



All India Civil Services Coaching Centre

(Under the aegis of Government of Tamil Nadu)

TEST BOOKLET

Economy

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. You have to enter your Name on the Test Booklet
3. This Test Book contains 100 items (questions). Each it comprises four responses (answers). 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.
4. You have to mark all your response **ONLY** on the separate sheet provided along with the Test Booklet.
5. All items Carry equal marks. There will be **penalty (negative marking)** for wrong answers marked by you in the Answer sheet.
6. There are four alternatives for the answers to every question. For each question for which a wrong answer has been given by the candidate, one third ($\frac{1}{3}$) of the marks assigned to that question will be deducted as penalty.
7. 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 same penalty as above for that question.
8. 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. Which of the following were the reasons for the 1991 economic crisis ?
 1. insufficient foreign exchanges
 2. government unable to make repayments on its borrowings from abroad
 3. rising prices of essential goodsSelect the correct answer from the code given below :
 - (a) 1 and 2 only
 - (b) 2 and 3 only
 - (c) 1 and 3 only
 - (d) 1, 2 and 3
2. Some public sector undertakings were declared 'Navaratnas' and were given
 1. operational autonomy
 2. managerial autonomy
 3. financial autonomySelect the correct answer from the code given below :
 - (a) 1 and 2 only
 - (b) 1 only
 - (c) 3 only
 - (d) 1, 2 and 3
3. Which of the following are true regarding Indian Economy in the last two decades ?
 1. India has increased its foreign exchange.
 2. India is seen as a successful exporter of engineering goods, IT software and textiles.
 3. Public investment in agriculture has increased.
 4. Indian economy is facing challenges in the areas of employment, infrastructure development and fiscal management.Select the correct answer from the code given below :
 - (a) 1 and 2 only
 - (b) 2, 3 and 4 only
 - (c) 1, 2 and 4 only
 - (d) all the above
4. The government's approach to poverty reduction includes
 1. promoting growth
 2. poverty alleviation programmes
 3. providing minimum basic amenitiesSelect the correct answer from the code given below :
 - (a) 2 only
 - (b) 1 and 2 only
 - (c) 2 and 3 only
 - (d) all the above
5. Which of the following measures were initiated to improve the agricultural market system ?
 1. regulation of markets
 2. provision of physical infrastructure
 3. cooperative marketing
 4. use of policy instrumentsSelect the correct answer from the code given below :
 - (a) 1, 3 and 4 only
 - (b) 1, 2 and 3
 - (c) 1, 2 and 4 only
 - (d) all the above
6. Which of the following is/are included in the tertiary sector ?
 1. trade
 2. transport and storage
 3. construction
 4. servicesSelect the correct answer from the code given below :
 - (a) 1 only
 - (b) 1, 2 and 4 only
 - (c) 1, 2 and 3 only
 - (d) all the above

7. Which of the following is/are correct regarding tariff ?
1. It is a source of income
 2. It protects domestic industry
 3. It reduces the prices of imported commodities
- Select the correct answer from the code given below :
- (a) 2 only
 - (b) 1 and 3 only
 - (c) 1 and 2 only
 - (d) all the above
8. Consider the following statements :
1. With respect to rural households, loans obtained from informal sectors are more than the loans obtained from formal sectors.
 2. The largest source of loans for rural households in the informal sector is moneylenders.
- Which of the above is/are correct ?
- (a) 1 only
 - (b) 2 only
 - (c) both 1 and 2
 - (d) neither 1 nor 2
9. Consider the following regarding Self Help Groups (SHGs) :
1. It helps borrowers overcome the problem of lack of collateral.
 2. It helps borrowers get timely loans at reasonable interest rate.
 3. It has helped women become financially self-reliant and socially conscious.
- Which of the above is/are correct ?
- (a) 1 only
 - (b) 1 and 2 only
 - (c) 2 and 3 only
 - (d) 1, 2 and 3
10. Which one of the following is the most common route for investments by multinational corporations (MNCs) ?
- (a) setting up new companies
 - (b) buying existing local companies
 - (c) forming partnerships with local companies
 - (d) institutional investment
11. Which of the following are known as 'factors of production' ?
1. land
 2. labour
 3. physical capital
 4. human capital
- Select the correct answer from the code given below :
- (a) 1 and 2 only
 - (b) 1, 2 and 3 only
 - (c) 1, 2 and 4 only
 - (d) all the above
12. Which of the following are included in the fixed capital ?
1. Tools
 2. Machines
 3. Buildings
 4. Raw materials
 5. Money
- Select the correct answer from the code given below :
- (a) 1, 2 and 3 only
 - (b) 1, 2 and 4 only
 - (c) 1, 2, 3 and 4 only
 - (d) all the above
13. Which of the following are the causes of poverty in India ?
1. Income inequalities
 2. Unequal distribution land and other resources
 3. Social discrimination/exclusion
 4. Population pressure
 5. Low growth in agriculture
 6. Socio-cultural factors
- Select the correct answer from the code given below :
- (a) 1, 2, 3 and 4 only
 - (b) 1, 2, 3 and 5 only
 - (c) 1, 2, 4 and 6 only
 - (d) all the above
14. 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.
15. With reference to the Nidhi Company, consider the following statements:
1. They are created mainly for cultivating the habit of savings amongst its members.
 2. They can lend money to both their members and non-members.
 3. They are regulated by the Ministry of Corporate Affairs (MCA).
- Which of the above statements are correct?
- (a) 2 and 3 only
 (b) 1 and 2 only
 (c) 1 and 3 only
 (d) 1, 2 and 3
16. In the context of economy, sterilization by RBI refers to:
- (a) operations by RBI to neutralize effects of excess inflow of foreign investments in the economy.
- (b) operations by RBI to neutralize the effects of high non-performing assets on the economy.
- (c) operations by the RBI to neutralize the effects of high fiscal deficit on the economy.
- (d) None of the above
17. With reference to Public-Private Partnership (PPP) projects, consider the following statements:
1. Under PPP, prices are generally determined competitively and government resources are not utilised.
 2. It can improve the quality of service at lower costs and attract private capital to fund public projects.
 3. At present, PPP is allowed only for development of infrastructure projects.
- Which of the above statements is/are correct?
- (a) 1 and 2 only
 (b) 2 only
 (c) 1 and 3 only
 (d) 1, 2 and 3
18. With reference to the Market Intervention Scheme (MIS), consider the following statements:
1. It is a price support mechanism for procurement of perishable and horticultural commodities in the event of a fall in market prices.
 2. It is implemented on the request of State Governments.
 3. It is implemented when there is at least 10% increase or decrease in production over the previous normal year.
- Which of the above statements are correct?
- (a) 1, 2 and 3
 (b) 2 and 3 only
 (c) 1 and 2 only
 (d) 1 and 3 only
19. With reference to Micro- Insurance, consider the following statements:
1. It aims to promote insurance coverage among economically vulnerable sections of society.
 2. It is regulated by Insurance Regulatory Development Authority of India(IRDA).
 3. It is carried through NGOs and Self Help Groups as intermediaries.
- Which of the above statements is/are correct?
- (a) 1 and 2 only
 (b) 1 and 3 only
 (c) 2 and 3 only
 (d) 1, 2 and 3
20. With respect to the Monetary Policy Committee, consider the following statements:
1. It is a statutory body.
 2. It is headed by the RBI governor
 3. It decides the RBI's benchmark interest rates.
- Which of the above statements is/are correct?
- (a) 1, 2 and 3
 (b) 2 only
 (c) 1 and 2 only
 (d) 3 only
21. Which of the following statements is/are correct related to Capital gains tax?

1. It is the difference between the purchase price (the basis) and the sale price of an asset.
2. The Long-term Capital Gains Tax is charged if the share assets are kept for more than certain period 1 year.
3. It is not applicable on sale of agricultural land which is not within the limits of a civic body.

Select the correct code:

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

22. With reference to the Real Estate Investment Trusts (REITs), consider the following statements:

1. They are mutual fund like institutions that enable investments into the real estate sector.
2. They are regulated by Securities and Exchange Board of India (SEBI).

Which of the above statements is/are correct?

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

23. With reference to the Systemically Important Financial Institutions, consider the following statements:

1. These are institutions whose failure will cause disruption in the wider financial system and economy.
2. These institutions enjoy an implicit sovereign guarantee against failure.
3. In India, RBI has declared ICICI and SBI banks as domestic systemically important banks.

Which of the above statements are correct?

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

24. Consider the following statement/s with reference to Fiscal Deficit.

1. Fiscal deficit is the difference between the Government's Total expenditure and its Total receipts including borrowings.
2. A large share of revenue deficit in Fiscal deficit indicates that consumption expenditure is more than investment expenditure.

Which of the above statements is/are correct?

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

25. Which of the following categories of Non-Banking Financial Company is/are recognized by the RBI?

1. Asset Finance Company.
2. Loan Company.
3. Infrastructure Debt Fund.
4. Micro Finance Institution.

Codes:

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

26. What do you understand by "Twin Balance Sheet Problem" w.r.t Indian Economy?

- (a) Balance sheet of current account deficit and fiscal deficit.
- (b) Balance sheet of public sector bank and private sector bank.
- (c) Balance sheet of public sector banks and some corporate houses.
- (d) Balance sheet of Government and private corporate.

27. Which of the following statements is/are correct related to terminologies associated with NPA?

1. In India loans are classified as NPA, if interest or any instalment remains unpaid for a period of more than 180 days.
2. Stressed asset refers to sum total of NPA and restructured assets.
3. Written off assets are that assets which got an extended repayment period and reduced interest rate.

Select the correct code:

- (a) 1 and 2

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

- (b) Only 2
- (c) Only 3
- (d) All

28. Which of the following statements is / are true about Balance of Payment?

1. Balance of payment is an overall statement of a country's economic transaction with the rest of the world over a time period.
2. The "balance of payments" data includes actual payments made and received by an economy.
3. Balance of Payment covers all trades conducted by both the private and public sectors.

Codes:

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

29. Which of the following statements is / are true about SDR?

1. It is an international currency which a member country can claim over IMF.
2. SDR value is based on five currencies namely US Dollar, Euro, Chinese Renminbi, Japanese Yen & British Pound.
3. RBI in India maintains SDR currency in its foreign exchange reserves.

Codes:

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

30. Which of the following statements related to different departments at the centre is/are correct?

1. Department of Economic Affairs is responsible for preparing Budget and Economic Survey.
2. Department of Industrial Policy and Promotion is responsible for formulation of both FDI policy and IPR Policy.
3. Department of Revenue formulates foreign trade policy in India.

Select the correct code:

- (a) 1 and 2

31. With reference to Minimum Alternate Tax (MAT), consider the following statements:

1. It is a direct tax that facilitates the taxation of 'zero tax companies'.
2. It is only applicable to private companies and not public companies.
3. It is applicable to foreign companies which do not have permanent establishment in India.

Which of the above statements is/are correct?

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

32. Consider the following statements regarding Marginal Standing Facility (MSF):

1. It is an overnight scheme of lending funds to banks by the Central bank.
2. It is always fixed above the repo rate.

Which of the above statements is/are correct?

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

33. Consider the following statements regarding inflation targeting:

1. It is a strategy used by the central government to stabilize the economy.
2. The benchmark used for targeting inflation in India is based on Consumer Price Index.

Which of the above statements is/are correct?

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

34. Which among the following statements is correct with respect to Green GDP?

- (a) It is a term used for GDP after adjusting for environmental damage.
- (b) It is a measure to check the growth of Greenhouse effect in the ecosystem.

- (c) It is the portion of GDP which is used for afforestation efforts.
- (d) It calculates the economic consequences of loss of biodiversity in GDP form.
35. With reference to Government e-Marketplace (GeM), which of the following statements are correct
1. GeM is an online marketplace that eliminates human interference in vendor registration, order placement and payment processing.
 2. GeM has been developed by Directorate General of Supplies and Disposal (DGS&D) with technical support of National E Governance Division (NEGD) and Ministry of Electronics and Information Technology (MEITY).
- Select the correct code:
- (a) 1 only
 (b) 2 only
 (c) Both 1 and 2
 (d) Neither 1 nor 2
36. Which among the following is/are likely to result in the current account surplus in the Balance of Payments (BoP)?
1. Increase in the remittances received from abroad.
 2. Sale of Bonds by Reserve Bank of India in the global market.
 3. Fall in global oil prices
- Select the correct code:
- (a) 1 and 2 only
 (b) 1 and 3 only
 (c) 3 only
 (d) 1, 2 and 3
37. Which of the following are part of Capital Account of the budget?
1. Salaries of government employees
 2. Recovery of loans by central government
 3. Investment in shares of PSUs
- Select the correct code:
- (a) 1 and 2 only
 (b) 3 only
 (c) 2 and 3 only
 (d) 1, 2 and 3
38. Which of the following statements is/are true about Gini coefficient ?
- (a) It helps in identifying ratio of people living below poverty line.
 (b) For India, Gini coefficient is increasing
 (c) Higher Gini coefficient indicates the failure of re-distributive policies of the state.
 (d) All of the above.
39. Which of the following statements is/are true about Multidimensional Poverty Index?
1. It was developed by World Bank in collaboration with OECD.
 2. The MPI can help in the effective allocation of resources and implement some SDGs strategically.
 3. It complements monetary measures of poverty by considering deprivations in access to water, sanitation, and electricity.
- Select the correct code:
- (a) Only 2
 (b) 2 and 3
 (c) 1 and 3
 (d) 1, 2 and 3
40. Consider the following statements related to the Finance Bill placed during the budgetary process:
1. Finance Bill includes the modification of the existing tax structure or continuance of the existing tax structure beyond the period approved by Parliament.
 2. Finance Bill is accompanied by 'Macro-Economic Framework statement' containing explanations of the provisions included in it.
- Which of the above statements is/are correct?
- (a) 1 only
 (b) 2 only
 (c) Both 1 and 2
 (d) Neither 1 nor 2
41. Which of the following definitions related to different trade agreements is/are correct?
1. Free Trade Agreements (FTAs) are arrangements between two or more countries that primarily agree to reduce or eliminate customs tariff and non-tariff

barriers on substantial trade between them.

2. Comprehensive Economic Partnership Agreement (CEPA) is the arrangement in which partner countries may decide to trade at zero duty among themselves; however they maintain common tariffs against rest of the world.
3. Formation of Custom Unions facilitate free movements of labour and capital.

Select the correct code:

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

42. With respect to Market Stabilization Scheme Bonds, consider the following statements:

1. It gives more power to RBI to suck Over liquidity from the market.
2. Money raised through MSS bonds, are used for government expenditure.
3. MSS bonds bear an interest rate.
4. MSS bonds increase Government's fiscal deficit.

Which among the following is/are incorrect?

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

43. Which of the following statements regarding Bilateral Investment Treaty is/are correct?

1. It will provide appropriate protection to foreign investors in India and Indian investors in the foreign country in all the matters related to taxation.
2. It will increase the comfort level and boosts the confidence of investors by assuring a level playing field.
3. The model excludes matters such as government procurement and national security to preserve the regulatory authority for the Government.

Select the correct code:

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

44. Which among the following statements regarding Multilateral Investment Guarantee Agency (MIGA) is/are correct?

1. It is an arm of WTO.
2. It encourages foreign investment in both developed and developing countries to help support economic growth and reduce poverty.
3. It provides insurance to foreign private investors against the loss caused by political risks.

Select the correct code:

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

45. Which of the following statements is / are true regarding 'Gross National Happiness Index'(GNH)?

1. The concept implies that sustainable development should take a holistic approach towards notion of progress and give equal importance to non-economic aspects of well-being.
2. Bhutan is the first country in the world to come up with the concept of GNH.
3. Gujarat is the first state in the India to have "Happiness Department".

Select the correct code:

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

46. Which of the following is/are the part of categories of Priority Sector Lending?

1. Agriculture infrastructure.
2. Remote village electrification.
3. Renewable Energy.

Select the correct code:

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

47. Which of the following is/are part(s) of the Revenue budget?

1. Income Tax
2. Grants to States

3. Interest on Government Securities
Select the correct answer using the code given below.
- 1 and 2 only
 - 3 only
 - 2 and 3 only
 - 1, 2 and 3
48. With reference to Goods and Services Tax (GST), which of the following taxes have been subsumed by GST:
- Central Excise Duty
 - Service Tax
 - Octroi and Entry Tax
 - Entertainment Tax
 - Luxury Tax
- Select the correct code:
- 1, 2, and 3
 - 1, 3 and 4
 - 1, 2, 3 and 5
 - 1, 2, 3, 4 and 5
49. With reference to the recently launched WPI Food Index, consider the following statements:
- It measures the changes in prices at the level of producers.
 - It considers 2011-12 as the base year.
- Which of the above statements is/are correct?
- 1 only
 - 2 only
 - Both 1 and 2
 - Neither 1 nor 2
50. Which of the following statements is/are true regarding Statutory Liquidity Ratio (SLR)?
- It effectively regulates the credit growth in the Indian economy.
 - It is maintained in cash form with RBI.
 - It is intended to make banks invest in government securities.
 - It is intended to maintain the purchasing power money in order to curtail inflation.
- Select the correct code:
- 1 and 2
 - 2 and 4
 - 1 and 3
 - 3 and 4
51. Which of the following statements related to Marginal Cost of Funds based Lending Rate(MCLR)is/are correct?
- It refers to the minimum interest rate of a bank below which it cannot lend.
 - Under this the interest rate for different types of customers should be fixed in accordance with their riskiness.
 - It aims at improving the transmission of policy rates into the lending rates of banks.
- Select the correct code:
- Only 1
 - 1 and 2
 - 1 and 3
 - 1, 2 and 3
52. Which of the following is/are the benefits of Insolvency and Bankruptcy Code?
- It will make it easier to exit or attempt revival of a business.
 - All litigation under the code will be filed before the Debt Recovery Tribunal for corporate insolvency and insolvency of LLPs thus will reduce delay.
 - The code could ensure quicker resolution of issues related to NPA.
- Select the correct code:
- 1 and 2
 - Only 1
 - 1 and 3
 - 1, 2 and 3
53. Which of the following statement/s is/are correct?
- Banks are not permitted to resort to any lending below the Base Rate.
 - The rate at which Banks park their short term excess liquidity with the RBI is called Repo (Repurchase) rate
 - In the Marginal Standing Facility, Banks can borrow funds up to certain percentage of their Net demand and Time liabilities.
- Choose the correct ones:
- 1 and 2 only
 - 2 and 3 only
 - 1 and 3 only
 - All of the above

54. Consider the following statement/s with reference to Price Elasticity of Demand of a Good:
1. It is the Ratio of percentage change in the demand of a good to the percentage change in its price.
 2. For an Inelastic good the Price Elasticity of Demand is more than 1.
- Which of the above statements is/are correct?
- (a) 1 only
 - (b) 2 only
 - (c) Both 1 and 2
 - (d) Neither 1 nor 2
55. With reference to the 'Cess', consider the following statements:
1. It is a type of tax that is levied to fulfil a specific purpose.
 2. The cess collected do not go to the Consolidated Fund of India unlike the other taxes.
 3. Funds from cess can be used for any legitimate activity.
- Select the correct code:**
- (a) 1 and 2
 - (b) Only 2
 - (c) 2 and 3
 - (d) 1, 2 and 3
56. Consider the following statement/s:
1. If the Real Exchange Rate between two currencies is equal to ZERO, it means currencies are at Purchasing Power Parity.
 2. The ratio of Nominal to real GDP is called GDP Deflator.
- Which of the above statements is/are correct?
- (a) 1 only
 - (b) 2 only
 - (c) Both 1 and 2
 - (d) Neither 1 nor 2
57. Poverty line in India is calculated based on which of these bare minimum parameters?
1. Minimum level of food requirement
 2. Clothing and footwear
 3. Absence of land ownership
 4. Educational and medical requirements
 5. Fuel and light
- Select the correct answer using the codes below.
- (a) 1, 2, 3, 4 and 5
 - (b) 1 and 4 only
 - (c) 2, 3 and 5 only
 - (d) 1, 2, 4 and 5
58. Which of the following is/are the part of Foreign Exchange Reserves?
1. Gold and silver reserves
 2. Special Drawing Rights and International Monetary Fund reserve positions.
 3. Reserves held in US Dollars only
- Select the correct codes:
- (a) Only 2
 - (b) 1 and 2
 - (c) 2 and 3
 - (d) All
59. Which among the following is/are the qualitative tools to control credit creation by RBI?
1. Open Market Operations
 2. Bank Rate
 3. Margin Requirements
 4. Direct Action
- Select the correct code:
- (a) 1 and 2 only
 - (b) 3 only
 - (c) 1, 2 and 3 only
 - (d) 3 and 4 only
60. Consider the following statements with reference to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR):
1. CRR helps in increasing or squeezing liquidity in the system
 2. SLR is used to siphon off the excess liquidity in the system as well as used to mobilize revenue for the government
 3. CRR and SLR are part of Liquidity Adjustment Facility (LAF).
- Which of the above statements is/are correct?
- (a) 1 and 2 only
 - (b) 3 only
 - (c) 1, 2 and 3
 - (d) None
61. With reference to Gross National Product (GNP), consider the following statements:
1. GNP is a measure of the value of output produced by the nationals of a country

irrespective of the geographical boundaries.

2. It is always greater than Gross Domestic Product.

Which of the above statements is/are correct?

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

62. As per the law of demand, with all other factors being constant, the demand of any particular good depends on which of the following factors?

1. price of the good
2. substitutes
3. number of sellers

Select the correct code:

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

63. Consider the following differences between core and headline inflation:

1. While core inflation excludes food and fuel prices, headline inflation includes them.
2. Core inflation is relatively more volatile and fluctuating than headline inflation.

Which of the above statements is/are correct?

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

64. A rise in per capita income does not automatically imply an increase in economic welfare because:

1. Distribution of income is not known
2. Rate of economic growth is not known
3. Per capita income suffers from the limitation of averages

Which of the above statements is/are correct?

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

65. Consider the following statements regarding the tools of monetary policy used by RBI:

1. Liquidity Adjustment Facility (LAF) helps the RBI to transmit interest rate signals to the market.
2. In Open market Operations, central bank purchases or sells bonds in the open market in order to regulate money supply in the economy.

Which of the above statements is/are incorrect?

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

66. Which of the following is/are correct about National Anti-Profiteering Authority (NAA)?

1. It has been constituted under Income Tax Act.
2. It ensures that the reduction in the rate of tax is passed to the recipients.

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

67. Which of the following could be categorized as Capital goods?

1. Steel sheets used in an automobile manufacturing plant.
2. Packaging machine in a wafer chips and wafers manufacturing factory.
3. Warehouse in a bottling plant.
4. Oil rig owned by the oil company.
5. The television set in an office cafeteria.
6. Battleship owned by defence forces.

Select the correct answer using the code given below:

- (a) 1, 2 and 5 only
- (b) 2 and 5 only
- (c) 2, 3, 4 and 6 only
- (d) 1, 3, 4 and 6 only

68. Consider the following statements regarding the Net National Product (NNP) at Market Price:

1. It includes the value of depreciation.

2. It measures output produced by the country's citizens in the domestic territory and abroad.
Which of the above statements is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2
69. Which of the following ministries launched the Minimum Support Price (MSP) for Minor Forest Produce (MFP)?
(a) Ministry of Tribal Affairs
(b) Minister of Environment, Forest and Climate Change
(c) Ministry of Agriculture & Farmers' Welfare
(d) None of the above
70. Which of the following are the characteristics of a Capitalist Economy?
1. A Market determined price system
2. Competitive markets
3. Ownership of factors of production by the State
Select the correct answer using the code given below:
(a) 1 and 3 only
(b) 1 and 2 only
(c) 2 and 3 only
(d) 1, 2 and 3
71. What steps have been taken by the Government to promote the fiscal consolidation in India?
1. Reduce borrowings from the market.
2. The imposition of Goods and Service Tax (GST)
3. Purchase of foreign high-quality sovereign bonds
4. Interest cut on the Provident Fund (PF)
Select the correct answer using the code given below:
(a) 2 and 3 only
(b) 3 and 4 only
(c) 1 and 3 only
(d) 1, 2, 3 and 4
72. What are the causes of the Middle Income Trap?
1. Productivity-driven growth
2. Situation of Stagnation in the economy
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
73. With reference to "Washington Consensus", consider the following statements:
1. It enhanced the role of the State in an economy.
2. It gave birth to Liberalization, Privatization, and Globalization (LPG).
3. It had acted as an alternative to the World Bank and International Monetary Fund (IMF) in providing funds during the Balance of Payment (BoP) Crisis.
Which of the above statements is/are incorrect?
(a) 1 only
(b) 1 and 3 only
(c) 3 and 2 only
(d) 1 and 2 only
74. Which of the following reports/indices are released by the Central Statistical Office (CSO)?
1. Infrastructure Statistics
2. Gender Statistics
3. Crop statistics
4. Energy Statistics
Select the correct answer using the code given below:
(a) 1, 2 and 4 only
(b) 2 and 3 only
(c) 3 and 4 only
(d) 1, 2, 3 and 4
75. Consider the following statements:
1. The bonus brought by inflation to the lending institutions is known as the inflation premium.
2. The interest banks charge on their lending is known as the nominal interest rate.

3. The real interest rate is always lower than the nominal interest rate if the inflation is taking place.
4. Rising inflation premium shows increasing profits of the lending institutions.
- Which of the above statements is/are correct?
- (a) 1 only
(b) 2 and 3 only
(c) 3 and 4 only
(d) 1 and 4 only
76. Which of the following are the major traits of Recession?
1. General fall in demand
 2. Fall in employment rate
 3. Industries resort to 'price cuts'
 4. Enhancement in the personal disposable Income
- Select the correct answer using the code given below:
- (a) 1 and 2 only
(b) 2 and 4 only
(c) 3 and 4 only
(d) 1, 2 and 3 only
77. Which of the following statements is/are *incorrect* pertaining to the e-way bill system?
1. Transporter of the goods can generate the e-way bill.
 2. The e-way bill is required for the transportation of all goods except for handicraft goods.
 3. Its validity depends upon the distance the goods have to be transported.
- Select the correct answer using the code given below:
- (a) 2 only
(b) 3 only
(c) 1 and 3 only
(d) 1, 2 and 3
78. With reference to the National Commission on Farmers Report on land reforms, consider the following statements:
1. It recommended to prevent diversion of prime agricultural land and forest to corporate sector for non-agricultural purpose.
 2. The commission was chaired by M. S. Swaminathan.
- Which of the above statements is/are correct?
- (a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2
79. With reference to the fisheries sector in India, consider the following statements:
1. India is the second largest producer of fish in the world.
 2. The draft Marine Fisheries Regulation and Management Bill, 2019 deals with only large fish vessels.
- Which of the above statements is/are correct?
- (a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2
80. Recently, World Resources Institute (WRI) along with World Bank, UNEP and UNDP released report titled "World Resources Report: Creating Sustainable Food Future". According to this report, sustainable food future can be obtained by:
1. Reducing human birth rate
 2. Crop breeding through molecular biology
 3. Reforestation and Peat land restoration
 4. Shift to plant based foods
 5. Agricultural Land Expansion
- Which of the above statements are correct?
- (a) 2 and 5 only
(b) 4 and 5 only
(c) 1, 2, 3 and 4 only
(d) 1, 2, 3, 4 and 5
81. Consider the following statements regarding Direct Tax Code in India:
1. Direct tax is a type of progressive tax.
 2. The Direct Tax Code was drafted by Akhilesh Ranjan task force.
 3. A direct tax code can lead to higher tax buoyancy.
- Which of the above statements is/are correct?

- (a) 1 only
 (b) 2 only
 (c) 2 and 3 only
 (d) 1, 2 and 3
82. Consider the following statements regarding PM- Kisan Scheme:
 1. Only those farmers are eligible for the scheme who have cultivable land upto 2 hectares.
 2. It is a central sector scheme.
 Which of the above statements is/are correct?
 (a) 1 only
 (b) 2 only
 (c) Both 1 and 2
 (d) Neither 1 nor 2
83. "In an economy, the price rise is taking place in items like salt, onion, wheat, etc." Which of the following measures can be taken for controlling inflation?
 1. Importing items which are in short supply.
 2. Increasing the Repo Rate .
 3. Technological innovation to increase production.
 4. Reducing the Cash Reserve Ratio (CRR).
 Select the correct answer using the code given below:
 (a) 1 and 3 only
 (b) 2, 3 and 4 only
 (c) 1, 2 and 4 only
 (d) 1, 2, 3 and 4
84. Which of the following items are considered under the revenue expenditure side of budget?
 1. Interest payments
 2. Salaries, Pensions and Provident fund.
 3. Subsidies and expenditure on Social services
 4. Defence expenditure
 Which of the above statement is/are correct?
 (a) 1, 2 and 3 only
 (b) 2, 3 and 4 only
 (c) 3 and 4 only
 (d) 1, 2, 3 and 4
85. Which of the following items are considered under the non-tax revenue receipts of government of India?
 1. Interest
 2. Examination fee
 3. Dividend and profits
 4. Salaries
 Select the correct answer using the code given below:
 (a) 1, 2 and 3 only
 (b) 2 and 4 only
 (c) 3 and 4 only
 (d) 1, 2, 3 and 4
86. Consider the following statements regarding Deficit financing:
 1. Deficit financing is done in developed countries to fight economic depression and finance war expenditure.
 2. Government of India does deficit financing by borrowing from Reserve Bank of India and External Borrowing.
 Which of the above statements is/are correct?
 (a) 1 only
 (b) 2 only
 (c) Both 1 and 2
 (d) Neither 1 nor 2
87. Consider the following statements regarding Zero-based budgeting
 1. Zero-based budgeting is a method of budgeting in which all expenses must be justified for each new period.
 2. This method of budgeting was implemented by government of India from the first budget.
 Which of the above statements is/are correct?
 (a) 1 only
 (b) 2 only
 (c) Both 1 and 2
 (d) Neither 1 nor 2
88. Consider the following statements regarding the National Coal index:
 1. It is the weighted average of the change in price level of both coking and non-coking coals.

2. The base year for the calculation of the index is 2011-12.
3. Besides using it for determination of revenue and developing the market of coal, it will also be used for the taxation purpose.

Which of the above statements is/are correct?

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

91. Which of the following combinations form the 'impossible trinity', often seen in news?
 1. Fixed exchange rate
 2. Floating exchange rate
 3. Perfect capital mobility
 4. Autonomous monetary policy
 5. Autonomous fiscal policy

Select the correct option using the codes given below:

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

89. Which of the following are the features of the Sunrise Industry?

1. It is characterized by having numerous start-ups.
2. Once it develops, it can reach to the sunset stage.
3. It can threaten to push into obsolescence a competing industry sector that is already in decline.
4. Hydrogen fuel production sector is one of the sunrise sectors.

Select the correct option using the codes given below:

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

92. Which of the following statements is/are correct regarding index of industrial production and the core sectors?

1. The Index of Industrial Production is computed and published by the Central Statistical Organisation on a monthly basis.
2. Electricity has the maximum weightage in the Eight Core Industries within the Index of Industrial Production.
3. The Eight Core Industries comprise nearly 40.27% of the weight of items included in the Index of Industrial Production.

Select the correct option using the codes given below:

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

90. Consider the following statements regarding Insurance Penetration and Insurance Density:

1. While insurance penetration is measured as the ratio of premium to population, insurance density is calculated as the percentage of insurance premium to GDP.
2. Both Insurance Penetration and Insurance Density have increased in India since 2001.

Which of the above statements is/are correct?

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

93. With reference to the economy, which among the following best describes "fiscal drag"?

- (a) Reduction in the spending capacity of the people due to high inflation in the economy
- (b) The significant economic decline during which trade and industrial activity are reduced for successive quarters.
- (c) Reduction in tax collection of the government due to tax avoidance strategies.
- (d) The greater tax burden increases in a progressive taxation setup.

94. Consider the following statements regarding Masala bonds:

1. The term is used to refer to rupee denominated borrowings by Indian entities in overseas markets.
2. They are same as External Commercial Borrowings or ECBs.
3. The international finance corporation, which offers these bonds, is an arm of World Bank.

Which of the above statements is/are correct?

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

95. Which of the following constitute a part of the revenue receipts of the government of India?

1. Interest receipts on loan by the Government
2. Dividends earned by the Government on investments
3. Receipts through PSU dis-investments
4. Cash grants-in-aid from foreign countries

Select the correct answer using the code given below:

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

96. With respect to Domestic content requirements (DCRs) clause, consider the following statements:

1. Domestic content requirements (DCRs) compel renewable energy developers to source a specified share of equipment from exports.
2. In India's Jawaharlal Nehru National Solar Mission (JNNSM) the WTO disputes panel ruled that India's subsidies for solar power contravene WTO trade rules and India must remove the subsidies or face trade sanction.

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

97. With respect to the General Agreement on Tariffs and Trade (GATT), consider the following statements:

1. The General Agreement on Tariffs and Trade (GATT) was created after World War II to aid global economic recovery by reconstructing and liberalizing global trade.
2. The Council for Trade in Goods (Goods Council) is responsible for the GATT and consists of representatives from all WTO member countries.

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

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

98. Consider the following statements regarding Most Favoured Nation (MFN):

1. The term MFN means the country which is the recipient of this treatment must nominally receive equal trade advantages as the "most favoured nation" by the country granting such treatment.
2. The members of the World Trade Organization (WTO) do not agree to accord MFN status to each other.
3. Once given the status of MFN it cannot be revoked for 10 years as per WTO by law.

Which of the above statements are incorrect?

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

99. Which of the following is/are the possible impacts of the devaluation of a currency in a country?

1. It may help in combating inflation.

2. It may lead to an increase in aggregate demand for domestically produced goods.
3. It may lead to an improvement in the current account balance.

Select the correct code:

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

100. Consider the following statements regarding Trade deficit:

1. Trade deficit is the excess of a country's export receipts over its import.
2. Trade deficit leads to strengthening of the domestic currency.
3. Trade deficit forces a country to look to foreign investors to make up the gap between its export earnings and its import payouts.
4. A rising trade deficit could be indication that domestically produced goods are unable to compete against imports.

Which of the above statements is/are correct?

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