

Competitive Exams Practice questions for Economics Part 5

With reference to Indian economy consider the following:

1. Increase in Bank rate
2. Increase in rates of income tax
3. Decrease in expenditure on healthcare
4. Open Market Operations by the RBI

Which of the above is/are fiscal policy measures?

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

Answer: B

Which computing national income of only normal residents of a country is included In this context, which of the following is an example of normal residents of India?

- (a) Ambassador in India from rest of the world
- (b) Ambassador for India in rest of the world
- (c) A foreigner working in the office of WHO located in India for a period of less than one year
- (d) A foreign technical expert working in India for a period of less than one year

Answer: B

With reference to the Zero Based Budgeting (ZBB) method consider the following statements

1. It begins with the budget from the last period
2. Under this method every activity needs to be justified

Railway has decided to take a zero based budgeting approach to the financials of 2016-17

Which of the statements given above is/are correct?

- (a) 1 and 3 only

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(b) 2 only

(c) 2 and 3 only

(d) 1, 2 and 3

Answer: C

With reference to Gross Domestic Product accounting of a country consider the following statements:

1. The ownership status of goods and services play important role while accounting for GDP
2. An oil company spills oil in Ocean causing the damage in tune of billions This cost of damage is not accented in GDP calculating
3. GDP accounts for the opportunity cost which of the above statements given above is/are not correct?

(a) 1 only

(b) 1 and 3 only

(c) 2 only

(d) 1, 2 and 3

Answer: B

With reference to Quantitative Restrictions consider the following statements:

1. It is a restriction in the form of tariffs imposed on imports
2. It helps in reducing Balance of Payments (BOP) deficit

Which of the statins given above is/are correct?

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

Answer: B

Consider the following statements regarding Import Substitution:

1. It aims to encourage domestic industries gain self-sufficiency in merchandise as well as services
2. Import control and tariffs are methods for import substitution

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3. Defence Indigenization in India is an example of import substitution

Which of the statements given above is/are correct?

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

Answer: D

With reference to models of taxation at different stages of investment, consider the following statements

1. The Exempt (EEE) model is likely to give higher returns on investment on Exempt, Tax (EET) model
2. The EET model incentivizes postponement of consumption
3. EEE status is enjoyed by long term investment vehicles such as Public Provident Fund (PPF)

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: D

With reference to genetic engineering the term germ line refers to:

- (a) a gene resistant to a particular disease
- (b) Sex cells used by organisms to pass on genes from generation to generation
- (c) the targeted genetic modifications made in embryo
- (d) a piece of parasitic genetic material found in a cell

Answer: B

With reference to central Pollution Control Board in India consider the following statements:

1. It was constituted under the Environment (Protection) Act, 1986
2. It is entrusted with the powers and functions under the Air (prevention and Control of Pollution) Act, 1981

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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

Which of the following are the extra territorial military bases of India?

1. Air base in Tajikistan
2. Naval base in Seychelles
3. Army base in Afghanistan

Select the correct answer using the code given below

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

Answer: A