



Competitive Exams Practice questions for Economics Part 1

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Consider the following statements:

1. The income method of GDP calculation considers incomes received by factors of production only
2. The Income method of GDP calculation provides a lower value of GDP than expenditure method for the same year

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2

Answer: A

With reference to national income accounting consider the following statements:

1. Depreciation of a capital good is independent of its cost
2. Depreciation for a capital good does not take into account the destruction of good in accidents

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

Answer: B

With reference to Value added method for national income accounting consider the following students:

1. Gross Value added (GVA) at factor cost does not include any taxes
2. GVA at basic prices excludes production taxes and includes production subsidies available on the commodity

Which of the statement given above is/are correct?

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

Answer: D

Priority sector lending by banks in India consider the lending to which of the following sectors?

1. Renewable Energy
2. Education
3. Housing
4. Social Infrastructure

Select the correct answer using the code given below

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

Answer: D

Consider the following statements:

1. Public goods are non-rival in their consumption but excludable
2. Common resources are non-rival in their consumption and are non-excludable
3. Private goods are rival in their consumption and excludable

Which of the statements given above is/are correct?

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

Answer: C

With reference to assessment of laborer market condition consider the following statements:

1. Labour Force Participation Rate is the ratio of the number of persons in the labour force to the total population
2. Unemployment Rate is the ratio of the number of unemployed persons to the total population

Which of the above statements is/are correct?

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

Answer: A

Which reference to Quantitative Easing which among the following statements is/are correct?

1. It is a monetary policy in which the central bank sells government securities
2. It is adopted to lower the interest rates and increase the money supply
3. It can lead to higher rates of inflation

Select the correct answer using the code given below

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

Answer: C

With reference to Nominal Effective Exchange Rate (NEER), which among the following statements is/are correct?

1. It is the weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies
2. NNER coefficient higher than 1 means than the home country's currency will usually be worth more than an imported currency.
3. In India it is measured by Ministry of Statistics and Programme Implementation

Select the correct answer using the code given below

- (a) 1 only
- (b) 1 and 2 only

(c) 2 and 3 only

(d) 1, 2 and 3

Answer: B

Which among the following World Bank Group organizations was established to promote the growth of the private sector?

(a) International Bank for Reconstruction and Development (IBRD)

(b) International Finance Corporation (IFC)

(c) Multilateral Investment Guarantee Agency (MIGA)

(d) International Centre for Settlement of Investment Disputes (ICSID)

Answer: B

Which one of the following statements regarding India's Strategic Crude Oil Reserve Programme is

Not correct?

(a) The reserves will be developed along the coastal areas

(b) The crude oil storages are kept in underground rock caverns instead of conventional tanks

(c) Domestically produced oil will be the main source of the reserve

(d) It aims to takes advantage of the slump in global crude oil prices

Answer: C

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