

IAS 2013 TEST SERIES

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INDIAN ECONOMY

Time Allowed: **2:00 Hours**

Maximum Marks: **150**

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. ENCODE CLEARLY THE TEST PAPER CODE NUMBER IN THE APPROPRIATE PLACE IN THE RESPONSE 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 75 items (questions). Each item comprises four responses (answers). You will select one response, which you want to mark on the Response 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**. More than one response will be treated as wrong answer.
5. In case you find any discrepancy in this test booklet in any question (s) or the Responses; a written representation explaining the details of such alleged discrepancy, be submitted within three days, indicating the Question No(s) and the Test Booklet Series, in which the discrepancy is alleged. Representation not received within time shall not be entertained at all.
6. You have to mark all your responses **ONLY** on the separate Response Sheet provided.
7. All items carry equal marks.
8. For each question for which a wrong answer has been given by the candidate, one third (0.33) of the marks assigned to that question will be deducted as penalty. There will be no penalty for a question which is left blank.
9. Before you proceed to mark in the Response Sheet, the response to various items in the Test Booklet, you have to fill in some particulars in the Response Sheet.
10. While writing Name and Roll No. on the top of the Response Sheet in appropriate boxes use "**ONLY BALL POINT PEN**". Use pencil to fill all the remaining ovals in OMR Sheet.
11. After you have completed filling in all your responses on the Response Sheet and the examination has concluded, you should hand over to the Invigilator only the Response Sheet. You are permitted to take away with you the Test Booklet.
12. **Check your result and All India Ranking on www.ias100.in on Next Friday of the Test.**

1. Consider the following statements about Producer Price Index (PPI) which was proposed by the RBI to measure the inflation and select the correct answer:

1. Producer Price Index is the measure of the average change in selling prices received by domestic producers for their output over a period of time.
2. It will include hidden costs like shipping, taxes and other levies thus providing a much clear picture of inflation.
3. The prices included in the PPI are from the first commercial transaction for many products and some services and measures price changes from the perspective of the seller.

Codes:

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

2. Consider the following statements in the context of Bank rate:

1. It is official rate of interest charged by the Reserved Bank of India on loans to other banks.
2. It is the rate at which RBI discounts first class securities, including bills of exchange.
3. It is also known as discount rate.

Which of the above statements are correct?

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

3. Banks have recently launched a new system for easy transfer of money known as NEFT. Consider the following statements about NEFT:

1. It allows individuals, firms and the corporates to electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the scheme.
2. The cash remittance is restricted to a maximum of Rs. 100,000/- per transaction.
3. NEFT system also facilitates one-way cross-border transfer of funds from India to Bhutan.

Which of the above statements are false?

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

4. Consider the following statements about Rajiv Gandhi Equity Savings Scheme (RGESS) and select the correct answer:

1. RGESS is available to all resident individuals whose gross total income is less than Rs. 10 lacs.
2. It will be available to those individuals only who are investing in equity for the first time.
3. Under this scheme, the investor would get a 50% tax deduction of the amount so invested, up to a maximum investment of Rs. 50,000.
4. Under this scheme, there is a fixed lock-in period of total three years.

Codes:

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

5. In which of the following sectors FDI is not allowed in India, both under the Automatic Route as well as under the Government Route?

1. Lottery Business
2. Gambling and Betting
3. Housing and Real Estate business
4. Manufacture of cigars and cigarettes

Codes:

- (a) 1, 2 and 3 (b) 2, 3 and 4
(c) All of the above (d) None of the above

6. Consider the following in the context of types of loans provided to Indian farmers, and the duration of loans:

1. Short term loans - less than 12 months
2. Medium term loans - 12 months to 5 years
3. Long term loans - more than 5 years

Which of the above statements are correctly matched?

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

7. To reduce the incidences of misuse, tampering, alterations, etc. of cheques, RBI has introduced Cheque Truncation System-2010 standard. Consider the following statements about the process of truncation:

1. An electronic image of the cheque is transmitted to the drawee branch by the clearing house, along with relevant information like data on the MICR band, date of presentation, presenting bank, etc.
2. It makes multi-city handling of cheques easier.
3. Indian Banks Association (IBA) and National Payments Corporation of India (NPCI) are coordinating with the banks on implementation of the new truncation standard.

Which of the above statements are correct?

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

8. Consider the following statements and select the correct answer:

1. The Budget 2013-14 has proposed to introduce Inflation-Indexed Bonds or IIBs with the aim to control rising Current Account Deficit, fiscal deficit and inflation.
2. Inflation-Indexed Bonds or IIBs will provide households and other investors a competitive option against gold and real estate.

Codes:

- (a) 1 only (b) 2 only
(c) Both (d) None

9. Which of the following statements is/are correct?

1. The information relating to employment in the formal sector and informal sector are collected by the Union Ministry of Labour through employment exchanges located in different parts of the country.
2. In 2010, out of about 29 million formal sector workers, about 18 million workers were employed by the private sector.
3. Women constitute only about one-sixth of the formal sector workforce.

Codes:

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

10. Which of the following is/are true about G-20?

1. The G-20 Summit was constituted as a response both to the financial crisis of 2007-2010 and to a growing recognition that key emerging countries were not adequately included in the core of global economic discussion and governance.
2. The G-20 was proposed by former Canadian Prime Minister Paul Martin.
3. G-20 has 19 countries as members plus the European Union, which is represented by the President of the European Council and by the European Central Bank.

Codes:

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

11. Consider the following statements in the context of the system of basket of currencies:

1. In this system the exchange value of a country's currency is fixed in terms of some major international currencies.
2. Indian rupee is valued against US Dollar, British Pound, Japanese Yen, French Franc and German Deutsche Mark.
3. India opted for this system in 1975.

Which of the above statements are correct?

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

12. Consider the following statements about the history of banks in India:

1. Reserve Bank of India was set up on the basis of the recommendations of the Hilton Young Commission in 1935 and finally nationalized in 1949.
2. Bank of India, founded in 1906 in Mumbai was the first Indian bank to open a branch outside India in London in 1946 and the first to open a branch in continental Europe at Paris in 1974.
3. Canara Bank is the first bank in India to be given an ISO Certification.

Which of the above statements are false?

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

13. Consider the following statements about current account and select the correct answer:

1. Components of current account include goods, services, income and current transfers.
2. In current account calculation, income also includes a foreign company's investment upon a domestic company or a local government.
3. In current account calculation current transfers include donations, aids, or official assistance.

Codes:

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

14. Which of the following statements are incorrect?

1. The price elasticity of supply of the goods measures the responsiveness of quantity supplied to changes in the price of the goods.
2. When the supply curve is horizontal, supply is completely insensitive to price and the elasticity of supply is zero.
3. Like the price elasticity of demand, the price elasticity of supply is also independent of units.

Codes:

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

15. Which of the following committees and their mandates are correctly matched?

- | | |
|----------------------------|----------------------------|
| 1. Malegam Committee | Micro finance Institutions |
| 2. MR Srinivasam Committee | Consumer price index |
| 3. MK Gupta Committee | Common tax code |

Codes:

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

16. Reserve Bank of India has revised the definition of sickness of micro and small enterprises (MSEs). Consider the following statements in the context of the new guidelines. A MSE would be considered sick if

1. Any of the borrowal account remains sub-standard for more than six months.
2. Any of the borrowal account remains sub-standard for more than three months.
3. Any of the borrowal account remains non performing asset (NPA) for three months or more.
4. Any of the borrowal account remains NPA for six months or more.

Which of the above statements is/are part of the guidelines?

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

17. A stock or equity market is a public entity for the trading of company stocks (shares) and derivatives at an agreed price. Consider the following statements about the Stock Exchanges in India:

1. OTCEI is an electronic stock exchange comprising of small and medium sized firms looking to gain access to the capital markets.
2. The National Stock Exchange was incorporated in 1992 on the recommendations of the "Malhotra Committee".
3. NSE was the first exchange in the world to use satellite communication technology for trading, using a client server based system called National Exchange for Automated Trading (NEAT).

Which of the above statements are correct?

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

18. Consider the following statements about RBI's criteria for getting new bank licenses and select the correct ones:

1. The initial paid-up capital for new banks has been set at Rs. 500 crore.
2. New banks are required to establish at least 25% of their branches in places with less than 10,000 population.
3. As per the new norms, private corporates and public sector entities must have 10 years' experience to be eligible to apply for new license.

Codes:

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

19. Which of the following pairs is NOT correctly matched?

- | | |
|-----------------------------|----------------|
| (a) Grey Revolution | Honey |
| (b) Silver Revolution | Eggs (Poultry) |
| (c) Red Revolution | Meat, tomato |
| (d) Silver Fiber Revolution | Cotton |

20. Consider the following items in the context of India's manufactured exports:

1. Engineering goods
2. Gems and Jewellery
3. Chemicals and related products
4. Textiles

Arrange the above items in the ascending order of their percentage in India's manufactured exports:

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

21. To improve the business environment, India has launched its first Government-to-business portal "eBiz". Consider the following statements with respect to the portal:

1. The portal has been developed by HCL in a Public Private Partnership (PPP) model.
2. The project aims to create a business and investor-friendly ecosystem in India by making all business and investment related regulatory services across Central, State and local Governments available on a single portal.
3. It includes inbuilt payment gateway, which allows collection of all payments at one point and then apportioned, split and routed to the respective heads of account of Central/ State along with generation of challans and MIS reports.

Which of the above statements are correct?

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

22. Consider the following statements and select the correct answer:

1. Structural unemployment occurs when a labour market is unable to provide jobs for everyone who wants one because there is a mismatch between the skills of the unemployed workers and the skills needed for the available jobs.
2. Frictional unemployment is the time period between jobs when a worker is searching for, or transitioning from one job to another.
3. Cyclical unemployment, also known as deficient-demand unemployment, occurs when there is not enough aggregate demand in the economy to provide jobs for everyone who wants to work.

Codes:

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

23. Consider the following statements and select the correct answer:

1. The primary market is the market where the securities are sold for the first time and therefore it is also called the New Issue Market (NIM).
2. The secondary market, also called aftermarket, is the financial market in which previously issued financial instruments such as stock, bonds, options, and futures are bought and sold.
3. The primary market or new issue market also includes certain other sources of new long term external finance, such as loans from financial institutions.

Codes:

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

24. Which of the following are correct about the National Manufacturing Policy (NMP)?

1. The main objective of the policy is enhancing the share of manufacturing in gross domestic product (GDP) to 25 per cent.
2. The NMP provides for promotion of clusters and aggregation, especially through the creation of national investment and manufacturing zones (NIMZs).

3. The Policy also provides special focus to industries that are employment intensive, producing capital goods and does not give weightage to those having strategic significance and small and medium enterprises.

Codes:

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

25. FDI, being a non-debt capital flow, is a leading source of external financing, especially for the developing economies. Consider the following statements in the context of recent changes in the FDI policy in India:

1. Liberalization of conversion of imported capital goods/machinery and preoperative/pre-incorporation expenses to equity instruments.
2. Pricing of convertible instruments upfront, on the basis of a conversion formula, instead of price.
3. FDI, up to 100%, would be permitted for brownfield investments, in the pharmaceuticals sector, under the Government approval route.

Which of the above statements are now parts of FDI policy in India?

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

26. Consider the following statements in the context of Foreign Trade policy measures announced in 2011-12.

1. The Duty Entitlement Pass Book (DEPB) scheme was discontinued with effect from 30-09-2011.
2. Approximately 1100 additional entries were made in the Duty Drawback Scheme (DDS) for those erstwhile DEPB products that were not already specifically mentioned in the DDS.
3. Rates of duty drawback provided across the DDS range from 1 per cent to 17 per cent of Free On Board (FOB) value.

Which of the above statements are correct?

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

27. Consider the following statements in the context of India's stand on Non Agricultural Market Access (NAMA) in the WTO:

1. Adequate and appropriate flexibilities for protecting economically vulnerable industries.
2. Participation in sectoral initiatives only on a non-mandatory and good faith basis without prejudgment of the final outcome, with substantial special and differential treatment provisions for developing countries.
3. Serious consideration of non-tariff barrier (NTB) textual proposals with wide support such as the horizontal mechanism.

Which of the above statements are parts of India's demands?

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

28. The ISP (Index of Services Production) is defined as the ratio of the volume of output produced by the services industries in a given time period to the volume produced by the same industries in the specified base period. Consider the following statements in the above context:

1. In the absence of regular surveys, the ISP is likely to serve as a short-term measure of assessing the growth of the services sector.
2. The ISP is a volume index at constant prices.
3. ISP is compiled by the CSO, Ministry of Statistics and Programme Implementation (MOSPI) with the guidance of a Technical Advisory Committee (TAC).

Which of the above statements are correct?

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

29. Dedicated Freight Corridor (DFC) Project is being implemented by the Dedicated Freight Corridor Corporation of India Ltd. (DFCCIL), a PSU under the Ministry of Railways. Consider the following statements in the above context:

1. The project is being implemented through a mix of bilateral/ multilateral debt, budgetary support, and PPP, with a debt equity ratio of 2:1.
2. Major portions of Western Corridor are being funded with Japanese assistance and Eastern Corridor with World Bank assistance.
3. The DFC Project envisages a Western DFC (1,499 km) from Mumbai to Rewari/Dadri and an Eastern DFC (1,839 km) from Dankuni to Ludhiana.

Which of the above statements are correct?

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

30. Which of the following is incorrect about convertibility?

1. The exchange rate should be determined by the forces of demand and supply of the currency.
2. It enables converting of rupee notes into gold and it indicates the strength of the economy in international market.
3. RBI plays an indirect role in maintenance of convertibility in the economy.

Codes:

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

31. The National Investment Fund was constituted by the Cabinet Committee on Economic Affairs on 27th January 2005. Consider the following statements related to NIF:

1. The proceeds from disinvestment of CPSEs will be channelised into the National Investment Fund which is to be maintained outside the Consolidated Fund of India.
2. The corpus of the National Investment Fund is of a temporary nature.
3. 70% of the annual income of the Fund will be used to finance selected social sector schemes, which promote education, health and employment. The residual 30% of the annual income of the Fund will be used to meet the capital investment requirements of profitable and revivable CPSEs that yield adequate returns, in order to enlarge their capital base to finance expansion/diversification.

Which of the above statements is/are correct?

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

32. NABARD was established on 12 July, 1982 to provide sharp focus to agriculture credit and rural development. The Union Cabinet gave its approval to the amendments to the National Bank for Agriculture and Rural Development (NABARD) Act 1981. Consider the following statements related to the amendments:

1. Raising the authorized capital of NABARD to Rs. 20,000 crore from Rs. 5,000 crore.
2. The meaning of cooperative society is proposed to be enlarged to include multistate cooperative societies registered under any Central law or any other Central or State law relating to cooperative societies.

3. Change of ownership to facilitate the transfer of the remaining share capital of NABARD from the Reserve Bank to the Central Government.

Which of the statements are correct?

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

33. The Bombay Stock Exchange (BSE) has launched BSE Carbonex, the first carbon-based thematic index in the country, which takes a strategic view of organizational commitment to climate change mitigation. Which of the following statements are true?

1. It will enable investors to track performance of the constituent companies of BSE-50 index regarding their commitment to greenhouse gases emission reduction.
2. The American High Commission in India assisted in the development phase of the index.
3. This index has been launched with the aim of creating a benchmark, and increasing awareness about the risks posed by climate change.

Codes:

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

34. Which of the following statements clearly defines the difference between preference shares and equity shares?

1. The rate of dividend on equity shares may vary from year to year depending upon the availability of profit. Preference shareholders are paid dividend at a fixed rate.
2. Equity shareholders do not enjoy voting rights. Preference shareholders have the right to participate in the management of the company.
3. Dividend to equity shareholders is payable only after the preference shareholders have been paid.

Codes:

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

35. The budget broadly comprises of revenue and capital budget. Which of the following items are correctly matched with their respective categories?

- | | |
|--|----------------|
| 1. Different proceeds of taxes and other duties levied by the government | Revenue Budget |
| 2. Borrowing of gold from the RBI | Capital Budget |
| 3. Expenditure on acquisition of assets like roads, buildings, etc. | Capital Budget |
| 4. Market loans raised by the government | Revenue Budget |

Codes:

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

36. Consider the following statements and select the correct answer:

1. Total-factor productivity (TFP), also called multi-factor productivity, is a variable which accounts for effects in total output caused by traditionally measured inputs.
2. Tax buoyancy is a measure of the responsiveness of tax receipts with respect to GDP or National Income.

Codes:

- (a) 1 only (b) 2 only
(c) Both (d) None

37. Consider the following statements about the e-Biz Project and select the correct answer:

1. It is a mission mode project under the National e-Governance Plan (NeGP) for promoting an online single window at the national level for business users.
2. The project aims at enhancing India's business competitiveness through a service oriented, event-driven G2B interaction.
3. It provides a number of services to business users, covering the entire life cycle of their operation.

Codes:

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

38. The Securities and Exchange Board of India (SEBI) has initiated SCORES, a centralised Web-based system for lodging and tracking complaints. Which of the following complaints are dealt by SEBI?

1. Complaints against unlisted/delisted/wound up/liquidated/sick companies.
2. Complaints falling under the purview of other regulatory bodies viz. RBI, IRDA, PFRDA, CCI, FMC, etc., or under the purview of other ministries viz., MCA, etc.

3. Complaints against portfolio managers, depositories and its participants, debenture trustees, credit rating agencies, custodians, stock exchanges, asset management companies.

Codes:

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

39. Which of the following are wrongly matched?

1. Cess a compulsory levy collected by the government from the beneficiaries of particular schemes.
2. Rate a compulsory levy collected by the government for a particular purpose from all persons.
3. Corporation Tax levied by corporations for civic amenities.
4. Value-added Tax tax on final consumption collected at the consumption stage.

Codes:

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

40. Consider the following statements:

Assertion (A): Disguised unemployment is a common feature of Indian agriculture.

Reason (R) : India has been relatively slow in implementing farm mechanisation.

Codes:

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

41. Place the below statements related to history of planning in India in a chronological order:

- I. Bombay Plan
II. Gandhian Plan by Shriman Narayan Agarwal
III. Sarvodaya Plan by Mr. J.P Narayan
IV. Setting up of NDC

Codes:

- (a) I-II-III-IV (b) II-I-III-IV
(c) II-I-IV-III (d) III-II-I-IV

42. Which of the following is NOT a quantitative credit control measure of the Reserve Bank of India?

1. Marginal Requirement of Loan
2. Statutory Cash Reserve Requirements
3. Statutory Liquidity Ratio
4. Rationing of Credit

Codes:

- (a) 2 and 3 (b) 4 only
(c) 1 and 4 (d) None of the above

43. What is the correct chronological sequence of the establishment of the following institutions in India?

1. NABARD 2. IDBI
3. SIDBI 4. IFCI

Codes:

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

44. The index which combines social indicators of life expectancy and literacy with a measure of basic income adjusted to reflect purchasing power sufficient to raise the people above the poverty line is called...

- (a) Basic Needs Index
(b) Purchasing Power Index
(c) Human Development Index
(d) Welfare Index

45. Dualism in development economics refers to

- (a) Coexistence of market oriented and government controlled pricing policies.
(b) Coexistence of modern and traditional sectors.
(c) Coexistence of private and public sectors.
(d) Coexistence of institutional and non-institutional agencies.

46. Land reforms in India include:

1. Consolidate disparate land holdings
2. Abolition of intermediaries
3. Tenancy reforms
4. Ceiling on land holdings

Codes:

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

47. Which of the following legislations are used to govern mergers and acquisitions in India?

1. Companies Act, 1956
2. The Competition Act, 2002
3. Foreign Exchange Management Act, 1999
4. Income Tax Act, 1961

Select the answer from the given codes:

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

48. Effective revenue deficit is a new concept recently introduced in the budgetary process of India. Which of the following statements about effective revenue deficit are correct?

1. Effective revenue deficit is more than revenue deficit.
2. Effective revenue deficit is less than revenue deficit.
3. Effective revenue deficit essentially tells us about purely consumption component of revenue deficit.

Codes:

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

49. Which of the following are included in capital receipts of budget?

1. Recovery of loans
2. Borrowings and other liabilities
3. Interest
4. Proceeds of PSU disinvestment

Codes:

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

50. Philips curve depicts

1. trade off between unemployment and inflation.
2. the unique phenomenon of decreasing demand for inferior goods if income increases.
3. trade off between growth and unemployment.

Codes:

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

51. Which of the following are true about the Dispute Settlement Mechanism of the World Trade Organisation?

1. A complaint can be lodged by a member against another member regarding dumping.
2. The WTO Dispute Settlement Mechanism gives ninety days to involved countries to settle the dispute by bilateral negotiations under its aegis.

3. The decision of Dispute Settlement Mechanism is binding.
4. A member country may accept or reject arbitration of Dispute Settlement Mechanism.

Codes:

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

52. Which of the following statements are true about the Indian economy?

1. The average growth rate recorded during the eleventh five year plan was 8 per cent per annum.
2. The twelfth five year plan envisages an average growth rate of 8 per cent per annum.
3. In 2012-13 India was the second fastest growing economy after China among large countries.
4. According to the budgetary estimates for 2013-14 plan expenditure is approximately one- half of non-plan expenditure.

Codes:

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

53. Which of the following statements are correct about the budget 2013-14?

1. The budget has increased the corpus of Maulana Azad Education Foundation to Rs. 1500 crore.
2. Rs. 1650 crore allocated for six AIIMS like institutions.
3. New National Health Mission would get an allocation of Rs, 21239 crore.
4. Sarva Shiksha Abhiyan has been allocated Rs. 27258 crore.

Codes:

- (a) Only 1 and 2 (b) Only 2 and 3
(c) All of the above (d) None of the above

54. Under domestic support provisions of the WTO some domestic support are considered as trade distorting and some as non-trade distorting. There are different boxes under which domestic support has been categorized. Which of the following are correct about WTO domestic support provisions regarding green box?

- (a) In order to qualify for the "green box", a subsidy must not distort trade, or at most cause minimal distortion.
- (b) Green box subsidies have to be government-funded (not by charging consumers higher prices) and must not involve price support.

- (c) Green box subsidies tend to be for programmes that are not directed at particular products, and include direct income supports for farmers that are not related to (are "decoupled" from) current production levels or prices.
- (d) All the above

55. Which of the following are correct about Cairns Group?

1. The Group takes its name from the Australian city of Cairns.
2. The Cairns Group is an interest group of 19 agricultural exporting countries.
3. The Cairns Group is an interest group of 19 manufacturing exporting countries.
4. The move to form the group was largely a response to the spiraling trade subsidies of the European Union's Common Agricultural Policy and the United States' Export Enhancement Program.

Codes:

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

56. Game theory mainly used in economics, political science, and psychology, as well as logic may be described as...

- (a) A study of strategic decision making.
- (b) A zero-sum game, such that one person's gains exactly equal net losses of the other participant(s).
- (c) A win-win game that is a game which is designed in a way that all participants can profit from it in one way or the other.
- (d) All the above

57. Which of the following are correct about the 12th plan?

1. The main aim of the 12th Plan is 'Faster, sustainable and More Inclusive Growth'
2. The NDC approved plan aims to achieve average growth rate of 8 per cent during the 12th Five Year Plan (2012-17).
3. The plan document has pegged the aggregate Plan resources at Rs 37.16 lakh crore during the five year period starting 2012-13.
4. The Plan aims to generate five crore new jobs in non-farm sector.

Codes:

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

58. Match the following:

- | | |
|-----------------|--|
| A. Laffer curve | (i) effect of devaluation on BOP |
| B. Engel curve | (ii) inequality |
| C. Lorenz curve | (iii) lower rates enhance tax compliance |
| D. J-curve | (iv) demand for inferior goods falls as income increases |

Codes:

- (a) A-(iii), B-(iv), C-(ii), D- (i)
 (b) A-(iv), B-(iii), C-(ii), D- (i)
 (c) A-(iii), B-(iv), C-(i), D- (ii)
 (d) A-(iv), B-(iii), C-(i), D- (ii)

59. Which of the following is not true about the 11th Plan?

- (a) GDP growth in the Eleventh Plan 2007-08 to 2011-12 was 7.9 per cent.
- (b) Agricultural GDP growth accelerated in the Eleventh Plan, to an average rate of 3.3 per cent.
- (c) The percentage of the population below the poverty line declined at the rate of 1.5 percentage points (ppt) per year in the period 2004-05 to 2009-10.
- (d) The rate of unemployment increased from 6.6 per cent in 2004-05 to 8.2 per cent in 2009-10.

60. Which of the following is not a liability of banks?

- (a) Share capital (b) Reserve funds
 (c) Cash in hand (d) Deposits

61. Which of the following is not true about bank cheques?

- (a) The bearer cheque is payable to the person specified therein or to any other person who presents it to the bank for payment.
- (b) An order cheque is payable to the person specified therein as the payee, or to any one else to whom it is endorsed (transferred).
- (c) A crossed cheque cannot be encashed at the cash counter of a bank but it can only be credited to the payee's account.
- (d) If a cheque bears a date earlier than the date on which it is presented to the bank, it is called as "ante-dated cheque". Such a cheque is valid up to three months from the date of the cheque.

62. Which of the following is not included in priority sector lending?

- (a) Housing loan
 (b) Micro credit
 (c) Education loan
 (d) Export Credit by domestic commercial banks

63. Which of the following is not correct about medium term fiscal policy 2013 of India?
- During the years 2010-11 and 2011-12 the Indian economy showed a trend of rising current account deficit, sticky inflation, falling savings rates, falling investments and even consumption.
 - Government appointed Kelkar Committee to suggest corrective measures. Based on its report Government announced a roadmap for fiscal consolidation.
 - Government did not take the path of fiscal consolidation with mid-year course correction in 2012-13, which led to higher fiscal deficit.
 - Fiscal policy 2013-14 has been designed to meet the macro-economic challenges faced by India in an uncertain international economic situation.
64. Economic Survey presents an annual account of performance and future prospects of the economy. Which of the points were made about agriculture by the Economic Survey released before the presentation of the budget 2013-14?
- Although agriculture, including allied activities, accounted for only 14.1 per cent of the GDP at constant (2004-5) prices in 2011-12, its role in the country's economy is much bigger with its share in total employment.
 - Overall GCF in agriculture (including the allied sector) almost doubled in last 10 years and registered a compound average annual growth of 8.1 per cent.
 - During the Eleventh Plan period, food grains production in the country recorded an increasing trend, except in 2009-10.
 - India is the largest consumer and producer of sugar.
- Codes:
- Only 1 and 2
 - Only 1, 2 and 3
 - Only 3 and 4
 - None of the above
65. The government has taken many policy initiatives to liberalize the FDI policy for the services sector. Which of the following measures were not included in the initiatives for enhancing FDI in the services sector?
- Liberalizing the policy on foreign investment for companies operating in the broadcasting sector.
 - Increasing the foreign investment limit from 49 per cent to 74 per cent in teleports (setting up up-linking HUBs/teleports) and direct to home (DTH) and cable networks.
 - Permitting foreign investment (FI) up to 100 per cent in mobile TV; permitting foreign airlines to make foreign investment, up to 51 per cent in scheduled and non-scheduled air transport services.
 - Permitting FDI, up to 51 per cent, in multibrand retail trading.
66. The Green India Mission includes:
- To regenerate at least 4 million ha of degraded forest.
 - To increase the density of forest cover on 2 million ha of moderately dense forest.
 - To increase the density of forest and tree cover on 10 million ha of forest, waste and community lands.
 - All the above
67. Which one of the following is not a measure to check generation of black money?
- Demonetization of currency
 - Voluntary Disclosure Schemes
 - Reforms in tax administration
 - Non-resident investment scheme
- Codes:
- Only 1 and 2
 - Only 1, 2 and 3
 - Only 3 and 4
 - All of the above
68. Consider the following statements.
- Amber Box Subsidies given under WTO are certain direct payments made to the farmers to limit production.
 - Blue Box Subsidies are the amount spent on Government Services such as research, disease control and food security.
 - Green Box Subsidies include measures to support prices, or subsidies directly related to production quantities.
- Which of these is/are correct?
- 1 only
 - 2 only
 - Both 1 and 3
 - All of the above
69. Human Poverty Index-2 (HPI-2) is a compound index, based on a number of component measures that calculate a summary statistic on the economic welfare of the poor in developed countries. Which of the following are the factors on which it depends?
- Percentage of the population having probability of not surviving up to the age of 60 years.
 - Percentage of adults who are functionally illiterate.

3. Percentage of population whose income is less than 50% of the median income.
4. Social exclusion as represented by the rate of long term unemployment specifically for 6 months or more.

Codes:

- (a) 1, 2 and 3 (b) 2, 3 and 4
(c) 1, 3 and 4 (d) All of the above.

70. Which of the following have been part of the government's policy on PSUs after liberalization?

1. Reduction in the number of industries reserved for public sector.
2. Disinvestment of shares of a select set of public enterprises in order to raise resources.
3. Retrenchment of labourers.
4. An improvement of performance through MoU (memorandum of understanding) system by which managements are to be granted greater autonomy but held accountable for specified results.

Codes:

- (a) 1, 2 and 3 (b) 2, 3 and 4
(c) 1, 2 and 4 (d) All of the above

71. A committee on capital account convertibility was set up by the Reserve Bank of India (RBI) under the chairmanship of former RBI Deputy Governor S.S. Tarapore to "lay the road map" to capital account convertibility. Which of the following measures were recommended by the committee?

1. Setting up of a consolidated sinking fund to meet government's debt repayment needs.
2. Financing the consolidated sinking fund by increasing RBI's profit transfer to the government and disinvestment proceeds.
3. Reduction in gross non-performing assets of the public sector banking system.
4. Average effective CRR also to be reduced.

Codes:

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

72. An ad valorem duty is a tax levied on the basis of

- (a) The value of a commodity.
(b) The value added at that stage to the commodity.

- (c) The advertisement expenditure on the commodity.
(d) The quantity of the commodity.

73. Which of the following fall under the category of direct tax?

1. Wealth Tax
2. Gift Tax
3. Estate Duty
4. Securities Transaction Tax

Codes:

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

74. The Indian capital market is broadly divided into the gilt-edged market and the industrial securities market. Which of the following statements regarding the gilt-edged market are true?

1. The gilt-edged market refers to the market for Government and semi-government securities, backed by the Reserve Bank of India.
2. Government securities are non tradable debt instruments issued by the Government for meeting its financial requirements.
3. Gilt-edged securities do not suffer from risk of default as they lack liquidity.
4. The open market operations of the RBI are also conducted in such securities.

Codes:

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

75. Deficit financing, sometimes referred to as a budget deficit, is an approach to money management that involves spending more money than is collected during the same period. Why do most developing countries, including India, resort to deficit financing?

1. To increase aggregate demand through increased public expenditure.
2. To mobilize surplus, ideal and unutilized resources in the country.
3. To finance defense expenditure.
4. To contain inflation.

Select the correct answer from the codes given below:

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

