

2019 IAS Prelims Economy Questions

1. In a given year in India, official poverty lines are higher in some states than in others because

- (a) poverty rates vary from State to State
- (b) price levels vary from State to State
- (c) Gross State Product varies from State to State
- (d) quality of public distribution varies from State to State

2. The money multiplier in an economy increases with which one of the following?

- (a) Increase in the cash reserve ratio
- (b) Increase in the banking habit of the population
- (c) Increase in the statutory liquidity ratio
- (d) Increase in the population of the country

3. Consider the following statements:

The Reserve Bank of India's recent directives relating to 'Storage of Payment System Data', popularly known as data diktat, command the payment system providers that

- (1) they shall ensure that entire data relating to payment systems operated by them are stored in a system only in India
- (2) they shall ensure that the systems are owned and operated by public sector enterprises
- (3) they shall submit the consolidated system audit report to the Comptroller and Auditor General of India by the end of the calendar year

Which of the statements given above is/are correct?

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

4. Which one of the following is not the most likely measure the Government/RBI takes to stop the slide of Indian rupee?

- (a) Curbing imports of non-essential goods and promoting exports
- (b) Encouraging Indian borrowers to issue rupee-denominated Masala Bonds
- (c) Easing conditions relating to external commercial borrowing
- (d) Following an expansionary monetary policy

5. Consider the following statements

- (1) Purchasing Power Parity (PPP) exchange rates are calculated by comparing the prices of the same basket of goods and services in different countries.
- (2) In terms of PPP dollars, India is the sixth-largest economy in the world.

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

6. With reference to India's Five-Year Plans, which of the following statements is/are correct?

- (1) From the Second Five-Year Plan, there was a determined thrust towards substitution of basic and capital good industries.
- (2) The Fourth Five-Year Plan adopted the objective of correcting the earlier trend of increased concentration of wealth and economic power.
- (3) In the Fifth Five-Year Plan, for the first time, the financial sector was included as an integral part of the Plan.

Select the correct answer using the code given below.

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

7. Which of the following is issued by registered foreign portfolio investors to overseas investors who want to be part of the Indian stock market without registering themselves directly?

- (a) Certificate of Deposit
- (b) Commercial Paper
- (c) Promissory Note
- (d) Participatory Note

8. In the context of India, which of the following factors is/are contributors to reducing the risk of a currency crisis?

- (1) The foreign currency earnings of India's IT sector
- (2) Increasing the government expenditure
- (3) Remittances from Indians abroad

Select the correct answer using the code given below.

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

9. Which of the following is not included in the assets of a commercial bank in India?

- (a) Advances
- (b) Deposits
- (c) Investments
- (d). Money at call and short notice

10. Consider the following statements:

- (1) Most of India's external debt is owed by governmental entities.
- (2) All of India's external debt is denominated in US dollars.

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

11. The economic cost of food grains to the Food Corporation of India is Minimum Support Price and bonus (if any) paid to the farmers plus

- (a) transportation cost only
- (b) interest cost only
- (c) procurement incidentals and distribution cost
- (d) procurement incidentals and charges for godowns

12. The Chairman of public sector banks are selected by the

- (a) Banks Board Bureau
- (b) Reserve Bank of India
- (c) Union Ministry of Finance
- (d) Management of concerned bank

13. What was the purpose of the Inter Creditor Agreement signed by Indian banks and financial institutions recently?

- (a) To lessen the Government of India's perennial burden of fiscal deficit and current account deficit
- (b) To support the infrastructure projects of Central and State Governments
- (c) To act as independent regulator in case of applications for loans of Rs. 50 crore or more
- (d) To aim at faster resolution of stressed assets of Rs. 50 crore or more which are under consortium lending