



DAILY PT MCQs-CRACK PRELIMS 2020 TEST-VIII (ECONOMICS-I)

1. Consider the following statements

1. Countries with higher income are more developed than others with less income.
2. More income for Countries means more of all things that human beings need.
3. Higher the average Income of country means lower will be inequality in country.

Which of the statements given above is/ are INCORRECT?

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

2. With reference to Neo-natal mortality rate and Infant mortality rate, consider the following statement

1. Neonatal mortality rate is the number of death during first one year per 1000 live birth.
2. Infant mortality rate is the number of death during first five year per 1000 live birth.

Which of the statements given above is/ are INCORRECT?

- a) 1 only b) 2 only
c) Both d) Neither 1 Nor 2

3. Consider the following statements

1. Human Development Index (HDI) is published by World Bank.
2. Health, Education and Income are only criteria used to calculate HDI.

Which of the statements given above is/ are CORRECT?

- a) 1 only b) 2 only
c) Both d) Neither 1 nor 2

4. With reference to measurement of country's development, consider the following

1. Per capita income
2. Average literacy level
3. Health status of people

Which of the above measurement method/s is/are generally be used to determine the development of country?

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

5. Choose the CORRECT statement with reference to definition of Gross Development Product (GDP)

- a) GDP includes reselling of products.
b) GDP includes remittances from other country
c) GDP includes ONLY final goods
d) None of the above

6. Arrange the following economic sectors in decreasing order of employment (based on 2011 census)
1. Service sector
 2. Agriculture
 3. Manufacturing
- Select the CORRECT order from following code:
- a) 1-2-3
 - b) 2-3-1
 - c) 3-2-1
 - d) 3-1-2
7. "Even if you move a few people out of a sector, production will not be affected". This type of employment is called as
- a) Part time Employment
 - b) Disguised Employment
 - c) Structural Unemployment
 - d) Both b & c
8. Consider the following statements
1. Success of Money economy depends on the 'double coincidence of wants'.
 2. Only advantage of barter system is that it promotes division of labour and specialization.
- Which of the statements given above is/ are INCORRECT?
- a) 1 only
 - b) 2 only
 - c) Both
 - d) Neither 1 nor 2
9. With reference to functions of money, consider the following
1. Store of value
 2. Medium of Exchange
 3. Unit of account
- Select the CORRECT option from the following code:
- a) 1 and 2 only
 - b) 2 only
 - c) 2 and 3 only
 - d) 1, 2 and 3
10. With reference to 'Terms of Credit', consider the following statements
1. Collateral is an asset that borrower owns.
 2. Collateral is a liability on part of Lender.
- Which of the statements given above is/ are INCORRECT?
- a) 1 only
 - b) 2 only
 - c) Both
 - d) Neither 1 nor 2
11. Consider the following statements with reference to Self Help Group (SHG)
1. SHGs help borrowers overcome the problem of lack of collateral.
 2. SHGs are categorized under formal lending of the Rural Household's credit requirement.
- Which of the statements given above is/ are CORRECT?
- a) 1 only
 - b) 2 only
 - c) Both
 - d) Neither 1 nor 2
12. Which of the following were major reasons for the Multinational Companies (MNCs) to set up office in India post 1991 reforms?
1. Cheap Labour
 2. Access to market
 3. Low cost of production
- Select the CORRECT option from the code given below:
- a) 1 and 2 only
 - b) 2 and 3 only
 - c) 1 and 3 only
 - d) 1, 2 and 3
13. Which of the following are considered as the major factors for promotion of Globalization?
1. Technology
 2. Investment

3. Liberalization
Select the CORRECT option from the code given below:
a) 1 and 2 only b) 3 only
c) 2 and 3 only d) 1, 2 and 3 only
- 14. With reference to Promotion of Foreign Investment in India, consider the following statements**
1. To set up Special Economic Zones
2. Rigid labour laws, which assures stability to business.
Which of the above measures will lead to increased foreign investment?
a) 1 only b) 2 only
c) Both d) Neither 1 nor 2
- 15. Globalization has led to improvement in living conditions**
a) of all the people
b) of people in the developed countries
c) of workers in the developing countries
d) none of the above
- 16. 'Muslin' is a type of**
a) Cotton textile
b) Silk products
c) Jute fiber
d) None of the above
- 17. With reference to colonial agriculture, consider the following statements**
1. The agricultural productivity came down due to absentee landlordism.
2. Production of commercial crops went down.
Which of the statements given above is/ are CORRECT?
a) 1 only b) 2 only
c) Both d) Neither 1 nor 2
- 18. Opening up of Suez canal led to more exploitation of India by colonial powers by controlling foreign trade. Suez Canal connects**
a) Indian Ocean and Red sea
b) Indian Ocean and Mediterranean Sea
c) Indian Ocean and Atlantic Ocean
d) Red sea and Mediterranean Sea
- 19. Consider the following statements with respect to Census in India:**
1. First population census of India was conducted in 1872.
2. 1911-1921 is ONLY decade when India had negative population growth.
Which of the statements given above is/ are CORRECT?
a) 1 only b) 2 only
c) Both d) Neither 1 nor 2
- 20. Consider the following statements**
1. The distribution of products in Capitalist society is based on the Purchasing Capacity of people.
2. In socialist economy, the market forces decide on the types of goods and services to be produced.
Which of the statements given is/are INCORRECT?
a) 1 only b) 2 only
c) Both d) Neither 1 nor 2
- 21. System of Five year planning in Indian economy was borrowed from**
a) United States of America
b) United Kingdom
c) USSR
d) None of the above

22. Consider the following statements

1. Land ceiling reforms were most successful step under the new economic policy of India.
2. Presently, India is following Import substitution policy in Foreign Trade.

Which of the statements given above is/ are CORRECT?

- a) 1 only b) 2 only
c) Both d) Neither 1 nor 2

23. A reduction in the value of an asset over time due to wear and tear is called as

- a) Depreciation b) Degradation
c) Deflation d) Provisioning

24. Which one of the following is the not an assumption made in "Law of Demand"?

- a) No change in price of related commodities
b) No change in income of consumer
c) No change in size of population
d) All are assumptions for the law

25. If demand is perfectly inelastic, an increase in price will result in

- a) Decrease in total revenue
b) Increase in total revenue
c) No change in total revenue
d) None of the above

ANSWER

1. Answer: (d)

• Explanation:

- (1) Development is an all-encompassing concept comprising several indicators, income being just one of the dimensions.
 - (2) Greater income does not automatically translate into greater facilities, as that is an outcome of the socio-economic & political setup prevalent in the country. It is possible for a country to be rich and at the same time to lack basic facilities.
 - (3) Averages do not display inequalities in distribution. Hence, higher average income does not automatically translate into lower inequality.
- Extra point for Prelims: Inequality report is provided by OXFAM.
 - Extra point for Prelims: Gini coefficient is used for Inequality measurement.

2. Answer: (c)

• Explanation:

- (1) Neonatal mortality is deaths occurring within the first 28 days of life.
- (2) Infant mortality is deaths occurring within first 1 year of birth.

3. Answer: (b)

Explanation:

- (1) Human Development Index (HDI) is published annually in the United Nations Human Development Report (HDR) by the United Nations Development Program (UNDP).



4. Answer: (d)

Explanation: Refer above graphic

5. Answer: (c)

- **Explanation:** Gross Domestic Product (GDP) is the **final value** of goods & services produced **within the geographical boundaries** of a region **within a specified time**.

6. Answer: (d)

7. Answer: (d)

- **Explanation:** Disguised employment is that form of employment in which the marginal productivity of a worker is **zero** i.e. even if he/she is divested of his work, it won't impact production.
- Structural employment, on the other hand, refers to a mismatch between the skills demanded and the skill sets available in an economy. It is usually observed during industrial reorganization or technological changes.

8. Answer: (c)

- **Explanation:**

- (1) Success of barter system, and not the money economy, depends on the double coincidence of wants as money serves as an excellent medium of exchange in the money economy.
- (2) Barter system demotes specialization because if one cannot find a customer to trade his goods with, he/she will have to produce the same himself.

9. Answer: (d)

Explanation:

- (1) Money holds its value over time.
- (2) Money facilitates transactions between individuals in an economy by acting as a

medium of exchange.

- (3) Money provides a common measure of the value of the goods and services being exchanged.

10. Answer: (b)

- **Explanation:** Collateral is an asset to the lender. Which is used if borrower fails to repay the loan.

11. Answer: (c)

12. Answer: (d)

- **Explanation:** The LPG reforms opened up the Indian market to the MNCs for investment and participation. Labour was available in the Indian economy in abundance. The cheap costs of labour also meant reduced costs of production.

13. Answer: (d)

14. Answer: (a)

Explanation:

- (1) Special Economic Zones, which as foreign enclaves within the territory of a country, are specially established to promote exports. The concept was first introduced in 2000.
 - (2) Rigid labour laws discourage investment
15. Answer: (d)
16. Answer: (a)
17. Answer: (a)

Explanation:

- (1) Under the land revenue systems adopted by the British, the landlords were interested only in extraction of rent from the cultivator which meant that very little was left with the cultivator in the end for investment reducing agricultural productivity.

(2) The cropping pattern also shifted in favour of the colonizers, who were interested in making profits. Cash crops, therefore, were grown on a large scale.

18. Answer: (d)

19. Answer: (c)

20. Answer: (b)

Explanation:

(1) A capitalist society works on the principle of 'the invisible hand' guiding the markets. Hence, distribution of goods and services is based upon the purchasing power of the society as the market essentially works for profits and is not guided by 'socialistic' ideals.

(2) A socialist economy, on the other hand, is based upon the ownership of means of production by the state. Hence, the state decides the type of goods and services produced with little role for the market.

21. Answer: (c)

22. Answer: (d)

• **Explanation:**

(1) Land reforms in India were not a part of the New Economic Policy but were introduced post-independence.

(2) The Import substitution policy of foreign trade was followed in India in the pre-reform period i.e. prior to 1991.

23. Answer: (a)

• Buildings, machinery, equipment,

furniture, fixtures, computers, outdoor lighting, parking lots, cars, and trucks are examples of assets that will last for more than one year, but will not last indefinitely. During each accounting period (year, quarter, month, etc.) a portion of the cost of these assets is being used up. The portion being used up is reported as Depreciation Expense on the income statement.

24. Answer: (d)

• **Explanation:** The law of demand states that quantity purchased varies inversely with price. In other words, the higher the price, the lower the quantity demanded.

This law will be applicable only if the below mentioned points are fulfilled:

1. No change in price of related commodities.
2. No change in income of the consumer.
3. No change in taste and preferences, customs, habit and fashion of the consumer.
4. No change in size of population
5. No expectation regarding future change in price.

25. Answer: (b)

• **Explanation:** A perfectly inelastic demand means the customer will buy a good or service regardless of the movement in price. The demand is perfectly inelastic if no substitutes for the product are available in the market.

ED CURRENT AFFAIRS CLASSES

(THE MOST COMPREHENSIVE AND HOLISTIC CURRENT AFFAIRS CLASSES)

Live Online Classes as Effective as Offline

LIVE ONLINE CLASS EVERY SUNDAY FROM JUNE 28 AT 5 PM

BY **S. ANSARI** AND THE TEAM **LUKMAAN IAS**

NOW ED WITH THREE FORMIDABLE COMBINATIONS

DAILY CURRENT AFFAIRS | DAILY THE HINDU ANALYSIS | ED CLASS EVERY SUNDAY

| | | | | |
|----------------------|---------------------|-----------------------------------|--|------------------------------------|
| THE FEATURES | ED CLASSES | 4Q ANSWER WRITING PRACTICE | TOTAL 1000 CURRENT AFFAIRS MCQs | 500 MAINS CURRENT QUESTIONS |
| THE SCHEDULES | EVERY SUNDAY | EVERY THURSDAY | 100 MCQs EVERY MONTH | 50 Q. EVERY MONTH |

ED IS HELPFUL FOR ALL THE THREE STAGES OF CSE PRELIMS, MAINS AND INTERVIEW

KNOWLEDGE WITHOUT INSIGHT, UNDERSTANDING AND PERSPECTIVE IS NOT ADEQUATE FOR THE CSE

ABOUT PAST PERFORMANCE



"The real credit of my success goes to LUKMAAN IAS. The institute not only provided academic guidance but also motivational support during my UPSC journey. I owe my conceptual clarity, presentation and writing skills in GS papers, essay, ethics case studies and public administration to LUKMAAN IAS. I would like to give special credit to Ansari Sir's tireless efforts and personal guidance for my performance. (Also part of ED Classes).

ABHILASH MISHRA, AIR 05 CSE 2016

GS MARKS 444

I did the 100 current affairs class by Ansari sir at LUKMAAN IAS. The conceptual clarity and lateral thinking that Sir encouraged was amazing. I also referred to the ED booklets for my 2016 attempt and succeeded in scoring great marks in GS. I thank Sir for his kind guidance and support.

ANAND VARDHAN, AIR 07, CSE 2016

GS MARKS 470



Ansari Sir's grasp over Ethics and Polity paper is impeccable. His ability to make us understand different concepts with current examples helps one to write "fresh" answers. In Ansari Sir's classes I not only used to grasp what he says but also how he thinks. (Also part of ED Classes).

VINOD DUHAN, AIR 74, CSE 2017

GS MARKS 495

First of all, I thank LUKMAAN IAS for giving me valuable guidance and constant support. When I came to Delhi for the 1st time I joined GS Test Series of LUKMAAN which helped me a lot. Ansari Sir helped me to improve upon my writing skills for which he took various answer writing improvement programs. Also ED Class helped me to build rational thinking and balanced views which helped during my interview preparation. LUKMAAN IAS also helps students who come from rural background and help them to improve their skills, thus I recommend students to go for LUKMAAN Test Series as well as ED classes and get valuable guidance from the academy.

BHUVANESH PATIL, AIR 59, CSE 2018



ABOUT THE ED CLASS

Editorial Discussion Class which is popularly known as ED CLASSES, is just another name of covering all relevant analysis based current developments from all diverse sources like newspapers, articles, RSTV debates, blogs, reports/publications, online news media-the print/quint/wire, etc. It has following features:

1. Its coverage is very wide and is prepared very diligently by our team.
2. It is very comprehensive, in-depth and analytical
3. Relevant for all stages of CSE-Prelims, Mains and Interview
4. It gives you a one-point solution and no need to read other sources for current developments
5. It has set a new benchmark of current developments as it has been highly preferred by the aspirants

So, for a thorough and comprehensive preparation, ED CLASS of Lukmaan IAS becomes a must for aspirants.

CONNECT WITH US FOR QUALITY GUIDANCE

www.lukmaanias.com/join-telegram/

www.youtube.com/c/LukmanIAS

www.quora.com/profile/Lukmaan-IAS

FOR MORE INFORMATION CONTACT: 8506099919 | 9654034293 | www.lukmaanias.com

PUBLIC ADMIN FOUNDATION BATCH

FROM
15TH JULY
8:00AM-10:30PM

By S. Ansari



Live Online Classes as Effective as Offline

THE DESCRIPTION ABOUT LIVE ONLINE CLASSES:

1. Live Online Classes will be conducted through ZOOM
2. Opportunity for interaction & asking doubts
3. The same will be recorded for back up in case someone misses the class

THE COURSE FEATURES

1. Duration: 150 days/5 months
2. No. Of classes/videos: over 125
3. Videos validity: 6 months
4. 10 tests with evaluation, and model answer/discussion videos
5. The most dynamic class for the most dynamic subject
6. Enrichment/ writing practice class after prelims
7. Elaborate discussion on concepts, theory and principles
8. It gives you three levels of experience: foundation, enrichment and test series.

THE COURSE MATERIALS

1. Four booklets covering entire syllabus (26 chapters of paper-I& II).
2. One booklet on reports of Committees & Commissions.
3. One year current developments (2019-20) on public administration.
4. One year model answers of Lukmaan IAS Test Series.
5. One booklet on Programs & Schemes.
6. Kiran Aggrawal Report.
7. One booklet on public policy.

The students of Lukmaan IAS have maintained the record of securing the highest in Public Admn. Optional since 2011.

| NAME | RANK | MARKS | YEAR |
|-----------------|------|-------|------|
| ANJU | 272 | 333 | 2018 |
| PURNA BORAH | 149 | 311 | 2017 |
| ABHILASH MISHRA | 05 | 334 | 2016 |
| ASHWINI PANDAY | 34 | 267 | 2015 |
| TUSHAR SINGLA | 86 | 287 | 2014 |
| UDITA SINGH | 46 | 231 | 2013 |
| PRINCE DHAWAN | 03 | 394 | 2011 |

FOR DAILY CURRENTS AFFAIRS, WSDP BULLETIN AND ANSWER WRITING PRACTICE, JOIN LUKMAAN IAS TELEGRAM CHANNEL
For Public Admn.- <https://t.me/lukmaaniaspUBLICADMINISTRATION>
For General Studies - <https://t.me/lukmaaniasGS>

FOR MORE INFORMATION

Mail At:- enquiries@lukmaanias.com. visit:- www.lukmaanias.com
Contact us. 8506099919, 9654034293