

ECONOMY 2015

1. "Pradhan Mantri Jan-Dhan Yojna" has been launched for
- Providing housing loan to poor people at cheaper interest rates
 - Promoting women's Self-Help Groups in backward areas
 - Promoting financial inclusion in the country
 - Providing financial help to the marginalized communities

Ans: C

Exp: Pradhan mantri Jan Dhan Yojana is a financial inclusive programme of the government aiming at opening up at least one bank account for every household and providing insurance cover.

2. With reference to the Fourteenth Finance Commission, which of the following statements is/are correct?
- It has increased the share of States in the central divisible pool from 32 percent to 42 percent.
 - It has made recommendations concerning sector-specific grants.

Select the correct answer using the code given below:

- | | |
|------------------|---------------------|
| (a) Only 1 | (b) Only 2 |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans: A

Exp: 14th Finance Commission has increased the share of states in the divisible pool, but has not considered any sector-specific grants.

3. A decrease in tax to GDP ratio of a country indicates which of the following?
- Slowing economic growth rate
 - Less equitable distribution of national income

Select the correct answer using the code given below:

- | | |
|------------------|---------------------|
| (a) Only 1 | (b) Only 2 |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans: B

Exp: Tax GDP ratio may decline

- If tax revenue remains static or falls while GDP increases
- Transfer of income by the government is done from high income groups to low income groups through taxation.

4. In the 'Index of Eight Core Industries', which one of the following is given the highest weight?
- Coal production
 - Electricity generation
 - Fertilizer production
 - Steel production

Ans: B

Exp: The index of Eight Core Industries (base 2004-05=100) consists of following industries with different weight ages (1) Coal (Weight: 4.38%) (2) Crude oil (Weight: 5.22%) (3) Natural gas (Weight: 1.71%) (4) Refinery Products (Weight: 5.94%) (5) fertilizers (Weight: 1.25%) (6) Steel (Weight: 6.68%) (7) Cement (Weight: 2.41%) and (8) Electricity (Weight: 10.32%).

5. Which of the following statements is/are correct regarding National Innovation Foundation-India (NIF)?
- NIF is an autonomous body of the Department of Science and Technology under the Central Government.
 - NIF is an initiative to strengthen the highly advanced scientific research in India's premier scientific institutions in collaboration with highly advanced foreign scientific institutions.

Select the correct answer using the code given below:

- | | |
|------------------|---------------------|
| (a) Only 1 | (b) Only 2 |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans: A

Exp: NIF is an autonomous body of the department of Science and Technology, Government of India, based on Honey Bee Network Philosophy, which provides institutional support to grassroots innovators and outstanding traditional knowledge holders from the unorganized sector of the society.

6. The Fair and Remunerative Price (FRP) of sugarcane is approved by the
- Cabinet Committee on Economic Affairs
 - Commission for Agricultural Costs and Prices
 - Directorate of Marketing and Inspection, Ministry of Agriculture
 - Agricultural Produce Market Committee

Ans: A

Exp: *The cabinet committee on Economic Affairs approves the fair and remunerative price (FRP) of sugarcane, however, state governments are free to fix their own state advised price (SAP) and millers can offer any price above the FRP.*

7. Which one of the following issues the 'Global Economic Prospects' report periodically?
- The Asian Development Bank
 - The European Bank for Reconstruction and Development
 - The US Federal Reserve Bank
 - The World Bank

Ans: D

Exp: *The World Bank Reports the 'Global Economic Prospect', it is also called a flagship report by the World Bank Group. However, the IMF publishes the 'Global Economic Outlook'.*

8. When the Reserve Bank of India reduces the Statutory Liquidity Ratio by 50 basis points, which of the following is likely to happen?
- India's GDP growth rate increases drastically
 - Foreign Institutional Investors may bring more capital into our country
 - Scheduled Commercial Banks may cut their lending rates
 - It may drastically reduce the liquidity to the banking, system

Ans: C

Exp: *In an attempt to provide more liquidity to the banking system, the Reserve Bank of India (RBI) has reduced the Statutory Liquidity Ratio (SLR) by 50 basis points to 21.50% from 22%*

This is likely to provide banks to cut their lending rates.

9. In, India, markets in agricultural products are regulated under the
- Essential Commodities Act, 1955
 - Agricultural Produce Market Committee Act enacted by States
 - Agricultural Produce (Grading and Marking) Act, 1937

- (d) Food Products Order, 1956 and Meat and Food Products Order, 1973

Ans: B

Exp: *Markets in Agricultural Products in India are regulated under the Agricultural produce market committee (APMC) Act enacted by the States. An agricultural produce market committee is a marketing board established by state governments of India. APMC acts run on two principles: Ensure that intermediaries (and money lenders) do not compel farmers to sell their produce at the farm gate extremely low price so that farmers are not exploited. All food produce should first be brought to the market yard and then be sold through auction.*

10. Which of the following brings out the 'Consumer Price Index Number for Industrial Workers'?

- The Reserve Bank of India
- The Department of Economic Affairs
- The Labour Bureau
- The Department of Personnel and Training

Ans: C

Exp: *This index is the oldest among the CPI indices as its dissemination started as early as in 1946. The history of compilation and maintenance of Consumer Price Index for Industrial workers owes its origin to the deteriorating economic condition of the workers post first world war which resulted in sharp increase in prices. As a consequence of rise in prices and cost of living, the provincial governments started compiling Consumer Price Index. The estimates were however not satisfactory. In pursuance of the recommendation of Rau Court of enquiry, the work of compilation and maintenance was taken over by government in 1943. Since 1958-59, the compilation of CPI(IW) has been started by Labour Bureau, an attached office under Ministry of Labour & Employment.*

11. The terms 'Agreement on Agriculture', 'Agreement on the Application of Sanitary and Phytosanitary Measures' and 'Peace Clause' appear in the news frequently in the context of the affairs of the

- Food and Agriculture Organization
- United Nations Framework Conference on Climate Change
- World Trade Organization
- United Nations Environment Programme

Ans: C

Exp: *The end of the Uruguay Round resulted in the formation of the WTO, which established a substantial set of rules regarding trade in goods*

— including agricultural goods, included agreements on trade in services and on trade-related aspects of intellectual property rights, as well as a strong and comprehensive mechanism to settle trade disputes between member countries.

The WTO oversees about 60 different agreements which have the status of international legal texts. Member countries must sign and ratify all WTO agreements on accession. Some of the most important agreements are, Agreement on Agriculture (AoA), General Agreement on Trade in Services (GATS), Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), Agreement on Technical Barriers to Trade, Agreement on Customs Valuation, etc.

12. Convertibility of rupee implies
- Being able to convert rupee notes into gold
 - Allowing the value of rupee to be fixed by market forces
 - Freely permitting the conversion of rupee to other currencies and vice versa
 - Developing an international market for currencies in India

Ans: C

Exp: Convertibility of a currency means that domestic currency could be allowed to be converted freely into foreign currencies and vice versa. The rupee, for example has been convertible on the current account since 1994, meaning it can be changed freely into foreign currency for purposes like trade related expenses. But it is not fully convertible on Capital Account meaning that rupee cannot be converted freely for activities such as acquiring overseas assets.

Option (b) also appears to be correct because convertibility eventually leads the exchange rate to tend towards market determined exchange rate. However, rupee is still not fully determined by market forces and there are restrictions on Capital Account and RBI also intervenes from time to time.

13. Consider the following statements:
- The Accelerated Irrigation Benefits Programme was launched during 1996-97 to provide loan assistance to poor farmers.
 - The Command Area Development Programme was launched in 1974-75 for the development of water-use efficiency.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: B

Exp: The Accelerated Irrigation Benefits Programme had been launched with a view to accelerate the completion of incomplete irrigation projects.

14. 'Basel III Accord' or simply 'Basel III', often seen in the news, seeks to
- Develop national strategies for the conservation and sustainable use of biological diversity
 - Improve banking sector's ability to deal with financial and economic stress and improve risk management
 - Reduce the greenhouse gas emissions but places a heavier burden on developed countries
 - Transfer technology from developed countries to poor countries to enable them to replace the use of chlorofluorocarbons in refrigeration with harmless chemicals

Ans: B

Exp: Basel III (or the Third Basel Accord) is a global voluntary regulatory framework on bank capital adequacy, stress testing and market liquidity risk.

15. With reference to Indian economy, consider the following statements:
- The rate of growth of Real Gross Domestic Product has steadily increased in the last decade.
 - The Gross Domestic Product at market prices (in rupees) has steadily increased in the last decade.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: B

Exp: While growth of Real Gross Domestic Product declined during the last three years of the decade, GDP at market price increased steadily due to rising prices even when growth rate was small during the last three years of the decade.

16. With reference to Indian economy, consider the following:
- Bank rate
 - Open market operations
 - Public debt
 - Public revenue

Which of the above is/are component/components of Monetary Policy?

- Only 1
- 2, 3 and 4
- 1 and 2
- 1, 3 and 4

Ans: C

Exp: Public Debt and Public Revenue are the issues that pertain to fiscal policy.

17. With reference to inflation in India, which of the following statements is correct?
- Controlling the inflation in India is the responsibility of the Government of India only
 - The Reserve Bank of India has no role in controlling the inflation
 - Decreased money circulation helps in controlling the inflation
 - Increased money circulation helps in controlling the inflation

Ans: C

Exp: *The decrease in supply of broad money M_3 helps in controlling inflation in India.*

18. The problem of international liquidity is related to the non-availability of
- Goods and services
 - Gold and silver
 - Dollars and other hard currencies
 - Exportable surplus

Ans: C

Exp: *Dollars and hard currencies are used for payments in international trade, investment and liquidation of international debt. So if there is shortage of liquidity, this means scarcity of Dollars and hard currencies to carry on the above transactions.*

19. There has been a persistent deficit budget year after year. Which of the following actions can be taken by the government to reduce the deficit?
- Reducing revenue expenditure
 - Introducing new welfare schemes
 - Rationalizing subsidies
 - Expanding industries

Select the correct answer using the code given below:

- | | |
|------------------|-------------------|
| (a) 1 and 3 only | (b) 2 and 3 only |
| (c) Only 1 | (d) 1, 2, 3 and 4 |

Ans: A

Exp: *Since the main component of comprehensive measure of budget deficit (fiscal deficit) is revenue deficit, reduction in revenue expenditure in general and rationalizing subsidies (an important component of revenue expenditure) would be useful to reduce deficit.*

20. Which of the following has/have been accorded 'Geographical Indication' status?
- Banaras Brocades and Sarees
 - Rajasthani Daal-Bati-Churma
 - Tirupathi Laddu

Select the correct answer using the code given below:

- | | |
|------------------|------------------|
| (a) Only 1 | (b) 2 and 3 only |
| (c) 1 and 3 only | (d) 1, 2 and 3 |

Ans: C

21. With reference to the Indian Renewable Energy Development Agency Limited (IREDA), which of the following statements is/are correct?
- It is a Public Limited Government Company.
 - It is a Non-Banking Financial Company.

Select the correct answer using the code given below:

- | | |
|------------------|---------------------|
| (a) Only 1 | (b) Only 2 |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans: C

Exp: *IREDA has been awarded "Mini Ratna" (Category -I) status in 2015 by Ministry of New and Renewable Energy (MNRE). IREDA is a Public Limited Government Company established as a Non-Banking Financial Institution in 1987 under the administrative control of MNRE to promote, develop and extend financial assistance for renewable energy and energy efficiency /conservation projects with the motto: "ENERGY FOR EVER"*

Economy 2014

- What does venture capital mean?
 - A short-term capital provided to industries
 - A long-term start-up capital provided to new entrepreneurs
 - Funds provided to industries at times of incurring losses
 - Funds provided for replacement and renovation of industries

Ans: B

- If the interest rate is decreased in an economy, it will
 - Decrease the consumption expenditure in the economy
 - Increase the tax collection of the Government
 - Increase the investment expenditure in the economy
 - Increase the total savings in the economy

Ans: C

- What are the significances of a practical approach to sugarcane production known as 'Sustainable Sugarcane Initiative'?
 - Seed cost is very low in this compared to the conventional method of cultivation.
 - Drip irrigation can be practiced very effectively in this.

3. There is no application of chemical/ inorganic fertilizers at all in this.
4. The scope for intercropping is more in this compared to the conventional method of cultivation.

Select the correct answer using the code given below:

- (a) 1 and 3 only (b) 1, 2 and 4 only
(c) 2, 3 and 4 only (d) 1, 2, 3 and 4

Ans: B

4. The sales tax you pay while purchasing a toothpaste is a
 - (a) Tax imposed by the Central Government
 - (b) Tax imposed by the Central Government but collected by the State Government
 - (c) Tax imposed by the State Government but collected by the Central Government
 - (d) Tax imposed and collected by the State Government

Ans: D

5. In the context of food and nutritional security of India, enhancing the 'Seed Replacement Rates' of various crops helps in achieving the food production targets of the future. But what is/are the constraint/constraints in its wider / greater implementation?
 1. There is no National Seeds Policy in place.
 2. There is no participation of private sector seed companies in the supply of quality seeds of vegetables and planting materials of horticultural crops.
 3. There is a demand-supply gap regarding quality seeds in case of low value and high volume crops.

Select the correct answer using the code given below:

- (a) 1 and 2 (b) Only 3
(c) 2 and 3 (d) None

Ans: B

6. With reference to Union Budget, which of the following, is/are covered under Non-Plan Expenditure?
 1. Defence -expenditure
 2. Interest payments
 3. Salaries and pensions
 4. Subsidies,

Select the correct answer using the code given below:

- (a) Only 1 (b) 2 nd 3 only
(c) 1, 2, 3 and 4 (d) None

Ans: C

7. If the interest rate is decreased in an economy, it will
 - (a) Decrease the consumption expenditure in the economy
 - (b) Increase the tax collection of the Government
 - (c) Increase the investment expenditure in the economy
 - (d) Increase the total savings in the economy

Ans: C

8. With reference to Balance of Payments, which of the following constitutes/constitute the Current Account?
 1. Balance of trade
 2. Foreign assets
 3. Balance of invisibles
 4. Special Drawing Rights

Select the correct answer using the code given below:

- (a) Only 1 (b) 2 and 3
(c) 1 and 3 (d) 1, 2 and 4

Ans: C

9. What is/are the facility/facilities the beneficiaries can get from the services of Business Correspondent (Bank Saathi) in branchless areas?
 1. It enables the beneficiaries to draw their subsidies and social security benefits in their villages.
 2. It enables the beneficiaries in the rural areas to make deposits and withdrawals.

Select the correct answer using the code given below:

- (a) Only 1 (b) Only 2
(c) Both 1 and 2 (d) Neither 1 nor 2

Ans: C

10. In the context of Indian economy; which of the following is/are the purpose/purposes of 'Statutory Reserve Requirements'?
 1. To enable the Central Bank to control the amount of advances the banks can create
 2. To make the people's deposits with banks safe and liquid
 3. To prevent the commercial banks from making excessive profits
 4. To force the banks to have sufficient vault cash to meet their day-to-day requirements

Select the correct answer using the code given below:

- (a) Only 1 (b) 1 and 2 only
(c) 2 and 3 only (d) 1, 2, 3 and 4

Ans: D

11. The terms 'Marginal Standing Facility Rate' and 'Net Demand and Time Liabilities', sometimes appearing in news, are used in relation to
- Banking operations
 - Communication networking
 - Military strategies
 - Supply and demand of agricultural products

Ans: A

ECONOMY 2013

1. The balance of payments of a country is a systematic record of
- All import and export transactions of a country during a given period of time, normally a year
 - Goods exported from a country during a year
 - Economic transaction between the government of one country to another
 - Capital movement from one country to another

Ans: A

2. The Reserve Bank of India regulates the commercial banks in matters of
- Liquidity of assets
 - Branch expansion
 - Merger of banks
 - Winding-up of banks

Select the correct answer using the codes given below:

- 1 and 4 only
- 2, 3 and 4 only
- 1, 2 and 3 only
- 1, 2, 3 and 4

Ans: D

3. An increase in the Bank Rate generally indicates that the
- Market rate of interest is likely to fall
 - Central Bank is no longer making loans to commercial banks
 - Central Bank is following an easy money policy
 - Central Bank is following a tight money policy

Ans: D

4. In India, deficit financing is used for raising resources for
- Economic development
 - Redemption of public debt
 - Adjusting the balance of payments
 - Reducing the foreign debt

Ans: A

5. Priority Sector Lending by banks in India constitutes the lending to
- Agriculture
 - Micro and small enterprises
 - Weaker sections
 - All of the above

Ans: D

6. To obtain full benefits of demographic dividend, what should India do?
- Promoting skill development
 - Introducing more social security schemes
 - Reducing infant mortality rate
 - Privatization of higher education

Ans: A

7. A rise in general level of prices may be caused by
- An increase in the money supply
 - A decrease in the aggregate level of output
 - An increase in the effective demand

Select the correct answer using the codes given below:

- Only 1
- 1 and 2 only
- 2 and 3 only
- 1, 2 and 3

Ans: D

8. Which one of the following groups of items is included in India's foreign-exchange reserves?
- Foreign-currency assets, Special Drawing Rights (SDRs) and loans from foreign countries
 - Foreign-currency assets, gold holdings of the RBI and SDRs
 - Foreign-currency assets, loans from the World Bank and SDRs
 - Foreign-currency assets, gold holdings of the RBI and loans from the World Bank

Ans: B

9. Which one of the following is likely to be the most inflationary in its effect?
- Repayment of public debt
 - Borrowing from the public to finance a budget deficit
 - Borrowing from banks to finance a budget deficit
 - Creating new money to finance a budget deficit

Ans: D

10. Supply of money remaining the same when there is an increase in demand for money, there will be
- A fall in the level of prices
 - An increase in the rate of interest
 - A decrease in the rate of interest
 - An increase in the level of income and employment

Ans: B

11. Economic growth in country X will necessarily have to occur if
- There is technical progress in the world economy
 - There is population growth in X
 - There is capital formation in X
 - The volume of trade grows in the world economy

Ans: C

12. The national income of a country for a given period is equal to the
- total value of goods and services produced by the nationals
 - sum of total consumption and investment expenditure
 - sum of personal income of all individuals
 - money value of final goods and services produced

Ans: A

13. The national income of a country for a given period is equal to the
- Total value of goods and services produced by the nationals
 - Sum of total consumption and investment expenditure
 - Sum of personal income of all individuals
 - Money value of final goods and services produced

Ans: A

14. Which of the following grants/ grant direct credit assistance to rural households?
- Regional Rural Banks
 - National Bank for Agriculture and Rural Development
 - Land Development Banks

Select the correct answer using the codes given below:

- 1 and 2 only
- Only 2
- 1 and 3 only
- 1, 2 and 3

Ans: C

15. Which of the following constitute Capital Account?
- Foreign Loans
 - Foreign Direct Investment
 - Private Remittances
 - Portfolio Investment

Select the correct answer using the codes given below:

- 1, 2 and 3
- 1, 2 and 4
- 2, 3 and 4
- 1, 3 and 4

Ans: B

16. Consider the following statements:
- Inflation benefits the debtors.
 - Inflation benefits the bond-holders.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: A

17. Disguised unemployment generally means
- Large number of people remain unemployed
 - Alternative employment is not available
 - Marginal productivity of labour is zero
 - Productivity of workers is low

Ans: C

18. Consider the following liquid assets:
- Demand deposits with the banks
 - Time deposits with the banks
 - Savings deposits with the banks
 - Currency

The correct sequence of these decreasing order of Liquidity is

- 1-4-3-2
- 4-3-2-1
- 2-3-1-4
- 4-1-3-2

Ans: D

19. In the context of Indian economy, Open Market Operations refers to
- Borrowing by scheduled banks from the RBI
 - Lending by commercial banks to industry and trade
 - Purchase and sale of government securities by the RBI
 - None of the above

Ans: C

ECONOMY 2012

1. Which of the following can be said to be essentially the parts of Inclusive Governance?
- Permitting the Non-Banking Financial Companies to do banking
 - Establishing effective District Planning Committees in all the districts
 - Increasing the government spending on public health
 - Strengthening the Mid-day Meal Scheme

Select the correct answer using the codes given below:

- 1 and 2 only
- 3 and 4 only
- 2, 3 and 4 only
- 1, 2, 3 and 4

Ans: C

2. With reference to National Rural Health Mission, Which of the following are the jobs of 'ASHA', trained community health workers?
1. Accompanying women to the health facility for antenatal care checkup
 2. Using pregnancy test kits for early detection pregnancy
 3. Providing information on nutrition and immunization
 4. Conducting the delivery of baby.

Select the correct answer using the codes given below:

- (a) 1, 2 and 3 only (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2, 3 and 4

Ans: A

3. How does the National Rural Livelihood Mission seek to improve Livelihood Mission seeks to improve livelihood options of rural poor?
1. By setting up a large number of new manufacturing industries and agribusiness centres in rural areas.
 2. By strengthening 'self-help groups' and providing skills development
 3. By supplying seeds, fertilizers, diesel pump-sets and micro-irrigation equipment free of cost of farmers.

Select the correct answer using the codes given below:

- (a) 1 and 2 only (b) Only 2
(c) 1 and 3 only (d) 1, 2 and 3

Ans: B

4. The Multi-Dimensional Poverty Index developed by Oxford Poverty and Human Development Initiative with UNDP support covers which of the following?
1. Deprivation of education, health, assets and services at household level
 2. Purchasing power parity at national level
 3. Extent of budget deficit and GDP growth rate at national level

Select the correct answer using the codes given below:

- (a) Only 1 (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2 and 3

Ans: D

5. Which of the following is/are among the noticeable features of the recommendations of the Thirteenth Finance Commission?
1. A design for the Goods and Services package linked to adherence to the proposed design.

2. A design for the creation of lakhs of jobs in the next ten years in consonance with India's demographic dividend
3. Devolution of a specific share of central taxes to local bodies as grants

Select the correct answer using the codes given below:

- (a) Only 1 (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2 and 3

Ans: C

6. What is/ are the recent policy initiative(s) of Government of India to promote the growth of manufacturing sector?
1. Setting up of National Investment and Manufacturing Zones
 2. Providing the benefit of 'single window clearance'
 3. Establishing the Technology Acquisition and Development Fund.

Select the correct answer using the codes given below:

- (a) Only 1 (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2 and 3

Ans: D

7. Consider the following specific stages of demographic transition associated with economic development:
1. Low birth rate with low death rate
 2. High birth rate with high death rate
 3. High birth rate with low death rate

Select the correct answer using the codes given below:

- (a) 1, 2 and 3 (b) 3, 2 and 1
(c) 2, 3 and 1 (d) 3, 2 and 1

Ans: C

8. In India the overall Index of Industrial Production, the Indices of Eighth Core Industries have combined weight of 37.90%. Which of the following are among those Eight Core Industries?
1. Cement
 2. Fertilizers
 3. Natural Gas
 4. Refinery products
 5. Textiles

Select the correct answer using the codes given below:

- (a) 1 and 5 only
(b) 2, 3 and 4 only
(c) 1, 2, 3 and 4 only
(d) 1, 2, 3, 4 and 5

Ans: C

9. The endeavour of Janine suraksha yojana programme is
1. To promote institutional deliveries
 2. To provide monetary assistance to the mother to meet the cost of delivery
 3. To provide for wage loss due to pregnancy and confinements

Which of the above are correct?

- (a) 1 and 2 only (b) Only 2
(c) Only 3 (d) 1, 2 and 3

Ans: A

10. Consider the following:
1. Hotels and restaurants
 2. Motor Transport undertakings
 3. Newspaper Establishments
 4. Private Medical Institutions

The Employers of which of the above can have the "Social Security coverage under Employees State Insurance Scheme?

- (a) 1, 2 and 3 only (b) Only 4
(c) 1, 3 and only 4 (d) 1, 2, 3 and 4

Ans: D

11. How do District Rural Development Agencies (DRDAs) help in the reduction of rural poverty in India?
1. DRDAs act as Panchayati Raj Institutions in certain specified backward regions of the country.
 2. DRDAs undertake area-specific scientific study of the cause of poverty and malnutrition and prepare detailed remedial measures.
 3. DRDAs secure inter-sectoral and inter-departmental coordination and cooperation for effective implementation of anti-poverty programmes.
 4. DRDAs watch over and ensure effective utilisation of the funds intended for anti-poverty programme.

Which of the statements given above is/ are correct?

- (a) 1, 2 and 3 only (b) 3 and 4 only
(c) Only 4 (d) 1, 2, 3 and 4

Ans: B

12. The Reserve Bank of India (RBI) acts as a bankers' bank. This would imply which of the following?
1. Other bank retains their deposits with the RBI.
 2. The RBI lends funds to the commercial banks in times of need.
 3. The RBI advises the commercial banks on monetary matters.

Correct

- (a) 2 and 3 only (b) 1 and 2 only
(c) 1 and 3 only (d) 1, 2 and 3

Ans: B

13. Under which of the following circumstances may 'capital gains' arise?
1. When there is an increase in the sales of a product
 2. When there is a natural increase in the value of the property owned.
 3. When you purchase a painting and there is a growth in its value due to increase in its popularity.

Select the correct answer using the codes given below:

- (a) Only 1 (b) 2 and 3 only
(c) Only 2 (d) 1, 2 and 3

Ans: B

14. Which of the following measures would result in an increase in the money supply in the economy?
1. Purchase of government securities from the public by the central bank
 2. Deposit of currency in commercial banks by the public
 3. Borrowing by the government from the central bank
 4. Sale of government securities to the public by the central bank

Select the correct answer using the codes given below:

- (a) Only 1 (b) 2 and 4 only
(c) 1 and 3 (d) 2, 3 and 4

Ans: C

15. Which of the following would include Foreign Direct Investment on India?
1. Subsidiaries of foreign companies in India
 2. Majority foreign equity holding in Indian companies
 3. Companies exclusively financed by foreign companies
 4. Portfolio investment

Select the correct answer using the codes given below:

- (a) 1, 2, 3 and 4 (b) 2 and 4 only
(c) 1 and 3 only (d) 1, 2 and 3 only

Ans: D

16. Consider the following statement:

The price of any currency in international market is decided by the

1. World Bank
2. Demand for goods/services provided by the country concerned
3. Stability of the government of the concerned country
4. Economic potential of the country in question.

Select the correct answer using the codes given below:

- (a) 1, 2, 3 and 4 (b) 2 and 3 only
(c) 3 and 4 only (d) 1 and 4 only

Ans: B

17. The basic aim of Lead Bank Scheme is that

- (a) Big banks should try to open offices in each district
- (b) There should be stiff competition among the various nationalized banks
- (c) Individual banks should adopt particular districts for intensive development
- (d) All the banks should make intensive efforts to mobilize deposits.

Ans: C

18. Despite having large reserves of coal, why does India import millions of tonnes of coal?

1. It is the policy of India to save its own coal reserves for future and import it from other countries for the present use.
2. Most of the power plants in India are coal based and they are not able to get sufficient supplies of coal from within the country?
3. Steel companies need large quantity of coking coal which has to be imported.

Which of the statements given above is/are correct?

- (a) Only 1 (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2 and 3

Ans: B

ECONOMY 2011

1. Regarding the international monetary fund, which one of the following statements is correct?

- (a) It can grant to any country.
- (b) It can grant loans to only developed countries.
- (c) It grants loans to only member countries.
- (d) It can grant loans to the central bank of a country.

Ans: C

2. India has experienced persistent and high food inflation in the recent past. What could be the reasons?

1. Due to a gradual switchover to the cultivation of commercial crops, the area under the cultivation of food grains has steadily decreased in the last five years by about 30%.
2. As a consequence of increasing incomes, the consumption patterns of the people have undergone a significant change.
3. The food supply chain has structural constraints.

Which of the statements given above are correct?

- (a) 1 and 2 only (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2 and 3

Ans: B

3. In terms of economy, the visit by foreign nationals to witness the XIX Common Wealth Games in India amounted to

- (a) Export (b) Import
- (c) Production (d) Consumption

Ans: A

4. Which one of the following statements appropriately describes the “fiscal stimulus”?

- (a) It is a massive investment by the Government in manufacturing sector to ensure the supply of goods to meet the demand surge caused by rapid economic growth
- (b) It is an intense affirmative action of the Government to boost economic activity in the country
- (c) It is Government’s intensive action on financial institutions to ensure disbursement of loans to agriculture and allied sectors to promote greater food production and contain food inflation
- (d) It is an extreme affirmative action by the Government to pursue its policy of financial inclusion

Ans: B

5. Consider the following actions which the Government can take:

1. Devaluing the domestic currency.
2. Reduction in the export subsidy.
3. Adopting suitable policies which attract greater FDI and more funds from FIIs.

Which of the above action/actions can help in reducing the current account deficit?

- (a) 1 and 2 (b) 2 and 3
(c) Only 3 (d) 1 and 3

Ans: A

6. A rapid increase in the rate of inflation is sometimes attributed to the “base effect”. What is “base effect”?
- It is the impact of drastic deficiency in supply due to failure of crops
 - It is the impact of the surge in demand due to rapid economic growth
 - It is the impact of the price levels of previous year on the calculation of inflation rate
 - None of the statements (a), (b) and (c) ‘given above is correct in this context

Ans: C

7. Why is the offering of “teaser loans” by commercial banks a cause of economic concern?
- The teaser loans are considered to be an aspect of sub-prime lending and banks may be exposed to the risk of defaulters in future.
 - In India, the teaser loans are mostly given to inexperienced entrepreneurs to set up manufacturing or export units.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: C

8. In the context of Indian economy, consider the following statements:
- The growth rate of GDP has steadily increased in the last five years.
 - The growth rate in per capita income has steadily increased in the last five years.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: B

9. In India, which of the following have the highest share in the disbursement of credit to agriculture and allied activities?
- Commercial Banks
 - Cooperative Banks
 - Regional Rural Banks
 - Microfinance Institutions

Ans: A

10. Which of the following can aid in furthering the Government’s objective of inclusive growth?
- Promoting Self-Help Groups
 - Promoting Micro, Small and Medium Enterprises
 - Implementing the Right to Education Act

Select the correct answer using the codes given below:

- Only 1
- 1 and 2 only
- 2 and 3 only
- 1, 2 and 3

Ans: D

11. Why is the Government of India disinvesting its equity in the Central Public Sector Enterprises (CPSEs)?
- The Government intends to use the revenue earned-from the disinvestment mainly to pay back the external debt.
 - The Government no longer intends to retain the management control of the CPSEs.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: D

12. Economic growth is usually coupled with
- Deflation
 - Inflation
 - Stagflation
 - Hyperinflation

Ans: B

13. The lowering of Bank Rate by the Reserve Bank of India leads to
- More liquidity in the market
 - Less liquidity in the market
 - No change in the liquidity in the market
 - Mobilization of more deposits by commercial banks

Ans: A

14. Which one of the following is not a feature of “Value Added Tax”?
- It is a multi-point destination-based system of taxation
 - It is a tax levied on value addition at each stage of transaction in the production-distribution chain
 - It is a tax on the final consumption of goods or services and must ultimately be borne by the consumer
 - It is basically a subject of the Central Government and the State Governments are only a facilitator for its successful implementation

Ans: C

15. A “closed economy” is an economy in which
- The money supply is fully controlled
 - Deficit financing takes place
 - Only exports take place
 - Neither exports nor imports take place

Ans: D

16. Both Foreign Direct Investment (FDI) and Foreign Institutional Investor (FII) are related to investment in a country. Which one of the following statements best represents an important difference between the two?

- FII helps bring better management skills and technology, while FDI only brings in capital
- FII helps in increasing capital availability in general, while FDI only targets specific sectors
- FDI flows only into the secondary market, while FII targets primary market
- FII is considered to be more stable than FDI

Ans: B

17. With what purpose is the government of India promoting the concept of “Mega food parks”?

- To provide good infrastructure facilities for the food processing industry.
- To increase the processing of perishable items and reduce wastage.
- To provide emerging and eco-friendly food processing technologies to entrepreneurs.

Select the correct answer using the codes given below:

- | | |
|------------------|------------------|
| (a) Only 1 | (b) 1 and 2 only |
| (c) 2 and 3 only | (d) 1, 2 and 3 |

Ans: D

18. Microfinance is the provision of financial services to people of low-income groups. This includes both the consumers and the self-employed. The service/services rendered under micro-finance is/are:

- Credit facilities
- Savings facilities
- Insurance facilities
- Fund Transfer facilities

Select the correct answer using the codes given below the lists:

- | | |
|------------------|-------------------|
| (a) Only 1 | (b) 1 and 4 only |
| (c) 2 and 3 only | (d) 1, 2, 3 and 4 |

Ans: D

19. Among the following who are eligible to benefit from the “mahatma Gandhi national rural employment guarantee act”?

- Adult members of only the scheduled caste and scheduled tribe households.
- Adult members of below poverty line (BPL) households.
- Adult members of households of all backward communities.
- Adult members of any household.

Ans: D

1. Consider the following statements;

- The Union Government fixes the Statutory Minimum Price of sugarcane for each sugar season
- Sugar and sugarcane are essential commodities under the Essential Commodities Act.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: C

2. Which one of the following is not a feature of Limited Liability Partnership firm?

- Partners should be less than 20
- Partnership and management need not be separate
- Internal governance may be decided by mutual agreement among partners
- It is corporate body with perpetual succession

Ans: A

3. In order to comply with TRIPS Agreement, India enacted the Geographical Indications of Goods (Registration and Protection) Act, 1999. The difference/differences between a “Trade Mark” and a Geographical Indication is/are

- A Trade Mark is an individual or a company’s right whereas a Geographical Indication is community’s right
- A Trade Mark can be licensed whereas a Geographical Indication cannot be licensed
- A Trade Mark is assigned to the manufactured goods whereas the Geographical Indication is assigned to the agricultural goods/ products and handicrafts only

Which of the statements given above is/are correct?

- | | |
|-------------|----------------|
| (a) Only 1 | (b) 1 and 2 |
| (c) 2 and 3 | (d) 1, 2 and 3 |

Ans: B

4. In the context of the affairs of which of the following is the phrase “Special Safeguard Mechanisms” mentioned in the new frequently?

- United Nations Environment Programme
- World Trade Organization
- ASEAN- India Free Trade Agreement
- G-20 Summits

Ans: B

5. A great deal of Foreign Direct Investment (FDI) to India comes from Mauritius than from many major and mature economies like UK and France. Why?
- India has preference for certain countries as regards receiving FDI
 - India has double taxation avoidance agreement with Mauritius
 - Most citizens of Mauritius have ethnic identity with India and so they feel secure to invest in India
 - Impending dangers of global climatic change prompt Mauritius to make huge investments in India

Ans: B

6. Consider the following countries:
- Brazil
 - Mexico
 - South Africa

According to UNCTAD, which of the above is/are categorized as “Emerging Economies”?

- Only 1
- 1 and 3
- 2 and 3
- 1, 2 and 3

Ans: D

7. With reference to BRIC countries, consider the following statements:
- At present, China’s GDP is more than the combined GDP of all the three other countries
 - China’s population is more than the combined population of any two other countries

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: B

8. Which of the following is/are treated as artificial currency?
- ADR
 - GDR
 - SDR
 - Both ADR and SDR

Ans: C

9. Stiglitz Commission established by the President of the United Nations General Assembly was in the international news. The commission was supposed to deal with
- The challenges posed by the impending global climate change and prepare a road map
 - The workings of the global financial systems and to explore ways and means to secure a more sustainable global order
 - Global terrorism and prepare a global action plan for the mitigation of terrorism
 - Expansion of the United Nations Security Council in the present global scenario

Ans: B

10. As regards the use of international food safety standards as reference point for the dispute settlements, which one of the following does WTO collaborate with?
- Codex Alimentarius Commission
 - International Federation of Standards Users
 - International Organization for Standardization
 - World Standards Cooperation

Ans: A

11. As a result of their annual survey, the National Geographic Society and an international polling firm GlobeScan gave India top rank in Greendex 2009 score. What is this score?
- It is a measure of efforts made by different countries in adopting technologies for reducing carbon footprint
 - It is a measure of environmentally sustainable consumer behavior in different countries
 - It is an assessment of programmes/schemes undertaken by different countries for improving the conservation of natural resources
 - It is an index showing the volume of carbon credits sold by different countries

Ans: B

12. In the context of bilateral trade negotiation between India and European Union, what is the difference between European Commission and European Council?
- European Commission represents the EU in trade negotiations whereas European Council participates in the legislation of matters pertaining to economic policies of the European Union
 - European Commission comprises the Heads of State or government of member countries whereas the European Council comprises of the persons nominated by European Parliament.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: A

13. Which one of the following is not related to United Nations?
- Multilateral Investment Guarantee Agency
 - International Finance Corporation
 - International Centre for Settlement of Investment Disputes
 - Bank for International Settlements

Ans: D

14. The United Nations Framework Convention on Climate Change (UNFCCC) is an international treaty drawn at
- United Nations Conference on the Human Environment, Stockholm, 1972
 - UN Conference on Environment and Development, Rio de Janeiro, 1992
 - World Summit on Sustainable Development, Johannesburg, 2002
 - UN Climate Change Conference, Copenhagen, 2009

Ans: B

15. The International Development Association, a lending agency, is administrated by the
- International Bank for Reconstruction and Development
 - International Fund for Agricultural Development
 - United Nations Development Programme
 - United Nations Industrial Development Organization

Ans: A

16. Inclusive growth as enunciated in the Eleventh-Five Year Plan does not include one of the following:
- Reduction of poverty
 - Extension of employment opportunities
 - Strengthening of capital market
 - Reduction of gender inequality

Ans: C

17. In the context of India's Five Year Plans, a shift in the pattern of industrialization, with lower emphasis on heavy industries and more on infrastructure begins in
- Fourth Plan
 - Sixth Plan
 - Eight Plan
 - Tenth Plan

Ans: B

18. Which of the following terms indicates a mechanism used by commercial banks for providing credit to the government?
- Cash Credit Ratio
 - Debt Service Obligation
 - Liquidity Adjustment Facilities
 - Statutory Liquidity Ratio

Ans: D

19. Which one of the following statements is an appropriate description of deflation?
- It is a sudden fall in the value of a currency against other currencies
 - It is a persistent recession in both the financial and real sectors of economy

- It is a persistent fall in the general price level of goods and services
- It is a fall in the rate of inflation over a period of time

Ans: B

20. With reference to the Non-banking Financial Companies (NBFCs) in India, consider the following statements:
- They cannot engage in the acquisition of securities issued by the government
 - They cannot accept demand deposits like Savings Account

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: B

21. Which one of the following was not stipulated in the Fiscal Responsibility and Budget Management Act, 2003?
- Elimination of revenue deficit by the end of the fiscal year 2007-08
 - Non-borrowing by the central government from circumstances
 - Elimination of primary deficit by the end of the fiscal year 2008-09
 - Fixing government guarantees in any financial year as a percentage of GDP

Ans: C

22. In the context of Indian economy, consider the following pairs:

<i>Term</i>	<i>Most appropriate description</i>
1. Melt down	Fall in stock prices
2. Recession	Fall in growth rate
3. Slow down	Fall in GDP

Which of the pairs given above is/are correctly matched?

- Only 1
- 2 and 3
- 1 and 3
- 1, 2 and 3

Ans: A

23. In India, the interest rate on savings accounts in all the nationalized commercial banks is fixed by
- Union Ministry of Finance
 - Union Finance Commission
 - Indian Bank's Association
 - None of the above

Ans: D

24. When the Reserve Bank of India announces an increase of the Cash Reserve Ratio, what does it mean?
- The commercial banks will have less money to lend
 - The Reserve Bank of India will have less money to lend
 - The Union Government will have less money to lend
 - The commercial banks will have more money to lend

Ans: A

25. In India, which of the following is regulated by the Forward Markets Commission?
- Currency Futures Trading
 - Commodities Futures Trading
 - Equity Futures Trading
 - Both Commodities Futures and Financial Futures Trading

Ans: B

26. With reference to the institution of Banking Ombudsman in India, which one of the statements is not correct?
- The Banking Ombudsman is appointed by the Reserve Bank of India
 - The Banking Ombudsman can consider complaints from Non-Resident Indians having accounts in India
 - The orders passed by the Banking Ombudsman are final and binding on the parties concerned
 - The service provided by the Banking Ombudsman is free of any fee

Ans: C

27. With reference to India, consider the following:
- Nationalization of Banks
 - Formation of Regional Rural Banks
 - Adoption of villages by Bank Branches

Which of the above can be considered as steps taken to achieve the “financial inclusion” in India?

- 1 and 2
- 2 and 3
- Only 3
- 1, 2 and 3

Ans: D

28. Consider the following statements:

The functions of commercial banks in India include

- Purchase and sale of shares and securities on behalf of customers.
- Acting as executors and trustees of wills.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: B

29. In the parlance of financial investments, the term ‘bear’ denotes
- An investor who feels that the price of a particular security is going to fall
 - An investor who expects the price of particular shares to rise
 - A shareholder or a bondholder who has an interest in a company, financial or otherwise
 - Any lender whether by making a loan or buying a bond

Ans: D

30. Consider the following actions by the Government:
- Cutting the tax rates
 - Increasing the government spending
 - Abolishing the subsidies

In the context of economic recession, which of the above actions can be considered a part of the “Fiscal stimulus” package?

- 1 and 2
- Only 2
- 1 and 3
- 1, 2 and 3

Ans: A

31. With reference to India, consider the following statements:
- The Wholesale Price Index (WPI) in India is available on a monthly basis only
 - As compared to Consumer Price Index for Industrial Workers (CPI(IW)), the WPI gives less weight to food articles

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Ans: C

32. With reference to the National Investment Fund to which the disinvestment proceeds are routed, consider the following statements:
- The assets in the National Investment Fund are managed by the Union Ministry of Finance
 - The National Investment Fund is to be maintained within the Consolidated Fund of India
 - Certain Asset Management Companies are appointed as the fund managers
 - A certain proportion of annual income is used for financing select social sectors

Which of the statements given above is/are correct?

- 1 and 2
- Only 2
- 3 and 4
- Only 3

Ans: C

33. In India, the tax proceeds of which one of the following as a percentage of gross tax revenue has significantly declined in the last five years?
- (a) Service tax (b) Personal income tax
(c) Excise duty (d) Corporation tax

Ans: C

34. Consider the following statements:

In India, taxes on transactions in Stock Exchanges and Futures Markets are

1. levied by the Union
2. collected by the States

Which of the statements given above is/are correct?

- (a) Only 1
(b) Only 2
(c) Both 1 and 2
(d) Neither 1 nor 2

Ans: A

35. With reference to Indian economy, consider the following statements:

1. The Gross Domestic Product (GDP) has increased by four times in the last 10 years
2. The percentage share of Public Sector in GDP has declined in the last 10 years

Which of the statements given above is/are correct?

- (a) Only 1
(b) Only 2
(c) Both 1 and 2
(d) Neither 1 nor 2

Ans: B

36. An objective of the National Food Security Mission is to increase the production of certain crops through area expansion and productivity enhancement in a sustainable manner in the identified districts of the country. What are those crops?

- (a) Rice and wheat only
(b) Rice, wheat and pulses only
(c) Rice, wheat, pulses and oil seeds only
(d) Rice, wheat, pulses, oil seeds and vegetables

Ans: B

37. The SEZ Act, 2005 which came into effect in February 2006 has certain objectives. In this context, consider the following:

1. Development of infrastructure facilities
2. Promotion of investment from foreign sources
3. Promotion of exports of services only

Which of the above are the objectives of this Act?

- (a) 1 and 2 (b) Only 3
(c) 2 and 3 (d) 1, 2 and 3

Ans: A

38. Consider the following statements:

1. The Commonwealth has no charter, treaty or constitution
2. All the territories/countries once under the British empire (jurisdiction/rule/mandate) automatically joined the Commonwealth as its members

Which of the statements given above is/are correct?

- (a) Only 1 (b) Only 2
(c) Both 1 and 2 (d) Neither 1 nor 2

Ans: A