



VIDHVATH ACADEMY FOR COMPETITIVE EXAMS

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SUBJECT WISE TEST: VPT027

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. Which of the following statements showing the relation between economic growth and economic development are incorrect?
 1. Economic growth is a quantitative term, whereas economic development is a qualitative term.
 2. Higher economic growth automatically brings in higher economic development.
 3. GDP indicates the economic growth of an economy whereas per capita income indicates economic development
 Choose the correct code among the following
 - (a) 1 and 2 only
 - (b) 1 and 3 only
 - (c) 2 and 3 only
 - (d) All of the above
2. After revision of base year by CSO Headline growth rate will now be measured by
 - (a) GDP at current market prices
 - (b) GDP at constant market prices
 - (c) GDP at current factor prices
 - (d) GDP at constant factor prices
3. Which of the following are the features of Market Economy
 1. Suitable environment (market) determined by the forces of demand and supply (called the market forces) is required.
 2. Government should follow a policy of laissez faire
 3. In a market economy, the market regulates the competition.
 Select the correct code among the following:
 - (a) 1 and 2 only
 - (b) 1 and 3 only
 - (c) 2 and 3 only
 - (d) All of the above
4. What are the possible effects of higher inflation in an economy?
 1. Nominal wage increases
 2. Beneficial for importers and harmful for exports
 3. Depreciation of currency
 4. Redistribute wealth from debtors to creditors
 Which of the options given above is/are correct?
 - (a) 1 and 3 only
 - (b) 2 and 4 only
 - (c) 1, 3 and 4 only
 - (d) All of the above
5. Which of the following factors are responsible for causing Cost-Push Inflation?
 1. Crude oil price fluctuation
 2. Low growth of Agricultural sector
 3. Increase in direct taxes
 Which of the options given above is/are correct?
 - (a) 1 and 2 only
 - (b) 2 and 3 only
 - (c) 1 and 3 only
 - (d) All of the above
6. Consider the following statements regarding Gross Domestic Product :
 1. Gross Domestic Product (GDP) is that income or product which accrues to the economic agents who are residents of the country.
 2. The income earned by the Non-Resident Indians (NRIs) will be a part of India's Gross National Product (GNP)
 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
7. With reference to Gross Domestic Product (GDP) and Gross National Product (GNP), which of the following statements correctly explains the difference between them?
 1. Gross Domestic Product (GDP) is the value of all final goods and services produced within the boundary of a nation during a one-year period

whereas Gross National Product (GNP) is the GDP of a country minus its 'income from abroad'.

2. GDP is a 'quantitative' concept, whereas GNP is both 'quantitative' as well as the 'qualitative' concept.
3. GDP indicates the 'internal' as well as the 'external' strength of the economy whereas the GNP of a country indicates the 'internal' strength of the economy.
4. Private remittances constitute the part of GDP whereas interest on external loans constitute the part of GNP

Choose the correct code among the following

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

8. Consider the following statements regarding types of Inflation :

1. Inflation that occurs due to increase in aggregate demand is referred to as cost push inflation
2. Price rise in all goods and services except food and energy due to high price fluctuations is headline inflation.

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

9. Inflation occurs when there is a general increase in the price of goods and services and a fall in purchasing power. With reference to inflation consider the following statements.

1. Inflation allows borrowers to pay lenders back with money worth less than when it was originally borrowed, which benefits lenders.
2. Inflation causes higher prices, the demand for credit increases, raising

interest rates, which benefits borrowers.

Which of the above statements is/are?

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

10. Consider the following statements with reference to effects of inflation on the Indian economy.

1. Inflation can distort purchasing power over time for recipients and payers of fixed interest rates.
2. Inflation can act as a drag on productivity as companies are forced to mobilize resources away from products and services to handle the situations of profit and losses from inflation.
3. The rising prices mean that the factors of production like labour and raw materials have become cheap; hence the profit margins of the companies are increasing.

Which of the statements given above are correct?

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

11. GN Bajpai committee was seen in news, is related to

- (a) Open market operations of RBI
- (b) To examine India's security market
- (c) Tracking Outcomes of Insolvency and Bankruptcy Code, 2016
- (d) To suggest reforms in India's logistic sector

12. Recently T+1 Settlement Cycle was seen in news, is related to

- (a) Banking
- (b) Security market
- (c) Insurance sector
- (d) Pension

13. Consider the following statements regarding non-bank financial institution NBFCs:

1. NBFCs, also known as nonbank financial institutions and have business with agriculture activity and industrial activity as principal businesses.
 2. NBFCs whose asset size is of ₹ 500 crore or more are considered as systemically important NBFCs.
 3. Deposit Insurance and Credit Guarantee Corporation facility is available to depositors of NBFCs.
- Which of the statements given above is /are correct?

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

14. Consider the following statements regarding Prompt Corrective Action (PCA) Framework:

1. Prompt Corrective Action is a qualitative tool introduced by the Ministry of Finance under which direct action is taken on weak banks to ensure the financial health of a bank.
2. The PCA framework is applicable only to commercial banks and not extended to cooperative banks, non-banking financial companies (NBFCs).
3. A bank prohibited from expansion of credit/investment portfolios under PCA will, however, be allowed to invest in government securities/other high-quality liquid investments.

Which of the statements given above is/ are correct?

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

15. Consider the following statements regarding Money Multiplier :

1. Money multiplier is the maximum limit to which money supply can be affected by bringing about changes in the amount of money deposits.
2. There is a direct relationship between the Money Multiplier and the legal reserve ratio; it means that if the reserve ratio is higher, then the money multiplier will also be higher.

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

16. V Subrahmanyam committee (1997), Usha Thorat committee (2004), Y H Malegam committee (2013) and Bimal Jalan committee were constituted to review which of the following?

- (a) Disinvestment
- (b) Tax reform
- (c) Economic capital framework (ECF)
- (d) Small-scale industries

17. Which of the following reports/ indices are released by RBI ?

1. Financial Stability Report
2. Digital Payments Index
3. Report on Currency and Finance (RCF)

Select the correct answer using the code given below:

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

18. Which of the following best describes the term "Shadow Banking" with reference to Indian economy:

- (a) A type of direct banking that operates exclusively online without traditional physical branch networks
- (b) A corporate structure which isolates illiquid and high risk assets held by a bank or a financial organization, or

perhaps a group of banks or financial organizations.

- (c) A term used to describe bank-like activities (mainly lending) that take place outside the traditional banking sector
- (d) The banks that have a specific purpose, focused on a particular subset of the population

19. Consider the following statements regarding Treasury Bills :

1. Treasury bills or T-bills, which are money market instruments, are long term debt instruments with maturities higher than one year , issued by the Government of India.
2. Treasury bills are zero coupon securities that pay regular interests
3. Banks give treasury bills to the RBI to get money under repo and they can also keep it to fulfil their Statutory Liquid Ratio (SLR) requirements.

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

20. Consider the following statements regarding Small finance banks (SFBs) :

1. They are established as public limited companies under the Companies Act, 2013 that can provide basic banking service of acceptance of deposits and lending.
2. Existing non-banking financial companies (NBFC), microfinance institutions (MFI) and local area banks (LAB) can apply to become small finance banks
3. Foreign shareholding will not be allowed in these banks as per the rules for FDI in private banks in India.

Which of the statements given above is/ are correct?

- (a) 1 and 2 only

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

21. Which of the following statements regarding the Reserve Bank of India are correct?

1. The concept of Reserve Bank of India was based on the strategies formulated by Dr. Ambedkar in his book named "The Problem of the Rupee – Its origin and its solution".
2. RBI regulates the credit and currency system in India.
3. RBI manages the FOREX Reserves of India.
4. The Reserve Bank of India is responsible for providing the public with a sufficient supply of currency notes and coins.

Select the correct answer from the codes given below:

- (a) 1, 2 and 3 only
- (b) 2, 3 and 4 only
- (c) 1, 3 and 4 only
- (d) All of the above

22. Consider the following statements about Mahatma Gandhi National Rural Employment Guarantee Work (MGNREGA):

1. The primary objective of the scheme is to guarantee 100 days of skill based employment in every financial year to adult members of any rural household willing to work.
2. The act mandates Gram sabhas to recommend the works that are to be undertaken.
3. At least one-third of beneficiaries under this program have to be women.

Which of the statements given above are correct?

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

23. Consider the following statements regarding the types Unemployment in India:

1. Disguised Unemployment refers to the time lag between the jobs when an individual is searching for a new job or is switching between the jobs.
2. Frictional Unemployment is a category of unemployment arising from the mismatch between the jobs available in the market and the skills of the available workers in the market.
3. Vulnerable Employment means, people working informally, without proper job contracts and thus sans any legal protection.

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

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

24. Consider the statements regarding poverty in India:

1. Alagh Committee in 1979 determined a poverty line based on Monthly Per Capita Expenditure and Rangarajan committee report in 2014 determined a poverty line based on a minimum daily requirement of calories for an adult
2. Absolute poverty is a situation in which a person's income falls below a certain percentage of the national median income, while Relative poverty is defined as a state in which a person cannot meet their most basic needs.

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

25. Consider the following statements regarding National Multidimensional Poverty Index :

1. National Multidimensional Poverty Index 2021 was released by the United Nations Development Programme (UNDP) and the Oxford Poverty & Human Development Initiative (OPHI).
 2. It has three equally weighted dimensions health, education, and standard of living and these three dimensions are represented by 12 indicators
 3. This baseline report of the national MPI measure is based on the reference period of 2015-16 of the National Family Health Survey (NFHS-4)
- Which of the statements given above is/ are correct?

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

26. Which of the following reports is/are released by the World Bank?

1. World Economic Outlook
 2. Global Economic Prospect (GEP) Report
 3. World Development Report 2022
 4. Global Financial System Report
- Select the correct answer using the code given below
- (a) 1 and 3 only
 - (b) 2 and 4 only
 - (c) 2 and 3 only
 - (d) 1, 2, 3 and 4

27. Which of the following reports is/are released by the RBI?

1. State of the Economy Report
 2. Report on Currency and Finance (RCF)
 3. Financial Stability Report.
- 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

28. Which of the following are the programmes for poverty alleviation in India?

1. Deendayal Upadhyay Antyodaya Yojana (DAY)
2. National Health Mission
3. Pradhan Mantri Jeevan Jyoti Bima Yojana
4. Mahatma Gandhi National Rural Employment Guarantee Work (MGNREGA)

Select the correct answer from the codes given below:

- (a) 1, 3, and 4 only
- (b) 2, 3 and 4 only
- (c) 1 and 4 only
- (d) All of the above

29. Which of the following sequence is correct as per their preference in borrowings

- (a) 1-External Borrowings, 2-Internal Borrowings, 3 - Printing Currency, 4 - External Aids
- (b) 1-External Aids, 2-Internal Borrowings, 3 - External Borrowings, 4 -Printing Currency
- (c) 1-External Aids, 2- External Borrowings, 3 - Internal Borrowings, 4 -Printing Currency
- (d) 1-External Aids, 2- External Borrowings, 3 -Printing Currency, 4 - Internal Borrowing

30. Why printing currency is not the most appropriate means of deficit financing

1. It increases inflation proportionally.
2. Increases the government expenditure necessitating further printing of currency.

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

31. Consider the following statements about the UNESCO City of Literature program:

1. The program aims to promote cultural diversity and literary heritage in cities around the world.
2. The City of Literature designation is awarded solely based on the number of literary works produced in a city.

Which of the following is/are correct?

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

32. With reference to the classical language status in India, consider the following statements:

1. Marathi is one of the six languages that currently hold classical language status in India.
2. One of the criteria for classical language status is that the language should have a rich body of ancient literature.

Which of the following statements is/are correct?

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

33. With reference to the 'Financial Services Institution Bureau (FSIB)', consider the following statements:

1. It is a statutory body in India established by an Act of Parliament.
2. It primarily recommends candidates for appointment as whole-time directors on the boards of financial services institutions.

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

34. Which of the following statements is correct about "Project Nexus"?

- (a) It will enable instant cross-border retail payments.

- (b) It is a cease-fire deal that could end the war in Gaza.
- (c) It focuses on Training of Indian Armed Forces in Russia.
- (d) It will resolve the India-Sri Lanka fishing dispute.
- 35.** Which one of the following is the key feature of the recently introduced 'Maharashtra Special Public Security Bill, 2024'?
- (a) Naxalism in Urban Centres
- (b) Strengthening Cyber Laws
- (c) Reservation Against Public Employment
- (d) Against New Criminal and Civil Laws
- 36.** With reference to the Central Information Commission (CIC) in India, consider the following statements:
1. It is a constitutional body established to ensure greater access to information for Indian citizens.
 2. The CIC is headed by the Chief Information Commissioner (CIC) and consists of up to ten Information Commissioners (ICs).
 3. The appointment of CICs and ICs is done by the President of India on the recommendation of a committee chaired by the Prime Minister.
 4. Both CIC and ICs hold office for a term of five years.
- Which of the statements given above are correct?
- (a) 1 and 3 only
- (b) 2 and 4 only
- (c) 2 and 3 only
- (d) 1, 2, 3 and 4
- 37.** Consider the following statements regarding the Shyok River:
1. It originates from the Siachen Glacier and flows through the Ladakh region.
 2. It is a right tributary of the Indus River.
 3. The Nubra River is one of its main tributaries.
4. Shyok village, located on its bank, is strategically important due to its proximity to the India-China border.
- Which of the above statements are correct?
- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 2, 3, and 4 only
- (d) 1, 2, 3, and 4
- 38.** Recently, Sierra Leone has come up with a new law that not just bans child marriage but also penalizes people who enable such marriages.
- In context of the above statement, which of the following countries shares borders with Sierra Leone?
1. Guinea
 2. Liberia
 3. Senegal
 4. Mali
- Select the correct answer using the codes given below.
- (a) 1 and 2 only
- (b) 2, 3 and 4 only
- (c) 2 and 3 only
- (d) 1, 2, 3 and 4
- 39.** 'Project PARI' recently seen in the news, is an initiative by the
- (a) Ministry of Power
- (b) Ministry of Culture
- (c) Ministry of Women & Child Development
- (d) Ministry of Education
- 40.** Consider the following Ombudsman Scheme
1. For Banking
 2. Non-Banking Financial Companies
 3. For Digital Transactions
- How many of the above ombudsman schemes is / are a unified framework under Integrated Ombudsman Scheme (2021)?
- (a) Only one
- (b) Only two
- (c) All three
- (d) None

41. Consider the following statements about Rudram-1:

1. It is an air-to-surface missile developed by the Defence Research and Development Organisation (DRDO) for the Indian Air Force (IAF).
2. It is equipped with Inertial Navigation Systems (INS) and an active radar seeker for guidance.
3. The missile has a range of 250 km and can be launched from various altitudes.

Which of the above statements are correct?

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

42. With reference to the National Security Council (NSC) of India, consider the following statements:

1. The NSC is a constitutional body established under the Constitution of India.
 2. The National Security Advisor (NSA) is the head of the NSC and reports directly to the President of India.
 3. The NSC Secretariat (NSCS) is responsible for coordinating the work of the NSC and its subsidiary bodies.
- Which of the statements given above is/are correct?

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

43. Consider the following statements about the International North-South Transport Corridor (INSTC):

1. The INSTC is a multimodal transport corridor that aims to connect Mumbai with St. Petersburg.
2. The INSTC is primarily a bilateral initiative between India and Russia, with limited involvement from other countries.

Which of the above statements is/are correct?

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

44. Which of the following statements is/are correct regarding the Nine-Dash Line?

1. The Nine-Dash Line is a visual representation of China's claims on Chinese official maps in the South China Sea.
2. It covers almost 90% of the South China Sea and overlaps with the Exclusive Economic Zone claims of Brunei, Indonesia, Malaysia, the Philippines, Taiwan, and Vietnam.
3. The claims by China under the Nine-Dash Line were rejected by a UN Tribunal in 2016.

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

45. With reference to the Higgs Boson, consider the following statements:

1. It is a fundamental particle associated with the Higgs field, which gives mass to other elementary particles.
2. The Higgs Boson was discovered at the Large Hadron Collider (LHC) at CERN.
3. The Higgs Boson is a massless particle.

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

46. With reference to LiFi (Light Fidelity) technology, consider the following statements:

1. LiFi uses radio waves to transmit data, offering higher speeds than traditional Wi-Fi.
2. LiFi is particularly suitable for environments sensitive to electromagnetic interference.
3. LiFi's bandwidth capacity is significantly higher than that of Wi-Fi technologies.

Which of the statements given above is/are correct?

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

47. Consider the following statements

1. Pearl Spot is a euryhaline species that inhabits mainly brackish water and river mouths.
2. Pearl Spot is distributed in the coastal regions of peninsular India and Sri Lanka.
3. The IUCN Red List of Threatened species classifies Pearl Spot as Least Concern.

Which of the statements given above is/are correct?

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

48. With reference to the Man and Biosphere (MAB) Programme and Biosphere Reserves in India, consider the following statements:

1. The MAB Programme is an initiative of the United Nations Environment Programme (UNEP) aimed at promoting sustainable development through the conservation of biological diversity.
2. India has the highest number of biosphere reserves recognized under the MAB Programme globally.
3. All biosphere reserves in India are automatically included in the World

Network of Biosphere Reserves under UNESCO.

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

49. With reference to the World Youth Skills Day, consider the following statements:

1. The Day is observed on July 15 annually.
2. It was designated by the United Nations General Assembly in November 2014.
3. The day also marks the launch of Skill India Mission.

How many of the statements given above are correct?

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

50. 'Project Nexus' recently seen in the news is related to which of the following?

- (a) Operation to Curb Drug Nexus
- (b) Curbing Money Laundering
- (c) Against Organ Trade
- (d) Instant cross-border retail payments