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Text with Technology

Economics

Last Minute Suggestion

[500 Most Important Key Points]

1. In a two-commodity economy X and Y, if X be Giffen good, the following conditions must be satisfied in case of good Y: $\frac{dy}{dp_y} < 0$

2. Two commodities are considered to be perfect substitutes for each other if the elasticity of substitution is: **Infinite**

   [For perfect complements elasticity of substitution is: **Zero**]

3. Given the consumer's utility function $U = X_1^2 X_2^3$ and the budget constraint $M = P_1X_1 + P_2X_2$, the demand function for X_2 will be: $\frac{3M}{5P_2}$

4. The concept of 'Ordinal Utility' was first developed by: **the Russian scholar Slutsky, in 1915.**

   [A detailed discussion about Indifference Curve Approach was done by **Prof. Hicks and Allen in 1928**]

5. The law of Diminishing Marginal Utility was introduced by: **Marshall**

   [If TU is increasing → $TU_2 > TU_1$ → $MU_X > 0$ → **Under Saturation**

   If TU is constant → $TU_2 = TU_1$ → $MU_X = 0$ → **Perfect Saturation**

   If TU is decreasing → $TU_2 < TU_1$ → $MU_X < 0$ → **Over Saturation**]

6. The Law of Equi-Marginal Principle in a two commodity world X and Y, the condition must be fulfilled: $\frac{MU_X}{P_X} = \frac{MU_Y}{P_Y} = \infty =$ **MUM**

   [If there exists 'n' number of products, then the equilibrium condition will be, $\frac{MU_1}{P_1} = \frac{MU_2}{P_2} = \ldots = \frac{MU_n}{P_n} = \infty =$ **MUM**]

7. When MRS_{XY} is decreasing, the shape of Indifference curve is: **Convex to the origin**

   [MRS is diminishing → the slope of IC is diminishing → **IC must be convex to the origin**

   MRS is constant → the slope of IC is constant → **IC must be a straight line**

   MRS is increasing → the slope of IC is increasing → **IC must be concave to the origin**]

8. When PCC_X is negatively sloped then price elasticity of demand is: $e_p^x > 1$

[PCC_X is horizontal or parallel to X-axis → $e_p^x = 1$

PCC_X is positively sloped → $e_p^x < 1$

PCC_X is vertical or parallel to Y-axis → $e_p^x = 0$

PCC_X is backward bending → $e_p^x > 0$ → **X is Giffen good**]

9. When ICC is negatively sloped then income elasticity of demand is: $e_M^x > 0$, $e_M^Y > 0$ → **Both products are NORMAL**

[ICC is horizontal or parallel to X-axis → $e_M^x > 0$, $e_M^Y = 0$

ICC is vertical or parallel to Y-axis → $e_M^x = 0$, $e_M^Y > 0$

ICC is backward bending towards X-axis → $e_M^x > 0$, $e_M^Y < 0$

ICC is backward bending towards Y-axis → $e_M^x < 0$, $e_M^Y > 0$]

10. If ICC is negatively sloped then Engel Curve will be: **Concave to the M-axis**

[ICC is vertical → **EC will be Vertical**

ICC is backward bending → **EC is negatively sloped**]

11. Consumer's Surplus was first introduced by: **Marshall**

12. For backward bending labour supply curve the correct statement is: **Substitution effect will be lower than Income effect**

13. "Production will mean putting utility into goods": **FRASER**

14. "Production is an activity directed to the satisfaction of other peoples' wants through exchange": **HICKS**

15. Homothetic functions are functions whose marginal rate of technical substitution is: **Homogeneous of degree zero**

16. The elasticity of substitution of Cobb-Douglas production function is: **Equal to 1**

17. The elasticity of substitution of CES production function is: **Equal to** $\frac{1}{1-\rho}$

18. When both products are 'NORMAL' then the Expansion Path will be: **Positively sloped**

19. If one product is 'INFERIOR' then the Expansion Path will be: **Backward Bending**

20. When AP_L is rising the AVC must be: **Falling**

[When AP_L is maximum → **AVC must be minimum**

When AP_L is falling → **AVC must be rising**]

21. According to the modern theory of cost the shape of short run Average Cost curve must be: **Saucer shape**

22. According to the modern theory of cost the shape of long run Average Cost curve must be: **Horizontal stretch over a considerable range**

23. The long run Average Cost curve is called: **Planning Curve**

24. When total revenue is increasing then price elasticity of demand will be: **> 1**

[If TR is decreasing → $e_p < 1$

If TR is constant → $e_p = 1$]

25. The basic difference between 'Pure' and 'Perfect' competition: **Perfect knowledge and perfect mobility of factors**

26. Under perfect competition firms are not organized like: **OPEC**

27. When P > AC then the firm can enjoy: **Super normal profit**

[When P = AC then the firm can enjoy → **Normal profit**

When P < AC then the firm can enjoy → **Negative profit or earn Loss**]

28. The break even condition is: **P = AR = MR = SRAC = SRMC**

29. At equilibrium under monopoly: **Total expenditure and price are inversely related**

30. The Larner's Index of Monopoly Power: $\frac{P-MC}{P}$

31. The correct statement about degree of Monopoly Power and elasticity of demand is: **The lower (higher) the elasticity of demand the higher (lower) the degree of monopoly power**

32. Imposition of Lump Sum Tax by the Govt. to the monopolist: **Profit will reduce**

33. Imposition of per unit tax by the Govt. to the monopolist: **Per unit and total profit will reduce**

34. When the monopolist is selling the same product in two markets where one is perfectly competitive and other is monopoly market: **Local Discrimination or Dumping**

35. Group behavior is a characteristics of: **Monopolistic competition and Oligopoly**

36. Excess capacity under monopolistically competitive market: **Ideal output – Actual output**

37. When an enterprise owner is the sole purchaser in input market and seller in a perfectly competitive market. This is the case of: **Monopsonistic exploitation**

38. If the product is 'homogeneous' or 'perfect substitute' then it will be called: **Pure Oligopoly**

[If the product is 'differentiated' or 'close substitute' then it will be called →**Differentiated Oligopoly**]

39. Kinked demand curve was introduced by: **Paul M. Sweezy**

40. The first oligopoly model: **Cournot Model in 1838**

41. Under Cournot duopoly model, each firm supplies: $\frac{1}{3}$ **of the market**

[Total duopoly output will be → $(\frac{1}{3} + \frac{1}{3}) = \frac{2}{3}$ **of the market**]

42. Bilateral monopoly means: **A monopolist facing a monopsonist**

43. Clark-Wicksteed product exhaustion theorem says that: **Given a linearly homogeneous production function, the product is exhausted**

44. The name is associated with 'The model of Managerial Enterprise': **R. Marris**

45. Monopolistic exploitation occurs when: **The factor market is monopsonistic**

46. Modern theories of imperfect competition were inspired by: **Sraffa**

47. The kinked demand model explained: **Price Rigidity**

48. In the Stackelberg model of duopoly the cournot behavior assumption is applied to: **The follower**

49. The Adding Up Theorem under constant returns to scale holds when the factors of production are paid according to their: **Marginal productivities**

50. Rent earned by a factor of production equals to: **The difference between what this factor is currently earning and what it can earn in its next best use**

51. While analyzing the marginal productivity theory of distribution, Clark gave more emphasis to: **Demand for labour**

52. The concept of 'Reserve Army of Labour' was introduced by: **Karl Marx**

53. In Schumpeter's view an entrepreneur is: **An inventor of new products and processes**

54. Frank H. Knight regards profits as: **The payments received by an entrepreneur for his risk-taking and activities in which some elements of uncertainty are involved.**

55. Interest is a reward for parting with liquidity': **J. M. Keynes**

56. The advocate of the Loanable Fund Theory of interest is: **Robertson**

[The Loanable Fund Theory lays emphasis on the interplay of → **both monetary as well as real factors**

Loanable Fund Theory is called → **Neo-classical theory of Rate of Interest**]

57. The classical theory of interest lays more emphasis on: **Real factors**

58. In the classical theory, the rate of interest is determined by: **The interaction between supply of saving curve and investment demand curve**

59. Interest is 'Price paid for the use of capital in any market'. This view of interest has been expressed by: **Marshall**

60. First of all the term 'Quasi-rent' was used by: **Marshall**

['The 'Quasi-rent' is → **Short period phenomenon**

'Quasi-rent' is → **Price - AVC**]

61. Transfer earnings are: **The maximum payment necessary to retain the factor in its employment**

62. Under conditions of monopsony in the labour market, the trade unions can succeed in achieving higher wage rates: **(i) without decreasing employment (ii) with increasing employment and (iii) with unemployment**

63. With perfect competition in the labour market and monopoly in the product market the monopolistic exploitation of labour is equal to the difference between: **VMP and MRP**

64. When there is monopsony in the labour market and monopoly in the product market, total of monopsonistic and monopolistic exploitation is the difference between: **VMP and AW**

65. The writer of 'Economics of Welfare' is: **A. C. Pigou**

66. For external economies of production:

(i) Social marginal benefits > Private marginal benefits

(ii) Private costs > Social costs

67. For external diseconomies of production:

(i) Social marginal benefits < Private marginal benefits

(ii) Private costs < Social costs

68. For external economies of consumption: **(i) Social benefits > Private benefits**

(ii) Social costs < Private costs

69. For external diseconomies of consumption: **(i) Social benefits < Private benefits**

(ii) Social costs > Private costs

70. Neo-classicals and earlier economists defined social welfare as a sum total of: **Cardinally measurable utilities of different members of the society**

71. Marginal Conditions of Pareto Optimality: **(i) $MRS_{x,y}^{A} = MRS_{x,y}^{B}$**

(ii) $MRTS_{L,K}^{X} = MRTS_{L,K}^{Y}$

(iii) $MRPT_{X,Y} = MRS_{x,y}^{A} = MRS_{x,y}^{B}$

72. Pareto optimal solution is: **Non-unique solution**

73. The theory of 'The Theory of Second Best' is associated with the name: **Lipsey and Lancaster**

74. The 'COMPENSATION CRITERIA' in welfare economics: **Kaldor and Hicks**

[According to Kaldor's welfare criterion → **If a certain change in economic organization or policy makes some people better off and other worse off, then that change will increase social welfare if those who gain could compensate the losers and still be better off than before**

According to Hicks welfare criterion → **A change is an improvement if the losers in the changed situation cannot profitably bride the gainers not to change from the original situation**]

75. The person who was the first to point out the paradoxical result in Kaldor-Hicks criterion: **Scitovsky**

76. Under the Keynesian system, a fall in money wage rate will lead to: **A fall in the interest rate.**

77. If there is to be large oscillation in the path of income through the interaction of multiplier and accelerator then: **The value of marginal propensity to save must be less than the value of accelerator.**

78. Match List-I and List-II:

List-I		List-II
C = 4 + 0.6Y	→	**Consumption Function**
I = 80 – 5i	→	**Investment Function**
0.3Y – 20I – 150 = 0	→	**LM Function**
0.3Y + 20I – 150 = 0	→	**IS Function**

79. Neutrality of money implies that a given increase in money supply will: **Not change prices at all**

80. Given the total investment expenditure, an increase (decrease) in the propensity to save will lead to: **A fall (rise) in income**

81. If the consumption function is C = 28 + 0.75 Y, then the value of investment multiplier is: **4**

[C = 28 + 0.75 Y → **MPC = 0.75**

Investment multiplier (K) = $\frac{1}{1-MPC}$

K = $\frac{1}{1-0.75} = \frac{1}{0.25}$ = 4]

82. In the classical concept, the Aggregate Supply is: **Perfectly inelastic with respect to the price level**

[→This means that changes in the price level have no effect on the aggregate supply

→ AS curve is vertically parallel]

83. In the classical concept, the Aggregate Supply is: **Perfectly inelastic with respect to the price level**

84. According to the Classical economists, the full employment equilibrium is based on: **(i) Say's law of market and (ii) Wage-price flexibility**

[In the classical model of employment, changes in money wages and real wages are directly related and are proportional]

85. Consumption theories and authors:

Absolute Income Hypothesis → **Keynes**

Relative Income Hypothesis → **J. S. Duesenberry**

Life Cycle Hypothesis → **Modigliani and Ando**

Relative Income Hypothesis → **Milton Freidman**

86. The concept of multiplier was first developed by: **Richard F. Kahn in 1931**

87. 'Acceleration Principle' was first introduced by: **J. M. Clark in 1917**

88. 'Super Multiplier' was first introduced by: **Hicks.**

89. In Friedman's Permanent Income Hypothesis, transitory income can be positive or negative, which occurs on account of: **Temporary and unanticipated changes in current income**

90. When investment is perfectly interest inelastic then the IS curve will be: **Vertical**

[When investment is perfectly interest elastic then the IS curve will be → **Horizontal**]

91. If government increases (decreases) IS curve will shift: **Rightward (Leftward)**

92. If tax increases (decreases) IS curve will shift: **Leftward (Rightward)**

93. According to Keynes demand for money arises due to: **Three motives:**

(i) **Transaction demand for money [$D_t = f(Y)$; $D'_t > 0$]**

(ii) **Precautionary demand for money [$D_P = f(Y)$; $D'_P > 0$]**

(iii) **Speculative demand for money [$l = l(r)$; $l'(r) < 0$]**

94. When speculative demand for money is perfectly interest inelastic then the LM curve will be: **Horizontal**

[When speculative demand for money is perfectly interest inelastic then the LM curve will be → **Vertical**]

95. Fiscal policy has no effect in: **Classical range**

[Fiscal policy is more effective in → **Keynesian range**]

96. Monetary policy has no effect in: **Keynesian range**

[Fiscal policy is more effective in → **Classical range**]

97. Crowding out effect is zero in: **Liquidity trap situation**

98. The strength of government expenditure multiplier or balanced budget multiplier in simple Keynesian model than in complete Keynesian model is: **Greater**

99. In IS-LM model an increase (decrease) in money supply leads to: **Rightward (Leftward) shift of LM curve**

100. Okun's law postulates: **A negative relationship between unemployment and real gross domestic product**

101. Money multiplier is the ratio between: **Quantity of primary money and quantity of secondary money**

102. According to the quantity theory of money, the price level rises if: **The velocity of circulation of money rises**

103. If $I = 5 + 0.2Y$; $S = -15 + 0.3Y$ and $\bar{G} = 5$ the value of equilibrium level of national income is: **200**

[$I = 5 + 0.2Y$; $S = -15 + 0.3Y$ → **At equilibrium, S = I**

$$-15 + 0.3Y = 5 + 0.2Y$$

$$0.3Y - 0.2Y = 20$$

$$0.1Y = 20$$

$$Y = 200$$]

104. When investment is negatively related to the rate of interest, the equilibrium output in the commodity market is: **Inversely related to the rate of interest**

105. 'The propensity to consume of an individual with respect to his disposable income and wealth depends on his age', the statement refers to: **Life cycle hypothesis**

106. When income falls, the liquidity preference curve: **Shifts to the left**

107. Stagflation refers to situation which is characterized by: **Inflation and rising unemployment**

108. When the intrinsic value of money and its face value of money are equal the it is called: **Full-bodied money**

109. The Keynesian view of an increase in government spending results in an increase in interest rate and income. However, the money stock remains unchanged with velocity of money: **Increasing**

110. In real business cycle models, real, not monetary, factors are responsible for fluctuations in output and employment. If at all monetary policy is considered, it focuses on: **Controlling inflation and maintaining stability**

111. The distinctive feature of the New Classical Model is that the aggregate supply and labour supply schedule depend on: **Rational expectations on monetary and fiscal policy variables along with oil prices and other supply side factors**

112. The New Keynesian models explain involuntary unemployment through real rigidities arising out of: **Wage and price setting process**

113. In the labour demand-supply framework, at the employment level below the equilibrium employment, there is incentive for firm/employer to put more workers to work as: **Marginal product of labour exceeds the real wage**

114. Baumol's Inventory Theoretic Approach: **The demand for real transactions balances is proportional to the square root of the volume of transactions and inversely proportional to the square root of the rate of interest.**

115. 'Liquidity Preference as Behaviour Towards Risk': **Tobin's portfolio selection model**

116. Friedman's restatement of quantity theory of money: **Points out that the quantity theory is a theory of demand for money. It is not a theory of output, money incomes or prices**

117. For generations economists have been engaged in answering the questions: what causes changes in the price level or the volume of money?

(i) Davanzatti and Jean Bodin: 16th century

(ii) David Hume: 1752

(iii) Simon Newcomb: 1886

(iv) Knut Wicksell: 1898

(v) Irving Fisher: 1911

(vi) A. C. Pigou: 1917

(vii) Alfred Marshall: 1923

(viii) Keynes: (1930-1936)

(ix) Patinkin: 1948

(x) Friedman: 1957

118. The quantity theory of money implies that an increase (decrease) in the price level will associated with: **An increase (decrease) in money supply**

119. High powered money is: **Currency held by public and reserves with Central Bank**

120. Four concepts of money supply:

(i) M_1 or Narrow Money: Currency with public + Demand deposits of banks + Other deposits of the RBI

(ii) M_2: M_1 + Saving deposits with post office saving banks

(iii) M_3 or Broad Money: M_1 + Net time deposits of the banks

(iv) M_4: M_3 + Total deposits of post office saving organization

121. Determinants of the money supply:

First view: The money supply is determined exogenously by the central bank

Second view: The money supply is determined exogenously by changes in the economic activity which affects people's desire to hold currency relative to deposits, rate of interest, etc.

122. The deposit multiplier: **The ratio of change in total deposits to a change in reserves is called the deposit multiplier which depends on cash reserve ratio. The value of deposit multiplier is the reciprocal of CRR**

[$d_m = \frac{1}{r}$

If CRR is 10% of deposits, then

$d_m = \frac{1}{0.10} = 10$

Thus, deposit multiplier of 10 shows that for every Rs. 100 increase in cash reserves with the banks, there will be expansion in demand deposits of the banks by Rs. 1000]

123. Calculation of the value of Money Multiplier: **We can obtain the value of money multiplier if we know the values of desired currency deposits ratio (K) of the public and desired reserve ratio (r) of the banks.**

Suppose K = 0.4 and r = 0.2. We can then obtain the value of multiplier:

$m = \frac{1+K}{r+K} = \frac{1+0.4}{0.2+0.4} = \frac{1.4}{0.6} = 2.33$

124. Process of Credit Creation: **Total deposits created by banking system is: $\frac{1}{r}.D$**

[If a bank has Rs. 1000 in deposits and its legal minimum ratio or the required cash reserve ratio (r) is 20% ; it can create to the extent of Rs. 5000.

$\frac{1}{r}.D = \frac{1}{0.20}.1000 = 5000$

Deposits created by the banking system is: Rs. 5000 – Rs. 1000 = Rs. 4000]

125. Inflationary Gap: **Inflationary gap arises when consumption and investment spending together is greater than the full employment GNP level. This means that people are demanding more goods and services than can be produced.**

[The amount by which the actual aggregate demand exceeds the level of national income corresponding to full employment is known as: **Inflationary Gap**]

126. Deflationary Gap: **Deflationary gap represents the difference between the actual aggregate demand and the aggregate demand which is required to establish the equilibrium at full employment level of income.**

127. Stagflation: **It refers to a situation when a high rate of inflation occurs simultaneously with a high rate of unemployment.**

128. Phillips Curve: **Trade-off between unemployment and money wages.**

[Phillips curve is negatively sloped]

129. The shape of long run Phillips Curve is: **Vertical (According to Friedman)**

130. The probability of drawing a 'spade' from a well shuffled packet of cards is: ¼

[Total card = 52, Total number of 'spade = 13, Thus, probability of drawing a 'spade' = 13/52 = 1/4]

131. The coefficient of correlation between two series X and Y is found to be 0.80. If all the values of X and Y are reduced by 50 percent, then the correlation coefficient will be: **0.20**

132. For a Poisson's distribution with n = 200, p = 0.02, then the mean is: **4**

133. The value of χ^2 in a 3×4 contingency table is computed as 4.0. The null hypothesis that then no association ship will be accepted at 5% level of significance, if this computed value is less than or equal to the value of χ^2 from the table at the degrees of freedom: **6**

[Degrees of Freedom = (Number of frequencies) – (Number of independent constraints on them)

$v = n - k$

Thus if we are given n frequencies subject to the linear constraint, then for the application of χ^2 test, $v = n = 1$

For r×s contingency table, the total number of frequencies is $n = r \times s = rs$ and the number of independent constraints is $k = r + s - 1$

Hence for r×s contingency table, DF is: $v = n - k = rs - (r + s - 1) = rs - r - s + 1$

$= (r-1) \times (s-1)$

Hence for 3×4 contingency table DF = (3-1) × (4-1)

$= 2 \times 3 = 6$]

134. The significance of the difference between two means of the populations, when σ^2 values are known and equal. Then it is tested by: **Z-test**

135. The portion of the total area covered in a normal curve under $\bar{X} \pm 2.58\ \sigma$ is: **99%**

α	0.05	0.025	0.01	0.005
τ_α	1.645	1.960	2.326	2.576

136. If A and B are independent events, then: $\mathbf{P(A/B) = \frac{P(A).P(B/A)}{P(A)}}$

137. If for a sample data: Mean < Median <Mode, the distribution is: **Skewed to the left**

138. Let $x = \frac{9-U}{3}$ and y = V – 4 and the correlation coefficient between U and V is - 0.93. Then the correlation coefficient between x and y will be: **- 0.93**

[Correlation coefficient is independent of change of origin and scale]

139. If the Karl Pearson coefficient of correlation between x and y is 0.3, then the coefficient of correlation between - x and 2y is: **- 0.3**

140. Historically the first index number was constructed in: **1764**

141. The 'ideal' formula for constructing index number is: **Fisher's Ideal Index**

142. The most widely used method of measuring seasonal variations is: **Ratio – to – moving average method**

143. The most important factors causing seasonal variations are: **Weather and Social customs**

144. If E(X) is the mathematical expectation of the variable X and C is constant then: **CE(X,Y)**

145. If A and B are mutually exclusive events, then the value of P(AB): **Zero**

146. The probability that the throw of two dice yields a total of 5 or 8 is: **1/4**

[Let us list the number of possible outcomes as follows:

(1, 1) (1, 2) (1, 3) **(1, 4)** (1, 5) (1, 6)

(2, 1) (2, 2) **(2, 3)** (2, 4) (2, 5) **(2, 6)**

(3, 1) **(3, 2)** (3, 3) (3, 4) **(3, 5)** (3, 6)

(4, 1) (4, 2) (4, 3) **(4, 4)** (4, 5) (4, 6)

(5, 1) (5, 2) **(5, 3)** (5, 4) (5, 5) (5, 6)

(6, 1) (6, 2) (6, 3) (6, 4) (6, 5) (6, 6)]

Hints: **Total of 5 (mentioned by green colour; 4 outcomes)**

Total of 8 (mentioned by blue colour; 4 outcomes)

Thus, probability that the throw of two dice yields a total of 5 or 8 is: **1/4**]

147. If an event cannot take place, probability will be: **Zero**

148. Two cards are drawn from a well-shuffled pack of 52 cards. Then find the probability that they are both aces if the first is replaced. $\frac{1}{169}$

149. In case of normal distribution $\bar{X} \pm 2\sigma$ covers: **95.45%**

[Area between $\bar{X} \pm \sigma$ is: **68.27%**

Area between $\bar{X} \pm 2\sigma$ is: **95.45%**

Area between $\bar{X} \pm 3\sigma$ is: **99.73%**]

150. In a normal distribution the point of inflexion occurs at: $\bar{X} + \sigma$

151. In statistical hypothesis testing, a 'Type I' error occurs when there happens: **Incorrect rejection of a true null hypothesis**

152. In statistical hypothesis testing, a 'Type II' error occurs when there happens: **Failure to reject a false null hypothesis (Incorrect acceptance of a false null hypothesis)**

153. Fisher's ideal index number is equal to: $\sqrt{\frac{\sum p_n q_n}{\sum p_0 q_n} \times \frac{\sum p_n q_0}{\sum p_0 q_0}}$

154. If the standard deviation of a variable x is 10, the value of standard deviation of 50 + 5x would be: **50**

155. In moving average method we cannot find trend values of: **Starting period and ending period**

156. When both population mean and variance are not known, for the comparison of two sample means, the correct testing procedure is: **Student t-test**

157. If one regression coefficient is greater than 1, the other must be: **Less than 1**

158. Let the coefficient of determination (R^2) computed be 0.65 in a problem involving one independent variable and one dependent variable. This result means that: **65% of total variation in dependent variable is explained by the independent variable**

159. The following hypothesis are tested by a regression function:

(i) **Inter-relation between two or more variables is significantly different from zero**

(ii) **The degree and direction of inter relations between two or more variables are non-zero and goodness of fit of the regression function is satisfactory**

(iii) **Degree of influence exercised by systematic explanatory factors is greater/lesser/equal to the influence exercised by random factors**

160. In the presence of heteroscedasticity, the following statements are correct:

(i) **Heteroscedasticity does not alter the unbiasedness and consistency properties of OLS estimators**

(ii) **BLUE estimators are provided by the method of weighted least squares**

(iii) **'t' and 'F' tests based on standard assumptions of classical linear regression model may not be reliable**

161. Correlation coefficient between X and Y is 0.3 and correlation coefficient of P and Q is 0.6, the strength of correlation between P and Q is higher than between X and Y by: **Four times**

162. For a regression model given below:

$Y = \beta_0 + \beta_1 X + U$

$Y = 20 + 2X$

SE: 0.46

To test H_0: $\beta_1 = 2.1$ against H_1: $\beta_1 \neq 2.1$, the test statistic |t| is equal to: **0.217**

163. For the regression model:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_k X_k + e$

The degrees of freedom of test statistic |t|, with n observations is: **n – k – 1**

164. Suppose that observations are available on the monthly bond prices of 100 companies for five years. These types of data are called: **Panel Data**

165. The estimation techniques are available for the estimation of an over identified system of simultaneous equations are: **(i) Two stage least square method and (ii) Instrumental variable**

166. For identification problem the order condition of simultaneous equation system is: **A necessary condition but not sufficient condition**

167. Let the two regression lines be given as:

$3x = 10 + 5y$

$4y = 5 + 15x$

Then the correlation coefficient between x and y is: **0.40**

168. The estimated regression equation of the form $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$ is

$Y = -6.79 + 1.79 (X_1) + 0.97 (X_2)$ and SE $(\beta_0) = 1.32$, SE $(\beta_1) = 0.41$ and SE $(\beta_2) = 0.53$.

To test $H_0: \beta_1 \neq 2.1$, the test statistic $|t|$ is equal to: **4.366**

169. To test the stationarity of the series in time series analysis, the test technique is: **Unit root test**

170. In the context of simultaneous equations econometric models, consider the following statements:

(i) **Identification is a problem to be dealt with before estimation**

(ii) **Order condition is necessary but not sufficient condition of identification**

(iii) **Under indirect least square method, least square method is applied to the reduced form equations**

171. The relation between 't' and 'F' in the context of statistical test of hypothesis for two variable linear regression model is: $\mathbf{t^2 = F}$

172. The correct form of model to test the stationarity of a time series through Dicky-Fuller test is: $\mathbf{Y_t = \lambda Y_{t-1} + \mu_t}$

173. The term 'BEST' in the best linear unbiased estimator (BLUE) implies: **Minimum variance of the estimator**

174. Following statements are true for a recursive model:

(i) **The parameters can be validly estimated using separate application of OLS to each equation**

(ii) **An application of 2SLS would lead to unbiased but unefficient parameter estimates**

175. In a multiple regression the regression coefficients are to be tested. The correct test technique is: **t-test**

176. For testing the significance of overall regression the test techniques is: **F-test**

177.

Unit Root Test	**Dickey-Fuller Test**
Contingency Table	**χ^2-test**
Regression Coefficient	**Student's t-test**
Autocorrelation	**Durbin-Watson Test**
Forecasting	**Box-Jenkins Method**
Causality	**Granger Test**
Heteroscedasticity	**Goldfeld-Quandt Test, Glejser's Test, Spearman's Rank Correlation Test**

178. Sources of autocorrelation:

(i) **Omissions of the explanatory variables**

(ii) **Misspecification of the true mathematical form of the model**

(iii) **Interpolations in the statistical observations**

(iv) **Misspecification of the true random term U**

179. Consequences of autocorrelation:

(i) **Unbiased property holds**

(ii) **The variance of the estimated coefficients are very high**

(iii) **The variance of the parameter estimates are under estimated**

(iv) **The predictions based on OLS estimates in the presence of autocorrelation are inefficient**

180. Reasons of heteroscedasticity:

(i) **Measurement problems of the error term**

(ii) **Omitted the explanatory variables**

181. Structural form of simultaneous equation model:

(i) **It is a complete system of equations which describe the structure of relationship of the variables.**

(ii) **It expresses the endogenous variables as functions of the other endogenous variables, predetermined variables and random variables (disturbances)**

182. Structural form of simultaneous equation model: **The reduced form of a structural model is the model in which endogenous variables are expressed as a function of the predetermined variables only**

183. For seemingly unrelated equation, each endogenous variable appears: **On the one equation.**

184. The order condition for identification problem: **$K - k \geq g - 1$;**

G: No of endogenous variables of all simultaneous equations

K: No of predetermined variables of all simultaneous equations

G: No of endogenous variables of a particular equation

K: No of predetermined variables of a particular equation

185. The rank condition for identification problem: **Rank (Δ) = G – 1**

186. Some Lag Variable models and their Inventor:

Adaptive Expectation Model	**P Cagon**
Partial Adjustment Model	**Nerlov**
Geometric Lag Model	**Koyck**

187. The value of APC and MPC in Harrod-Domar model is: **Same**

188. In Solow's model of growth, the output per capita is a function of: **Labour-Capital ratio**

189. For Hick's technical progress, the correct statements are:

(i) **The capital labour ratio is constant**

(ii) **It occurs in short run**

(iii) **It can only be neutral**

190. The obstacles of economic development are:

(i) **Low rate of capital formation**

(ii) **Vicious circle of poverty**

(iii) **Social cultural barriers**

191. The classical model of economic development emphasizes on: **Laissez-Fair policy and Capital accumulation**

192. Entrepreneurship is most closely associated with: **Innovations**

193. Lewis theory explains the process of development considering a …… sector economy: **Two**

194. 'A country is poor because it is poor' are the words of: **Nurkse**

195. According to Kuznets, during the process of economic development the income inequalities tend to: **Increase first and then decrease (inverted U-shape curve)**

196. A technical change which permits more output to be produced from unchanged inputs is considered to be: **Disembodied Technical change**

197. An under developed economy is generally characterized by the: **Coexistence of underutilized labour will unexploited national and other resources**

198. The correct statement that defines the term Natural Rate of Growth: **It is the maximum rate at which output can be advanced at full employment level**

199. In the Lewis model of economic development, the capitalist sector generates and reinvests surplus and in turn, absorbs labour withdrawn from the subsistence sector. The process continues till: **MP_L in the capitalist sector is greater than wage rate in that sector and MP_L in the subsistence sector is now positive**

200. Now the concept of 'Economic Growth' is: **Multi-dimensional incorporating non-economic aspects also**

201. Now a days we talk about 'Sustainable Development' which relates to: **Development for sufficiency and efficiency which is bio-friendly**

202. The best indicator of 'economic development' is: **Rising levels of standard of living**

203. Growth in developed countries is now mostly the result of: **Innovation and Technology**

204. In Harrod-Domar model, 'over production' is a condition where: **All producers are producing higher than the warranted output**

205. In Domar's model investment is needed to increase: **Demand as well as Supply**

206. The development process under capitalism has been described as 'creative destruction' by: **J Schumpeter**

207. In Harrod model of economic growth inflation will occur when: **The actual growth rate is higher than the warranted growth rate**

208. In Domar's model investment is the solution for: **Both Inflation and Deflation**

209. In Harrod model, investment demand is a function of: **National income**

210. 'The behavior of population as an obstacle to economic growth in initiating the process of economic growth': **H. Leibenstein**

211. A number of indivisibilities hinder the process of economic growth in the initial stage. This view was emunciated by: **R. N. Rosenstein Rodan**

212. Development process has been viewed as a 'chain of disequilibria' by: **A. O. Harschman**

213. The growth of population has a bearing on the: **Natural rate of growth**

214. Nurkse was of the opinion that developing countries will have serious and adverse effect on their balance of payments due to: **Backwash Effect**

215. Who said that a growing economy is essentially unstable? **T. Swau**

216. In developing economies, investment is limited due to insufficiency of demand. Who criticized this view? **R. Nurkse**

217. In developing economies, surplus labour exists in the sense that each labour is working for hours less than the normal working hours. This view has been expressed by: **A. K. Sen**

218. In Harrod's model of economic growth, G_a is actual growth rate, G_w is warranted growth rate and G_n is natural growth rate. Steady rate of growth is ensured when: **$G_w = G_n$**

219. 'Theory of Circular Causation' is developed by: **G. Myrdal**

220. The 'Big Push' strategy of development was first advocated by: **Rosenstein Rodan**

221. The formula of the concept of organic composition of capital developed by Marx is: **$\frac{C}{C+V}$**

[C is constant capital and V is variable capital]

222. Human Development Index is a composite index of: **Health, Literacy and Employment**

[Since 1990, the UNDP has been publishing every year a Human Development Report.

HDI = 1/3(LEI + EAI + SLI)

Where, LEI = Life expectancy index, EAI = Educational attainment index and SLI = Standard of living index

EAI = 2/3ALR + 1/3CER

Where, ALR = Adult literacy rate and CER = Combined enrolment ratio

Dimension Index = [$\frac{\text{Actual value} - \text{Minimum value}}{\text{Maximum value} - \text{Minimum value}}$]

223. According to Harrod-Domar model, the warranted rate of growth, given the incremental capital output ratio, depends on: **Saving-income ratio**

224. According to J. R. Hicks, technical progress is said to be neutral if it raises: **The marginal physical productivity of labour and capital in the same proportion**

225. Perfectly elastic supplies of labour play a crucial role in: **Lewis model of growth**

226. 'Development is a continuous and spontaneous change in the stationary state which forever alters and displace the equilibrium state previously existing; while growth is a gradual and steady change in the long run which comes about by a gradual increase in the rate of saving and population', is well-known definition of development and growth attributed to: **J. A. Schumpeter**

227. In Rostow's 'stages of growth' the Drive to Maturity stage: **Follows take-off stage**

228. Capital deepening is a process in which: **Technology changes with an increase in output per worker**

229. According to the Friedrich List, the different stages of development follow the sequence: **Saving → Pastoral → Agriculture → Agricultural Manufacturing → Commerce**

230. Economic Drain theory was popularized by: **Dadabhai Naoroji**

231. Assuming capital-output ratio to be 3:1 and population grown to be 2.5% per annuum, a 10.5% increase in investment will lead to an increase in per capita income to the extent of: **1.0 percent**

232. According to Fisher-Clark thesis the sequence of shift of resources from one sector to other for the continuity of development is: **Agriculture → Manufacturing → Services**

233. The 'Hindu Rate of Growth': **Is the term used by Raj Krishna to represent the nature of the growth of Indian economy at around 3.5 percent per year**

234. Investment projects should be capital intensive because they would lead to greater saving and investment in future advocated by: **M. Leibenstein and W. Galenson**

235. According to Solow, the long run rate of growth on an advanced economy equals Harrod's: **Natural rate of growth**

236. 'Under developed countries are the slums of the world economy' is the statement given by: **Cairncross**

237. Fei-Renis theory of economic development is based on:

(i) Balanced growth during the take-off process

(ii) Importance of agricultural product in capital accumulation in under developed countries

(iii) Dualistic approach to development

238. In the Harrod-Domar equation $g = \frac{S}{v}$, v is defined as: **The ratio of the country's capital stock to its output**

239. Based on Mankiew, Romar and Weil (1992), with conditional convergence, holding fertility rates, education and government spending as a share of GDP constant: **Income per capita in poor countries grows faster than in rich countries**

240. Kendrick measure is used to calculate:

(i) Total factor productivity

(ii) Multifactor productivity

241. Industrial location theory has been developed by: **Weber**

242. The industrial sector in India consists of the following subsectors: **Manufacturing, Electricity, Gas and Water supply**

243. The field of sustainable development can be conceptualized as: **Environmental, Economic and Sociopolitical sustainability**

244. Environmental Audit is the procedure to: **Analyze the use of natural resources by industry and also assess the impact of industrial operations on environment**

245. Physical Quality of Life Index (PQLI) is a composite index of: **Life expectancy (LE), Infant mortality (IM) and Basic literacy (BL)**

[PQLI was introduced by David Morris

PQLI = 1/3(LEI + IMI + BLI)

Dimension Index = $\left[\frac{\text{Actual value} - \text{Minimum value}}{\text{Maximum value} - \text{Minimum value}}\right]$

246. Gender Related Development Index (GDI): **While the HDI measures the average achievement, the GDI adjusts the average achievement to reflect the inequalities between men and women in the following dimensions:**

(i) A long and healthy life, as measured by life expectancy at birth

(ii) Knowledge, as measured by the adult literacy rate and combined primary, secondary and higher gross enrolment ratio

(iii) A decent standard of living as measured by estimated earned income (PPP $)

Dimension Index = $\left[\frac{\text{Actual value} - \text{Minimum value}}{\text{Maximum value} - \text{Minimum value}}\right]$

247. Social Progress Indicate (SPI): **SPI refers to social progress defined at the individual level in three dimensions:**

(iv) Longevity or potential life time

(v) Consumption of private goods

(vi) Access to public goods such as clean water, sanitation, safety, transport etc.

248. Genuine Progress Indicator (GPI): **It includes more than 20 aspects of our economic life that the GDP ignores. The values of activities that add to human progress are added and those which reduce progress are subtracted from the measure. The later set of activities includes crime, defence expenditure, degradation and depletion of resources, contributions of household economy, voluntary work, etc.**

249. Green Index: **The World Bank's environmentally sustainable development division has developed a new index called Green Index. This new indicator attaches a dollar value to each of the three components:**

(i) Produced assets

(ii) Natural resources

(iii) Human resources

250. Amartya Sen's measure of welfare: **$W = \mu (1 - G)$**

Where, W is welfare, μ is per capita income and G is a measure of inequality

251. Some theories of growth and development and their inventors:

Theory of Unlimited Supplies of Labour	**Lewis**
Critical Minimum Effort Theory	**H. Leibenstein**
Low Level Equilibrium Trap	**Nelson**
Big Push Theory	**N. Rosenstein Rodan**
Vicious Circle of Poverty	**R. Nurkse**
Theory of Balanced Growth	**Rosenstein Rodan / R. Nurkse**
Theory of Unbalanced Growth	**Hirshman**

Dualistic Development Theory:

Social Dualism	**J. H. Boeke**
Technological Dualism	**Higgins**
Financial Dualism	**Myint**
Two Gap Model	**Hollis Chenery**
Neutral Technical Change	**Hicks / Harrod**
Disembodied Technical Change	**Abramkovitv**
Embodied Technical Change	**Solow**

252. The book entitled 'The Accumulation of Capital' has been written by: **J. Robinson**

253. Cannon of equity in taxation is generally considered to be satisfied by: **Progressive taxation**

254. The principle of Maximum Social Advantage is concerned with: **Taxation and public expenditure**

255. Tobin tax is a tax on: **Transactions in foreign exchange**

256. Given a proportional income tax structure and balanced budget, an autonomous increase in investment will increase the level of equilibrium income and the budget will: **Still be in balance**

257. Provision of social goods possess problem because: **Such goods tend to be non-rival in consumption**

258. The imposition of a selective sales tax will raise the price of the taxed product by equal amount if it is produced under: **Constant cost**

259. Fiscal and monetary policies are intended to combat: **Cyclical unemployment**

260. If the supply is perfectly inelastic, then the short run impact of a specific sales tax would be to shift the tax burden entirely on the: **Producers**

261. Octrio is levied and collected by:

(i) Centre

(ii) State Governments

(iii) Local bodies

262. The one rupee currency note bears the signature of the: **The Minister of Finance**

263. The effect of deficit financing is: **Always inflationary unless accompanied by effective counteracting measures**

264. The economist on whose suggestions the Wealth tax, Gift tax and Expenditure tax were introduced in India is: **Kaldor**

265. Agricultural Income Tax is: **Levied and collected by the Union, but given over to the respective states**

266. The MODVAT scheme of taxation benefits: **Those manufacturers who are importing technology**

267. Indirect tax are objectionable because they: **Do not raise enough revenue**

268. All the revenues received, loans raised and money received in repayment of loans by the Union Government go into: **Public Account of India**

269. Loans of public enterprises is a part of: **Capital Account**

270. Interest payment is an item of: **Revenue Expenditure**

271. In India, the states get maximum income from: **Sales Tax**

272. In order to reduce inequalities, the government should adopt: **Progressive system of taxation**

273. Market borrowings of the Central Government are included in: **Capital receipts**

274. Who appoints the Finance Commission? **Speaker of the Lok Sabha**

275. Excise duties, which are the biggest source of revenue of the Union Government, are levied on: **Sales of goods**

276. If the supply is perfectly inelastic and demand is highly elastic, then in the short run the incidence of specific sales tax will be: **Entirely on the sellers**

277. Provision of social goods poses problems because:

(i) Such goods tend to be non-rival in consumption

(ii) Individual consumer preferences with respect to these goods is not revealed

(iii) Market mechanism is not well suited for the provision of such goods

278. The concept of Zero-Based-Budget (ZBB) was given by: **Peter A. Pyhr**

279. The tax multiplier is generally: **Less than government expenditure multiplier**

280. Public good: **(i) A pure public good is defined as a good that one person's consumptions of the goods does not reduce the amount available to others (ii) Consumption of public good is non-rival**

281. Social wants: **Social wants are those wants which are satisfied by services that must be consumed in equal amount by all**

282. Merit goods: **Goods for which it is thought that consumption should be engaged are called merit goods**

283. Buoyancy of Taxation: **If a tax revenue increases with the growth of its base, but without an extension of the tax coverage or an upward revision of the tax rates, then the tax is said to be buoyant**

284. Equal Absolute Sacrifice: **Implies that different tax payers are made to sacrifice the same amount of utility by way of taxes.**

[The utility of income before tax and the utility of income after tax is the same for every tax payers]

285. Equal Proportional Sacrifice: **Implies that each tax payer is supposed to sacrifice the same percentage of the total satisfaction which he would have derived from his income**

[The satisfaction lost in terms of tax payment bears the same proportion to the satisfaction from the pre-tax income in each case]

286. Equal Marginal Sacrifice: **The tax burden should be apportioned in such a way that the marginal utility of income left after tax with any tax payer would be the same**

[Edgeworth and later Pigou concluded that least aggregate sacrifice is the superior principle of tax distribution, not because it is equitable, but because it is derived directly from the basic utilitarian principle of maximum happiness]

287. Wagner's Law of Increasing State Activities: **During the course of economic development, government expenditure increases more than proportionally with per capita community output**

[The income elasticity of demand for government expenditure is more than one

Wagner distinguished three types of activities which cause an increase in government expenditure:

(i) Maintenance and enforcement of law and order, internally and externally

(ii) Participation in material production

(iii) Provision of social services]

288. Wiseman-Peacock Hypothesis: **The main idea is that public expenditure does not increase in a smooth and continuous manner, but in jerks or step like fashion**

[The movement from the older level of expenditure and taxation to a new and higher level is the *'displacement effect'*

The inadequacy of the revenue as compared with the required public expenditure creates an *'inspection effect'*]

289. Repudiation of Public Debt: **One simple way of ending the debt obligations is to repudiate the debt. Repudiation means refusal to pay a debt by the government, as was done by the Soviet Government in 1917**

290. Refunding: **If a government sells its bonds to pay its floating obligations, the debt is said to be funded**

[It is the process by which the government raises new bonds to pay off the maturing bonds. Thus the government takes a fresh loan to repay an old debt]

291. Zero-Based-Budget (ZBB): **While evaluating every programme the government must not think in terms of increases or decreases in spending but start from a zero base so that it must be justified firstly.**

292. In the presence of repercussion effect, a shift in the pattern of expenditure towards more of imports will result in: **Deteriorating balance of trade and lower domestic output**

293. The Foreign Trade Policy 2015-20 focuses on two special schemes to promote exports. These include: **Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS)**

294. In the Heckscher-Ohlin framework, at the free trade world equilibrium price: **Quantity of the good that the Home exports is same as the quantity of that good the Foreign imports**

295. Stolper-Samuelson theorem states that, under free-trade, the real income: **Raises for the factor used relatively intensively in exporting industry and falls for the factor used relatively intensively in the import competing industry**

296. In the presence of increasing returns, if both countries participating in international trade specialize in the same commodity then: **There will be no trade among the two participating countries and overall welfare for each country will fall**

297. As a measure of protection, voluntary export restraint (VER) is equivalent to import quota, except that: **The quota rent is effectively ceded to the foreign exporter**

298. The value of the foreign trade multiplier is: $\frac{1}{mpm+mps}$

299. The devaluation according to Marshall and Learner conditions will not be helpful, if the sum of the elasticities of exports and imports is: **Less than one**

300. Under the system of fluctuation exchange rates regime, the adjustment in the balance of payments is brought about by the changes in: **Prices and Income**

301. The members of the NAFTA are: **USA, Canada, Mexico**

302. Consider a Ricardian economy that is endowed with 45 units of labour. It can produce two goods: Gajar-Halua and Kulfi. One unit of labour can produce 4 kilos of Gajar-Halua or 6 kilos of Kulfi. The international price of Gajar-Halua in terms of Kulfi is 2. In free trade, this country will produce: **180 kilos of Gajar-Halua**

303. If protection is given to a small import competing industry, consumer surplus and domestic profits will, respectively: **Fall and Rise**

304. India is large exporter of tea and a small exporter of bicycles. In this context, the true conclusion is that: **An export subsidy to bicycles would improve India's terms of trade in the world bicycle market**

305. There are two countries, Sugarland and Saltland. Each country produces sugar and salt. The former exports sugar and the latter, salt. Starting from a free trade equilibrium, a tariff on salt by sugarland would affect the offer curves and the relative price of sugar from sugarland's perspective in the following way: **Shift the offer curve of sugarland, increase the price of sugar**

306. The country can improve balance of payments by devaluation when the sum of elasticities of demand for exports and imports is: **Greater than unity**

307. The Purchasing Power Parity (PPP) theory of the exchange rate implies that the currency of a country A would depreciate against that of country B if: **The inflation rate in A exceeds that in B**

308. In a freely floating exchange rate system: **Exchange rate is determined by market forces**

309. In a flexible exchange rate system, an increase in the domestic interest rate would tend to: **Worsen the current account and improve the capital account**

310. In the current international monetary system the Indian rupee is pegged to: **A basket of currencies**

311. For a large trading country, the optional tariff argument is based on the proposition that a tariff on imports: **Improves the country's terms of trade**

312. Suppose, a country has adopted a freely floating exchange rate system. Then, ceteris paribus, if the price level in the country rises, it leads to: **Fall in the demand for the country's currency and the currency depreciates**

313. The terms of trade refer to: **The ratio between export prices and prices**

314. India is a net exporter of hand-made carpets and an importer of high-tech products like computer memory chips and printers. This pattern of Indian trade is explained by: **The Hecksher-Ohlin Theory**

315. Presently, India's exchange rate policy towards current account and capital account transactions is that the rupee is: **Fully convertible for current account transactions, but not for capital account transactions**

316. Suppose that the world economy consists of two countries, 'Home' and 'Foreign'. A tariff imposed by the 'Home' on its imports from the Foreign shifts: **Home's offer curve to the left**

317. In the context of a small, competitive currency, an increase in import tariff causes: **A trade gain since the amount imported decreases**

318. In the two-good Ricardian trade model, complete specialization in production occurs in free trade equilibrium because: **The production possibility frontier satisfies constant opportunity cost**

319. Special Drawing Rights (SDRs) is the currency of IMF. This is in the form of: **Book-keeping entry**

320. The Brettonwoods conference led to the establishment of: **IMF and IBRD**

321. A deficit in a country's balance of payments refers to the difference between: **Autonomous receipts and autonomous payments**

322. The treaties was covered by the Uruguay Round Negotiations are:

(i) General agreement on trade in services

(ii) Trade-related intellectual property rights

(iii) Trade-related investment measures

323. The Heckscher-Ohlin theory of trade pattern assumes: **Perfect competition in both product and factor market**

324.

List-I		List-II
IMF	→	**To reduce the degree of balance of payments disequilibrium of the member countries**
UNCTAD	→	**To promote harmony between developed and developing countries on trade related developmental issues**
World Bank	→	**To promote socio-economic development of the member countries**
WTO	→	**To promote viable and durable multilateral trading system**

325. List-I List-II

Forward Exchange → **A contract to buy and sell foreign against another currency at some fixed rate in the future at a price agreed upon now**

Hedging → **A device of covering exchange risk against the price rise of foreign currency**

Arbitrage → **A mechanism makes two markets that are physically separate, into a single market in the economic sense**

Specie Points → **The movement of exchange rate between two limits set by the cost of moving gold from one country to another**

326. The non-debt flow of capital between countries is: **Portfolio investment**

327. Gains from trade results from: **The fact that exchange brings both specialization and reallocation of greater output and the increased welfare in each country**

328. The correct statements about balance of payments of a country are:

(i) The surplus on current account in the balance of payments must be equal to the deficit on capital account and vice versa

(ii) If in the actual balance of payments, the credit and debit do not balance, the balance is usually achieved by adding one item 'errors and omissions'

(iii) The balance of payments of a country must always balance in the accounting sense

329. In Heckscher-Ohlin theory of international trade, the most important source of difference in relative commodity prices between nations is a difference in: **Factor endowments**

330. The scope of international trade and division of labour is limited by: **The size of the international market**

331. List-I (Assumption) List-II (Implication)

No transport cost in trade → **Commodity prices is same in the two countries**

Perfect competition in factor market → **Optimal allocation of factors**

Factor intensities differ between goods → **Techniques of production is different for two goods**

Production functions same in both countries → **Techniques of production is same in the two countries**

332. The tariff which maximizes a country's economic welfare is called: **Protective tariff**

333. List-I (Theory) List-II (Inventor)

Classical theory of comparative cost advantage → **David Ricardo**

Vent for surplus theory → **Adam Smith**

Theory of opportunity cost → **G Haberler**

Theory of reciprocal demand → **J. S. Mill**

Real cost theory of international trade → **Bastable and Alfred Marshall**

334. A country is said to be relatively well-endowed with capital if: **The per capita amount of investment in the country has shown a rising trend**

335. The transactions represent a credit entry in the current account of a country's balance of payment: **Expenditure of foreign tourists in a country**

336. The optimum tariff is at a point where the elasticity of the offer curve is: **Greater than unity but less than infinity**

337.

List-I	List-II
Free trade area	→ **Trade is free and no customs duties**
Customs union	→ **No customs duties; duties on non-members**
Common market	→ **No restrictions on trade and factor movement**
Economic union	→ **Advanced stage of integration**

338.

List-I	List-II
Unrequited receipts	→ **Gifts, reparations receipts from foreigners**
Accommodating finance	→ **Currency transfer by monetary authority**
Transfer items	→ **Commercial imports and exports**
Autonomous items	→ **Lending, borrowing and gold transfer**

339. The Singer-Prebisch theory maintains that: **Less developed countries always gain in trade when they trade with developed countries**

340. Denoting the price of capital and labour by P_K and P_L respectively and countries by A and B, if $(\frac{P_K}{P_L})_A > (\frac{P_K}{P_L})_B$ then: **Country A is relatively labour abundant**

341. The terms of trade for a country will improve as a result of currency devaluation (where, S_x = export elasticity of supply, S_m = import elasticity of supply, D_x = export elasticity of demand, D_m = import elasticity of demand) if: **$D_x D_m > S_x S_m$**

342. Commodity or Net Barter Terms of Trade: **The commodity or net barter terms of trade is the ratio between the prices of country's export goods and import goods**

343. Gross Barter Terms of Trade: **The gross barter terms of trade is the ratio between the quantities of country's import goods and export goods**

344. Income Terms of Trade: **The income terms of trade is the net barter terms of trade of a country of a country multiplied by its export volume index**

345. Single Factor Terms of Trade: **It is calculated by multiplying the commodity terms of trade which index by an index of productivity changes in domestic export industries**

346. Double Factor Terms of Trade: **It takes into account productivity changes both in the domestic export sector and foreign export sector producing the country's imports**

347. Real Cost Terms of Trade: **It is calculated by multiplying the single factor terms of trade with reciprocal of an index of the amount of disutility per unit of productive resources used in producing export commodities**

348. Utility Terms of Trade: **It is obtained by multiplying the real cost terms of trade index with the index of relative desirability or utility of imports and of domestic commodities forgone that could have been produced for home consumption with those factors of production which are now used in the production of export goods**

349. Factors affecting terms of trade: **The major factors which affect the terms of trade of a country are:**

(i) Economic growth

(ii) Shifts in the demand for exports and/or imports

(iii) Tariff

(iv) Devaluation

(v) Availability of substitutes

350. Ad Valorem Tariff: **The most common type of import duty is the ad velorem tariff. Ad Velorem import duty is imposed as a percentage of the value of the imported commodity. The import duty is a fixed percentage of the C.I.F (cost, insurance and freight) value of commodity**

351. Specific Duty: **Specific import duty is imposed by the government on the basis of number of units imported.**

352. Compound Tariff: **A specific import duty is imposed on each unit of the commodity plus a percentage of ad valorem also.**

353. Sliding Scale Tariff: **Sliding tariff is imposed on ad valorem basis or on specific basis. Sliding import duties vary with the prices of commodities imported.**

354. Effective Rate of Protection: **The effective rate of protection is a measure of the total effect of the entire tariff structure on the value added per unit of output in each industry when both intermediate and final goods are imported**

355. Classical Theory of Balance of Payments: **This theory explains disequilibrium in the balance of payments of a country in terms of relative costs and price structure. A country is likely to have an adverse balance of payment e effective rate of protection is a measure of the total effect of the entire tariff structure on the value added per unit of output in each industry when both intermediate and final goods are imported**

356. The condition of economic viability and technological feasibility of Leontief's static model: **Hawkins - Simon Condition**

357. If the production function is $Y=AL^{\beta}K^{\alpha};\alpha,\beta > 0$

List I	List II
i)Decreasing returns to scale	$(\alpha + \beta) < 1$
ii)Increasing returns to scale	$(\alpha + \beta) > 1$
iii) output elasticity with respect to L	α
iv) Output elasticity with respect to K	β

358. The production function $Q = A\,[\beta K^{-a} + \alpha L^{-a}]^{-1/a}$ is homogeneous of degree: **One**

359. Given the total cost function $C = 7Q^2 + 26Q + 5$; MC at Q = 5 is: **96**

$[C = 7Q^2 + 26Q + 5$

$MC = \frac{dc}{dQ} = 14Q + 26$

$[MC]_{Q=5} = 14\times5 + 26 = 70 + 26 = 96]$

360. A firm operating in perfectly competitive product input markets. Maximizes its total profit when: $\frac{MP_a}{P_a} = \frac{MP_b}{P_b} = \frac{1}{MC_x} = \frac{1}{P_x}$

361. Shadow price refers to: **Change in value of objective functions per unit change in any one of the constraints.**

362. In an economy of two individuals (A and B) and two commodities (X and Y) general equilibrium of exchange is reached when: **$(MRS)^{A}_{XY} = (MRS)^{B}_{XY}$**

363. Herfindahl-Hirschmann Index of market concentration for the following industry:

Share of firms	1	2	3	4	5	6
Industry	30	25	15	15	10	5

The value of the index is: **2100**

[Σ share of firms × Σ Industry

= (1+2+3+4+5+6) × (30+25+15+15+10+5)

= 21×100 = 2100]

364. Given the Harrod's Growth Model as under,

$S(t) = \alpha Y(t)$

$I(t) = \beta[Y(t) - Y(t-1)]$

$S(t) = I(t)$

$\alpha, \beta > 0$

In this model sustained growth is indicated by satisfying the condition: **$\left(\frac{\beta}{\beta-\alpha}\right) > 1$**

365. Cobb-Dauglas production function $Q=AL^{\alpha}K^{1-\alpha}$ does possess the characteristics of:

i) Constant returns to scale

ii) Unit elasticity of substitution

iii) **Linear homogeneity**

366. The input-output model which has endogenous final demand vector is known as: **Closed input-output model.**

367. The total cost function and the market demand function of a competitive firm are $C=\frac{1}{3}x^3-10x^2+9x+1000$ and $x = (12-P)/9$ respectively.

The level of output at which profits will be maximized is: **3**

368. In CES production function $Q=M[\alpha X_1^{-P}+(1-\alpha)X_2^{-p}]^{-1/p}$

Elasticity of substitution is: $\frac{1}{(1+P)}$

369. In linear programming problem involving two variables, multiple optimal solutions are obtained when one of the constraints is: **The objective function should be parallel to constraints that forms boundary of the feasible reason**.

370. In an open economy model of input-output analysis, if A is the input coefficients matrix and (I-A) is technology matrix, the viability condition to be satisfied if: **All principle minors of the (I-A) matrix must be positive.**

371. For the Cobb-Douglas Production function $Q=AL^{\alpha}K^{1-\alpha}$, the elasticity of substitution is: **One**

372. The input coefficients/ elements are interpreted as inputs required directly and indirectly per unit of final demand is: **$(I-A)^{-1}$**

373. The concept of 'learning by doing' was given by: **Kenneth Arrow.**

374. In Joan Robinson's growth model, capital accumulation depends on: **Profit- wage relation and labour productivity.**

375. In the equation $C = C_0+C_1Yd$, where C is planned consumption expenditure, Yd is disposable income C_0 is intercept or autonomous consumption and C_1 is MPC. Then the endogenous variable is: **C_1Yd.**

376. The Lok Sabha passed the **International Financial Services Centres Authority Bill: 11th December, 2019**

[The bill proposes setting of an authority to develop and regulate the financial services market in the International Financial Services Centres (IFSCs) in India]

377. RBI Fifth Monetary Policy 2019-20:

(i) RBI's Monetary Policy Committee decides to keep the Repo Rate unchanged at 5.15 percent

(ii) The Reverse Repo rate stands at 4.9 percent

[Repo rate and reverse repo rate: The repo rate has been cut by 25 bps to 5.15 percent. The reverse repo rate has been cut by 4.9 percent. The bank rate continues to stand at 5.4 percent]

378. The MPC will continue with its **accommodative stance**, which it had adopted during the second bi-monthly policy 2019-20, departing from its earlier neutral stance. The accommodative stance will remain as long as necessary to revive growth while ensuring inflation remains within target.

379. GDP growth forecast: **The GDP growth forecast has been cut from 6.9 percent to 6.1 percent for the ongoing fiscal year 2019-20**

380. Consumer Price Index: The Consumer price index (CPI) forecast has been retained for the second half of the fiscal year 2019-20 at 3.5-4 percent

381. Weak rural and urban demand: The MPC noted that the slump in real GDP growth in Q_2 was followed by weaker demand

[The committee highlighted that the government has announced several measures in the last two months to revive demand. Overall, the RBI Governor Shaktikanta Das stated that the global economy has lost momentum]

382. Inflation: Households expect inflation to rise by 40 basis points over a 3-month ahead horizon and 20 basis points over a one-year ahead horizon.

383. Global Economy Loses Momentum: The RBI said that the September 2019 inflation expectations survey indicates that households expect inflation to rise by 40bps over a 3-month ahead horizon and 20bps over a one-year ahead horizon.

384. Agriculture: The RBI said that agriculture in India is well-positioned to lead the recovery in domestic demand. Vegetable prices, however, may continue to remain elevated in the coming months but are likely to moderate as winter supplies enter the market.

385. Surplus Liquidity: The RBI noted that the liquidity remained in surplus during August and September despite the expansion in the currency in circulation.

386. India's population growth during the 20th century can be classified into five phases:

1901-1921: Stagnant population

1921-1951: Steady growth of population

1951-1981: Rapid high growth of population

1981-2001: High growth with definite signs of slowing down

2001- : Rapidly declining fertility

387. Birth Rate and Death Rate in India: **The rate of growth of population is a function of birth rate and death rate. The growth of population was held in check by high birth rate and high death rate prevalent in India before 1921. From 1951 to 2000 there has been some decline in birth rate. In 2000, it was just 8.7**

388. Crude Birth Rate: **Number of births per 1000 population in a given year**

389. Crude Death Rate: **Number of deaths per 1000 population in a given year**

390. Natural Growth Rate: **The difference between birth rate and death rate in a given year**

391. Infant Mortality Rate: **It is calculated as a ratio of the number of deaths among the 1000 born children before they reach their first birthday.**

392. Neonatal Infant Mortality Rate: **Refers to deaths within one month after birth**

393. Post-Neonatal Infant Mortality Rate: **Refers to deaths of infants after the first month**

394. Child Mortality Rate: **Number of deaths of children in the age group 0-4 years per 1000 infants in a given year**

395. Maternal Mortality Rate: **Number of maternal deaths per 1 lakh live births in a given year**

396. Couple Protection Rate: **Percentage of couples in their productive age and using some contraceptive**

397. Life Expectancy at Birth: **Expected average life of children born during a specified period**

398. **Literacy Rate: Percentage of population in the age-group of 7 years and above, which can read, write and understand a language**

399. **Sex Ratio: Number of females per 1000 males**

400. **Population Density: Population per square kilometer in an area**

401. **Work Participation Rate: Percentage of working population in the total population**

402. Demographic Transition: **In the word of E G Dolan, 'Demographic transition refers to a population cycle that begins with a fall in the death rate, continues with a phase of rapid population growth and concludes with a decline in the birth rate'**

403. Stages of Demographic Transition:

(i) **First Stage: Stage of high birth rate and high death rate**

(ii) Second Stage: Stage of high birth rate and low death rate

(iii) Third Stage: Stage of declining birth rate and low death rate

(iv) Fourth Stage: Stage of low birth rate and low death rate

404. Classification of Growth of Population in India:

(i) Period of Stable Population: 1891 – 1921

(ii) Period of Growth of Population: 1921 – 1951

(iii) Period of Population Explosion: 1951 – 1981

(iv) Period of High Growth but with Signs of Slowing Down: 1981 – 2001

405. State with Highest Density of Population in India is: **West Bengal**

406. State with Lowest Density of Population in India is: **Arunachal Pradesh**

407. UT with Highest Density of Population in India is: **Delhi**

408. UT with Lowest Density of Population in India is: **Andaman and Nicobar Islands**

409. State with Highest proportion of Urban Population is: **Goa**

410. State with Lowest proportion of Urban Population is: **Himachal Pradesh**

411. UT with Highest proportion of Urban Population is: **Delhi**

412. UT with Lowest proportion of Urban Population is: **Dadra Nagar Haveli**

413. State with Highest Sex ratio in India is: **Kerala**

414. State with Lowest Sex ratio in India is: **Haryana**

415. UT with Highest Sex ratio in India is: **Delhi Puducherry**

416. UT with Lowest Sex ratio in India is: **Daman and Diu**

417. **State and UT wise Census Data (2011) in India:**

Area (States):

Highest	Lowest
Rajasthan	**Goa**

418. Area (UTs):

Highest	Lowest
Andaman and Nicobar Islands	**Lakshadweep**

419. Literacy Rate (States):

Highest	Lowest
Kerala	**Bihar**

420. Female Literacy Rate (States):

Highest	Lowest
Kerala	**Rajasthan**

421. Population Share:

Highest	Lowest
Uttar Pradesh	**Lakshadweep**

422. The list of Finance commissions of India:

Finance Commission	Chairman	Operational Duration
First	**K. C. Neogy**	**1952–57**
Second	**K. Santhanam**	**1957–62**
Third	**Ashok Kumar Chanda**	**1962–66**
Fourth	**P. V. Rajamannar**	**1966–69**
Fifth	**Mahaveer Tyagi**	**1969–74**
Sixth	**K. Brahmananda Reddy**	**1974–79**
Seventh	**J.M. Shelat**	**1979–84**
Eighth	**Y. B. Chavan**	**1984–89**
Ninth	**N.K.P. Salve**	**1989–95**
Tenth	**K.C. Pant**	**1995–2000**
Eleventh	**A. M. Khusro**	**2000–2005**
Twelfth	**C. Rangarajan**	**2005–2010**
Thirteenth	**Dr. Vijay L. Kelkar**	**2010–2015**
Fourteenth	**Yaga Venugopal Reddy**	**2015–2020**

423. The purchasing power of a currency refers to the quantity of the currency needed to purchase a given unit of a goods, or common basket of goods and services. It is clearly determined by the relative cost of living and inflation rates in different countries. Purchasing power parity (PPP) means equalising the purchasing power of two currencies by taking into account these cost of living and inflation differences. **According to the recent data, in terms of PPP dollars, India is the third largest economy in the world.**

424. The **ease of doing business index** is an index created jointly by Simeon Djankov and Gerhard Pohl, two leading economists at the Central and Eastern Europe sector of the World Bank Group. **India's present rank in Ease of Doing Business is 63 (New Zeeland holds first rank).**

425. The purpose of Inter-Creditor Agreement signed by Indian banks and financial institutions recently: **To aim at faster resolution of stressed assets of Rs. 50 cores or more which are under consortium lending.**

426. The Services Area Approach was implemented under the purview of **Lead Bank Scheme**.

[Lead Bank Scheme is a Service Area Approach under which villages are identified and assigned to bank branches based on their proximity and contiguity]

427. The Reserve Bank of India's recent directives relating to 'Storage of Payment System Data', popularly known as Data Diktat, command the payment system providers so **that they shall ensure that entire date relating to payment systems operated by them are stored in a system only in India.**

428. The first Indian bank to link up with China's National Advance Payment System (CNAPS) is: **State Bank of India**

429. Jyske Bank, which has launched world's first negative interest rate mortgage, is associated to which country? **Denmark**

430. What is the India's rank in the Global Innovation Index (GII) 2019? **52nd**

[The GII rankings are published annually by Cornell University, INSEAD and the UN World Intellectual Property Organisation (WIPO) and GII Knowledge Partners. Now in its 12th edition, the GII ranks 129 economies based on 80 indicators, ranging from intellectual property filing rates to mobile-application creation, education spending and scientific and technical publications. Sweden holds the first rank in GII]

431. Recently, RBI has launched three years road map for the improvement of regulation and supervision, is named **UTKASHA 2022.**

[The framework has been launched to achieve the excellence in performance of RBI's mandates and strengthening the trust of citizen and other institutions]

432. As per Fitch Solutions, India's GDP growth rate in FY20 is **6.4%.**

[Fitch Solutions has revised its GDP growth rate prediction for India in FY20 (2019-20) to 6.4% from 6.8%. Fitch Ratings Inc. is one of the "Big Three credit rating agencies", the other two being Moody's and Standard & Poor's]

433. The Reserve Bank of India has constituted a six-member committee to review the ATM interchange fee structure. VG Kannan, Chief Executive Officer of the Indian Banks' Association, will lead the review panel. The name of this committee is **VG Kannan Committee.**

434. Recently, RBI has decided to confer the title of schedule commercial bank upon: **Fincare Small Finance Bank and Kookmin Bank.**

435. The institute which generally published report, named "Benchmarking India's Payment System", is **RBI.**

436. The financial institution which started a new initiative "Bank on Wheels" to popularize banking among commoners is **India Overseas Bank.**

437. According to the report published by FICCI, GDP of India shall be in the year 2019-2020: **7.1%**

438. Two famous regulatory authority of Reserve Bank of India are going to start Sand Box Policy: **SEBI and IRDAI**

439. **Dena Bank and Vijaya Bank merged with Bank of Boroda.**

[With a total business of about ₹15 trillion, the merged entity is now become the third-largest lender in India. This is also India's first-ever three-way consolidation of banks in India]

440. In its bid to create "Next Gen banks", the finance ministry has decided to merge 10 public sector banks into four. **The merger of United Bank of India (UBI) and Oriental Bank of Commerce (OBC) with Punjab National Bank (PNB) will give birth to India's second largest public sector bank after the State Bank of India (SBI).** The PNB merger, which will make the bank bigger than Bank of Baroda (BoB), will come into effect from 1st April 2020, according to a recent PTI report.

441. On 30 August 2019, Finance Minister Nirmala Sitharaman announced that **Canara Bank** would be merged with: Ans. **Syndicate Bank.**

[The proposed merger would create the fourth largest public sector bank in the country with assets of ₹15.20 lakh crore (US$220 billion) and 10,324 branches]

442. In the wake of the government announcing direct income support of ₹6,000 per year for small and marginal farmers in the interim Budget on February 1, 2019, the Reserve Bank of India raised the limit for collateral-free agriculture loans to farmers from ₹1 lakh to: **1.6 lakh**

443. The Reserve Bank of India (RBI) Thursday decided to raise the criteria for '**bulk deposits**' for banks from Rs 1 crore to: **Rs 2 crore**

It is to provide more operational freedom to lenders to raise funds. The proposal was mooted by the National Federation of Urban Cooperative Banks and Credit Societies Ltd.

444. The World Bank, the Small Industries Development Bank (SIDBI) and the UN Women announced to the launch a new social impact bond to offer credit to rural women entrepreneurs. The name of the project is: **Women's Livelihood Bond (WLB)**

[This is going to ensure that the credit cost to the women entrepreneurs will not be more than 13 percent and the ticket size will be Rs 50,000 to Rs 3 lakh]

445. The finance ministry announced to pump in **Rs 48,239 crore** in 12 public sector banks in this fiscal to help them maintain regulatory capital requirements and finance growth plans.

446. The RBI, in consultation with the government, had constituted a committee to review the extant economic capital framework of the RBI and to transfer the surplus capital of 1.76 crore to central govt. Who is the head of the committee: **Bimal Jalan, Former RBI Governor**

447. RBI has appointed panel for strengthening digital payments ecosystem and has set a target to achieve a ten-fold volume growth in digital payments over the next three years through customer-friendly pricing mechanisms and broadening access infrastructure. The head of the panel is: **Nandan Nilekani**

448. RBI has constituted a panel to examine the issue related to offshore rupee market and recommend the policy measures to ensure the stability of external value of domestic currency. Who is the Chairperson of the committee: **Usha Thorat**

449. Unified Payments Interface (UPI) is an instant real-time payment system developed by: **National Payments Corporation of India**

[The interface (UPI) is regulated by the Reserve Bank of India and works by instantly transferring funds between two bank accounts on a mobile platform]

450. The first central bank in the Asia-Pacific region to begin an explicit interest rate easing cycle buoyed by benign food inflation and easier global financial condition is: **The Reserve Bank of India (RBI)**

451. According to an RBI report, the gross Non-Performing Asset (NPA) ratio of banks may increase from 9.3 per cent in September 2019 to: **To 9.9 per cent by September 2020**

452. India's fiscal deficit at the halfway mark in 2019-20 stood at 92.6% of budgeted estimates, lower than 95.3% in April-September, 2018-19, helped by transfers from the RBI. With muted tax revenues, the government decided to undertake spending cuts to achieve **FY20 fiscal target of 3.3% of GDP**

453. According to the Morgan Stanley report, the GDP growth rate for India for the year 2019-2020 is: **7.5%**

454. The National Company Law Tribunal has approved the merger of which bank with Bharat Financial Inclusion: **Indusland Bank**

455. The Indian state which has been levied 1% cess on calamity is **Kerela**

456. According to IDFC institute, a think-tank, Indian cities are more urban than recognised and contribute between **59% and 70%** of India's gross domestic product (GDP)

457. Rating agency CRISIL cuts India's fiscal year 2020 GDP growth forecast to **6.3%** from its earlier forecast of **6.9%,** after the economy grew 5% in the first quarter, it's slowest in almost 6 years.

458. **Maharashtra r**eported 233 cases of ATM fraud in 2018-19, the highest in the entire country, as per the data revealed by RBI. The data showed that Delhi grabbed the second spot with 179 cases, followed by Tamil Nadu with 147 cases of ATM fraud.

459. The government will kick off a massive exercise aimed to get a complete count of all economic units in the country-the **Seventh Economic Census-** from July 29, 2019 from the north eastern state of **Tripura**.

[The census is conducted by Ministry of Statistics and Programme Implementation (MOSPI), will be held this year after a gap of five years.]

460. The Reserve Bank of India (RBI) allowed which foreign bank to offer regular banking services in India. **Bank of China**

461. The Indian state which produced the Tax-free Deficit Budget for 2019-20 on March, 2019, is: **Meghalay**

462. Foreign direct investment (FDI) equity inflows rose 28% in the first quarter of 2019-20 to $16.3 billion from $12.7 billion. Singapore continued to be the top source of FDI at $5.3 billion, followed by Mauritius ($4.6 billion). **In 2018, most of the FDI inflow came from Mauritius.**

463. The Reserve Bank (RBI) has exited the National Housing Bank (NHB) and the National Bank for Agriculture & Rural Development (NABARD), by selling its entire stakes to government for **Rs 1,450 crore and Rs 20 crore, respectively,** making them fully government-owned now.

464. Key features of Budget 2019-20:

- **Vision for $5 trillion economy driven by investment**
- **Transforming rural lives**
- **New Jal Shakti Mantralaya to ensure Har Ghar Jal**
- **Enhancing ease of direct and indirect taxation**
- **Strengthening connectivity**
- **Gandhipedia to sensitize society**
- **India's soft power**
- **Harnessing India's space abilities**

465. The FY20 fiscal deficit target has been cut to: **3.3% from 3.4%**

466. Vision for the decade: **From 1.85 trillion dollars in 2014, the economy has reached 2.7 trillion US dollars in five years. The government's commitment is to make India a $5 trillion economy by 2024.**

467. **100% FDI will be permitted for insurance intermediary.**

468. Credit Guarantee Enhancement Corporation will be set up in 2019-20**: Action plan to deepen markets for long-term bonds with a specific focus on infra sector to be put in place.**

469. Limit on foreign portfolio investment (FPI) in a company increased to: **24%**

470. **India saw a 6% y-o-y growth in foreign investment - Global FDIs fell to $1.3 billion from $1.5 trillion, but inflows in India remained strong at $54.37 billion, a growth of 6%.**

471. RBI to regulate Housing Sector: **Govt. proposes to return the regulation authority over housing finance sector from National Housing Board to the RBI. • RBI is also the regulator of NBFCs.**

472. PSU Bank recapitalization: **The government has proposed to allocate Rs 70,000 crore for PSU Bank recapitalization**

473. Non-performing Assets (NPAs) of commercial banks have reduced by: **over Rs 1 lakh crore over the last year**

474. **Reducing the no. of PSBs to 8 –**

[The government has smoothly carried out consolidation, reducing the number of PSBs (Public sector banks) by 8]

475. **Record recovery of over Rs 4 lakh crore due to IBC (Insolvency code) have been effected in the last four years**

476. **Revision coverage ratio is at its highest in 7 years and credit growth has improved to over 13%**

477. For purchase of high-rated pooled assets of financially sound NBFCs amounting to a total of: **Rs 1 lakh crore, govt will provide a one-time six-month partial credit guarantee to PSBs for first loss up to 10%**

478. India's sovereign external debt to GDP is among the lowest globally at: **less than 5%**

479. New coin series to be launched soon: **A new series of coins for Re 1, Rs 2 Rs 5, Rs 10, Rs 20 to be minted so that the visually impaired can easily identify them**

480. **Pension Fund Regulatory Authority to be separated from the National Pension Scheme Trust.**

481. Divestment target: **The FY20 divestment target has been hiked to Rs 1.05 trillion (1.05 lakh crore) from Rs 90,000 crore**

482. **Govt. to continue with strategic divestment of select Central Public Sector Enterprises (CPSEs).**

483. **Govt. to modify present policy of retaining 51% stake in PSUs.**

484. Income Tax slabs remain unchanged: **Taxation for low income groups remain unchanged**

485. Surcharge increased for high income groups: **Those individuals in highest income bracket need to contribute more to national development. Propose to enhance surcharge on individual income of Rs 2-5 crore by 3 % and over Rs 5 crore by 7%**

486. To promote digital payments**: 2% tax levied on cash withdrawal over Rs 1 crore per year - The government has proposed to levy TDS of 2% on cash withdrawal exceeding Rs 1 crore a year from a bank account**

487. Taxpayers with annual turnover of **less than Rs 5 crore to have to file only quarterly**

488. Custom duty on gold and other precious metals increased by **2.5% from 10% to 12.5%.**

[Custom duty on imported books increased by 5%]

489. Business establishments with annual turnover of: **Rs 50 crore will offer low-cost digital mode of payments to customers and no charges or merchant discount rates shall be imposed on customers as well as merchants**

490. No change on digital payment: **MDR charges waived on cashless payment - No charges or merchant discount rates shall be imposed on customers or the merchants. RBI and banks will absorb these costs**

491. GST to be further simplified to a **single monthly return**

492. Customs duty being exempted on certain parts of **Electric Vehicle (EVs)**

493. Excise Duty on petrol, diesel hiked by 1%: **FM proposed to increase special additional duty and road and infrastructure cess on diesel and petrol by Re 1**

494. Direct tax revenue is increased by 78%: **The direct tax revenue has increased by 78% to Rs 11.37 lakh crore to 201819 from 6.37 lakh crore from 2013-14**

495. Govt slashes corporate tax rates: **Currently, only 25% tax rate is applicable to companies with an annual turnover of Rs 250 crore.**

[This has been extended to companies with turnover of up to Rs 400 crore

This will bring in 99.3 percent of all companies into the tax net and leave out only 0.4 percent companies]

496. GST rate on electric vehicles already proposed to be **lowered to 5%.**

[Additional income tax deduction of ₹1.5 lakh on interest on loans taken to purchase electric vehicles]

497. Propose to extend period of exemption of capital gains arising from sale of residential house for investment in startups to **31 March 2021**

498. Affordable housing: **Propose to allow an additional tax deduction of Rs 1.5 lakh on interest paid on housing loans for self-occupied house owners. This means those purchasing affordable house will get tax relief up to Rs 3.5 lakh on interest paid**

499. Interchangeability of PAN and Aadhaar card to be allowed: **For ease and convenience to taxpayers.**

[ITR can be filed without PAN by quoting Aadhaar]

500. Incentives to National Pension System (NPS) subscribers: **It is proposed to increase the limit of exemption from the current 40% to 60% of payment on final withdrawal from NPS – - allow a deduction for employer's contribution up to 14% of salary from the current 10%, in the case of Central Government employee - allow deduction under section 80C for the contribution made to Tier II NPS account by Central Government employees**