

Important Economics
Questions Asked in

Recent Exams Conducted by TCS



1. What does the Lorenz Curve indicate?
A. Relationship between the price of a certain commodity and its demand
B. Income distribution
C. Rate of employment
D. Taxable income elasticity

Ans. B

Sol.

- The Lorenz curve is a graphical **representation of the distribution of income or of wealth.**
- It was developed by Max O. Lorenz in 1905.

2. The base financial year for the calculation of the all India Index of Industrial Production (IIP) is :

- A. 2010-2011 B. 2004-2005
C. 2011-2012 D. 2005-2006

Ans. C

Sol.

- The base financial year for the calculation of the all India Index of Industrial Production (IIP) **is 2011-12.**
- Index of Industrial Production (IIP) is an index that shows the performance of different industrial sectors of the Indian economy.
- IIP is published by Central Statistical Organization.

3. A situation where the expenditure of the government exceeds its revenue is called _____.

- A. Default Financing B. Deficit Revenue
C. Budget Deficit D. Fiscal Deficit

Ans. C

Sol.

- The values that the revenue plan you define at product level is the default revenue.
- **Budget Deficit is the condition where the expenditure of the government exceeds its revenue.**
- Default Financing is failure to meet the legal obligations.
- Deficit Revenue occurs when net income is less than the projected net income.

4. Which of the following comes under the Quaternary sector?

- A. Information technology
B. Mining

- C. Manufacturing
D. Fisheries

Ans. A

Sol.

- Quaternary sector is a sector in economy which include Knowledge based economic sectors.
- **Information Technology, Media Research and development, Software solutions, Blogging, Designing etc comes under this category.**

5. An economic condition when there is one buyer and many sellers is called_____.

- A. Monopoly B. Oligopoly
C. Monopsony
D. Perfect Competition

Ans. C

Sol.

- * An economic condition when there is one buyer and many sellers is called **Monopsony.**
- * **Monopoly**- It is a market situation where one producer controls supply of goods or services and where the entry of new producers is prevented or highly restricted.
- * **Oligopoly**: It is a state of limited competition, in which a market is shared by a small number of producers or sellers.
- * **Perfect Competition** is the situation prevailing in a market in which buyers and sellers are so numerous and well informed that all elements of monopoly are absent and the market price of a commodity is beyond the control of individual buyers and sellers.

6. _____ is a global analytics company that provides rating and research as well as risk and policy consulting services.

- A. IFC B. ICSID
C. CRISIL D. OPEC

Ans. C

Sol.

- * **CRISIL is a global analytics company** that provides rating and research as well as risk and policy consulting services.
- * It was founded in 1987 and its headquarters are in Mumbai.
- * It is involved in:



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- a) Ratings
- b) SME solutions
- c) India Research
- d) Global Research & Global Analytics
- e) Infra Advisory and Risk Management

7. _____ states that 'bad money' also brings good money out of circulation.

- A. Campbell's law
- B. Gresham's law
- C. Engel's Law
- D. Baxter's law

Ans. B

Sol.

Gresham's law is a monetary principle stating that "bad money drives out good."

Baxter's law is a law of economics that describes how a monopoly in a regulated industry can extend into, and dominate, a non-regulated industry.

Engel's law is an observation in economics stating that, as income rises, the proportion of income spent on food falls—even if absolute expenditure on food rises.

8. What is the economic impact of increase in productivity of firms?

- A. No change in Gross Domestic Product
- B. Increase in Gross Domestic Product
- C. Decrease in Gross Domestic Product
- D. The impact may vary among nations and their economic conditions

Ans. B

Sol.

- The increase of productivity of a firm led to increase in gross domestic product of the firm or country.

- Reason is that, Increases in productivity allow firms to produce greater output for the same level of input, earn higher revenues, and ultimately generate higher Gross Domestic Product.

- **Review report of International Labour Organization, 2013** finds that increase in **labour productivity within economic sectors is the main driver of economic growth.**

9. Which theory in economics proposes that countries export what they can most efficiently and plentifully produce?

- A. Input-Output Model
- B. Cournot Competition
- C. Heckscher-Ohlin Model

D. Solow-Swan Model

Ans. C

Sol.

- The **Heckscher-Ohlin model** is an economic theory that proposes that countries export what they can most efficiently and plentifully produce.

- The model emphasizes the export of goods requiring factors of production that a country has in abundance.

- It also emphasizes the import of goods that a nation cannot produce as efficiently.

- In economics, **an input-output model** is a quantitative economic model that represents the interdependencies between different sectors of a national economy or different regional economies.

10. Cash Reserve Ratio (CRR) is calculated as a percentage of each bank's _____.

- A. net demand and time liabilities
- B. savings of customers
- C. credit growth
- D. rate of inflation

Ans. A

Sol.

- **Cash Reserve Ratio (CRR)** is a specified minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves either in cash or as deposits with the central bank.

- Cash Reserve Ratio is calculated as a percentage of Net Demand and Time Liabilities (NDTL) of a bank.

- Presently Cash Reserve Ration Rate is 4% in India.

11. What is the value of the tangible resources such as raw materials and labour that are used in the production process called?

- A. Variable Cost
- B. Opportunity Cost
- C. Real Cost
- D. Fixed Cost

Ans. C

Sol.

- **Opportunity costs** represent the sacrifice that is made when the means of production are used for one task rather than another.



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- **Fixed cost-** business costs, such as rent, that are constant whatever the amount of goods produced.
- **Variable cost-** A *variable cost* is a corporate expense that changes in proportion to production output.
- **Real cost-** The overall actual expense involved in creating a good or service for sale to consumers.

12. A marketplace in which a final good or service is bought and sold is called _____.

- A. Factory Market
- B. Equity Market
- C. Commodity Market
- D. Product Market

Ans. D

Sol.

- **Product Market** is a marketplace where final goods and services are bought and sold.
- It does not include raw material trading and intermediate materials.
- UK, Australia, Usa, Canada are countries where least regulated product markets are found.

13. The demand for a commodity or service which is a consequence of the demand for something else is called _____.

- A. Direct Demand
- B. Income Demand
- C. Derived Demand
- D. Composite Demand

Ans. C

Sol.

- Direct demand- Commodities or services which satisfy our wants directly are said to have **direct demand**.
- Income demand refers to the different quantities of a commodity or service which consumers will buy at different levels of income, assuming other things remaining constant.
- Commodities or services demanded for producing goods which satisfy our wants directly are said to have **derived demand**.
- A commodity is said to have a composite demand when its use is made in more than one purpose.

14. Which economist gave the theory of Opportunity Cost?

- A. Gottfried Haberler
- B. John Keynes
- C. Milton Friedman
- D. Adam Smith

Ans. A

Sol.

• **Theory of opportunity cost is given by Gottfried Haberler.**

• This theory is related to making a particular choice out of many alternatives.

• Opportunity cost is a key concept in economics, which expresses "the basic relationship between scarcity and choice".

15. The Banking Regulation Act was passed in India in _____.

- A. 1965
- B. 1974
- C. 1949
- D. 1951

Ans. C

Sol.

• **The Banking Regulation Act was passed in India in 1949.**

• The Act has 5 parts and 5 Schedules regarding the regulation of banks in the country.

• The main objective of the banking regulation act is to ensure sound banking through regulations covering the opening of branches and the maintenance of liquid assets.

• It assigns power to RBI to appoint, reappoint and remove the chairman, director and officers of the banks.

16. What is the name given to the graph that shows all the combinations of two commodities that a consumer can afford at given market prices and within the particular income level in economic terms?

- A. Demand Curve
- B. Isocost Line
- C. Budget Line
- D. Supply Curve

Ans. C

Sol.

* **Budget line** is to the graph that shows all the combinations of two commodities that a consumer can afford at given market prices and within the particular income level in economic terms.



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* It is also called Budget constraint.

17. The Micro, Small and Medium Enterprises Development Act was passed in the year _____.

- A. 2002
- B. 2006
- C. 2008
- D. 2004

Ans. B

Sol.

• The Micro, Small and Medium Enterprises Development Act was passed in **2006**.

• It was an act to provide for facilitating the promotion and development and enhancing the competitiveness of micro, Small and medium enterprises and formatters connected therewith or incidental thereto.

• The Act is operational from **2nd October 2006**.

18. People above the age of _____ years are NOT eligible for the Pradhan Mantri Shram Yogi Mandhan Yojana.

- A. 60
- B. 50
- C. 45
- D. 40

Ans. D

Sol.

• Pradhan Mantri Shram Yogi Mandhan is a 2019 scheme introduced by Government of India for **poor laborers in the unorganised sector from minimum 18 years of age to maximum 40 years**.

• It is a voluntary and contributory pension scheme, where each subscriber under the PMSYM, shall receive minimum assured pension of Rs 3000- per month after attaining the age of 60 years.

19. The interest rate charged by banks on short-term loans to their largest, most secure and most creditworthy customers is called _____.

- A. Variable Rate
- B. Prime Lending Rate
- C. Discount Rate
- D. Amortised Rate

Ans. B

Sol.

• **Interest rate charged by banks on short-term loans to their largest, most secure and most creditworthy**

customers is called the prime lending rate.

• PLR rate is calculated based on average cost of funds.

• Non Banking Finance Companies generally price their loan at discount on their existing PLR

20. When the output is equal to zero, the variable cost is _____.

- A. constant
- B. zero
- C. maximum
- D. minimum

Ans. B

Sol.

• **A variable cost is a corporate expense that changes in proportion to production output.**

• Variable costs are dependent on production output. The variable cost of production is a constant amount per unit produced. As the volume of production and output increases or decreases, variable costs will also increase or decrease.

• Hence once output is zero the variable cost is also zero.

21. When the fiscal deficit is high, what happens to prices?

- A. Prices increase
- B. There is no direct impact on prices
- C. Prices remain stable
- D. Prices decrease

Ans. B

Sol.

• **Fiscal deficit has no direct impact on prices in economy but it has indirect impacts.**

• Fiscal deficits arise whenever a government spends more money than it brings in during the fiscal year.

• Fiscal deficits crowd out private borrowing, manipulate capital structures and interest rates, decrease net exports, and lead to either higher taxes, higher inflation or both. In this way it indirectly impacts Prices.

22. What effect will a decrease in demand and an increase in supply have on equilibrium price?

- A. Equilibrium price will rise
- B. Equilibrium price will fall



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C. Equilibrium price will be constant
D. Sometimes price will rise and sometimes it will fall

Ans. B

Sol.

- A demand curve shows the relationship between quantity demanded and price in a given market on a graph.
- The equilibrium price and equilibrium quantity occur where the supply and demand curves cross.

• When there is a decrease in demand and increase in supply then the equilibrium price falls.

23. A substantial increase in capital expenditure or revenue deficit leads to _____.

- A. Fiscal Deficit B. Primary Deficit
C. Budgetary Deficit D. Revenue Deficit

Ans. A

Sol.

• **Budget deficit** = total expenditure – total receipts.

• **Revenue deficit** = revenue expenditure – revenue receipts.

• **Fiscal Deficit** = total expenditure – total receipts except borrowings.

• **Primary Deficit** = Fiscal deficit-interest payments.

Hence Fiscal Deficit is the right answer.

24. In economic terms what do we mean by 'Intermediate Goods'?

- A. Fixed assets used by manufacturers
B. Price of goods without GST
C. Goods sold between industries for the resale or production of other goods
D. Goods in transit before reaching the consumers

Ans. C

Sol.

• In economic terms, **intermediate goods** are sold between industries for the resale or production of other goods.

• An intermediate good is a product used to produce a final good or finished product.

• These goods can be used in production but they can also be consumer goods.

• **For example** : If a consumer buys a packet of sugar to use at home, it is a consumer good but if a manufacturer

purchase sugar to use during the production of another product, it becomes an intermediate good. Same as Sugar, Steel , Glass, Wood etc.

25. If there is a lack of money supply in comparison to the supply of goods and services, then the possible consequence would be _____.

- A. Hyperinflation B. Inflation
C. Deflation D. Devaluation

Ans. C

Sol.

• **Deflation** is the decline in the prices for goods and services that occur when the rate of inflation falls below 0%.

• It will take place naturally, if and when the money supply of an economy is limited.

• It indicates deteriorating conditions.

• It is normally linked with significant unemployment and low productivity levels of goods and services.

26. Which of the following economic activities employs the maximum number of people in India?

- A. Tourism B. Agriculture
C. Mining D. Manufacturing

Ans. B

Sol.

• **Agriculture sector employs maximum no. of people** in india, whereas it has least contribution in GDP.

• The opposite scenario is due to lack of technological upgradation in agriculture, disguise employment, land fragmentation and low agriculture input.'

27. A sustained rise in the general price level in an economy is called _____.

- A. Disinflation B. Deflation
C. Inflation D. Stagflation

Ans. C

Sol.

• **Inflation** is a general increase in all prices across an economy

• **Deflation** is a general decrease in all prices across an economy.

• **Stagflation** is rising prices and falling output.

• **Disinflation** is a temporary slowing of the pace of price inflation.



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28. Which theory is used to make long-run predictions about exchange rates in a flexible exchange rate system?

- A. Balance of Payment Theory
- B. Interest Rate Approach
- C. Portfolio Balance Approach
- D. Purchasing Power Parity Theory

Ans. D

Sol.

- **Purchasing Power Parity (PPP)** theory is used to make long-run predictions about exchange rates in a flexible exchange rate system.

- It is based on the Law of One Price, which says that, if there are no transaction costs nor trade barriers for a particular good, then the price for that good should be the same at every location.

29. A _____ occurs when a government's total expenditures exceed the revenue that it generates, excluding money from borrowings.

- A. Current Account Deficit
- B. Fiscal Deficit
- C. Budgetary Deficit
- D. Revenue Deficit

Ans. B

Sol.

- **Fiscal Deficit** is the difference between the total income of the government (total taxes and non-debt capital receipts) and its total expenditure. Or a government's total expenditures exceed the revenue that it generates, excluding money from borrowings.

- Fiscal Responsibility and Budget Management (FRBM) Act **was passed in 2003** to monitor and optimally manage fiscal deficit of country.

- NK Singh Committee on Review of FRBM act suggest for formation of Fiscal Council.

30. The Pradhan Mantri Shram Yogi Mandhan Yojana ensures old age protection for unorganized workers whose monthly income is less than or equal to _____.

- A. ₹ 10,000
- B. ₹ 12,000
- C. ₹ 15,000
- D. ₹ 20,000

Ans. C

Sol.

- Prime Minister Narendra Modi on **5th March 2019** launched a pension scheme '**Pradhan Mantri Shram Yogi Maandhan**'.

- This mega pension scheme ensures old age protection for unorganized Workers, whose monthly income is **Rs 15,000/ per month or less**.

- It is a voluntary and contributory pension scheme, where each subscriber under the PMSYM, shall receive minimum assured pension of Rs 3000- per month after attaining the age of 60 years.

31. The Ayushman Bharat Scheme introduced by the Government of India provides medical coverage of up to ₹ _____ per family per year.

- A. 5 lakhs
- B. 1 lakh
- C. 7 lakhs
- D. 2 lakhs

Ans. A

Sol.

- The Ayushman Bharat Scheme introduced by the Government of India provides medical coverage of **up to ₹ 5 lakh per family per year**.

- It was launched on **23rd September 2018** by Prime Minister Narendra Modi in Ranchi, Jharkhand.

- The scheme aims at making interventions in primary, secondary and tertiary care systems, covering both preventive and promotive health, to address healthcare holistically.

32. The Khadi and village Industries Commission Act was passed in the year _____.

- A. 1948
- B. 1956
- C. 1965
- D. 1964

Ans. B

Sol.

- The Khadi and Village Industries Commission (KVIC) is a **statutory body** formed by the Government of India.

- It was formed under the Act of Parliament, '**Khadi and Village Industries Commission Act of 1956**'.

- **Mahatma Gandhi** Ji was the social reformer who was also an Industrialist known for his effort promoting Khadi and village industries in India.



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33. The rate of interest on which commercial banks borrow money from the RBI to meet their short term credit needs is known as _____.

- A. Sub-Prime Lending Rate
- B. Statutory Lending Rate
- C. Prime Lending Rate
- D. Bank Rate

Ans. D

Sol.

a) **Bank rate** is the rate of interest on which commercial banks borrow money from the RBI to meet their short term needs.

b) Base rate is the minimum rate set by the Reserve Bank of India below which banks are not allowed to lend to its customers.

c) Currently the **Bank rate** is **5.65%** as on **8 feb,2020**.

34. _____ Bank has become the first bank in the country to introduce Iris Scan Authentication feature for Aadhaar-based transactions through its micro ATM tablets.

- A. Axis
- B. Canara
- C. Bandhan
- D. Yes

Ans. A

Sol.

a) **Axis Bank** has become the first bank in the country to introduce Iris Scan Authentication feature for **Aadhaar-based transactions** through its **micro ATM tablets**.

b) Micro ATMs completely eliminate the requirement of debit cards, passwords, PINs, and user IDs, and empower consumers to avail banking services using only their Aadhaar numbers and biometrics.

35. Ghumot is indigenous traditional percussion instrument of _____

- A. Andhra Pradesh
- B. Goa
- C. Punjab
- D. Assam

Ans. B

Sol.

a) **Ghumot** is indigenous traditional percussion instrument of **Goa**.

b) It is a **percussion instrument** of earthen vessel having both sides open

and on the bigger opening a leather drum membrane of monitor lizard is mounted.

c) **Goa** is the **smallest state** of India and the current **Chief Minister** is **Pramod Sawant**.

36. In economics, IPO stands for _____.

- A. Inclusive Property Offer
- B. Initial Public Offering
- C. Indented Performance Objective
- D. Inventory Performance Output

Ans. B

Sol.

• **IPO means Initial Public Offering.**

• An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance.

37. The first Cotton Mill in India was set up as a spinning mill in 1854 in _____.

- A. Delhi
- B. Bombay
- C. Madras
- D. Calcutta

Ans. B

Sol.

• **The Bombay Spinning and Weaving Company** was the first cotton mill to be established in Bombay.

• It was opened in 1854 in Bombay by **Cowasji Nanabhai Davar**.

• The Company was designed by **Sir William Fairbairn**.

• This mill began production on **7 February 1856**.

38. For economists, _____ refers to the amount of a product or service that people are both willing and able to buy.

- A. demand
- B. supply
- C. price
- D. income

Ans. A

Sol.

• For economists, **Demand** refers to the amount of a product or service that people are both willing and able to buy.

• In other words, we can define demand in this way that Demand in economics is the quantity of goods and services bought at various prices during a period.



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39. A savings fund in which both, the employer and the employee contribute regularly in the interest of the employee is known as _____.

- A. Index Fund
- B. Mutual Fund
- C. Provident Fund
- D. Balanced Fund

Ans. C

Sol.

* **Provident Fund** is a collection of funds contributed by the **employer** and his **employee regularly** on a monthly basis.

* It basically aims at promoting savings to be used post-retirement by various employees all over the country.

* Any organization employing a minimum of 20 workers is liable to give **PF** benefits to the workers.

40. In Economics, buying an asset in one market and simultaneously selling an identical asset in another market at a higher price is termed as _____.

- A. Depreciation
- B. Mortgage
- C. Arbitrage
- D. Devaluation

Ans. C

Sol.

• The process of buying an asset in one market and simultaneously sold in another market at a higher price is called **Arbitrage**.

• It is considered to be a riskless activity because in this traders are simply buying and selling equal amounts of the same asset at the same time at a higher price.

41. Aapka bhala, sabki bhalai' is the tagline of _____ bank.

- A. HDFC Bank
- B. Canara Bank
- C. Bandhan Bank
- D. State Bank of India

Ans. C

Sol.

a) **Aapka bhala, sabki bhalai** is the tagline given by **Bandhan Bank**.

b) It is a private sector bank that started working on 23 Aug. 2015.

c) The present CEO of the Bandhan Bank is Chandra Shekhar Ghosh.

d) The headquarters is located in kolkata.

42. The _____ shows all the combinations of two commodities that a consumer can

afford at given market prices and within the particular income level.

- A. Utility line
- B. Supply line
- C. Demand line
- D. Budget line

Ans. D

Sol.

Budget Line is the line that shows all the combinations of two commodities a person can purchase on given market price and within his particular income.

43. A/an _____ stock is the stock of a large, well-established and financially sound company that has operated for many years.

- A. Cyclical
- B. Defensive
- C. Blue-Chip
- D. Income

Ans. C

Sol.

• **A blue chip** is stock in a corporation with a national reputation for quality, reliability, and the ability to operate profitably in good and bad times.

• These stocks are high-priced stocks belonging to companies that maintain a sound record of financial stability and credibility for numerous years.

44. Which one of the following is used for indexing dearness allowance to government employees for increase in prices in India?

- A. Internet rates
- B. Consumer Price Indices (CPI)
- C. Bank rates
- D. Statutory Liquidity Ratio (SLR)

Ans. B

Sol.

• The **Consumer Price Index (CPI)** is an index measuring the average price of goods and services purchased by domestic consumers.

• The consumer price index is calculated by calculating the average price of a standard set of goods and services.

• It is used for indexing dearness allowance to government employees for increase in prices in India.

45. A company that has been founded after 2003 and that has a current valuation of more than 1 billion USD is



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referred to as in the industry by which term?

- A. Unicorn Startup Company
- B. Blue Moon Startup Company
- C. Stratosphere Startup Company
- D. 5th Gear startup Company

Ans. A

Sol.

- A company that has been founded after 2003 and that has a current valuation of more than 1 billion USD is referred to as in the industry by **Unicorn Startup Company**.

- The term unicorn was coined in the year 2013 by the founder of the Cowboy Ventures, **Aileen Lee**.

46. What is the present Statutory Liquidity Ratio (SLR) announced by the Reserve Bank of India with effect from 1st January 2019?

- A. 19.00 per cent
- B. 19.50 per cent
- C. 19.25 per cent
- D. 19.75 per cent

Ans. B

Sol.

- **The current Statutory Liquidity Ratio (SLR) is 19.50%.**

- The current Statutory Liquidity Ratio (SLR) was declared by the Reserve Bank of India. It is in effect from 1 January 2019.

- In Indian banking terms, statutory liquidity ratio (SLR) refers to the minimum reserve requirement that needs to be maintained by commercial banks in the nation.

47. What is the amount of minimum assured monthly pension payable under the Pradhan Mantri Shram Yogi Maandhan (PM-SYM) scheme of the Government of India?

- A. Rs. 2000
- B. Rs. 1000
- C. Rs. 4000
- D. Rs. 3000

Ans. D

Sol.

- The Pradhan Mantri Shram Yogi Maandhan is a pension scheme which seeks to ensure old age protection for unorganized workers.

- It is a voluntary and contributory pension scheme, under which the subscriber would receive a minimum

assured pension of **Rs 3000/- per month** after attaining the age of 60 years.

- Under this scheme, if the subscriber dies, the spouse of the beneficiary shall be entitled to receive 50% of the pension as family pension.

48. _____ is the final value of all the finished goods and services produced within a country's borders in a specific time period.

- A. Government revenue
- B. Net National Product
- C. Gross Domestic Product
- D. Gross National Product

Ans. C

Sol.

- **The Gross Domestic Product (GDP)** is the final value of all the finished goods and services produced within a country's borders in a specific time period.

- It measures the economy within a specified time period.

- Any produce from a citizen done outside the nation's territory is not part of GDP.

- It is an economic indicator.

49. The responsibility of regulating and supervising primary (urban) cooperative banks, which are popularly known as Urban Cooperative banks (UCBs) is vested with which one of the following?

- A. The Department of Non-Banking Supervision of the Reserve Bank of India
- B. The Urban Banks Department of the Reserve Bank of India
- C. State Co-operative Banks
- D. The Department of Corporate Services of the Reserve Bank of India

Ans. B

Sol.

- **The Urban Banks Department of the Reserve Bank of India** is vested with the responsibility of regulating and supervising primary (urban) cooperative banks, which are popularly known as Urban Cooperative Banks (UCBs).

- While overseeing the activities of 1926 primary (urban) cooperative banks, the Urban Banks Department performs three main functions : regulatory, supervisory and developmental.



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• The Department performs these functions through its **17 regional offices**.

50. Which one of the following is defined as "the proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations"?

- A. Liquidity Coverage Ratio
- B. Base Rate
- C. Statutory Liquidity Ratio
- D. Cash Reserve Ratio

Ans. A

Sol.

• The Liquidity Coverage Ratio is defined as "the proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations".

• The liquidity coverage ratio is the requirement whereby banks must hold an amount of high-quality liquid assets that's enough to fund cash outflows for 30 days.

• Liquidity ratios are similar to the LCR in that they measure a company's ability to meet its short-term financial obligations.

51. In which year was the State Financial Corporation Act passed?

- A. 1972
- B. 1983
- C. 1951
- D. 1947

Ans. C

Sol.

* **The State Financial Corporation Act passed in 1951** to promote small and medium industries of the states.

* The authorized Capital of a State Financial Corporation should be within the minimum and maximum limits of Rs. 50 lakhs and Rs. 5 crores which are fixed by the State government.

52. Which one of the following is a monetary principle stating that "bad money drives out good"?

- A. Pareto efficiency
- B. The multiplier effect
- C. Marshall's scissors analysis
- D. Gresham's law

Ans. D

Sol.

The information regarding above given options is-

* **Gresham's law** states that "bad money drives out good".

* **Pareto Efficiency** is an economic state where resources cannot be reallocated to make one individual better off without making at least one individual worse off.

* The multiplier effect refers to the increase in final income arising from any new injection of spending.

* Marshall's scissors analysis related to variations of Demand and Supply and their effects.

53. A market structure which is dominated by only a small number of firms is called _____.

- A. Perfect Competition
- B. Monopoly
- C. Oligopoly
- D. Monopolistic Competition

Ans. C

Sol.

* **Oligopoly** is a market structure with a small number of firms, none of which can keep the others from having significant influence.

* **Perfect competition** describes a market structure where competition is at its greatest possible level.

* A **monopoly** is an economic market structure where a specific person or enterprise is the only supplier of a particular good.

* **Monopolistic competition** is a market structure which combines elements of monopoly and competitive markets.

54. In the context of IT services, what is the full form of BCP?

- A. Business Continuity Plan
- B. Business Confirmation Protocol
- C. Business Continuity Protocol
- D. Business Confirmation Plan

Ans. A

Sol.

* **Business continuity planning (BCP)** is the process involved in creating a system of prevention and recovery from potential threats to a company.



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* The plan ensures that personnel and assets are protected and are able to function quickly in the event of a disaster.
* The BCP is generally conceived in advance and involves input from key stakeholders and personnel.

55. The headquarters of the Union Bank of India is located in which of the following city?

- A. Mumbai
- B. Lucknow
- C. Mangalore
- D. Kolkata

Ans. A

Sol.

The headquarters of Union Bank of India is located in Mumbai.

- It was founded in 1919.
- On 30 August 2019, Finance Minister Nirmala Sitharaman announced that Andhra Bank and Corporation Bank would be merged into Union Bank of India.

56. In the context of international banking transactions what is the full form of SWIFT?

- A. Society for Wireless International Financial Transactions
- B. Society for Worldwide Interbank Financial Telecommunication
- C. Society for Worldwide International Financial Telecommunication
- D. Society for Worldwide International Financial Transactions

Ans. B

Sol.

The full form of SWIFT is Society for Worldwide Interbank Financial Telecommunication.

- It is a messaging network for secure transition of Information and Instructions between Financial Institutions.
- *SWIFT India is a joint venture of top Indian public and private sector banks and SWIFT.*
- Significance of SWIFT are- safe financial transitions, International coordination, safe customer environment, Improves Ease of Doing Business etc.

57. In May 2019, the Government of India approved a new scheme which assures minimum monthly pension to all shopkeepers, retail traders and self

employed persons after attaining the age of 60 years. How much is the pension amount?

- A. Rs. 5,000
- B. Rs. 10,000
- C. Rs. 3,000
- D. Rs. 7,000

Ans. C

Sol.

• **The Ministry of Labour and Employment** has introduced the new scheme named "Pradhan Mantri Laghu Vyapari Maan-Dhan Yojana" (PMLVM).

- This scheme offers pension coverage to the trading community.
- Under this scheme, All shopkeeper, retail traders and the self-employed individual will receive a monthly pension of Rs.3000 after attaining the age of 60 years.

58. Which of the following terms refers to the running down or payment of a loan in instalments?

- A. Discounted cashflow
- B. Credit creation
- C. Backwardation
- D. Amortisation

Ans. D

Sol.

• In business, **amortization** refers to spreading payments over multiple periods.

- The term is used for two separate processes: amortization of loans and amortization of assets.

59. In the context of banking sector of India, what is the full form of IMPS?

- A. Instant Payment Service
- B. Instant Payment Sector
- C. Immediate Payment Sector
- D. Immediate Payment Service

Ans. D

Sol.

* **Immediate Payment Service (IMPS)** is an instant payment inter-bank electronic funds transfer system in India.

* IMPS offers an inter-bank electronic fund transfer service through mobile phones.

* IMPS was publicly launched on **November 22, 2010.**

* It is managed by the National Payments Corporation of India (NPCI).



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