indicators used to measure gender empowerment.
9. Evaluate the role of education in empowering women, how access to education and educational opportunities can contribute to women's empowerment and gender equality.
10. Explain the concepts of economic growth and economic development
11. Discuss about the measures of economic development
12. What are the factors affecting economic development?

## UNIT – II

### PART - A

1. Which of the following is a characteristic of developing countries?
  - a. High GDP per capita
  - b. Advanced infrastructure
  - c. Low human development index
  - d. Stable political environment
2. In developing countries, poverty is often characterized by:
  - a. High employment rates
  - b. Adequate access to healthcare
  - c. Limited access to education
  - d. Low-income inequality
3. What tends to be the primary economic sector in many developing nations?
  - a. Manufacturing
  - b. Services
  - c. Agriculture
  - d. Technology
4. Which of the following factors contributes to the high birth rate in developing countries?

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- a. Advanced healthcare systems
- b. Low infant mortality rates
- c. Access to family planning services
- d. Lack of education and awareness

5. A common feature of developing countries' infrastructure is:

- a. State-of-the-art transportation networks
- b. Advanced communication systems
- c. Inadequate sanitation facilities
- d. Reliable energy resources

6. What frequently characterizes the employment market in developing nations?

- a. High job security
- b. Equal gender representation in the workforce
- c. Informal and unstable jobs
- d. Comprehensive social security benefits

7. Which factor often contributes to environmental issues in developing countries?

- a. Strict environmental regulations
- b. Sustainable resource management
- c. Industrialization without proper controls
- d. Advanced waste management systems

8. The level of income inequality is typically:

- a. Low

- b. Non-existent
- c. High
- d. Moderate

9. Access to clean drinking water is a challenge in many developing countries due to:

- a. Abundance of natural water resources
- b. Well-established water treatment plants
- c. Lack of infrastructure and sanitation
- d. Regular and efficient water supply systems

10. What is a common characteristic of the healthcare system in developing nations?

- a. Universal healthcare coverage
- b. Accessible and advanced medical facilities
- c. Limited healthcare infrastructure
- d. Well-funded public health programs

11. Which of the following is a characteristic of developed countries?

- a. High unemployment rates
- b. Low GDP per capita
- c. Advanced technology infrastructure
- d. Limited access to education

12. Developed countries often exhibit:

- a. High income inequality

- b. Limited access to healthcare
- c. Lower life expectancy
- d. Strong social welfare systems

13. What tends to be a prominent economic sector in developed nations?

- a. Agriculture
- b. Manufacturing
- c. Informal economy
- d. Service industries

14. The workforce in developed countries typically experiences:

- a. Predominance of informal jobs
- b. Low levels of education and skill development
- c. High job security
- d. Limited technological advancements

15. In developed nations, access to education is often:

- a. Restricted and expensive
- b. Limited to specific demographics
- c. Universally accessible
- d. Controlled by private entities

16. Developed countries generally have:

- a. Inadequate transportation networks
- b. Poor quality housing facilities

- c. Advanced infrastructure
- d. Limited access to information technology

17. Which factor contributes to lower birth rates in developed nations?

- a. Lack of family planning services
- b. Limited access to healthcare
- c. Higher levels of education and awareness
- d. Cultural preferences for larger families

18. What is often a notable characteristic of the healthcare system in developed nations?

- a. Limited medical advancements
- b. Universal healthcare coverage
- c. High mortality rates
- d. Inadequate healthcare facilities

19. Developed countries tend to have:

- a. Higher levels of crime and violence
- b. Stronger legal and justice systems
- c. Weaker emphasis on human rights
- d. Less transparent governance

20. What is a common feature of the labor market in developed nations?

- a. Extensive informal job opportunities
- b. Gender discrimination in employment

- c. Strict labor laws protecting workers' rights
- d. Limited vocational training programs

21. What effect does a growing population tend to have on economic development?

- a. Boosts per capita income
- b. Slows down technological advancement
- c. Increases demand for resources
- d. Decreases unemployment rates

22. Population growth rates in developing countries are typically:

- a. Constant and stable
- b. Declining due to advanced healthcare
- c. High compared to developed countries
- d. Not influenced by economic factors

23. Which factor is often associated with declining birth rates in developed nations?

- a. Improved healthcare facilities
- b. Lower life expectancy
- c. Limited access to family planning
- d. Higher infant mortality rates

24. What role does population growth play in economic development?

- a. Enhances resource distribution
- b. Facilitates technological stagnation



- c. Increases pressure on infrastructure
- d. Reduces environmental concerns

25. The demographic dividend refers to a situation where:

- a. Population growth rate exceeds economic growth
- b. Aging population leads to economic decline
- c. Rapid population growth boosts economic productivity
- d. Birth rates are consistently low

26. What impact can an aging population have on a country's economy?

- a. Decreased healthcare costs
- b. Increased workforce participation
- c. Strain on pension and healthcare systems
- d. Accelerated economic growth

27. Which factor contributes to high population growth rates in many developing countries?

- a. Advanced family planning services
- b. Greater emphasis on education for women
- c. Limited access to contraceptives
- d. Government-imposed birth control policies

28. What impact does a youthful population often have on economic development?

- a. Increased dependency ratio
- b. Greater workforce potential
- c. Reduced demand for education
- d. Decline in innovation and creativity

29. Population policies aimed at controlling birth rates often focus on:

- a. Encouraging larger families
- b. Restricting access to healthcare
- c. Providing family planning services
- d. Promoting early marriage

30. What is a potential consequence of rapid urbanization due to population growth?

- a. Decreased strain on infrastructure
- b. Improved agricultural productivity
- c. Increased demand for housing and services
- d. Reduction in income inequality

31. In the first stage of demographic transition, a population is characterized by:

- a. Low birth rates and low death rates
- b. High birth rates and low death rates
- c. High birth rates and high death rates
- d. Low birth rates and high death rates

32. Which phase of demographic transition is associated with industrialization and improved healthcare?

- a. Stage 1
- b. Stage 2
- c. Stage 3
- d. Stage 4

33. During the second stage of demographic transition, what tends to happen to the population growth rate?

- a. It remains constant
- b. It decreases
- c. It increases rapidly
- d. It fluctuates unpredictably

34. Which factor primarily contributes to the decrease in birth rates in the third stage of demographic transition?

- a. Improved healthcare for infants
- b. Widespread use of contraception
- c. Urbanization
- d. Increase in fertility rates

35. In the fourth stage of demographic transition, a population experiences:

- a. High birth rates and low death rates
- b. Low birth rates and low death rates
- c. High birth rates and high death rates

- d. Low birth rates and high death rates

36. What usually characterizes the population pyramid of a country in the first stage of demographic transition?

- a. Wide base and narrow top
- b. Narrow base and wide top
- c. Even distribution across all age groups
- d. Inverted pyramid shape

37. In the third stage of demographic transition, what happens to the population growth rate?

- a. It stabilizes
- b. It rapidly increases
- c. It declines gradually
- d. It fluctuates randomly

38. Which phase of demographic transition experiences an increase in life expectancy due to improved healthcare?

- a. Stage 1
- b. Stage 2
- c. Stage 3
- d. Stage 4

39. What effect does a decrease in infant mortality have on the demographic transition?

- a. Decreases the death rate in all stages
- b. Increases the birth rate in all stages

- c. Accelerates the transition from high to low population growth
- d. Slows down the transition from low to high population growth

40. When does a population usually reach replacement-level fertility in demographic transition?

- a. Stage 1
- b. Stage 2
- c. Stage 3
- d. Stage 4

41. Human resource development contributes to economic growth by:

- a. Increasing income inequality
- b. Reducing workforce productivity
- c. Enhancing skill sets and productivity
- d. Limiting access to education

42. What role does education often play in human resource development?

- a. Increases unemployment rates
- b. Limits innovation and creativity
- c. Contributes to better job opportunities
- d. Reduces overall economic output

43. How does investing in healthcare impact economic development?

- a. Reduces life expectancy
- b. Increases disease prevalence
- c. Boosts workforce productivity
- d. Decreases overall well-being

44. Human capital refers to:

- a. Investments in infrastructure
- b. Financial resources of a country
- c. Knowledge, skills, and abilities of individuals
- d. Cultural heritage and traditions

45. Which factor is a crucial determinant of human resource development?

- a. Restricted access to technology
- b. High levels of gender inequality
- c. Availability and quality of education
- d. Limited access to healthcare

46. How does an increase in human capital affect a country's economy?

- a. Slows down technological advancement
- b. Decreases workforce productivity
- c. Stimulates economic growth
- d. Raises unemployment rates

47. What impact does skilled labor have on economic development?

- a. Hinders technological progress

- b. Boosts innovation and productivity
- c. Increases dependency ratio
- d. Reduces job opportunities

48. Access to vocational training and apprenticeships primarily aims to:

- a. Limit workforce adaptability
- b. Enhance specialized skills
- c. Reduce overall workforce participation
- d. Lower educational standards

49. What is a potential outcome of a well-developed human resource base?

- a. Decreased economic competitiveness
- b. Increased reliance on foreign labor
- c. Higher technological innovation
- d. Reduced access to basic amenities

50. How does gender equality contribute to human resource development?

- a. Increases income disparity
- b. Limits workforce diversity
- c. Boosts overall productivity
- d. Reduces access to education for women



## ANSWERS

1.c 2.c 3.c 4. d 5.c 6.c 7.c 8.c 9.c 10.c 11.c 12.d  
13.d 14.c 15.c 16.c 17.c 18.b 19.b 20.c 21.c 22.c  
23.a 24.c 25.c 26.c 27.c 28.b 29.c 30.c 31.c 32.b  
33.c 34.b 35.b 36.a 37.c 38.b 39.c 40.d 41.c 42.c  
43c. 44.c 45.c 46.c 47.b 48.b 49.c 50.c

## PART B & PART C

1. Discuss about the population and economic development
2. Write an essay on theories of demographic transition
3. What are the characteristics of developing countries
4. What are the characteristics of developed countries
5. Discuss about the human resource development and economic development
6. Discuss the defining characteristics that differentiate developing countries from developed countries. Analyze key indicators such as GDP per capita, infrastructure, healthcare, education, and technology.
7. Evaluate the factors contributing to the classification of countries as either developing or developed. Discuss historical, economic, social, and

political aspects that shape the status of nations.

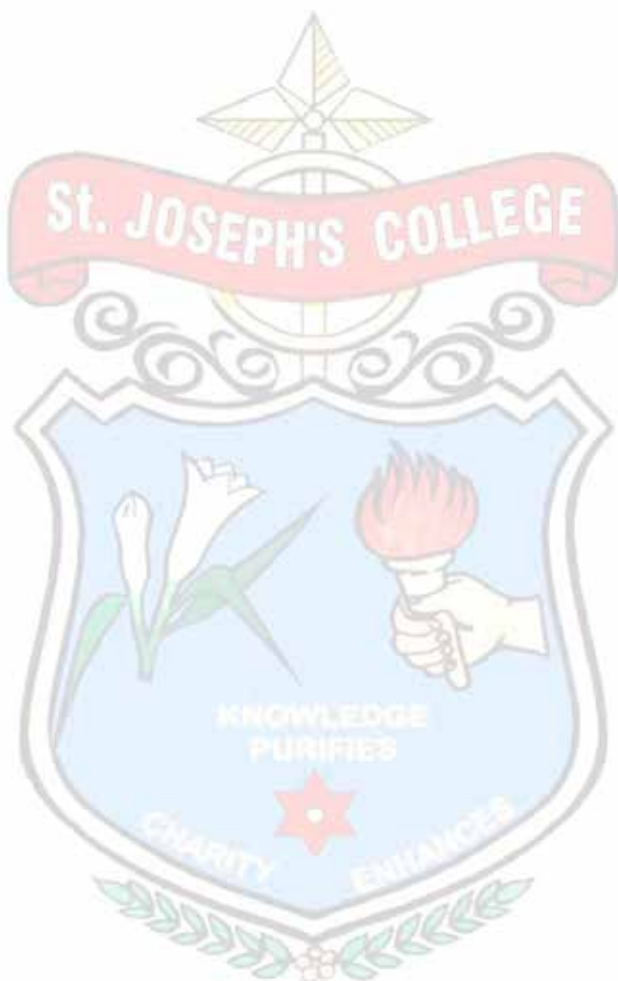
8. Analyze the role of globalization in narrowing or widening the gap between developing and developed countries. How does globalization impact economic growth, trade, and development disparities?
9. Discuss the relationship between population growth and economic development. How does population size, structure, and distribution impact a nation's economic progress.
10. Analyze the demographic transition theory and its relevance to economic development. How do changes in birth rates, death rates, and population growth affect economic growth?
11. Evaluate the impact of an aging population on economic development. Discuss the challenges and opportunities presented by demographic shifts towards an older population in various economies.
12. Discuss the role of population policies in fostering economic development. Evaluate the effectiveness of policies aimed at controlling population growth or encouraging specific demographic trends.
13. Analyze the impact of urbanization on economic development. Discuss how

rapid urban population growth influences infrastructure, labor markets, and overall economic productivity.

14. Discuss the relationship between human capital and population growth in economic development. How does education, healthcare, and skills development contribute to economic growth within a growing population?
15. Evaluate the effects of population growth on natural resources and the environment. Discuss the challenges posed by resource depletion, environmental degradation, and sustainability in the context of population growth.
16. Explore the impact of migration on both the sending and receiving countries' economic development. Discuss the economic implications of immigration and emigration on labor markets and productivity.
17. Analyze the link between family planning programs and economic development. Discuss how access to reproductive health services influences population dynamics and socioeconomic progress.
18. Discuss future population trends and their potential impact on global economic development. How might shifts in population size, age structure,

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and geographic distribution shape the world's economic landscape?



## UNIT III

### PART - A

1. National income is the:
  - a. Total money earned by the government
  - b. Total money earned by all citizens in a country
  - c. Total value of goods and services produced in a country
  - d. Total money spent by the government on infrastructure
2. Gross National Product (GNP) measures the total:
  - a. Value of all final goods and services produced within a country's borders
  - b. Value of goods produced by a country's residents, regardless of location
  - c. Money earned by the government through taxes
  - d. Value of all imports and exports of a country
3. Gross Domestic Product (GDP) represents the:
  - a. Total income earned by a country's citizens

- b. Total income earned by a country's residents and foreigners within its borders
- c. Total income earned by a country's government
- d. Total value of imports and exports of a country

4. Net National Product (NNP) is calculated by subtracting:

- a. Depreciation from Gross National Product
- b. Government spending from Gross Domestic Product
- c. Exports from Imports
- d. Personal income taxes from National Income

5. Personal income is defined as:

- a. Total income earned by a country's individuals and businesses
- b. Total income earned by a country's government employees
- c. Total income earned by a country's citizens after taxes
- d. Total income earned by a country's corporations

6. Disposable income refers to:

- a. Income before taxes

- b. Income after taxes and government transfers
- c. Income after taxes but excluding government transfers
- d. Income earned from investments

7. National income accounts for which of the following?

- a. Only tangible goods produced
- b. Both tangible and intangible goods produced
- c. Only services produced
- d. Government spending on goods and services

8. Which of the following is an indicator of a country's economic performance?

- a. National savings rate
- b. Personal investments
- c. Total government expenditure
- d. International borrowing rate

9. Nominal GDP measures economic output:

- a. Adjusted for inflation
- b. Excluding government spending
- c. At current market prices
- d. Without considering imports and exports



10. Real GDP measures economic output:
- Including inflationary adjustments
  - Adjusted for changes in population size
  - At constant prices, excluding the effects of inflation
  - Excluding the service sector
11. What does GDP stand for?
- Gross Domestic Product
  - Gross Distribution Process
  - Global Development Process
  - Growth in Domestic Production
12. Which of the following is included in the calculation of GDP?
- Transfer payments
  - Social Security payments
  - Final goods and services produced within a country's borders
  - Unpaid household work
13. What does GNP represent?
- Goods and Natural Production
  - Gross National Product
  - Gross National Profit
  - Global National Prosperity

14. National income accounting measures:

- a. The income of citizens living abroad
- b. The distribution of wealth within a country
- c. The overall economic performance of a nation
- d. The purchasing power parity of a nation

15. Which component is a part of GDP calculation?

- a. Imports
- b. Remittances from citizens working abroad
- c. Government transfers
- d. Unemployment benefits

16. Which of the following is an example of an intermediate good?

- a. Bread sold at a grocery store
- b. Flour purchased by a bakery
- c. Computers sold to consumers
- d. Cars sold to a car dealership

17. Net National Product (NNP) is calculated by:

- a. Deducting depreciation from Gross National Product
- b. Adding depreciation to Gross Domestic Product

- c. Subtracting Gross Domestic Product from Net Domestic Product
- d. Adding Gross Domestic Product and Net Domestic Product

18. What does NDP stand for?

- a. Net Distribution Process
- b. Net Domestic Product
- c. National Development Program
- d. Non-Durable Products

19. Personal Income is calculated by:

- a. Subtracting personal taxes from national income
- b. Adding corporate profits to national income
- c. Subtracting government transfers from national income
- d. Adding personal savings to national income

20. Government spending on new roads is counted in GDP as:

- a. An intermediate good
- b. A final good
- c. Not included in GDP
- d. An investment good

21. What is National Income at constant prices also known as?

- a. Nominal National Income
- b. Real National Income
- c. Gross National Income
- d. Adjusted National Income

22. Why is National Income estimated at constant prices?

- a. To account for changes in population
- b. To reflect changes in the value of money over time
- c. To include government spending
- d. To measure imports and exports accurately

23. What does the term "constant prices" refer to in National Income estimation?

- a. Prices that are stable within a financial year
- b. Prices that change due to inflation
- c. Prices that remain unchanged over different time periods
- d. Prices that vary based on demand and supply

24. How is National Income at constant prices calculated?

- a. Using current year prices
- b. Adjusting for inflation or deflation
- c. Considering nominal GDP only
- d. Focusing on the service sector only

25. What is the primary purpose of estimating National Income at constant prices?

- a. To compare income across different countries
- b. To assess income distribution within a country
- c. To measure the real growth of an economy over time
- d. To calculate per capita income

26. Which of the following is a benefit of calculating National Income at constant prices?

- a. Reflects the changes in the general price level
- b. Provides a more accurate picture of economic growth
- c. Focuses solely on the goods sector
- d. Ignores changes in productivity

27. Why is it essential to account for changes in price levels when estimating National Income?

- a. To assess government spending patterns
- b. To measure the impact of population changes
- c. To reflect the changes in the purchasing power of money
- d. To understand the distribution of income among different sectors

28. Which index is commonly used to adjust National Income for changes in price levels?

- a. Consumer Price Index (CPI)
- b. Gross Domestic Product (GDP)
- c. Producer Price Index (PPI)
- d. Retail Price Index (RPI)

29. How does calculating National Income at constant prices impact economic planning?

- a. Provides a basis for assessing economic inequality
- b. Helps in determining fiscal policy measures
- c. Doesn't affect economic planning significantly
- d. Focuses on short-term economic goals

30. What does National Income at constant prices help economists understand better?

- a. Current inflation rates
- b. Short-term fluctuations in the economy
- c. Long-term economic trends
- d. Immediate changes in consumer spending

31. What is National Income at current prices also known as?

- a. Real National Income
- b. Nominal National Income
- c. Adjusted National Income
- d. Gross National Income

32. What does National Income at current prices refer to?

- a. Income adjusted for inflation
- b. Income measured at prevailing market prices
- c. Income adjusted for changes in population
- d. Income after deductions for taxes



33. How is National Income at current prices calculated?

- a. Adjusting for changes in the value of money over time
- b. Using constant prices for different years
- c. Including current market prices of goods and services
- d. Excluding government spending

34. What is the primary focus when estimating National Income at current prices?

- a. Real economic growth
- b. Changes in price levels
- c. Inflation-adjusted figures
- d. Changes in the value of money

35. Which of the following is a characteristic of National Income at current prices?

- a. Reflects the true economic growth of an economy
- b. Adjusted for inflationary effects
- c. May overstate or understate economic growth due to price changes
- d. Provides a measure of long-term economic trends

36. Why is it important to understand National Income at current prices?

- a. To measure changes in population
- b. To assess changes in the value of money
- c. To understand the actual growth of an economy
- d. To evaluate fiscal policy measures

37. Which index is not relevant when calculating National Income at current prices?

- a. Producer Price Index (PPI)
- b. Retail Price Index (RPI)
- c. Consumer Price Index (CPI)
- d. Gross Domestic Product (GDP) deflator

38. What does National Income at current prices help in understanding?

- a. Short-term economic fluctuations
- b. Real growth rate of the economy
- c. Long-term economic trends
- d. Inflation-adjusted income trends

39. How does National Income at current prices impact economic analysis?

- a. Provides accurate insights into inflation rates
- b. Helps in predicting future economic growth
- c. May misrepresent economic performance due to price changes
- d. Doesn't impact economic analysis significantly

40. What is the main limitation of using National Income at current prices for economic planning?

- a. Doesn't consider changes in population
- b. Ignores changes in government spending
- c. Doesn't reflect changes in the value of money over time
- d. Provides a distorted view of the economy due to price changes

41. Which sector contributes the most to the Gross Domestic Product (GDP) in most developed economies?

- a. Agricultural sector
- b. Industrial sector
- c. Service sector

d. Manufacturing sector

42. What portion of the economy does the agricultural sector typically represent in most developing countries?

- a. Dominant share
- b. Minimal share
- c. Equal share with manufacturing
- d. Greater share than the service sector

43. The industrial sector includes activities related to:

- a. Banking and financial services
- b. Construction and manufacturing
- c. Retail and wholesale trade
- d. Healthcare and education

44. What is the primary role of the service sector in contributing to national income?

- a. Production of physical goods
- b. Creation of infrastructure
- c. Provision of intangible services
- d. Management of natural resources

45. Which sector is known for generating employment opportunities but often contributes less to the GDP?
- a. Agricultural sector
  - b. Service sector
  - c. Industrial sector
  - d. Manufacturing sector
46. The manufacturing sector focuses primarily on:
- a. Extraction of raw materials
  - b. Distribution of goods and services
  - c. Production of physical goods
  - d. Provision of healthcare facilities
47. What trend characterizes the shift in the sectoral contribution towards national income in most developed economies?
- a. Growth of the agricultural sector
  - b. Decline of the service sector
  - c. Rise of the manufacturing sector
  - d. Dominance of the service sector
48. Which sector often experiences higher productivity due to technological advancements?
- a. Service sector

- b. Agricultural sector
- c. Industrial sector
- d. Manufacturing sector

49. Which sector is most vulnerable to fluctuations in weather conditions and natural disasters?

- a. Industrial sector
- b. Manufacturing sector
- c. Service sector
- d. Agricultural sector

50. The service sector includes activities such as:

- a. Mining and extraction
- b. Tourism, healthcare, and banking
- c. Textile manufacturing
- d. Heavy machinery production

51. What does National Income primarily measure?

- a. The total wealth of a nation
- b. The total output of goods and services in a country
- c. The balance of trade between nations
- d. The distribution of income within a country

52. What is the limitation of using National Income as the sole indicator of a nation's economic welfare?

- a. It excludes the income of foreigners
- b. It doesn't account for changes in population
- c. It ignores income inequality among citizens
- d. It includes non-market activities

53. Economic welfare is more accurately reflected by:

- a. Gross National Product (GNP)
- b. Net National Product (NNP)
- c. Gross Domestic Product (GDP)
- d. Human Development Index (HDI)

54. What does the Human Development Index (HDI) encompass in its assessment?

- a. Economic aspects only
- b. Social and environmental aspects only
- c. Income, education, and health indicators
- d. Political stability and governance



55. Which factor is considered a limitation of relying solely on National Income to measure economic welfare?

- a. It accounts for leisure time
- b. It includes non-monetary transactions
- c. It doesn't consider environmental degradation
- d. It captures household production

56. Economic welfare refers to:

- a. The financial well-being of individuals in a nation
- b. The overall prosperity and well-being of a nation's citizens
- c. The national income per capita
- d. The country's economic growth rate

57. What does Gross Domestic Product (GDP) mainly emphasize?

- a. Overall economic growth
- b. Income distribution
- c. Social development
- d. Environmental sustainability

58. Which concept focuses on the quality of life rather than just economic output?

- a. GDP per capita

- b. Economic welfare index
- c. Gross National Happiness (GNH)
- d. Poverty index

59. Which factor is a drawback of relying solely on GDP to measure economic welfare?

- a. It accounts for income inequality
- b. It excludes the value of unpaid work
- c. It considers environmental sustainability
- d. It reflects leisure time

60. What is the Human Development Index (HDI) designed to capture?

- a. Only economic growth
- b. Education and healthcare indicators
- c. Income distribution among citizens
- d. Environmental sustainability

### **ANSWERS**

1.c 2. b 3.b 4.a 5.c 6.b 7.b 8.a 9.c 10.c 11.a 12.c 13.b  
14.c 15.a 16.b 17.a 18.b 19.a 20.b 21.b 22.b 23.c 24.b  
25.c 26.b 27c. 28b. 29.b 30.c 31.b 32.b 33.c 34.b 35.c  
36.d 37.d 38.a 39.c 40.d 41.c 42.a 43.b 44.c 45.a 46.c  
47.d 48.d 49.d 50.b 51b. 52.c 53.d 54.c 55.c 56.b 57.a  
58.c 59.b 60

## PART B & PART C

1. Write a short note on Importance of national income
2. What are the Important concepts in national income?
3. Distinguish between national income at constant and current price
4. Sectoral contribution to national income
5. National income and economic welfare
6. Evaluate the methods used to calculate national income. Compare and contrast the income, expenditure, and production approaches to measuring national income.
7. Discuss the challenges in accurately measuring national income in today's global economy. Consider issues such as digital economies, informal sectors, and the sharing economy in the context of national income accounting.
8. Discuss the significance of sectoral contribution to national income. Analyze the roles of primary, secondary, and tertiary sectors in economic development and their relative contributions to national income.
9. Evaluate the evolution of sectoral contribution in the context of economic

development. How have shifts from agrarian-based economies to industrial and service-based economies impacted national income?

10. Analyze the factors influencing the growth and productivity of each sector in contributing to national income. Discuss the challenges and opportunities faced by different sectors in developing countries.
11. Discuss the role of the agricultural sector in the context of national income. Analyze the importance of modernization, technology adoption, and policy interventions in enhancing agricultural productivity and its contribution to the economy.
12. Evaluate the significance of the manufacturing sector in economic development. Discuss how advancements in manufacturing technology and infrastructure contribute to increased productivity and national income.
13. Analyze the role of the services sector in modern economies. Discuss the various sub-sectors within services and their contributions to national income,

emphasizing the importance of innovation and technology.

14. Discuss the relationship between sectoral contributions and employment generation. Analyze how changes in sectoral composition affect employment patterns and overall economic growth.
15. Examine the disparities in sectoral contributions between developed and developing economies. Discuss the challenges faced by developing countries in transitioning from agriculture-dominated economies to diversified sectors.
16. Discuss the impact of globalization on sectoral contributions to national income. Analyze how global trade, outsourcing, and international competition have influenced sectoral growth and development.
17. Evaluate the government's role in promoting balanced sectoral growth for sustainable national income. Discuss the policies and initiatives aimed at enhancing productivity and competitiveness across different sectors.

## UNIT IV

### PART - A

1. What is the primary purpose of public finance?
  - a. Redistribution of wealth
  - b. Maximizing individual savings
  - c. Minimizing government spending
  - d. Allocation of resources
2. Which concept in public finance refers to the ability of the government to influence economic activities through taxation and expenditure policies?
  - a. Fiscal policy
  - b. Monetary policy
  - c. Barter policy
  - d. Trade policy
3. Which function of public finance focuses on providing goods and services that the private sector may not adequately supply?
  - a. Allocation function
  - b. Distribution function
  - c. Stabilization function
  - d. Production function

4. In public finance, what is the term for the transfer of funds from one economic agent to another to promote equity?

- a. Subsidy
- b. Taxation
- c. Redistribution
- d. Investment

5. Which economic concept suggests that public expenditure should be incurred only if the benefits exceed the costs?

- a. Cost-benefit analysis
- b. Fiscal responsibility
- c. Budget deficit
- d. Public debt

6. What does 'progressive taxation' refer to in public finance?

- a. Tax rate decreases with increasing income
- b. Tax rate increases with increasing income
- c. Same tax rate for all income levels
- d. No taxation

7. Which role of public finance focuses on maintaining stable prices and full employment within an economy?

- a. Distribution function
- b. Stabilization function



- c. Allocation function
- d. Development function

8. What term describes the situation when government expenditures exceed government revenues?

- a. Budget surplus
- b. Fiscal deficit
- c. Public savings
- d. Tax revenue

9. What aspect of public finance deals with government borrowing to finance its expenditures?

- a. Fiscal policy
- b. Debt management
- c. Monetary policy
- d. Fiscal responsibility

10. Which of the following is NOT a source of government revenue?

- a. Corporate taxes
- b. Social security contributions
- c. Public donations
- d. Excise duties

11. Which of the following is a source of direct tax revenue for the government?

- a. Sales tax
- b. Property tax
- c. Excise duty
- d. Import duty

12. Revenue generated from taxing individuals' income is primarily through which tax system?

- a. Value Added Tax (VAT)
- b. Corporate tax
- c. Income tax
- d. Estate tax

13) What type of tax is imposed on the profits earned by corporations or businesses?

- a. sales tax
- b. property tax
- c. corporate tax
- d. excise duty

14) Which tax is specifically levied on the purchase of certain goods such as alcohol, tobacco, or gasoline?

- a. Value Added Tax (VAT)
- b. Excise duty
- c. Income tax

d. Property tax

15. Revenue generated from taxes on goods and services purchased by consumers is typically associated with which tax?

- a. Corporate tax
- b. Excise duty
- c. Value Added Tax (VAT)
- d. Property tax

16. What type of tax is imposed when goods or services are imported into a country?

- a) Export tax
- b) Excise duty
- c) Import duty
- d) Property tax

17. Which tax is often calculated as a percentage of the value of land or real estate owned by individuals or entities?

- a. Corporate tax
- b. Excise duty
- c. Property tax
- d. Sales tax

18. Taxes imposed on the earnings of individuals or entities from selling assets or properties fall under which category?

- a. Capital gains tax
- b. Income tax
- c. Sales tax
- d. Corporate tax

19. Revenue generated by taxing the value added at each stage of production and distribution is attributed to which tax?

- a. Corporate tax
- b. Income tax
- c. Value Added Tax (VAT)
- d. Property tax

20. What tax is imposed on the inheritance of assets received from deceased individuals?

- a. Property tax
- b. Estate tax
- c. Excise duty
- d. Income tax

21. Which tax is levied on the purchase or sale of a good or service and is usually borne by the final consumer?

- a. Excise duty
- b. Property tax

- c. Sales tax
- d. Corporate tax

22. Taxes collected by the government based on the value of goods produced or manufactured domestically are known as:

- a. Excise duty
- b. Export tax
- c. Corporate tax
- d. Property tax

23. Revenue generated by the government through taxes on international trade from domestically produced goods sold to other countries is known as:

- a. Corporate tax
- b. Import duty
- c. Excise duty
- d. Export tax

24. Which tax is imposed on the value of goods leaving a country for sale in other countries?

- a. Income tax
- b. Import duty
- c. Sales tax

d. Export tax

25. What type of tax is imposed on the consumption of certain goods or services and is added to the product's price?

- a. Excise duty
- b. Value Added Tax (VAT)
- c. Property tax
- d. Corporate tax

26. Revenue generated through taxes on financial transactions or certain activities within the financial sector is known as:

- a. Income tax
- b. Excise duty
- c. Securities tax
- d. Corporate tax

27. What tax is imposed on the earnings individuals or entities receive from their investments or financial assets?

- a. Property tax
- b. Excise duty
- c. Capital gains tax
- d. Corporate tax

28. Revenue generated by taxing the value of imported goods is known as:

- a. Excise duty
- b. Import duty
- c. Export tax
- d. Corporate tax

29. Taxes imposed on the purchase or sale of property, such as houses or land, fall under which category?

- a. Sales tax
- b. Property tax
- c. Corporate tax
- d. Excise duty

30. Which tax is levied on the profits earned by businesses or companies from their operations?

- a. Corporate tax
- b. Value Added Tax (VAT)
- c. Income tax
- d. Excise duty

31. What type of tax is specifically imposed on the value of goods or services sold to other countries?

- a. Export tax



- b. Income tax
- c. Import duty
- d. Value Added Tax (VAT)

32. Taxes collected on the purchase of specific goods such as alcohol, tobacco, or gasoline are classified as:

- a. Excise duty
- b. Import duty
- c. Value Added Tax (VAT)
- d. Sales tax

33. Revenue generated by taxing the profits earned by individuals or entities through their investments in the stock market or securities is termed as:

- a. corporate tax
- b. capital gains tax
- c. property tax
- d. income tax

34. What tax is levied on the earnings individuals or entities receive from the rent paid by tenants for using their properties?

- a. property tax
- b. corporate tax
- c. excise duty
- d. income tax

35. What does the incidence of taxation refer to?

- a. The effect of taxation on government revenue
- b. The burden of taxation on different economic agents
- c. The timing of tax collection by the government
- d. The efficiency of tax collection methods

36. Which factor determines the economic incidence of a tax?

- a. Who legally remits the tax to the government
- b. The tax rate imposed by the government
- c. The elasticity of supply and demand
- d. The type of goods or services taxed

37. When a tax on a product is fully passed on to consumers in the form of higher prices, this is an example of:

- a. Perfectly elastic demand
- b. Perfectly inelastic demand
- c. Tax incidence on consumers
- d. Tax shifting to producers

38. Which situation illustrates tax shifting to producers?

- a. When consumers bear the entire burden of a tax
- b. When producers are exempted from paying taxes
- c. When producers pass the tax burden to consumers through price increases
- d. When tax collection efficiency is high for producers

39. In a scenario of perfectly inelastic demand, how is the incidence of a tax usually borne?

- a. Fully by consumers
- b. Fully by producers
- c. Equally shared by consumers and producers
- d. Not applicable, as there is no change in quantity demanded

40. When a tax is levied on a good with perfectly elastic supply, who bears the entire tax burden?

- a. Consumers
- b. Producers
- c. Government
- d. Share equally between consumers and producers

41. What is the term for a tax where the burden falls more heavily on lower-income earners relative to their income?

- a. Progressive tax
- b. Regressive tax
- c. Proportional tax
- d. Lump-sum tax

42. A tax system where the average tax rate decreases as income increases is known as:

- a. Progressive tax
- b. Regressive tax
- c. Proportional tax
- d. Lump-sum tax

43. What type of tax charges the same percentage of income from all taxpayers regardless of their income level?

- a. Progressive tax
- b. Regressive tax
- c. Proportional tax
- d. Lump-sum tax

44. What is the primary purpose of public expenditure?

- a. Profit generation

- b. Economic stabilization
- c. Market regulation
- d. Private investment

45. Which type of public expenditure focuses on improving the long-term productive capacity of the economy?

- a. Current expenditure
- b. Capital expenditure
- c. Transfer payments
- d. Social welfare expenditure

46. Which economic theory supports increased government spending during economic downturns?

- a. Keynesian economics
- b. Monetarism
- c. Supply-side economics
- d. Austrian economics

47. What is the impact of expansionary fiscal policy on public expenditure?

- a. Decrease
- b. No change
- c. Increase
- d. Fluctuate

48. Which of the following is an example of non-discretionary public expenditure?

- a. Defense spending
- b. Infrastructure development
- c. Social security payments
- d. Research and development

49. What does a budget deficit signify in terms of public expenditure?

- a. Government revenue exceeding expenditure
- b. Government spending exceeding revenue
- c. Equal government spending and revenue
- d. No effect on government finances

50. What kind of public expenditure includes salaries of government employees?

- a. capital expenditure
- b. development expenditure
- c. recurrent expenditure
- d. revenue expenditure

51. Which category of public expenditure focuses on payments made to individuals without expecting goods or services in return?

- a. Capital expenditure

- b. Transfer payments
- c. Development expenditure
- d. Revenue expenditure

52. In which phase of the business cycle would a government typically reduce public expenditure?

- a. Expansion
- b. Trough
- c. Recession
- d. Recovery

53. What is the impact of increased public expenditure on inflation?

- a. Decreases inflation
- b. No effect on inflation
- c. Increases inflation
- d. Stabilizes inflation

54. Public expenditure on education and healthcare is categorized under which type of expenditure?

- a. Development expenditure
- b. Revenue expenditure
- c. Capital expenditure
- d. Recurrent expenditure



55.What is the primary source of financing public expenditure?

- a. foreign aid
- b. taxes
- c. private donations
- d. public borrowing

56.Which theory advocates for minimizing government intervention and reducing public expenditure?

- a. Keynesian economics
- b. monetarism
- c. supply-side economics
- d. Marxist economics

57.Which factor primarily determines the composition of public expenditure in a country?

- a. political ideology
- b. global economic trends
- c. consumer demand
- d. technological advancements

58.Public expenditure aimed at building roads, bridges, and transportation networks falls under which category?

- a. Transfer payments
- b. Capital expenditure
- c. Revenue expenditure

**d. Recurrent expenditure**

59. Which type of public expenditure is directed towards improving the economic and social infrastructure of a country?

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

60. Public expenditure on salaries, pensions, and interest payments is categorized under:

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

61. Expenditure on subsidies, grants, and social welfare programs typically falls under:

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

62. Which type of expenditure focuses on enhancing the long-term productive capacity of the economy?

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

63. Which type of public expenditure refers to the routine day-to-day expenses of the government?

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Transfer payments

64. Expenditure aimed at increasing the nation's human capital through education and healthcare belongs to:

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

65. Payments for the construction of schools, hospitals, and infrastructure projects fall under which expenditure category?

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

66. Expenditure incurred by the government to support industries, research, and technological advancements is categorized as:

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

67. Expenditure on interest payments for loans taken by the government belongs to:

- a. Development expenditure
- b. Recurrent expenditure
- c. Capital expenditure
- d. Revenue expenditure

68. Which canon of public expenditure suggests that government spending should be directed towards promoting economic growth?

- a. Canon of Economy
- b. Canon of Productivity
- c. Canon of Efficiency
- d. Canon of Growth

69. Which canon emphasizes that government spending should aim to ensure an equitable distribution of income and wealth?

- a. Canon of Equality
- b. Canon of Equitability
- c. Canon of Redistribution
- d. Canon of Fairness

70. Which canon emphasizes minimizing wasteful spending and avoiding unnecessary expenses?

- a. Canon of Frugality
- b. Canon of Savings
- c. Canon of Thrift
- d. Canon of Conservatism

71. The canon of productivity advocates for government spending to enhance:

- a. Output per unit of input
- b. Total output regardless of input
- c. Efficient use of inputs
- d. Labor productivity only

72. Canon of Stability in public expenditure emphasizes:

- a. Consistency in spending
- b. Adapting spending to economic conditions
- c. Regularity in spending patterns

- d. Minimizing fluctuations in spending

73. Which canon stresses the importance of balancing the present needs with the future requirements while spending?

- a. Canon of Sustainability
- b. Canon of Forward Planning
- c. Canon of Foresight
- d. Canon of Longevity

74. The canon of economy focuses on:

- a. Reducing government expenditure to a minimum
- b. Maximizing government spending for economic growth
- c. Allocating funds efficiently
- d. Ensuring fair distribution of resources

74. Canon of Redistribution aims to:

- a. Increase government savings
- b. Promote economic stability
- c. Encourage investment in infrastructure

75. Canon of Certainty implies:

- a. Predictability in government expenditure
- b. Spending without any planning
- c. Flexibility in budget allocation
- d. Random allocation of resources

76. Which canon emphasizes that public expenditure should not disturb the existing social order?

- a. Canon of Equilibrium
- b. Canon of Social Harmony
- c. Canon of Status Quo
- d. Canon of Stability

77. Canon of Stability in public expenditure refers to:

- a. Consistent increase in spending
- b. Avoiding deficit spending
- c. Avoiding abrupt fluctuations in spending
- d. Allocating funds to stabilize markets

78. Canon of Sustainability relates to:

- a. Ensuring long-term financial stability
- b. Immediate economic growth
- c. Short-term budgetary gains
- d. Unpredictable spending patterns

79. Canon of Frugality aims to:

- a. Maximize government spending
- b. Reduce government spending to essentials
- c. Encourage extravagant spending
- d. Facilitate overspending in all sectors



80. Canon of Redistribution promotes:

- a. Wealth concentration among the elite
- b. Equitable distribution of income
- c. Reducing government intervention
- d. Inequality in resource allocation

81. Canon of Economy primarily focuses on:

- a. Efficient utilization of resources
- b. Maximizing government spending
- c. Reducing economic growth
- d. Encouraging deficit spending

82. Canon of Certainty suggests that government expenditure should be:

- a. Flexible and unpredictable
- b. Regular and predictable
- c. Excessive and unplanned
- d. Subject to constant change

83. Canon of Growth advocates for government spending to foster:

- a. Stagnation in the economy
- b. Long-term economic prosperity
- c. Short-term inflationary trends
- d. Wealth concentration

84.The canon of sustainability advises the government to:

- a. Focus only on short-term goals
- b. Ensure fiscal responsibility for future generations
- c. Ignore economic stability
- d. Prioritize immediate economic gains

85.Canon of Stability aims to prevent:

- a. Market fluctuations
- b. Overspending in specific sectors
- c. Abrupt changes in public expenditure
- d. Economic growth

86.Public debt is primarily used to:

- a. Control inflation
- b. Generate government revenue
- c. Finance government expenditures
- d. Stimulate private investment

87.What is the primary reason for governments to resort to borrowing through public debt?

- a. To promote consumer spending
- b. To reduce taxation
- c. To cover budget deficits
- d. To discourage foreign investment

88. Public debt is utilized to:

- a. Discourage economic growth
- b. Finance public projects
- c. Generate savings for the government
- d. Increase unemployment rates

89. The primary function of public debt is to:

- a. Stabilize prices in the economy
- b. Cover excessive government spending
- c. Finance long-term infrastructure projects
- d. Reduce government control over the economy

90. Governments issue public debt to:

- a. Limit borrowing opportunities for private entities
- b. Fund short-term operational expenses
- c. Avoid financial dependence on international organizations
- d. Address long-term investment needs

91. Public debt helps governments to:

- a. Maintain a balanced budget
- b. Reduce interest rates
- c. Fund projects with inter-generational benefits
- d. Limit the scope of public services

92. What does public debt allow governments to do in terms of funding public services?

- a. Expand services without additional costs
- b. Cut down on essential services
- c. Increase taxation on citizens
- d. Rely solely on foreign aid

93. The main advantage of public debt is its ability to:

- a. Decrease government spending
- b. Provide immediate funding for projects
- c. Minimize interest payments
- d. Increase budget surpluses

94. Public debt helps in financing projects that:

- a. Yield immediate returns
- b. Have no economic impact
- c. Are solely for private benefit
- d. Generate long-term societal benefits

95. Governments resort to public debt to:

- a. Discourage foreign investments
- b. Control private sector growth
- c. Manage economic downturns
- d. Eliminate budget deficits

96. Public debt is an instrument for governments to:

- a. Generate profits from lending to citizens
- b. Avoid accountability in fiscal matters
- c. Manage financial crises and emergencies
- d. Reduce overall government spending

97. The primary aim of public debt is to:

- a. Reduce the national debt
- b. Fund projects that boost economic growth
- c. Promote excessive government spending
- d. Minimize government intervention in the economy

98. Public debt facilitates government spending on:

- a. Short-term speculative ventures
- b. Non-essential services
- c. Infrastructure and development projects
- d. corporate bailouts

99. Governments utilize public debt to:

- a. Increase inflation rates
- b. Implement expansionary fiscal policies
- c. Reduce the national currency's value
- d. Encourage savings among citizens

100. The primary goal of public debt is to:

- a. Stabilize income distribution
- b. Avoid sovereign default
- c. Promote deflationary policies
- d. Boost investment in the private sector

101. Governments resort to public debt to:

- a. Increase taxation burden on citizens
- b. Restrict public investments
- c. Finance public projects beyond current revenue
- d. Encourage excessive private borrowing

102. Public debt is used to finance:

- a. Short-term consumption spending
- b. Infrastructure and education
- c. Speculative financial endeavors
- d. Private sector mergers and acquisitions

103. Public debt enables governments to:

- a. Limit borrowing options for private entities
- b. Maintain budget surpluses
- c. Stimulate economic growth through investments
- d. Rely solely on foreign aid

104. The primary purpose of public debt is to:

- a. Control inflation rates
- b. Accumulate excessive savings for future generations
- c. Finance essential government operations
- d. Discourage investment in the public sector

105. Public debt assists governments in:

- a. Reducing public services
- b. Financing projects with long-term benefits
- c. Discouraging foreign investments
- d. Lowering tax rates for citizens

106. Which source of public debt involves the issuance of bonds with fixed interest rates and maturities?

- a. Treasury Bills
- b. Sovereign Bonds
- c. Municipal Bonds
- d. Corporate Bonds

107. Government securities that mature within one year are typically referred to as:

- a. Treasury Notes
- b. treasury Bonds
- c. Treasury Bills



**d. Municipal Bonds**

108. Long-term debt instruments issued by governments to fund infrastructure projects are known as:

- a. Treasury Bills
- b. Treasury Bonds
- c. Municipal Bonds
- d. Savings Bonds

109. Debt instruments issued by local governments to finance public projects are called:

- a. Sovereign Bonds
- b. Treasury Bills
- c. Municipal Bonds
- d. Corporate Bonds

110. Which source of public debt typically has the shortest maturity period?

- a. Treasury Bonds
- b. Treasury Bills
- c. Municipal Bonds
- d. Savings Bonds

111. Debt securities issued directly by the central government are known as:

- a. Corporate Bonds
- b. Sovereign Bonds
- c. Municipal Bonds

d. Treasury Bills

112. Bonds that allow investors to lend money to governments for a specified period are called:

- a. Treasury Bonds
- b. Municipal Bonds
- c. Corporate Bonds
- d. Savings Bonds

113. Which debt instrument can be considered a form of small-denomination loans from the public to the government?

- a. Treasury Bills
- b. Sovereign Bonds
- c. Municipal Bonds
- d. Savings Bonds

114. Debt securities issued by corporations to raise capital are termed as:

- a. Treasury Bills
- b. Sovereign Bonds
- c. Corporate Bonds
- d. Municipal Bonds

115. Bonds issued by a national government in a foreign currency are known as:

- a. Foreign Bonds

- b. International Bonds
- c. Global Bonds
- d. Sovereign Bonds

116.. Short-term debt instruments issued by the government with maturities less than one year are called:

- a. Treasury Bonds
- b. Corporate Bonds
- c. Treasury Bills
- d. 4 Municipal Bonds

117. Debt instruments that allow governments to borrow directly from the central bank are known as:

- a. Sovereign Bonds
- b. Central Bank Bonds
- c. Treasury Bills
- d. Corporate Bonds

118. Bonds issued by governments in multiple currencies for a broader investor base are termed:

- a. Foreign Bonds
- b. Multinational Bonds
- c. Global Bonds
- d. Sovereign Bonds

119. Debt securities issued by governments to raise money from foreign investors in their local currency are known as:

- a. External Debt
- b. International Bonds
- c. Sovereign Bonds
- d. Foreign Bonds

120. Which source of public debt represents a loan agreement between governments?

- a. Sovereign Bonds
- b. Bilateral Loans
- c. Treasury Bills
- d. Corporate Bonds

121. Bonds issued by governments in the form of electronic securities are termed as:

- a. E-Bonds
- b. Digital Bonds
- c. Electronic Bonds
- d. Cyber Bonds

122. Debt instruments issued by governments with the backing of a specific revenue source are known as:

- a. Revenue Bonds
- b. Treasury Bonds
- c. Municipal Bonds
- d. Sovereign Bonds

123. Bonds issued by governments that represent a share in the country's GDP growth are termed:

- a. Growth-Linked Bonds
- b. Treasury Bills
- c. Municipal Bonds
- d. Sovereign Bonds

124. Debt instruments that are sold at a discount to face value and redeemed at par value are called:

- a. Coupon Bonds
- b. Discount Bonds
- c. Zero-Coupon Bonds
- d. Treasury Bonds

125. Debt securities issued by supranational organizations are termed as:

- a. International Bonds
- b. Sovereign Bonds
- c. Global Bonds
- d. Multinational Bonds

126. Public debt is important because it allows governments to:

- a. Reduce taxation
- b. Spend beyond current revenues
- c. Limit infrastructure development

- d. Stimulate private savings

127. The significance of public debt lies in its ability to:

- a. Encourage high inflation
- b. Improve government accountability
- c. Finance long-term projects
- d. Limit economic growth

128. Public debt is crucial as it facilitates:

- a. Reduction in government spending
- b. Redistribution of wealth
- c. Immediate funding for public services
- d. Enhanced foreign aid

129. The importance of public debt is its role in:

- a. Decreasing government intervention
- b. Financing public infrastructure
- c. Reducing public investment
- d. Stimulating private debt

130. Public debt is significant as it enables governments to:

- a. Decrease public services
- b. Encourage unemployment
- c. Fund projects beyond current tax revenues
- d. Decrease private investment

131. The significance of public debt lies in its capacity to:

- a. Limit government spending
- b. Stabilize the economy during crises
- c. Increase trade deficits
- d. Restrict public investments

132. Public debt's importance is evident in its ability to:

- a. Encourage government savings
- b. Promote inflationary pressures
- c. Fund essential public services
- d. Limit long-term economic growth

133. The importance of public debt is its role in:

- a. Discouraging long-term investments
- b. Addressing short-term budgetary needs
- c. Increasing government dependence on foreign aid
- d. Encouraging private sector growth

134. Public debt is crucial as it helps in:

- a. Restricting government expenditure
- b. Fostering intergenerational equity
- c. Limiting infrastructure development
- d. Discouraging foreign investments



135.The significance of public debt is its capacity to:

- a. Increase government savings
- b. Enable long-term investments
- c. Lower taxation
- d. Hinder economic stability

136.. Public debt's importance lies in its role in:

- a) Reducing public expenditure
- b) Encouraging fiscal discipline
- c) Stimulating economic growth
- d) Limiting access to public services

137.The importance of public debt is evident in its capacity to:

- a. Limit government borrowing options
- b. Finance projects with long-term benefits
- c. Encourage reliance on foreign aid
- d. Decrease private sector investments

138.Public debt's significance is its ability to:

- a. Stifle economic development
- b. Limit access to credit markets
- c. Finance public projects beyond immediate revenue
- d. Increase government reliance on grants

139. The importance of public debt lies in its role in:

- a. Reducing public investments
- b. Facilitating infrastructure development
- c. Encouraging high inflation rates
- d. Limiting government borrowing capacity

140. Public debt is crucial as it assists in:

- a. Encouraging budget surpluses
- b. Financing essential public services
- c. Limiting economic stability
- d. Reducing government accountability

141. The significance of public debt is its capacity to:

- a. Discourage long-term economic growth
- b. Limit government intervention in the economy
- c. Finance projects beneficial for future generations
- d. Increase government reliance on foreign aid

142. Public debt's importance lies in its role in:

- a. Hindering government fiscal flexibility
- b. Enhancing financial independence
- c. Encouraging economic stagnation

- d. Limiting public access to essential services

143. The importance of public debt is its capacity to:

- a. Decrease government accountability
- b. Promote intergenerational equity
- c. Limit access to public services
- d. Discourage economic stability

144. Public debt's significance is its ability to:

- a. Reduce investment in infrastructure
- b. Limit access to global financial markets
- c. Provide funding for long-term projects
- d. Encourage reliance on grants for funding

145. The importance of public debt lies in its role in:

- a. Decreasing government revenue
- b. Enabling funding for public goods
- c. Promoting excessive borrowing
- d. Limiting public access to financial markets

146. What is the primary function of a budget in an organization or government?

- a. Enhancing bureaucracy
- b. Controlling innovation

- c. Managing resources effectively
- d. Encouraging financial waste

147. A budget is crucial in providing:

- a. Flexibility in spending
- b. A framework for financial decision-making
- c. Unlimited spending opportunities
- d. Room for spontaneous expenditures

148. What role does a budget play in guiding financial operations?

- a. Limiting financial accountability
- b. Enabling overspending
- c. Offering financial direction and control
- d. Creating financial chaos

149. The importance of a budget lies in its ability to:

- a. Discourage planning
- b. Control financial mismanagement
- c. Promote excessive spending
- d. Limit financial transparency

150. What purpose does a budget serve in ensuring fiscal discipline?

- a. Encouraging reckless spending
- b. Promoting financial irresponsibility
- c. Enabling systematic financial planning

- d. Fostering a lack of financial oversight

151. A budget is significant because it aids in:

- a. Promoting financial chaos
- b. Enabling uncertainty in spending
- c. Aligning financial resources with objectives
- d. Encouraging unplanned expenditures

152. The importance of a budget lies in its role in:

- a. Enabling inefficient resource allocation
- b. Providing a financial roadmap
- c. Encouraging budget deficits
- d. Discouraging financial transparency

153. What is a key benefit of a well-structured budget?

- a. disorganized spending patterns
- b. Unpredictable financial outcomes
- c. Improved financial accountability
- d. Excessive financial waste

154. A budget is crucial as it facilitates:

- a. Encouragement of financial indiscipline
- b. Reduction in financial oversight
- c. Systematic allocation of resources
- d. Encouraging unplanned expenditures

155. The importance of a budget lies in its capacity to:

- a. Promote arbitrary spending
- b. Increase financial uncertainty
- c. Ensure effective utilization of resources
- d. Encourage financial mismanagement

156. A budget deficit occurs when:

- a. Government spending exceeds government revenue
- b. Government spending equals government revenue
- c. Government spending is less than government revenue
- d. Government borrowing remains constant

157. Which deficit arises when total imports exceed total exports in a country?

- a. Fiscal deficit
- b. Trade deficit
- c. Revenue deficit
- d. Budget deficit

158. An excess of government expenditures over its current receipts, excluding borrowing, defines:

- a. Revenue deficit
- b. Budget deficit

- c. Fiscal deficit
- d. Trade deficit

159. When a government spends more than it earns in a fiscal year, it incurs:

- a. Fiscal deficit
- b. Revenue deficit
- c. Trade deficit
- d. Budget deficit

160. Which deficit occurs when a government's total expenditures exceed the total revenue generated?

- a. Fiscal deficit
- b. Revenue deficit
- c. Trade deficit
- d. Budget deficit

161. The excess of total government expenditure over total government income, including borrowings, is termed as:

- a. Revenue deficit
- b. Fiscal deficit
- c. Trade deficit
- d. Budget deficit



162. When the government's current income is insufficient to cover its current expenditure, it leads to:

- a. Fiscal deficit
- b. Trade deficit
- c. Revenue deficit
- d. Budget deficit

163. A situation where a government spends more on programs and services than it receives in tax revenue is known as:

- a. Fiscal deficit
- b. Budget deficit
- c. Revenue deficit
- d. Trade deficit

164. Which deficit represents the gap between government spending and total revenue, excluding borrowing?

- a. Revenue deficit
- b. Fiscal deficit
- c. Trade deficit
- d. Budget deficit

165. The total amount by which a government's spending exceeds its revenue over a given period is referred to as:

- a. Revenue deficit
- b. Fiscal deficit

- c. Budget deficit
- d. Trade deficit

166. What does a revenue deficit indicate in a government's financial statement?

- a. Excess of capital expenditures over capital receipts
- b. Excess of total expenditures over total revenue excluding borrowing
- c. Excess of revenue receipts over revenue expenditures
- d. Excess of tax revenue over non-tax revenue

167. Revenue deficit occurs when a government's revenue expenditure exceeds its:

- a. Capital expenditure
- b. Borrowings
- c. Revenue receipts
- d. Fiscal deficit

168. A revenue deficit arises when a government's revenue expenditure exceeds its:

- a. Revenue receipts
- b. Capital receipts
- c. Fiscal deficit
- d. Capital expenditure

169. What does a revenue deficit indicate about a government's finances?

- a. Excess of tax revenue over non-tax revenue
- b. Inability to meet regular expenses without borrowing
- c. Surplus in capital receipts
- d. Effective management of revenue and expenditures

170. Revenue deficit is an indication of a shortfall in a government's ability to:

- a. Generate tax revenue
- b. Manage its capital expenditures
- c. Finance its regular operating expenses
- d. Accumulate surplus in revenue receipts

171. Which of the following defines revenue deficit?

- a. Difference between tax revenue and non-tax revenue
- b. Excess of current expenditure over current revenue
- c. Difference between capital expenditure and capital receipts
- d. Surplus in total government revenue

172. Revenue deficit affects a government's ability to:

- a. Fund long-term developmental projects
- b. Efficiently manage borrowings
- c. Finance routine expenditures without borrowing
- d. Accumulate surplus in capital receipts

173. A government aims to eliminate revenue deficit to ensure:

- a. Higher tax rates
- b. Lesser borrowing requirements
- c. Increased capital expenditure
- d. Higher fiscal deficit

174. Revenue deficit primarily signifies a lack of ability to cover:

- a. Capital receipts with capital expenditures
- b. Revenue expenditures with revenue receipts
- c. Capital expenditures with revenue receipts
- d. Revenue expenditures with capital receipts

175. What impact does a continuous revenue deficit have on a government's financial health?

- a. It encourages surplus in revenue receipts

- b. It results in increased borrowing for routine expenses
- c. It allows for greater allocation towards developmental projects
- d. It reduces the need for borrowing to cover operational expenses

176. What does a budget deficit signify in a government's financial situation?

- a. Excess of total expenditures over total revenue excluding borrowing
- b. Excess of borrowing over total revenue
- c. Excess of total revenue over total expenditures
- d. Excess of total expenditures over total revenue including borrowing

177. A budget deficit occurs when government spending:

- a. Equals government revenue
- b. Exceeds government revenue and borrowing
- c. Matches government borrowing
- d. Equals government borrowing

178. The primary cause of a budget deficit is:

- a. Excessive government revenue
- b. Balanced government spending and revenue

- c. Government spending surpassing government revenue
- d. Government revenue surpassing government spending

179. How is a budget deficit calculated?

- a. Total revenue minus total borrowing
- b. Total revenue minus total expenditures
- c. Total borrowing minus total revenue
- d. Total expenditures minus total revenue

180. Which of the following statements is true about a budget deficit?

- a. It promotes economic stability
- b. It indicates excessive government savings
- c. It necessitates borrowing to cover government spending
- d. It leads to increased revenue

181. The impact of a budget deficit on a government is:

- a. Reduced dependence on external financing
- b. Increased reliance on domestic revenue sources
- c. Increased need for borrowing and potential interest payments
- d. Reduced need for fiscal discipline

182. What does a persistent budget deficit signify for a government's financial health?

- a. Efficient fiscal management
- b. Ability to cover all expenses without borrowing
- c. Increasing debt accumulation
- d. Decreasing need for borrowing

183. A government aims to reduce a budget deficit primarily to:

- a. Increase public sector employment
- b. Minimize reliance on external aid
- c. Decrease public spending
- d. Avoid excessive borrowing and its consequences

184. The impact of a prolonged budget deficit includes:

- a. Decreased inflation rates
- b. Increased government debt and interest payments
- c. Reduction in unemployment rates
- d. Greater budgetary surplus

185. What is the consequence of a consistent budget deficit on a government's financial position?

- a. Reduced need for borrowing
- b. Accumulation of public debt



- c. Decreased reliance on tax revenues
- d. Increased fiscal stability

186. What does a primary deficit represent in a government's financial standing?

- a. Total government expenditures exceeding total revenue
- b. Total government borrowing exceeding interest payments
- c. Government revenue exceeding government spending
- d. Government borrowing exceeding total revenue

187. Primary deficit excludes which of the following from the calculation?

- a. Interest payments on past debt
- b. Current fiscal year's expenditures
- c. Current fiscal year's revenue
- d. Borrowing for future projects

188. A primary deficit occurs when government:

- a. Collects more in taxes than it spends
- b. Borrows more to cover interest payments
- c. Spends more than its revenue, excluding interest payments
- d. Borrows more than its revenue

189. What financial situation does a primary deficit primarily indicate for a government?

- a. Excess in government revenue over government spending
- b. Inability to cover current expenses without borrowing for interest payments
- c. Excess borrowing for future developmental projects
- d. Efficient management of government debt

190. How is a primary deficit calculated?

- a. Total revenue minus total borrowing
- b. Total expenditures minus total revenue excluding interest payments
- c. Total borrowing minus total expenditures
- d. Total revenue minus total expenditures including interest payments

191. The primary deficit excludes which critical element from its calculation?

- a. Government revenue
- b. Interest payments on past debts
- c. Current year's expenditures
- d. Borrowings for future projects

192. A continuous primary deficit suggests that a government:

- a. Efficiently manages its expenses
- b. Has limited need for borrowing
- c. Relies heavily on borrowing for operational expenses
- d. Has a surplus in revenue

193. The impact of a primary deficit on government finances includes:

- a. Reduced interest payments on past debt
- b. Decreased need for external financing
- c. Increased reliance on borrowing for non-interest expenses
- d. Efficient debt management

194. A government aims to reduce a primary deficit primarily to:

- a. Lower overall government borrowing
- b. Increase interest payments on past debts
- c. Enhance economic growth
- d. Accumulate surplus revenue

195. The persistence of a primary deficit could lead to:

- a. Decreased government debt accumulation
- b. Increased reliance on interest payments
- c. Greater fiscal discipline

- d. Reduced reliance on borrowing for operational expenses

196. What does a fiscal deficit indicate in a government's financial health?

- a. Excess of total government revenue over total government expenditure
- b. Inability to cover current expenses without borrowing
- c. Reduced need for external financing
- d. Excess of borrowing over government revenue

197. Fiscal deficit represents the gap between a government's:

- a. Total revenue and total expenditure
- b. Total revenue and total borrowing
- c. Total expenditure and total borrowing
- d. Total revenue and total interest payments

198. A fiscal deficit occurs when government:

- a. Spends more than its total revenue, excluding interest payments
- b. Borrows more than its total revenue
- c. Collects more in taxes than it spends
- d. Spends less than its total revenue

199. What does a persistent fiscal deficit imply for a government's financial management?

- a. Efficient management of expenses
- b. Increasing reliance on borrowing for operational expenses
- c. Surplus in revenue
- d. Decreased need for borrowing

200. How is a fiscal deficit calculated?

- a. Total revenue minus total borrowing
- b. Total revenue minus total expenditure
- c. Total borrowing minus total revenue
- d. Total expenditure minus total revenue

201. The impact of a fiscal deficit on a government's financial position includes:

- a. Reduced borrowing requirements
- b. Increased reliance on external financing
- c. Increased government savings
- d. Lower interest payments on past debts

202. A persistent fiscal deficit suggests that a government:

- a. Efficiently manages its revenue
- b. Has a surplus in revenue
- c. Has limited need for borrowing
- d. Relies heavily on borrowing to cover expenditures

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202. What financial situation does a fiscal deficit primarily indicate for a government?

- a. Excess in government revenue over government spending
- b. Inability to cover all expenses without borrowing
- c. Efficient management of government debt
- d. Reduced need for borrowing

203. A government aims to reduce a fiscal deficit primarily to:

- a. Lower overall government borrowing
- b. Increase interest payments on past debts
- c. Enhance economic growth
- d. Accumulate surplus revenue

204. The persistence of a fiscal deficit could lead to:

- a. Decreased government debt accumulation
- b. Increased reliance on borrowing for operational expenses
- c. Greater fiscal discipline
- d. Reduced reliance on external financing

205. Deficit financing refers to a situation where a government:

- a. Covers its budget deficit by reducing spending

- b. Borrows funds to cover its budget deficit
- c. Increases tax rates to cover its budget deficit
- d. Reduces its debt to cover the budget deficit

206. The primary objective of deficit financing is to:

- a. Decrease inflation rates
- b. Accumulate surplus revenue
- c. Bridge the gap between government spending and revenue
- d. Lower the interest rates on borrowings

207. Deficit financing typically involves:

- a. Reducing government borrowing
- b. Generating surplus revenue to cover expenditures
- c. Borrowing funds to cover government spending exceeding revenue
- d. Cutting down government expenditures to match revenue

208. The impact of deficit financing on an economy is often associated with:

- a. Decreased money supply
- b. Increased government debt accumulation
- c. Lower inflation rates



- d. Reduced interest rates

209. The main source of funding in deficit financing is usually obtained from:

- a. Decreased reliance on borrowings
- b. Increased government revenue
- c. External grants and aids
- d. Borrowings from various sources

210. The purpose of deficit financing is primarily to:

- a. Ensure budget surplus
- b. Encourage savings in the economy
- c. Facilitate economic growth by government spending
- d. Limit government intervention in the economy

211. Deficit financing can lead to inflation when:

- a. Government borrows from external sources
- b. Government spending exceeds the borrowing capacity
- c. Borrowed funds are utilized for capital investment
- d. Excessive money is pumped into the economy

212. Deficit financing is often utilized for:

- a. Lowering interest rates
- b. Reducing government spending
- c. Encouraging private investments
- d. Financing development projects and social programs

213. The main concern associated with deficit financing is its potential to:

- a. Boost economic growth
- b. Decrease government debt
- c. Cause inflationary pressures
- d. Stabilize interest rates

214. Deficit financing may not be advisable if:

- a. The economy is in a recession
- b. The government aims for increased spending
- c. There is an excess of savings in the economy
- d. The government has low debt levels

### ANSWERS:

1.d 2.a 3.a 4.c 5.a 6.b 7.b 8.b 9.b 10.c 11.b 12.c 13.c  
14.b 15. c 16.c 17.c 18.a 19.c 20.b 21.c 22.a 23.d  
24.d 25.b 26.c 27.c 28.b 29.b 30.a 31.a 32.a 33.b 34.a  
35.b 36.c 37.c 38.c 39.b 40.a 41.b 42.a 43.a 44.b 45.b  
46.a 47.c 48.c 49.b 50.c 51.b 52.a 53.c 54.a 55.b 56.c

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57.c 58.b 59.c 60.b 61.a 62.c 63.b 64.a 65.c 66.a 67.d  
68.d 69.c 70.a 71.a 72.d 73.a 74.c 75.a 76.c 77.c 78.a  
79.b 80.b 81.a 82.b 83.b 84.b 85.c 86.c 87.c 88.b 89.c  
90.d 91.c 92.a 93.b 94.d 95.c 96.c 97.b 98.c 99.b  
100.b 101.c 102.b 103.c 104.c 105.b 106.b 107.c  
108.b 109.c 110.b 111.b 112.a 113.d 114.c 115.a  
116.c 117.b 118.c 119.d 120.b 121.a 122.a 123.a  
124.c 125.a 126.b 127.c 128.c 129.b 130.c 131.b  
132.c 133.b 134.b 135.b 136.c 137.b 138.c 139.b  
140.b 141.c 142.b 143.b 144.c 145.b 146.c 147.b  
148.c 149.b 150.c 151.c 152.b 153.c 154.c 155.c  
156.a 157.a 158.a 159.d 160.d 161.b 162.c 163.c  
164.a 165.c 166.b 167.c 168.a 169.b 170.c 171.b  
172.c 173.b 174.b 175.b 176.a 177.b 178.c 179.d  
180.c 181.c 182.c 183.d 184.b 185.b 186.a 187.a  
188.c 189.b 190.b 191.b 192.c 193.c 194.a 195.b  
196.b 197.a 198.a 199.b 200.d 201.b 202.d 203.b  
204.a 205.b 206.c 207.b 208.b 209.d 210.c 211.d  
212.d 213.c 214.d

**PART B & PART C**

1. Write an essay on Importance of national income
2. What are the Important concepts in national income?
3. Distinguish between national income at constant and current price

4. Write a short note on Sectoral contribution to national income
5. Discuss about the National income and economic welfare
6. Evaluate the methods used to calculate national income. Compare and contrast the income, expenditure, and production approaches to measuring national income.
7. Discuss the challenges in accurately measuring national income in today's global economy. Consider issues such as digital economies, informal sectors, and the sharing economy in the context of national income accounting.
8. Discuss the significance of sectoral contribution to national income. Analyze the roles of primary, secondary, and tertiary sectors in economic development and their relative contributions to national income.
9. Evaluate the evolution of sectoral contribution in the context of economic development. How have shifts from agrarian-based economies to industrial and service-based economies impacted national income?
10. Analyze the factors influencing the growth and productivity of each sector in

contributing to national income. Discuss the challenges and opportunities faced by different sectors in developing countries.

11. Discuss the role of the agricultural sector in the context of national income. Analyze the importance of modernization, technology adoption, and policy interventions in enhancing agricultural productivity and its contribution to the economy.
12. Evaluate the significance of the manufacturing sector in economic development. Discuss how advancements in manufacturing technology and infrastructure contribute to increased productivity and national income.
13. Analyze the role of the services sector in modern economies. Discuss the various sub-sectors within services and their contributions to national income, emphasizing the importance of innovation and technology.
14. Discuss the relationship between sectoral contributions and employment generation. Analyze how changes in sectoral composition affect employment patterns and overall economic growth.

15. Examine the disparities in sectoral contributions between developed and developing economies. Discuss the challenges faced by developing countries in transitioning from agriculture-dominated economies to diversified sectors.
16. Discuss the impact of globalization on sectoral contributions to national income. Analyze how global trade, outsourcing, and international competition have influenced sectoral growth and development.
17. Evaluate the government's role in promoting balanced sectoral growth for sustainable national income. Discuss the policies and initiatives aimed at enhancing productivity and competitiveness across different sectors.



## UNIT – V

### PART A

1. Which theory of money supply emphasizes that the money supply is directly proportional to the monetary base controlled by the central bank?
  - a. Quantity Theory of Money
  - b. Keynesian Theory
  - c. Monetarist Theory
  - d. Chartalist Theory
2. The Quantity Theory of Money proposes that the quantity of money in circulation is primarily determined by:
  - a. Central bank interest rates
  - b. Fiscal policy measures
  - c. The velocity of money
  - d. Government expenditure
3. According to the Keynesian Theory, changes in money supply have a significant impact on:
  - a. Employment and inflation
  - b. Interest rates and GDP growth
  - c. Aggregate supply and aggregate demand
  - d. Income distribution and consumer spending



4. The Monetarist Theory asserts that changes in the money supply lead directly to changes in:
- Exchange rates
  - Interest rates
  - Consumer spending
  - Fiscal policy measures
5. The "Liquidity Preference Theory" is associated with which economist?
- Milton Friedman
  - John Maynard Keynes
  - Adam Smith
  - Friedrich Hayek
6. The "Liquidity Trap," proposed by Keynesian economics, occurs when:
- Interest rates rise sharply due to excess money supply
  - Interest rates fall to zero, making monetary policy ineffective
  - Money demand decreases sharply in the economy
  - Money supply exceeds the fiscal deficit
7. According to the Monetarist Theory, what directly affects economic activity?
- Fiscal policy
  - Velocity of money
  - Government spending

d. Income distribution

8. The Quantity Theory of Money assumes a proportional relationship between changes in money supply and changes in:

- a. Real GDP
- b. Interest rates
- c. Price levels
- d. Government spending

9. The Fisher Theory of Money primarily focuses on the relationship between changes in the money supply and changes in:

- a. Fiscal policy measures
- b. Velocity of money
- c. Nominal interest rates
- d. Consumer spending habits

10. According to Keynesian Theory, an increase in the money supply can affect economic activity by:

- a. Reducing inflationary pressures
- b. Decreasing aggregate demand
- c. Increasing employment and output
- d. Lowering consumer confidence

11. Broad money refers to:

- a. Total currency held by the public

- b. Currency in circulation and reserve deposits
- c. Total currency in circulation and demand deposits
- d. Total currency in circulation, demand deposits, and time deposits

12. M2 is a measure of:

- a. Narrow money
- b. Broad money
- c. Central bank reserves
- d. Commercial bank assets

13. Which of the following is typically included in the measurement of broad money?

- a. Physical coins and banknotes
- b. Government securities
- c. Savings deposits
- d. Treasury bills

14. Broad money includes which of the following?

- a. Central bank reserves
- b. Demand deposits only
- c. Currency held by banks
- d. Savings deposits and time deposits

15. In monetary aggregates, broad money is often represented by:

- a. M1
- b. M2
- c. M0
- d. M3

16. What distinguishes broad money from narrow money?

- a. Narrow money includes only cash, while broad money includes cash and demand deposits.
- b. Broad money includes time deposits, whereas narrow money does not.
- c. Narrow money measures only physical currency in circulation, while broad money includes various types of deposits.
- d. Broad money is used for international transactions, while narrow money is used domestically.

17. M3, as a measure of money supply, often includes:

- a. Currency in circulation only
- b. Central bank reserves and demand deposits
- c. Time deposits and institutional money market funds
- d. Physical coins and notes

18. Broad money is essential for understanding an economy's:

- a. Liquidity position
- b. Short-term government debt
- c. Exchange rate fluctuations
- d. Inflation rate movements

19. Which of the following does broad money NOT typically include?

- a. Physical currency in circulation
- b. Demand deposits
- c. Time deposits
- d. Central bank reserves

20. An increase in broad money supply may result in:

- a. Lower liquidity
- b. Decreased economic activity
- c. Potential inflationary pressures
- d. Increased government savings

21. Narrow money refers to:

- a. Total currency held by the public
- b. Currency in circulation and reserve deposits
- c. Total currency in circulation and demand deposits
- d. Physical currency and coins in banks

22. M1 is an example of:

- a. Broad money
- b. Narrow money
- c. Central bank reserves
- d. Commercial bank assets

23. Which of the following is usually included in the measurement of narrow money?

- a. Savings deposits
- b. Treasury bills
- c. Physical coins and banknotes
- d. Government securities

24. Narrow money encompasses which of the following?

- a. Central bank reserves
- b. Demand deposits only
- c. Currency held by banks
- d. Physical coins and banknotes, and demand deposits

25. In monetary aggregates, narrow money is typically represented by:

- a. M1
- b. M2
- c. M0
- d. M3

26. What distinguishes narrow money from broad money?

- a. Narrow money includes only cash, while broad money includes cash and demand deposits. Broad money includes time deposits, whereas narrow money does not.
- b. Narrow money measures only physical currency in circulation, while broad money includes various types of deposits.
- c. Broad money is used for international transactions, while narrow money is used domestically.

27. M0, as a measure of money supply, often includes:

- a. Currency in circulation only
- b. Central bank reserves and demand deposits
- c. Time deposits and institutional money market funds
- d. Physical coins and notes

28. Narrow money primarily aids in understanding an economy's:

- a. Liquidity position
- b. Long-term government debt
- c. Exchange rate fluctuations
- d. Inflation rate movements



29. Which of the following does narrow money typically NOT include?

- a. Physical currency in circulation
- b. Demand deposits
- c. Time deposits
- d. Central bank reserves

30. A decrease in narrow money supply might lead to:

- a. Higher liquidity
- b. Increased economic activity
- c. Potential deflationary pressures
- d. Reduced government savings

31. High-powered money primarily consists of:

- a. Currency in circulation
- b. Physical coins and banknotes
- c. Central bank reserves and currency in circulation
- d. Demand deposits

32. Which of the following is NOT a component of high-powered money?

- a. Commercial bank reserves
- b. Treasury bills
- c. Currency issued by the central bank
- d. Vault cash held by banks

33. High-powered money is created by the:
- a. Central bank
  - b. Commercial banks
  - c. Investment banks
  - d. Federal Reserve
34. The most crucial determinant of high-powered money is the:
- a. Money multiplier
  - b. Government spending
  - c. Fiscal policy
  - d. Monetary policy
35. High-powered money primarily exists in the form of:
- a. Coins and banknotes in circulation
  - b. Excess reserves in commercial banks
  - c. Currency held by the public
  - d. Treasury securities
36. High-powered money is instrumental in:
- a. Controlling inflation
  - b. Regulating interest rates
  - c. Determining exchange rates
  - d. Implementing monetary policy

37. Which element plays a significant role in influencing high-powered money?
- a. Government expenditure
  - b. Commercial bank lending rates
  - c. Reserve requirements set by the central bank
  - d. International trade policies
38. High-powered money is directly linked to:
- a. The gross domestic product (GDP)
  - b. The money supply in the economy
  - c. The consumer price index (CPI)
  - d. The balance of payments
39. The creation of high-powered money is affected by changes in:
- a. Commercial bank lending rates
  - b. Consumer spending patterns
  - c. Central bank open market operations
  - d. Government tax policies
40. High-powered money's role is crucial in the context of:
- a. Economic growth
  - b. Controlling the fiscal deficit
  - c. Stabilizing foreign exchange rates
  - d. Regulating the money supply

41. M1 includes:

- a. Currency in circulation and demand deposits
- b. Currency in circulation and time deposits
- c. Demand deposits and savings deposits
- d. Time deposits and government securities

42. Which of the following is considered part of M1?

- a. Central bank reserves
- b. Time deposits
- c. Demand deposits
- d. Corporate bonds

43. M1 is a measure of money supply that includes:

- a. Currency in circulation and savings deposits
- b. Physical currency and checking account balances
- c. Physical currency and time deposits
- d. Demand deposits and government securities

44. Which component is NOT part of M1?

- a. Currency held by the public
- b. Demand deposits
- c. Traveler's checks

d. Time deposits

45. M1 serves as a measure of:

- a. Narrow money
- b. Broad money
- c. Central bank reserves
- d. Commercial bank assets

46. M2 includes which of the following?

- a. M1 plus savings deposits and time deposits
- b. M1 plus time deposits greater than \$100,000
- c. M1 plus government securities
- d. M1 plus corporate bonds

47. Savings deposits and time deposits below a specific amount are part of:

- a. M1
- b. M2
- c. M3
- d. M0

48. M2 includes components that:

- a. Are highly liquid and easily accessible
- b. Are exclusively held by commercial banks
- c. Have the highest interest rates
- d. Are long-term government debts

49. What does M2 primarily reflect?

- a. Narrow money supply
- b. The broadest measure of money supply
- c. Central bank reserves
- d. Currency in circulation

50. Certificates of deposit (CDs) under a certain value are included in:

- a. M1
- b. M2
- c. M3
- d. M0

51. M3 includes:

- a. M1 plus time deposits over
- b. M2 plus government securities
- c. M2 plus corporate bonds
- d. M2 plus central bank reserves

52. Which component is typically part of M3 but not M2?

- a. Currency in circulation
- b. Time deposits
- c. Demand deposits
- d. Savings deposits

53. M3 is a measure that comprises:
- All physical currency in circulation
  - M1 plus large time deposits
  - Central bank reserves and demand deposits
  - M2 plus commercial bank assets
54. Large time deposits over a certain value are part of:
- M1
  - M2
  - M3
  - M0
55. M3 serves as a measure that encompasses:
- The narrowest definition of money supply
  - The broadest definition of money supply
  - Central bank reserves only
  - Currency in circulation only
56. Inflation is best defined as:
- A decrease in the overall price level of goods and services
  - An increase in the purchasing power of money
  - A sustained increase in the general price level of goods and services over time



- d. A temporary fluctuation in the price of a single commodity

57. Demand-pull inflation occurs when:

- a. Aggregate supply increases
- b. Aggregate demand decreases
- c. Aggregate demand exceeds aggregate supply
- d. Aggregate supply exceeds aggregate demand

58. Cost-push inflation is primarily caused by:

- a. A decrease in production costs
- b. An increase in aggregate demand
- c. A decrease in taxes
- d. An increase in production costs

59. Hyperinflation is characterized by:

- a. Rapid and extreme increases in the price level
- b. Stable prices over a prolonged period
- c. Controlled and predictable changes in prices
- d. Mild fluctuations in the price level

60. The Consumer Price Index (CPI) measures:

- a. The price level changes for goods and services bought by firms

- b. The price level changes for goods and services bought by households
- c. The stock market's price changes
- d. The exchange rate fluctuations

61. Which of the following is a negative impact of high inflation?

- a. Increased purchasing power
- b. Reduced uncertainty in the economy
- c. Decreased real income
- d. Higher savings incentives

62. Inflation can be detrimental to fixed-income earners because it:

- a. Increases their purchasing power
- b. Reduces the value of their income over time
- c. Encourages investment opportunities
- d. Has no impact on their income stability

63. The Phillips Curve suggests an inverse relationship between:

- a. Inflation and unemployment
- b. Inflation and economic growth
- c. Inflation and interest rates
- d. Inflation and productivity

64. Stagflation refers to a situation characterized by:

- a. High inflation and high economic growth
- b. Low inflation and low unemployment
- c. High inflation and high unemployment
- d. Low inflation and high economic growth

65. Structural inflation is caused by:

- a. Demand exceeding supply in the economy
- b. Inadequate money supply
- c. Long-term imbalances in an economy's structure
- d. Short-term fluctuations in the economy

66. Core inflation excludes which of the following components?

- a. Food and beverages
- b. Energy prices
- c. Housing costs
- d. Volatile goods and services

67. The term "inflationary expectations" refers to:

- a. Anticipated future increases in prices
- b. Government interventions to control inflation
- c. Interest rate adjustments due to inflation
- d. Temporary price changes in the market

68. The term "disinflation" refers to:

- a. A temporary pause in inflation
- b. The reduction of inflation rate over time
- c. Hyperinflationary conditions
- d. Sustained high inflation rates

69. The 'Quantity Theory of Money' suggests that inflation is primarily caused by:

- a. Excessive government borrowing
- b. Changes in money supply relative to output
- c. Fluctuations in exchange rates
- d. Changes in demand for goods and services

70. What does "cost-push inflation" primarily stem from?

- a. Increased consumer demand
- b. Rising production costs
- c. Excessive money supply
- d. Lowered wages

71. The term "creeping inflation" refers to:

- a. Moderately rising prices over an extended period
- b. Rapid and extreme price hikes
- c. Deflationary pressures in the economy
- d. Steep declines in the price level

72. A situation where wage increases match inflation rates is known as:

- a. Hyperinflation
- b. Stagflation
- c. Cost-push inflation
- d. Wage-price spiral

73. "Inflation targeting" is a monetary policy strategy aimed at:

- a. Achieving high economic growth rates
- b. Controlling inflation within a target range
- c. Stabilizing interest rates
- d. Encouraging government spending

74. The term "demand-pull inflation" implies:

- a. A reduction in aggregate demand
- b. An increase in aggregate supply
- c. Excessive demand exceeding available supply
- d. A decline in consumer spending

75. The impact of "anticipated inflation" is often associated with:

- a. Increased uncertainty in financial markets
- b. Decreased savings rates
- c. Lower interest rates

- d. Stable economic growth

76. What type of inflation occurs due to an increase in government spending?

- a. Demand-pull inflation
- b. Cost-push inflation
- c. Hyperinflation
- d. Structural inflation

77. "Repressed inflation" refers to a situation where:

- a. The government suppresses inflation by reducing money supply
- b. Official statistics under report actual inflation rates
- c. The economy experiences very low inflation rates
- d. Price controls are imposed to limit inflationary pressures

78. The term "shoe-leather costs" in the context of inflation refers to:

- a. The increased cost of producing shoes
- b. The cost of holding cash due to inflation eroding its value
- c. Costs associated with high transportation expenses
- d. The expense of changing pricing strategies due to inflation

79. According to the Cambridge cash balance approach, the demand for money depends on:

- a. Only income level
- b. Only interest rates
- c. Both income level and interest rates
- d. None of the above

80. Who were the prominent economists associated with the Cambridge cash balance approach?

- a. John Maynard Keynes and Milton Friedman
- b. Alfred Marshall and John Hicks
- c. John Maynard Keynes and John Hicks
- d. Alfred Marshall and Milton Friedman

81. The Cambridge cash balance approach suggests that the demand for money is:

- a. Proportional to the interest rate
- b. Inversely proportional to the interest rate
- c. Independent of the interest rate
- d. Unrelated to the income level

82. According to the Cambridge cash balance approach, the demand for money is primarily for:

- a. Transitional purposes



- b. Speculative purposes
- c. Precautionary purposes
- d. All of the above

83. The Cambridge cash balance approach focuses on the equilibrium between:

- a. Money supply and price level
- b. Money supply and demand for money
- c. Interest rates and price level
- d. Interest rates and investment

84. In the Cambridge cash balance approach, the demand for money can be represented by the equation:

- a.  $M_d = kPY$
- b.  $M_d = kY$
- c.  $M_d = k/I$
- d.  $M_d = k/PY$

85. The Cambridge equation expresses the relationship between:

- a. Money supply and price level
- b. Money demand and interest rates
- c. Money demand and income level
- d. Money supply and interest rates

86. Which factor is NOT considered influential in determining the demand for money according to the Cambridge cash balance approach?

- a. Interest rates

- b. Income level
- c. Price level
- d. Government policies

87.The Cambridge cash balance equation implies a/an \_\_\_\_\_ relationship between income and the demand for money.

- a. Inverse
- b. Direct
- c. Nonexistent
- d. Indeterminate

88.According to the Cambridge cash balance approach, an increase in income will result in a/an \_\_\_\_\_ in the demand for money.

- a. Increase
- b. Decrease
- c. No change
- d. Variable

89.The Cambridge cash balance approach assumes that people adjust their money balances based on:

- a. Changes in the interest rates
- b. Changes in the price level
- c. Changes in their income level
- d. All of the above

90.The Cambridge cash balance approach is considered a:

- a. Classical approach
- b. Neoclassical approach
- c. Keynesian approach
- d. Monetarist approach

91.The Cambridge cash balance approach emphasizes the role of money in:

- a. Influencing aggregate demand
- b. Shaping inflation rates
- c. Regulating investment
- d. None of the above

92.The Cambridge cash balance approach assumes that the velocity of money is:

- a. Constant
- b. Variable
- c. Irrelevant
- d. Government-controlled

93.According to the Cambridge cash balance approach, an increase in the interest rate will lead to a/an \_\_\_\_\_ in the demand for money.

- a. Increase
- b. Decrease
- c. No change
- d. Indeterminate

94.The Cambridge cash balance approach primarily focuses on:

- a. Long-term investments
- b. Short-term liquidity preferences
- c. Government expenditure
- d. Foreign exchange rates

95.The Cambridge cash balance approach provides insights into the relationship between:

- a. Money supply and investment
- b. Money demand and savings
- c. Money demand and asset prices
- d. Money supply and fiscal policy

96.In the Cambridge cash balance approach, if the money supply exceeds the demand for money, it will likely lead to:

- a. Inflation
- b. Deflation
- c. No impact
- d. Fluctuations in interest rates

97.The Cambridge cash balance approach assumes that people hold money for:

- a. Earning interest
- b. Facilitating transactions
- c. Speculative purposes
- d. All of the above

98. The Cambridge cash balance approach forms the basis for understanding the dynamics between:

- a. Monetary policy and fiscal policy
- b. Interest rates and foreign exchange rates
- c. Money supply and aggregate demand
- d. Price level and investment decisions

### **ANSWERS**

1.c 2.c 3.a 4.c 5.b 6.b 7.b 8.c 9.c  
10.c 11.d 12.b 13. 14.c 15.b 16.c 17.c 18.b  
19.d 20.c 21.c 22.b 23.c 24.d 25.a 26.b 27.a  
28.a 29.c 30.c 31.c 32.b 33.a 34.a 35.b 36.d  
37.c 38.b 39.c 40.d 41.a 42.c 43.b 44.d  
45.a 46.a 47.b 48.a 49.b 50.b 51.a 52.b 53.b  
54.c 55.b 56.c 57.c 58.d 59.a 60.b 61.c 62.b  
63.a 64.c 65.c 66.d 67.a 68.b 69.b 70.b 71.a  
72.d 73.b 74.c 75.a 76.a 77.b 78.b 79.c 80.c  
81.b 82.d 83.b 84.a 85.c 86.d 87.b 88.a  
89.d 90.c 91.a 92. a 93.b 94.b 95.c 96.a 97. d  
98.c

### **PART B & PART C**

1. Write an essay on Cambridge cash balance approach

2. Write a short note on Patinkins theory of money
3. Write about Keynesian theory of money
4. Write an essay on Quantity theory of money
5. Discuss about Types of money
6. Write an essay on Concepts of M1, M2, M3
7. Write a short note on Types of inflation
8. Discuss about Causes of inflation
9. Write an essay on Effects of inflation
10. Write an essay on Types of deflation
11. Discuss about Causes of deflation
12. Write a short note on Effects of deflation
13. Distinguish between CPI and WPI
14. Compare and contrast the Consumer Price Index (CPI) and Wholesale Price Index (WPI) as measures of inflation. Discuss their methodologies, constituents, and the differences in their applicability in assessing price changes in an economy
15. Role of fiscal policy in controlling money supply

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government.

- a. Efficiently manages its revenue
- b. Has a surplus in revenue
- c. Has limited need for borrowing
- d. Relies heavily on borrowing to cover expenditures

205. Deficit financing of a government:

- a. Covers its capital expenditures

DEPARTMENT

## ABOUT THE AUTHOR



Mrs. a. Viyani Jenita Mary is currently working as an Assistant Professor in the Department of Economics, St. Joseph's College of Arts and Science for Women, Hosur. She has completed M.A., in Annamalai University, M.Phil., in Tamil Nadu Open University and pursuing P.h.d., in Bharathidasan University. She has a versatile experience of 15 years. She has published numerous papers in National and International journals. Her area of interest includes, Labour Economics, Business Economics, Managerial Economics. She received the Best Senior Faculty Award from Noval Research Academy, registered under the Ministry of MSME, Government of India.

