

Prelims Practice Questions 25-05-2018

01. Consider the following statements with reference to Rewa Mega Multi Power Project

1. Rewa Mega Multi Power project is located in Andhra Pradesh.
2. The project has financial assistance from International Finance Corporation (IFC).

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

Answer : b

Rewa Ultra Mega Solar is a proposed solar park spread over an area of 1,590 acres (6.4 km²) in the Gurh tehsil of Rewa district of Madhya Pradesh. The project is expected to be commissioned with 750 MW capacity by the end of 2018. Rewa Ultra Mega Solar Limited (RUMSL), the implementing agency of the project, is a joint venture between the Madhya Pradesh UrjaVikash Nigam Limited (MPUVNL) and the Solar Energy Corporation of India (SECI).

02. Which of the following accurately describes the term 'Tax expenditure'?

1. Expenditure incurred by the government in collecting and maintaining the tax receipts
 2. The amount of taxes, both direct and indirect collected by the government
 3. The ratio of tax revenue used in a particular scheme to the total cost incurred by the scheme
 4. Tax expenditures are revenue losses attributable to tax provisions that often result from the use of the tax system to promote social goals without incurring direct expenditures.
- a. 1
 - b. 2
 - c. 3
 - d. 4

Answer : d

It refers to the opportunity cost of taxing at concessional rates, or the opportunity cost of giving exemptions, deductions, rebates, deferrals credits etc. to the tax payers. Tax expenditures indicate how much more revenue could have been collected by the Government if not for such measures.

03. Consider the following statements with reference to Mission Indradanush for reforming the Banking

sector:

1. Mission Indradhanush is a 7-pronged plan to address the challenges faced by public sector banks (PSBs), the 7 parts include appointments, Banks board bureau, capitalisation, de-stressing, empowerment, framework of accountability and governance reforms.
2. Many of the measures taken up by Mission Indradhanush were suggested by P J Nayak committee on banking sector reforms.

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

Answer : c

04. The Office of the Economic Adviser (OEA), who compiles and releases the monthly Wholesale Price Index (WPI) inflation, is an attached office under which of the following Ministry/Agency?

1. Ministry of Finance
2. Ministry of Commerce and Industry
3. Prime Minister's Office
4. The Reserve Bank of India

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



Answer : b

05. Which of the following procedural reforms were carried out in this year's budget?

1. Advancement of Union Budget 2017 to February 1.
2. Merger of Railway Budget with the main Budget.
3. Doing away with plan and non-plan expenditure.

Select the correct answer using the codes given below.

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2, 3

Answer : d

06. With reference to Consumer Price Index (CPI) and Wholesale Price Index (WPI), Consider the following statements

1. CPI is a better indicator than WPI in assessing the impact of inflation on household.
2. The RBI uses CPI as a prime inflation index for its monetary policy.
3. WPI includes basket of goods only but not services.

Which of the statements given above is/are correct?

- a. 1 and 2 only
- b. 2 and 3 only

- c. 1 and 3 only
- d. 1, 2, 3

Answer : d

07. The Department of Economic Affairs (DEA), under the Ministry of Finance is responsible for which of the following functions?

1. Preparation of Union Budget
2. Production of bank notes and coins of various denominations
3. Monitoring the disinvestment process
4. Administering the Pradhan Mantri JanDhan Yojana

Select the correct answer using the codes given below.

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2, 3

Answer : a

The Department of Financial Services covers Banks, Insurance and Financial Services provided by various government agencies and private corporations. It also covers pension reforms and Industrial Finance and Micro, Small and Medium Enterprise. It started the Pradhan Mantri Jan Dhan Yojana. PFRDA, Pension Fund Regulatory and Development Authority (PFRDA) is a statutory body which also works under this department.

The Department of Disinvestment has been renamed as Department of Investment and Public Asset Management or 'DIPAM'. The department took up all the functions of the erstwhile ministry which broadly was responsible for systematic policy approach to disinvestment and privatisation of Public Sector Units (PSUs).

08. Consider the following statements with reference to National List of Essential Medicines

1. The National List of Essential Medicines of India 2011 (NLEM 2011) is a list of medicines, prepared by the Ministry of Chemicals and Fertilizers, which are considered essential in India.
2. The primary purpose of NLEM is to promote rational use of medicines considering three important aspects i.e. cost, safety and efficacy.

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

Answer : b

The National List of Essential Medicines of India 2011 (NLEM 2011) is a list of medicines, prepared by the Ministry of Health and Family Welfare, which are considered essential in India. The first such list was released in 1996. The primary purpose of NLEM is to promote rational use of medicines considering the three important aspects i.e. cost, safety and

efficacy. NLEM is one of the key instruments in balanced healthcare delivery systems of the country which includes accessible, affordable quality medicines at all the primary, secondary and tertiary levels of healthcare.

09. Micro Finance Institutions Network (MFIN) is a

1. Self regulatory society.
2. Statutory organization established by the Act of parliament.
3. Cooperative society established by Gujarat dairy farmers for promoting credit availability.
4. Public Private Initiative for the regulation of MFI.

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

Answer : a

MFIN is a primary representative body and the Self-Regulatory Organization (SRO) for Non Banking Finance Companies (NBFC) Microfinance Institutions (MFIs) regulated by the Reserve Bank of India (RBI). MFIN was created to promote the key objectives of microfinance, which is to help economically underserved communities achieve greater financial independence and build sustainable livelihoods. MFIN seeks to work closely with regulators and other key stakeholders to achieve larger financial inclusions goals through microfinance.

10. When government is about to give a Fiscal stimulus package, what measures would it take?

1. Increasing government Expenditure
2. Increase of taxes
3. Reducing Interest rates
4. Reducing money supply in the economy

Which of the above measures is/are correct?

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2, 3

Answer : c

Fiscal stimulus refers to increasing government consumption or transfers or lowering taxes.