

SSC GD Constable Exam: Indian Economy MCQ Set (General Knowledge & General Awareness)

Instructions:

- This practice set contains 100 multiple-choice questions (MCQs) on Indian Economy.
- Questions cover key topics from the SSC GD syllabus, including Five-Year Plans, economic reforms, sectors of the economy, banking, fiscal/monetary policies, and current economic affairs.
- Answers are provided with explanations for clarity.

Section 1: Basic Economic Concepts (Questions 1–25)

1. What does the term "Economics" primarily study?

- A) Money management
- B) Production and consumption of goods and services
- C) Government policies only
- D) Individual financial decisions

Answer: B

Explanation: Economics studies how goods and services are produced, distributed, and consumed, focusing on resource allocation.

2. In a market economy, resource allocation is primarily determined by:

- A) Government
- B) Producers and consumers
- C) Social organizations
- D) Multinational corporations

Answer: B

Explanation: A market economy relies on supply and demand, driven by producers and consumers, to allocate resources.

3. What is Gross Domestic Product (GDP)?

- A) Total money earned by the government

- B) Total value of goods and services produced within a country
- C) Total value of exports minus imports
- D) Total investments by firms

Answer: B

Explanation: GDP measures the monetary value of all goods and services produced within a country over a specific period.

4. Inflation refers to:

- A) Increase in overall price levels
- B) Decrease in overall price levels
- C) Increase in unemployment
- D) Decrease in unemployment

Answer: A

Explanation: Inflation is a sustained rise in the general price level, reducing purchasing power.

5. Which economic system involves government ownership of key industries?

- A) Capitalism
- B) Socialism
- C) Communism
- D) Mixed economy

Answer: B

Explanation: Socialism features government control over major industries with centralized planning.

6. The World Bank provides loans primarily to:

- A) Developed countries
- B) Multinational corporations
- C) Developing countries
- D) Non-profit organizations

Answer: C

Explanation: The World Bank offers loans to developing countries for infrastructure and poverty alleviation.

7. What is the main goal of monetary policy?

- A) Controlling government spending
- B) Managing money supply and interest rates
- C) Regulating taxation
- D) Promoting exports

Answer: B

Explanation: Monetary policy controls money supply and interest rates to stabilize the economy and manage inflation.

8. Which measure indicates income inequality in a country?

- A) GDP per capita
- B) Gini coefficient
- C) Human Development Index
- D) Consumer Price Index

Answer: B

Explanation: The Gini coefficient measures income or wealth inequality, with 0 indicating perfect equality and 1 indicating perfect inequality.

9. The unemployment rate measures:

- A) Inflation rate
- B) Percentage of labor force actively seeking work
- C) Poverty rate
- D) GDP growth rate

Answer: B

Explanation: The unemployment rate is the percentage of the labor force without jobs but actively seeking work.

10. Fiscal policy involves:

- A) Controlling money supply
- B) Managing government spending and taxation
- C) Regulating interest rates

D) Controlling inflation

Answer: B

Explanation: Fiscal policy uses government spending and taxation to influence economic growth and stability.

11. The balance of trade is:

A) Total exports minus total imports

B) National debt

C) Fiscal deficit

D) Current account deficit

Answer: A

Explanation: The balance of trade is the difference between a country's exports and imports of goods and services.

12. Opportunity cost refers to:

A) Actual cost of a good

B) Value of the next best alternative foregone

C) Production cost

D) Input cost

Answer: B

Explanation: Opportunity cost is the value of the alternative given up when making an economic choice.

13. A trade deficit occurs when:

A) Exports exceed imports

B) Imports exceed exports

C) Exports equal imports

D) No international trade exists

Answer: B

Explanation: A trade deficit occurs when a country imports more goods and services than it exports.

14. Elasticity in economics measures:

- A) Fixed demand and supply
- B) Responsiveness to price or income changes
- C) Total utility of a good
- D) Proportion of income spent

Answer: B

Explanation: Elasticity measures how demand or supply changes with price or income variations.

15. A regressive tax is one where:

- A) Higher income earners pay more
- B) Fixed percentage applies to all purchases
- C) Tax rate increases with income
- D) Tax benefits businesses

Answer: B

Explanation: A regressive tax, like sales tax, impacts low-income earners more as it takes a fixed percentage of purchases.

16. What is microeconomics concerned with?

- A) National economy
- B) Individual and firm behavior
- C) Global trade
- D) Government policies

Answer: B

Explanation: Microeconomics studies the economic behavior of individuals and firms in resource allocation.

17. Macroeconomics focuses on:

- A) Individual markets
- B) National economic indicators
- C) Consumer preferences
- D) Firm production

Answer: B

Explanation: Macroeconomics examines national-level indicators like GDP, inflation, and unemployment.

18. The Consumer Price Index (CPI) measures:

- A) Export prices
- B) Cost of a basket of goods and services
- C) Industrial production
- D) Stock market performance

Answer: B

Explanation: CPI tracks the average price change of a basket of consumer goods and services over time.

19. A mixed economy combines elements of:

- A) Capitalism and socialism
- B) Socialism and communism
- C) Capitalism and feudalism
- D) Communism and monarchy

Answer: A

Explanation: A mixed economy blends private enterprise (capitalism) with government intervention (socialism).

20. What is deflation?

- A) Increase in price levels
- B) Decrease in price levels
- C) Increase in employment
- D) Decrease in GDP

Answer: B

Explanation: Deflation is a sustained decrease in the general price level of goods and services.

21. The term “poverty line” refers to:

- A) Minimum income for basic needs
- B) Maximum income for taxation

C) Average national income

D) Export revenue

Answer: A

Explanation: The poverty line is the minimum income needed to meet basic living requirements.

22. What is a budget deficit?

A) Excess revenue over expenditure

B) Excess expenditure over revenue

C) Balanced budget

D) Export surplus

Answer: B

Explanation: A budget deficit occurs when government spending exceeds its revenue.

23. The Reserve Bank of India (RBI) was established in:

A) 1935

B) 1947

C) 1950

D) 1969

Answer: A

Explanation: The RBI was established in 1935 under the Reserve Bank of India Act.

24. What does the term “subsidies” mean?

A) Taxes on luxury goods

B) Government financial assistance

C) Import duties

D) Corporate profits

Answer: B

Explanation: Subsidies are financial aids provided by the government to support industries or consumers.

25. The law of demand states that:

- A) Price and demand move together
- B) Price and demand are inversely related
- C) Demand is constant
- D) Supply equals demand

Answer: B

Explanation: The law of demand states that as a good's price rises, its demand falls, and vice versa.

Section 2: Indian Economy Structure and Planning (Questions 26–50)

26. The Second Five-Year Plan in India was based on:

- A) Harrod-Domar model
- B) Mahalanobis model
- C) Keynesian model
- D) Gandhian model

Answer: B

Explanation: The Second Five-Year Plan (1956–61) emphasized heavy industries, based on the Mahalanobis model.

27. Dairy farming belongs to which sector of the economy?

- A) Primary
- B) Secondary
- C) Tertiary
- D) Quaternary

Answer: A

Explanation: Dairy farming is part of the primary sector, which includes agriculture and other resource-based activities.

28. Economic liberalization in India began in:

- A) 1980
- B) 1991
- C) 2000
- D) 1975

Answer: B

Explanation: The 1991 Liberalization, Privatization, and Globalization (LPG) reforms opened India's economy.

29. Which organization was replaced by NITI Aayog in 2015?

- A) Planning Commission
- B) Reserve Bank of India
- C) Food Corporation of India
- D) Securities and Exchange Board of India

Answer: A

Explanation: NITI Aayog replaced the Planning Commission to promote flexible policy planning.

30. The motif on the ₹200 Indian banknote is:

- A) Red Fort
- B) Sanchi Stupa
- C) Ellora Caves
- D) Rani ki Vav

Answer: B

Explanation: The ₹200 note features the Sanchi Stupa on its reverse side.

31. The "Golden Revolution" refers to the increase in production of:

- A) Milk
- B) Horticulture
- C) Fish
- D) Oilseeds

Answer: B

Explanation: The Golden Revolution boosted horticulture, including fruits, vegetables, and honey production.

32. Custom duty is a tax imposed on:

- A) Imports and exports
- B) Domestic purchases

- C) Property
- D) Corporate profits

Answer: A

Explanation: Custom duty is levied on goods imported into or exported from a country.

33. Which Five-Year Plan had the slogan “Garibi Hatao”?

- A) Second
- B) Fourth
- C) Fifth
- D) Sixth

Answer: C

Explanation: The Fifth Five-Year Plan (1974–78) focused on poverty alleviation with the slogan “Garibi Hatao.”

34. Who was the ex-officio chairman of the Planning Commission?

- A) President
- B) Prime Minister
- C) Finance Minister
- D) Lok Sabha Speaker

Answer: B

Explanation: The Prime Minister served as the ex-officio chairman of the Planning Commission until 2014.

35. The Second Five-Year Plan focused on:

- A) Agriculture
- B) Heavy industries
- C) Education
- D) Health

Answer: B

Explanation: The Second Five-Year Plan prioritized rapid industrialization, focusing on heavy industries.

36. The primary sector of the Indian economy includes:

- A) Manufacturing
- B) Agriculture
- C) Banking
- D) IT services

Answer: B

Explanation: The primary sector includes agriculture, fishing, and mining activities.

37. The Green Revolution in India primarily increased production of:

- A) Wheat and rice
- B) Cotton
- C) Sugarcane
- D) Pulses

Answer: A

Explanation: The Green Revolution in the 1960s boosted wheat and rice yields using high-yield varieties.

38. NITI Aayog stands for:

- A) National Institution for Transforming India
- B) National Integration for Trade and Industry
- C) National Initiative for Technology Innovation
- D) National Institute for Trade Improvement

Answer: A

Explanation: NITI Aayog is the National Institution for Transforming India, established in 2015.

39. The tertiary sector is also known as:

- A) Manufacturing sector
- B) Service sector
- C) Agricultural sector
- D) Mining sector

Answer: B

Explanation: The tertiary sector provides services like banking, education, and healthcare.

40. The First Five-Year Plan (1951–56) focused on:

- A) Industrialization
- B) Agriculture
- C) Infrastructure
- D) Education

Answer: B

Explanation: The First Five-Year Plan prioritized agriculture to achieve food security.

41. The “White Revolution” is associated with:

- A) Cotton production
- B) Milk production
- C) Fish production
- D) Oil production

Answer: B

Explanation: The White Revolution increased milk production through Operation Flood.

42. The term “LPG” in economic reforms stands for:

- A) Liberalization, Privatization, Globalization
- B) Licensing, Production, Growth
- C) Land, Power, Growth
- D) Labor, Policy, Governance

Answer: A

Explanation: LPG refers to Liberalization, Privatization, and Globalization reforms started in 1991.

43. The National Rural Employment Guarantee Act (NREGA) was enacted in:

- A) 2000
- B) 2005
- C) 2010
- D) 1995

Answer: B

Explanation: NREGA, enacted in 2005, guarantees 100 days of employment to rural households.

44. Which sector contributes the most to India's GDP?

- A) Primary
- B) Secondary
- C) Tertiary
- D) Quaternary

Answer: C

Explanation: The tertiary (service) sector, including IT and banking, contributes the largest share to India's GDP.

45. The "Blue Revolution" is related to:

- A) Fish production
- B) Milk production
- C) Oil production
- D) Water conservation

Answer: A

Explanation: The Blue Revolution focuses on increasing fish and aquaculture production.

46. The Planning Commission was established in:

- A) 1947
- B) 1950
- C) 1960
- D) 1970

Answer: B

Explanation: The Planning Commission was set up in 1950 to formulate Five-Year Plans.

47. The "Pink Revolution" is associated with:

- A) Poultry and meat
- B) Horticulture

- C) Dairy
- D) Fisheries

Answer: A

Explanation: The Pink Revolution refers to growth in poultry and meat production.

48. Which Five-Year Plan introduced the concept of “Inclusive Growth”?

- A) Ninth
- B) Tenth
- C) Eleventh
- D) Twelfth

Answer: C

Explanation: The Eleventh Five-Year Plan (2007–12) emphasized inclusive growth to reduce disparities.

49. The secondary sector of the economy includes:

- A) Agriculture
- B) Manufacturing
- C) Banking
- D) Education

Answer: B

Explanation: The secondary sector involves manufacturing and industrial activities.

50. The Minimum Support Price (MSP) is announced for:

- A) Industrial goods
- B) Agricultural crops
- C) Services
- D) Exports

Answer: B

Explanation: MSP ensures farmers receive fair prices for their agricultural crops.

Section 3: Banking, Finance, and Current Economic Affairs (Questions 51–100)

51. The Reserve Bank of India is responsible for:

- A) Fiscal policy
- B) Monetary policy
- C) Trade policy
- D) Agricultural policy

Answer: B

Explanation: The RBI manages monetary policy to control money supply and interest rates.

52. The Goods and Services Tax (GST) was implemented in India in:

- A) 2015
- B) 2016
- C) 2017
- D) 2018

Answer: C

Explanation: GST, a unified tax system, was implemented on July 1, 2017.

53. The Securities and Exchange Board of India (SEBI) regulates:

- A) Banking sector
- B) Stock markets
- C) Agriculture
- D) Education

Answer: B

Explanation: SEBI regulates stock markets and protects investor interests.

54. What is fiscal deficit?

- A) Excess revenue over expenditure
- B) Excess expenditure over revenue
- C) Balanced budget
- D) Export surplus

Answer: B

Explanation: Fiscal deficit occurs when government expenditure exceeds revenue, excluding borrowings.

55. The National Bank for Agriculture and Rural Development (NABARD) was established in:

- A) 1969
- B) 1982
- C) 1991
- D) 2000

Answer: B

Explanation: NABARD was set up in 1982 to promote rural development and agriculture.

56. The term “repo rate” refers to:

- A) Tax rate
- B) Interest rate for bank loans from RBI
- C) Export duty
- D) Inflation rate

Answer: B

Explanation: Repo rate is the interest rate at which the RBI lends to commercial banks.

57. The “Make in India” initiative was launched in:

- A) 2012
- B) 2014
- C) 2016
- D) 2018

Answer: B

Explanation: Make in India, launched in 2014, promotes manufacturing and investment.

58. The Pradhan Mantri Jan Dhan Yojana (PMJDY) aims to:

- A) Promote industrial growth
- B) Provide financial inclusion
- C) Increase agricultural output

D) Improve education

Answer: B

Explanation: PMJDY, launched in 2014, promotes financial inclusion through bank accounts for all.

59. The term “FDI” stands for:

A) Foreign Direct Investment

B) Fiscal Deficit Index

C) Financial Development Index

D) Foreign Debt Investment

Answer: A

Explanation: FDI refers to investments by foreign entities in domestic businesses.

60. The “Digital India” campaign was launched to:

A) Promote digital literacy

B) Increase agricultural exports

C) Reduce unemployment

D) Control inflation

Answer: A

Explanation: Digital India, launched in 2015, enhances digital infrastructure and literacy.

61. The headquarter of the Reserve Bank of India is in:

A) New Delhi

B) Mumbai

C) Kolkata

D) Chennai

Answer: B

Explanation: The RBI’s headquarters is located in Mumbai.

62. The “Mudra Yojana” is related to:

A) Education loans

B) Microfinance for small businesses

C) Agricultural subsidies

D) Housing loans

Answer: B

Explanation: Mudra Yojana provides loans to micro and small enterprises.

63. The currency of India is:

A) Dollar

B) Rupee

C) Yen

D) Euro

Answer: B

Explanation: The Indian Rupee is the official currency of India.

64. The “Atmanirbhar Bharat” campaign promotes:

A) Self-reliance

B) Foreign investment

C) Agricultural exports

D) Tourism

Answer: A

Explanation: Atmanirbhar Bharat, launched in 2020, promotes self-reliance and local manufacturing.

65. The Finance Commission is set up every:

A) 2 years

B) 5 years

C) 10 years

D) 15 years

Answer: B

Explanation: The Finance Commission is constituted every five years to recommend resource sharing.

66. The “Bharat Mala” project is related to:

- A) Railway expansion
- B) Road and highway development
- C) Digital connectivity
- D) Agricultural reform

Answer: B

Explanation: Bharat Mala develops roads and highways for better connectivity.

67. The term “CRR” stands for:

- A) Cash Reserve Ratio
- B) Capital Revenue Ratio
- C) Credit Risk Ratio
- D) Currency Reserve Rate

Answer: A

Explanation: CRR is the percentage of bank deposits that must be held with the RBI.

68. The “Swachh Bharat Abhiyan” was launched in:

- A) 2012
- B) 2014
- C) 2016
- D) 2018

Answer: B

Explanation: Swachh Bharat Abhiyan, launched in 2014, promotes cleanliness and sanitation.

69. The “Ayushman Bharat” scheme provides:

- A) Free education
- B) Health insurance
- C) Agricultural loans
- D) Housing subsidies

Answer: B

Explanation: Ayushman Bharat offers health insurance to economically weaker sections.

70. The “RBI” was nationalized in:

- A) 1935
- B) 1949
- C) 1969
- D) 1980

Answer: B

Explanation: The RBI was nationalized in 1949, bringing it under government control.

71. The “Pradhan Mantri Fasal Bima Yojana” is related to:

- A) Crop insurance
- B) Health insurance
- C) Education loans
- D) Housing schemes

Answer: A

Explanation: This scheme insures farmers’ crops against natural calamities.

72. The “GATT” was replaced by which organization in 1995?

- A) IMF
- B) World Bank
- C) WTO
- D) NITI Aayog

Answer: C

Explanation: The General Agreement on Tariffs and Trade (GATT) was replaced by the World Trade Organization (WTO).

73. The “Fiscal Responsibility and Budget Management (FRBM) Act” aims to:

- A) Increase exports
- B) Reduce fiscal deficit
- C) Promote FDI
- D) Control inflation

Answer: B

Explanation: The FRBM Act ensures fiscal discipline by reducing deficits.

74. The “Ujjwala Yojana” provides:

- A) Free LPG connections
- B) Free electricity
- C) Free education
- D) Free healthcare

Answer: A

Explanation: Ujjwala Yojana provides free LPG connections to women from BPL households.

75. The “National Stock Exchange” is located in:

- A) New Delhi
- B) Mumbai
- C) Kolkata
- D) Chennai

Answer: B

Explanation: The National Stock Exchange (NSE) is based in Mumbai.

76. The “PM-KISAN” scheme provides financial support to:

- A) Small and marginal farmers
- B) Industrial workers
- C) IT professionals
- D) Teachers

Answer: A

Explanation: PM-KISAN provides ₹6,000 annually to small and marginal farmers.

77. The “Banking Regulation Act” was passed in:

- A) 1935
- B) 1949
- C) 1969
- D) 1980

Answer: B

Explanation: The Banking Regulation Act of 1949 governs banking operations in India.

78. The “Start-up India” initiative was launched in:

- A) 2014
- B) 2016
- C) 2018
- D) 2020

Answer: B

Explanation: Start-up India, launched in 2016, promotes entrepreneurship and innovation.

79. The “SLR” stands for:

- A) Statutory Liquidity Ratio
- B) Standard Loan Rate
- C) Savings Liquidity Ratio
- D) Special Lending Rate

Answer: A

Explanation: SLR is the percentage of deposits banks must maintain as liquid assets.

80. The “Pradhan Mantri Awas Yojana” is related to:

- A) Education
- B) Housing
- C) Agriculture
- D) Healthcare

Answer: B

Explanation: This scheme provides affordable housing to urban and rural poor.

81. The “Demonetization” in India occurred in:

- A) 2014
- B) 2016
- C) 2018

D) 2020

Answer: B

Explanation: Demonetization of ₹500 and ₹1,000 notes was announced on November 8, 2016.

82. The “Sagarmala Project” focuses on:

A) Port development

B) Railway expansion

C) Digital connectivity

D) Agricultural reform

Answer: A

Explanation: Sagarmala promotes port-led development and coastal infrastructure.

83. The “Public Sector Banks” in India were nationalized in:

A) 1949

B) 1969

C) 1980

D) 1991

Answer: B

Explanation: Major banks were nationalized in 1969 to expand banking services.

84. The “GST Council” is chaired by:

A) Prime Minister

B) Finance Minister

C) RBI Governor

D) President

Answer: B

Explanation: The Finance Minister chairs the GST Council, which sets GST policies.

85. The “BharatNet” project aims to:

A) Improve road connectivity

B) Provide broadband connectivity

- C) Promote exports
- D) Increase agricultural output

Answer: B

Explanation: BharatNet provides broadband connectivity to rural areas.

86. The “Food Corporation of India” was established in:

- A) 1965
- B) 1975
- C) 1985
- D) 1995

Answer: A

Explanation: The FCI, established in 1965, manages food grain procurement and distribution.

87. The “PM Garib Kalyan Yojana” was launched to:

- A) Promote education
- B) Support the poor during crises
- C) Increase exports
- D) Develop infrastructure

Answer: B

Explanation: This scheme supports the poor, especially during crises like COVID-19.

88. The “Index of Industrial Production” measures:

- A) Agricultural output
- B) Industrial output
- C) Service sector growth
- D) Export growth

Answer: B

Explanation: The IIP measures performance in industrial sectors like manufacturing and mining.

89. The “Pradhan Mantri Kisan Samman Nidhi” was launched in:

- A) 2016

B) 2017

C) 2018

D) 2019

Answer: D

Explanation: PM-KISAN, launched in 2019, provides financial support to farmers.

90. The “Insolvency and Bankruptcy Code” was enacted in:

A) 2014

B) 2016

C) 2018

D) 2020

Answer: B

Explanation: The IBC, enacted in 2016, addresses corporate insolvency and bankruptcy.

91. The “National Income” of India is calculated by:

A) Reserve Bank of India

B) Central Statistical Organisation

C) NITI Aayog

D) Finance Ministry

Answer: B

Explanation: The Central Statistical Organisation calculates India’s national income.

92. The “Smart Cities Mission” was launched in:

A) 2014

B) 2015

C) 2016

D) 2017

Answer: B

Explanation: The Smart Cities Mission, launched in 2015, develops urban infrastructure.

93. The “Pradhan Mantri Mudra Yojana” was launched in:

A) 2014

B) 2015

C) 2016

D) 2017

Answer: B

Explanation: Mudra Yojana, launched in 2015, supports micro and small enterprises.

94. The “National Rural Livelihood Mission” is also known as:

A) Swavalamban Yojana

B) Aajeevika

C) Ujjwala Yojana

D) Kisan Nidhi

Answer: B

Explanation: NRLM, also called Aajeevika, promotes self-employment in rural areas.

95. The “Kisan Credit Card” scheme was introduced in:

A) 1998

B) 2000

C) 2005

D) 2010

Answer: A

Explanation: The Kisan Credit Card scheme, launched in 1998, provides credit to farmers.

96. The “AMRUT” mission is related to:

A) Agricultural development

B) Urban transformation

C) Digital literacy

D) Health insurance

Answer: B

Explanation: AMRUT (Atal Mission for Rejuvenation and Urban Transformation) focuses on urban development.

97. The “Pradhan Mantri Vaya Vandana Yojana” is for:

- A) Farmers
- B) Senior citizens
- C) Women
- D) Youth

Answer: B

Explanation: This scheme provides pension benefits to senior citizens.

98. The “National Food Security Act” was passed in:

- A) 2010
- B) 2013
- C) 2015
- D) 2017

Answer: B

Explanation: The NFSA, passed in 2013, ensures food security for eligible households.

99. The “Ease of Doing Business” index is published by:

- A) World Bank
- B) IMF
- C) WTO
- D) RBI

Answer: A

Explanation: The World Bank publishes the Ease of Doing Business index to rank countries.

100. The “Stand-Up India” scheme promotes entrepreneurship among:

- A) Women and SC/ST communities
- B) Farmers
- C) Youth
- D) Senior citizens

Answer: A

Explanation: Stand-Up India promotes entrepreneurship among women and SC/ST communities.

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