

ECONOMICS

Q.1) Which of the following defines inflationary gap?

- a) When the potential GDP is higher than the real GDP, the gap is referred to as an inflationary gap.
- b) It is the difference between inflation and deflation.
- c) The real GDP exceeding the potential GDP, resulting in an inflationary gap.
- d) None of the above

Q.2) Which of the following increases the inflation?

- 1. Increase in the Forex reserve.
- 2. Higher revenue deficits and fiscal deficits.
- 3. Increase in crude oil prices.

Select the correct answer using the codes given below.

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

Q.3) Which of the following are the conditions of Stagflation?

- 1. High inflation in the market
- 2. High economic growth
- 3. High unemployment in the economy

Select the code from following:

- a) 1 and 2
- b) 2 and 3

- c) 1 and 3
- d) All of the above

Q.4) Which of the following statements correctly explains the Marginal Standing Facility (MSF)?

- a) It is the interest rate at which the Reserve Bank provides overnight liquidity to banks against the collateral of government
- b) It is a facility under which scheduled commercial banks can borrow additional amount of overnight money from the Reserve Bank
- c) It is the rate at which the Reserve Bank is ready to buy or rediscount bills of exchange or other commercial papers.
- d) None of the above

Q.5) Consider the following statements with reference to taxation

- 1. Higher direct taxes help in controlling Inflation in the economy
- 2. Higher indirect taxes help in controlling the Inflation in the economy

Which of the above statements is/are correct?

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

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Q.6) Which of the following measures would result in an increase in the money supply in the economy?

1. Purchase of government securities from the public by the Central Bank
2. Deposit of currency in the commercial banks by the public
3. Borrowing by the government from the Central Bank
4. Sale of government securities to the public by the Central Bank

Select the correct answer using the codes given below:

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

Q.7) Consider the following statements about Aggregate Measurement of Support (AMS)

1. It is the measure for domestic subsidies for agriculture under the WTO Agreement of Agriculture
2. It consists of Amber Box
3. It is associated with product specific subsidies only

Select the correct statements

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

Q.8) Which of the following are the Non-Banking Financial Company (NBFC) in India as per RBI?

1. Asset Finance Company (AFC)
2. Infrastructure Finance Company (IFC)
3. Peer to Peer (P2P) lending
4. Account Aggregators

Select the correct answer using the codes given below.

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

Q.9) Consider the following pairs:

1. Capital Adequacy Ratio (CAR) : : the ratio of liquid assets to net demand and time liabilities (NDTL)
2. Cash Reserve Ratio (CRR) : : minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves either in cash or as deposits with the central bank
3. Statutory Liquidity Ratio (SLR) : : expressed as a percentage of a bank's risk weighted credit exposures

Which of the pairs given above is/are not correct?

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

Q.10) A 'Commercial Paper' is an important instrument in the money market. Which of the following statements are correct about 'Commercial Papers'?

1. Commercial paper is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities.
2. Commercial papers are usually sold at a discount from the face value.
3. It has to be backed by collateral.

Select the code from the following:

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

Q.11) Tax Terrorism has been in the news for quite some time now. Which of the following statements correctly defines 'Tax Terrorism'?

- a) It is the act of tax evasion using illegal means.
- b) It is the term given for tax avoidance using loop holes in the Tax laws.
- c) It refers to unjustified demand of tax by the government to increase the tax revenue.
- d) It refers to the use of disposable income in funding terrorist activities.

Q.12) Which of the below statements best describes the term 'Goldilocks economy'?

- a) An economy that is too hot with inflation and driven by market-friendly monetary policy.
- b) An economy that is struck between hot and cold, in other words doesn't sustain moderate economic growth and that has high inflation.
- c) An economy that's neither cold enough to support stimulus measures, nor hot enough to sustain growth.
- d) An economy that is not so hot that it causes inflation, and not so cold that it causes a recession, which allows a market-friendly monetary policy.

Q.13) Consider the below statements about Foreign Institutional investors (FIIs):

1. FIIs are entities established or incorporated outside India and make proposals for investments in India.
2. The nodal point for FII registrations is SEBI and hence all FIIs must register themselves with SEBI and should also comply with the exchange control regulations of the central bank.
3. In order to act as a banker to the FIIs, the SEBI has designated banks that are authorised to deal with them.

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Select the correct statements from the codes given below:

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

Q.14) The concept of “economic convergence” is used in many different domains of economics and business.

Consider the below with regard to it –

- 1. According to this theory/concept, the poorer economies are expected to grow more rapidly than wealthier economies.
- 2. The concept is alternatively known as 'Catch Up Effect'.
- 3. Developing countries with more protectionist and closed economy policies play a role in economic convergence's manifesting.

Which of the statements above is/are correct?

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

Q.15) Consider the following statements about ‘Graded Surveillance Measure’

- 1. It is developed by Reserve Bank of India
- 2. It is launched in order to enhance market integrity and safeguard interest of investors

- 3. It is aimed at advising market participants to carry out necessary due diligence while dealing in identified securities

Select the correct statements

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

Q.16) Which of the following statements is correct with respect to ‘Zero effect, Zero defect’ which is often seen in news?

- a) Zero effect on the health of workers and Zero defect in the Finance Sheet.
- b) Zero defect in the manufactured goods by the industry and zero effect on the environment.
- c) Zero defect in the process of manufacturing and zero effect in inflation
- d) Zero defect in agricultural produce and zero effect on productivity.

Q.17) Term 'Fragile Five' is often in news. Identify the appropriate definition of the term:

- a) It is a term coined to represent association of five major emerging national economies.
- b) It is a term coined to represent emerging market economies that have become too dependent on unreliable foreign investment to finance their growth ambitions.

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- c) It is a term coined to represent five of the most economically weak eurozone nations during the European debt crisis.
- d) It is a term being used to describe markets which have witnessed economic turmoil in recent years.

Q.18) Which of the following refers to Invisible balance in the context of BoP?

- a) It refers to import of Capital Goods.
- b) It refers to the amount of goods imported in the country on lease.
- c) It refers to services and other products that do not result in the transfer of physical object.
- d) It refers to the interest paid by importers if they have borrowed money for imports.

Q.19) The Financial Stability Board (FSB) is an international body that monitors and makes recommendations about the global financial system. FSB has been established by

- a) World Bank
- b) IMF
- c) World Economic Forum
- d) G 20

Q.20) Bangkok Agreement, which was signed in 1975 as an initiative of ESCAP, has been rechristened as –

- a) ASEAN Free Trade Area (AFTA)
- b) Raisina Dialogue

- c) Fortaleza Declaration
- d) Asia-Pacific Trade Agreement (APTA)

Q.21) Select the most appropriate statement regarding Domestic Systemically Important Banks (D-SIBs)

- a) Banks whose assets exceed 1% of GDP are considered part of this group.
- b) D-SIB means that the bank is too big to fail.
- c) D-SIB means all the nationalized banks
- d) D-SIB means banks that work on behalf of Government's foreign dealings.

Q.22) Green Accounting is seen as an important step towards Sustainable development. Which of the following statements correctly defines Green Accounting?

- a) It accounts for all the biological resources in monetary terms.
- b) It is a type of accounting that attempts to factor environmental costs into the financial results of operations.
- c) It is a type of accounting that extrapolates the impact on environment in monetary terms of the proposed Greenfield projects.
- d) It is the accounting of wildlife resources so that a quota can be maintained for exploitation of these resources.

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Q.23) Incremental Capital Output Ratio (ICOR) is calculated to know the production efficiency of an economy. Which of the following statements are correct about ICOR?

- a) There is no relation between the value of ICOR and efficiency.
- b) It depends on the type of economic system.
- c) Higher the value of ICOR higher is the efficiency
- d) Lower the value of ICOR higher is the efficiency

Q.24) Perform, Achieve and Trade (PAT) Scheme is often in news. It deals with –

- a) reducing energy consumption and promoting enhanced energy efficiency among specific energy intensive industries in the country.
- b) project financing, wherein a private entity receives a concession from the private or public sector to finance, design, construct, own, and operate a facility stated in the concession contract.
- c) public-private partnership (PPP) project model in which a private organization builds, performs, achieves and trades some facility or structure with some degree of encouragement from the government.
- d) benefits under Startup India Action Plan.

Q.25) Recently, Foreign Investment Promotion Board (FIPB) was abolished. Consider the following statements about FDI approving authorities after abolition of FIPB

- 1. FDI from Pakistan and Bangladesh has to be approved by the Ministry of Home Affairs
- 2. Foreign investments by non-resident Indians has to be approved by Department of Industrial Policy and Promotion (DIPP)

Select the correct statements

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

Q.26) Consider the following statements about Qualified Institutional Placement (QIP)

- 1. It is a designation of a securities issue given by the Securities and Exchange Board of India (SEBI)
- 2. It allows both listed and non-listed companies to raise capital from its domestic markets without the need to submit any pre-issue filings to market regulators

Select the correct statements

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

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Q.27) India's Distance to Frontier score is 60.7 in 2018. 'Distance to Frontier' score is associated with which of the following organisations?

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

Q.28) Consider the following statements about Systematic Country Diagnostic (SCD)

1. It looks at a range of issues in a particular country, and seeks to identify barriers to and/or opportunities for sustainable poverty reduction and shared prosperity
2. It is an analytical exercise conducted by World Economic Forum

Select the correct statements

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

Q.29) Consider the following statement about Exchange Traded Fund (ETF)

1. It has higher daily liquidity and lower fees than mutual fund shares
2. It trades like a common stock on a stock exchange
3. It experience price changes throughout the day

Select the correct statements

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

Q.30) Consider the following statements about Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

1. It offers a renewable one year accidental death cum disability cover to all subscribing bank account holders in the age group of 18 to 70 years
2. A premium of Rs.12/- per annum per subscriber is to be auto debited from subscriber's bank account

Select the correct statements

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

Q.31) Which of the following banks are insured by Deposit Insurance and Credit Guarantee Corporation (DICGC)?

1. Foreign banks functioning in India
2. Regional Rural Banks (RRBs)
3. Nationalised Banks

Select the correct code:

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

Q.32) The term 'Digital Single Market Strategy' seen in the news refers to

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- a) ASEAN
- b) BRICS
- c) EU
- d) G20

Q.33) What is/are the most likely advantages of implementing 'Goods and Services Tax (GST)'?

1. It will replace multiple taxes collected by multiple authorities and will thus create a single market in India.
2. It will drastically reduce the 'Current Account Deficit' of India and will enable it to increase its foreign exchange reserves.
3. It will enormously increase the growth and size of economy of India and will enable it to overtake China in the near future.

Select the correct answer using the code given below:

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

Q.34) Which one of the following best describes the term "Merchant Discount Rate" sometimes seen in news?

- a) The incentive given by a bank to a merchant for accepting payments through debit cards pertaining to that bank.
- b) The amount paid back by banks to their customers when they use

debit cards for financial transactions for purchasing goods or services.

- c) The charge to a merchant by a bank for accepting payments from his customers through the bank's debit cards.
- d) The incentive given by the Government, to merchants for promoting digital payments by their customers through Point of Sale (PoS) machines and debit cards.

Q.35) Consider the following statements about 'Generalized System of Preferences (GSP)'

1. It is a framework under which developed countries give preferential tariff treatment to goods imported from certain developing countries.
2. The Enabling Clause is the WTO legal basis for the Generalized System of Preferences (GSP)

Select the correct statements

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

Q.36) Recently, Government has declared Minimum Support Price (MSP) by adopting 'A2+FL cost formula'. The 'A2+FL formula' takes into account which of the following?

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1. Hired labour
2. Cost of seeds
3. Imputed rent on land

Select the correct code:

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

Q.37) Consider the following statements about the term 'Base Erosion and Profit Shifting (BEPS)'

1. It is concerned with exploitation of genetic resources of a country by multinational companies
2. BEPS Project is formulated by World Economic Forum and United Nations Environment Programme (UNEP)

Select the correct statements

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

Q.38) 'Reverse Charge Mechanism', recently in news, is associated with

- a) Goods and Services Tax (GST)
- b) Initial Public Offering (IPO)
- c) Litigation over bounced cheques
- d) Regional Connectivity Scheme (RCS)

Q.39) Consider the following statements about 'Fair and Remunerative Price (FRP)'

1. Under the FRP system, the farmers are not required to wait till the end of the season or for any announcement of the profits by sugar mills or the Government.
2. FRP is approved by the Cabinet Committee on Economic Affairs (CCEA)

Select the correct statements

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

Q.40) Consider the following statements about 'Anti-dumping duty'

1. It is an additional import duty imposed by the Central Government when a country is paying the subsidy to the exporters who are exporting goods to India
2. The Department of Commerce recommends the anti-dumping duty, while Ministry of Finance levies such duty

Select the correct statements

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

Q.41) The term 'Domestic Content Requirement' is sometimes seen in the news with reference to

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- a) Developing solar power production in our country
- b) Granting licenses to foreign T.V. channels in our country
- c) Exporting our food products to other countries
- d) Permitting foreign educational institutions to set up their campuses in our country
3. They are not taxable under the Income Tax Act

Select the correct statements

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

Q.42) Consider the following statements about 'E-Way Bill' System

1. It offers the technological framework to track intra-state as well as inter-state movements of goods under the Goods and Services Tax (GST) regime
2. One e-way bill will be valid throughout the country for the movement of goods and it does away with the separate transit pass for every state

Select the correct statements

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

Q.43) Consider the following statements with respect to 'Alternative Investment Funds (AIFs)' in India

1. It refers to any privately pooled investment fund from Indian sources only
2. Venture Capital Fund is a type of AIF

Q.44) Consider the following statements about 'Public Financial Management System (PFMS)'

1. It is a web-based online software application developed and implemented by the Office of Controller General of Accounts (CGA)
2. The ambit of PFMS coverage includes Central Sector and Centrally Sponsored Schemes as well as other expenditures including the Finance Commission Grants
3. Use of PFMS is mandatory for all the Central Sector Schemes of the Government of India

Select the correct statements

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

Q.45) Which of the following factors are contributing to the 'Turkish Lira's fall'?

1. Increasing tensions with the US
2. Huge dollar debts

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3. Rising inflation

Select the correct code:

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

Select the correct code:

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

Q.46) Consider the following statements with respect to 'Employees' Provident Fund Organisation (EPFO)'

- 1. It is the nodal agency for implementing Bilateral Social Security Agreements with other countries on a reciprocal basis.
- 2. Universal Account Number (UAN) is an 8 digit alpha-numeric launched for Employees covered by EPFO to enable PF number portability
- 3. It is under the administrative control of the Ministry of Labour and Employment

Select the correct code:

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

Q.47) 'Public Credit Registry (PCR)' will address which of the following issues?

- 1. Improve access to credit
- 2. Help raise India's rank in the global ease of doing business index
- 3. Flag early warnings on asset quality

Q.48) India has signed which of the following foundational agreements with United States of America?

- 1. General Security Of Military Information Agreement (GSOMIA)
- 2. Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA)
- 3. Communications Compatibility and Security Agreement (COMCASA)
- 4. Logistics Exchange Memorandum of Agreement (LEMOA)

Select the correct code:

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

Q.49) 'Broad-based Trade and Investment Agreement (BTIA)' is sometimes seen in the news in the context of negotiations held between India and

- a) European Union
- b) Gulf Cooperation Council
- c) Organization for Economic Cooperation and Development
- d) Shanghai Cooperation Organization

Q.50) Which one of the following statements appropriately describes the “fiscal stimulus”?

- a) It is a massive investment by the Government in manufacturing sector to ensure the supply of goods to meet the demand surge caused by rapid economic growth
- b) It is an intense affirmative action of the Government to boost economic activity in the country
- c) It is Government’s intensive action on financial institutions to ensure disbursement of loans to agriculture and allied sectors to promote greater food production and contain food inflation
- d) It is an extreme affirmative action by the Government to pursue its policy of financial inclusion

