Q1. In context with Banking in India, what is the difference between liquidity adjustment facility – repo-rate and Marginal standing facility rate?

1. Under repo, banks can borrow up to 5% of net demand and time liabilities under MST, they can borrow up to no limit. 2. Under repo rate banks can borrow above SLR requirements, under MSF, banks can borrow within SLR requirements. Select the above correct statements.

a) Only 1  b) Only 2  c) 1 and 2  d) Neither 1 nor 2

Ans: A Explanation: The Reserve Bank of India (RBI) is the Indian central bank. The RBI's most important goal is to maintain and stable inflation in India. When reference is made to the Indian interest rate this often refers to the repo-rate. If banks are short of funds they can borrow rupees from RBI at the repo rate, the interest rate with a one day maturity. If the central bank of India wants to put more money into circulation, then the RBI will lower Repo rate.

Q2. Which among the following in India can use ‘Repo Bonds’ to raise short term money from markets?


a) Only 3  b) Only 1  c) 1 and 3  d) 2 and 4

Ans: C Explanation: When reference is made to the Indian interest rate this often refers to the repo rate, also called the key short term lending rate. Please note that government doesn’t raise money for short term using Repo Bonds. The banks, corporate bonds with each other to raise pledging government securities with RBI to raise short term money.

Q3. A Company making a public of securities has to file a Draft Red Herring Prospects with SEBI through an eligible merchant banker prior to filling a prospects with the registrar of Companies. What information does this Draft Red Herring Prospects provide?


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

Ans: D Explanation: Draft Red Herring prospects provide all the necessary information an investor ought to know about the company in order to make an informed decision. It contains details about the company, its promoter the projects, financial details, object of raising the money, term of the issue, use of proceeds from the offering among others. However the document does not provide information about the price or size of the offering.
Q4. Consider the following statements.

1. Government of India has set up a Price Monitoring Cell (PMC) in the department of Agriculture to monitor and analyze price data and trends of availability of essential commodities. 2. Price Monitoring Cell (PMC) monitors 21 essential commodities. Select the above correct statements.

a) Only 2  b) Only 1  c) 1 and 2  d) Neither 1 nor 2

Ans: A Explanation: Price monitoring Cell is in the Department of Consumer Affairs. The twenty one commodities are Rice, Wheat, Atta, Gram, Dal, Tur (Arhar), Dal, Urad Dal, Moong Dal, Masur Dal, Sugar, Gur, Groundnut oil, Mustard oil, onion, salt etc.. Information on retail and wholesale prices is received on daily basis from 50 centers of the country.

Q5. One of the economic laws says that as income increases, the proportion of starchy staples in the food basket decline relative to the share of more expensive sources of calories. Recent NSSO data showing a significant increase in the share of protein rich items in total food expenditure, both in rural and urban areas of India to confirm this hypothesis. What this hypothesis is known as?

a) Gresham’s Law  b) Vijay Tendulkar’s Law  c) Bennet’s Law  d) None of these.

Ans: C Explanation: We need to turn to the lesser known Bennet’s law for an explanation of food inflation. Bennet’s law suggests that as income increase, the proportion of starchy staples in the food basket declines relating to the share of more expensive source of calories. Recent NSSO data showing a significant increase in the share of protein rich items in total food expenditure, both in rural and urban areas confirm this hypothesis.

Q6. Consider the following statements about Infrastructure Debt Fund (IDF) in India:

1. Infrastructure debt fund are regulated by Planning commission 2. Infrastructure debt fund can be established as a trust in India, but not in company.

2. Select the above correct statements.

a) Only 1  b) Only 2  c) 1 and 2  d) Neither 1 nor 2

Ans: D Explanation: Infrastructure Debt Fund is a debt instrument being set up by the finance ministry in order to channelize long – term funds into infrastructure project which require long term stable capital investment According to the structure laid out by the finance ministry, after consultations with stakeholders, infrastructure NBFCs, market regulates and banks, an IDF could either be set as a trust or as a company.

Q7. In one of the Seminar’s the Governor of RBI said that the schemes like ‘Mahatma Gandhi National Rural Employment Guarantee Scheme’ (MNREGA) have played role in increasing inflation. How MNREGA could have stirred up inflationary pressure?

1. By Increasing demand 2. By increasing rural wage 3. By increasing production

Select the above correct statements.
a) Only 1 b) Only 2 c) 2 and 3 d) 1 and 2

**Ans:** D Explanation: The ‘MNREGA’ guaranteeing hundred days of wage employment to rural labor, in implementation since February 2006, has pushed up rural wages. The MNREGA has evidently set the floor for the rural wage level, making wage push inflation more visible and prominent. Admittedly, increase in wages need not be inflationary provided it reflects higher productivity, but it has been the case of MNREGA at least in food productivity.

**Q8.** In context with India’s oil and gas fields consider the following.

1. Only gas Fields 2. Only Oil fields 3. Oil and gas fields.

Which among the following option gives the correct order of numbers of fields classified as above? a) 1, 2, 3 b) 2, 3, 1 c) 3, 2, 1 d) 3, 1, 2

**Ans:** C Explanation: Indian oil is not only the largest commercial enterprise in the country. It is the flagship corporate of the Indian Nation. Indian oil’s world class R and D center, established in 1972, has state of the art facilities and has delivered pioneering results in lubricants technology, refining process, pipeline transportation, bio fuels and fuel efficient appliances. As on 1st April 2009, India had 402 total oil and gas fields, out of which 16 are only oil fields, 125 are only gas fields and 261 are both.

**Q9.** It has been generally viewed that when an economy grows beyond its potential growth rate, it causes inflation. How does growing faster than the potential rate cause inflation?

a) Fast growth causes more productivity which leads to higher supply and cost put inflation. b) Fast growth causes quick resources utilization to fulfill the higher demand c) Fast growth cause more employment opportunities which leads to rise in prices. d) None of these.

**Ans:** B Explanation: There are two major determinants of the potential rate at which an economy can grow in the long run. Infrastructure investments and skills of labor can raise India potential growth rate because the country has ample labor supply. The overall demand in the economy rises up due to fast growth and more resources are used to meet higher demand.

**Q10.** Consider the following statement context with India’s planning commission:

A Planning in the sense of formal projects on the basis of the certain sets of assumption started only in the second five year plan in India. 2. The Mahalanobis model of growing corporate possibilities opened up the foreign trade.

Select the above correct statements.

Only 1 b) Only 2 c) 1 and 2 d) Neither 1 nor 2

**Ans:** A Explanation: Mahalanobis Model of growth incorporates the possibilities opened up the foreign trade is incorrect. In simple words this model was based upon a four sector plan frame, which
represents an alternative approach to planning that focuses on the bottleneck created by shortage the capital goods rather than on the shortage of the aggregate savings as a previous model given by Harrod – Dobor model.

**Q11.** Which among the following given a justification about the fact ‘Green Revolution has not been green as it made out to be’

1. It helped only farmers 2. It confined to selected areas only 3. It confined only to wheat Select the above correct statements.

a) Only 1 b) 1 and 2 c) 1, 2 and 3 d) 2 and 3

**Ans:** D Explanation: The introduction of high-yielding varieties of seeds and the increased use of chemicals fertilizers and irrigation are known collectively as the green revolution, which provided the increase in production needed to make India self sufficient in India. → Use of high yielding varieties (HYV) → Irrigation → Use of insecticides and pesticides → Land reforms

**Q12.** Consider the following 1. Trade and earn revenue 2. Become the sole controller of food grain supply 3. Prevent Black marketing Which among the following are the primary objectives of the government to buy food grains directly from the farmers?

a) 1 and 2 b) Only 1 c) Only 3 d) 1, 2 and 3

**Ans:** C Explanation: Black Market may emerge due to a shortage or limitation of products and due to convenience of merchandise available for cheap sale or resale. Also they are encouraged by buyers who have no regard for legality of supply and sale.

**Q13.** India has a high export earnings from diamonds. In this context, consider the following:


Which among the above is most appropriate reason being the above statements?

a) Only 3 b) Only 2 c) 1 and 3 d) 1, 2 and 3

**Ans:** C Explanation: The central government move to curb the unscrupulous practices of round tripping of polished diamonds seems to have paid off. For the first time in a decade India’s polished diamond export is expected to fail by around 37 percent to $ 17 billion in 2012-13.

**Q14.** 1853 is a landmark in India’s Transport because of: 1. First cargo plane 2. First train 3. First sir plane 4. First cargo ship Which of the above is correct answer?

a) Only 3 b) Only 1 c) Only 2 d) 1, 2, 3 and 4

**Ans:** C Explanation: The history of rail transport in India began in the mid-nineteenth century. In 1845, along with sir Jamshedjee Jeejeebhog, Hon. Jaganath Shankerseth formed the Indian Railway
As a director, Shankerseth participated in the very first train journey in India between Mumbai and Thane on the 16th April, 1853 in a 14 carriage long train drawn by 3 locomotives named Sultan, Sindh and Sahib.

Q15. Consider the following factors: 1. High investment in Industries 2. Expanding market 3. Dynamic entrepreneurship Which of the above are required for accelerated growth of an economy?

a) 1 and 2  b) 2 and 3  c) 1, 2 and 3  d) None of these

Ans: C Explanation: Invest in growth by hiring more workers, lowering taxes, providing incentives for entrepreneurs all of which the us is currently doing the opposite of. Today India is among the fastest growing country in the World. India’s share in world GDP has doubled in the last two decades. It became the third largest economy in the world on purchasing power parity basis this year.

Q16. Which among the following is the most important bulk import of India?

a) Non electrical Machinery  b) Electric goods  c) Food grains  d) Petroleum

Ans: D Explanation: Imports in India increased to 2281.15 INR Billion April of 2013 from 2239.55 INR Billion in March of 2013. Imports in India are reported by the Directorate General commerce. India cured import bill stands at $160 billion. This is expected to rise further as the rupee weakens domestic production declines but demand growth trots along at a healthy pace of 6% or so.

Q17. Which among the following is characterizes by highest fixed cost and lowest Running cost?

a) Pipeline Transport  b) Water ways transport  c) Air transport  d) None of these

Ans: A Explanation: Pipeline transport is the transportation of goods through a pipe. Most commonly, liquids and gases are sent, but pneumatic tubes using compressed air can also transport solid capsules. As for gases and liquids, any chemically stable substance can be sent through a pipeline therefore sewage, slurry, water or even beer are those transporting crude petroleum and defined petroleum products fuels.

Q18. Consider the following works:

1. Arrange facilities for transport of Agriculture produce 2. Acquire building and go down at suitable places 3. Subscribing to share capital of state warehousing corporations
Which among the above function a performed by central warehousing corporation?

a) 2 and 3  b) 1 and 2  c) Only 1  d) 1, 2 and 3

Ans: D Explanation: A central warehouse corporation established in 1957 and region offices. CWC is operating 46 warehouse across the country with a storage capacity of 10.8 million tones providing ware house service for a wide range products ranging from agriculture produced to sophisticated industrial products.
Q19. Which among the following is the cheapest mode of transport in terms of fixed plus running costs?

a) Waterways  b) Railways  c) Pipeline  d) None of these

**Ans:** A Explanation: A waterway is any navigable body of water. Waterways can include rivers, lakes, ocean and canals, in order a waterway to be navigable it most meet several criteria. → The waterway must be deep enough to allow the draft depth of the vessels with it. The waterway must be wide enough to allow passage for the beam with of the vessels using it. → The current of waterway must be mild enough to allow vessels to make headway.

Q20. Consider the following

1. Use of hybrid yielding varieties seeds.
2. Uneconomical and fragmented
3. Inefficient labour force.

Which among the above are the reasons for low productivity in Indian Agriculture?

a) Only 1  b) Only 2  c) 1 and 3  d) 2 and 3

**Ans:** B Explanation: The causes for low productivity of Indian agriculture can be divided into 3 broad categories namely, General factors as overcrowding in agriculture, discouraging rural Atmosphere, inadequate non firm service. Institutional factors as – size of holding, pattern of land tenure. Technological factors as poor technique of production, inadequate irrigational facilities.

Q21. Which among the following was set up by government of India in 1988 with objective of developing multi model logistics support for India’s International and domestic containerizes cargo and trade?

a) Container corporation of India  b) Central warehousing corporation  c) Regional corporation of India  d) Corporation of district.

**Ans:** A Explanation: Ever since globalization transformed the transport sector, national boundaries have become permeable to penetration by trade, creating the need for flexible transport solution. Though the first ISO marine container had been handled in India at Cochin as early as 1973.

Q22. Who among the following leaders announced the industrial policy of 1956?

a) J B Kraplani  b) Ashok Mehta  c) Mahatma Gandhi  d) Jawaharlal Nehru

**Ans:** D Explanation: Industrial policy resolution of 1956 (IPR, 1956) in the resolution of 1956 is the resolution by the parliament of India in April, 1956. It was comprehensive statements on industrial development of India. It laid down three categories of industries which were clearly defined. The 1956 policy continued the basis economic policy for a long time. This fact has been confirmed in all the five year plans.

Q23. Which among the following is correct full form of SIDO:
a) Standards industries development organization b) Small industries development Organization c) State industrial development organization d) None of these

Ans: B Explanation: Small industries development organization (SIDO) was established in October, 1973 as parasitical organization under now ministry of trade, industries and marketing. SIDO’s role as the government’s instrument for small scale industrialization had been redefined to respond