

Competitive Exams Practice questions for Economics Part 8

With reference to National Waterways consider the following statements:

1. Though canals are part of National Waterways at present no canal in India is navigable
2. In coastal areas fluctuation in salinity may affect the navigation
3. Inland waterways are more fuel efficient cost effective and environment friendly mode of transport than road or railways

Which of the statements mentioned above is/are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1, 2 and 3
- (d) None

Answer: B

How does Shadow Banking differ from commercial banking?

1. While commercial banks are tightly regulated shadow banking regulation lacks transparency
2. While commercial banks can create money being depository institutions shadow banking cannot create money
3. While liabilities of commercial banks are insured shadow banking liabilities are not insured
4. While commercial banks have access to central bank liquidity in the times of distress, shadow banking does not have such recourse

Select the correct answer using the code given below

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

Answer: D

Which of the statements given below is/are correct regarding "Brar Market"?

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1. It is a market in decline
2. Investors rush to buy stocks instead of selling
3. Unemployment levels may rises

Select the correct answer using the code given below

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

Answer: C

Consider the following pairs

Type of Example

Unemployment

Structural: An unemployed

Unemployment

Worker from

Automobile sector

Because people are

Buying fewer cars

Cyclical: Unemployment due

Unemployment to slowdown in

Economy

Frictional: A person leaving

Unemployment his job to prepare

For civil services

Which of the pairs given above is/are correctly matched?

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

(d) 1, 2 and 3

Answer: D

With reference to tariffs, consider the following statements:

1. The domestic consumers benefit from the imposition of tariffs
2. The domestic demand for the good increases

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

Consider the following factors:

1. Increase in government expenditure
2. Rising population and household consumption
3. Buying and selling of real estate in urban areas
4. Fluctuations in output and supply
5. Increase in administered prices

Which of the above is/are attributed to the demand-pull factors of inflation?

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

Answer: A

With reference to Special Drawing Rights (SDRs) consider the following statements:

1. The SDR is an international reserve currency created by the IMF to supplement foreign exchange reserves of its member countries.
2. A member country cannot hold SDRs above the allocations made in proportion to its quota in the IMF

Which of the statements given above is/are correct?

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

Answer: D

High powered money is:

- (a) That money which is issued by the authority of the government
- (b) That money, whose money value exceeds commodity value of money
- (c) notes and coins held by the people as well as cash reserves of the commercial banks
- (d) that money which is accepted as a medium of exchange because of the trust between the payer and the payee

Answer: C

Consider the following statements:

1. Nominal Gross Domestic Product (GDP) reflects the changes in both prices and quantities of the goods and services produced in an economy
2. Real GDP reflects only the changes in the quantities of the goods and services produced in an economy
3. GDP deflator reflects only the changes in prices of the goods and services produced in an economy

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

GDP is defined as the output of economic activities carried out within the economic boundaries of a

Country which of the following constitutes the economic territory of a country with respect to GDP calculation?

1. Fishing vessels oil and natural gas rigs operated by the residents of a country in the international waters

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2. Embassies consulates and military establishment of the country located abroad

Ships and aircraft owned by residents of the country operating between two different countries

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: D