

Group 2 2A Syllabus Topic Wise Revision Test
Economics Part 2 Revision Test in English

Portion: Unit IV – Indian Economy: Sources of revenue – Reserve Bank of India – Fiscal Policy and Monetary Policy - Finance Commission – Resource sharing between Union and State Governments - Goods and Services Tax.

1. Which of the following is an example of Indirect Tax?

- a) GST b) Income Tax c) Wealth Tax d) Corporate Tax

Explanation: Except GST all others comes under Direct Tax while Goods and service Tax is an Indirect Tax. Indirect Tax is one if the Tax incidence and Tax impact lies at different Place.

2. Which one of following committee recommended for the merger of Railway budget with the General Budget?

- a) Narasimhan Committee b) Acworth Committee
c) Tarapore Committee d) **BibekDebroy Committee**

Explanation: 1921- Acworth Committee recommended to Split Railway budget from General Budget and it came into effect in 1924. 2017-2018 BibekDebroy Committee recommended to merge the Railway Budget.

3. Which one of the following segment get benefitted during inflation?

- a) Wage Earners b) Reinters c) Salaried People d) **Business men**

4. Who is the author of the book "Wealth of Nations"?

- a) J.M.Keynes b) **Adamsmith** c) Oscar Lange d) DadabhaiNaoroji

Explanation: Adam Smith written in a book "Wealth of Nation" described about the Economics and Capitalistic Economy in 1776.

5. When the expenditure is excess over the income then the type of budget is known as

- a) Balanced Budget b) Surplus Budget c) **Deficit Budget** d) Incremental Budget

Explanation: India always performs deficit Budget.

6. The point at which tax is being collected is called

- a) Deflation **b) Inflation** c) Economic Boom d) Economic Recovery

14. The economic situation which is designed to increase the economic growth and to curb the deflation is described as

- a) Skew flation b) Dis-inflation **c) Reflation** d) Stagflation

15. Expand the term "CPI"?

- a) Consumer Price Inflation b) Consumer Purchase Inflation
c) Consumer Power Index **d) Consumer Price Index**

Explanation: CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care.

16. Who releases the WPI data in India?

- a) Central Statistical office b) Labour Bureau
c) Department of industrial policy and promotion d) Ministry of Finance

17. The type of inflation measurement which excludes the price movements of extreme volatile items is known as

- a) Headline Inflation b) Consumer price inflation
c) Wholesale price inflation **d) Core inflation**

Explanation: It represents the long run trend in the price level.

18. When was central statistical office established in India?

- a) 1949 **b) 1951** c) 1954 d) 1955

Explanation: It was Established in May 2, 1951. Head Quarters at New Delhi which is responsible for co-ordination of statistical activities in the country.

19. Which one of the following policy leads to the growth of an economy?

- a) Contractionary fiscal Policy b) Dear money policy
c) Expansionary fiscal policy d) Tight money policy

20. Red Tapism and Corruption creates which one of the following situation in an economy?

- a) Efficient Resource utilisation b) Absence of Technology

- c) Inequality of Income **d) Inefficiency of production**

21. The Reserve bank of Indian was established to act as?

- a) Fiscal authority of the country **b) Monetary authority of the country**
c) Both d) None of the above

Explanation: Fiscal authority of the country is taken care by Union Government.

22. Which of the following exactly describes the term "Token money"?

- a) The money which has got the value through the bank
b) The money which has got the value through Government order
c) The money which carries more extrinsic value than intrinsic value
d) The money which enters a country from another country

Explanation: Money where the face value of notes or coins is unrelated to the value of the material of which they are composed.

23. Who among the following is the head of Monetary Policy Committee in India?

- a) Finance Minister **b) RBI Governor** c) Prime Minister d) Finance Secretary

Explanation: Because, RBI controls the Monetary authority of the country.

24. As per the current provisions of RBI Act of India, what is the maximum denomination upto which a currency can be issued in India?

- a) Rs.2000 b) Rs.5000 **c) Rs.10, 000** d) Rs. 1 Lakh

Explanation: Maximum denomination for coins is 1000 rupee coin.

25. Which one of the following comes under the selective credit control policy of RBI

- a) Cash Reserve Ratio **b) Moral Suasion**
c) Liquidity adjustment facility d) SLR

Explanation: It is the act of persuading a person or group to act in a certain way through rhetorical appeals, persuasion or implicit threats, as opposed to the use of outright coercion or force and it is commonly used in central Banks.

26. Which among the following is not the feature of National Development Council?

- a) To secure cooperation of states in execution of five year plans in India
- b) To ratify the five year plans of India
- c) To ensure the balanced development of the states.
- d) To prepare the 5 year plans of India**

Explanation: 5 year plans are prepared by the planning commission of india which is now designated as Niti Aayog.

27. The decision taken by central bank of a country to increase the interest rate in an economy is known as?

- a) **Tight money policy**
- b) Easy money policy
- c) Near money policy
- d) Liquid money policy

28. Which among the following in the frequency of Monetary Policy in India?

- a) Monthly
- b) Fortnightly
- c) Quarterly
- d) Bimonthly**

Explanation: Bimonthly RBI will release the report on Repo Rate, Reverse Repo Rate, Bank Rate and CRR.

29. Find the inappropriate one from the following options

- a) Increase in the Bank rate
- b) Decrease in CRR**
- c) Decrease in employment
- d) Decrease in money supply

Explanation: Decrease in CRR will decrease the SLR.

30. Based on the current Monetary Policy the difference between Bank Rate and Reverse Repo rate is?

- A) 50 basis points**
- B) 75 basis points
- C) 25 basis points
- D) 150 basis points

31. What do you mean by the Term "Fiscal Deficit"

- A) Excess of government expenditures than government receipts
- B) Excess of Revenue expenditure than Revenue Receipts
- C) Excess of Government expenditure than Government receipts excluding borrowings**
- D) The excess of government expenditure than the receipts excluding interest payments.

32. Which one of the following bank is the first Commercial Bank of India?
- a) Imperial Bank of India **b) Hindustan Bank**
- c) State Bank of India d) General Bank of India
33. Which of the following is/are incorrect functions of RBI?
- I. RBI acts as the regulator of the financial system in India
- II. RBI is banker to the Banks and Government
- III. Large multinational companies can borrow from RBI at a rate of interest lower than base rate
- IV. RBI acts as monetary and fiscal authority of a country Select the correct answer.
- a) I only b) I and II only c) II and III only **d) III and IV only**
34. Which among the following ministry releases the National Income Estimates of India?
- a) Ministry of Commerce b) Ministry of Finance
- c) Ministry of Statistics** d) Ministry of Home Affairs
35. Public debt is divided into two categories, they are
- a) Tax and Non-Tax public Debt b) Capital and Revenue Public Debt
- c) Repayable and non-Repayable **d) Internal and External Debts**
36. Which one of the following is a function of "CIBIL" in India?
- a) It acts as venture capital for the investors
- b) It is a global company involved in foreign Institutional Investment
- c) It is an Asset Management company of India
- d) It is an Analytical company which provides Research and Ratings**
37. The kind of market intervention by the Government which protects the farmers from the sharp fall in the market prices is known as
- a) Procurement Price b) Issue Price
- c) Minimum Support Price** d) Price Spread

Explanation: It was introduced by the government of india for the first time in 1966-67 for wheat in the wake of Green Revolution.

38. Read the following statements with regard to the RTGS :

I. The Transactions take place in real time.

II. Service charges for RTGS vary from one bank to another.

III. The System operates on DNS (deferred Net settlement) Basis.

IV. The minimum amount that should be remitted is Rs.5 lakhs. Select the correct answer.

a) I only **b) I and II only** c) I and III only d) I, II and IV only

Explanation: The Minimum amount of RTGS is 2 lakhs.

39. The apex Institution which provides refinance to Agriculture and Rural Development is

a) RBI b) SBI c) SDBI **d) NABARD**

Explanation: NABARD was established on 12 July 1982 by a Special act by the parliament. The main objective behind the set up is to uplift rural india by increasing the credit flow for elevation of agriculture and rural non farm sector.

40. The Cheques which have gone beyond the expiry date are described as

a) Post datedcheques b) Cancelled cheques
c) Bounced cheques **d) Stale cheques**

41. Which one of the following statement is correct with regard to the Payment Banks in India?

a) Payment Banks accept deposits only upto1 lakh rupees
b) Payment banks provide loans only for priority sectors
c) Payment banks provide Debit and Credit card to its customers
d) India post was the 1st Payment bank to begin its operations in India

42. What do you understand by the term KYC in Banking?

a) Knowledge your Customer b) Kind to your Customer
c) Know your Customer d) Keep up your Customer

Explanation: KYC is a procedure by which banks can obtain information and details about the identity and address of the customers.

43. What do you mean by the term NEFT in Banking?

- a) National Easy Fund Transactions b) National Electronic Fund Transaction
c) National Electronic Finance Transfer d) **National Electronic fund Transfer**

44. The bank loans which are unpaid by the borrower for more than 45 days are known as

- a) Performing Assets b) **Default loans**
c) Non-performing Assets d) None of the above

Explanation: In this the successive payments will be missed by the customer.

45. The rate of Interest below which the banks are not permitted to lend by the RBI is known as

- a) Bank Rate b) **Base Rate** c) Lending Rate d) Minimum lending Rate

46. With Regard to GINI Co-efficient identify the incorrect statement?

- a) It is a statistical measure of analyzing income inequality in a country
b) **The Concept was proposed by Irving Fisher**
c) The value of Gini coefficient Ranges from 0 to 1
d) Zero means perfect equality and one means perfect inequality

Explanation: It was proposed by Italian statistician Corrado Gini in 1912.

47. Which one of the following bank does not come under the category of public sector banks of India

- a) State Bank of India b) Allahabad Bank
c) **City Union Bank** d) IDBI bank

Explanation: City Union Bank is a Century old private Sector Bank.

48. The measurement of National Income of our country is carried out by which agency in India?

- a) RBI b) NSSO c) NITI Aayog d) **CSO**

Explanation: It was Established in May 2, 1951. Head Quarters at New Delhi which is responsible for co-ordination of statistical activities in the country.

49. The Minimum support price in India is determined by
a) CACP b) CSO c) FCI d) NABARD

Explanation: It was introduced by the government of India for the first time in 1966-67 for wheat in the wake of Green Revolution. Based on the Recommendation of Agricultural Costs and Prices MSP is determined.

50. The first report of National Income Committee was submitted in
a) 1951 b) 1947 c) 1954 d) 1962

Explanation: It was headed by Prof. P.C. Mahalanobis and two other members.

51. Which has been set up to negotiate with international firms and approve FDI in selected areas?
a) Foreign Direct Investment Promotion Board
b) Foreign Investment Promotion Board
c) Foreign Portfolio Investment Promotion Board
d) Foreign Investment Board

52. Choose the correct statement about GST

1. GST Act was passed in parliament 1st July 2017
2. The motto is "One Nation, One Market, One Tax"

- a) 1 only b) 2 only c) Both 1 and 2 d) None of these

Explanation: It was first passed in parliament on 29 March 2017.

53. Which committee proposed to cut down statutory liquidity ratio (SLR) from 38.5% to 25%?
a) Raja Chelliah committee b) Narasimham committee
c) A and B d) Bimal Jalan committee

Explanation: Reduction in statutory liquidity ratio (SLR) and the cash reserve ratio (CRR) were recommended by the Narasimham Committee Report, 1991. It was proposed to cut down the SLR from 38.5 percent to 25 percent within a time span of three years. Similarly, it was proposed that the CRR be brought down to 3 to 5% over a period of four years.

During his rule(1540-1546) Sher Shah Suri set up a new civic and military administration and issued a coin of silver weighing 178 grams, which was termed the Rupiya. The silver coin remained in use during the Mughal period, the Maratha era and in British India as well.

58. Prevention of Corruption Act was passed in the year

- a) **1988** b) 1950 c) 1986 d) 1991

59. When was one Rupee note issued again

- a) 1950 b) 1960 c) **1940** d) 1945

Explanation: One rupee and two rupee notes were first printed in India in the year 1917. The Reserve Bank of India is empowered to issue the Government of India notes since 1935. 500 rupee note currency was introduced later. In 1940, one Rupee notes were issued again.

60. Marginal Efficiency of Capital was introduced by

- a) Adam Smith b) **Keynes** c) Marshall d) None

Explanation: MEC was first introduced by J.M Keynes in 1936 as an important determinant of autonomous investment.

61. The Simple Accelerator model was made by

- a) Aftalion b) Hawtrey c) Bickerdike d) **Clark**

Explanation: The origin of accelerator principle can be traced back in the writings of Aftalion (1909), Hawtrey (1913) and Bickerdike(1914). However, the systematic development of the simple accelerator model was made by J.M.Clark,in 1917.

62. According to Keynes, investment is a function of the MEC and

- a) Demand b) Supply c) Income d) **Rate of interest**

63. As income increases, consumption will

- a) fall b) not change c) fluctuate d) **increase**

64. "Money is, what money does" is said by

- a) **Walker** b) Keynes c) Crowther d) None

65. Fisher Quantity Theory of Money was proposed in the year
a) 1560 b) 1582 c) **1588** d) 1590
66. First Hyper inflation occurred in the year
a) **2007** b) 2005 c) 2008 d) 2003

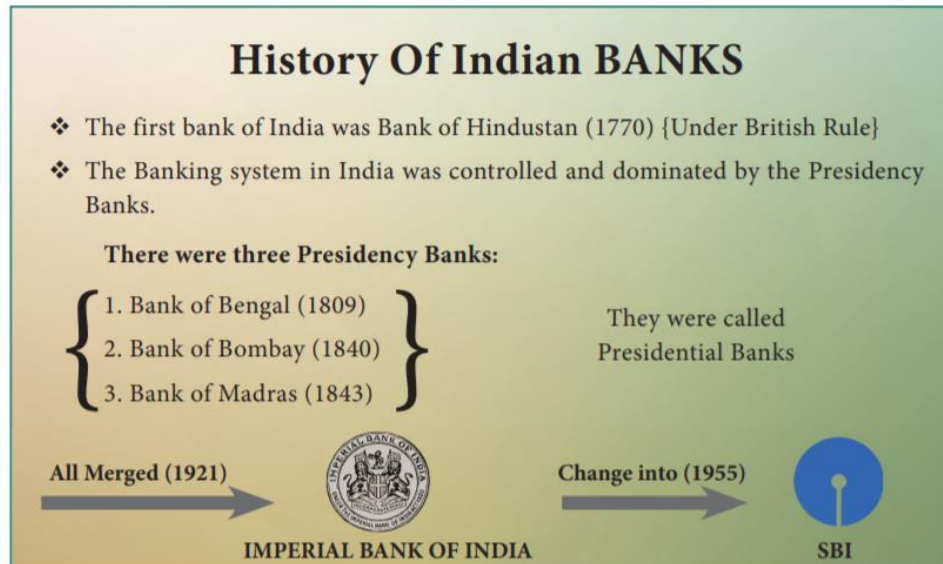
Explanation: The first hyper inflation of the 21st century Zimbabwe's annual inflation rate surged to an unprecedented 3714 percent at the end of April 2007.

67. MV stands for
a) Demand for money b) **Supply of legal tender money**
c) Supply of bank money d) Total supply of money
68. Inflation means
a) **Prices are rising** b) Prices are falling
c) Value of money is increasing d) Prices are remaining the same
69. Debit card is an example of
a) currency b) paper currency c) **plastic money** d) money
70. Which inflation is in no way dangerous to the economy.
a) walking b) running c) **creeping** d) galloping
71. Ricks Bank of Sweden was established in the year
a) 1560 b) 1636 c) 1569 d) **1656**

Explanation: The Ricks Banks of Sweden, which had sprung from a private bank established in 1656 is the oldest central bank in the world.

72. Presidency Bank of Madras was formed in the year
a) 1840 b) **1843** c) 1836 d) 1842

Explanation:



73. How many languages are there in the Bank Note

- a) 15 b) 16 c) 17 d) 19

Explanation: The first rupee was introduced by Sher Shah Suri based on a ratio of 40 copper pieces (paisa) per rupee. The name was derived from the Sanskrit word Rupya, meaning silver. Each banknote has its amount written in 17 languages (English and Hindi on the front and 15 other on the back) illustrating the diversity of the country.

74. FEMA act was passed in the year

- a) 2002 b) 1999 c) 1998 d) 1997

Explanation: RBI acts as a custodian of FOREX. It administers and enforces the provision of Foreign Exchange Management Act (FEMA), 1999. RBI buys and sells foreign currency to maintain the exchange rate of Indian rupee v/s foreign currencies.

75. When was Banking Ombudsman Scheme introduced

- a) 1996 b) 1998 c) 1995 d) 1994

Explanation: RBI introduced the Banking Ombudsman Scheme in 1995. Under this scheme, the complainants can file their complaints in any form, including online and can also appeal to the Ombudsman against the awards and the other decisions of the Banks.

76. Security Exchange Act was passed in the year

- a) 1934 b) 1947 c) 1945 d) 1935

77. The Agricultural Refinance Developmental Corporation was passed in the year

- a) June 1, 1963 **b) July 1, 1963** c) August 2, 1973 d) August 2, 1963

Explanation: With the aim of bridging the gap in agricultural finance and to extend credit for projects involving agricultural development, an organization called the agricultural Refinance Development Corporation (ARDC) was established by an Act of Parliament and it started functioning from July 1, 1963.

78. When did ICICI entered international Markets

- a) 1973** b) 1963 c) 1975 d) 1965

79. When was IDBI bank Delinked from RBI

- a) Feb 15 1976 **b) Feb 16 1976** c) Feb 14 1976 d) Feb 13 1976

Explanation: The Development Bank was a wholly owned subsidiary of the Reserve Bank of India upto February 15, 1976. It was delinked from the RBI with effect from February 16, 1976 and made an autonomous corporation fully owned by the Government of India.

80. Milton Friedman Received Noble Prize in the year

- a) 1974 b) 1975 **c) 1976** d) 1978

81. Lender of the last resort is one of the functions of.

- a) Central Bank** b) Commercial banks
c) Land Development Banks d) Co-operative banks

82. Monetary policy his formulated by.

- a) Co-operative banks b) Commercial banks
c) Central Bank d) Foreign banks

83. Bank Rate means.

- a) Re-discounting the first class securities** b) Interest rate
c) Exchange rate d) Growth rate

84. Who said "Public finance is an investigation into the nature and principles of the state revenue and expenditure".

- a) Adam Smith** b) Keynes c) Marshall d) None

85. Percentage of Urbanization in 1950 was

- a) 18 b) 16 c) 17 d) 20

86. When was GST passed in the Parliament

- a) 1 July 2017 b) **29 March 2017** c) 1 June 2017 d) 29 May 2017

Explanation: The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017

87. "It is a document containing a preliminary approved plan of public revenue and expenditure" is said by

- a) Bastabale b) **ReneyStourn** c) Taylor d) None

88. Which Article says that the Budget is presented in the middle of the year

- a) **Art 116** b) Art 117 c) Art 118 d) Art 119

89. Performance Budget was introduced in the year

- a) Russia b) **USA** c) China d) UK

Explanation: When the outcome of any activity is taken as the base of any budget, such budget is known as 'Performance Budget'. For the first time in the world, the performance budget was made in USA.

90. Which Article Says about the Budget in the State Legislative Assembly

- a) Art 112 b) Art 100 c) **Art 202** d) Art 118

91. Division of Powers are present in which of the following Schedule

- a) 4 b) 5 c) 6 d) **7**

92. Which of the following does not come under state list:

a) Taxes on land and buildings.

b) Taxes on mineral rights, subject to limitations impose by Parliament relating to mineral development.

c) Taxes on the consumption or sale of electricity.

d) **Corporation Tax**

93. When was Decimalisation introduced is India?

- a) 1947 b) 1952 c) **1957** d) 1965

94. Imperial bank of India was established in
a) 1947 b) **1921** c) 1906 d) 1955
95. HDI report was released by?
a) **UNDP** b) UNO c) WTO d) IMF
96. Revamped PDS was introduced in?
a) 1990 b) 1997 c) 1998 d) **1992**
97. Who was the Chairman of National Income Committee formed in India?
a) **Mahalanobis** b) Netaji c) Jawaharlal Nehru d) MorajiDeshai
98. Finance Commission comes under the Article
a) Art 230 b) **Art 280** c) Art 324 d) Art 332

Explanation: Finance commission is a quasijudicial body set up under Article 280 of the Indian Constitution. It was established in the year 1951, to define the fiscal relationship framework between the Centre and the state.

99. 15 th Finance Commission was Established in the year
a) 2020 b) 2015 c) **2017** d) 2016

Explanation: The 15th Finance Commission has been set up in November 2017. Its recommendations will be implemented starting 1 April 2020.

100. Who was the Chairman of Tenth Finance Commission
a) k C Neogy b) Y V Reddy c) **Pant** d) Salve

Explanation:

Finance Commission	Year of establishment	Chairman	Operational duration
First	1951	K. C. Neogy	1952–57
Second	1956	K. Santhanam	1957–62
Third	1960	A. K. Chanda	1962–66
Fourth	1964	P. V. Rajamannar	1966–69
Fifth	1968	Mahaveer Tyagi	1969–74
Sixth	1972	K. Brahmananda Reddy	1974–79
Seventh	1977	J. M. Shelat	1979–84
Eighth	1983	Y. B. Chavan	1984–89
Ninth	1987	N. K. P. Salve	1989–95
Tenth	1992	K. C. Pant	1995–2000
Eleventh	1998	A. M. Khusro	2000–05
Twelfth	2002	C. Rangarajan	2005–10
Thirteenth	2007	Dr. Vijay L. Kelkar	2010–15
Fourteenth	2013	Dr. Y. V. Reddy	2015–20
Fifteenth	2017	N. K. Singh	2020–25

101. Which Article determine the quantum of grants-in-aid to be given by the Centre to states
- a) Art 230 b) **Art 275** c) Art 324 d) Art 332

Explanation: To determine the quantum of grants-in-aid to be given by the Centre to states [Article 275 (1)] and to evolve the principles governing the eligibility of the state for such grant-in-aid

102. GST is equivalence of
- a) **Sales tax** b) Corporation tax c) Income tax d) Local tax
103. The word budget has been derived from the French word “bougette” which means
- a) **A small bag** b) An empty box c) A box with papers d) None of the above
104. Consider the following statements and identify the right ones.
- i. The finance commission is appointed by the President
- ii. The tenure of Finance commission is five years
- a) i only b) ii only c) **both** d) none
105. How many Rivers are there in Tamil Nadu
- a) 18 b) **17** c) 16 d) 19

Explanation: There are 17 river basins in Tamil Nadu. The main rivers are Palar, Cheyyar, Ponnaiyar, Cauvery, Bhavani, Vaigai, Chittar, Tamiraparani, Vellar, NoyyalSiruvani, Gundar, Vaipar, Valparai etc. Wells are the largest source of irrigation in Tamil Nadu (56%).

106. Molybdenum is found in which of following district

- a) Dharmapuri b) Krishnagiri c) Erode d) Salem

Explanation: Molybdenum is found in Dharmapuri, and is the only source in the country.

107. Mention the Population of Tamil Nadu in Crores

- a) 7.2 b) 7.3 c) 7.5 d) 7.6

Explanation:

State / Country	Population (in Crore)
Tamil Nadu	7.2
U.K.	6.5
France	6.5
Italy	5.9
South Africa	5.6
Spain	4.7
Sri Lanka	2.1

108. Mention the Sex ratio of Tamil nadu

- a) 996 b) 975 c) 999 d) 995

109. Mention the MMR of India

- a) 79 b) 159 c) 45 d) 167

110. Mention the IMR of Tamil Nadu

- a) 17 b) 34 c) 44 d) 20

Explanation:

State / Country	Per capita Income (in USD)
Tamil Nadu	2200
India	1670
Nigeria	2175
Nicaragua	2151
Pakistan	1443
Bangladesh	1358
Zimbabwe	1029
Nepal	729

113. Position of Cotton in India Level of Tamil nadu

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

Explanation:

Crop	Position of Tamil Nadu at National Level
Maize	1
Cumbu	1
Groundnut	1
Total Oilseeds	1
Cotton	1
Coconut	2
Rice	2
Sugarcane	3
Sunflower	3
Jowar	3
Coarse cereals	4
Total Pulses	8

114. Which city leads in printing and Fireworks

- a) Tirupur **b) Sivakasi** c) Karur d) Salem

115. Rank of Tamil Nadu in Cement Production

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

Explanation: Tamil Nadu ranks third in cement production in India (First Andhra Pradesh, Second Rajasthan). Among 10 largest cement companies in India as on 2018, Ramco Cement and India Cement find prominent place.

116. Major energy production in Tamil nadu is

- a) Thermal b) Nuclear c) Hydel d) Wind

Explanation:

Source	Million Units	%
Thermal	13304	49.52
Hydel	2203	8.20
Nuclear	986	3.67
Others (Wind, Solar)	10372	38.61
Total	26865	100.00

117. How many hydel Plants are there in tamilnadu

- a) 17 b) 22 c) 20 d) 24

Explanation: There are about 20 hydro electric units in Tamil Nadu. The prominent units are Hundah, Mettur, Periyar, Maravakandy, Parson Valley etc.

118. How many district Hospitals are there in tamilnadu

- a) 32 b) 33 c) 34 d) 35

Explanation: Tamil Nadu has a three – tier health infrastructure comprising hospitals, primary health centres, health units,community health centres and subcentres. As of March 2015, the State had 34 district hospitals, 229 sub-divisional hospitals, 1,254 primary health centres,7,555 Sub-centres and 313 community health centres.

119. Tamil Nadu is rich in

- a) Forest resource b) human resource
c) mineral resource d) all the above

120. The TICEL park is

a) Rubber Park

b) Textile park

c) Food park

d) Bio park

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