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Prep Series : Part-7

50 QUESTIONS

ECONOMY

by



KEYNOTE IAS
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- The pairs given below mentions different types of deficits and their estimates as provided in the Union Budget 2015-16. Which of the pair(s) is/are correctly matched
 - Revenue Deficit : 2.8 percent of GDP
 - Effective Revenue Deficit : 2.0 percent of GDP
 - Fiscal Deficit : 4.9 percent of GDP
 - Primary Deficit : 0.7 percent of GDPSelect the correct answer from the codes given below
 - Only 1
 - 1 and 2
 - 1, 2 and 4
 - 2, 3 and 4
- Pratyaksh Hanstantrit Labh (PaHaL) scheme of the government of India is related to which of the following field
 - Banking
 - Insurance
 - Subsidy
 - pension
- Consider the following statements regarding the Rail Budget 2015-16
 - In 2014-15, there was a net increase in Gross Traffic Receipts by 917 crore rupees compared to the Budgeted Estimate (BE) of 160165 crore rupees
 - In the budget the Rail Minister announced the launch of operation Five Minutes to ensure Speedy Purchase of Tickets for Unreserved Class Passengers.Which of the statements given above is/are correct. Select the correct answer from the codes given below
 - Only A
 - Only B
 - Both A and B
 - Neither A nor B
- Consider the following statements regarding the Insurance Laws (Amendment) Bill 2015
 - The Insurance Laws (Amendment) Bill, provides for raising the foreign investment cap from 26 per cent to 49 per cent, and allows entry of foreign re-insurers (companies that insure insurance companies)
 - To strengthen redressal of policyholders' complaints, the Bill proposes an independent grievance redressal authority, with powers similar to a civil court. The authority will be composed of judicial and technical members.Which of the statements given above is/are correct. Select the correct answer from the codes given below :
 - Only A
 - Only B
 - Both A and B
 - Neither A nor B
- Consider the following statements regarding the analysis presented by the Economic Survey 2014-15
 - Using the new estimate for 2014-15 as the base, GDP growth at constant market prices is expected to accelerate to between 8.1 and 8.5 percent in 2015-16.
 - Inflation declined by over 6 percentage points since late 2013 which is likely to remain in the 5-5.5 percent range in 2015-16, creating space for easing of monetary conditions.
 - The current account deficit declined from a peak of 6.7 percent of GDP in Quarter 3 of 2012-13 to an estimated 3.0 percent in the fiscal year 2015-16.

Which of the statements given above is/are correct. Select the answer from the codes given below

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

6. Consider the following statements regarding the scheme of priority sector lending

1. Priority Sector Lending is an important role given by the Reserve Bank of India (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture or small scale industries.
2. The local banks, both the public and private sectors have to lend 40% of their net bank credit, or NBC, to the priority sector as defined by RBI, foreign banks have to lend 30% of their NBC to the priority sector.
3. The Reserve Bank of India (RBI) recently added three new sectors i.e. sanitation, health care and drinking water facilities and renewable energy under the priority sector ambit.

Which of the statements given above is/are correct. Select the answer from the codes given below

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

7. The Centre and the Reserve Bank of India have recently signed an agreement under which the central bank will prioritise controlling price rise above the other objectives of the monetary policy — interest rates and the foreign exchange rate. Which of the following statements regarding the agreement is/are correct

- A. Under the agreement the Reserve Bank is committed to bringing inflation below 4% by January 2016.
- B. The central bank will be deemed to have missed its target if consumer inflation remains above the 6% level for three consecutive quarters during 2015-16.

Which of the statements given above is/are correct. Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

8. The 2015 Union Budget presented by the Finance Minister saw the introduction of new schemes across multiple sectors. In this regard consider the following statements

1. The Finance Minister has proposed to create a Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of Rs. 20,000 crore, and credit guarantee corpus of Rs. 3,000 crore.

2. Reinforcing the government's commitment to farmers, Union Finance Minister has flagged the Pradhan Mantri Gram Sinchai Yojna and Paramparagat Krishi Vikas Yojna as the two most important programmes in the farm sector to enhance credit facility for the farmers.

3. It is proposed that NBFCs registered with RBI and having asset size of Rs.500 crore and above will be considered for notifications as 'financial institution' in terms of the SARFAESI Act, 2002.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only 1 b. 1 and 2
c. 2 and 3 d. 1 and 3

9. Consider the following statements regarding the National Investment and Infrastructure Fund (NIIF)

- A. NIIF, proposed to be set up as a Trust, would raise debt to invest in the equity of infrastructure finance companies
- B. Finance minister Arun Jaitley proposed the setting up of the fund with an initial corpus of Rs.20,000 crore which can be leveraged by infrastructure companies.

Which of the statements given above is/are correct. Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

10. Consider the following statements regarding the recommendations in the report submitted by the 14th Finance Commission to the President in December 2014, specifying a new set of formulae for distribution of tax revenues and grants between states and the Centre.

1. The commission recommended increase in the share of states in the centre's tax revenue from the current 32% to 42%—the single largest increase ever recommended.
2. The commission has recommended distribution of grants to States for local bodies using 2011 population data with weight of 90 per cent and area with weight of 10 per cent
3. The Commission recommended a change in the sharing pattern of various Centrally-sponsored schemes, with Centre sharing a greater fiscal responsibility for the implementation of such schemes.
4. The commission recommended that while considering the principles governing grants-in-aid to the States by the Centre, more focus should be given on Planned Expenditures to be incurred by the states

Which of the statements given above are correct. Select the correct answer from the codes given below

- a. 1 and 2 b. 3 and 4
c. 1, 3 and 4 d. 2, 3 and 4

11. The Negotiable Instruments (Amendment) Bill, 2015 that was introduced in the Lok Sabha on May 6, 2015 seeks to amend which of the following provisions of the Negotiable Instruments Act, 1881.

- A. The territorial jurisdiction of the courts where the cases of bouncing of cheques can be filed
B. The punishment or fine to be imposed in the cases of bouncing of cheques

Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

12. Consider the following statements

- A. The fiscal deficit is the difference between the government's total expenditure and its total receipts.
B. Current Account is the sum of the balance of trade, net factor income and net transfer payments.

Which of the statements given above is/are correct. Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

13. Consider the following variables of Money supply

- A. Demand deposit B. Time deposits

Which of the above mentioned variables are taken into consideration for measuring M3 (Broad Money). Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

14. Which of the following criteria makes CPSE eligible to be considered for grant of Maharatna status

1. Average annual turnover of more than Rs. 25,000 crore, during the last 3 years.
2. Average annual net worth of more than Rs. 15,000 crore, during the last 3 years.
3. Average annual net profit after tax of more than Rs. 5,000 crore, during the last 3 years.

Select the answer from the codes given below

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

15. Consider the following pairs and identify which of them are correctly matched

- A. DEFLATION** : Fall in the prices but without causing unemployment

B. DISINFLATION : Fall in the prices and fall in employment

Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

16. Consider the following pairs and identify which of them are correctly matched

A. Devaluation : Fixed Exchange Rate System

B. Depreciation : Floating Exchange Rate System

Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

17. Consider the following regarding The World Happiness Report

A. The World Happiness Report is a measure of happiness published by the United Nations Human Development Programme.

B. The first World Happiness Report was released on April 1, 2012

Which of the statements given above is/are correct. Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

18. Consider the following regarding the evolution of the concept of planning

A. It was the U.S.A which started the first regional planning after the Tennessee Valley Authority (TVA) was set up in 1916

B. The credit of proposing the first blueprint of Indian Planning is given to the popular Moderate Leader and the freedom fighter Dada Bhai Nair in his book "Poverty and Un-British Rule in India"

Which of the statements given above is/are correct. Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

19. Consider the following pairs and identify which of them are correctly matched

A. Bombay Plan: 1954-55

B. Gandhian Plan: 1964

Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

20. Consider the following statements regarding National Institution for Transforming India Aayog (NITI Aayog)

A. Aayog will consist of a Governing Council consisting of Experts, specialists and practitioners with relevant domain knowledge as special invitees nominated by the Prime Minister

B. Aayog will consist of a Regional Councils comprising the Chief Ministers of all the States and union territories with legislature and lieutenant governors of other Union Territories

Select the correct answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

21. The Twelfth Plan (2012-17) has set twenty five monitorable targets in seven broad areas reflecting its vision of Rapid, Sustainable and More inclusive growth. In this context which of the following estimates is/are correct

1. Real GDP growth rate of 8 per cent
2. Agriculture growth rate of 4.0 percent
3. Manufacturing growth rate of 10.0 per cent

Select the answer from the codes given below

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

22. Consider the following statements regarding the Double Tax Avoidance Agreements (DTAA)

- A. It is essentially bilateral agreements entered into between two countries to promote and foster economic trade and investment
- B. The Provisions of Double Tax Avoidance Agreements override the general provisions of taxing statute of a particular country.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

23. Consider the following statements regarding Asian Infrastructure Investment Bank (AIIB)

- A. The Bank has been designed to finance infrastructure projects including energy, transport and infrastructure projects in the ASEAN nations.
- B. China is highest contributor to AIIB with a 30.34 percent stake in authorized capital.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

24. Who among the following has been designated as the world's biggest employer in the research published by the World Economic Forum (WEF) in 2015

- a. Indian Railways
b. Indian Army
c. People's Liberation Army (PLA)
d. US department of Defense

25. Consider the following statements regarding the May Day, also known as Labour Day, that is celebrated on 1st May of every year.

1. It corresponds to the International Workers' Day that is celebrated in many countries around the world proclaiming the international labour movement.
2. The history of May/Labour Day goes back to 1886 in Chicago, USA, when a gathering of people during a general strike for the eight-hour workday became violent.
3. In India, the first Labour Day, or May Day, was celebrated in 1923 in Chennai.

Which of the statements given above are correct. Select the answer from the codes given below

- a. 1 and 2 b. 1 and 3
c. 2 and 3 d. All the three

26. Consider the following statements regarding the baseline profitability index (BPI) 2015

- A. India has emerged as top investment destination in BPI 2015 compared to previous 6th position held in the 2014 index.
- B. India was able to top in this edition of BPI because of high growth forecasts, perceptions of corruption down and investor friendly policies of Union Government

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

27. Which of the following rightly outline the objective of the recent RBI's decision to withdraw pre-2005 notes from circulation

- A. Remove fake currency notes in circulation
B. To flush out black money

Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

28. Consider the following statements regarding United Nations Conference on Trade and Development's (UNCTAD's) World Investment Report 2015.

- A. India has topped in the regional inflow of Foreign Direct



Investment (FDI) in South Asia region during year 2014, accounting for 34 billion US dollars investments.

- B. India was also the world's largest recipient of FDI with 129 billion dollars investments and has topped US (92 billion dollars).

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

27. Consider the following statements

- A. The Reserve Bank of India (RBI) on 30 January 2015 constituted a High Powered Committee to re-examine and recommend appropriate set of terms for the Urban Cooperative Banking (UCB) Sector.
B. The eight-member committee will be chaired Dr. ML Abhyankar, President, National Federation of Urban Co-operative Banks (NAFCUB).

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

28. Consider the following statements regarding the Draft Guidelines on Net Stable Funding Ratio (NSFR) released on 28 May 2015 by The Reserve Bank of India

- A. The Reserve Bank proposed to make NSFR applicable to all banks in India from 1 January 2020.
B. Net Stable Funding Ratio (NSFR) is defined as the amount of available stable funding relative to the amount of required stable funding.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

29. Consider the following statements regarding the provisional estimates (PE) of national income for the financial year (FY) 2014-15 both at constant (2011-12) and current prices released by the Central Statistics Office (CSO) on 29 May 2015

- A. As per the estimates, the Gross Domestic Product (GDP) at constant prices in the FY 2014-15 will grow at 10.3 percent while at current prices it is expected to grow at 12.5 percent.
B. In terms of GDP, the rates of Gross Fixed Capital Formation (GFCF) at current and constant prices during 2014-15 are estimated at 28.7 percent and 30.0 percent, respectively, as against the corresponding rates of 29.7 percent and 30.7 percent, respectively in 2013-14.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

30. Consider the following statements regarding the multi-billion dollar China-Pakistan Economic Corridor project

- A. It is a project to connect Kashgar in China's Xinjiang with Pakistan's Gwadar Port in Balochistan province
B. The corridor is expected to help China to carry on its large scale trade with the central Asian Region.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B

31. Which of the following statements correctly defines the term Greenfield investment?

- a. A form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities.
b. A form of foreign direct investment where a company purchases or leases existing production facilities to launch a new production activity.
c. A form of foreign direct investment where a non resident citizen of a country starts a new venture in his home country by constructing new operational facilities.
d. A form of foreign investment where a non resident citizen of a country purchase the shares of a venture in his home country.

A form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities is called Greenfield Investment. A form of foreign direct investment where a company purchases or leases an existing production facility to launch a new production activity is called Brownfield Investment.

32. Consider the following statements regarding the Bharat Bill payment System proposed by RBI

- A. Bharat Bill payment System is a proposed centralized bill payments infrastructure which will enable customers to pay a variety of bills anytime anywhere.
B. The National Payments Corporation of India (NPCI) has been designated as the authorized Bharat Bill Payment Central Unit.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A b. Only B
c. Both A and B d. Neither A nor B



IAS 2015-16

GEOGRAPHY

(OPTIONAL)

with

Shamim Anwer

**6th
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11am**

33. Consider the following statements in context with the Free Market Economy

1. The role of market forces and competition is eliminated by law
2. There is a high degree of competition in both commodity and factor markets
3. Private gains are the main motivating and guiding force for carrying out economic activities

Which of the statements given above are correct. Select the answer from the codes given below

- a. 1 and 2
- b. 1 and 3
- c. 2 and 3
- d. All the three

34. With reference to Budget 2015-16, Consider the following statements

- A. Annual Financial Statement (AFS) shows estimated receipts and expenditure of the Government of India for 2015-16 in relation to estimates for 2014-15 as also expenditure for the year 2013-14.
- B. Moneys held by Government in Trust as in the case of Provident Funds, Small Savings collections, income of Government set apart for expenditure on specific objects like road development, primary education, Reserve/Special Funds etc. are kept in the Public Account.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A
- b. Only B
- c. Both A and B
- d. Neither A nor B

35. Consider the following statements

- A. Budget is prepared by Economic Division of Department of Revenue, Ministry of Finance.

B. Individual Departments/Ministries also prepare and present to Parliament their Detailed Demands for Grants, Outcome Budget and their Annual Reports.

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A
- b. Only B
- c. Both A and B
- d. Neither A nor B

36. Consider the following economic conditions

1. Low aggregate demand
2. Comparatively lower inflation
3. Increasing unemployment rate

Which of the above mentioned economic conditions are the characteristic feature/features of Depression. Select the answer from the codes given below

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

37. The Reserve Bank of India (RBI) recently announced inflation indexed bonds, a financial instrument which can act as a hedge against inflation. These bonds are linked with which of the following Index

- a. Wholesale Price Index
- b. Consumer Price Index (Rural)
- c. Index of Industrial Production
- d. Consumer Price Index (Urban)

38. Consider the following statements regarding Inflation

1. Inflation occurs due to an imbalance between demand and supply of money
2. Inflation occurs due to changes in production and distribution cost
3. Inflation occurs due to increase in taxes on products.

MAINS RESCUE BATCH : 6th SEP., 5:00PM

Which of the above reasons for inflation is/are correct. Select the answer from the codes given below

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

39. The government has set up a committee to devise an allnew barometer called the Producer Price Index as it is readying to consign the Wholesale Price Index to history, months after Reserve Bank of India started giving more importance to the upgraded Consumer Price Index as a gauge of inflation. In this regard consider the following statements for differences between Producer Price Index and Wholesale Price Index

- A. PPI will track average change over time in selling prices received by domestic producers for their output for both goods and services while WPI tracks transaction only at the wholesale level for goods.
- B. Unlike Wholesale Price Index, which lacks the tax component, the Producer Price Index, includes the tax component so as to bring India's inflation gauge on a par with international standards

Which of the statements given above is/are correct. Select the answer from the codes given below

- a. Only A
- b. Only B
- c. Both A and B
- d. Neither A Nor B

40. The difference between the market prices and basic price can be known by using which of the following variables

- A. Production Taxes and Production Subsidy
- B. Product Taxes and Product Subsidy

Select the answer from the codes given below

- a. Only A
- b. Only B
- c. Both A and B
- d. Neither A Nor B

41. Consider the following pairs and identify the correct one

- 1. NNP at market price: GNP at market price - depreciation
- 2. GDP at market price: GNP at market price - net income from abroad
- 3. GNP at factor cost: GNP at market price - net indirect taxes
- 4. NDP at market price: NNP at market price - net income from abroad

Select the answer from the codes given below

- a. 1, 3 and 4 only
- b. 1, 2 and 3 only
- c. 2, 3 and 4 only
- d. All the four

42. Gross domestic product (GDP): GDP is the money value of all final goods and services produced in the domestic territory of a

country in an accounting year. Domestic territory includes which of the following

- 1. Ships and aircraft operated by the residents of the country between two or more countries
- 2. Embassies, consulates and military establishments of the country located abroad.
- 3. Companies/Industries established and managed by the NRIs in their country of residence for which the Indian government or any Indian citizen is holding the share

Select the answer from the codes given below

- a. 1 and 2
- b. 2 and 3
- c. 1 and 3
- d. 1, 2 and 3

43. Which of the following is not a feature of "capitalist economy"

- a. Ownership of means of production is with the private
- b. A great part of the production is used for private consumption
- c. Labour services are purchased and sold at a price
- d. Production takes place for selling the output in the market

44. Consider the following statements in context of the definition of purchasing power parity (PPP)

- A. A nation's GDP at purchasing power parity (PPP) exchange rates is the sum value of all goods and services produced in the country valued at prices determined by the World Bank.
- B. A nation's GDP at purchasing power parity (PPP) exchange rates is the sum value of all goods and services produced in the country valued at prices determined by IMF.

Select the answer from the codes given below

- a. Only A
- b. Only B
- c. Both A and B
- d. Neither A Nor B

45. The government in February 2015 announced to notify 31 major minerals with the objective to devolve more power to the states and, consequently, expedite the process of mineral development in the country. Which of the following mineral is not included in the list

- a. Corundum
- b. Diaspore
- c. Dolomite
- d. Limestone

46. Which of the following correctly describes the term casualization of workforce

- a. The transformation of a workforce from one employed chiefly on permanent contracts to one engaged on a short-term temporary basis
- b. The transformation of a workforce from one employed chiefly in Agriculture to one engaged in Manufacturing

- c. The transformation of a workforce from one employed chiefly in small and cottage industry to one engaged in heavy industry
- d. The transformation of a workforce from one employed as self-employed labour to one engaged as contract labour
47. The Kisan Credit Card (KCC) Scheme which is in operation throughout the country is implemented by which of the following banks
1. Commercial Banks
 2. Cooperative Banks
 3. Regional Rural Banks
- Select the answer from the codes given below
- a. only 1
 - b. 1 and 2
 - c. 2 and 3
 - d. All of the above
48. Consider the following statements regarding National Agricultural Insurance Scheme (NAIS)
1. NAIS with the aim to increase coverage of farmers, crops and risk commitment was introduced in the country from Rabi 1995-1996 replacing the erstwhile Comprehensive Crop Insurance Scheme (CCIS).
 2. The main objective of the scheme is to protect the farmers against the crop losses suffered on account of natural calamities, such as, drought, flood, hailstorm, cyclone, pests and diseases.

3. The scheme is implemented by the Agriculture Insurance Company of India Ltd. (AIC)
- Select the answer from the codes given below
- a. only 1
 - b. 1 and 2
 - c. 2 and 3
 - d. All of the above
49. The Agricultural Produce (Grading & Marketing) Act, that provides for grading and marking of agricultural and other produce was passed in which of the following years
- a. 1934
 - b. 1935
 - c. 1936
 - d. 1937
50. Consider the following statements regarding The International Finance Corporation
- A. The International Finance Corporation (IFC) is an international financial institution that offers investment, advisory, and asset management services to encourage private sector development in developing countries.
 - B. It was established in 1976 as the private sector arm of the World Bank Group to advance economic development by investing in strictly for-profit and commercial projects that purport to reduce poverty and promote development
- Which of the statements given above is/are correct. Select the answer from the codes given below
- a. Only A
 - b. Only B
 - c. Both A and B
 - d. Neither A nor B



G.S.

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