

IASbaba 60 day plan 2020 – Day 9 Economics

Q.1) In the context of Indian economy, consider the following statements

1. The Gross domestic product has steadily increased in the last five years
2. The growth rate in per capita income has steadily increased in the last five years

Which of the statements given above is/are correct?

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

Q.1) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
While the growth rate of GDP has fluctuated in the last five years, it has never become negative. The Gross domestic product has steadily increased in the last five years.	The growth rate of Per capita income decreased to 8.6% in 2017-18 from 9.3% in 2016-17. It further increased to 10.0% in 2018-19.

- In such questions, double-check whether an increase/decrease in 'absolute value' is being asked or if an increase/decrease in 'growth rate' is being asked.

Q.2) Which of the following can lead to the growth of Human Capital?

1. Investment in Education
2. On the job training
3. Migration

Choose the correct answer using the codes given below

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

Q.2) Solution (d)

IASbaba 60 day plan 2020 – Day 9 Economics

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Investment in Education leads to better skills and thus adds to the human capital formation.	On the job training too leads to better skills and thus adds to the human capital formation	Migration of people adds to the human capital formation as it facilitates the utilization of inactive and underdeveloped skills of an individual

Human capital can be augmented by

- Investment in Education
- Investments in health
- On the job training
- Migration
- Information

Q.3) The Gross National Product of India considers

- a) The Income of only resident and non-resident citizens of a country
- b) The Income of only resident citizens of a country
- c) The Income of both resident citizens and foreigners who reside within Indian territory
- d) The Income of resident, non-resident citizens and foreigners who reside within Indian territory

Q.3) Solution (a)

GNP (Gross National Product)

- The word “national” here refers to all the **citizens** of a country
- It is the total value of the total output or production of final goods and services produced by the **nationals of a country** during a given period of time, generally one year.
- It considers the income of both **resident** and **non-resident** citizens of a country while the income of **foreigners** who reside within the geographical boundary of the country is **excluded**.

Q.4) Which of the following are considered as Final Goods?

IASbaba 60 day plan 2020 – Day 9 Economics

1. Services of a doctor
2. Vegetables bought by a restaurant to serve customers
3. Machine bought by a company as an investment

Choose the correct answer using the codes given below

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

Q.4) Solution (b)

Elimination:

Second statement can be easily eliminated as the restaurants are not final consumers. They add value to the vegetables (by cooking and serving) and charge the customers.

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Correct
Service of a doctor is considered as a consumer final good.	Vegetables bought by a restaurant are considered as intermediate goods.	Capital goods bought by a company are considered as final goods.

- An item that is meant for final use and will not pass through any more stages of production or transformations is called a final good.
- Final goods are of two types –
 - **Capital goods** (like machinery) bought by companies as an investment.
 - Goods used for final consumption by households.
- Consumer final goods are again divided into
 - Durable – TV, car etc.
 - Semi-durable – Clothes, shoes etc.
 - Non-durable – Milk, bread etc.
 - **Services** – of teachers, doctors etc.

Q.5) National income (NI) in India is a term used for

- a) Net National Product at market cost

IASbaba 60 day plan 2020 – Day 9 Economics

- b) Gross National Product at factor cost
- c) Net National Product at factor cost
- d) Net Domestic Product at market cost

Q.5) Solution (a)

National Income

- Earlier, National Income was a term used for Net National Product at factor cost (NNP_{FC}).
- Since January 2015, the CSO has switched over to calculating it at market price.
- $NNP = GNP - \text{Depreciation}$

Q.6) Consider the following statements regarding Real and Nominal GDP

1. Real GDP is calculated using the price of goods and services at the base year
2. Nominal GDP is calculated using the price of the goods and services in that particular year

Choose the correct answer using the codes given below

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

Q.6) Solution (c)

Statement 1	Statement 2
Correct	Correct
Real GDP is national income at constant price.	Nominal GDP is national income at current price.

Real GDP

- National income at constant price = $Q \cdot P$
- Where Q is the quantity of goods and services in a particular year

IASbaba 60 day plan 2020 – Day 9 Economics

- P is the price of the base year (constant price)

Nominal GDP

- National income at current price = $Q \times P$
- Where Q is the quantity of goods and services in a particular year
- P is the price of the goods and services in that particular year (current price)

Q.7) Which among the following activities constitute Secondary sector in an Economy

1. Mining
2. Construction
3. Manufacturing

Choose the correct answer using the codes given below

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

Q.7) Solution (b)

Primary Sector

- Agriculture
- Mining
- Forestry
- Grazing
- Hunting and gathering
- Fishing
- Quarrying

Secondary Sector

- Manufacturing
- Processing
- Construction



Q.8) Consider the following statements regarding the Human Development Index (HDI)

IASbaba 60 day plan 2020 – Day 9 Economics

1. It is an index prepared by the United Nations Development Program
2. The basic dimensions are - long and healthy life, education and a decent standard of living

Choose the correct answer using the codes given below

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

Q.8) Solution (c)

Statement 1	Statement 2
Correct	Correct
It is an index prepared by the United Nations Development Program.	The basic dimensions are - long and healthy life, education and a decent standard of living.

- The basic dimensions are determined by -
 - **Long and healthy life** - measured by life expectancy at birth.
 - **Access to Education** - measured by expected years of schooling of children at school-entry age and mean years of schooling of the adult population.
 - **A Decent standard of living** - measured by Gross National Income per capita adjusted for the price level of the country.

Q.9) The goods for which the demand increases as the price increases, because of its exclusive nature and appeal as a status symbol is called

- a) Giffen goods
- b) Veblen goods
- c) Luxury goods
- d) Inferior goods

Q.9) Solution (b)

- Both Veblen and Giffen goods defy standard economic and consumer demand theory.
- Veblen goods - a good where demand rises as price rises because people feel its higher price reflects greater status.

IASbaba 60 day plan 2020 – Day 9 Economics

- Giffen goods - A Giffen good is a low income, non-luxury product that has very few close substitutes. Since there are few substitutes for Giffen goods, consumers continue to remain willing to buy a Giffen good when the price rises.

Q.10) In the context of Indian economy, consider the following statements

1. The Share of Services sector in India's GVA (Gross value added) has steadily increased in the last five years
2. The Share of Primary sector in India's GVA (Gross value added) has steadily decreased in the last five years

Choose the correct statement/s using the codes given below

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

Q.10) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
Share of Services sector has steadily increased in the last five years	Share of Primary sector was 17.7% in FY 15-16. It increased to 17.9 in FY 16-17 and then went on to decrease to 17.1 in FY 17-18. Thus it has not steadily declined. It has increased to 18.57 in FY 18-19.

Q.11) If some manual laborers are fired from a company due to the introduction of automation, then what kind of unemployment do they face?

- a) Disguised Unemployment
- b) Structural unemployment
- c) Hidden unemployment
- d) Frictional unemployment

Q.11) Solution (b)

IASbaba 60 day plan 2020 – Day 9 Economics

- Structural unemployment is caused by a mismatch of skills between the unemployed and available jobs.
- Structural unemployment usually happens because of technological change. When new technologies are introduced, some jobs and skills can be replaced by machines, a process known as automation.

Q.12) Consider the following statements regarding Pradhan Mantri Yuva Yojana

1. It aims to create an enabling ecosystem for entrepreneurship promotion among youth
2. It has been launched by the Ministry of Youth Affairs and Sports

Choose the correct answer using the codes given below

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

Q.12) Solution (a)

Elimination

Statement 2 can be eliminated if one knows the objective of the scheme.

Statement 1	Statement 2
Correct	Incorrect
It aims to create an enabling ecosystem for entrepreneurship promotion among youth	It is being implemented by the Ministry of Skill Development and Entrepreneurship.

PM Yuva Yojna

- It is a centrally sponsored Scheme on entrepreneurship education and training.
- It is being implemented by the Ministry of Skill Development and Entrepreneurship.
- The Scheme aims at creating an enabling ecosystem for Entrepreneurship development through entrepreneurship education and training, Advocacy and easy access to entrepreneurship support network and Promoting social enterprises for inclusive growth.

IASbaba 60 day plan 2020 – Day 9 Economics

Q.13) Consider the following goods

1. Grazing land
2. Street light
3. Service of Police

The opportunity cost for providing which of the above goods is zero?

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

Q.13) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Incorrect
Opportunity cost is zero. But rivalry in consumption exists.	Opportunity cost is not Zero. Rivalry in consumption does not exist.	Opportunity cost is not Zero. Rivalry in consumption does not exist.

- Opportunity cost is an economics term that refers to the value of what you have to give up in order to choose something else.
- As per microeconomics, opportunity cost is zero for free goods such as Air and common goods such as fish / grazing land.
- For public goods such as street light, Police service, judiciary service, defence etc. opportunity cost is involved.
- If police service was not provided then the government could have spent more money on street lights. Similarly, if street lights are not needed then more money can be invested in the police force. Thus, an opportunity cost is involved.

Q.14) The Agriculture Census 2015-16 data shows that

1. The average size of operational holding has declined
2. The percentage share of female operational holders has increased

Choose the correct answer using the codes given below

- a) 1 only
- b) 2 only

IASbaba 60 day plan 2020 – Day 9 Economics

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

Q.14) Solution (c)

Statement 1	Statement 2
Correct	Correct
The average size of operational holding declined to 1.08 hectares (ha) in 2015-16 compared to 1.15 ha in 2010-11, as per the provisional data.	The census also found out that the percentage share of female operational holders has increased from 12.79 per cent in 2010-11 to 13.87 per cent in 2015-16.

- Agriculture census for 2015-16 that showed a 1.53 per cent decline in the total operated area at 157.14 million hectares as compared to 2010-11 data.
- In terms of the operated area, the share of women increased from 10.36 per cent to 11.57 per cent.

Q.15) Which of the following are steps taken by the Government for the eradication of poverty?

1. National Food Security Act
2. Pradhan Mantri Jan Arogya Yojana
3. Mahatma Gandhi National Rural Employment Guarantee Act

Choose the correct answer using the codes given below

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

Q.15) Solution (d)

- All 3 government schemes are indirect methods of poverty alleviation. They tackle the vicious cycle of poverty and thus help in its eradication.



Q.16) The tax system followed by India is

- a) Progressive
- b) Proportional
- c) Regressive
- d) None of the above

Q.16) Solution (a)

- Progressive taxation - A progressive tax is a tax that imposes a lower tax rate on low-income earners compared to those with a higher income. India follows this system.
- Proportional tax - A proportional tax is an income tax system where the same percentage of tax is levied on all taxpayers, regardless of their income.
- Regressive tax - A regressive tax is a tax that takes a greater percentage of income from those who earn less, than from those with a higher income.

Q.17) Consider the following statements regarding India's tax collection

1. The share of Personal Income tax has steadily increased for the last five years
2. The share of Corporate Tax is higher than the share of Goods and Services Tax for the years 2019-20

Choose the correct answer using the codes given below

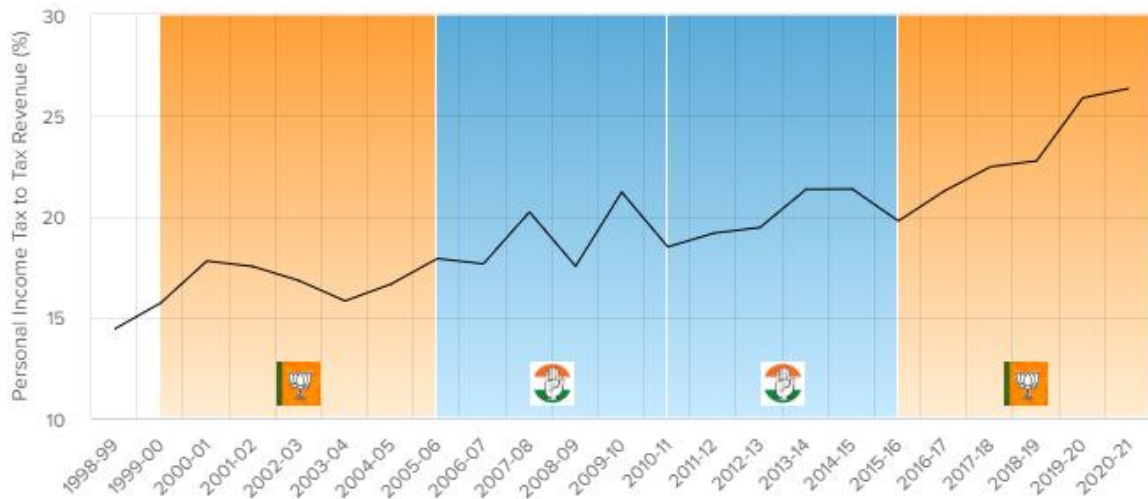
- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

IASbaba 60 day plan 2020 – Day 9 Economics

Q.17) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
The share of Personal Income tax has steadily increased for the last five years	The share of GST is higher than the share of Corporate Tax for the year 2019-20

Share of personal income tax -



- Share of GST has surpassed the share of Corporation tax. As per 1st revised estimate, total Corporate tax collection is 610,500 crores while total GST collection is 612,327 crores.

Q.18) Consider the following statements regarding Economic Growth and Development

1. Growth is quantitative while development is qualitative
2. Economic growth is necessary for development

Choose the correct answer using the codes given below

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

Q.18) Solution (c)

IASbaba 60 day plan 2020 – Day 9 Economics

Statement 1	Statement 2
Correct	Correct
Growth is a quantitative factor. It can be either positive or negative. Development is a qualitative factor and is always value positive.	While mere growth does not guarantee development, growth is necessary for development i.e Economic growth is necessary, but an insufficient condition for development.

Q.19) Consider the following statements

1. While Real GDP calculation takes inflation in to account, Nominal GDP does not
2. Nominal GDP is often higher than real GDP
3. GDP in India is calculated by the Central Statistics Office

Which of the above statements is/are correct?

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

Q.19) Solution (c)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Real gross domestic product (GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices, and is often referred to as "constant-price," "inflation-corrected" GDP, or "constant dollar GDP." Unlike nominal GDP, real GDP accounts for changes in price levels and provides a more accurate figure of economic growth.	Nominal GDP is a macroeconomic assessment of the value of goods and services using current prices in its measure. While nominal GDP by definition reflects inflation, real GDP uses a GDP deflator to adjust for inflation, thus reflecting only changes in real output. Since inflation is generally a positive number, a country's nominal GDP is generally higher than its real GDP.	GDP in India is calculated by the Central Statistics Office It is published on a quarterly basis and comes with 60 days lag

IASbaba 60 day plan 2020 – Day 9 Economics

--	--	--

Q.20) Consider the following statements regarding PM Shram Yogi Maan-dhan scheme

1. It is launched by the Ministry of Labour and Employment
2. Any worker in the unorganized sector can enrol in the scheme

Choose the correct answer using the codes given below

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

Q.20) Solution (a)

Statement 1	Statement 2
Correct	Correct
PM Shram Yogi Maandhan scheme has been launched by the Ministry of Labour and Employment.	Not all workers in the organized sector can enroll. There are certain eligibility criteria.

- It assures monthly pension of Rs 3,000 for workers in the unorganized sector.
- Eligibility –
 - Income less than 15,000 per month.
 - Shouldn't be covered under NPS, EPFO or ESIC.
 - Age should be between 18-40 years.
- It is a voluntary and contributory scheme.

Q.21) With reference to Mekong - Ganga Cooperation, consider the following statements:

1. It is an initiative by India and four ASEAN Countries.
2. Initiative aims at achieving cooperation between members in tourism, culture, education, as well as transport and communications.

Which of the statements given above is/are correct?

IASbaba 60 day plan 2020 – Day 9 Economics

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

Q.21) Solution (b)

Statement 1	Statement 2
Incorrect	Correct
The Mekong - Ganga Cooperation (MGC) is an initiative by six countries – India and five ASEAN countries , namely, Cambodia, Lao PDR, Myanmar, Thailand and Vietnam. It was launched in 2000 at Vientiane, Lao PDR. 10th Ministerial Meeting was recently held in Bangkok, Thailand	Both the Ganga and the Mekong are civilizational rivers, and the MGC initiative aims to facilitate closer contacts among the people inhabiting these two major river basins. The MGC is also indicative of the cultural and commercial linkages among the member countries of the MGC down the centuries. Cooperation areas include tourism, culture, education, as well as transport and communications.

Q.22) The largest tribe among 75 Particularly Vulnerable Tribal Groups (PVTGs) of India is

- a) Saharia
- b) Baiga
- c) Jenu Kuruba
- d) Irular

Q.22) Solution (a)

- In 1973, the Dhebar Commission created Primitive Tribal Groups (PTGs) as a separate category, who are less developed among the tribal groups. In 2006, the Government of India renamed the PTGs as PVTGs.
- Among the 75 listed PVTG's the highest number are found in Odisha (13), followed by Andhra Pradesh (12).
- **The Saharia people of Madhya Pradesh and Rajasthan are the largest among the Particularly Vulnerable Tribal Groups (PVTGs) with population more than 4 lakhs.**
- Saharias are mainly found in many districts of Madhya Pradesh and Baran district of Rajasthan

IASbaba 60 day plan 2020 – Day 9 Economics

- Their habitats are located in the forest area, barren and stony land and they are still a primitive society.

Q.23) India's first National Time Release Study (TRS) is conducted by

- a) Ministry of Science and Technology
- b) The Ministry of Communication and Information Technology
- c) Ministry of Home Affairs
- d) Ministry of Finance

Q.23) Solution (d)

- **India's first National Time Release Study (TRS) is conducted by the Ministry of Finance** as part of its strategic commitment to improve global trade.
- TRS is an internationally recognized tool advocated by World Customs Organization **to measure the efficiency and effectiveness of international trade flows.**
- The aim is to identify and address bottlenecks in the trade flow process and take the corresponding policy and operational measures.
- This initiative will help India maintain the upward trajectory on Ease of Doing Business, particularly on the Trading across borders indicator.
- This exercise will be conducted every year across 15 ports including sea, air, land and dry ports.

Q.24) Consider the following pairs:

River	City
1. Tawi	Srinagar
2. Musi	Hyderabad
3. Narmada	Surat

Which of the pairs given above are correctly matched?

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

Q.24) Solution (b)

- Some of the rivers flowing through cities include
 - Srinagar – Jhelum
 - **Jammu – Tawi**
 - **Hyderabad – Musi**
 - **Surat - Tapi**

Q.25) In which of the following state Laokhowa Wildlife Sanctuary is located?

- a) Odisha
- b) West Bengal
- c) Assam
- d) Chhattisgarh

Q.25) Solution (c)

- **Laokhowa Wildlife Sanctuary** is protected area located in the state of Assam in India on the south bank of the Brahmaputra River in Nagaon district.
- It is situated 40 km downstream of the Kaziranga National Park and 30 km northwest of the Orang National Park on the other side of the river Brahmaputra.
- It is a part of the Laokhowa-Burachapori eco-system. The sanctuary is an ideal habitat for Indian rhinoceros and Asiatic water buffaloes.

Q.26) Often seen in the news 'Special Data Dissemination Standard' was established by

- a) International Monetary Fund (IMF)
- b) UN Framework Convention on Climate Change (UNFCCC)
- c) United Nations Commission on Human Rights (UNCHR)
- d) Bank for International Settlements (BIS)

Q.26) Solution (a)

IASbaba 60 day plan 2020 – Day 9 Economics

- **Special Data Dissemination Standard (SDDS)** is an **International Monetary Fund standard** to guide member countries in the dissemination of national statistics to the public. It was established in April 1996.
- Objective: To guide members to enhance data transparency and help financial market participants with adequate information to assess the economic situations of countries.
- There are over 20 data categories which IMF considers for this report to capture a nation's economic health including national accounts (GDP, GNI), production indices, employment, and central government operations.
- India voluntarily subscribed to the SDDS in December 27, 1996.

Q.27) With reference to Price Stabilisation Fund, consider the following statements:

1. It is constituted for the purpose of containing extreme volatility in prices of all essential agriculture commodities.
2. It is maintained as a Central Corpus Fund by Small Farmers Agribusiness Consortium (SFAC).

Which of the statements given above is/are *incorrect*?

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

Q.27) Solution (a)

Statement 1	Statement 2
Incorrect	Correct
The Price Stabilisation Fund is constituted for the purpose of containing extreme volatility in prices of selected commodities. Set up in 2014-15 under the Department of Agriculture, Cooperation & Farmers Welfare. However, Price Stabilisation Fund Scheme was transferred to the Department of Consumer Affairs	PSF will be maintained as a Central Corpus Fund by Small Farmers Agribusiness Consortium (SFAC), which will act as Fund manager. SFAC is a society promoted by the Ministry of Agriculture for linking agriculture to private businesses and investments and technology. The fund is utilized for Maintaining Strategic buffer by procuring directly from farmers or by import of goods and for granting interest free advance of working capital to Central/State

IASbaba 60 day plan 2020 – Day 9 Economics

from April, 2016.

agencies to undertake market intervention operations.

Q.28) Consider the following statements about National Essential Diagnostic List (NEDL):

1. India has become the first country in the world to compile such list.
2. National Pharmaceutical Pricing Authority (NPPA) has finalized the NEDL.
3. NEDL has been developed for all levels of health care.

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.28) Solution (c)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Correct
India has become the first country in the world to compile such a list that would provide guidance to the government for deciding the kind of diagnostic tests that different healthcare facilities in villages and remote areas require.	Indian Council of Medical Research (ICMR) has finalised the first National Essential Diagnostics List (NEDL).	NEDL has been developed for all levels of health care – village level, primary, secondary & tertiary care.

Q.29) Which of the following countries form the Lithium Triangle?

1. Chile
2. Bolivia
3. Brazil
4. Argentina
5. Peru

Select the correct answer using the code given below:

IASbaba 60 day plan 2020 – Day 9 Economics

- a) 2, 4 and 5
- b) 1, 2 and 4
- c) 2, 3 and 4
- d) 1, 3 and 5

Q.29) Solution (b)

- The **Lithium Triangle** is a region of the Andes rich in lithium reserves around the borders of **Argentina, Bolivia and Chile**.
- The lithium in the triangle is concentrated in various salt pans that exist along the Atacama Desert and neighboring arid areas.
- The area is thought to hold around 54% of the world's lithium reserves.
- India has signed a Memorandum of Understanding (MoU) with Bolivia, which provides it with access to the lithium reserves of the country. Bolivia, estimated to hold over 60 percent of the world's reserves of lithium.

Q.30) The term 'Menhir', sometimes seen in news in the context of

- a) An pathogen found in international space station
- b) Largest global human chain formed to raise awareness on air pollution
- c) A tall upright stone of a kind erected in prehistoric times
- d) A new drug discovered for cancer treatment

Q.30) Solution (c)

- The sighting of new menhirs, perhaps the largest-ever recorded in Kerala, on the Pothamala hills in the Kerala-Tamil Nadu border, has thrown light on the possible existence of a major prehistoric necropolis (designed cemetery) there.
- **Menhir is a tall upright stone of a kind erected in prehistoric times** in western Europe.
- Menhirs are prehistoric stones commonly found near the ancient burial sites or chambers.
- Menhirs can be found solely as monoliths, or as part of a group of similar stones.

