

Q.1) Which of the following is/are non-tariff barriers?

1. Quota
2. Phyto-sanitary measures
3. Embargoes

Select the correct answer using the codes given below:

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

Q.1) Solution (d)

Explanation:

A nontariff barrier is a form of restrictive trade where barriers to trade are set up and take a form other than a tariff. Nontariff barriers include quotas, embargoes, sanctions, levies and other restrictions and are frequently used by large and developed economies.

Various non-tariff barriers includes :

Licenses

Countries may use licenses to limit imported goods to specific businesses. If a business is granted a trade license, then it permits it to import goods that otherwise are restricted for trade in the country.

Quotas

Countries typically use quotas for the importing and exporting of goods and services. In nontariff barrier procedures, countries agree on specified limits of goods and services that are permitted for importation to a country, typically without restrictions, up to a specified limit. Quotas can also be set for specific time frames. Additionally, quotas are also often used in international trade license agreements.

Embargoes

Embargoes restrict the trade of specified goods and services. Embargoes are a measure used by governments for specific political or health circumstances.

Sanctions

Countries impose sanctions on other countries to limit their trade activity. Sanctions can include increased administrative actions and additional customs and trade procedures that slow or limit a country's ability to trade.

Voluntary Export Restraints

Voluntary export restraints are a type of nontariff barrier used by exporting countries. Voluntary export restraints set specified limits of goods and services to be exported to specified countries. These restraints are typically based on availability and political alliance.

Standard Tariffs

Nontariff barriers can be used in place of or in conjunction with standard tariff barriers, which are taxes that importing countries pay to exporting countries for goods or services. Tariffs are the most common type of trade barrier, and they increase the cost of goods and services for an importing country to the benefit of the exporting country.

Q.2) Reserve Money includes which of the following?

1. Currency in circulation
2. Bank deposits with the RBI
3. Deposits in commercial banks.
4. 'Other' deposits with the RBI.

Select the correct answer using the code given below:

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

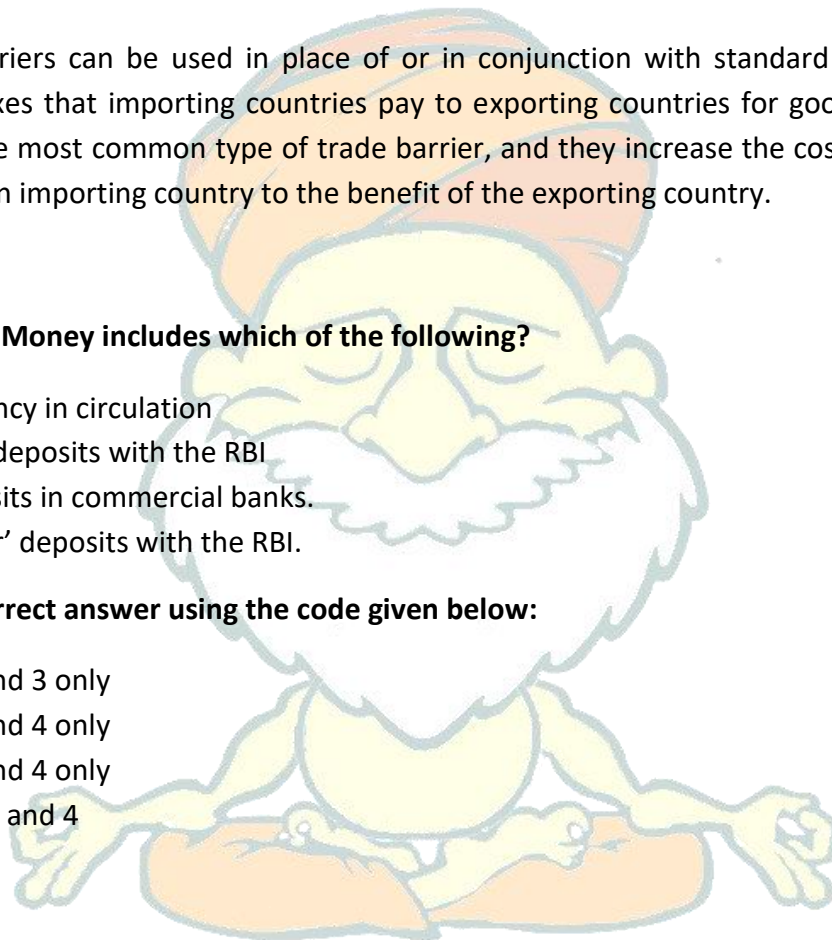
Q.2) Solution (b)

Explanation:

Reserve Money is also called as Central Bank Money, Monetary base, Base money, high-powered money and sometimes narrow money. It is the base level for money supply or the high-powered component of money supply.

Reserve money =

Currency in Circulation + Bankers' Deposits with RBI + 'Other' Deposits with RBI



Q.3) Which of the following is correctly matched?

Sector	Regulator
1. Capital Market	Reserve bank of India
2. Government Securities Market	Securities and Exchange Board of India (SEBI)
3. Commodity Market	Forward Market commission (FMC)

Select the appropriate using the code given below

- a) 1 only
- b) 3 only
- c) 1,2 and 3
- d) None of these

Q.3) Solution (d)

Explanation:

- Capital Market in India is regulated by SEBI.
- Government securities market is regulated by RBI.
- Commodity Market after merger of FMC with SEBI is regulated by SEBI.

Q.4) Consider the following statements:

1. Nominal Effective Exchange Rate (NEER) is the weighted average of nominal exchange rates, adjusted for inflation.
2. Real Effective Exchange Rate (REER) is the unadjusted weighted average rate at which one country's currency exchanges for a basket of multiple foreign currencies.

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

Q.4) Solution (d)

Explanation:

The definitions have been interchanged.

NEER is the weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies.

REER is the weighted average of nominal exchange rates, adjusted for inflation.

Q.5) Which of the following come under fiscal consolidation?

1. Increasing Debt to GDP ratio
2. Decreasing fiscal deficit
3. Consolidating revenue deficit
4. Increasing public expenditure in creating capital assets to stimulate growth

Select the correct answer using the codes given below:

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

Q.5) Solution (c)

Explanation:

Fiscal Consolidation refers to the policies undertaken by Governments (national and sub-national levels like State and Local governance) to reduce their deficits and accumulation of debt stock. the key deficits of government are revenue deficit and the fiscal deficit.

Q.6) The difference between the market prices and factor cost is equal to –

- a) Indirect taxes paid
- b) Indirect tax paid minus subsidies received
- c) Subsidies received
- d) Indirect taxes paid plus subsidies received

Q.6) Solution (b)

Explanation:

Various national income aggregates are estimated either at factor cost or at a market price.

Factor Cost: Factor cost refers to cost of factors of production, viz., rent for land, interest for capital, wages (or compensation of employees) for labour and profit for entrepreneurship. This is equal to revenue price of the final goods and services sold by the producers.

Revenue price (or Factor Cost) = Market Price - indirect taxes paid by the producers + subsidies received by the producers.

$$FC = MP - \text{indirect taxes} + \text{subsidies}$$

Market Price: Market price is the price that customers actually pay. It includes the component of indirect taxes (which raises the market price) and of subsidies (which lowers the market price). Accordingly, when indirect taxes are deducted and subsidies added to the market price, we get values of national income at factor cost. Thus,

$$MP = FC + \text{Indirect taxes} - \text{Subsidies}$$

Q.7) Arrange the following sectors in the decreasing order of total electricity consumption in India:

1. Industrial sector
2. Domestic sector
3. Commercial sector
4. Agriculture sector

Choose the correct option:

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

Q.7) Solution (c)

Explanation:

Sector wise share Electricity Consumption in India

Industrial- approx. 45%

Domestic- approx. 23%

Agriculture- approx. 18%

Commercial- approx. 8%

Misc - 6%

Q.8) With reference to Enforcement Directorate, consider the following statements:

1. It looks after investigation cases related to Foreign Exchange Management Act, FEMA and Prevention of Money Laundering Act, PMLA
2. ED cannot arrest the offenders in relation to PMLA offence
3. It falls under Ministry of Finance, Department of Expenditure

Which of the statements given above is/are correct?

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

Q.8) Solution (a)

Explanation- ED is in news for quite a long time.

Directorate of Enforcement is a specialized financial investigation agency under the Department of Revenue, Ministry of Finance, Government of India. (not Department of Expenditure)

ED enforces the following laws:

- **Foreign Exchange Management Act, 1999 (FEMA)** - A Civil Law, with officers empowered to conduct investigations into suspected contraventions of the Foreign Exchange Laws and Regulations, adjudicate, contraventions, and impose penalties on those adjudged to have contravened the law.
- **Prevention of Money Laundering Act, 2002 (PMLA)** - A Criminal Law, with the officers empowered to conduct investigations to trace assets derived out of the proceeds of crime, to provisionally attach/ confiscate the same, and to arrest and prosecute the offenders found to be involved in Money Laundering.

Q.9) Which of the following industry must be located near the market?

1. Brewing industry
2. Sugar industry

3. Cotton industries

Choose the correct option

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

Q.9) Solution (a)

Explanation:

Brewing is a weight gaining industry thus located near the market. The basic ingredients of beer are water; a starch source. One ton of sugar produces 4 tons of soda. Other inputs such as water is found everywhere.

Whereas Cotton and Sugar are weight losing industries thus they must be located near the raw material.

Q.10) Non Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) can serve which of following purposes in India?

- 1. Education loans
- 2. Loan for Income generation activities
- 3. Savings account for the poor

Choose the correct answer using the codes below:

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

Q.10) Solution (d)

Explanation:

As per RBI regulations, a part (i.e. maximum of 30%) of the aggregate amount of loans by NBFC- MFIs may be extended for other purposes such as housing repairs, education,

medical and other emergencies. However aggregate amount of loans given for income generation should constitute at least 70 per cent of the total loans of the NBFC-MFI.

Microcredit is part of microfinance, which provides a wider range of financial services, especially savings accounts, to the poor. Modern microcredit is generally considered to have originated with the Grameen Bank founded in Bangladesh in 1983.

Q.11) India's GDT Act contains an 'Anti – Profiteering' clause. Which country was the first to incorporate this clause into its GST Act?

- a) France
- b) Canada
- c) Australia
- d) China

Q.11) Solution (d)

Australia incorporated this clause in July 2000 with the aim of educating businesses and avoiding litigation, once implemented.

Clause 171 has been inserted in the GST bill which provides that it is mandatory to pass on the benefit due to reduction in rate of tax or from input tax credit to the consumer by way of commensurate reduction in prices.

This clause further provides for the establishment of an authority against anti-profiteering in order to ensure its compliance. While the end consumer may have some reason to cheer, the industry is still doubtful of its implementation.

Q.12) In management parlance, the 'Clive effect' refers to

- a) Shareholder democracy
- b) Profitability
- c) Executive remuneration
- d) Dominating leadership

Q.12) Solution (c)

The term is associated with lord Clive Blithely, senior employee of the East India Company. On being questioned about his outsized compensation during his tenure, he implied that he took as much as he could simply because it was available.

This term is often used today in the context of excessive CEO remuneration.

Q.13) Which of the following statement are correct regarding switch over/transfer of Employee provident fund (EPF) to National Pension Scheme (NPS)?

1. Only central and State Government employees are eligible for this.
2. Those who switch over can also reverse this switch once.
3. The switch to NPS will not attract any income tax.
4. Those who switch back to EPF will be treated as new EPF subscribers.

Select the code from below:

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

Q.13) Solution (b)

All Indian citizens who are availing EPF are eligible for this switch.

Rest of the statements are correct.

Q.14) Which of the following countries instituted the World's first central Bank?

- a) England
- b) USA
- c) Sweden
- d) Germany

Q.14) Solution (c)

The Sveriges Riksbank was set up as a tool of Swedish Financial Management in 1668.

Factual Question.

Q.15) Which of the following currency pairs are colloquially called 'Cable'?

- a) Euro – British Pound
- b) Dollar – British Pound
- c) Dollar – Euro
- d) Dollar – Yen

Q.15) Solution (b)

Dollar and British Pound are colloquially called 'Cable'.

There was a cable under the Atlantic Ocean linking the US with UK, which was used to synchronise Dollar with the Pound via telegraph. That's why the two currencies are called 'Cable'.

Often the Pound itself is also called Cable.

Q.16) PM unveiled translated volumes of Vachana, penned by 12th century social reformer Basavanna and other saints in 23 Indian languages.

Consider the following statements in this regard:

1. Anubhava mantapa started by Basavanna is considered as "first parliament concept of the world"
2. Basavanna was the first to use vachana form of literature
3. The philosophy propounded by Basavanna is called Shakti Vishishtadvaita

Which of the statements given above is/are correct?

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

Q.16) Solution (c)

Basavanna is 12th century poet-philosopher of Karnataka. Born to Brahmin parents in Bagevadi of Vijayapura district, he revolted against all the social evils of the traditionalistic society like untouchability, caste discrimination at a very early age and worked for emancipation of women and other weaker sections. The philosophy propounded by Basavanna is called Shakti Vishishtadvaita.

The firm and final goal of Basavanna was to establish a democratic set up of society. **Anubhava mantapa**, which was established by him was a common forum for all, including downtrodden, untouchables and women to discuss about the prevailing problems of socio, economic and political strata including religious and spiritual principles along with personal problems. Thus Anubhava mantapa was the **first and foremost Parliament of India**.

Vachana is a prosaic form well known in the Kannada literature which propagates values of universal brotherhood. **Vachanas were used by Devara Dasimayya, Madara Channayya and others prior to Basavanna**. The revolutionary spirit and social awareness ushered in by Basavanna gave strong impetus to the composition of Vachanas attracting large numbers of devotees who belonged to different strata of society.

Source: <http://pib.nic.in/newsite/mbErel.aspx?relid=130442>

Q.17) IRB InvIT became India's first infrastructure investment trust (InvIT) fund to offer IPO.

Consider the following statements regarding InvITs:

1. They are similar to mutual funds allowing investors to invest in infrastructure projects like road and power.
2. They are restricted to under-construction infrastructure projects.
3. It ensures fixed compensation to investors despite project delays.

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

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

Q.17) Solution (a)

InvITs are similar to mutual funds. InvIT allows one to invest in infrastructure projects such as road and power. InvITs raise funds from a large number of investors and directly invest in infrastructure projects or through a special purpose vehicle. InvITs are designed to attract low-cost, long term capital and the underlying focus is to reduce the funding pressure on the banking system as well as generating fresh equity capital for infrastructure projects.

Two types of InvITs have been allowed

- which invests in completed and revenue generation infrastructure projects
- which has the flexibility to invest in completed or under-construction projects

InvITs which invest in completed projects take the route of public offer of its units, while those investing in under construction projects take the route of private placement of units. Both forms are required to be listed on stock exchanges.

InvITs are registered as trusts with SEBI and there are four parties

1. **Sponsors** are the firms which set up the InvITs.
2. **Investment managers** manage assets and investments of InvITs and undertake activities of the InvIT.
3. The **project manager** is responsible for executing the projects.
4. The **trustee** oversees the role of InvIT, investment managers and project manager and ensures that all rules are complied with

Risks associated with InvITs

1. An economic downturn or project delays may hit infrastructure projects and result in lower returns.
2. As in mutual funds, investors in InvITs have no control over investments and exits being made by the trust.

Source : <http://www.thehindu.com/business/what-you-need-to-know-about-infrastructure-investment-trusts/article18342658.ece>

Q.18) Consider the following statements on new series of IIP

1. Base year has been moved from 2004-05 to 2011-12
2. 2011-12 now serves as the common base year for GDP, IIP, CPI and WPI

Choose the correct statement[s]

- a) 1 only
- b) 2 only

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

Q.18) Solution (c)

The CSO and the Department of Industrial Policy and Promotion (DIPP) have shifted to 2011-12 base year from 2004-05 base year for Index of Industrial Production (IIP) and Wholesale Price Index (WPI) respectively.

WPI and IIP have been revised in line with the recommendations of the **Saumitra Chaudhari Committee** which submitted its report in March 2014

149 items have been added to the IIP and 124 deleted. Change in the IIP basket would make it closer to the current production structure

Apart from the WPI base year, its basket of goods and their weightage have also been overhauled.

- 199 new items have been added and 146 items have been dropped to reflect the change in demand in the country
- Indirect taxes have been left out of WPI to remove the impact of fiscal policy.
- WPI is now calculated as geometric mean, similar to CPI.

Source : <http://www.firstpost.com/business/new-series-wpi-iip-released-with-base-year-2011-12-all-you-need-to-know-3440688.html>

Q.19) Which one among the following statements about the SAMPADA scheme is correct?

- a) It is launched by ministry of culture to preserve ancient literary pieces and manuscripts
- b) It is a scheme of Ministry of Drinking Water and Sanitation to improve access to drinking water in drought hit areas
- c) It is a scheme of Ministry of agriculture to boost farm income
- d) It is a scheme of Ministry of Food processing to modernise agriculture, processing and decrease agri-waste

Q.19) Solution (d)

The government has given its approval for re-structuring the schemes of the Ministry of Food Processing Industries (MoFPI) under new Central Sector Scheme – SAMPADA (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) for the period 2016-20. The objective of SAMPADA is to supplement agriculture, modernize processing and decrease agri-waste.

SAMPADA is an umbrella scheme incorporating ongoing schemes of the Ministry like Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure, Food Safety and Quality Assurance Infrastructure, etc. It now also includes new schemes of Infrastructure for Agro-processing Clusters, Creation of Backward and Forward Linkages and Creation / Expansion of Food Processing & Preservation Capacities. The implementation of SAMPADA will result in creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet

Source : <http://pib.nic.in/newsite/PrintRelease.aspx?relid=161512>

Q.20) e-VIN (Electronic Vaccine Intelligence Network) of Ministry of Health and Family Welfare is being considered the global best practice in immunisation.

Consider the following statements:

1. It is an indigenously developed technology system in India that digitizes vaccine stocks and monitors the temperature of the cold chain through a smartphone application.
2. It supports Universal Immunisation Programme
3. The technological innovation is implemented by World Health Organisation

Choose the correct statement[s]

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

Q.20) Solution (a)

eVIN (Electronic Vaccine Intelligence Network) is an indigenously developed technology system in India that digitizes vaccine stocks and monitors the temperature of the cold chain through a smartphone application. It aims to support the Government of India's **Universal**

Immunization Programme. The technological innovation is implemented by the **United Nations Development Programme (UNDP).**

It is implemented in **12 states** of India.

By streamlining the vaccine flow network, eVIN is a **powerful contribution to strengthening health systems and ensures equity** through easy and timely availability of vaccines to all children.

The integrated solution combines:

- **Technology:** to facilitate evidence-based decision-making by making available online real-time information on vaccine stocks and storage temperature
- **Governance:** to ensure efficient vaccine logistics management by systemizing record keeping, identifying gaps and improving clarity on vaccine cold chain network, infrastructure upgrades etc.
- **Human Resources:** to empower the state cold chain network by building the capacities of government cold chain handlers; and deploying vaccine and cold chain managers in every district.

Source : <http://pib.nic.in/newsite/PrintRelease.aspx?relid=161558>

