

Socio-Economic Knowledge Test

To encourage deeper engagement with India-centric socio-economic issues, the *Indian Journal of Socio-Economic Studies* presents a dedicated quiz section. This feature is designed to assess and enrich readers' understanding of the country's evolving socio-economic landscape, drawing upon key insights related to growth patterns, inequality, employment, sectoral transformation, financial inclusion, sustainability and policy initiatives. Readers are invited to participate and evaluate their grasp of these critical dimensions shaping India's development trajectory. *The quiz in this edition is themed around the Economic Survey 2025–26.*

- 1. Assertion (A): India remains the fastest-growing major economy.**
Reasoning (R): Domestic demand has emerged as the primary growth driver.
A. Both A and R are true and R explains A
B. Both A and R are true, but R does not explain A
C. A is true, but R is false
D. A is false, but R is true
- 2. Which factor primarily drives India's current growth model?**
A. Exports
B. Government spending
C. Domestic consumption
D. Imports
- 3. Assertion (A): Retail inflation declined significantly in FY2025–26.**
Reasoning (R): Food prices stabilized due to improved supply chains.
A. Both A and R are true and R explains A
B. Both A and R are true, but R does not explain A
C. A is true, but R is false
D. A is false, but R is true
- 4. What is the key role of Gross Fixed Capital Formation (GFCF)?**
A. Measuring inflation
B. Measuring investment
C. Measuring exports
D. Measuring employment
- 5. Domestic demand helps reduce dependence on ____.**
A. Agriculture
B. Global markets
C. Industry
D. Population
- 6. Domestic consumption strengthens economic stability.**
A. True
B. False
- 7. Assertion (A): Private Final Consumption Expenditure (PFCE) accounts for the largest share of GDP.**
Reasoning (R): Household incomes and purchasing power have improved.
A. Both A and R are true and R explains A
B. Both A and R are true, but R does not explain A
C. A is true, but R is false
D. A is false, but R is true
- 8. Which sector is the largest contributor to India's GVA?**
A. Agriculture
B. Industry
C. Services
D. Mining
- 9. Assertion (A): India's foreign exchange reserves provide external sector stability.**
Reasoning (R): They cover about 11 months of imports.
A. Both A and R are true and R explains A
B. Both A and R are true, but R does not explain A
C. A is true, but R is false
D. A is false, but R is true
- 10. What does low inflation indicate?**
A. Economic slowdown
B. Price stability
C. High unemployment
D. Trade deficit
- 11. Investment increases _____ capacity.**
A. Consumption
B. Productive
C. Inflation
D. Imports
- 12. High inflation increases purchasing power.**
A. True
B. False
- 13. Assertion (A): The services sector dominates India's economy.**
Reasoning (R): It contributes more than half of GVA.
A. Both A and R are true and R explains A
B. Both A and R are true, but R does not explain A
C. A is true, but R is false
D. A is false, but R is true

- 14. What is the main benefit of high forex reserves?**
 A. Increase imports
 B. Currency stability
 C. Reduce taxes
 D. Increase inflation
- 15. Assertion (A): Public capital expenditure encourages private investment.**
Reasoning (R): Infrastructure improves productivity and reduces costs.
 A. Both A and R are true and R explains A
 B. Both A and R are true, but R does not explain A
 C. A is true, but R is false
 D. A is false, but R is true
- 16. Which factor supports private investment?**
 A. High inflation
 B. Low demand
 C. Infrastructure development
 D. Trade deficit
- 17. Financial inclusion improves access to ____ services.**
 A. Government
 B. Banking
 C. Trade
 D. Export
- 18. Forex reserves help manage external shocks.**
 A. True
 B. False
- 19. Assertion (A): Financial sector stability has improved in India.**
Reasoning (R): Non-Performing Assets (NPAs) of banks have declined significantly.
 A. Both A and R are true and R explains A
 B. Both A and R are true, but R does not explain A
 C. A is true, but R is false
 D. A is false, but R is true
- 20. Financial inclusion mainly refers to:**
 A. Export growth
 B. Access to financial services
 C. Industrial output
 D. Tax collection
- 21. Assertion (A): India is moving towards a consumption-led growth model.**
Reasoning (R): Global export demand has weakened.
 A. Both A and R are true and R explains A
 B. Both A and R are true, but R does not explain A
 C. A is true, but R is false
 D. A is false, but R is true
- 22. Urbanisation impacts the economy by:**
 A. Reducing productivity
 B. Increasing rural income
 C. Enhancing economic efficiency
 D. Decreasing employment
- 23. Urbanisation leads to higher ____.**
 A. Poverty
 B. Productivity
 C. Inflation
 D. Imports
- 24. Digitalisation increases transaction costs.**
 A. True
 B. False
- 25. Assertion (A): Digital payments have strengthened financial inclusion.**
Reasoning (R): Unified Payments Interface (UPI) adoption has increased significantly.
 A. Both A and R are true and R explains A
 B. Both A and R are true, but R does not explain A
 C. A is true, but R is false
 D. A is false, but R is true
- 26. Renewable energy helps in:**
 A. Increasing fossil fuel use
 B. Reducing emissions
 C. Increasing imports
 D. Reducing GDP
- 27. Assertion (A): Renewable energy expansion supports sustainability goals.**
Reasoning (R): India aims to increase non-fossil fuel capacity.
 A. Both A and R are true and R explains A
 B. Both A and R are true, but R does not explain A
 C. A is true, but R is false
 D. A is false, but R is true
- 28. Digital payments contribute to:**
 A. Informal economy
 B. Transparency
 C. Inflation
 D. Trade deficit
- 29. Renewable energy reduces _____ emissions.**
 A. Carbon
 B. Nitrogen
 C. Oxygen
 D. Hydroge
- 30. Renewable energy supports sustainability.**
 A. True
 B. False
- 31. Assertion (A): Fiscal discipline is important for macroeconomic stability.**
Reasoning (R): High fiscal deficits can lead to inflationary pressures.
 A. Both A and R are true and R explains A
 B. Both A and R are true, but R does not explain A
 C. A is true, but R is false
 D. A is false, but R is true

32. Which policy measure directly boosts infrastructure development?

- A. Subsidy reduction
- B. Capital expenditure
- C. Import restrictions
- D. Tax evasion

33. Assertion (A): Human capital development enhances economic growth.

Reasoning (R): Education and health improve work-force productivity.

- A. Both A and R are true and R explains A
- B. Both A and R are true, but R does not explain A
- C. A is true, but R is false
- D. A is false, but R is true

34. What is the primary objective of monetary policy?

- A. Increase exports
- B. Control inflation
- C. Increase subsidies
- D. Reduce imports

35. Higher investment leads to greater ___ generation.

- A. Inflation
- B. Employment
- C. Imports
- D. Taxes

36. Fiscal deficit has no impact on inflation.

- A. True
- B. False

37. Assertion (A): Export diversification strengthens economic resilience.

Reasoning (R): Dependence on a few products increases vulnerability.

- A. Both A and R are true and R explains A
- B. Both A and R are true, but R does not explain A
- C. A is true, but R is false
- D. A is false, but R is true

38. Which sector is most directly linked to rural employment?

- A. IT services
- B. Agriculture
- C. Banking
- D. Telecommunications

39. Assertion (A): Ease of Doing Business improves investment climate.

Reasoning (R): Simplified regulations reduce business costs.

- A. Both A and R are true and R explains A
- B. Both A and R are true, but R does not explain A
- C. A is true, but R is false
- D. A is false, but R is true

40. What is the role of micro, small and medium enterprises (MSMEs)?

- A. Increase imports
- B. Promote employment
- C. Reduce exports
- D. Increase inflation

41. Financial literacy improves ___ decision-making.

- A. Political
- B. Economic
- C. Social
- D. Cultural

42. Higher interest rates encourage borrowing.

- A. True
- B. False

43. Assertion (A): Climate change impacts agricultural productivity.

Reasoning (R): Changing weather patterns affect crop yields.

- A. Both A and R are true and R explains A
- B. Both A and R are true, but R does not explain A
- C. A is true, but R is false
- D. A is false, but R is true

44. What does inclusive growth primarily aim at?

- A. Higher exports
- B. Equal distribution of benefits
- C. Industrial expansion
- D. Tax increase

45. Digital infrastructure enhances ___ connectivity.

- A. Physical
- B. Economic
- C. Social
- D. Trade

Answer Key

1-A, 2-C, 3-A, 4-B, 5-B, 6-A, 7-A, 8-C, 9-A, 10-B, 11-B, 12-B, 13-A, 14-B, 15-A, 16-C, 17-B, 18-A, 19-A, 20-B, 21-B, 22-C, 23-B, 24-B, 25-A, 26-B, 27-B, 28-B, 29-A, 30-A, 31-A, 32-B, 33-A, 34-B, 35-B, 36-B, 37-A, 38-B, 39-A, 40-B, 41-B, 42-B, 43-A, 44-B, 45-B

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