

Q.1) Intensity of Unemployment is calculated using?

- a) Usual Principal Status
- b) Current Weekly Status.
- c) Current Daily Status
- d) All of the above

Q.1) Solution (c)

Current Daily Status divides each day into two halves and measures unemployment in each half of the day, as such it is more comprehensive measure of unemployment, as it not only measures the scale but also the intensity of unemployment.

It captures Chronic Unemployment as well as Under-employment on a weekly basis.

In Current Weekly status, a person is considered employed if he has worked for at least 1 hour in the preceding week, now if the person has worked only 1 day in the week, he will considered employed for the whole week, here lies the problem as the remaining 6 days that he has not worked are also recorded as employed days.

Q.2) Which of the following Unemployment cannot be eliminated?

- a) Disguised Unemployment.
- b) Cyclical unemployment
- c) Under employment
- d) Natural Unemployment.

Q.2) Solution (d)

Natural unemployment, or the natural rate of unemployment, is the minimum unemployment rate resulting from real, or voluntary, economic forces. It can also be defined as the minimum level of calculable unemployment

One hundred percent full employment is unattainable in a market economy over the long run. Such employment is actually undesirable, because a 0% long-run unemployment rate requires a completely inflexible labor market, where laborers are unable to simply quit their current job or leave to find a better one.

According to the general equilibrium model of economics, natural unemployment is equal to the level of unemployment of a labor market at perfect equilibrium. This is the difference between workers who want a job at the current wage rate and those who are willing and able to perform such work.

Under this definition of natural unemployment, it is possible for institutional factors, such as the minimum wage or high degrees of unionization, to increase the natural rate over the long run.

Q.3) A perfectly competitive market has

- a) Firms that set their own prices.
- b) Only one seller.
- c) Many buyers and sellers.
- d) Only one buyer

Q.3) Solution (c)

Perfect competition is a market structure in which the following five criteria are met: 1) All firms sell an identical product; 2) All firms are price takers - they cannot control the market price of their product; 3) All firms have a relatively small market share; 4) Buyers have complete information about the product being sold and the prices charged by each firm; and 5) The industry is characterized by freedom of entry and exit. Perfect competition is sometimes referred to as "pure competition".

Perfect competition is a theoretical market structure. It is primarily used as a benchmark against which other, real-life market structures are compared. The industry that most closely resembles perfect competition in real life is agriculture.

Perfect competition is the opposite of a monopoly, in which only a single firm supplies a particular goods or service, and that firm can charge whatever price it wants because consumers have no alternatives and it is difficult for would-be competitors to enter the marketplace. Under perfect competition, there are many buyers and sellers, and prices reflect supply and demand. Also, consumers have many substitutes if the good or service they wish to buy becomes too expensive or its quality begins to fall short. New firms can easily enter the market, generating additional competition. Companies earn just enough profit to stay in business and no more, because if they were to earn excess profits, other companies would enter the market and drive profits back down to the bare minimum.

Q.4) The demand for which of the following is likely to be the most price inelastic?

- a) Salt.
- b) Smart phones.
- c) Luxury cars.
- d) Airline tickets.

Q.4) Solution (a)

Price elasticity of demand measures the responsiveness of demand to a change in price.

Price inelastic – a change in price causes a smaller % change in demand.

Price elastic – a change in price causes a bigger % change in demand.

In case of smartphones, luxury cars and Airline tickets a small drop in prices will lead to higher demand for these commodities, whereas any fluctuations in the price of salt will have no impact on the consumption of salt.

Q.5) Consider the Following statements with reference to GDP and GNI

1. In a perfectly closed economy $GDP = GNI$.
2. GNI for any country is always greater than GDP

Which of the above statements is/are correct?

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

Q.5) Solution (a)

A perfectly closed economy has contact with the outside world, It is completely self-sufficient, and has no imports or exports with the other countries. So, all the goods and services that are produced in the domestic territory (GDP) is produced by the Nationals of that country (GNI).

GNI may or may not be greater than GDP, if all the residents of the country have migrated for work outside their country, and the Production is less than the remittances, then GNI will be greater than GDP,

If there is no outward emigration and only inward immigration, then the income paid to the foreign nationals will be more, in this case the GDP will be greater than the GNI

Q.6) Consider the following statements about the New National Income series.

1. Base year has been shifted to 2011-12.
2. GDP at market price will be used in place of GDP at factor price.

Which of the above statements is/are correct?

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

Q.6) Solution (c)

The Ministry of Statistics & Programme Implementation has released the new series of national accounts, revising the base year from 2004-05 to 2011-12. The base year of national accounts was last revised in January 2010.

Gross Domestic Product (GDP) at factor cost will no longer be discussed in the press releases. As is the practice internationally, industry-wise estimates will be presented as Gross Value Added (GVA) at basic prices, while 'GDP at market prices' will henceforth be referred to as GDP. Estimates of GVA at factor cost (earlier called GDP at factor cost) can be compiled by using the estimates of GVA at basic prices and production taxes less subsidies

Source: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=115084> (Must Read)

Q.7) The highest contribution to the Gross Domestic Savings comes from?

- a) Private Corporate Sector.
- b) Public Sector.
- c) Households.
- d) Agriculture sector.

Q.7) Solution (b)

As per the data compiled by the CSO, the Household sector is the highest contributor to the Gross Domestic Savings with a share of 59.4 percent in the year 2013-14. However, the share has declined from 67.3 percent in 2011-12 and 63.4 percent in 2012-13. This decline can be attributed to the decline in household savings in physical assets, which has declined from Rs.13.4 lakh crore in 2011-12 to Rs. 12.1 lakh crore in 2013-14. On the other hand, the share of Non-Financial Corporations has increased from 29.3 percent in 2011-12 to 34.5 percent in 2013-14. The share of Financial Corporations has been around 9 percent in all these years, while the dis-saving of General Government has decreased from 5.4 percent in 2011-12 to 3.2 percent in 2013-14

Source: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=115084>

Q.8) Which of the following items does not come under the tertiary sector (Service Sector) in India?

- a) Hotels.
- b) Transport.
- c) Water Supply.
- d) Public Administration.

Q.8) Solution (c)

Indian economy is classified in three sectors — Agriculture and allied, Industry and Services. Agriculture sector includes Agriculture (Agriculture proper & Livestock), Forestry & Logging, Fishing and related activities. Industry includes 'Mining & quarrying', Manufacturing (Registered & Unregistered), Electricity, Gas, Water supply, and Construction. Services sector includes 'Trade, hotels, transport, communication and services related to broadcasting', 'Financial, real estate & professional services', 'Public Administration, defence and other services'.

Source: <http://statisticstimes.com/economy/sectorwise-gdp-contribution-of-india.php>

Q.9) The Final value of all the Goods and Services produced by a country's nationals is called?

- a) Gross Domestic Product.
- b) Gross National Product.
- c) Gross Capital Formation.
- d) Net National Product.

Q.9) Solution (b)

The statement is the definition of Gross National Product, which calculates the final monetary value of all the goods and services produced by the nationals of a country. The production in a country is called GDP, here the focus is on the territory and not nationality.

Q.10) Disguised Unemployment generally means

- a) Large number of people remain unemployed
- b) Marginal productivity of labour is zero
- c) Productivity of workers is low
- d) Unskilled workers do not find jobs.

Q.10) Solution (b)

Disguised unemployment exists where part of the labor force is either left without work or is working in a redundant manner where worker productivity is essentially zero. It is unemployment that does not affect aggregate output. An economy demonstrates disguised unemployment when productivity is low and too many workers are filling too few jobs.

Disguised unemployment exists frequently in developing countries whose large populations create a surplus in the labor force. It can be characterized by low productivity and frequently accompanies informal labor markets and agricultural labor markets, which can absorb substantial quantities of labor.

Disguised, or hidden, unemployment can refer to any segment of the population not employed at full capacity, but it is often not counted in official unemployment statistics within the national economy. This can include those working well below their capabilities, those whose positions provide little overall value in terms of productivity, or any group that is not currently looking for work but is able to perform work of value.

Q.11) Consider the following statements with reference to the Multi-Dimensional Poverty Index.

1. It uses 10 indicators to compute the Index.
2. It measures the level of achievement using the 10 indicators.
3. It measures the level of deprivation using the 10 indicators.

Which of the above statements is/are correct?

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

Q.11) Solution (c)

Multi-dimensional Poverty Index is a measure of deprivation of people in health, education and standard of living. It is the opposite of HDI which measures the level of achievement.

It Uses 10 indicators based on which deprivation/poverty is measured.

Dimension : Indicators

Health : Child Mortality and Nutrition

Education : Years of schooling and School attendance

Living Standards : Cooking fuel, Toilet, Water, Electricity, Floor and Assets

Q.12) which of the following statements with respect to Human Development Index report is/are incorrect?

1. It ranks the Countries based on health, education and standard of living.
2. Standard of living is calculated using GDP of the country.
3. India comes under “Low Human development” group.

Select the correct answer using the codes given below.

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

Q.12) Solution (c)

HDI report is published by the United Nations Development Programme (UNDP), it ranks the countries based on the achievements in three categories of Health, Education and Standard of living. From 2010 HDI report onwards the Standard of living is calculated based on the Gross national Income of the country.

India now belongs to the “Medium human development” bracket countries with India's human development index (HDI) value of 0.624. India's current ranking is 131

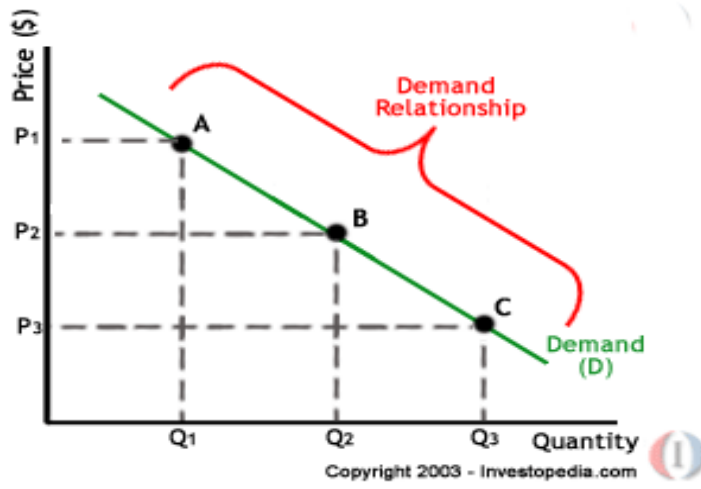
Q.13) Law of demand shows relation between:

- a) Income and price of commodity.
- b) Price and quantity of a commodity
- c) Income and quantity demanded.
- d) Quantity demanded and quantity supplied.

Q.13) Solution (b)

The law of demand is a microeconomic law that states, all other factors being equal, as the price of a good or service increases, consumer demand for the good or service will decrease, and vice versa.

The chart below depicts the law of demand using a demand curve, which is always downward sloping. Each point on the curve (A, B, C) reflects a direct correlation between Quantity demanded (Q) and price (P). So, at point A, the quantity demanded will be Q1 and the price will be P1, and so on.



Q.14) If elasticity of demand is very low it shows that the commodity is:

- a) A necessity
- b) A luxury
- c) Has little impact on the household budget.
- d) Sensitive to price change.

Q.14) Solution (a)

Commodities which are considered necessity like rice, wheat, salt etc have very low elasticity of demand i.e. irrespective on change in the price the demand for the commodity will not change.

On the other hand luxury items have high elasticity of demand, here a little drop in the price will have significantly higher demand.

Q.15) Which of the following indices is not published by UNDP?

- a) Human Development index
- b) Physical Quality of life index
- c) Inequality adjusted HDI
- d) Gender Development Index.

Q.15) Solution (b)

The Physical Quality of Life Index (PQLI) is an attempt to measure the quality of life or well-being of a country. The value is the average of three statistics: basic literacy rate, infant mortality, and life expectancy at age one, all equally weighted on a 0 to 100 scale.

It was developed for the Overseas Development Council in the mid-1970s by Morris David Morris, as one of a number of measures created due to dissatisfaction with the use of GNP as an indicator of development. PQLI might be regarded as an improvement but shares the general problems of measuring quality of life in a quantitative way. It has also been criticized because there is considerable overlap between infant mortality and life expectancy.

The rest of all indices are published by the UNDP.

Q.16) Karamay Declaration is associated with which of the following countries?

- a) China and Taiwan
- b) China and Pakistan
- c) Nepal and Bhutan
- d) India, Nepal and Bhutan

Q.16) Solution (b)

Karamay Declaration is collaboration between Pakistan and China in space technology under China-Pakistan Economic Corridor (CPEC).

It stressed upon a joint launch of space missions which would consist of astronauts from both countries.

CPEC is one of the six economic corridors conceived by china under its "Road and Belt" initiative. CPEC is china and Pakistan's bilateral project connecting Chinese city Xinjian to Gwadar port in Pakistan through highways, railways, pipelines etc.

Source: <http://www.thehindu.com/news/international/In-China-the-debate-on-a-corridor-with-Pakistan-hots-up/article14636504.ece>

Q.17) Consider the following statements about Heart of Asia - Istanbul Process

1. The 7th Ministerial Conference will be held in Amritsar and India will be co-chairing the process
2. Iran and Iraq are not members of the process

Select the correct statements

- a) Only 1
- b) Only 2

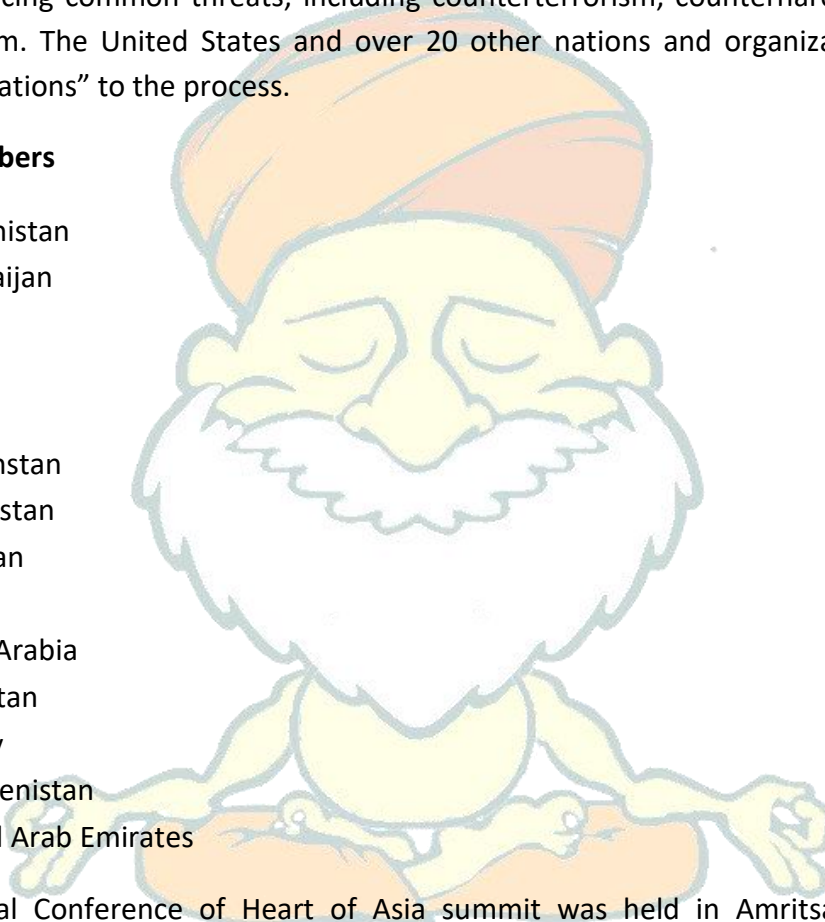
- c) Both 1 and 2
- d) Neither 1 nor 2

Q.17) Solution (d)

The Heart of Asia - Istanbul Process was established to provide a platform to discuss regional issues, particularly encouraging security, political, and economic cooperation among Afghanistan and its neighbors. This region-led dialogue was launched in November 2011 to expand practical coordination between Afghanistan and its neighbors and regional partners in facing common threats, including counterterrorism, counternarcotics, poverty, and extremism. The United States and over 20 other nations and organizations serve as “supporting nations” to the process.

Current Members

- Afghanistan
- Azerbaijan
- China
- India
- Iran
- Kazakhstan
- Kyrgyzstan
- Pakistan
- Russia
- Saudi Arabia
- Tajikistan
- Turkey
- Turkmenistan
- United Arab Emirates



6th Ministerial Conference of Heart of Asia summit was held in Amritsar, India, from December 3 to December 4, 2016.

The 7th Ministerial Conference will be held in Azerbaijan in the year 2017. Azerbaijan will be co-chairing the process.

Source: <http://www.thehindubusinessline.com/news/india-offers-1-bn-towards-afghanistans-development/article9107169.ece>

Q.18) Consider the following statements about Cauvery river

1. The Cauvery basin extends over states of Tamil Nadu, Karnataka and Kerala
2. Alluvial soil, black soil and red soil is found in the Cauvery basin

Which of the following statements is/are correct?

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

Q.18) Solution (c)

The River Cauvery originates at Talakaveri in Coorg District of Karnataka in Brahmagiri Range of hills in the Western ghats.

The Cauvery basin extends over states of Tamil Nadu, Karnataka, Kerala and Union Territory of Puducherry draining an area of 81,155 Sq.km. The river drains into the Bay of Bengal.

Physiographically, the basin can be divided into three parts – the Western Ghats, the Plateau of Mysore and the Delta. The delta area is the most fertile tract in the basin. The principal soil types found in the basin are black soils, red soils, laterites, alluvial soils, forest soils and mixed soils. Red soils occupy large areas in the basin. Alluvial soils are found in the delta areas.

Read More - <http://www.india-wris.nrsc.gov.in/wrpinfo/index.php?title=Cauvery>

Q.19) Global Competitiveness Index is released by

- a) World Economic Forum
- b) World Bank
- c) International Monetary Fund
- d) International Labour Organisation

Q.19) Solution (a)

India's position improved to 39th rank in the World Economic Forum's latest Global Competitiveness Index.

Source: <http://indianexpress.com/article/business/economy/global-competitiveness-index-india-jumps-16-ranks-for-second-time-second-most-competitive-brics-economy/>

Q.20) Consider the following statements about Department of Investment and Public Asset Management (DIPAM)

1. It is under the Ministry of Corporate Affairs
2. Earlier it was called as Department of Disinvestment, which was under the Ministry of Finance

Select the correct statements

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

Q.20) Solution (b)

The Department of Disinvestment has been renamed as Department of Investment and Public Asset Management or 'DIPAM', a decision aimed at proper management of Centre's investments in equity including its disinvestment in central public sector undertakings. Finance Minister Arun Jaitley had announced renaming of the Department of Disinvestment in his budget speech for 2016-17. Initially set up as an independent ministry (The Ministry of Disinvestment) in December 1999, the Department of Disinvestments came into existence in May 2004 when the ministry was turned into a department of the Ministry of Finance. The department took up all the functions of the erstwhile ministry which broadly was responsible for systematic policy approach to disinvestment and privatisation of Public Sector Units (PSUs).

Source: <http://www.thehindu.com/business/NMDC-MOIL%E2%80%99s-Rs-8400-cr-buyback-offers-to-open-Sep-19/article14639363.ece>

Q.21) 'Price Stabilization Fund' scheme is administered by the Ministry of

- a) Food Processing Industries
- b) Finance
- c) Agriculture
- d) Consumer Affairs, Food and Public Distribution

Q.21) Solution (d)

Price Stabilisation Fund (PSF) refers to any fund constituted for the purpose of containing extreme volatility in prices of selected commodities. The amount in the fund is generally utilised for activities aimed at bringing down/up the high/low prices say for instance, procurement of such products and distribution of the same as and when required, so that prices remain in a range.

India first created a price stabilisation fund for some export oriented plantation crops in 2003, and this ceased to exist in 2013. Another fund was created in 2015 for perishable agricultural and horticultural commodities, but initially limited to support potato and onion prices only.

Price Stabalisation Fund (PSF) was shifted to Consumer Affairs Ministry from Agriculture Ministry for effective control of price rise in essential commodities and provide relief to the consumers.

Read More –

<http://economictimes.indiatimes.com/news/economy/agriculture/price-stabilisation-fund-to-be-shifted-to-consumer-affairs-ministry/articleshow/50821750.cms>

<http://consumeraffairs.nic.in/WriteReadData/userfiles/file/PSF%20Operational%20Guidelines%20DOCA.pdf>

Source: <http://economictimes.indiatimes.com/news/economy/policy/govt-to-raise-buffer-stock-for-pulses-to-20l-tonnes/articleshow/54290783.cms>

Q.22) Recently Maria Sharapova was banned for consumption of a drug & the same drug was banned by World Anti-Doping Agency (WADA). Which is that drug?

- a) Acetylsalicylic Acid
- b) Paracetamol
- c) Creatine
- d) Meldonium

Q.22) Solution (d)

Also marketed as mildronate, the website of the drug's Latvian manufacturer Grindeks says meldonium gives sufferers of heart and circulatory conditions more "physical capacity and mental function" and a similar boost to healthy people. Meldonium was banned because it aids oxygen uptake and endurance.

Meldonium is most commonly used in Eastern European and ex-Soviet countries as a drug for people with heart conditions, but it's also offered for sale online. There are also signs that a sizable minority of athletes were using before it was banned.

WADA Prohibited List – [Click Here](#)

Source: <http://www.thehindu.com/sport/tennis/maria-sharapova-to-find-out-decision-on-appeal-in-october/article9104918.ece>

