



Test Series – Prelims 2020 General Studies Test – 14

Subject: ECONOMIC AND SOCIAL DEVELOPMENT

Time Allowed: 2 Hours

Maximum Marks: 200

INSTRUCTIONS

1. Immediately after the commencement of the examination, you should check that this test booklet *DOES NOT* have any unprinted or torn or missing pages or items, etc. If so, get it replaced by a complete test booklet.
 2. This test Booklet contains 100 items (questions). You will select the response which you want to mark on the Answer Sheet. In case you feel that there is more than one correct response, mark the response which you consider the best. In any case, choose *ONLY ONE* response for each item.
 3. You have to mark all your responses *ONLY* on the separate Answer Sheet provided. See directions in the Answer Sheet.
 4. All items carry equal marks.
 5. Before you proceed to mark in the Answer Sheet the response to various items in the Test Booklet, you have to fill in some particulars in the Answer Sheet as per instructions given.
 6. After you have completed filling in all your responses on the Answer Sheet and the examination has concluded, you should hand over to the Invigilator *only* the Answer Sheet. You are permitted to take away with you the Test Booklet.
 7. **Penalty for wrong answers :**
THERE WILL BE PENALTY FOR WRONG ANSWERS MARKED BY A CANDIDATE IN THE OBJECTIVE TYPE QUESTION PAPERS.
 - i. There are four alternatives for the answer to every question. For each question for which a wrong answer has been given by the candidate, **one-third (0.66)** of the marks assigned to that question will be deducted as penalty.
 - ii. If a candidate gives more than one answer, it will be treated as a **wrong answer** even if one of the given answers happens to be correct and there will be same penalty as above to that question.
 - iii. If a question is left blank, i.e., no answer is given by the candidate, there will be **no penalty** for that question.
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1. Consider the following steps taken by the Government:
1. Implementation of GST
 2. Implementation of Directly Benefit Transfer
 3. Implementation of 7th Pay commission

Which of the above steps would increase budget deficit of the government?

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

2. Which of the following constitutes investment in the economy:
1. Production of consumption goods
 2. Production of capital goods
 3. Production of services
 4. Buying and selling of shares

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 2 only
- (c) 2 and 4 only
- (d) All of the above

3. Base Erosion and Profit Sharing (BEPS) agreement is of major significance for India. Consider the following statements:
1. This agreement was signed under the aegis of World Bank.
 2. Heavy reliance on corporation tax makes BEPS highly significance for India.
 3. Equalization Levy has been imposed by Indian government under BEPS.

Which of the above statement is/are correct?

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

4. Consider the following statements in an economy:
1. Higher tax collection may lead to higher investment.
 2. Higher tax collection may lead to higher consumption.

Which of the above statement is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2

(d) Neither 1 nor 2

5. Consider the following statements about a country in Liquidity Trap:
1. The interest rate in the market will be very low.
 2. People and businesses both will hold on to their cash and don't spend.
 3. It shows effectiveness of monetary policy to tackle recession.
 4. Cash holdings of banks will rise.

Which of the above statement is/are correct?

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

6. If fiscal deficit of India increases, it may
1. Increase inflation
 2. Decrease inflation
 3. Increase aggregate demand

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) 1 and 3 only
- (d) All of the above

7. Consider the following statements:
1. Financing of large infrastructure projects.
 2. Decrease inn risk appetite.
 3. Increase in competition among the banks.

Which of the above is/are advantages of banks consolidation?

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

8. The Indian exchange rate system is termed as "managed float" because:
- (a) RBI fixes the exchange rate
 - (b) RBI fixes the exchange rate & keeps adjusting depending on the economic situation
 - (c) RBI intervenes in the exchange market to prevent volatility
 - (d) None of the above

9. Evergreening of loans means:
- (a) Loans which would remain non performing till written off from the books.

- (b) Loans that must be waived off by government.
- (c) Loans taken afresh by companies to pay up an old loan
- (d) Loans that are given by bank as priority sector lending.

10. Consider the following statements:

1. High output leads to high unemployment
2. High unemployment leads to high inflation

Which of the above statement/s/are correct?

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

11. Consider the following statements regarding Cash Reserve Ratio (CRR) kept with RBI by commercial banks:

1. It ensures safety to the people's deposits in banks.
2. It ensures solvency of banks
3. It increases the cost of funds for the banks.
4. Banks earn interest on CRR

Which of the above statement/s is/are correct?

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

12. Consider the following statement about Fiscal Responsibility and Budget Management (FRBM) Act 2003:

1. Escape clause refers to the situation under which the central government can flexibly follow fiscal deficit target during special circumstances.
2. Section 4 (2) of the FRBM Act provides for a trigger mechanism for a deviation from the estimated fiscal deficit on account of structural reforms in the economy with unanticipated fiscal implications.
3. The government raised fiscal deficit target to 3.8 percent of the GDP from 3.3 percent pegged earlier for 2019-20 due to revenue shortage.

Which of the above statement are correct?

- (a) 1 and 2 only
- (b) 1 and 3 only

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

13. Consider the following statement about Primary deficits:

1. Primary deficit is fiscal deficit minus subsidies.
2. It is a parameter to determine fiscal sustainability.

Which of the above statement/s is/are correct?

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

14. Consider the following statements about Participatory Notes (P-Notes)

1. It is an offshore investment instrument.
2. In India, P-notes are regulated by RBI.
3. P-notes can be used by Indian investors also.

Which of the above statement/s is/are correct?

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

15. Consider the following statements about Hybrid Annuity Model (HAM) of PPP:

1. Private sector must bring all the investment required.
2. Government would be using this model for highways projects.
3. The toll right is with the private sector but transparency must be maintained in its collection.

Which of the above statement/s is/are **not** correct?

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

16. Consider the following factors:

1. Decrease in oil prices.
2. Slowdown in major economies of world.
3. Depreciation of Indian rupee.
4. India is losing its traditional markets to competitors.

Which of the above are factors for fall in Indian exports?

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

17. Which of the following statement about "Tax Buoyancy" in the economy is correct?

- (a) Ratio of percentage change in tax revenue to percentage change in GDP
- (b) Ratio of change in tax revenue to change in GDP
- (c) Percentage increase in tax revenues as measured from previous year
- (d) Incremental change in tax revenues required to increase the GDP by one percent.

18. When there is increase in an economy's capital stock then:

- 1. Production capacity of the economy increases.
- 2. National income of the nation increases.

Which of the above is /are correct?

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

19. With reference to Tax Havens, consider the following statement:

- 1. Lack of adequate capital controls.
- 2. Liberal regulatory environment.
- 3. Very high interest rates on deposits.
- 4. Always involved in Double Taxation Avoidance Agreement (DTAAs).

Which of the above are characteristics of Tax havens?

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

20. GDP deflator is used to:

- (a) Measure the relative reduction in GDP growth rate of a country.
- (b) Measure the inflation in a country.
- (c) Compare the GDP of a country vis a vis other countries of the world.
- (d) Estimate the purchasing power of the citizen of a country.

21. A dual economy means:

- 1. The existence of black money and white money.
- 2. The existence of agriculture and industry.
- 3. The existence of commercial agriculture with subsistence farming
- 4. Modern industry and commercial agriculture coexisting with subsistence farming and traditional handicrafts.

Select the correct answer using the code given below:

- a) 1 and 2 only
- b) 1, 2 and 4 only
- c) 2, 3 and 4 only
- d) All of these

22. Which of the following is/are characteristics of open economy:

- 1. Buying and selling of shares, debentures and bonds to foreign country.
- 2. Free movement of people.
- 3. Borrowing and lending with foreign nations
- 4. High fiscal deficit and current account deficit.

Choose the correct answer from the given codes below:

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

23. Consider the following about open unemployment:

- 1. In this people are willing to work at given wage but fail to get any work.
- 2. This unemployment can be corrected by government measures.
- 3. It exists during depressions only.

Select the correct answer from the given codes:

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

24. Which among the following is an example of Greenfield Investment?

- (a) Investment in real estate company in agriculture land to develop it later when the land prices will increase.

- (b) Investment made by company in a new factory complex in a remote land where there are no facilities.
- (c) Investment made by company to clean up a cement factory located in populated area & using it for a commercial office purpose.
- (d) Investment made by company to clean up a cement factory located in populated area because & using it for a residential purpose.

25. Which of the following is responsible for the decrease of per capita holding of cultivated land in India?

- 1. Low per capita income
- 2. Rapid rate of increase in population
- 3. Practice of dividing land equally among the heirs.
- 4. Use of tradition technique of ploughing.

Select the correct answer using the codes given below:

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

26. Indian State has low capacity. This is manifested in:

- 1. High level of corruption
- 2. Poor delivery of essential services to people.
- 3. Bureaucratic precautions in decision making.

Select the correct answer from the codes given below:

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

27. If money supply in the economy is decreased and nominal GDP have to keep same, which of the following step have to be taken?

- (a) Remaining money stock of money will need to be used more intensively.
- (b) Black money must be brought in flow.
- (c) More jobs have to created in formal sector
- (d) It is not possible to keep GDP same.

28. Anchor Banks refer to:

- (a) Public Sector banks under which drive of consolidation process among the state-owned banks would happen.

- (b) Public Sector banks that are providing most of the infrastructural financing.
- (c) Public Sector Banks that will coordinate banking activities in a district.
- (d) Public Sector Banks that have been classified as Domestic Systemically Important Banks (D-SIBs).

29. Consider the following statements about Gross Value Added at factor cost:

- 1. It gives the picture of economic activity from the consumer perspective.
- 2. It does not present distorted value since it excludes both indirect taxes and subsidies.

Which of the above statement/s is/are correct?

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

30. Consider following statements regarding components of "double financial repression":

- 1. Statutory liquidity ratio (SLR) and Priority sector lending (PSL) requirements are a repression on the asset side.
- 2. Rising Non Performing Assets (NPAs) and reduction in households financial savings are a repression on the liability side.

Which of the above statement/s is/are correct?

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

31. As financial inclusion increases in India, it would also lead to:

- 1. Higher domestic savings
- 2. Enhanced investment
- 3. Better targeting of welfare programs
- 4. Greater penetration of financial services.

Choose the correct answer from the given options below:

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

32. A redistribution of income in a country can be best brought about through
- progressive taxation combined with progressive expenditure
 - progressive taxation combined with regressive expenditure
 - regressive taxation combined with regressive expenditure
 - regressive taxation combined with progressive expenditure
33. Consider the following statements with reference to taxation:
- Higher direct taxes help in controlling Inflation in the economy.
 - Higher indirect taxes help in controlling the Inflation in the economy.
- Which of the above statement/s is/are correct?
- 1 only
 - 2 only
 - Both 1 and 2
 - Neither 1 nor 2
34. Maintaining fiscal sustainability is the fundamental task of Government's budget policy. Fiscal sustainability is signified by:
- Fiscal Deficit
 - Revenue Deficit
 - Primary Deficit
 - Debt-to-GDP ratio
- Select the correct answer using the code given below:
- 1 and 2 only
 - 1, 2 and 3 only
 - 1 and 4 only
 - All of the above
35. GST is said to be based "Revenue Neutral Tax Rate", which means that:
- The rates of tax revenues for States and Centre will remain the same as before GST
 - The tax rate will be same for the Centre and State
 - Net increase in the total tax amount would be zero
 - Both (a) and (b)
36. Consider the following statements about Crowd funding:
- It involves raising small amounts of money from large number of investors.
 - It mostly involves raising money through the internet or social media.
 - It has the potential to increase entrepreneurship.
- Select the correct answer using the code given below:
- 1 and 2 only
 - 2 and 3 only
 - 1 and 3 only
 - 1, 2 and 3
37. Sunrise Industries are those industries which
- are well-developed and have ample scope for further development
 - improve export performance of the country
 - are small-scale industries
 - have high growth potential and meet further requirements of the economy
38. The term 'hybrid annuity model' seen often in the news is related to:
- black money issue
 - Public Private Partnership
 - Awarding Government contracts
 - Distribution of Banking licenses
39. Bail in provision refers to the
- Government using public money to help banks
 - Government using depositors money to help banks
 - Government allowing foreign money to help banks
 - Government taking over the bad loans of the bank.
40. Consider the following statements about Advance Pricing Agreement (APA):
- An APA provides certainty with respect to the tax outcome of the tax payer's international transactions.
 - Till date, Indian *Central Board of Direct Taxes (CBDT)* has entered into has entered into only 10 APAs.
- Which of the above statement/s is/are correct?
- 1 only
 - 2 only
 - Both 1 and 2
 - Neither 1 nor 2

41. 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

42. There may be times when expenditures exceed the available output under conditions of high employment and thus may cause inflation. In such situations, restrictive conditions are needed to reduce demand. It is called:
- Stabilization
 - Sterilization
 - Stimulation
 - Depression

43. With reference to Balance of Payments, which of the following constitutes/constitute the Current Account?
- Balance of trade
 - Foreign assets
 - Balance of invisibles
 - Special Drawing Right

Select the correct answer using the code given below.

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

44. Serious Fraud Investigation Office (SFIO) works under the jurisdiction of:
- Ministry of Finance
 - Ministry of Home Affairs
 - Ministry of Corporate Affairs
 - Ministry of External Affairs

45. Which of the following are the features of perfect competition?
- Small number of buyers and sellers
 - Each firm sells a homogeneous product.
 - Entry and exit from the market is free.

Select the correct answer using the code given below:

- 1 and 2 only
- 2 and 3 only
- 1 and 3 only

- 1, 2 and 3

46. Consider the following statements about Dividend Distribution Tax (DDT):
- It is the tax levied when a privately-held company raises funds at a rate higher than its "fair valuation."
 - It is levied only on non-inventory assets.

Which of the above is/are correct?

- 1 only
- 2 only
- Both 1 and 2
- Neither 1 nor 2

47. Consider the following statements about Goldilocks Economy:
- An economy wherein the growth is not so high that it causes inflation and not so low that it causes a recession.
 - It is characterized high unemployment rate.
 - The asset prices of stocks and real estates increase.

Which of the above is/are correct?

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

48. Which of the following statement is **not** correct about deflation?
- The value of money increases.
 - Real value of debt increases.
 - Increase purchase of luxury goods by consumers.
 - Slow down in economic growth.

49. With reference to the functions of Public Sector in India, which of the following statements are correct?
- To provide public utility resources.
 - To build social and economic overhead capital.
 - To ensure balanced regional and sectoral growth.
 - To pursue egalitarian goals.

Select the correct answer from the cods given below

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

50. Arrange the following Committees formed for small scale sector in chronological order
1. Nayak committee
 2. AbidHussain committee
 3. S.S Kohli committee
 4. Karve committee

Select the correct answer from the codes given below

- (a) 1-2-4-3
- (b) 3-2-1-4
- (c) 4-2-1-3
- (d) 1-2-3-4

51. Which of the following is the nodal institution for implementation of Sustainable Development Goals in India?
- (a) Niti aayog
 - (b) MoEFCC
 - (c) NABARD
 - (d) None of the above

52. Given below are the two statements , one is labeled as Assertion and the other as reasons.

(Assertion) (A): The labour force participation rate falling sharply in the recent years for females in India.

(Reason): The decline in the labour force participation rate is due to the improved family income and increase in female education

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true but (R) IS not the correct explanation of (A)
- (c) (A) Is true but , (R) is false
- (d) (A) Is false , but (R) is true

53. The number of persons who remained unemployed or major part of the year is called
- (a) Usual status unemployment
 - (b) Daily status unemployment
 - (c) Weekly status unemployment
 - (d) None of these

54. Gradual reduction in tax rates to optimum level will:
- (a) Decrease the tax revenue collection
 - (b) Maximize tax revenue collection
 - (c) Decrease the investment in the economy
 - (d) Increase the investment in the economy

55. Consider the following statements about Fiscal Drag:

1. It occurs when due to rise in national income and income of people, more people under progressive taxation net.
2. Such higher taxation leads to reduction in aggregate demand which inturn slow down the economy.

Which of the above statement/s is/are correct?

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

56. There is increasing Non-performing Assets (NPAs) of the banks in India. How high NPAs effect the economy?

1. Low interest rates on deposits of the customers
2. Decreased interest income
3. Increased risk weighted assets

Select the correct answer from the codes given below

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

57. Consider the following statements about Seed Capital:

1. It is the initial funding required to get a new business started.
2. It is a capital required to make initial investments in stock market.

Which of the above statement/s is/are correct?

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

58. Which of the following statement/s is/are correct about currency swap agreement?

1. The prospects of Indian companies would improve in tapping foreign capita.
2. It would help to tide over difficulties arising out of Balance of Payment (BOP).
3. It would deter speculative attacks on the domestic currency and greatly enhance the RBI's ability to manage exchange rate volatility.

Select the correct answer from the codes given below

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

59. Which of the following are sources from which NBFCs raise their resources?

1. Loans from Banks
2. By issuance of bonds in the financial markets
3. Through External Commercial Borrowing (ECB)
4. Mutual Funds

Select the correct answer using the code given below:

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

60. Consider the following statements regarding "National Gene Fund":

1. It has been established under Protection of Plant Varieties and Farmers Rights Act 2001.
2. It has been established under Indian Patent Act 1970.
3. It will receive benefit sharing from the breeder.

Select the correct answer using the code given below:

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

61. If India decides to devalue the Indian rupee, which of the following can be seen?

1. Increased exports
2. Increased inflation
3. Increased current account deficit

Select the correct answer from the codes give below

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

62. Consider the following statements about financial repression:

1. These are measures by which governments indirectly borrowing from industry to pay off public debts.
2. The savers earn very high returns on his savings.
3. Banks increase the rate of lending loans.

Select the correct answer using the code given below:

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

63. The decrease in dependency ratio (ratio of dependent population to working age population) of a country may lead to which of the following situation:

1. Increase in savings rate
2. Decrease in savings rate
3. Increase in Capital Formation
4. Decrease in Capital Formation

Select the correct answer using the codes given below:

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

64. India has 'Pegged' (fixed but adjustable) exchange rate and in this reference consider the following statements:

1. Inflation in the country may make its exports less competitive
2. If the country devalues its currency in proportion to the inflation then its exports may remain competitive

Select the correct answer using the code given below:

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

65. RBI acts as a 'lender of last resort' to ensure which of the following in the economy?

1. To prevent possible failure of the banks
2. To protect the interest of the depositors of the banks
3. To ensure financial stability in the economy

Select the correct answer using the code given below:

- (a) 1 only
- (b) 1 and 2 only
- (c) 1 and 3 only
- (d) All of the above

66. Which of the following are characteristic situation for 'Bank Run'?

- 1. Customers withdraw their deposits fearing that banks will run out of reserves
- 2. Banks are in risk of default
- 3. Central Bank acts as lender of last resort

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 1 and 3 only
- (c) 3 only
- (d) All of the above

67. In reference to the Goods and Services Tax, what does "Revenue Neutral Tax Rate" mean:

- (a) That GST rate at which tax revenues (or revenue growth) of States and Centre will remain the same as before GST
- (b) The tax rate will be same for the Centre and State
- (c) The tax rate at which Central and States revenues will be same
- (d) All of the above

68. Which of the following are correct in reference to the term 'Crowd-in' in the economy?

- 1. Targeted government spending acts as an engine of growth in the short run
- 2. Government spending complements the private investment
- 3. Government spending substitutes the private investment
- 4. Government spending boosts demand for goods which in turn increases private demand

Select the correct answer using the code given below:

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

69. Consider the following statements regarding "Inverted Duty Structure":

- 1. It makes domestic manufactured goods less competitive against finished product imports in the domestic market.
- 2. Finished goods are taxed at high rate than the raw materials
- 3. Raw materials are taxed at high rate than the finished products
- 4. The duty in the "Inverted Duty Structure" is Customs Duty

Select the correct answer using the code given below:

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

70. Consider the following statements regarding the 'Nutrient Based Subsidy' Scheme.

- 1. It is given for phosphate and potash fertilizers
- 2. The prices of fertilizers under nutrient based scheme are regulated by the government.
- 3. Subsidy is based on per kg of nutrients present in the fertilizer

Select the correct answer using the code given below:

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

71. Consider the following statements regarding "Sovereign Wealth Funds (SWFs):

- 1. SWFs are State owned investment funds
- 2. SWFs are established through fiscal and trade surpluses
- 3. They are used to stabilize budget and economy of the country from excess volatility in revenues
- 4. SWFs typically invest in government owned projects/assets

Select the correct answer using the code given below:

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

72. The term "roll-on roll-off" recently in the news is related to which of the following:

- (a) Transportation of vehicles through ships
- (b) Connecting two ports through dedicated shipping channel
- (c) Railway engines and wagons
- (d) Dedicated freight corridors

73. The term "Money-go-round" has recently been in the news, is related to which of the following:

- (a) Money laundering
- (b) Recapitalization of public sector banks
- (c) Circular Flow of Income in an economy
- (d) Foreign Direct Investment

74. The "Totalization Agreement" recently in the news is related to which of the following:

- (a) Avoiding double taxation of income with respect to social security taxes
- (b) Free market access for trade in services
- (c) Bilateral agreement between countries to enable unrestricted movement of labour
- (d) Agreement among all the WTO members to promote e-commerce

75. Consider the following statements:

1. Anti-dumping duties are imposed if a country dumps goods in another country at a much cheaper price than it normally charges in its own home market.
2. Countervailing duties are levied on imported goods to offset export subsidies offered to producers in the exporting country.

Which of the above statement/s is/are **incorrect**?

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

76. Which of the following is correct about NOSTRO accounts?

- (a) An account that an Indian bank holds in foreign currency.
- (b) An account that other banks have on its books in its home currency.
- (c) An account which is opened by NRIs and OCIs to keep foreign currency.
- (d) None of these

77. Consider the following statements about Helicopter Drop:

1. It refers to a type of monetary stimulus strategy to spur economic output.
2. It is an expansionary fiscal policy.
3. It unconventional measures to jump start the economy during deflationary periods.

Which of the above statement/s is/are correct?

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

78. Consider the following statements about Terms of Trade:

1. It is ratio of export price index to import price index.
2. It is a measure of how much imports a country can get for a unit of exported goods.

Which of the above statement/s is/are correct?

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

79. Consider the following statements about "Gafa Tax":

1. It is a type of tax on digital giants.
2. France became the first major economy to impose it.
3. It is levied on non-tax paying online giants.

Which of the above statement/s is/are correct?

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

80. Consider the following statements about Operation Swift:

1. The central bank uses the proceeds from sale of short-term securities to buy long-term government debt papers.
2. It will be easing of interest rates on the long term papers.

Which of the above statement/s is/are correct?

- (a) 1 only
- (b) 2 only

- (c) Both 1 and 2
- (d) Neither 1 nor 2

81. Consider the following statements about Indian economic census

1. It undertakes the counting all entrepreneurial units in the country of either agricultural or non-agricultural sector which engaged in production and/or distribution of goods and/or services not for the sole purpose of own consumption.
2. The 2019 was the first economic census to be undertaken.
3. It is conducted by CSO.

Which of the above statement/s is/are correct?

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

82. Consider the following statements about Accommodative Monetary Policy:

1. When a central bank attempts to squeeze the overall money supply to control the inflation.
2. Accommodative money policy is triggered to decrease the spending consumers and businesses.

Which of the above statement/s is/are correct?

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

83. Recently the term “Economic Threshold Limit” was there in the news. It is related to which of the following?

- (a) Potential GDP growth
- (b) Capacity utilization of the economy
- (c) Pest management for crops
- (d) Underground water level

84. With reference to the Purchasing Power Parity, consider the following statements:

1. It is an economic theory that compares different countries' currencies through a basket of goods and services approach.
2. PPP compares economic productivity and standards of living between countries.

3. World Bank releases a report that compares various countries, in terms of PPP and U.S. dollars.

Which of the above statement/s is/are correct?

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

85. The policy of Import Substitution refers to

- (a) Importing goods from a nation which has a comparative advantage in world economy.
- (b) Importing of manufactured products to substitute the import of primary products.
- (c) Substituting imports with domestic production.
- (d) Increasing exports to have a favorable balance of trade.

86. Which of the following best describes tariff and non-tariff barriers?

- (a) Tariff is a tax on imports and exports whereas non-tariff is free entry of goods.
- (b) Tariff is a general restriction on imports and exports whereas non-tariff is a tax on listed goods and services.
- (c) Tariff is a tax on imports and exports whereas non-tariff is a form of non-tax restrictions on trade.
- (d) Tariff is for country's internal trade whereas non-tariff is for international trade.

87. With reference to Industrial Policy Resolution 1956, consider the following statements:

1. The policy formed the basis of the First Five Year Plan.
2. The policy was used for promoting industry in backward regions.
3. The policy barred the entry of private sector in any industry.

Which of the above statement/s is/are correct?

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

88. Which of the following banking institutions are involved in providing direct credit rural population?

1. MUDRA bank

2. Regional rural bank
3. Land development bank
4. NABARD

Select the correct answer using the code given below:

- (a) 1, 2, 3 and 4
 - (b) 1, 2 and 4 only
 - (c) 2 and 3 only
 - (d) 3 and 4 only
89. If the country A has higher inflation than country B, the exchange rate of country A with respect to country B's exchange rate will most likely:
- (a) appreciate
 - (b) depreciate
 - (c) have no change
 - (d) depreciate in short-term and appreciate in the longer run
90. With reference to economy, the term 'Base Effect' refers to:
- (a) A normalized average of price relatives for a given class of goods or services in a given region.
 - (b) Impact of the rise in price level in the previous year over the corresponding rise in price levels in the current year.
 - (c) A monetary policy strategy used by Central Banks for maintaining price level at a certain level.
 - (d) The bonus brought by inflation to the borrowers.
91. With reference to Indian economy, the term *jobless growth* refers to
- (a) Increasing GDP coupled with high unemployment.
 - (b) High inflation rate pushing up the rate of unemployment.
 - (c) Declining GDP coupled with high unemployment.
 - (d) High inflation pushing down the rate of unemployment.
92. Consider the following statements about Outcome Budget in India:
1. It is practiced by each of the Ministries while preparing their budget details.
 2. Outcome Budget of all Ministries is combined into one single document and brought out by the Ministry of Finance in collaboration with the NITI Aayog.

Which of the statements given above is/are correct?

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

93. Consider the following statements regarding Real Effective Exchange Rate (REER):

1. It is the weighted average of a country's currency in relation to an index or basket of other major currencies, adjusted for the effects of inflation.
2. An increase in index of REER as compared to its base year is an indicator of undervalued currency.
3. The Indices of Real Effective Exchange in India are released by Ministry of Finance.

Which of the statements given above is/are correct?

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

94. With reference to the Index of Industrial Production (IIP), consider the following statements:

1. It is an indicator of growth in both manufacturing and services sectors.
2. It is compiled and published by Central Statistics Office (CSO).

Which of the statements given above is/are correct?

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

95. Engel Coefficient, a term often seen in news, refers to:

- (a) a measurement of food expenditures as a proportion of total household spending.
- (b) an indicator of the proportion of an individual's expenditure on personal health and well-being.
- (c) a multi-dimensional indicator of poverty and standard of living.
- (d) a tool to measure the proportion of household consumption of IT and related services.

96. Which of the following correctly describes 'Compulsory Licencing', often seen in the news?

- Mandatory licensing requirements before performing clinical trials.
- Set of mandatory permissions for a pharmaceutical company to extract drugs from the endangered species of plants.
- Special approval by the government to allow someone else to produce a patented product without the consent of the patent owner.
- Set of approvals required by a country for the use of defence establishments of a foreign country.

97. Consider the following statements about Disinvestment:

- It refers to the government selling or liquidating its assets or stakes in public sector enterprise.
- The nodal agency for disinvestment is Department for investment and public asset management (DIPAM) under Ministry of finance.
- The proceeds from disinvestment of Central Public Sector Enterprises are channelized into National Investment and Infrastructure Fund (NIIF).

Which of the statements given above are correct?

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

98. Consider the following statements:

- Gross Domestic Product (GDP) is always higher than the Gross National Product (GNP).
- Net National Product (NNP) at factor cost is referred to as National Income.
- GDP represents the sum total of Gross Value added in all sectors without adjusting for taxes and subsidies by the government.

Which of the statements given above is/are correct?

- 1 only
- 2 and 3 only
- 2 only

(d) 1, 2 and 3

99. Which of the following functions can be performed by Non-Banking Financial Companies?

- Acquisition of shares, bonds and securities issued by the Government.
- Accepting demand deposits from customers.
- Issuance of cheque book to customers.

Select the correct answer using the code given below.

- 1, 2 and 3
- 1 only
- 2 and 3 only
- None of these

100. Which of the following can lead to the narrowing of the Current Account Deficit of India?

- Depreciation of Rupee
- Hike in remittances from NRIs
- Fall in crude oil prices

Select the correct answer using the code given below.

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