

PT Indian Economy Section with CST performance in 2014

1. In the context of food and nutritional security of India, enhancing the 'Seed Replacement Rates' of various crops helps in achieving the food production targets of the future. But what is/are the constraint/ constraints in its wider/ greater implementation?

1. There is no National Seeds Policy in place.
2. There is no participation of private sector seed companies in the supply of quality seeds of vegetables and planting materials of horticultural crops.
3. There is a demand-supply gap regarding quality seeds in case of low value and high volume crops.

Select the correct answer using the code given below.

- (a) 1 and 2 (b) 3 only
(c) 2 and 3 (d) None

Answer. B

Source: CST Indian Economy Edition: Page No. 50; Column 2: Important policy initiatives under the amended New Policy on Seed Development (NPSD) include permitting 100 per cent foreign direct investment (FDI) under the automatic route and simplifying the procedure for inclusion of new varieties in the Organisation for Economic Cooperation and Development (OECD) Seeds Scheme.

2. With reference to Union Budget, which of the following, is/are covered under Non-Plan Expenditure?

1. Defence -expenditure
2. Interest payments
3. Salaries and pensions
4. Subsidies

Select the correct answer using the code given below.

- (a) 1 only (b) 2 and 3 only
(c) 1, 2, 3 and 4 (d) None

Answer. C

Source: CST Indian Economy Edition: Page No. 143: Non-planned Expenditure comprises:

- ▶ Interest payments:
- ▶ Defence revenue expenditure.
- ▶ Subsidies.
- ▶ Postal deficits. ..Police and pension.
- ▶ General Services (like tax collection).
- ▶ Social Services (education, health and broadcasting).
- ▶ Grants to states and union territories.

▶ Grants to foreign countries.

3. The sales tax you pay while purchasing a toothpaste is a

- (a) tax imposed by the Central Government
(b) tax imposed by the Central Government but collected by the State Government
(c) tax imposed by the State Government but collected by the Central Government
(d) tax imposed and collected by the State Government

Answer. D

Source: CST Indian Economy Edition: Page No. 155: Taxes assigned to states and collected by states (Article 272)

- (1) Income tax (only agricultural income tax). (2) Sales tax except newspaper. (3) Land tax. (4) Estate and succession duty (only agricultural land). (5) Excise taxes (opium and alcoholic drinks). (6) Taxes on electricity. (7) Taxes on mineral rights. (8) Taxes on vehicle, animal and boats. (9) Entertainment tax. (10) Toll tax. (11) Taxes on profession, trade and employment. (12) Taxes on advertisement (except on newspaper, radio and DD). (13) Taxes on internal roads and waterways on the passenger and goods arrival. It is imposed by the state.

4. What does venture capital mean?

- (a) A short-term capital provided to industries
(b) A long-term start-up capital provided to new entrepreneurs
(c) Funds provided to industries at times of incurring losses
(d) Funds provided for replacement and renovation of industries

Answer. B

Source: CST Indian Economy Edition: Page No. 122: Venture Capital Fund: It was introduced in India around 1987. The term 'venture capital' is evocative and suggestive but is vague. VCFs are about high risk, high profitability, high and new technology and young first generation small entrepreneurs.

5. The main objective of the 12th Five-Year Plan is

- (a) inclusive growth and poverty reductions
(b) inclusive and sustainable growth

- (c) sustainable and inclusive growth to reduce unemployment
(d) faster, sustainable and more inclusive growth.

Answer. D

Source: CST Indian Economy Edition: Page No. 468: The 12 challenges identified in the approach paper to the 12th Plan include 'Enhancing capacity for growth', 'enhancing skills and faster generation of employment', 'Managing the environment', 'Technology and innovation,' and 'Securing the energy future of the country',.

6. With reference to Balance of Payments, which of the following constitutes/constitute the Current Account?

1. Balance of trade
2. Foreign assets
3. Balance of invisibles
4. Special Drawing Rights

Select the correct answer using the code given below.

- (a) 1 only (b) 2 and 3
(c) 1 and 3 (d) 1, 2 and 4

Answer. C

Source: CST Indian Economy Edition: Page No. 185; Box: Current Account:

It shows all flows that directly affect the national income accounts. The current account consists of two major items, namely, (a) merchandise exports and imports or visibles; and invisibles exports and imports. It includes: (a) Exports and Imports of merchandise; (b) Exports and Imports of services, e.g., transportation, insurance, travel, etc.; (c) Inflows and outflows of investment income; (d) Grants, remittances, and other transfers.

In terms of calculations, current account consists of 1. Merchandise: (i) Private and (ii) Government.

2. Non-monetary Gold Movement:
3. Invisibles: (i) Travel; (ii) Transportation; (iii) Insurance; (iv) Investment income; (v) Government, not included elsewhere; (vi) Miscellaneous; (vii) Transfer payments (a) Official; and (b) Private.

7. The terms 'Marginal Standing Facility Rate' and 'Net Demand and Time Liabilities', sometimes appearing in news, are used in relation to

- (a) banking operations

- (b) communication networking
- (c) military strategies
- (d) supply and demand of agricultural products

Answer. A

Source: CST Indian Economy Edition: Page No. 17: A new marginal standing facility (MSF) has been instituted, under which SCBs have been allowed to borrow overnight at their discretion, up to 1 per cent of their respective NDTL, at 100 bps above the repo rate. The revised MSF reverse repo corridor has been defined with a fixed width of 200 bps with the repo rate placed in the middle of the corridor. The reverse repo rate has been placed 100 bps below and the MSF rate 100 bps above the repo rate.

8. What is/are the facility/facilities the beneficiaries can get from the services of Business Correspondent (Bank Saathi) in branchless areas?

1. It enables the beneficiaries to draw their subsidies and social security benefits in their villages.
2. It enables the beneficiaries in the rural areas to make deposits and withdrawals.

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

Answer. C

Source: CST Indian Economy Edition: Page No. 31: Under the Swabhimaan financial inclusion campaign, over 74,000 habitations with population in excess of 2,000 had been provided banking facilities by March 2012, using various models and technologies including branchless banking through business correspondents (BCs). The Finance Minister in his Budget Speech of 2012-13 had announced that Swabhimaan would be extended to habitations with population more than 1,000 in the north-eastern and hilly states and population more than 1,600 in the plains areas as per Census 2001.

9. In the context of Indian economy; which of the following is/are the purpose/purposes of 'Statutory Reserve Requirements'?

1. To enable the Central Bank to control the amount of advances the banks can create
2. To make the people's deposits with banks safe and liquid

3. To prevent the commercial banks from making excessive profits
4. To force the banks to have sufficient vault cash to meet their day-to-day requirements

Select the correct answer using the code given below.

- (a) 1 only
- (b) 1 and 2 only
- (c) 2 and 3 only
- (d) 1, 2, 3 and 4

Answer.D

Source: CST Indian Economy Edition: Page No. 11: In fact, SLR works indirectly- it affects the borrowings of the government from the RBI. Banks are subject to statutory liquidity requirements. Each bank is required statutorily to maintain a prescribed minimum proportion of its daily total demand and time liabilities in the form of designated liquid assets.

Source: CST Indian Economy Edition: Page No. 36: (1) Higher CRR and SLR forced commercial banks to maintain a larger proportion of their funds from loans and advances to investment in Government securities and other securities leading to the erosion of the lending capacity and thus the loans become costlier. (2) A higher SLR diverted bank funds from loans and advances to investment in Government securities and other securities; this was said to have an anti-inflationary effect.

10. If the interest rate is decreased in an economy, it will

- (a) decrease the consumption expenditure in the economy
- (b) increase the tax collection of the Government
- (c) increase the investment expenditure in the economy
- (d) increase the total savings in the economy

Answer.C

Source: CST Indian Economy Edition:

Page No. 16: The Reserve Bank of India (RBI) mainly emphasised on two aspects: (i) to ensure the provision of adequate liquidity to meet credit growth and support investment and export demand in the economy while keeping a very close watch on the movements in the price level and (ii) to pursue an interest rate environment that is conducive to maintaining the momentum of growth and macroeconomic and price stability.

11. Which of the following organizations brings out the publication known as 'World Economic Outlook'?

- (a) The International Monetary Fund
- (b) The United Nations Development Programme
- (c) The World Economic Forum
- (d) The World Bank

Answer. A

Source: CST Indian Economy Edition: Page No. 210: The IMF's work on individual countries informs its work on regional economies and the global economy. These views, along with timely analysis of important economic and financial issues, are published twice a year in the World Economic Outlook, various Regional Economic Outlook reports, and the Global Financial Stability Report.

12. Consider the following pairs : Programme/ Project/ Ministry

1. Drought-Prone Area Programme: Ministry of Agriculture
2. Desert Development Programme: Ministry of Environment and Forests
3. National Watershed Development: Ministry of Rural Development
- Project for Rainfed Areas

Which of the above pairs

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

Answer. D

Model Practice Paper on Indian Culture

1. Consider the following statements regarding Urdu Literature:

- (1) The origin of Urdu may be ascribed to the period of the development of ancient Indo-Aryan languages.
- (2) By the beginning of the fourth quarter of 19th century, Urdu poetry was a reflection of Persian poetry only.
- (3) According to Urdu poetry, adoption of words and styles from other lan-

guages was "impure".

(4) The expansion of Muslim power in northern India naturally influenced the entire Apabhramsha group.

Which of the above Statements are true?

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

2. Which of the following are correctly stated of Urdu Literature?