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# COMPONENT WISE COMPREHENSIVE PRACTICE PAPER

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## ECONOMY

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*Time Allowed : Two Hours*

*Maximum. Marks: 200*

### INSTRUCTIONS

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET **DOES NOT** HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS, ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
2. ENCODE CLEARLY THE TEST BOOKLET SERIES **A, B, C** OR **D** AS THE CASE MAY BE IN THE APPROPRIATE PLACE IN THE ANSWER SHEET.
3. You have to enter your Roll Number on the Test Booklet in the Box provide alongside.

**DO NOT** write *anything else* on the Test Booklet.

4. This Test Booklet contains **100** items (questions). Each item comprises four responses (answer). You will select the response which you want to mark on the Answer Sheet. In case you feel that there is more than one correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each item.
5. You have to mark all your response **ONLY** on the separate Answer Sheet provided. See directions in the Answer Sheet.
6. All items carry equal marks.
7. After You have completed filling in all your response on the Answer Sheet and the examination has concluded, you should hand over to the Invigilator **only the Answer Sheet**. You are permitted to take away with you the Test Booklet.
8. Sheet for rough work are appended in the Test Booklet at the end.

### 9. Penalty for Wrong answers:

THERE WILL BE PENALTY FOR WRONG ANSWERS MARKED BY A CANDIDATE IN THE OBJECTIVE TYPE QUESTION PAPERS.

- (i) There are four alternatives for the answer to every question. For each question for which a wrong answer has been given by the candidate, one-third of the marks assigned to that question will be deducted as penalty.
  - (ii) If a candidate gives more than one answer, it will be treated as wrong answer even if one of the given answers happens to be correct and there will be same penalty as above to that question.
  - (iii) If a question is left blank. i.e, no answer is given by the candidate, there will be no penalty for the question.
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- 1) The Competition Commission of India (CCI) works with the objective of eliminating practices having an adverse effect on competition.
- 2) The Competition Commission of India (CCI) falls under the jurisdiction of the Ministry of Corporate Affairs
- Which of the above statement(s) is/are correct?
- a) 1 only                      b) 2 only  
c) Both 1 and 2              d) Neither 1 nor 2
12. Angus Deaton won the Nobel Prize for Economics for his work on
- a) Competitive markets  
b) Consumption, poverty and welfare  
c) Regulatory mechanisms  
d) Taxation and Development finance
13. Consider the following statements:
- 1) Approximately 60 percent of India's GDP is accounted for by urban areas.  
2) As per the 2011 Census, proportion of urban population in India is 31.2%.  
3) Of the total urban population in India, slum dwellers constitute less than 10%
- Which of the above statement(s) is/are correct?
- a) 2 only                      b) 1, 2 and 3  
c) 1 and 2                      d) None of the above
14. Algaculture is a form of aquaculture involving the farming of species of algae. The potential benefits of algal biomass are:
- 1) It can be used as fertilizer.  
2) It can be used for power generation.  
3) It can be used for production of biodegradable plastics.  
4) It is useful for food processing.  
5) It can help in controlling air and water pollution.  
6) It can be used in cosmetics and pharmaceutical industries.  
7) It can be used to produce biodiesel.
- Which of the above statements are correct?
- a) All except 4 and 5  
b) All except 1 and 5  
c) All except 7
- d) All of the above
15. Trade Facilitation Agreement is basically aimed at
- 1) Simplification of customs procedures  
2) Use of electronic payments  
3) Risk management techniques  
4) Faster clearances at ports
- Choose the correct answer from the codes given below:
- a) 1 and 4                      b) 1, 2 and 3  
c) 1, 3 and 4                      d) 1, 2, 3 and 4
16. Which initiative has recently been launched by NITI Aayog with the partnership of the United Nations and MyGov?
- a) Leadership for India  
b) Women Transforming India  
c) Girls Education  
d) Transforming Agriculture
17. Consider the following statements:
- 1) Maximum share of the plan outlay goes to Transport sector according to the 2015-16 budget.  
2) Maximum share of the non-plan expenditure goes to subsidies according to the 2015-16 budget.
- Which of the above statements is/are correct?
- a) 1 only                      b) 2 only  
c) Both 1 nor 2                      d) Neither 1 nor 2
18. Consider the following Statements regarding Non-Banking Finance Institutions (NBFCs):
- 1) NBFCs can engage in Micro-Finance activities.  
2) Housing-finance companies form a distinct sub-group of the NBFCs.  
3) The deposit insurance facility of the Deposit Insurance and Credit Guarantee Corporation is not available for NBFC depositors.
- Which of the above statements is/are incorrect?
- a) 1 only  
b) 1 and 3  
c) 1, 2 and 3  
d) None of the above

19. Which among the following are the wholly/partly owned subsidiaries of the RBI?
- 1) Deposit Insurance and Credit Guarantee Corporation (DICGC)
  - 2) National Housing Bank (NHB)
  - 3) National Bank for Agriculture and Rural Development (NABARD)
  - 4) Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)
- a) 1 and 4                      b) 1, 2 and 4  
c) 2, 3 and 4                d) 1, 2, 3 and 4
20. Which of the following statements are correct with regards sovereign Gold Bonds?
- 1) These bonds are issued by the commercial banks on behalf on the Government of India
  - 2) It would help to reduce the demand for physical gold.
  - 3) It would also help in enhancing financial savings for investment purposes.
- Choose the correct answer using the codes given below:
- a) 1 and 2                      b) 2 and 3  
c) 1 and 3                      d) 1, 2 and 3
21. Consider the following statements:
- 1) Wholesale Price Index (WPI) basket consists of both commodities and services.
  - 2) WPI basket covers larger number of commodities and services than Consumer Price Index (CPI) basket.
- Which of the above statements is/are correct?
- a) 1 only                        b) 2 only  
c) Both 1 and 2              d) Neither 1 nor 2
22. Consider the following statements:
- 1) Share of livestock is roughly four percent in total GVA (at current 2011-12 prices) among agriculture and allied sectors.
  - 2) Agriculture and allied sector has grown at four percent constantly in the last one decade.
- Which of the above statements is/are correct?
- a) 1 only                        b) 2 only  
c) Both 1 nor 2              d) Neither 1 nor 2
23. The central nodal agency for implementing the price support operations for commercial crops is:
- a) National Agricultural Cooperative Marketing Federation of India (NAFED)
  - b) National Bank for Agriculture and Rural Development (NABARD)
  - c) Tribal Cooperative Marketing Development Federation of India Limited (TRIFED)
  - d) Food Corporation of India (FCI)
24. Consider the following statements:
- 1) Yields of rice, wheat and pulses doubled in the last four decades because of green revolution.
  - 2) Yield of cotton has increased more than four times in the last four decades due to Bt cotton.
- Which of the above statements is/are correct?
- a) 1 only                        b) 2 only  
c) Both 1 nor 2              d) Neither 1 nor 2
25. Which of the following are the provisions of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Sarraesi Act) which enables banks to reduce their Non-Performing Assets (NPAs)?
- 1) Enforcement of Security Interest by secured creditor (Banks/ Financial Institutions).
  - 2) Transfer of non- performing assets to asset Reconstruction Company, which will then dispose of those assets and realise the proceeds.
  - 3) To provide a legal framework for securitization of assets.
  - 4) Assisting banks in making the credibility track record of customers under Credit Information Bureau of India (CIBIL).
- a) 1 and 2                      b) 1, 2 and 3  
c) 2, 3 and 4                d) 1, 2, 3 and 4
26. Consider the following statements:
- 1) Core Inflation is essentially demand driven.
  - 2) Core Inflation includes items that face volatile price movement.
- Which of the above statements is/are correct?
- a) 1 only                        b) 2 only  
c) Both 1 and 2              d) Neither 1 nor 2

27. Which of the following is/are correct with regards the National Investment and Infrastructure Fund (NIIIF)?
- 1) It has been approved to extend equity support to infrastructure non-bank financial companies.
  - 2) Tax free infrastructure bonds have been allowed for rail, roads and irrigation programmes
- Choose the correct answer using the codes given below:
- a) 1 only
  - b) 2 only
  - c) Both 1 nor 2
  - d) Neither 1 nor 2
28. Which among the following sectors has largest contribution in Gross Domestic Savings in India?
- a) Public Sector
  - b) Households
  - c) Private Sector Corporates
  - d) Unorganized Sector
29. From which of the following countries, India has got highest share of FDIs in the last financial year?
- a) Mauritius
  - b) Netherlands
  - c) Singapore
  - d) The USA
30. Which of the following statements about India's unorganized sector are true?
- 1) Labour is more in number than that in the organized sector.
  - 2) Job security and work regulation are better in unorganized sector.
  - 3) They are usually not organized into trade unions
  - 4) Workers are usually employed for a limited number of days.
- Select the correct answer from the codes given below:
- a) 1, 2 and 4
  - b) 1, 3 and 4
  - c) 3 and 4
  - d) 1 and 3
31. Which of the following states has shown highest percentage of unemployment ?
- a) West Bengal
  - b) Nagaland
  - c) Jammu and Kashmir
  - d) Assam
32. What percent of FDI is allowed under automatic approval route in the insurance sector?
- a) 26%
  - b) 35%
  - c) 49%
  - d) 51%
33. If an Economy is operating at potential GDP, an increase in money supply will lead to:
- a) Stagflation
  - b) Structural inflation
  - c) Demand-pull inflation
  - d) Cost-push inflation
34. Retail Banking is to provide banking services:
- a) only to individual customers in an integrated manner
  - b) entirely to agriculture sector only
  - c) only to self-help groups for their survival
  - d) None of the above
35. Labour market reforms aim at:
- a) Job security
  - b) Minimum wage
  - c) Labour market flexibility
  - d) Employment insurance
36. Jan Dhan Yojana concerns:
- a) Credit
  - b) Tax payment
  - c) Bank deposit
  - d) Insurance premium
37. Which of the following sets does not represent the features of Indian labour market?
- a) disguised unemployment, lack of skills, lack of mobility.
  - b) disguised unemployment, perfect mobility, lack of skills.
  - c) disguised unemployment, migratory labour, perfect mobility.
  - d) poverty, illiteracy, homogeneity
38. In case of deficit budget, when the deficits are covered through taxes, that budget is called:
- a) unbalanced budget
  - b) surplus budget
  - c) balanced budget
  - d) None of the above
39. In monetarism, money supply determines which of the following?
- 1) Nominal Gross Domestic Product (GDP)
  - 2) Price level
  - 3) The rate of interest
- Choose the correct answer from the codes given below:
- a) 1 and 2
  - b) 3 only
  - c) 2 and 3
  - d) 1, 2 and 3

40. Crowding out will emerge in the Economy, if:
- government spending is on the rise
  - deficit financing is in control
  - both a and b are relevant
  - neither a nor b are relevant
41. Consider the following statements with regards "Make in India" programme:
- It concentrates on 25 industries/sectors.
  - 100 per cent FDI has been allowed in railway infrastructure projects.
- Which of the above statements is/are correct?
- 1 only
  - 2 only
  - Both 1 and 2
  - Neither 1 nor 2
42. Consider the following regarding shadow banking:
- Non Banking Financial Companies facilitating credit spread across the global financial system.
  - These institutions are subject to supervisory control of central bank.
- Which of the above statements is/are correct?
- 1 only
  - 2 only
  - Both 1 and 2
  - Neither 1 nor 2
43. Which committee recommended abolition of tax rebates under Section 88 of the Income Tax Act?
- Chellaiah Committee
  - Kelkar Committee
  - Shome Committee
  - None of the above
44. The agricultural census is done at which one of the following intervals?
- Every year
  - Once in three years
  - Once in five years
  - Once in ten years
45. A tax is said to be buoyant if tax revenue is proportionally:
- More responsive to changes in output
  - Less responsive to changes in output
  - Equally responsive to changes in tax base
  - Less responsive to changes in tax base
46. Who was the Chairman of the high powered committee for measurement of poverty in 2013?
- Suresh Tendulkar
  - C. Rangarajan
  - D.T. Lakadawala
  - Y.K. Alagh
47. If there is a balance of payments deficit, then, in a floating exchange rate system:
- the external value of the currency would tend to fall.
  - the external value of the currency would tend to rise.
  - the injections from trade are greater than the withdrawals.
  - aggregate demand is increases.
48. Which one of the following attributes is not a measure of Human Development?
- Literacy
  - Life expectancy
  - Per capita income
  - Consumer expenditure
49. Factors that contribute to minimisation of regional imbalances in development are many. Which one of the following is the most relevant?
- Increasing accessibility
  - Strengthening forward and backward linkages of regional economies
  - Investment in less developed regions
  - Planning the development of metropolitan centers.
50. Which of the following countries has entered into a collaboration with NABARD for its special programme on soil protection and rehabilitation for food security?
- France
  - Israel
  - Germany
  - China
51. Consider the following actions which the Government can take:
- Devaluing the domestic currency.
  - Reduction in the export subsidy.
  - Adopting suitable policies which attract greater FDI and more funds from FIIs.
- Which of the above action/actions can help in boosting the balance of payments?
- 1 and 2
  - 2 and 3
  - 3 only
  - 1 and 3

52. A rapid increase in the rate of inflation is sometimes attributed to the "base effect". What is "base effect"?
- It is the impact of drastic deficiency in supply due to failure of crops
  - It is the impact of the surge in demand due to rapid economic growth
  - It is the impact of the price levels of previous year on the calculation of inflation rate
  - None of the statements (a), (b) and (c) given above is correct in this context
53. Both Foreign Direct Investment (FDI) and Foreign Institutional Investor (FII) are related to investment in a country. Which of the following statement(s) best represent(s) the differences between the two?
- FII helps bring better management skills and technology, while FDI only brings in capital
  - FII helps in increasing capital availability in general, while FDI only targets specific sectors
  - FDI flows only into the secondary market, while FII targets primary market
  - FII is considered to be more stable than FDI
- Choose the correct answer from the codes given below:
- 1 only
  - 2 only
  - 1 and 3
  - 2 and 4
54. Which of the following can aid in furthering the Government's objective of inclusive growth?
- Promoting Self-Help Groups
  - Establishment of MUDRA Bank
  - Implementing the Right to Education Act
  - Universal Health Care
- Select the correct answer from the codes given below:
- 1 only
  - 1 and 2
  - 1, 2 and 3
  - 1, 2, 3 and 4
55. In India, in the overall Index of Industrial Production the Indices of Eight Core Industries have a combined weight of 37-90%. Which of the following are among those Eight Core Industries?
- Cement
  - Fertilizers
  - Natural gas
  - Refinery products
  - Textiles
- Select the correct answer from the codes given below :
- 1 and 5
  - 2, 3 and 4
  - 1, 2, 3 and 4
  - 1, 2, 3, 4 and 5
56. Priority Sector Lending by banks in India constitutes lending to:
- Agriculture
  - Micro and small enterprises
  - Weaker sections
  - All of the above
57. Receipts in budget can be capital or revenue. Which of these is/are capital receipts?
- Loan recoveries
  - Provident funds deposits
  - Grants
- Select the correct answer using the codes given below.
- 1 and 2
  - 1 and 3
  - 2 and 3
  - 1, 2 and 3
58. Gross capital formation will increase if:
- Gross domestic savings increases
  - Gross domestic consumption increases
  - GDP increases
- Select the correct answer using the codes given below.
- 1 only
  - 1 and 2
  - 1 and 3
  - None of the above
59. Integrated Child Development Services (ICDS) Scheme aims to provide many services to children that include:
- School education
  - Nutrition support
  - Immunization
- Select the correct answer from the codes given below.
- 1 and 2
  - 1 and 3
  - 2 and 3
  - 1, 2 and 3



69. Bankruptcy Code Bill pertains to which of the following institutions?  
 1) Banks  
 2) Insurance companies  
 3) Other financial institutions  
 4) Public sector undertakings  
 5) Micro, small and medium enterprises  
 Choose the correct answer from the codes given below:  
 a) 1, 2, 4 and 5                      b) 1, 2 and 3  
 c) 4 and 5                              d) 1, 2, 3, 4 and 5
70. The currency convertibility concept in its original form originated in  
 a) Bretton Woods Agreement  
 b) Wells Agreement  
 c) Taylors Agreement  
 d) None of these
71. Devaluation of currency leads to  
 a) increase in domestic prices  
 b) fall in domestic prices  
 c) erratic fluctuations in domestic prices  
 d) no impact on domestic prices
72. Consider the following statements :  
 1) RBI provides advice in all monetary matters including agriculture and industrial finance.  
 2) RBI is obliged to transact business of central government and state governments including Jammu & Kashmir  
 Which of the above statements are correct?  
 a) 1 only                                  b) 2 only  
 c) Both 1 and 2                        d) neither 1 nor 2
73. Consider the following statements.  
 1) Bharat Bill Payment System is a proposed centralized bill payments infrastructure which will enable customers to pay a variety of bills anytime anywhere.  
 2) It has been proposed by RBI.  
 3) The National Payments Corporation of India (NPCI) has been designated as the authorized Bharat Bill Payment Central Unit.  
 Which of the above statements are correct?  
 a) 1 and 2                                  b) 1 and 3  
 c) 2 and 3                                  d) 1, 2 and 3
74. "Equity Reference Framework" is related to  
 a) SEBI guidelines on stock market  
 b) Initiatives by UNDP to bring in equity in society  
 c) New Bank licensing policy by RBI  
 d) Initiatives by UNFCCC against Climate change
75. Which of the following statements are correct about proposed Goods and Services Tax (GST) Bill?  
 1) It is a constitutional amendment bill.  
 2) It will confer powers both to the Parliament and state legislatures to make laws for levying GST.  
 3) GST will simplify and harmonize the direct tax regime in the country.  
 Choose the correct answer from the codes given below:  
 a) 1 only                                  b) 3 only  
 c) 2 and 3                                d) 1 and 2
76. Which of the following tools can be used by RBI to control inflation?  
 1) Reduction in Bank Rate  
 2) Reduction in Reverse Repo Rate  
 3) Increase in Cash Reserve Ratio  
 4) Increase in Statutory Liquidity Rate  
 Choose the correct answer from the codes given below:  
 a) 1, 2 and 4                              b) 1 and 3  
 c) 3 and 4                                d) 1, 2, 3 and 4
77. Which one of the following are objectives of the Commission for Agricultural Costs and Prices (CACP)?  
 1) To stabilize agricultural prices  
 2) To ensure meaningful real income levels to the farmer  
 3) To protect the interest of the consumers by providing essential commodities at reasonable prices.  
 4) To ensure maximum price to the farmers.  
 Choose the correct answer from the codes given below:  
 a) 1 and 2                                  b) 1, 2 and 3  
 c) 3 and 4                                d) 1, 2, 3 and 4

78. The visit of foreign tourists in India would amount to  
 a) Consumption                      b) Export  
 c) Import                                d) None of the above
79. Which of the following may help in reducing Current Account Deficit (CAD)?  
 1) Increase in inflow of FDI  
 2) Devaluation of currency  
 3) Increase in export subsidy  
 Choose the correct answer from the codes given below:  
 a) 1 and 2                                b) 2 and 3  
 c) 1 and 3                                d) 1, 2 and 3
80. Which of the following crops come under Price Stabilization Fund Scheme?  
 1) Paddy                                2) Sugarcane  
 3) Tea                                      4) Tobacco  
 Choose the answer from the codes given below:  
 a) 3 only                                b) 1, 2 and 4  
 c) 3 and 4                                d) 2, 3 and 4
81. Which of the following comprise internal debt of the country?  
 1) Market borrowing  
 2) Treasury bills  
 3) Securities issued to RBI  
 Choose the correct answer from the codes given below:  
 a) 1 and 2                                b) 2 and 3  
 c) 1 and 3                                d) 1, 2 and 3
82. Which of the following statements are correct?  
 1) International Development Association (IDA) provides soft loan to its poor member countries.  
 2) IDA publishes World Development Report.  
 Choose the correct answer from the codes given below:  
 a) 1 only                                b) 2 only  
 c) Both 1 and 2                        d) Neither 1 Nor 2
83. Frictional unemployment arises due to  
 a) Periodic slackness in business activities.  
 b) Inadequacy in productive capacity  
 c) transfer of labour from one occupation to another  
 d) None of the above
84. What is the current base year for the index of industrial production?  
 a) 2014-15                                b) 2001-02  
 c) 2010-11                                d) 2004-05
85. Which of the following is the biggest contributor of foreign exchange reserve of India?  
 a) Foreign Currency Assets  
 b) Gold  
 c) Reserve tranche with International Monetary Fund (IMF)  
 d) Special Drawing Rights (SDR)
86. Economic Planning is included in:  
 a) Concurrent List                      b) State List  
 c) Union List                              d) Not any specified list
87. What is the correct chronological sequence of the following acts?  
 1) Indian Trade Unions Act  
 2) Indian Factories Act  
 3) The Trade Disputes Act  
 4) Indian Mines Act  
 Select the correct answer from the codes given below:  
 a) 2, 4, 1, 3                                b) 3, 1, 4, 2  
 c) 1, 3, 2, 4                                d) 4, 2, 3, 1
88. World Investment Report is the annual publication of  
 a) United Nations Conference on Trade and Development (UNCTAD)  
 b) World Bank  
 c) World Trade Organisation (WTO)  
 d) International Monetary Fund (IMF)
89. If the interest rate decreases in an economy, it will  
 a) decrease the consumption expenditure in the economy.  
 b) increase the investment expenditure in the economy.  
 c) increase the tax collection of the Government  
 d) increase the total savings in the economy
90. Which activity is termed as activity of tertiary sector?  
 a) Wheat production

- b) Mobile production  
c) Construction of a dam  
d) Fishing
91. Which of the following is not part of World Bank group?  
a) International Monetary Fund (IMF)  
b) International Finance Corporation (IFC)  
c) Multilateral Investment Guarantee Agency (MIGA)  
d) International Centre for Settlement of Investment Disputes (ICSID)
92. Before financial reforms, the banking system has all characteristics except:  
a) Administered interest rates structure.  
b) Quantitative restrictions on credit flow.  
c) High revenue requirements.  
d) Keeping very less lendable resources for the priority sector.
93. Which one of the following refers to the transfer of assets or services from public to private ownership?  
a) Globalisation                      b) Privatisation  
c) Disinvestment                      d) Liberalisation
94. Which of the following statements is correct with regard to external sector in the post-reform period?  
a) Quantitative restrictions have been imposed on a number of tradable items.  
b) Quantitative restrictions have been removed on most of the items except a few goods.  
c) The tariff walls have been further raised.  
d) Foreign investment is now being discouraged.
95. Which currency has recently been added to the basket of International Monetary Fund (IMF) currency?  
a) Japanese Yen                      b) Chinese Yuan  
c) Indian Rupee                      d) Brazilian Dollar
96. Which round of discussions replaced the GATT by World Trade Organisation (WTO)?  
a) Doha round of discussion  
b) Geneva round of discussion  
c) Washington round of discussion  
d) Uruguay round of discussion
97. The service tax in India is:  
a) collected and appropriated by the union government  
b) collected by union government, appropriated by state governments  
c) collected by state governments, appropriated by union government  
d) collected and appropriated by state governments
98. FDIs are not allowed in which of the following areas?  
1) Energy  
2) Railway Operations 3) Gambling  
4) Food trading  
Choose the correct answer from the codes given below:  
a) 1, 2, 3 and 4                      b) 1 and 3  
c) 1 only                                  d) 1, 2 and 3
99. Match List I with List II and select the correct answer from the codes given below the lists:
- | Location    | Tourism              |
|-------------|----------------------|
| A) Ranchi   | 1) Religious         |
| B) Guwahati | 2) Beach             |
| C) Kovalam  | 3) Hill station      |
| D) Ajanta   | 4) Historical centre |
- |    | A | B | C | D |    | A | B | C | D |
|----|---|---|---|---|----|---|---|---|---|
| a) | 4 | 3 | 2 | 1 | b) | 3 | 4 | 2 | 1 |
| c) | 3 | 1 | 2 | 4 | d) | 3 | 4 | 1 | 2 |
100. For a healthy growth of service sector, what should government do?  
a) Increase minimum wages  
b) Provide broadband services in rural areas  
c) Provide tax sops to infrastructure companies  
d) Revive growth in farm and industrial sectors