

IAS Prelims Economy Questions 2014

1. The sales tax you pay while purchasing a toothpaste is a
 - (a) tax imposed by the Central Government
 - (b) tax imposed by the Central Government but collected by the State Government
 - (c) tax imposed by the State Government but collected by the Central Government
 - (d) tax imposed and collected by the State Government
 2. What does venture capital mean?
 - (a) A short-term capital provided to industries
 - (b) A long-term start-up capital provided to new entrepreneurs
 - (c) Funds provided to industries at times of incurring losses
 - (d) Funds provided for replacement and renovation of industries
 3. The main objective of the 12th Five-Year Plan is
 - (a) inclusive growth and poverty reductions
 - (b) inclusive and sustainable growth
 - (c) sustainable and inclusive growth to reduce unemployment
 - (d) faster, sustainable and more inclusive growth.
 4. With reference to Balance of Payments, which of the following constitutes/constitute the Current Account?
 - (1) Balance of trade
 - (2) Foreign assets
 - (3) Balance of invisibles
 - (4) Special Drawing Rights
- Select the correct answer using the code given below.
- (a) 1 only
 - (b) 2 and 3
 - (c) 1 and 3
 - (d) 1, 2 and 4
5. The terms 'Marginal Standing Facility Rate' and 'Net Demand and Time Liabilities', sometimes appearing in news, are used in relation to
 - (a) banking operations
 - (b) communication networking
 - (e) military strategies
 - (d) supply and demand of agricultural products

6. What is/are the facility/facilities the beneficiaries can get from the services of Business Correspondent (Bank Saathi) in branchless areas?

- (1) It enables the beneficiaries to draw their subsidies and social security benefits in their villages.
- (2) It enables the beneficiaries in the rural areas to make deposits and withdrawals.

Select the correct answer using the code given below.

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

7. In the context of Indian economy; which of the following is/are the purpose/purposes of 'Statutory Reserve Requirements'?

- (1) To enable the Central Bank to control the amount of advances the banks can create
- (2) To make the people's deposits with banks safe and liquid
- (3) To prevent the commercial banks from making excessive profits
- (4) To force the banks to have sufficient vault cash to meet their day-to-day requirements

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, 3 and 4

8. If the interest rate is decreased in an economy, it will

- (a) decrease the consumption expenditure in the economy
- (b) increase the tax collection of the Government
- (c) increase the investment expenditure in the economy
- (d) increase the total savings in the economy

9. Which of the following organizations brings out the publication known as 'World Economic Outlook'?

- (a) The International Monetary Fund
- (b) The United Nations Development Programme
- (c) The World Economic Forum
- (d) The World Bank

10. With reference to Union Budget, which of the following is/are covered under Non-Plan Expenditure?

- (1) Defence expenditure

(2) Interest payments

(3) Salaries and pensions

(4) Subsidies,

Select the correct answer using the code given below.

(a) 1 only

(b) 2 and 3 only

(c) 1, 2, 3 and 4

(d) None