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Economic and Social Issues Questions for RBI Grade B Exam.

Directions: Study the following questions carefully and choose the right answer.

1. **Sarkaria Commission was setup in:**

(Topic : Growth Measurement) – 1 Marker

A. 1999   B. 1984   C. 1991   D. 1987   E. 1994

2. **When was Central Vigilance Commission established?**

(Topic : Growth Measurement) – 1 Marker

A.1964   B. 1965   C. 1966   D. 1967   E. 1968

3. **Who was the first Chief Election Commissioner of India?**

(Topic : Growth Measurement) – 1 Marker

A. Kalyan Sundaram   B. T.N Seshan   C. Sukumar Sen   D. H.S Brahma   E. Nasim Zaidi

4. **As per the budget 2018-19, the fiscal deficit is targeted at what percentage of the GDP**

(Topic : Growth Measurement) – 1 Marker

A. 3.4%   B. 3.2%   C. 3.7%   D. 3.3%   E. 3.5%

5. **The scheme pertaining to leadership development of minority women and being implemented by the Ministry of Minority Affairs is named _____?**

(Topic : Growth Measurement) – 1 Marker

A. Nai Manzil   B. Nai Roshni   C. Mahila Samriddhi Yojna   D. Nai Udaan
E. None of above

6. **Which of the following statements stand true for the Lorenz curve?**

(Topic : Growth Measurement) – 1 Marker

A. The Lorenz curve is not possible if the mean of the distribution is not zero or infinite.
B. It can be used to derive the Gini Coefficient.
C. The more concave the curve, then the higher the degree of income inequality in the country.
D. Both 1 & 3
E. Both 2 & 3

7. **What Government-backed pension scheme did the Atal Pension Yojana (APY) replace?**

(Topic : Growth Measurement) – 1 Marker

A. National Pension Scheme
B. Pradhan Mantri Vaya Vandana Yojana
C. Swavalamban
D. Varishta Pension Bima Yojana
E. None of the above

8. **In which year was the Minamata Convention on Mercury adopted?**

(Topic : Growth Measurement) – 1 Marker

A. 2010   B. 2017   C. 2015   D. 2013   E. 2002

9. **Under the FEMA Act 1999, what is meant by the term compounding?**

(Topic : Growth Measurement) – 1 Marker

A.   It refers to a breach of the provisions of the FEMA Act, 1999, which may or may not amount to criminal offence.
B.   It refers to the process of voluntarily admitting a breach of FEMA, pleading guilty and seeking redressal.
C.   It refers to the process wherein the RBI scrutinizes an application to verify whether the required details and documents furnished by an applicant after a breach are prima-facie in order.
D.   Both B and C
E.   None of the above

10. **Which of the following is/are true about the Foreign Currency Convertible Bonds (FCCBs)?**

(Topic : Growth Measurement) – 1 Marker

A.   It is a type of corporate bond issued by an Indian company in an overseas market.
B.   It is issued in a currency different from that of the issuer.
C.   Investors have the option of redeeming their investment on maturity or converting the bonds into equity any time during the currency of the bond.
D.   Both A and B
E.   All of the above

Correct Answers:

1	2	3	4	5	6	7	8	9	10
B	A	C	D	B	D	C	D	B	E

Explanations :

1.   The agitation for State autonomy led to the creation of Sarkaria Commission by the Central Government to recommend changes in Centre-State relationship. The Commission submitted its report in 1988. The Union Government appointed Sarkaria Commission to suggest ways and means to improve Centre-State relations.

In spite of the large size of its reports – the Commission recommended, by and large, status quo in the Centre-State relations, especially in the areas, relating to legislative matters, role of Governors and use of Article 356.

Hence, option B is correct.

2.   CVC is an apex probity watchdog of Union Government formed to address governmental corruption. It was set up by Central Government in February 1964 on the recommendations of K. Santhanam Committee on Prevention of Corruption. It monitors all vigilance activity under Union Government and advises various authorities in Union Government organizations in planning, executing, reviewing and reforming their vigilance work. The CVC is headed by Central Vigilance Commissioner and has two Vigilance Commissioners. They are appointed by President on recommendations of select committee comprising of Prime Minister as Chairperson, Union Minister of Home Affairs and Leader of second largest party in Lok Sabha or majority group leader in parliament

.

Hence, option A is correct.

3.   For the conduct of free and fair elections, an independent Election Commission has been provided for in Article 324. In India, the Election Commission consists of three members. These all are appointed by the President for a term which is fixed by the President. However, conditions of service and tenure of office of the chief election commissioner and other election commissioner are determined by an act of parliament titled The Chief Election Commissioner and Other Election Commissioners (Conditions of Service) Act, 1991.

The chief election commissioner or an election commissioner holds office for a term of 6 years or age of 65 years, whichever is earlier.
The chief election commissioner and other commissioners are paid a salary equal to the salary of a judge of the Supreme Court. On retirement, they are entitled to a pension payable to a judge of the Supreme Court.

All business of the election commission shall, as far as possible, be transacted unanimously. If the chief election commissioner and other election commissioners differ in opinion on any matter, such matter shall be decided according to the opinion of the majority.

Hence, option C is correct.

4. Fiscal deficit for the year 2018-19 is targeted at 3.3% of GDP.

Hence, option D is correct.

5. The Ministry of Minority Affairs has started implementation of a scheme "Nai Roshni" for Leadership Development of Minority Women from 2012-13.

It has the twin objectives of empowering and instilling confidence in women of minority communities by equipping them with knowledge, tools and techniques to interact with government systems, banks and intermediaries. Also, it aims at encouraging minority community women to move out of the home and assume leadership roles within the community.

Hence, option B is correct.

6. The Lorenz curve is a graphical representation of income inequality or wealth inequality developed by American economist Max Lorenz in 1905. The graph plots population on the horizontal axis according to income or wealth. It also plots cumulative income or wealth on the vertical axis. As an example, an x-value of 45 and a y-value of 14.2 would mean that the bottom 45% of the population controls 14.2% of the total income or wealth.

The Lorenz curve is often accompanied by a straight diagonal line with a slope of 1, which represents perfect equality in income or wealth distribution; the Lorenz curve lies beneath it, showing the actual distribution. The area between the straight line and the curved line, expressed as a ratio of the area under the straight line, is the Gini coefficient, a measurement of inequality.

The Lorenz curve is not defined if the mean of the distribution is zero or infinite. Also, the farther away the curve is from the baseline, represented by the straight diagonal line, the higher the level of inequality. In simple words, the more concave the curve, the higher is the inequality.

Only II and III are correct.

Hence, option D is correct.

7. APY was launched in June 2015 with aim to provide affordable universal access to essential social security protection to unorganized work force of country, which constitute more than 85 per cent of the workforce. **It had replaced earlier government-backed pension Swavalamban scheme targeted at the unorganised sector.** It is available to all citizens of India in age group of 18-40 years (making minimum period of contribution by subscriber is 20 years). Under this scheme, the subscriber will receive minimum guaranteed pension of Rs. 1000 to Rs. 5000 per month, depending on his contribution, from age of 60 years. There is no exit to scheme before age of 60. In case of death of subscriber, spouse of subscriber is entitled for same amount of pension till his or her death.

Hence, option C is correct.

8. The Minamata Convention was agreed at 5th session of Intergovernmental Negotiating Committee on Mercury in Geneva, Switzerland in January 2013 and was adopted in October 2013 at Diplomatic Conference (Conference of Plenipotentiaries), Kumamoto, Japan.

Hence, option D is correct.

9. Contravention is a breach of the provisions of the Foreign Exchange Management Act (FEMA), 1999 and rules/ regulations issued there under. Compounding refers to the process of voluntarily admitting the contravention, pleading guilty and seeking redressal. The Reserve Bank is empowered to compound any contraventions as defined under section 131 of FEMA, 1999. Hence, compounding is a voluntary process in which an individual or a corporate seeks compounding of an admitted contravention.

Hence, option B is correct.

10. All the statements mentioned above are true.

FCCBs are bonds issued by listed companies in the overseas market. FCCBs pay interest at a nominal rate. Starting out as bonds, FCCBs usually carry clauses which allow the issuer or bondholder the option to convert the bonds into shares mid-way during its term, at a pre-agreed price. Often, if the FCCB is issued in a bull market, the conversion price is set high. If the shares drop to levels much below the conversion price, it may cause heartburn to the bondholders. With global interest rates far lower than those in India, domestic companies have found it cheaper to raise money through these bonds.

Hence, option E is correct.