

Competitive Exams Practice questions for Economics Part 6

To finance its deficit government prefers borrowing from public over REI. What can be the best reason for this?

- (a) Rate of interest charred by RBI is higher
- (b) Government has to return the sum to RBI within a fixed period of time
- (c) Public borrowing does not affect the money supply in the market
- (d) It increases the sale of government bonds

Answer: C

The Union Government recently came out with the National Capital Goods policy 2016 aimed at increasing production of capital goods which among the following are considered as capital goods?

1. Dies, molds and press tools
2. Automobiles
3. Food processing equipment
4. Plastic machinery

Select the correct answer using the code given below

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

Answer: C

Which among the following is/are not part of the Personal Income, a subdivision of National Income?

1. Net Interest payments made by households
2. Corporate Tex
3. Direct cash benefits transferred to a household LPG subsidy

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4. Personal Tax Payments

Select the correct answer using the code given below

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

Answer: **B**

Consider the following statements

1. The Net Domestic product can be lesser than or equal to Gross Domestic Product for the same year
2. Gross National Product of an economy is always lesser than its Gross Domestic Product for the same year

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: **D**

With reference to the use of 3D printing consider the following statements:

1. It can be used in the development of arterial human liver tissue
2. It helps in preventing diseases such as Alzheimer's by regenerating brain cells
3. It is being used in genetic modification on a large scale

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 Revenue Deficit consider the following statements:

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1. It includes only those transactions that affect current income and expenditure of government
2. It implies actual loss of revenue
3. As per the FRBM Act, the government is required to reduce the revenue deficit to 3% of the GDP

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: A

Qualified Foreign Investors (QFLs) are allowed to invest in which of the following segments of the capital market?

1. Mutual Funds
2. Equities
3. Corporate Debt

Select the correct answer using the code given below

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

Answer: D

With reference to currency deposit ratio, consider the following statements:

1. It is the ratio of money held by the public in currency to that they hold in bank deposits
2. An increase in the deposit rates decreases the money multiplier effect.

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: C

Which of the following best describes Care Economy?

- (a) It is an economic system in which deliberate attention is paid to good governance policies for the dependent population
- (b) It consists of the work done by women at home taking care of the household chores.
- (c) It is an economic system in which genuine care for people and nature is the top priority
- (d) It refers to the philosophy of making investments in demographic dividend to ensure better economic results in future

Answer: B

Consider the following points of defenses between a share and a debenture:

1. While a share capital is the credit to the company a debenture is an ownership capital
2. While dividend is paid on shares, interest is paid on debentures.

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