

Educrat IAS Academy

UPSC Prelims Mock Test: 8

Answer Key

1. Hot Spots within the earth help produce Geothermal Energy. What are these 'Hot Spots'?

- a) Areas of intense pressure inside the mantle
- b) Region in crust where hot molten rocks are trapped
- c) Regions of high volcanism on earth's surface
- d) Areas of intense magnetic activity within the upper mantle

2. Consider the following statements.

1. Almost all the world deserts are confined within the 30 to 45 degrees parallels of latitude north and south of the equator.
2. Deserts lie in the trade wind belt on the western parts of the continents where Trade winds are off-shore.

Which of the above statements is/are correct?

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

3. Warm moist summer, cool dry winter, great annual temperature range, rainfall throughout the year are the characteristic feature of which type of climate?

- a) Hot, Wet Equatorial climate
- b) Sudan climate
- c) British type climate
- d) China type climate

4. Conditions favorable for Delta Formation are

- 1.No strong current running at right angle to the river mouth.
- 2.Presence of Continental shelf.
- 3.Presence of large lake in the way of the river.
- 4.The coast should be sheltered preferably without tides.

Which of the above statements is/are correct?

- a) 1, 2, 3
- b) 1, 3, 4
- c) 1, 2, 4
- d) 1, 2, 3, 4

5. Consider the following statements regarding Dharwar System of rocks.

1. It is the oldest system of rocks in India.
2. It contains metamorphic sedimentary rocks.
3. It hosts gold mines.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 2, 3
- c) 1, 3
- d) 2, 3

6. Which one of the following places is located at the confluence of Alaknanda and Bhagirathi

- a) Vishnuprayag
- b) Devaprayag
- c) Rudrapravag
- d) Karnaprayag

7. Which of the following conditions are good for fisheries production & catch?

- 1.Coastal upwelling of nutrient rich colder water
- 2.Abundance of phytoplankton
- 3.Meeting of warm and cold currents
- 4.Shallow continental shelves in cold regions

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 3, 4
- c) 2, 3, 4
- d) 1, 2, 3, 4

8. Which of the following are the conditions for the emergence of a tropical cyclone?

- 1.Large and continuous supply of warm and moist air.
- 2.Strong Coriolis force
- 3.Strong vertical wind
- 4.Unstable condition through the Troposphere

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 2, 4
- c) 2, 3, 4
- d) 1, 2, 3, 4

9. Which of the following statement best describes 'Doldrums'?

- a) High pressure area in subtropical region where westerlies originate.
- b) Belt of calm region in equatorial region where prevailing trade winds meet.
- c) Tropical region in Indian ocean where cyclone often originate.
- d) Frigid zone of the earth where there is little atmospheric circulation.

10. Consider the following statements regarding Temperate Rainforests.

1. Temperate rainforests are found mostly in coastal, mountainous areas.
2. Cooler temperatures and a more stable climate slow down decomposition, allowing more material to accumulate.
3. Temperate rainforests are the most biologically diverse terrestrialecosystems in the world.

Which of the above statements is/are correct?

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

11. Consider the following statements:

1. The soil develops on crystalline igneous rocks in areas of low rainfall.
2. They are generally poor in nitrogen, phosphorous and humus.
3. They are fertile when fine-grained and are poor in fertility when they are coarse-grained.

The above statements refer to:

- a) Laterite soil
- b) Black Soil
- c) Red and Yellow Soil
- d) None of the above

12. Which of the following best describes the 'Marine upwelling'?

- a) Periodic rise and fall of the ocean due to gravitational attraction of the moon.
- b) Rise in the sea level due to the global warming.
- c) Rise of deep cold water towards the surface of the ocean.
- d) Storm surges hitting the coast due to cyclonic activity.

13. The drainage pattern of an area is the outcome of which of the following factors

1. Geological time period.
2. Nature of rocks
3. Structure of rocks
4. Topography
5. Amount of water flowing and periodicity of the flow.

Which of the above statements is/are correct?

- a) 1, 2, 3
- b) 1, 2, 3, 4
- c) 1, 2, 3, 4, 5
- d) 2, 3, 4, 5

14. Ladakh, a cold desert in the Greater Himalayas, is enclosed by

- a) Karakoram range in North and Zaskar range in South
- b) Zaskar range in North and Karakoram range in South
- c) Pir Panjal range in North and Zaskar range in South
- d) Karakoram range in North and Pir Panjal range in South

15. Features of the youth stage of a river usually include

1. Stream divides are broad with marshes and swamps
2. Waterfalls and rapids may exist where hard rocks are found
3. Streams meander freely forming natural levees and ox-bow lakes

Which of the above statements is/are correct?

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

16. Consider the following statements:

1. Estuaries are more favorable than deltas for the siting of large ports.
2. Limestone vegetation in tropical regions is luxuriant because of the heavy rainfall all the year round.
3. Ria coasts, Fiord coasts, Estuarine coasts and Dalmatian coasts are examples for the coastline of emergence.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

17. What is/are the difference(s) between troposphere and stratosphere?

1. Jet aircrafts fly in stratosphere, not in troposphere.
2. Stratosphere is the layer with auroras, not troposphere.
3. Most of the Weather patterns occur in the troposphere, not in stratosphere.

Select the correct answer code:

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

18. Consider the following statements:

1. The lapse rate usually is more in winter than summer.
2. In hilly areas, a hot day followed by calm, cloudless night act as favorable condition for the phenomenon of temperature inversion.
3. If the moist air ascends rapidly to the cooler layers of the atmosphere, the water droplets freeze into ice pellets and fall to the earth as hail.

Which of the above statements is/are correct?

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

19. Which of the following techniques for soil conservation is best used in coastal and flat dry areas?

- a) Sheltered belts
- b) Terrace farming
- c) Countour barriers
- d) Countour ploughing

20. Where is Saltoro Ridge located?

- a) Southwest of Siachen glacier
- b) Northeast of Pangong Tso
- c) Southeast of Depsang plains
- d) Northwest of Baltistan

21. Which of the following pollutants is/are monitored under the National Air Quality Index?

1. SO₂
2. NO₂
3. NH₃

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) All of the above

22. What is the objective of the recently launched EOS-01 satellite?

- a) Applications in agriculture, forestry and disaster management support
- b) 5G connectivity
- c) Internet connectivity to islands in Indian Ocean
- d) Military intelligence network

23. Consider the following statements regarding the Immune System:

1. Macrophages are white blood cells that swallow up and digest germs, plus dead or dying cells.
2. B-lymphocytes are defensive white blood cells that produce antibodies.

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

24. The Ishad mango variety belongs to which of the following State?

- a)Madhya Pradesh
- b)Maharashtra
- c)Bihar
- d)Karnataka

25. Consider the following statements regarding the Innovation in Science Pursuit for Inspired Research (INSPIRE) programme:

1. The program is managed by All India Council for Technical Education (AICTE).
2. Scholarship for Higher Education (SHE) component of INSPIRE aims to promote youths to undertake higher education in science intensive programmes.

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

26. Which of the following country(s) have recently signed the Regional Comprehensive Economic Partnership (RCEP) agreement?

- 1.Vietnam
- 2.Australia
- 3.Philippines

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) All of the above

27. Which of the following is/are Scorpene submarine of Project-75?

1. INS Karanj
2. INS Vela
3. INS Vagir

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) All of the above

28. Consider the following statements regarding the Foreign Contribution Regulation Act (FCRA), 2010:

1. Members of legislatures and political parties are prohibited from receiving any foreign contribution.
2. Any donation received from a 'foreign source' whether in rupees or in foreign currency is construed as 'foreign contribution' under FCRA.

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. Where is Stepanakert located?

- a) Inner Mongolia
- b) Nagorno-Karabakh
- c) Israel-Palestine border region
- d) Ukraine

30. Consider the following statements regarding the RNA vaccines:

1. They work by introducing an mRNA sequence in body which is coded for a disease specific antigen.
2. Production of RNA vaccines is laboratory based.

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

31. Which of the following statement most appropriately defines the One Health approach?

- a) A solution to communicable as well as non-communicable disease
- b) A curative approach without vaccine intervention
- c) A curative approach without vaccine intervention
- d) An approach recognizing the interconnection among people and environmental

32. Consider the following statements regarding the Chang'e-5 spacecraft:

1. It is targeted to land at the far-side of the moon.
2. The mission aims to bring back sample from the lunar surface to Earth.

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

33. What is a Negative Bond Yield?

- a) Investor receives more money at the bond's maturity than the original purchase price for the bond
- b) Investor receives less money at the bond's maturity than the original purchase price for the bond
- c) Investor receives no money at the bond's maturity but is offered another bond with higher return
- d) None of the above

34. Pangda village has been in news recently, where is it located?

- a) India-Nepal border
- b) China-Bhutan border
- c) India-China border
- d) India-Pakistan border

35. Government of India has recently banned several mobile applications, citing national security threats, using which of the following legal provision?

- a) Information and Technology Act
- b) Epidemic Diseases Act
- c) National Investigation Agency Act
- d) Unlawful Activities (Prevention) Act

36. Which of the following is/are correctly matched?

- 1. Rudram 1 – Anti-Radiation missile
- 2. Brahmos – Ramjet supersonic cruise missile

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

37. Which of the following is/are correctly matched?

- 1. Bhavai – Andhra Pradesh
- 2. Therukoothu – Tamil Nadu
- 3. Pichwai – Rajasthan

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) All of the above

38. Which of the following country(s) is/are participating in the SITMEX 2020?

1. India
2. Singapore
3. Thailand

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) All of the above

39. Consider the following statements regarding the Herd Immunity:

1. It can be achieved only when hundred percent of the population becomes immune to a disease.
2. It cannot be achieved through vaccination.

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

40. Which of the following is/are correctly matched?

1. COVAXIN – Bharat Biotech
2. ZyCOV-D – Serum Institute of India
3. COVISHIELD – Pfizer Inc.

Select the correct answer using the code give below:

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

41. Union Government has recently announced Production Linked Incentives for which of the following sectors?

1. Pharmaceuticals
2. Advance Chemistry Cell Battery
3. Solar PV

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) All of the above

42. The report ‘Assessment of climate change over the Indian region’ has been released by which of the following institution/organisation?

- a) India Meteorological Department
- b) Geological Survey of India
- c) Intergovernmental Panel on Climate Change
- d) Ministry of Earth Sciences

43. Consider the following statements regarding the Anti-Satellite (ASAT) Missile:

1. India conducted a successful ASAT test with Mission Shakti.
2. India is the only Asian country to have demonstrated the anti-satellite weapon technology till date.

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

44. Which of the following country(s) is/are not member(s) to the Shanghai Cooperation Organisation (SCO)?

1. Mongolia
2. Belarus
3. Afghanistan

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) All of the above

45. The Central Government can designate an individual as terrorist under Unlawful Activities (Prevention) Act on which of the following grounds?

- 1. Commits or participates in acts of terrorism
- 2. Promotes or encourages terrorism

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

46. Which of the following is/are Ramsar wetland sites in India?

- 1. Kabartal Wetland
- 2. Lonar Lake
- 3. Asan Conservation Reserve

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) All of the above

47. Which of the following statement correctly defines the Aplastic anemia?

- a) Body doesn't produce enough blood cells
- b) Body doesn't produce enough antibodies against infection
- c) The somatic cell's capacity to utilize oxygen diminishes
- d) The antibodies in the blood start targeting the healthy cells

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48. Consider the following statements regarding the GRIHA ratings:

1. It evaluates the environmental performance of a building holistically over its entire life cycle.
2. GRIHA Council was founded by The Energy and Resources Institute with support from Ministry of New and Renewable Energy.

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

.49. The Nord Stream gas pipeline is proposed to connect which of the following countries?

1. Germany
2. Russia
3. France

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) All of the above

50. Consider the following statements regarding the T-cell immunity:

1. It is a major component of the adaptive immune system.
2. T cells form in bone marrow and mature in thymus.

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

51. Which of the following institution publishes the Financial Stability Report (FSR) in India?

- a) Reserve Bank of India
- b) Securities and Exchange Board of India
- c) Competition Commission of India
- d) NITI Aayog

52. The term ‘technical recession’ was in news recently, what does it mean?

- a) GDP of a country increasing while global GDP is decreasing
- b) Economic output reducing for two consecutive quarters
- c) Increase in supply despite low demand in economy
- d) Economic output of manufacturing sector reducing while primary and tertiary sector keeps growing

53. Consider the following statements regarding laws of demand and supply:

1. The law of demand says that at higher prices, buyers will demand less of an economic good.
2. Producers supply more at a higher price because the higher selling price justifies the higher opportunity cost of each additional unit sold.

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

54. In some of the five-year plans, the Gadgil – Mukherjee Formula was used to

- a) Determine the target of fiscal deficit for the Government
- b) Allocate financial assistance to states from the Centre
- c) Calculate the trajectory of industrial growth in India
- d) Determine maximum permissible limit of External Borrowings by the Government

55. Consider the following statements regarding Angel Investors.

1. Angel Investors are high-net-worth individuals, who generally buy back failed firms for asset restructuring.
2. The funds angel investors provide may be a one-time investment to help the business propel or an ongoing injection of money to support and carry the company.

Which of the above statements is/are correct?

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

56. Consider the following statements regarding Special Drawing Right (SDR).

1. The SDR is an international reserve asset, created by the IMF to supplement its member countries' official reserves.
2. The value of the SDR is based on a basket of currencies of developed 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

57. Consider the following statements regarding Prompt Corrective Action (PCA) framework:

1. The capital to risk weighted assets ratio (CRAR), net non-performing assets (NPA) and Return on Assets (RoA) are the trigger points for banks to be put under PCA.
2. It is not applicable to co-operative banks and non-banking financial companies (NBFCs).

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

58. Which of the following may lead to Inflation

1. A reduction in the total productive capacity of the economy even as more and more people are employed
2. Oversupply of goods in the economy.

Select the correct answer code:

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

59. Consider the following statements regarding GDP deflator.

1. The GDP deflator is basically a measure of inflation.
2. It helps show the extent to which the increase in gross domestic product has happened on account of higher prices rather than increase in output.
3. It covers only those goods and services directly consumed by households.

Which of the above statements is/are correct?

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

60. Consider the following statements regarding revenue receipts and capital receipts of the government.

1. Capital receipts are always debt creating unlike revenue receipts.
2. Capital receipts are non-redeemable unlike revenue receipts.

Which of the above statements is/are incorrect?

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

61. Consider the following statements regarding Cash Reserve Ratio (CRR).

1. It is the fraction of the total Net Demand and Time Liabilities (NDTL) of a Scheduled Commercial Bank in India that has to maintain as cash deposit with the RBI.
2. It applies uniformly to all banks in the country irrespective of an individual bank's financial situation or size.
3. Banks are paid interest for parking the required cash under CRR.

Which of the above statements is/are correct?

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

62. Consider the following statements regarding First Five-year Plan (FYP) in India.

1. The First Five-year Plan mainly focused on development of the primary sector.
2. The First Five-year Plan was followed by the Bombay Plan which became the basis for the Second Five Year Plan.

Which of the above statements is/are correct?

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

**63. Printing currency is usually the last resort for the government in managing its deficit.
This is because**

1. Government expenditure using this new money boosts incomes and raises private demand in the economy, thus leading to inflation.
2. Excess supply of rupee will cause its depreciation.

Select the correct answer code:

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

64. Hard currency is usually preferred because

1. It is seen as politically and economically stable.
2. It is widely accepted around the world as a form of payment for goods and services.
3. It is not likely to depreciate or appreciate suddenly.

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 1, 2, 3
- d) 2, 3

65. Consider the following statements regarding Fiscal Responsibility and Budget Management (FRBM) Act, 2003.

1. The Act made Central government responsible for ensuring inter-generational equity in fiscal management and long-term macro-economic stability.
2. The Act envisages the setting of limits on the Central government's debt and deficits.
3. The law contains an 'escape clause' under which Centre can exceed the annual fiscal deficit target.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

66. In economics, the monetary base includes:

1. Total currency circulating in the public.
2. Currency that is physically held in the vaults of commercial banks.
3. Sum total of the capital of all financial institutions regulated by Central Bank.
4. Commercial banks' reserves held in the central bank.

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 2, 4
- c) 2, 3, 4
- d) 1, 2, 3, 4

67. When the Reserve Bank of India increases the repo rate by 50 basis points, which of the following is likely to happen?

1. India's GDP growth rate increases drastically
2. Foreign Institutional Investors will bring more capital into our country
3. Scheduled Commercial Banks may increase their lending rates

Select the correct answer code:

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

68. Consider the following policy measures by the government:

1. Increasing foreign aid to underdeveloped nations
2. Increasing import duties
3. Providing export subsidies

Which of the policy measures given above may be used to reduce the Current Account Deficit (CAD)?

- a) 1, 3
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

69. Which of the following form a part of revenue expenditure?

1. Salaries
2. Defence expenditure
3. Major Subsidies
4. Expense towards new infrastructure projects

Select the correct answer code:

- a) 1, 3, 4
- b) 1, 2, 3
- c) 1, 3
- d) 1, 2, 3, 4

70. A bank may decide to fulfil its Statutory Liquidity Ratio (SLR) obligations in which of the following forms?

1. Government security holdings
2. Gold holdings or Sovereign Gold Bonds (SGBs)
3. Vault Cash

Select the correct answer code:

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

71. Consider the following statements regarding Rupee Appreciation.

1. Rupee can appreciate because of strong foreign portfolio investments into the country.
2. Avoiding the appreciation of the rupee can strengthen the domestic manufacturing industry.

Which of the above statements is/are correct?

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

72. Consider the following statements regarding Fiscal Deficit.

1. Fiscal deficit is reflective of the total borrowing requirements of the Government.
2. A higher fiscal deficit can lead to higher interest rates in the economy.

Which of the above statements is/are incorrect?

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

73. Which of the following are considered or counted while calculating GDP?

1. Rental value of all houses
2. Newly produced cars as well as second-hand cars
3. Pensions and scholarships given by the Government.

Select the correct answer code:

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

74. Consider the following statements.

1. Factor cost refer to the price arrived after deducting from the market price the government subsidy and adding the indirect taxes.
2. GDP at factor cost is useful to see how competitive market forces are and how distortionary indirect taxes are.

Which of the above statements is/are incorrect?

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

75. Match the following pairs

Term	Definitions
1. Deflation	A. Reduction in the rate of inflation
2. Disinflation	B. General fall in the level of prices
3. Stagflation recession	C. Combination of inflation and rising unemployment due to
4. Reflation prices.	D. Attempt to raise the prices to counteract the deflationary

Select the correct answer code:

- a) 1-A, 2-B, 3-C, 4-D
- b) 1-B, 2-A, 3-C, 4-D
- c) 1-B, 2-A, 3-D, 4-C
- d) 1-A, 2-B, 3-D, 4-C

76. After liberalization, India has undergone structural change in its economy. In this context, 'structural change' necessarily implies

- a) Change in demographic characteristics
- b) Change in the contribution of different sectors of economy to GDP.
- c) Change in exploitation pattern of natural resources
- d) Change in the production pattern of agriculture.

77. Which of the following factors can lead to Demand-pull inflation?

- 1. Strong consumer demand
- 2. Increase in money supply
- 3. When prices go up
- 4. Technological innovation

Select the correct code:

- a) 1, 2, 3
- b) 1, 2, 4
- c) 1, 3, 4
- d) 1, 2, 3, 4

78. Consider the following statements regarding Non-Banking Financial Companies.

- 1. NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself.
- 2. NBFCs can accept demand deposits.
- 3. Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

79. Stressed Assets is a powerful indicator of the health of the banking system. It includes

1. Non-performing Assets
2. Restructured Loans
3. Written off Assets

Select the correct answer code:

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

80. A closed economy is likely to have which of the following characteristics?

- a) Fiscal deficit would be zero.
- b) The central bank does not control money supply.
- c) The government does not have a right to print currency.
- d) Balance of Payments is zero.

81. Consider the following statements regarding “crowding out” effect.

1. Crowding out effect refers to how increased government spending, for which it must borrow more money, tends to reduce private spending.
2. This also impacts interest rates in the economy.
3. A high magnitude of the crowding out effect may even lead to lesser income in the economy.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

82. Sustained high revenue deficit in the Union budget can lead to gradual weakening of the rupee because

1. The confidence of foreign investors in the economy reduces.
2. Injection of high liquidity for consumption purposes may inflate prices rendering our exports uncompetitive.

Which of the above statements is/are correct?

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

83. Which of the following constitutes Liabilities of Reserve Bank of India.

1. Notes in Circulation
2. Deposits of the Central Government
3. Paid-up Capital and Reserve Fund
4. Rupee Securities

Select the correct answer code:

- a) 1, 2, 4
- b) 2, 3, 4
- c) 1, 2, 3
- d) 1, 2

84. Which of the following are not the components of Non-tax revenue receipts?

- 1.. Government earning Dividends and profits from PSUs.
2. Goods and Services Tax (GST)
3. State governments receiving grants from the Central Government
4. Wealth Tax
5. Value Added Tax (VAT)

Select the correct code:

- a) 1, 3
- b) 1, 2, 3
- c) 2, 4, 5
- d) 3, 4, 5

85. Consider the following statements with reference to Minimum Support Price (MSP):

1. MSP are announced by the Government of India for all crops grown during all the three seasons.
2. MSP for food grains is kept necessarily higher than market price of the grains.

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

86. Consider the following statements.

1. Economic growth will always lead to inflation.
2. Economic growth will always lead to a fall in poverty and increase in per capita income.

Which of the above is/are correct?

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

87. Consider the following statements regarding Open market operations.

1. Open market operations are conducted by the Reserve Bank of India (RBI) with an objective to adjust the rupee liquidity conditions in the market on a durable basis.
2. These operations are conducted only on quarterly basis in a manner that balances inflation while helping banks continue to lend.
3. RBI carries out the Open market operations through commercial banks and does not directly deal with the public.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

88. With reference to the currency market, the term “Convertibility” is used to denote

1. Freedom to exchange currencies like commodities across the counter.
2. Freedom to invest globally.
3. Freedom to residents to remit outside the country.

Select the correct answer code:

- a) 1 only
- b) 2, 3
- c) 3 only
- d) None

89. Which of the following best describes ‘Bank Rate’?

- a) It is the rate at which banks lend to their best customers based on the previous balance sheet record.
- b) It is the rate at which central bank lends money to the commercial banks.
- c) It is the rate at which bank penalizes the customers if they not paid interest regularly
- d) None of the statements (a), (b) and (c) are correct.

90. Consider the following statements about Index of Eight Core Industries (ICI).

1. ICI provide an advance indication on production performance of industries of ‘core’ nature before the release of Index of Industrial Production.
2. The Index is compiled and released by Central Statistics Office.
3. Refinery Products are not part of eight core industries.

Which of the above statements is/are correct?

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

91. Consider the following statements regarding India's External Debt.

1. The debtors can be Union government, state governments, corporations or citizens of India.
2. Long-term borrowings dominate India's external debt.
- 3 The largest of India's external debt is the United States dollar.
4. Multilateral debt by the international financial institutions is the largest component of external debt.

Which of the above statements is/are correct?

- a) 1, 2, 4
- b) 2, 3, 4
- c) 1, 2, 3
- d) 1, 2, 3, 4

92. The Qualitative measures of money control through monetary policy includes

1. Bank Rate
2. Consumer Credit Regulation
3. Cash Reserve Ratio
4. Rationing of credit

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 3
- c) 2, 4
- d) 1, 2, 3, 4

93. Consider the following statements regarding FDI Policy in India.

1. Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from Government of India for the investment.
2. Private sector investment in Atomic energy requires the prior approval of the Government of India.
3. Gambling and Betting sectors are prohibited for FDI.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

94. Which of the following statements about Monetary Policy Framework Agreement is correct?

- a) It is an agreement between Government and Reserve Bank of India (RBI) on the maximum tolerable inflation rate that RBI should target to achieve price stability.
- b) It is an agreement between Government and Reserve Bank of India (RBI) on the minimum inflation rate that RBI should target to achieve growth.
- c) It is an agreement between Banks and Reserve Bank of India (RBI) to ensure that the changes in the Interest rates are passed on to the customers.
- d) Both b and c

95. Consider the following statements.

1. Repo Rate: The fixed interest rate at which the Reserve Bank provides overnight liquidity to banks.
2. Liquidity Adjustment Facility (LAF): Scheduled commercial banks can borrow additional amount of overnight money from the Reserve Bank by dipping into their Statutory Liquidity Ratio (SLR) portfolio.
3. Open Market Operations (OMOs): Include both, outright purchase and sale of government securities, for injection and absorption of durable liquidity, respectively.

Which of the above statements are correctly matched?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

96. Which of the following measures is/are examples of expansionary fiscal policy?

1. Decrease in tax rate
2. Increase in pensions
3. Increase in unemployment compensation
4. Increase in tax rate.

Select the correct answer codes:

- a) 2, 3
- b) 2, 3, 4
- c) 1, 2, 3
- d) 1, 2, 3, 4

97. Consider the following statements about Purchasing Managers' Index (PMI)

1. It is an indicator of business activity in the manufacturing sector only.
2. A figure above 50 denotes expansion in business activity. Anything below 50 denotes contraction.
3. PMI is usually released at start of month by Central Statistics Office (CSO).

Which of the above statements is/are correct?

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

98. Consider the following statements about the consequences of Devaluation of currency.

1. Exporters become more competitive in a global market.
2. It favors an improved balance of payments.
3. Reduce the cost of interest payments on its outstanding government debts.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

99. Non-performing Assets (NPAs) are loans made by a bank or finance company on which repayments or interest payments are not being made on time. How do high NPAs affect the Banks in India?

1. Banks tend to lower the interest rates on deposits
2. Results in lesser interest income
3. Adds to risk weighted assets

Select the correct code?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

100. Under the Provisions of the Banking Regulation Act, 1949 RBI can

1. Examine on oath any director or other officer of the bank
2. Issue directions to banks for resolution of stressed assets
3. Prohibit banks against entering into any particular transaction

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3