



**Economics Question Bank-SET 3**

Q1. Which one of the following is not a measure of reducing inequalities?

- A. Minimum – Needs Programme
- B. Liberalization of economy
- C. Taxation
- D. Land Reforms

ANSWER: B

**Minimum Needs Programme, Taxation, and Land Reforms** are all direct measures aimed at reducing economic and social inequalities and **Liberalization of economy**, on the other hand, focuses on reducing government controls, promoting private sector participation, and encouraging competition.

Q2. In October 2009, a decision has been taken to shift the Wholesale Price Index base year from 2011 – 12 to

- A. 2022 – 2023
- B. 2020 – 2021
- C. 2015 – 2016
- D. 2014 – 2015

ANSWER: A

Q3. Consider following statements:

- 1. A watershed development fund has been established with a total corpus of Rs. 200 crores.
- 2. The objective is to undertake integrated watershed development in selected 100 districts.

- 3. Under the scheme 2/3<sup>rd</sup> of amount is given for grant based projects in the State.

With the help of given codes, find which of the above statement(s) is/are correct.

**Codes:**

- A. Only 1
- B. 1 and 2 only
- C. 1, 2 and 3
- D. 2 and 3 only

ANSWER: B

This is incorrect according to scheme documents: the financing pattern for WDF is 50 % grant and 50 % loan under non-distressed districts

Q4. Which of the following items of works are included in Bharat Nirman? Find your answer with the help of given codes.

- 1. Accelerated irrigation benefits programme
- 2. Inter – linking of River projects
- 3. Scheme for repair, renovation and restoration of water bodies
- 4. Rehabilitation of displaced persons due to irrigation projects.

**Codes:**

- A. Only 1 and 2
- B. 1, 2 and 4 only
- C. 1, 2 and 3 only
- D. All the four

ANSWER: C

Q5. Planning was considered a prerequisite

- 1. For balanced socio – economic development



2. For extending the benefits of development in an even manner
3. For focusing on removal of regional disparities
4. For maximizing the utilization of available resources

**Codes:**

- A. 1 and 2
- B. 1, 2 and 3
- C. 2, 3 and 4
- D. All the four

ANSWER: D

Q6. India in recent past has succeeded in attracting large foreign investments in

1. Life insurance Business
2. Banking sector
3. Automobiles Sector
4. Film – making
5. Medical Tourism

Select the correct answer from the codes given below:

**Codes:**

- A. 1, 2 and 3
- B. 1, 3 and 4
- C. 2, 3 and 4
- D. 1, 2, 3, 4 and 5

ANSWER: D

List of top 5 FDI Priority: Service, Computer, Trading-Ecommerce, Construction and Automobile

Q7. Given below are two statements:

**Assertion (A):** The dividing line between village and town begins to be passed with the presence of traders and manufactures.

**Reasons (R):** The traders and manufactures wholly depend on village resources.

In the context of the above, which one of the following is correct?

**Codes:**

- A. Both (A) and (R) are true and (R) is the correct explanation of (A)
- B. Both (A) and (R) are true but (R) is not the correct explanation of (A)
- C. (A) is true but (R) is false
- D. (A) is false but (R) is true

ANSWER: C

Assertion is **true**. In rural-urban transition, the emergence of traders and manufacturers marks the beginning of towns (i.e., settlements with specialized economic functions beyond agriculture). **Reason (R):** *The traders and manufactures wholly depend on village resources.* This is **not entirely true**. While traders and manufactures use some village resources, they also deal with external markets, raw materials, and services. Their presence in towns is not solely because of village resources.

Q8. Which of the following statements is not true of the Indian Economy?

A. India's share of **world population** is around **17–18%** as of 2025. but its share of world GDP is only 3.3 to 3.5 %

B. The share of service sector in India's GDP is only 54 to 55%

C. 54 to 55 % of its working population is engaged in agriculture, but the contribution of agriculture to the national income is only 18 to 20%

D. India occupies only 3.4% of the world's geographical area.



ANSWER: D

Indian occupies only 2.4% of the world's geographical area.

Q9. Who had suggested an imposition of 'expenditure tax' in India for the first time?

A. Kalecki

B. Kaldor

C. R.J. Chelliah

D. Gautam Mathur

ANSWER: C

The **first suggestion of an "expenditure tax" in India** was made by **Dr. Raja Chelliah**.

Q10. Special Economic Zone (SEZ) Act became effective in –

A. 2004

B. 2005

C. 2006

D. 2007

ANSWER: C

The **SEZ Act, 2005** was passed by the Indian Parliament to **promote exports and attract foreign investment**. The Act provides for **single-window clearance, fiscal incentives, and relaxed regulations** for units operating in SEZs. The first SEZs under this Act started functioning after **10 February 2006**, when the Act officially came

Q11. National Renewal Fund was constituted for the purpose of –

A. Providing pension for retiring employees

B. Social security

C. Rural reconstruction

D. Restructuring and modernization of industries

ANSWER: B

The **National Renewal Fund (NRF)** in India was constituted for the purpose of **providing financial assistance to workers who lose their jobs due to industrial restructuring or closure of sick/inefficient units**

Q12. If interest payment is added to primary deficit, it is equivalent to

A. Budget deficit

B. Fiscal deficit

C. Deficit financing

D. Revenue deficit

ANSWER: B

Primary deficit = Revenue & capital expenditure – revenue receipts (excluding interest payments). It measures the fiscal gap excluding interest payments.

Fiscal deficit = Total expenditure – total receipts (excluding borrowings)

Fiscal deficit = Primary deficit + Interest payments

Q13. The headquarter of RBI is situated at –



A. Delhi

B. Kolkata

C. Mumbai

D. Chennai

ANSWER: C

Q14. Which one of the following is different from the others from the point of view of ownership?

A. LIC Policy

B. Bank Fixed Deposit

C. Kisan Vikas Patra

D. Debenture of a Company

ANSWER: D

**LIC Policy, Bank Fixed Deposit, Kisan Vikas Patra.** These represent **claims of an individual on an institution** and **Debenture is a debt instrument issued by a company.**

Q15. The main source of fund for the National Highway Authority of India is

A. Cess

B. Foreign assistance

C. Market borrowings

D. Budgetary support of Union Government

ANSWER: A

Q16. Which organization promotes the foreign trade?

A. ECGC

B. MMTC

C. STC

D. All of the above

ANSWER: D

Q17. A letter of credit has to be produced by

A. An exporter

B. An importer

C. Custom authorities

D. Shipping company

ANSWER: B

Q18. Import procedure begins with

A. Indent

B. Mate's receipt

C. Marine insurance

D. Shipping bill

ANSWER: A

Q19. Which of the following authority sanctions foreign exchange for import of goods?

A. Any Nationalized Bank

B. Exchange Bank

C. Reserve Bank of India

D. Ministry of Finance

ANSWER: C



Under the **Foreign Exchange Management Act (FEMA), 1999**, all foreign exchange transactions are regulated. **Importers** need foreign exchange to pay overseas suppliers. The **RBI**, often through **authorized dealers (banks)**, approves and sanctions the foreign exchange required for importing goods. Import of goods **cannot be paid in foreign currency without RBI authorization** (except under certain exempted cases).

Q20. Private Sector Mutual Funds in India were permitted in

- A. 1964
- B. 1993
- C. 1994
- D. 2001

ANSWER: B

Q21. MODVAT is related to

- A. Excise duty
- B. Value Added Tax (VAT)
- C. Wealth Tax
- D. Income Tax

ANSWER: B

**Q22. Assertion (A):** Kerala stands first in terms of human development index.

**Reason (R):** Its unemployment rate is the highest in the country.

Select the correct answer from the code given below:

**Codes:**

- A. Both (A) and (R) are true and (R) is the correct explanation of (A)
- B. Both (A) and (R) are true, but (R) is not the correct explanation of (A)
- C. (A) is true but (R) is false
- D. (A) is false but (R) is true

ANSWER: B

Q23. What is the expected target of development in the 'vision paper' of the 12th Five Year Plan (2012 – 17) as accepted by the National Development Council?

- A. 7%
- B. 8%
- C. 9%
- D. 10%

ANSWER: C

Q24. The largest share of Gross Domestic Product (GDP) in India comes from:

- A. Agriculture and allied sectors
- B. Manufacturing, construction, electricity and gas
- C. Service sector
- D. Defence and public administration

ANSWER: C

Q25. The most common measure of estimating inflation in India is:

- A. Price Index
- B. Wholesale Price Index
- C. Consumer Price Index



D. Price Index of Industrial goods

ANSWER: B

B. USA

C. India

D. China

ANSWER: A

Q26. Sustainable development is a case of intergenerational sensibility in respect of use of:

A. Natural resources

B. Material resources

C. Industrial resources

D. Social resources

ANSWER: A

Q30. Which one of the following is the best source of generating electricity in India from the view point of sustainable development?

A. Coal

B. Mineral oil and gas

C. Hydro – electricity

D. Atomic energy

ANSWER: D

Q27. 'Eco Mark' is given to the Indian products that are:

A. Pure and unadulterated

B. Rich in proteins

C. Environment friendly

D. Economically viable

ANSWER: A

Q31. Who was the Chairman of the 17th Finance Commission?

A. Indira Rajaraman

B. C. Rangrajan

C. Vijay Kelkar

D. N.K.Singh

ANSWER: D

Q28. The National Institute for the Visually Handicapped is situated at:

A. Kolkata

B. Dehradun

C. Mumbai

D. Hyderabad

ANSWER: B

The **17th Finance Commission** was constituted in **2017** for the period **2020–2025**.

Q29. Which one of the following countries was the first to adopt family planning programme officially?

A. Brazil

Q32. Which one of the following is not a tax/duty levied by the Government of India?

A. Service Tax

B. Education

C. Custom Tax

D. Toll Tax



ANSWER: D

Q33. The policy of liberalization, privatization and globalization was announced as New Economic Policy by Prime Minister

- A. Rajeev Gandhi
- B. Vishwanath Pratap Singh
- C. Narsimha Rao
- D. Atal Bihari Vajpayee

ANSWER: C

Q34. The Gandhian economy is based on the principle of

- A. Competition
- B. Trusteeship
- C. State Control
- D. None of these

ANSWER: B

Q35. Which one among the following is not a programme under RIDF?

- A. Rural Water Supply
- B. Rural Roads
- C. Rural Electrification
- D. Rural Industries

ANSWER: D

**Rural Infrastructure Development Fund (RIDF)** was set up by NABARD in **1995–96** to provide **low-cost loans to State Governments** for creating rural infrastructure. **Typical programmes under RIDF include: Rural Water**

**Supply, Rural Roads / Bridges and Rural Electrification**

Q36. The most appropriate measure of a country's economic growth is its

- A. Gross Domestic Product (GDP)
- B. Net Domestic Product (NDP)
- C. Net National Product (NNP)
- D. Per Capita Product (PCP)

ANSWER: A

Q37. The promoter of National Stock Exchange of India is

- A. State Bank of India
- B. LIC and GIC
- C. IDBI
- D. All the above

ANSWER: D

Q38. Which among the following products is not usually exported from India?

- A. Wheat
- B. Rice
- C. Sugar
- D. Pulses

ANSWER: D

Q40. FEMA (Foreign Exchange Management Act) was finally implemented in the year

- A. 1991
- B. 1997
- C. 2000
- D. 2007



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ANSWER: C

The **Foreign Exchange Management Act (FEMA)** was finally implemented in the year **2002**

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