



INSTRUCTIONS

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS BOOKLET DOES **NOT** HAVE ANY UNPRINTED OR TURN OR MISSING PAGES OR ITEMS, ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
2. ENCODE CLEARLY THE TEST BOOKLET SERIES **A, B, C** OR **D** AS THE CASE MAY BE IN THE APPROPRIATE PLACE IN THE ANSWER SHEET.
3. You have to enter your Roll Number on the Test Booklet in the Box provided alongside. **Do NOT** write anything else on the Test Booklet.
4. This Test Booklet contains **100** items (Questions). Each item is printed in English. Each item 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 with you consider the best. In any case, choose **ONLY ONE** response for each item.
5. You have to mark all your responses **ONLY** on the separate Answer Sheet provided. See direction in the answers sheet.
6. All items carry equal marks. Attempt all items. Your total marks will depend only on the number of **correct responses** marked by you in the answer sheet. For **every incorrect** response **1/3rd of the allotted marks** will be deducted.
7. 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 sheets as per instruction sent to you with your Admission Certificate.
8. After you have completed filling in all responses on the answer sheet and the examination has concluded, you should hand over to Invigilator only the answer sheet. You are permitted to take away with you the Test Booklet.
9. Sheet for rough work are appended in the Test Booklet at the end.

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1. Which of the following is/are the characteristic features of 'legal tender' in India?

1. It is a medium of payment recognized by law.
2. It has its own intrinsic value.
3. All legal tenders are issued by the Reserve Bank of India.

Select the correct answer using the code given below.

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

2. With reference to Initial Public Offering (IPO), consider the following statements:

1. It is the offering of a stock of a company for the first time in the secondary capital market.
2. Foreign Institutional Investors are not permitted to invest in IPOs in India through stock exchanges.

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

3. *When the government increases spending by borrowing today, which will be repaid by taxes in the future, it will have the same impact on the economy as an increase in government expenditure that is financed by a tax increase today.*

Which of the following theories is best described by the above passage?

- (a) Rational Choice Theory
- (b) Ricardian equivalence
- (c) Laissez Faire Capitalism
- (d) Theory of Optimal Taxation

4. Why the Reserve Bank of India is known as 'lender of last resort'?

1. It provides lending facilities to the banks at all times.
2. It provides foreign exchange to the government for meeting its import obligations.

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

5. Consider the statements regarding Financial Stability and Development Council:

1. It addresses the inter-regulatory coordination issues in the financial sector.
2. It is headed by RBI Governor.

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

6. Which of the following actions can be taken to combat inflationary pressures in an economy?

1. Curtailing government expenditure
2. Providing cheaper loans
3. Giving tax benefits

Select the correct answer using the code given below.

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

7. Which of the following industrial sectors is/are reserved for the public sector?
1. Atomic energy generation
 2. Coal-based energy generation
 3. Railway transport
- Select the correct answer using the code given below.
- (a) 1 only
(b) 1 and 3 only
(c) 2 and 3 only
(d) 1, 2 and 3
8. 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 statements given above is/are correct?
- (a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2
9. Consider the following statements regarding Invest India:
1. It is the investment promotion and facilitation agency of India.
 2. It is a public entity with equal shareholdings between the centre and state governments.
- 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

10. In the context of the economy, which of the following is/are flow variables?
1. The income of a company
 2. The savings of a company
 3. The inventories of a company
- Select the correct answer using the code given below.
- (a) 1 and 2 only
(b) 2 only
(c) 1 and 3 only
(d) 1, 2 and 3
11. With reference to Managed Floating Exchange Rate System, consider the following statements:
1. It is a system in which central bank allows the exchange rate to be determined by the market but intervenes at times.
 2. Managed Floating Exchange Rate System is followed in India.
- Which of the statements given above are correct?
- (a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2
12. With reference to the agriculture and the allied sectors in India, consider the following statements:
1. Cattle account for more than fifty per cent of the total livestock population.
 2. Fish production from marine sector accounts for more than half of the total value of fish production in India.
- 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

- 13.** Which of the following correctly describes an Escrow Account?
- (a) A bank account through which NRIs can operate their finances in India.
 - (b) An overseas bank account used by MNCs for routing the funds through tax havens for the purpose of tax evasion.
 - (c) A third party bank account for safeguarding the seller against its buyer from the payment risk.
 - (d) A bank account which earns regular interest in return for a fixed monthly deposits.
- 14.** In the context of Indian economy, the Hindu rate of growth is referred to as
- (a) The rapid rate of growth of the Indian economy post 1991 economic reforms.
 - (b) The sluggish rate of growth of the Indian economy before the 1991 economic reforms.
 - (c) The hypothetical rate of growth assuming manufacturing sector as the largest contributor to the GDP.
 - (d) The maximum possible rate of growth of the Indian economy in keeping with its natural resource base.
- 15.** The trade policy adopted by India in its first seven Five Year Plans was marked by
- 1. Restriction on the import of foreign goods
 - 2. Promotion the domestic production of goods
 - 3. An outward-looking trade strategy
- Select the correct answer using the code given below.
- (a) 1 only
 - (b) 2 only
 - (c) 2 and 3 only
 - (d) 1 and 2 only

- 16.** Consider the following statements with reference to the performance of Indian agriculture between 1991-2000, after the economic reforms:
- 1. It registered a higher growth rate compared to the preceding decade.
 - 2. It experienced a steady increase in its contribution to the GDP over the years
- 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
- 17.** Consider the following statements regarding Balance of Payments (BoP):
- 1. It is a record of transactions between residents of a country with the rest of the world.
 - 2. It is not independent on the currency of the transaction
- 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
- 18.** "The decrease in money supply in the economy could not control the food inflation as increase in price was caused by skewed MSP policy, distortion caused by APMC acts and inadequate cold storage facilities." Which type of inflation best describes the situation given above?
- (a) Stagflation
 - (b) Demand pull inflation
 - (c) Structural inflation
 - (d) None

19. Consider the following statements regarding the Financial Market Infrastructure (FMI):
1. It is used for purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions.
 2. Real-Time Gross Settlement System (RTGS) is designated as an FMI in India.
- 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
20. In the context of macroeconomics, 'Sterilisation' refers to
- (a) demonetization of currency to reduce corruption in shadow economy
 - (b) operations by the RBI to neutralize the effects of high fiscal deficit on the economy
 - (c) operations by RBI to neutralize effects of excess inflow of foreign investments in the economy
 - (d) operations by RBI to neutralize the effects of high non performing assets on the economy
21. The government of a nation performs its income distribution function through which of the following mechanisms?
1. Levying taxes
 2. Transfer Payment
 3. Controlling money supply
- Select the correct answer using the code given below.
- (a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

22. "Mr. X travels from city A to city B within India by buying a first class ticket of the Rajdhani Express. After disembarking the train, he hires a local taxi to a nearby public park which is open to all at all times and begins painting a beautiful scenery at dawn." Which of the following may be classified as 'Public Goods' enjoyed by Mr. X?
1. Railways
 2. Local Taxi
 3. Public Park
- Select the correct answer using the code given below.
- (a) 1 and 2 only
(b) 1 and 3 only
(c) 3 only
(d) 1, 2 and 3
23. With reference to GDP deflator, consider the following statements:
1. It is the ratio of GDP measured at current prices to GDP measured at constant prices.
 2. It automatically reflects the changes in consumption pattern and structural transformations in the economy.
- 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
24. Which of the following is an appropriate description of *disinflation*?
- (a) It is a slowdown in the rate of increase of the general price level of goods and services
 - (b) It is a sudden fall in the value of a currency against other currencies.
 - (c) It is a persistent fall in the general price level of goods and services.
 - (d) It is a steep increase in the price level of export items.

25. In the Product method or Gross Value Added (GVA) method, the Gross Domestic Product (GDP) is calculated by adding the gross value added (GVA) of all firms in the economy. Which of the following are used to find the GVA of a firm?

1. Sales of the firm
2. Change in inventories
3. Value of intermediate goods used

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

26. Consider the following statements regarding Dumping:

1. It refers to a practice when the export price of a product is less than the cost of production in the home country.
2. Union Ministry of Finance is the nodal agency responsible for investigating the cases of dumping in India.

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

27. With reference to Viability Gap Funding (VGF), consider the following statements:

1. It is a grant provided to support projects which are economically justified but lack financial viability.
2. A private sector company shall be eligible for VGF only if it is selected on the basis of open competitive bidding.

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

28. Which of the following constitute a part of the Revenue Receipts of the Government of India?

1. Interest receipts on loans by the government
2. Dividends earned by the government on investments
3. Receipts through PSU disinvestments
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

29. Which of the following may lead to an increase in Personal Income in an economy?

1. Increase in national income
2. Increase in undistributed profits
3. Increase in corporate taxes

Select the correct answer using the code given below.

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

30. Which of the following fall within the purview of Capital account under the Balance of Payments?

1. Dividends on foreign assets which are abroad
2. Gifts from abroad
3. Foreign institutional investment

Select the correct answer using the code given below.

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

- 31.** Which of the following statements is/are correct regarding Peer to peer (P2P) lending?
1. P2P lending is a form of crowdfunding used to raise loans without pledging security.
 2. The interest rate is fixed by way of a mutual agreement between the borrower and lender.
- 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
- 32.** What do you understand by the term transfer payment?
- (a) Payment given to the importers by a domestic firm for the goods supplied.
(b) It is a part of profit which is not distributed among the factors of production.
(c) It is a one-way payment to a person who has given or exchanged no money, good, or service for it.
(d) Payment made by the parent company to subsidiary companies for use of goods or services.
- 33.** In the context of the money supply in an economy, High Powered Money includes
- (a) Interbank deposits, which a commercial bank holds in other commercial banks.
(b) deposits held by the Government of India and commercial banks with RBI only.
(c) only the currency circulation and the public and vault cash of commercial banks.
(d) Both (b) and (c).

- 34.** In India, Know Your Customer (KYC) verifications are mandatory for which of the following sectors?
1. Banking
 2. Equity Trading
 3. Pension
 4. Insurance services
- Select the correct answer using the code given below.
- (a) 1, 2 and 3 only
(b) 3 and 4 only
(c) 1 and 2 only
(d) 1, 2, 3 and 4
- 35.** With reference to Wholesale Price Index (WPI), consider the following statements:
1. It covers both services as well as goods.
 2. It includes indirect taxes to account for the impact of fiscal policy.
- 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
- 36.** Which of the following sectors/categories fall under Priority Sector Lending (PSL)?
1. Loan to minorities
 2. Education Loans
 3. Loans for renewable energy
 4. Overdraft under Pradhan Mantri Jan-Dhan Yojana
- Select the correct answer using the code given below.
- (a) 1, 2 and 3 only
(b) 3 and 4 only
(c) 2 and 4 only
(d) 1, 2, 3 and 4

37. Which of the following services can be provided by a Small Finance Bank?

1. Pension products
2. Mutual fund services
3. Bank Deposits
4. Foreign Exchange

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

38. Which of the following was/were the outcomes of the Bretton Woods Conference held in 1944?

1. Setting up of International Monetary Fund (IMF) and the World Bank
2. Setting up of World Trade Organisation
3. Establishment of international gold exchange standard

Select the correct answer using the code given below.

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

39. The marginal productivity of labour force becomes zero in which of the following types of unemployment?

- (a) Disguised unemployment
- (b) Seasonal unemployment
- (c) Frictional unemployment
- (d) Structural unemployment

40. Which of the following curve shows that inflation and unemployment have a stable and inverse relationship?

- (a) Phillips Curve
- (b) Kuznets Curve
- (c) Laffer Curve
- (d) Lorenz Curve

41. Mumbai Inter-Bank Bid Rate (MIBID) is the benchmark rate at which banks:

- (a) are willing to lend each other.
- (b) would like to borrow from other banks.
- (c) attract deposits from other banks.
- (d) charge an additional rate of interest on public deposits.

42. Consider the following statements:

1. The sum of exports and imports as a proportion of GDP is an indicator of the degree of openness of an economy.
2. In an open economy, an increase in export can lead to an increase in the aggregate demand in domestic economy.

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

43. With reference to Cash Reserve Ratio (CRR), consider the following statements:

1. CRR is the percentage of deposits which a bank must keep with itself in the form of any liquid asset.
2. Higher the CRR requirement, lower will be the credit creation in the economy.

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

44. In an open economy, for the barter system to operate successfully, which of the following principles must be completely satisfied?

- (a) Law of Diminishing returns
- (b) Double coincidence of wants
- (c) The law of supply
- (d) The law of demand

45. Which of the following changes are implemented after the merger of Railway Budget with the Union Budget?

1. Ministry of Railways receives Gross Budgetary support from Government of India.
2. The appropriations for Railways form a part of the main Appropriation Bill.
3. Railways are liable for dividend payments to the Government on their profits.

Select the correct answer using the code given below.

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

46. Which of the following fiscal policy statements are required to be laid before the Parliament under the Fiscal Responsibility and Budget Management Act, 2003 (FRBMA)?

1. Medium-term Fiscal Policy
2. Fiscal Policy Strategy
3. Outcome Budget
4. Medium-term Expenditure Framework

Select the correct answer using the code given below.

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

47. Consider the following statements regarding Deemed Exports Benefit Scheme:

1. Deemed Exports refers to those transactions in which goods supplied do not leave the country but the payment for such supplies is received only in foreign exchange.
2. The scheme violates the principle of import substitution.
3. The scheme is applicable to the units in Petroleum refinery and Nuclear Power Projects.

Which of the statements given above is/are correct?

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

48. Which of the following statements best describes the term *Triffin dilemma*?

- (a) It refers to the dilemma of setting the right monetary policy rates so as to balance the twin objectives of price stability and growth.
- (b) It refers to the dilemma of finding the rates of taxation so as to maximize revenue collection.
- (c) It refers to the impossibility of having a fixed foreign exchange rate, free capital movement and an independent monetary policy at the same time.
- (d) It refers to the conflict of economic interests that arises between short-term domestic and long-term international objectives for countries whose currencies serve as global reserve currencies.

49. With reference to methods of GDP estimation, consider the following statements regarding 'basic prices':

1. It includes the payment to factors of production but does not include any tax.
2. The Gross Value added at basic prices will always be less than Gross Value added at market prices.

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

50. Consider the following statements regarding the differences between Proportional and Progressive taxation:

1. In progressive taxation, tax rate increases with an increase in the income whereas, in proportional taxation same percentage of tax is levied on all taxpayers.
2. As compared to progressive taxation, proportional taxation makes disposable income less sensitive to fluctuations in GDP.

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

51. With reference to the First Five-Year Plan in India, consider the following statement

1. It focussed on rapid industrialization using heavy and basic industries.
2. The actual growth rate exceeded the target growth rate set by the five-year plan.

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

52. What are the reasons for not using GDP as the indicator of well being of the people of a country?

1. It does not account for distribution of income.
2. It takes into account only those economic activities that are evaluated in monetary terms.
3. It neglects negative externalities on health and environment.

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

53. Which of the following correctly describes the term 'Speculative demand for money'?

- (a) It is the purchasing power of a currency with respect to another for a fixed basket of goods.
- (b) It refers to speculation in money supply in an economy in the form of demand deposits held in banks.
- (c) It is the demand for money as a store of wealth.
- (d) It is the demand for currency to purchase assets and real estate for creation of wealth.

54. An increase in the public debt through domestic borrowings may lead to which of the following in an economy?

1. Inflation
2. Private borrowers crowded out of the financial markets
3. Increase in aggregate demand

Select the correct answer using the code given below.

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

55. With reference to Special Economic Zones, consider the following statements:

1. It refers to a specially demarcated territory with tax holidays and exemptions from duties for export and import.
2. A major objective of setting up a SEZ is to attract Foreign Direct Investment and earn foreign exchange.

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

56. "Usual Status Approach", "Current Weekly Status Approach", "Current Daily Status Approach" are used in the measurement of

- (a) Inflation
- (b) Unemployment
- (c) GDP growth rate
- (d) Wage increase in labour market

57. Which of the following statements is/are correct regarding the Velocity of Money?

1. The number of times a unit of money changes hands during the unit period is called the velocity of circulation of money.
2. Higher the velocity of circulation, higher will be the total nominal value of transactions 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

58. Consider the following statements regarding the Statutory Liquidity Ratio (SLR):

1. SLR is mandatory for all Scheduled Commercial Banks.
2. SLR securities can be pledged for raising funds through Open Market Operations.
3. Non-maintenance of SLR attracts a penal rate of interest upon the bank.

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

59. Which of the following financial instruments can be classified as securities?

1. Bonds
2. Shares
3. Fixed Deposits

Select the correct answer using the code given below.

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

- 60.** Mahalanobis model adopted in the Second Five-Year Plan is associated with
- (a) Agricultural advancement
 - (b) Modernization of army
 - (c) Large scale industrial development
 - (d) Promotion of cottage industries
- 61.** Which among the following sectors is/are covered under the Index of Industrial Production (IIP)?
1. Mining
 2. Manufacturing
 3. Electricity
- Select the correct answer using the code given below.
- (a) 1 and 2 only
 - (b) 2 only
 - (c) 1 and 3 only
 - (d) 1, 2 and 3
- 62.** With reference to Participatory notes or P-notes in the Indian context, consider the following statements:
1. It is a derivative instrument issued in India by a listed company against underlying Indian security.
 2. The investors in P-Notes derive the economic benefits of investing in security without actually owning it.
- 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

- 63.** Consider the following statements with respect to Mahatma Gandhi National Rural Employment Guarantee Act, 2005:
1. Only rural Below Poverty Line families are eligible for the benefits under the Act.
 2. It promises 200 days of guaranteed wage employment to every adult member in rural areas.
 3. It provides for the voluntary unskilled manual wage works.
- Which of the statements given above is/are correct?
- (a) 3 only
 - (b) 2 and 3 only
 - (c) 1 and 3 only
 - (d) 1, 2 and 3
- 64.** Which of the following statements correctly define(s) 'Fiscal deficit'?
- (a) Excess of total expenditure over revenue receipts and non-debt creating capital receipts.
 - (b) Borrowings from RBI, abroad as well as net borrowing at home.
 - (c) Excess of government's total expenditure over total receipts.
 - (d) Both (a) and (b)
- 65.** Consider the following statements regarding the Repo Rate:
1. Repo is an instrument with RBI for borrowing funds only on an overnight basis.
 2. Both government and corporate sector securities can be used for borrowing under repo rate.
 3. Increase in the repo rate will increase the liquidity in the market.
- Which of the statements given above is/are correct?
- (a) 1 and 2 only
 - (b) 2 only
 - (c) 1 only
 - (d) 1, 2 and 3

- 66.** Which of the following are the characteristics of a 'Spot Exchange'?
1. It facilitates the sale and purchase of commodities including bullion.
 2. Settlements are done on an electronic trading platform.
 3. It allows for anonymity between buyers and sellers.
- Select the correct answer using the code given below.
- (a) 2 and 3 only
(b) 1 and 2 only
(c) 1 and 3 only
(d) 1, 2 and 3
- 67.** With reference to the Industrial Policy Resolution of 1956, consider the following statements:
1. It formed the basis of the Second Five Year plan.
 2. It rejected the role of the private sector in the development of Indian economy.
- 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
- 68.** Which of the following actions implemented by the government may lead to reduction in its deficit?
1. Increase in the rate of personal Income Tax.
 2. Sale of shares of Public Sector Undertakings.
 3. Introduction of new welfare schemes by the government.
- Select the correct answer using the code given below.
- (a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

- 69.** Which of the following was/were the financial sector reforms taken up by the Government of India post the economic reforms of 1991?
1. Allowing Foreign Institutional Investors to invest in Indian financial markets.
 2. Necessary approval of RBI needed for all banks to set up new branches.
 3. Banks were allowed to generate resources from India and abroad.
- Select the correct answer using the code given below.
- (a) 1 only
(b) 1 and 3 only
(c) 2 and 3 only
(d) 1, 2 and 3
- 70.** Which of the following statements best describes the term "inflationary gap"?
- (a) It is the gap between price levels of base year and current year.
 - (b) It is a situation which arises when aggregate demand exceeds the aggregate supply at the full employment level.
 - (c) It is a situation when inflation rises at a faster rate highlighting gaps in monetary policy transmission.
 - (d) It is a situation which arises when aggregate demand falls short of aggregate supply at the full employment level.
- 71.** Consider the following statements with respect to Consumer Price Index:
1. It computes price changes in both goods and services.
 2. It is computed by the Office of Economic Advisor (OEA), Department of Industrial Policy and Promotion.
 3. It is taken as measure of inflation while formulating monetary policy by RBI.
- 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

- 72.** Which of the following can be used for 'Deficit Financing' in India?
1. Minting of new coins
 2. Issuance of Masala Bonds
 3. Borrowing from multilateral institutions
 4. Purchase of hard currencies
- Select the correct answer using the code given below.
- (a) 1, 2 and 3 only
(b) 2 and 4 only
(c) 1 and 3 only
(d) 1, 2, 3 and 4
- 73.** Which of the following is/are correct regarding the Marginal Cost of Funds Based Lending Rate (MCLR)?
1. It refers to the minimum interest rate of a bank below which it cannot lend.
 2. It is determined internally by every bank.
- 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
- 74.** With reference to Real Effective Exchange Rate (REER), consider the following statements:
1. It is the price of a representative basket of foreign currencies, each weighted by its importance to the domestic country in international trade.
 2. It is interpreted as the quantity of domestic goods required to purchase one unit of a given basket of foreign goods.
- 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

- 75.** Which of the followings is/are included in Sovereign external debt?
1. FII investment in Government Securities
 2. Borrowings from IMF
 3. Development grant by World Bank
- Select the correct answer using the code given below.
- (a) 1 only
(b) 1 and 2 only
(c) 2 and 3 only
(d) 1, 2 and 3
- 76.** It is calculated by adding residents' investment income from overseas investments and subtracting foreign residents' investment income earned within a country to the Gross Domestic Product (GDP).
- Which of the following concepts is explained in the above paragraph?
- (a) Gross National Product
(b) Net National Product
(c) Net Domestic Product
(d) Net National Income
- 77.** Which of the following statements is correct about Rupee-denominated debt?
- (a) Foreign portfolio investors are prohibited from investing in rupee denominated debt instruments.
 - (b) The borrower pays back the foreign currency equivalent of the rupee denomination at a pre-decided exchange rate.
 - (c) It can be issued only by the government.
 - (d) The currency risk is borne by the creditor.

- 78.** With reference to Alternative Investment Funds, consider the following statements:
1. It refers to any privately pooled investment fund from domestic sources only.
 2. Currently they do not come under the jurisdiction of any regulatory agency in India.
- 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
- 79.** "These are final goods that are of a durable character. They make the production of other commodities feasible, but they themselves don't get transformed into the production goods. They gradually undergo wear and tear, and thus are repaired or gradually replaced over time"
- Which of the following is described in the above passage?
- (a) Consumption goods
(b) Capital goods
(c) Intermediate goods
(d) Consumer durables
- 80.** Quarterly External Debt Statistics (QEDS) Database is an online database launched by the:
- (a) Union Ministry of Finance, India to reports external debt statistics of Indian economy.
(b) World Bank and the International Monetary Fund (IMF) to reports external debt statistics of economies that subscribe to the IMF's Special Data Dissemination Standard.
(c) World Trade Organization (WTO) and the International Monetary Fund (IMF) to reports external debt statistics of Group of 20 (G-20) countries.
(d) Asian Development Bank (ADB) and the International Monetary Fund (IMF) to reports external debt statistics of Asian countries.

- 81.** The proportion of the total deposits commercial banks keep as reserves is referred to as
- (a) Capital Adequacy Ratio
(b) Reserve Deposit Ratio
(c) Credit Reserve Ratio
(d) Currency Deposit Ratio
- 82.** Which of the following are the possible advantages of the monetary system over the barter system?
1. Reduction in transactions costs.
 2. Better accounting of transactions.
 3. Requires that prices must be negotiated for every transaction.
- Select the correct answer using the code given below.
- (a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3
- 83.** Consider the following statements with respect to the participation of people in employment in India:
1. The worker-population ratio represents number of persons employed per 1000 persons in the age group of 15-59 years.
 2. Worker-population ratio in India is more than 60 at present.
- 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

84. With reference to electricity production in India, arrange the following in decreasing order of their contribution to power generation capacity.

1. Thermal power
2. Hydel power
3. Nuclear power

Select the correct answer using the code given below.

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

85. Which of the following is/are the consequences of the process of "casualization of the workforce"?

1. The number of self-employed persons increases.
2. It will increase the unionization of the labour force.
3. Reduced employment benefits such as sick leave.

Select the correct answer using the code given below.

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

86. With reference to Depository Receipts, consider the following statements:

1. It is a financial instrument which represents certain securities issued by a company in a foreign jurisdiction.
2. It is free from risks for investors, due to exchange rate fluctuations.
3. It can be traded on a stock exchange.

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

87. Which of the following is/are the advantages of organic farming over conventional farming?

1. It is less labor-intensive.
2. The produce of organic farming has higher nutritional value.
3. Organic farming yields have a greater shelf life.

Select the correct answer using the code given below.

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

88. Which of the following initiatives was/were taken to boost the agricultural sector after independence?

1. Fixing the limit of individual land ownership
2. Abolition of intermediaries.
3. Introduction of High Yielding Variety seeds of food crops.

Select the correct answer using the code given below.

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

89. With reference to Micro-insurance in India, consider the following statements:

1. Micro-insurance policies are created to promote insurance coverage among economically vulnerable sections of society.
2. These policies are regulated by NABARD.
3. These policies can be offered only a group basis and not to individuals.

Which of the statements given above is/are correct?

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

90. With reference to Inflation-Indexed Bonds in India, which of the following statements is/are correct?

1. These are government-issued bonds which provide the investor with a constant return irrespective of the inflation in the economy.
2. They are linked to CPI (Combined) for indexing inflation.

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

91. Consider the following passage:

"It is a Public-Private Partnership (PPP) model in which the government bears a part of the cost of the project initially, and the developer has to raise the remaining part. The cost born by the developer is repaid by the government after the completion of the project, through annual payments."

The above paragraph describes which type of PPP model?

- (a) Build Operate and Transfer (BOT) Annuity Model
- (b) Build Operate and Transfer (BOT) Toll Model
- (c) Engineering, Procurement and Construction (EPC) Model
- (d) Hybrid Annuity Model (HAM) Model

92. With reference to Payments Banks, consider the following statements:

1. Mobile companies and supermarket chains can become a payment bank to provide basic banking activities.
2. Payments Bank can accept fixed deposits as well as undertake lending business.
3. Payments banks are required to comply with the Statutory Liquidity Ratio (SLR) norms.

Which of the statements given above is/are correct?

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

93. Which of the following statements are correct regarding the Monetary Policy Committee (MPC)?

1. It is a statutory body.
2. It is a six-member body headed by RBI Governor.
3. It is responsible for determining the inflation target.

Select the correct answer using the code given below.

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

94. *If we keep increasing the employment of an input, with other inputs fixed, eventually a point will be reached after which the resulting addition to output will start falling.* Which of the following laws is best described by the above passage?

- (a) Law of Diminishing Marginal Product
- (b) Law of Increasing Costs
- (c) Law of Equivalent Exchange
- (d) Engel's Law

95. With reference to the current energy consumption pattern in India, consider the following statements:

1. More than half of the total energy consumption in India depends on non-commercial energy sources.
2. The transport sector is the largest consumer of commercial energy in India.

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

96. Consider the following statements with respect to inflation:

1. It decreases the purchasing power capacity of a currency.
2. It benefits both the bondholders and debtors.

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

97. Consider the following statements:

1. In a free trade agreement, the member countries maintain a common external tariff for exports and imports from non-members.
2. A Customs Union is characterized by the free movement of factors of production among member countries.

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

98. With reference to Revenue Deficit, consider the following statements:

1. It includes such transactions that affect the current income and expenditure of the government.
2. It signifies that government is using up the savings to finance a part of its consumption expenditure.

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

99. With reference to the employment pattern in India, consider the following statements:

1. More than two-thirds of the workforce is engaged in the primary sector.
2. Self-employed constitute the majority of the total workforce.
3. The representation of female workers in the formal sector is lower than the informal sector.

Which of the statements given above is/are correct?

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

100. Consider the following statements regarding the Most favored nation (MFN) status:

1. It requires that concessions or privileges to one nation shall be extended to all the WTO member countries.
2. Under the MFN, the countries can give special access to their markets in goods to both the developed and developing countries.

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

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