

Competitive Exams Practice questions for Economics Part 4

With reference to Stabilization Measures consider the following statements:

1. It aims to maintain steady price levels and growth rate of the economy
2. Tax collection and securities reforms are for achieving it
3. It ensures effective functioning of markets at optimum level

Which of the statements given above is/are correct?

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

Answer: B

According to RBI Banks are required to classify Special Mention Accounts (SMA) for which of the following reasons?

- (a) Categorization for different sectors in Priority Sector Lending
- (b) Capital norms as per Basel III norms.
- (c) Early recognition of stressed assets.
- (d) None of the above

Answer: C

SMA Sub - Basis for classification Categories

SMA O Principal or interest payment not overdue for more than 30 days but account showing signs of incipient stress (Please see Annex)

SMA-1 Principal or interest payment overdue between 31-60 days

Principal or interest payment overdue between 61-90 days

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SMA CATEGORIES AND THEIR CLASSIFICATION

Which of the following ministries are responsible for the implementation of Pradhan Mantri Krishi Sinchayee Yojana?

1. Ministry of Water Resources, River Development and Ganga Rejuvenation.
2. Ministry of Rural Development
3. Ministry of Agriculture
4. Ministry of Chemicals and Fertilizers
5. Ministry of Drinking Water and Sanitation

Select the correct answer using code given below

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

Answer: A

Depreciation of value of a currency due to market forces of demand and may result in which of the following?

1. Increased value of remittances country receives
2. Increase in trade deficit
3. Increase in Exports
4. Rise in inflation

Select the correct answer using the code given below

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

Answer: A

With reference to Balance of Trade (BoT), consider the following statements:

1. India has continued to suffer from an unfavorable BoT since the beginning of planning era without any exception

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2. For a favorable BoT imports were restricted through Licensing of Imports Tariff restrictions and Quantitative restrictions
3. For favorable BoT exports were promoted through devaluation tax concession convertibility of rupee and EXIM Bank

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

Answer: D

Which of the following are the components of the Indian money market?

1. Treasury bills
2. Call Money market
3. Commercial Bills
4. Repo and Reverse repo markets
5. Mutual Funds

Select the correct answer using the code given below

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

Answer: D

Which of the following factors may increase the level of inflation in an economy?

1. Deficit financing
2. Reduction in Indirect taxes
3. Increase in Black money in the economy
4. Defective supply chain

Select the correct answer using the code given below

- (a) 1 and 2 only

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

Answer: C

Addition of which of the following into Net National Product at market prices would convert it into National Disposable Income of a country?

1. Remittances from foreign countries
2. Gifts to residents from foreign citizens
3. Amount received in the form of aid
4. Surplus of merchandise export

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: B

The "Gross" concept of income accounting can be changed to "Net" concept by:

- (a) Adjusting for inflation
- (b) Adjusting for Exchange rate fluctuations
- (c) Adjusting for Bad debts of banks and other financial institutions
- (d) Adjusting for Depreciation

Answer: D

With respect to inflation in India, consider the following statements:

1. Decline in fuel prices leads to sharper reduction in the Wholesale price Index (WPI) as compared to the consumer Price Index (CPI)
2. Increase in food prices leads to sharper increase in the Consumer Price Index (CPI) as compared to Wholesale Price Index (WPI)

Which of the statements given above is/are correct?

- (a) 1 only

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(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

Answer: C