



VIDHVATH ACADEMY FOR COMPETITIVE EXAMS

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SUBJECT WISE TEST: VPT029

INDIAN ECONOMY TEST BOOKLET

Time Allowed: 60 mins

Maximum Marks: 100

INSTRUCTIONS

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS BOOKLET DOES NOT HAVE ANY UNPRINTED OR TURN 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 provided alongside. Do NOT write anything else on the Test Booklet.
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4. This Test Booklet contains 50 items (Questions). Each item is printed in English. Each item comprises four responses (answers). 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 with you consider the best. In any case, choose ONLY ONE response for each item.
 5. You have to mark all your responses ONLY on the separate Answer Sheet provided. See direction in the answers sheet.
 6. All items carry equal marks. Attempt all items. Your total marks will depend only on the number of correct responses marked by you in the answer sheet. For every incorrect response 1/3rd of the allotted marks will be deducted.
 7. Before you proceed to mark in the Answer sheet the response to various items in the Test booklet, you have to fill in some particulars in the answer sheets as per instruction sent to you with your Admission Certificate.
 8. After you have completed filling in all responses on the answer sheet and the examination has concluded, you should hand over to Invigilator only the answer sheet. You are permitted to take away with you the Test Booklet.
 9. Sheet for rough work are appended in the Test Booklet at the end.

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ASKED TO DO SO

1. About Special Safeguard Mechanism of the WTO, which of the following statement/s is/are correct?

1. It is a permission to increase tariffs for developing countries when imports surge or price declines for agricultural products.
2. Special Safeguard Mechanism of the WTO is a special protection mechanism for developing countries that allows developing countries to reduce tariffs on agricultural imports that are injurious to domestic farmers.

Select the correct answer from the codes given below:

- (a) 1 only
- (b) 2 only
- (c) 1 and 2 both
- (d) None of the above

2. Which of the following statements are correct about Organization for Economic Cooperation and Development?

1. Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
2. India is a member of OECD
3. International Migration Outlook is one of the publications of OECD

Select the correct answer from the codes given below:

- (a) 1 and 2 only
- (b) 1 and 3 only
- (c) 2 and 3 only
- (d) All of the above

3. About National Infrastructure and Investment Fund (NIIF), which of the following statements are correct?

1. National Infrastructure and Investment Fund (NIIF) is India's first-ever sovereign wealth fund (SWF) that was set up by the Indian Government
2. It has been incorporated as a company under the Companies Act, 2013

3. The Indian government has a 51% stake in NIIF with the rest held by foreign and domestic investors.

Select the correct answer from the codes given below:

- (a) 1 and 2 only
- (b) 1 and 3 only
- (c) 2 and 3 only
- (d) All of the above

4. Which of the following statements about National Housing Bank (NHB) is/are correct?

1. It is responsible for registering Housing Finance Companies
2. The NHB ensures that all the housing finance companies under the Act follow the regulatory capital required as outlined in BASEL guidelines.

Select the correct answer from the codes given below:

- (a) 1 only
- (b) 2 only
- (c) 1 and 2 both
- (d) None of the above

5. Consider the following Reports/Index and their Publishers:

1. Global Crypto currency Adoption Index: Chainalysis
2. World Economic Outlook Report: World Bank
3. Global Economic Prospect Report: International Monetary Fund (IMF)

How many of the above pair is/are matched correctly?

- (a) Only one pair
- (b) Only two pairs
- (c) All three pairs
- (d) None of the above

6. Consider the following statements regarding the General Agreement on Trade in Services (GATS):

1. It provides a framework of rules governing services trade on all services, including the Services supplied in the exercise of governmental authority.

2. The agreement also provides a mechanism for resolving disputes between countries.
3. The GATS divides services into four categories in which Mode 1 implies services provided by a foreign entity that is commercially pressed in another country.

Which of the statements given above is /are correct?

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

7. Which of the following statements about the Hydrogen Economy is/are correct?

1. Hydrogen is a zero-carbon fuel.
2. It can be produced from renewable sources of energy such as solar and wind.

Select the correct answer from the codes given below:

- (a) 1 only
- (b) 2 only
- (c) 1 and 2 both
- (d) None of the above

8. EASE (Enhanced Access and Service Excellence) reforms index, often seen in news, is associated with Which of the following ?

- (a) To evaluate the performance of States and Union Territories (UTs) in the school education sector.
- (b) To measure the performance of Public sector banks
- (c) To assess states based on their performance in the Business Reforms Action Plan (BRAP).
- (d) To evaluate states' role in easing the business environment for start-ups in the country

9. Which of the following statements about Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) is/are correct?

1. The PMRPY Scheme aims to provide technical and capital support to the

new ventures to create more employment opportunities.

2. It is implemented by the Ministry of Labour & Employment.

Select the correct answer from the codes given below:

- (a) 1 only
- (b) 2 only
- (c) 1 and 2 both
- (d) None of the above

10. What does capital account convertibility (CAC) mean?

- (a) The freedom to convert domestic currency into foreign currency and vice versa for trade in goods and invisibles
- (b) The weighted average of a country's currency in relation to an index or basket of other major currencies.
- (c) The unadjusted weighted average rate at which one country's currency exchanges for a basket of multiple foreign currencies.
- (d) The ability to convert domestic currency into foreign currencies and vice versa to make payments for balance of payments transactions.

11. Consider the following statements regarding the differences between Primary Market Secondary Market :

1. Primary Market is that segment of the capital market which deals with new securities which is also known as 'new issues market'
2. The secondary market, or otherwise called the stock market, is a place where the securities are traded between investors, after their issue to the public in the primary market
3. In a Secondary market, the company is directly involved in the transaction whereas, in the Primary market, there is no involvement of the company.

Which of the statements given above is /are not correct?

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

- (c) 3 only
- (d) 1 and 3 only

12. What do you mean by the term “Blue Chip Stocks”, with reference to the Indian economy?

- (a) The shares of very large and well-recognized companies with a long history of sound financial performance
- (b) The shares of companies mitigating climate change through the conservation and restoration of coastal and marine ecosystems.
- (c) The shares of companies those that reach a valuation of \$1 billion without being listed on the stock market
- (d) The shares of companies engaged in the design and fabrication of semiconductors and semiconductor devices.

13. Consider the following statements regarding the Insurance sector in India:

- 1. Both the Life Insurance and the Non-life Insurance are regulated by the IRDAI (Insurance Regulatory and Development Authority of India) which was setup on the recommendations of R N Malhotra committee.
- 2. India is at par with international average in terms of insurance penetration for life insurance and in the non-life insurance sector.

Which of the statements given above is /are not correct?

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

14. Consider the following statements regarding the Debentures :

- 1. It is a type of debt instrument that is not secured by physical assets or collateral.

- 2. Debenture holders have rights to vote in the company's general meetings of shareholders.
- 3. They are often easy to sell in stock exchanges and they contain less risk than equities.

Which of the statements given above is/are correct?

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

15. Consider the following statements regarding Major Stock Exchanges in India :

- 1. National Stock Exchange (NSE), which was established in 1875, is Asia's oldest stock exchange and it was the first stock exchange in India
- 2. The RBI is the regulatory authority under Section 3 of the RBI Act 1934, to safeguard the interests of investors in securities, promote the development of and regulate the securities market.

Which of the statements given above is /are not correct?

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

16. The effect of inflation is not distributed evenly in the economy. There are chances of hidden costs for different goods and services in the economy. Which of the following sections of people will benefit from the inflation?

- 1. Creditor/lender
- 2. Pensioner
- 3. Debtor/Borrower

Select the correct answer using the code given below:

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

17. With reference to the Indian economy, which of the following best defines the term "Provisioning Coverage Ratio"?

- (a) The proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations.
- (b) The percentage of funds that a bank sets aside for losses due to bad debts.
- (c) The fraction of the deposits scheduled banks must keep with RBI
- (d) The percentage of a bank's total deposits that it needs to maintain as liquid cash.

18. Consider the following statements regarding Currency-deposit ratio:

- 1. The currency deposit ratio (cdr) is the ratio of money held by the public in currency to that they hold in bank deposits
- 2. Currency-deposit ratio holds a direct proportion relationship with the money supply.

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

19. Consider the following statements regarding the Chit Funds :

- 1. Chit funds are part of the Central List of the Indian Constitution, according to the Supreme Court, which classifies them as contracts.
- 2. Under the Chit Fund Act of 1962, businesses can be registered and regulated only by the Central Government.
- 3. Ponzi schemes are investment operations that pay returns to old investors from the money garnered from new investors.

Which of the statements given above is /are not correct?

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

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

20. Consider the following statements regarding the types of foreign investments:

- 1. Foreign Portfolio Investments (FPI) includes investments in high-yielding assets such as the plant and machinery of a business
- 2. Foreign Direct Investments (FDI) Investors can quickly depart from the country as they invest in stocks and bonds, which are liquid.
- 3. Foreign institutional investors (FIIs) are companies based outside of India that make investment proposals in the country.

Which of the statements given above is/ are correct?

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

21. The Plan was a thorough failure in reaching the targets due to unforeseen events - Chinese aggression, Indo-Pak war and severe drought. Due to conflicts the approach during the later phase was shifted from development to defense & development. At its conception, it was felt that the Indian economy had entered a "take-off stage". Therefore, the aim of this Plan was to make India a 'self-reliant' and self generating economy. Which of the following plans were referred to in the above lines?

- (a) Third Plan (1961 - 66)
- (b) Fourth Plan (1969 - 74)
- (c) Second Plan (1956 - 61)
- (d) Three Annual Plans (1966-69)

22. Consider the following statements regarding the White revolution :

- 1. The National Khadi and Village Industries Council introduced a new programme named "operation flood" in

the 1960s to increase the speed of the white revolution in the country.

2. The business model of “operation flood” was based on a three tier structure where the District Cooperative unions are responsible for marketing the fluid milk and products.

Which of the statements given above is /are not correct?

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

23. Which of the following curve defines the best relationship between Inflation and Unemployment?

- (a) Phillips Curve
- (b) Laffer Curve
- (c) Lorentz Curve
- (d) Kuznets Curve

24. Consider the following statements regarding the types of Planning:

1. Imperative planning is based on the principle of decentralization for the operation and execution of plans
2. In Indicative Planning, the planning authority decides about every aspect of the economy to the minute details, sets targets and administer its implementations
3. In a rolling plan, every year three plans are drawn up and they are annual plan, a 5-year plan and a 15-year plan

Which of the statements given above is /are correct?

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

25. Consider the following statements regarding the difference between Planning Commission and NITI Aayog

1. NITI Aayog has adopted a bottom-up approach in planning which is a

contrast to the Planning Commission's tradition of top-down decision making.

2. NITI Aayog, an advisory body, or a think-tank, has powers to allocate funds to ministries and state governments.
3. The NITI Aayog council comprises all the state Chief Ministers, along with the Chief Ministers of Delhi and Puducherry, Lieutenant Governors of all UTs, and a vice-chairman nominated by the Prime Minister.

Which of the statements given above is /are not correct?

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

26. Consider the following statements regarding Mahalanobis model:

1. The Mahalanobis model has been constructed in terms of Keynesian aggregates.
2. Mahalanobis' emphasis on basic heavy industries was also due to his objective enabling the economy to stop imports of foreign capital equipment and machines.
3. The plan was devised to enable India to industrialize under conditions of stagnant or slowly growing exports.

Which of the statements given above is/are correct?

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

27. Consider the following statements regarding Recession and Technical Recession:

1. If the recessionary phase lasts for a longer period of time, then the economy is said to be in a state of a technical recession
2. During recessions, the central bank typically increases interest rates in an

effort to Control the spending in the economy.

Which of the statements given above is /are correct?

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

28. Consider the following statements regarding Indian planning.

- 1. The second five year plan emphasized on the establishment of heavy industries.
- 2. The third five year plan aimed to achieve self-sufficiency in foodgrains and increase agricultural production to meet the requirements of industry and exports.

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

29. Consider the following statements in regard to inclusive development:

- 1. Inclusive developments refer to the social inclusion of the socially excluded sections of the society.
- 2. Creating productive and gainful employment opportunities.

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

30. In India, one-rupee coins and notes and subsidiary coins are issued by

- (a) The Reserve Bank of India
- (b) The Central Government
- (c) The State Bank of India
- (d) The Unit Trust of India

31. Which of the following is/are the Effects of Inflation?

- 1. Usually lenders suffer and borrowers benefit out of inflation.
- 2. Holding money remains an intelligent economic decision during inflation.
- 3. With every inflation the currency of the country appreciates in a flexible currency regime.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

32. Which of the following statements best describe the 'hawkish stance in RBI monetary policy'?

- (a) RBI's top priority is to keep the inflation low.
- (b) Cut in the interest rate by the RBI is off the table.
- (c) RBI can either cut rate or increase rate.
- (d) RBI is prepared to expand the money supply to boost economic growth.

33. Consider the following statements regarding Open Natural Ecosystems (ONEs) in India.

- 1. Open Natural Ecosystems (ONEs) are diverse ecosystems which include woodland savannas, shrublands and grasslands, to rocky outcrops, ravines and dunes.
- 2. The Environment (Protection) Act, 1986 protects against the diversion of ONEs for development purposes.
- 3. They also have animal species like black buck and great Indian bustard.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

34. Consider the following pairs.

- 1. Virunga National Park: Peru
- 2. Yellowstone National Park: Ecuador

3. Galápagos Islands: Greece
4. Mount Athos: Democratic Republic of Congo

How many of the above pairs is/are correctly matched?

- (a) Only two
- (b) Only three
- (c) All four
- (d) None

35. Which of the following technologies are considered as climate engineering?

1. Stratospheric aerosol injection
2. Marine cloud brightening
3. Mirrors in space
4. Direct air capture and carbon storage
5. Bio energy with carbon capture and storage

How many of the above options are correct?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) All five

36. Consider the following statements regarding Comets.

1. Comets are frozen rocky or gas-filled objects that are remnants of the formation of the solar system.
2. Like other bodies in space, comets do not have any orbits.
3. Sometimes comets are pulled in close to the sun because of the sun's gravity acting on them.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

37. The Baltoro Glacier is located in

- (a) Ladakh Range
- (b) Karakoram Range
- (c) Zaskar Range
- (d) Pirpanjal Range

38. Consider the following statements regarding Sinkholes.

1. Sinkholes are depressions formed in the ground when layers of the Earth's surface start collapsing into caverns.
2. They are formed in areas of "karst" terrains, where the rock below the surface of the Earth can be easily dissolved by groundwater.
3. They are formed due to natural processes or human activity.

How many of the above statements are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

39. Consider the following statements regarding Indian Council of Social Science Research (ICSSR).

1. ICSSR provides grants for projects, fellowships and international collaboration to promote research in social sciences in India.
2. It studies the impact of various centrally sponsored schemes.
3. It functions under the Ministry of Social Justice and Empowerment.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

40. Consider the following statements regarding the Know India Programme.

1. Know India Programme is an orientation programme for the elder generation in Persons of Indian Origin (PIOs) conducted with a view to promotes awareness on different facets of life in India and the progress made by India in various fields.
2. It is the initiative of the Ministry of External Affairs

Which of the above statements is/are correct?

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

41. Consider the following statements regarding gamma-ray bursts (GRB).

1. Gamma-ray bursts (GRB) are the energetic form of light, multiple times brighter than the sun.
2. They typically last for only seconds.
3. GRB can happen when two neutron stars merge or when a neutron star joins with the black hole.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

42. Consider the following statements regarding Gravitational waves.

1. Gravitational waves are ripples in the fabric of space and time that travel at the speed of light.
2. They are created by the motion of black holes or neutron stars.
3. Gravitational waves are extremely weak and difficult to detect.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

43. Consider the following statements regarding Dementia.

1. Dementia is a specific disease that affects memory, thinking, and social abilities.
2. Alzheimer's disease is the most common type of dementia and may contribute to 60–70% of cases.
3. DemClinic is an online memory screening clinic launched by the World Health Organization (WHO).

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

44. Consider the following statements regarding Protocol to Eliminate Illicit Trade in Tobacco Products.

1. The Protocol to Eliminate Illicit Trade in Tobacco Products comes under the World Health Organization's Framework Convention on Tobacco Control.
2. The protocol provides the measures to eliminate illicit trade which includes establishing an international track and trace system, and securing supply chains.
3. India has ratified the Protocol to Eliminate Illicit Trade in Tobacco Products.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

45. Consider the following statements regarding the International Atomic Energy Agency (IAEA).

1. IAEA was established as an autonomous organization under the UN Statute.
2. It inhibits the complete use of nuclear technologies and nuclear energy.
3. It reports to both the United Nations General Assembly and United Nations Security Council.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

46. Article 35A of the Indian Constitution, that was recently in news is related to
- (a) Right to property
 - (b) Right to settle anywhere in the country
 - (c) Protection against preventive detention
 - (d) Special rights to permanent residents of the erstwhile state of Jammu & Kashmir

47. Consider the following statements regarding declaring the election of a Member of Parliament as null and void.

1. According to Representation of the People Act (RPA), 1951 only the Supreme Court can declare an election of a Member of Parliament as void on grounds of corrupt practices or Failing to declare election expenses.
2. The aggrieved person cannot appeal against the order of the Court and the matter has to be settled by the Election Commission.

Which of the above statements is/are correct?

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

48. Consider the following statements.

1. Association for Democratic Reforms is a non-partisan, non-governmental organization which works in the area of electoral and political reforms.
2. National Election Watch is a mechanism brought out by Election Commission of India in early 2020 to ensure free and fair election for the State Assemblies.

Which of the above statements is/are incorrect?

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

49. Consider the following statements regarding the National School of Drama.

1. The National School of Drama was set up by the Ministry of Culture, Government of India.
2. It functions as one of the constituent units under Sangeet Natak Akademi.
3. It is mainly financed by voluntary contributions.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

50. Consider the following statements regarding Banglar mati, Banglar jol.

1. Banglar mati, Banglar jol was written by Rabindranath Tagore.
2. The song was written in 1905 in response to Lord Curzon's partition of Bengal.
3. It is declared as the state anthem of West Bengal.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None