

WBCS (Main) Exam Paper – V Practice Set

Answers with Explanation

1. (b) With its adoption, the Union of India officially became the modern and contemporary Republic of India and it replaced the Government of India Act 1935 as the country's fundamental governing document. The Constitution declares India to be a sovereign, socialist, secular, democratic republic, assuring its citizens of justice, equality, and liberty, and endeavours to promote fraternity among them. শ্রীশ্ৰী
2. (c) Preventive detention is an imprisonment that is putatively justified for non-punitive purposes. In contrast to this, under preventive detention the government can imprison a person for some time without a criminal charge. It means that if the government feels that a person being at liberty can be a threat to the law and order or the unity and integrity of the nation, it can detain or arrest that person to prevent him from doing this possible harm.
3. (c) Though the basic features of Indian Constitution are based on the Government of India Act, 1935, it has many features which were borrowed from many foreign constitutions. It was from the Canadian Constitution that India borrowed a quasi-federal form of government (a federal system with a strong central government) and the idea of Residual Powers.
4. (b) An uncodified or unwritten constitution is a type of constitution where the fundamental rules of government take the form of customs, usage, precedent and a variety of statutes and legal instruments. Current example of such a constitution is United Kingdom of Great Britain and Northern Ireland where there is no defining document that can be termed "the constitution". Because the political system evolved over time, rather than being changed suddenly in an event such as a revolution, it is continuously being defined by acts of Parliament and decisions of the Law Courts.
5. (d) According to the Constitution of India, the role of the Supreme Court is that of a federal court and guardian of the Constitution. The Federal Court of India was a judicial body, established in India in 1937 under the provisions of the Government of India Act 1935, with original, appellate and advisory jurisdiction. It functioned until 1950, when the Supreme Court of India was established.
6. (b) Greater India was the historical extent of the culture of India beyond the Indian subcontinent. This particularly concerns the spread of Hinduism in Southeast Asia, introduced by the Indianized kingdoms of the 5th to 15th centuries, but may also refer to the spread of Buddhism from India to Central Asia and China by the Silk Road during the early centuries of the Common Era. To the west, Greater India overlaps with Greater Persia in the Hindu Kush and Pamir mountains. The term is tied to the geographic uncertainties surrounding the "Indies" during the Age of Exploration.
7. (a) The British Speaker is elected at the beginning of the Parliament by and from among the members of the House of Commons. If the Speaker of outgoing Parliament is still a member of the house and is willing to be re-elected, he can do so. usually, he is reelected as many times as he wants. A change of party does not make any difference. He is elected unanimously by the house. So in Great Britain there goes a saying, "Once a speaker always a speaker."
8. (d) Indian Penal Code is the main criminal code of India. It is a comprehensive code, intended to cover all substantive aspects of criminal law. It was drafted in 1860 and came into force in colonial India during the British Raj in 1862. It has since been amended several times and is now supplemented by other criminal provisions.
9. (d) The Government of India Act 1935 provided for the establishment of a "Federation of India", to be made up of both British India and some or all of the "princely states". The parts of the Act intended to establish the Federation of India never came into operation, due to opposition from rulers of the princely states. It also provided for the establishment of a Federal Court. শ্রীশ্ৰী
10. (d) Written in highly Sanskritised (Tatsama) Bengali, it is the first of five stanzas of a Brahmo hymn composed and scored by Nobel laureate Rabindranath Tagore. It was first sung in Calcutta Session of the Indian National Congress on 27 December, 1911. শ্রীশ্ৰী

11. (a) India is governed in terms of the Constitution of India which was adopted by the Constituent Assembly on 26th November 1949 and came into force on 26th January 1950. *শ্রীচিড়াম*
12. (a) Parliamentary democracy is a representative democracy where government is appointed by representatives as opposed to a 'presidential rule' wherein the President is both head of state and the head of government and is elected by the voters. Under a parliamentary democracy, government is exercised by delegation to an executive ministry and subject to ongoing review, checks and balances by the legislative parliament elected by the people. Presidential Democracy is a system where the public elects the president through free and fair elections. The president serves as both the head of state and head of government controlling most of the executive powers. The president serves for a specific term and cannot exceed that amount of time. *শ্রীচিড়াম*
13. (a) The Indian Constitution borrowed such features as parliamentary form of government, introduction of Speaker and his role, the concept of single citizenship, the Rule of law, procedure of lawmaking, etc from England. The Indian citizenship and nationality law and the Constitution of India provide single citizenship for all of India.
14. (a) The Indian Constitution has borrowed some features from the U.S Constitution. Those features are: fundamental rights, independence of judiciary, judicial review, impeachment of the president, removal of Supreme Court and High Court judges and post of Vice-President.
15. (b) Dr. Sachchidananda Sinha was the first president (temporary chairman) of the Constituent Assembly when it met on December 9, 1946. Dr. Rajendra Prasad then became the President of the Constituent Assembly, and would later become the first President of India.
16. (a) John Locke's "Two Treatises on Government" of 1689 established two fundamental liberal ideas: economic liberty (meaning the right to have and use property) and intellectual liberty (including freedom of conscience). According to Locke, the individual was naturally free and only became a political subject out of free choice. Without the consent of the people there could not be formed a civil society/community. Secondly, Locke emphasized that all men were equal. There was a perfect state of equality with all the power being reciprocal and no one having more than the other. This is a fundamental principle of present day democracy. From it, flows the democratic principle of universal participation. That no man shall be excluded from the political process. *শ্রীচিড়াম*
17. (d) Cabinet system and its collective responsibility is constitutional convention in governments using the Westminster System that members of the Cabinet must publicly support all governmental decisions made in Cabinet, even if they do not privately agree with them. This support includes voting for the government in the legislature. In the United Kingdom, the doctrine applies to all members of the government, from members of the cabinet down to Parliamentary Private Secretaries.
18. (c) The Indian constitution was adopted by the Constituent Assembly on the 26th November, 1949 and it came into force after two months on 26th January, 1950. The day January 26 was chosen because it was this very day when the Poorna Swaraj resolution was made in Lahore in 1930 and the first tricolor of India unfurled. *শ্রীচিড়াম*
19. (b) A unitary system of government, or unitary state, is a sovereign state governed as a single entity. The central government is supreme and any administrative divisions (sub-national units) exercise only powers that their central government chooses to delegate. Lower-level governments, if they exist at all, do nothing but implement the policies of the national government. *শ্রীচিড়াম*
20. (c) The state has four essential elements. These are: (1) population, (2) territory (land), (3) government, (4) sovereignty (or independence). The first two elements constitute the physical or material basis of the state while the last two form its political and spiritual basis. In modern times relations among nations have grown and many international organizations and institutions have come into being. Therefore some scholars have argued that international recognition be an essential element of state. *শ্রীচিড়াম*
21. (b) B. R. Ambedkar was the chief architect of the Indian Constitution. Granville Austin has described the Indian Constitution drafted by Ambedkar as 'first and foremost a social document'. ... 'The majority of India's constitutional provisions are either directly

arrived at furthering the aim of social revolution or attempt to foster this revolution by establishing conditions necessary for its achievement.”

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22. (a) The mind and ideals of the framers of the Constitution are reflected in the Preamble.
23. (c) The basic principles of federalism are the distribution of powers between the Centre and the States.
24. (b) The Indian constitution which envisages parliamentary form of government is federal in structure with unitary features. Thus, it is quasi-federal.
25. (c) At its core, sovereignty is typically taken to mean the possession of absolute authority within a bounded territorial space. There is essentially an internal and external dimension of sovereignty. Internally, a sovereign government is a fixed authority with a settled population that possesses a monopoly on the use of force. It is the supreme authority within its territory. Externally, sovereignty is the entry ticket into the society of states.
26. (a) The provincial part of the Government of India Act, 1935 basically followed the recommendations of the Simon Commission. Simon Commission had proposed almost fully responsible government in the provinces. Under the 1935 Act, provincial dyarchy was abolished; i.e. all provincial portfolios were to be placed in charge of ministers enjoying the support of the provincial legislatures.
27. (a) The Preamble to the Constitution of India is ‘Declaration of Independence’ statement & a brief introductory that sets out the guiding principles & purpose of the document as well as Indian democracy. It describes the state as a “sovereign democratic republic”. The first part of the preamble “We, the people of India” and, its last part “give to ourselves this Constitution” clearly indicate the democratic spirit.
28. (c) A government is the system by which a state or community is governed. It is the means by which state policy is enforced, as well as the mechanism for determining the policy of the state. A form of Government refers to the set of political systems and institutions that make up the organisation of a specific government.
29. (a) The Rule of Law is an aspect of the British Constitution that has been emphasised by A V Dicey and it, therefore, can be considered an important part of British Politics. It involves: the rights of individuals are determined by legal rules and not the arbitrary behaviour of authorities; there can be no punishment unless a court decides there has been a breach of law; and everyone, regardless of your position in society, is subject to the law.
30. (b) Switzerland has made provisions for referendums or popular votes on laws and constitutional decrees or issues on which citizens are asked to approve or reject by a yes or a no. The Swiss Federal Constitution 1891 permits a certain number of citizens to make a request to amend a constitutional article, or even to introduce a new article into the constitution.
31. (d) Grassroots democracy is a tendency towards designing political processes involving the common people as constituting a fundamental political and economic group. It focuses on people or society at a local level rather than at the center of major political activity. Devolution and decentralization of power and Panchayati raj system are essential elements of such a system.
32. (b) In the S.R. Bommai Case v. Union of India (1994), Justice Sawant and Kuldip Singh observed that federalism and secularism was an essential feature of our Constitution and were a part of basic structure. In this case, the Supreme Court discussed at length provisions of Article 356 of the Constitution of India.
33. (c) An autocracy is a system of government in which supreme power is concentrated in the hands of one person, whose decisions are subject to neither external legal restraints nor regularized mechanisms of popular control. Both totalitarianism and military dictatorship are often identified with, but need not be, an autocracy.
34. (c) Constitutional monarchy is a form of government in which a king or queen acts as Head of State. The Sovereign/Monarch governs according to the constitution—that is, according to rules, rather than according to his or her own free will. The ability to make and pass legislation resides with an elected Parliament.
35. (d) Popular sovereignty is the principle that the authority of the government is created and sustained by the consent of its people, through their elected representatives (Rule by the

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- People), who are the source of all political power. It is also known as sovereignty of the people. শ্রীশ্রী
36. (c) The Government of India Act 1935 provided for dyarchy at the Centre. Under this act, the executive authority of the centre was vested in the Governor. It ended the system of dyarchy at the provincial level introduced by Government of India Act 1919. শ্রীশ্রী
37. (b) According to Article 57 of the Constitution, a President is eligible for re-election to that office. The President shall hold office for a term of five years from the date on which he enters upon his office. শ্রীশ্রী
38. (b) The Constitution of India was framed by Constituent Assembly that was formed on 9 December 1946. It was formed following negotiations between Indian leaders and members of the 1946 Cabinet Mission to India. The Indian Constitution was adopted on 26 November 1949 and came into force on 26 January 1950. শ্রীশ্রী
39. (d) Although the proceedings in the Supreme Court arise out of the judgments or orders made by the Subordinate Courts including the High Courts, but of late the Supreme Court has started entertaining matters in which interest of the public at large is involved and the Court can be moved by any individual or group of persons either by filing a Writ Petition at the Filing Counter of the Court or by addressing a letter to the Chief Justice of India highlighting the question of public importance for invoking this jurisdiction. Such concept is popularly known as 'Public Interest Litigation' and several matters of public importance have become landmark cases. This concept is unique to the Supreme Court of India only and perhaps no other Court in the world has been exercising this extraordinary jurisdiction.
40. (a) A republic is a form of government in which the country is considered a "public matter" (Latin: respublica), not the private concern or property of the rulers, and where offices of states are subsequently directly or indirectly elected or appointed rather than inherited. In modern times, a common simplified definition of a republic is a government where the head of state is not a monarch. In modern republics such as the United States and India, the executive is legitimized both by a constitution and by popular suffrage. Montesquieu included both democracies, where all the people have a share in rule, and aristocracies or oligarchies, where only some of the people rule, as republican forms of government. শ্রীশ্রী
41. (b) The Constitution was enacted by the Constituent Assembly on 26 November, 1949, and came into effect on 26 January, 1950. As originally enacted the preamble described the state as a "sovereign democratic republic". In 1976 the Forty-second Amendment changed this to read "sovereign socialist secular democratic republic". শ্রীশ্রী
42. (c) A writ of mandamus or mandamus (which means "we command" in Latin) is the name of one of the prerogative writs in the common law, and is "issued by a superior court to compel a lower court or a government officer to perform mandatory or purely ministerial duties correctly. Mandamus is a judicial remedy which is in the form of an order from a superior court to any government subordinate court, corporation or public authority to do or forbear from doing some specific act which that body is obliged under law to do or refrain from doing, as the case may be, and which is in the nature of public duty and in certain cases of a statutory duty. It cannot be issued to compel an authority to do something against statutory provision. শ্রীশ্রী
43. (c) The Indian citizenship and nationality law and the Constitution of India provide single citizenship for all of India. The provisions relating to citizenship upon adoption of the constitution are contained in Articles 5 to 11 in Part II of the Constitution of India. There is a form of Indian nationality, the holders of which are known as Overseas Citizens of India. The Constitution of India forbids dual citizenship or dual nationality, except for minors where the second nationality was involuntarily acquired. The Central Indian Government, on application, may register any person as an Overseas Citizen of India if that Person is of Indian Origin and is from a country which allows dual citizenship in some form or the other. শ্রীশ্রী
44. (a) The Right of Children to Free and Compulsory Education Act or Right to Education Act (RTE), which was passed by the Indian parliament on 4 August 2009, describes the modalities of the importance of free and compulsory education for children between 6 and 14 in India under

Article 21A of the Indian Constitution. India became one of 135 countries to make education a fundamental right of every child when the act came into force on 1 April, 2010.

45. (d) The right to property, also known as the right to protection of property, is a human right and is understood to establish an entitlement to private property. Right to property was originally a fundamental right, but is now a legal right. *শ্রেয়সিভিওর্স*
46. (b) Equality of opportunity is a political ideal that is opposed to caste hierarchy but not to hierarchy perse. The background assumption is that a society contains a hierarchy of more and less desirable, superior and inferior positions.
47. (a) Article 3 of the Indian Constitution deals with formation of new States and alteration of areas, boundaries or name of any of the existing States. The States of the Indian Union can be re-organised or their boundaries altered by an executive order of the Union government with the consent of the concerned State government by a simple majority in the ordinary process of legislation. *শ্রেয়সিভিওর্স*
48. (a) The term “mandamus” literally means “command.” Writ of mandamus is issued to a person or lower level Court or a body by a superior Court. The writ of mandamus is either issued to oblige a person or the Court or a body for the execution of public duty or imposed on them to restrain them from executing a particular act. The writ of mandamus is an effective writ that checks the functioning of the government. The writ of mandamus is also popularly known as the writ of justice as it plays a significant role in rectifying the improper and irresponsible actions of government officials and it serves the purpose of almost all other writs.
49. (c) Indian Constitution has adopted 5 Prerogative writs. Article 13 clearly states that Laws inconsistent with or in derogation of the fundamental rights are void. The Supreme Court (Under Article 32) and the High Courts (Under Article 226) are empowered to issue writs for the enforcement of fundamental rights against any authority of the State. *শ্রেয়সিভিওর্স*
50. (c) Equality before the law, also known as legal equality, is the principle under which all people are subject to the same laws of justice (due process). Article 14 of Indian Constitution

declares that “the State shall not deny to any person equality before the law or equal protection of the laws within the territory of India”. Equality before the law is an expression of English Common Law while “equal protection of laws” owes its origin to the American Constitution. Both the phrases aim to establish what is called the “equality to status and of opportunity” as embodied in the Preamble of the Constitution. The rule of law is a legal maxim whereby governmental decisions are made by applying known legal principles. Rule of law implies that every citizen is subject to the law. Rule of Law means (a) equality before the law, (b) every citizen is subject to the ordinary law of the land and (c) the citizen has to face trial in the same law courts, irrespective of his status or position in the society. *শ্রেয়সিভিওর্স*

51. (c) India became independent on 15 August 1947 and was left with a legacy of non-decimal coinage. One rupee was divided into 16 annas or 64 pice, with each anna therefore equal to 4 pice. In 1957, India shifted to the decimal system, but for a short period both decimal and non-decimal coins were in circulation. To distinguish between the two pice, the coins minted between 1957 and 1964 have the legend “Naya Paisa” (“new” paisa). The denominations in circulation were 1, 2, 5, 10, 20, 25, 50 (naya paise and one rupee which remained as the same pre-decimal value. Therefore pre-decimal coins of one, half and quarter rupees could remain in circulation after decimalisation. The rupee remained unchanged in value and nomenclature. It, however, was now divided into 100 ‘paisa’ instead of 16 annas or 64 pice. For public recognition, the new decimal paisa was termed ‘Naya Paisa’ till 1 June 1964 when the term ‘Naya’ was dropped.
52. (c) Rising population can be a virtue or can be vice with regards to economic development of a country. In India, demerits of population growth outweigh its merits. Due to large population size and its rate of growth, our per capita income continues to be stagnant at a low level. Since First Five Year Plan, our national income has increased about 11 times but our per capita income has increased only about three and half times, thanks to the rise in population. Also, large population size has tended to reduce the land man ratio in India

which reduces productivity of land and labour. Growing population has also reduced per capita availability of cereals and pulses. Further, due to high growth rate of population, unemployment is assuming monstrous proportions. Lack of employment opportunities outside agriculture, builds pressure on farming as a source of subsistence. Consequently, disguised unemployment in the farming sector is emerging as a serious challenge. শ্রীচিওর্ষ

53. (c) The Board for Industrial and Financial Reconstruction (BIFR) is an agency of the government of India, part of the Department of Financial Services of the Ministry of Finance to determine sickness of industrial companies and to assist in reviving those that may be viable and shutting down the others. It was established under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The board was set up in January 1987 and became functional as of 15 May 1987.
54. (a) A salaried employee can claim tax rebate under section 88. Amount of tax rebate is 20% of gross qualifying amount (Rs.80000) or Rs. 16000, whichever is lower. If a person invests only in other securities, excluding shares, debentures and units of infrastructure sector; then the maximum rebate is only Rs. 12000 (20% of Rs. 60000). This rebate may be extended upto Rs. 16000 on further investment up to Rs. 20000 in shares and debentures. By investing in shares, debentures and infrastructure units a maximum rebate of Rs. 16000 (i.e., 20% of Rs. 80000) may be claimed. শ্রীচিওর্ষ
55. (c) Postal Life Insurance was started on 01.02.1884 as a welfare measure for the employees of Posts & Telegraphs Department under Government of India dispatch No. 299 dated 18 October, 1882 to the Secretary of State. Due to popularity of its schemes, various departments of Central and State Governments were extended its benefits. Now Postal Life Insurance is open for employees of all central and state government departments, nationalised banks, public sector undertakings, financial institutions, local municipalities and District councils and educational institutions aided by the Government. শ্রীচিওর্ষ
56. (c) National Income is one of the basic concepts in macroeconomics. National Income means the total income of the nation. The aggregate

economic performance of the whole economy is measured by the national income data. National Income refers to the money value of all final goods and services produced by the normal residents of a country while working both within and outside the domestic territory of a country in an accounting year. National Income also includes net factor income from abroad. Symbolically, $Y = PG + PS$, where, Y = National Income; P = Price; G = Goods; and S = Service. শ্রীচিওর্ষ

57. (a) The Tenth Five-Year Plan (2002–2007) envisaged attainment of 8% GDP growth per year; reduction of poverty ratio by 5 percentage points by 2007; and reduction in gender gaps in literacy and wage rates by at least 50% by 2007. It set the goal that the rate of literacy must be increased by at least 75%, within the tenure of the Tenth Five Year Plan.
58. (b) India Brand Equity Foundation is a Trust established by the Ministry of Commerce with the Confederation of Indian Industry (CII) as its associate. IBEF's primary objective is to promote and create international awareness of the Made in India label in markets overseas and to facilitate the dissemination of knowledge of Indian products and services. Towards this objective IBEF works closely with stakeholders across government and industry. IBEF works with a network of stakeholders – domestic and international – to promote Brand India.
59. (a) Value Added Tax (VAT) is a tax applied on the value that is added to goods and services at each stage in the production and distribution chain. It forms part of the final price the consumer pays for the goods or services. On the domestic market, VAT is collected in stages, by registered manufacturers, wholesalers, retailers and services providers. It is only individuals and firms registered with the VAT Service who can charge VAT on their supplies. However, the collection of the tax at more than one stage does not lead to duplication of the tax. VAT is designed to ensure that most forms of consumer spending are taxed evenly and fairly. VAT is not a tax on the seller for it is the buyer who pays the tax. VAT will not be an additional tax, but a replacement for some existing indirect taxes. It will be a broad-based, comprehensive and simplified system of taxation on transactions. VAT will improve, simplify and modernize tax system. শ্রীচিওর্ষ

60. (c) When the government expenditure exceeds revenues, the government is having a budget deficit. Thus the budget deficit is the excess of government expenditures over government receipts (income). When the government is running a deficit, it is spending more than its receipts. Budgetary Deficit is the difference between all receipts and expenditure of the government, both revenue and capital. This difference is met by the net addition of the treasury bills issued by the RBI and drawing down of cash balances kept with the RBI. So when it is estimated, drawing down of cash balances is excluded. শ্রীচিভর্ষ
61. (b) The best way for a bank to avoid loss is to accept only sound collateral. In lending agreements, collateral is a borrower's pledge of specific property to a lender, to secure repayment of a loan. The collateral serves as protection for a lender against a borrower's default-that is, any borrower failing to pay the principal and interest under the terms of a loan obligation. If a borrower does default on a loan (due to insolvency or other event), that borrower forfeits (gives up) the property pledged as collateral - and the lender then becomes the owner of the collateral. In a typical mortgage loan transaction, for instance, the real estate being acquired with the help of the loan serves as collateral. Should the buyer fail to pay the loan under the mortgage loan agreement, the ownership of the real estate is transferred to the bank. The bank uses a legal process called foreclosure to obtain real estate from a borrower who defaults on a mortgage loan. Collateral, especially within banking, traditionally refers to secured lending (also known as asset-based lending). শ্রীচিভর্ষ
62. (b) Varada Gramena Bank is a Regional Rural Bank (RRB) named after the Wardha River which is one of the biggest rivers in Vidarbha region in India. It is one of those banks which were amalgamated and newly opened. It has been serving Kumta in Karnataka, providing excellent banks service to those in need. শ্রীচিভর্ষ
63. (d) Monetary policy is the process by which monetary authority of a country, generally a central bank controls the supply of money in the economy by exercising its control over interest rates in order to maintain price stability and achieve high economic growth. In India, the central monetary authority is the Reserve Bank of India (RBI). It is so designed as to maintain the price stability in the economy.
64. (d) A value added tax (VAT) is a form of consumption tax. From the perspective of the buyer, it is a tax on the purchase price. From that of the seller, it is a tax only on the value added to a product, material, or service, from an accounting point of view, by this stage of its manufacture or distribution. Being a consumption tax, VAT is usually used as a replacement for sales tax. Ultimately, it taxes the same people and businesses the same amounts of money, despite its internal mechanism being different. This means that, without special measures, goods that are imported from one country that does have VAT to another country that does not have VAT will be taxed twice. The exporting country will charge VAT and the importing country will charge sales tax. শ্রীচিভর্ষ
65. (d) Statutory Liquidity Ratio refers to the amount that the commercial banks require to maintain in the form gold or government approved securities before providing credit to the customers. Here by approved securities we mean, bond and shares of different companies. Statutory Liquidity Ratio is determined and maintained by the Reserve Bank of India in order to control the expansion of bank credit. Statutory liquidity ratio is the amount of liquid assets such as precious metals (Gold) or other approved securities, that a financial institution must maintain as reserves other than the cash. In a growing economy banks would like to invest in stock market, not in Government Securities or Gold as the latter would yield less returns. One more reason is long term Government Securities (or any bond) are sensitive to interest rate changes. But in an emerging economy interest rate change is a common activity. শ্রীচিভর্ষ
66. (b) A merchant bank is a financial institution which provides capital to companies in the form of share ownership instead of loans. It is a bank that deals mostly in (but is not limited to) international finance, long-term loans for companies and underwriting. Merchant banks do not provide regular banking services to the general public. শ্রীচিভর্ষ
67. (c) The reserve requirement (or cash reserve ratio) is a central bank regulation that sets the minimum reserves each commercial bank must

hold (rather than lend out) of customer deposits and notes. These required reserves are normally in the form of cash stored physically in a bank vault (vault cash) or deposits made with a central bank. The required reserve ratio is sometimes used as a tool in monetary policy, influencing the country's borrowing and interest rates by changing the amount of funds available for banks to make loans with. The main objective of minimum reserves is the stabilisation of money market rates. Minimum reserves allow credit institutions to smooth out fluctuations in liquidity such as those caused by the demand for banknotes. প্র্যাচিভর্স

68. (a) Statutory liquidity ratio is the amount of liquid assets such as precious metals (Gold) or other approved securities, which a financial institution must maintain as reserves other than the cash. The statutory liquidity ratio is a term most commonly used in India. The objectives of SLR are to restrict the expansion of bank credit. They serve to augment the investment of the banks in government securities and ensure solvency of banks. প্র্যাচিভর্স

69. (a) The shareable central taxes include corporation tax, income tax, wealth tax, customs, excise duty and service tax. The taxes, which are not shared with states include some cesses like education and road. Income Tax in India includes all income except the agricultural income that is levied and collected by the central government (List I, Entry 82).

70. (d) As per Article 268-A of the Constitution of India, Service tax is levied by Union and collected and appropriated by the Union and States. Service tax is a part of Central Excise in India. It is a tax levied on services provided in India, except the State of Jammu and Kashmir. As per article 269, the taxes levied and collected by the union but assigned to the States are: duties in respect of succession to property other than agricultural land; estate duty in respect of property other than agricultural land; terminal taxes on goods or passengers carried by railway, sea or air; taxes on railway fares and freights; taxes on the sale or purchase of newspapers and on advertisements published therein; taxes on the consignment of goods (whether the consignment is to the person making it or to any other person), where such consignment takes place in the course of inter State trade or commerce, etc. প্র্যাচিভর্স

71. (d) Gross National Product (GNP) is the market value of all products and services produced in one year by labor and property supplied by the residents of a country. Unlike Gross Domestic Product (GDP), which defines production based on the geographical location of production, GNP allocates production based on ownership. Therefore if the firm sells new shares directly to individuals it has no effect on the Gross National product as there is no direct relation between two. প্র্যাচিভর্স

72. (d) Damodar Valley Corporation is a thermal and hydro power generating public organization of India. It emerged as a culmination of attempts made over a whole century to control the wild and erratic Damodar River. By April 1947, full agreement was practically reached between the three Governments of Central, Bengal and Bihar on the implementation of the scheme and in March 1948, the Damodar Valley Corporation Act (Act No. XIV of 1948) was passed by the Central Legislature, requiring the three governments – the Central Government and the State Governments of West Bengal and Bihar (now Jharkhand) to participate jointly for the purpose of building the Damodar Valley Corporation. The Corporation came into existence on 7 July, 1948 as the first multipurpose river valley project and the first Public Sector Corporation of independent India.

73. (d) Infrastructure is basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function. The term typically refers to the technical structures that support a society, such as roads, bridges, water supply, sewers, electrical grids, telecommunications, and so forth, and can be defined as “the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions.” Viewed functionally, infrastructure facilitates the production of goods and services, and also the distribution of finished products to markets, as well as basic social services such as schools and hospitals; for example, roads enable the transport of raw materials to a factory. So an investment in infrastructure does not include automobile industry which is a capital-based industry. প্র্যাচিভর্স

74. (a) 1 British pound sterling = 93.9782 Indian rupees; 1 US dollar = 73.4951 Indian rupees; 1 euro = 86.296 Indian rupees; and 1 Saudi riyal = 14.4872 Indian rupees.
75. (c) A currency is deemed convertible on the current account if it can be freely converted into other convertible currencies for purchase and sale of commodities and services. For example, if the rupee is convertible on the current account an Indian firm should be able to freely convert rupee into Yen (JPY) to purchase from a Japanese Company. Since August 20, 1994, the rupee has been made a freely convertible currency on current account.
76. (c) A country devalues its currency in order to promote exports. A key effect of devaluation is that it makes the domestic currency cheaper relative to other currencies. There are two implications of devaluation. First, devaluation makes the country's exports relatively less expensive for foreigners. Second, the devaluation makes foreign products relatively more expensive for domestic consumers, thus discouraging imports. This may help to increase the country's exports and decrease imports, and may therefore help to reduce the current account deficit. One typical example is Thailand in 1998 Asian financial crisis. The baht was pegged at 25 to the US dollar before the crisis. During the crisis, the slowdown in export growth caused Thailand to abandon the dollar peg and devalue its currency in order to promote exports.
77. (c) NTPC Limited is the largest Indian state-owned electric utilities company based in New Delhi, India. NTPC's core business is engineering, construction and operation of power generating plants and providing consultancy to power utilities in India and abroad. The name of the Company "National Thermal Power Corporation Limited" was changed to "NTPC Limited" with effect from 28 October, 2005. The primary reason for this was the company's foray into hydro and nuclear based power generation along with backward integration by coal mining. The Power Grid Corporation of India is an Indian state-owned electric utilities company headquartered in Gurgaon, India. Power Grid wheels about 50% of the total power generated in India on its transmission network. Power Grid has also diversified into Telecom business and established a telecom network of more than 25,000 km across the country.
78. (c) Domestic saving primarily consist of three components, viz., household sector saving, private corporate sector saving and public sector saving. Household sector saving constitutes the largest portion of gross domestic saving. Household sector saving comprises saving in financial assets and saving in physical assets. Household saving in financial assets (net) is estimated as gross financial assets net of financial liabilities, while household saving in physical assets is the net addition to physical assets by the households. Gross financial saving of the household sector include the saving in the form of currency, bank deposits, non-bank deposits, saving in life insurance fund, saving in provident and pension fund, claims on government, shares and debentures inclusive of investment in mutual funds and net trade.
79. (c) RBINet is a communication software, developed in 'C' and available for both DOS and UNIX machines. It allows free format messaging and file transfer on the existing BANKNET infrastructure with the help of UNIX servers installed at the 4 NCCs. Each RBINet user interacts with the local UNIX server through PADs connected to the X.25 switch. The UNIX servers in turn communicate with each other using TCP/IP over the X.25 protocol. The software allows free format messaging without any restrictions on the length of the message, enables file transfer of both ASCII-text and Binary (spreadsheets, data bases, programs etc.) files, facilitates dial-up access, and has security features such as end-to-end encryption, audit trail, etc.
80. (d) In approving the Approach Paper to the Tenth Plan, the NDC adopted a set of quantifiable and monitorable targets which would enable to focus on accelerating growth, not only as an end in itself but also as the means to achieve success in other dimensions such as poverty reduction, employment creation and improvement in certain critical indicators of the quality of life. These include health, environment and education indicator. The Tenth FiveYear Plan (2002–2007) aimed at the reduction of poverty ratio by 5 percentage points by 2007.

81. (a) Fiscal deficit refers to a situation when a government's total expenditures exceed the revenue that it generates (excluding money from borrowings). Deficit differs from debt, which is an accumulation of yearly deficits. A fiscal deficit is regarded by some as a positive economic event. For example, economist John Maynard Keynes believed that deficits help countries climb out of economic recession. On the other hand, fiscal conservatives feel that governments should avoid deficits in favor of a balanced budget policy. অ্যাচিভর্স
82. (b) The National Development Council (NDC) or the Rashtriya Vikas Parishad is the apex body for decision making and deliberations on development matters in India, presided over by the Prime Minister. It was set up on August 6, 1952 to strengthen and mobilize the effort and resources of the nation in support of the Plan, to promote common economic policies in all vital spheres, and to ensure the balanced and rapid development of all parts of the country. The Council comprises the Prime Minister, the Union Cabinet Ministers, Chief Ministers of all States or their substitutes, representatives of the union territories and the members of the Commissions. It is an extraconstitutional and non-statutory body. Its status is advisory to planning commission but not binding. অ্যাচিভর্স
83. (a) Imperial Chemical Industries (ICI) was a British chemical company, taken over by a number of chemical companies, including Huntsman Corporation, a United States-based company, and AkzoNobel, a Dutch conglomerate, two of the largest chemical producers in the world. In its heyday, ICI was the largest manufacturing company in the British Empire, and commonly regarded as a "bellwether of the British economy. It produced paints and speciality products (including ingredients for foods, specialty polymers, electronic materials, fragrances and flavours). অ্যাচিভর্স
84. (b) Mumbai-based Marathon Realty has unveiled a Rs. 900-crore plan for an information technology Special Economic Zone (SEZ), named Nextzone, at Panvel near Mumbai. The investment, to be made in three phases over six years, will include cost of land and construction and infrastructure development. Work begins from September 2008, and the project will be funded through a mix of debt and equity in a 2 : 1 ratio. The proposed SEZ with road, rail and maybe even air connectivity will provide IT companies with a cheaper option to set up development centers near Mumbai. A Special Purpose Vehicle (SPV) of Marathon Realty will implement the SEZ project.
85. (c) Since 1951 public distribution of food grains has been retained as deliberate social policy by India with the objectives of: Providing food grains and other essential items to vulnerable sections of the society at reasonable (subsidized) prices; put an indirect check on the open market prices of various items and to attempt socialization in the matter of distribution of essential commodities. PDS is an important constituent of the strategy for poverty eradication and is intended to serve as a safety net for the poor. Controlling the production of food grains is not the avowed aim of this system. It is a welfare measure, not some economic regulatory system. অ্যাচিভর্স
86. (a) There are different forms of privatization. When the government disinvests its shares to the extent of 5 to 10 per cent to meet the deficit in the budget, this is termed as deficit privatization. This is also referred to as token privatization. A typical tactic adopted towards privatization is the incremental method where shares are sold in steps. On the other hand token privatization is adopted in circumstances of acute budget deficit wherein a lump of shares is sold off. অ্যাচিভর্স
87. (b) The Fifth Five-Year Plan (1974–1979) laid stress on employment, poverty alleviation, and justice. The plan also focused on self-reliance in agricultural production and defence.
88. (b) The EXIM Policy for 2002-07 which came in effect on 1st April, 2002 was the first policy which had to be formulated keeping in view all the commitments India had made under the WTO. In 2001, all quantitative restrictions on imports were removed. The medium-term export strategy for 2002-07 had set a target of 1 per cent share of global trade by 2006-07. According to the then estimates by the Directorate-General of Foreign Trade, to corner 1 percent of the global trade pie, exports needed to grow at a compounded annual growth rate of 14.25 per cent over the next three years. অ্যাচিভর্স

89. (b) India is called a mixed economy because there is both private owned enterprises and state owned enterprises and the government does not intervene on the decisions of enterprises owned by individuals except to govern law and to correct market failures. The product market in this case is determined by the market demand and market supply rather than the decisions of the policy makers. শ্রেণিভিত্তিক
90. (d) Gross domestic product (GDP) is the market value of all officially recognized final goods and services produced within a country in a given period of time. GDP was first developed by Simon Kuznets for a US Congress report in 1934. After the Bretton Woods conference in 1944, GDP became the main tool for measuring the country's economy. শ্রেণিভিত্তিক
91. (d) The Securities and Exchange Board of India (frequently abbreviated SEBI) is the regulator for the securities market in India. It was established on 12 April 1992 through the SEBI Act, 1992. Initially SEBI was a non statutory body without any statutory power. However in 1995, the SEBI was given additional statutory power by the Government of India through an amendment to the Securities and Exchange Board of India Act 1992. In April, 1998 the SEBI was constituted as the regulator of capital markets in India under a resolution of the Government of India. শ্রেণিভিত্তিক
92. (c) The Insurance Regulatory and Development Authority (IRDA) is an autonomous apex statutory body which regulates and develops the insurance industry in India. It was constituted by a Parliament of India act called Insurance Regulatory and Development Authority Act, 1999. The IRDA Act, 1999 was passed as per the major recommendation of the Malhotra Committee report (1994) which recommended establishment of an independent regulatory authority for insurance sector in India. Later, It was incorporated as a statutory body in April, 2000. শ্রেণিভিত্তিক
93. (c) The fringe benefits tax (FBT) was introduced in India in the year 2005-2006. Fringe Benefit Tax (FBT) is fundamentally a tax that an employer has to pay in lieu of the benefits that are given to his/her employees. It was an attempt to comprehensively levy tax on those benefits, which evaded the taxman. The list of benefits encompassed a wide range of privileges, services, facilities or amenities which were directly or indirectly given by an employer to current or former employees, be it something simple like telephone reimbursements, free or concessional tickets or even contributions by the employer to a superannuation fund. FBT was introduced as a part of the Finance Bill of 2005 and was set at 30% of the cost of the benefits given by the company, apart from the surcharge and education cess that also needed to be paid. শ্রেণিভিত্তিক
94. (d) By merging the two erstwhile wage employment programme - National Rural Employment programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) the Jawahar Rozgar Yojana (JRY) was started with effect from April, 1, 1989 on 80:20 cost sharing basis between the centre and the States. The main objective of the Yojana was additional gainful employment for the unemployed and under-employed persons in rural areas. The other objective was the creation of sustained employment by strengthening rural economic infrastructure and assets in favour of rural poor for their direct and continuing benefits. শ্রেণিভিত্তিক
95. (b) Household savings contribute 60-80% of India's gross domestic savings, and have been its most stable and highest component for over six decades. A tenth of total assets is in currency; a similar amount goes to the government through small savings schemes. Since there is no social security in India, life insurance and provident funds tend to be allocated significant amounts from total household savings. Finally, capital market instruments- such as shares, debentures, mutual funds get less than 5% of total investment. শ্রেণিভিত্তিক
96. (b) Jawahar Gram Samridhi Yojana (JGSY) is the restructured, streamlined and comprehensive version of the erstwhile Jawahar Rozgar Yojana (JRY). It was launched on 1st April, 1999. It has been designed to improve the quality of life of the rural poor by providing them additional gainful employment. শ্রেণিভিত্তিক
97. (c) Branch banking implies engaging in banking activities such as accepting deposits or making loans at facilities away from a bank's home office. It means a system of banking in which a banking organization works at more than one place. The main place of business is called head office and other places of business are called branches. The head office controls and co-ordinates the work at branches. This system

of banking is prevalent throughout the world. In India also, all the major banks have been operating under branch banking system.

98. (b) The gilt-edged market refers to the market for Government and semi-government securities, backed by the Reserve Bank of India (RBI). Government securities are tradeable debt instruments issued by the Government for meeting its financial requirements. The term gilt-edged means 'of the best quality'. This is because the Government securities do not suffer from risk of default and are highly liquid (as they can be easily sold in the market at their current price). The open market operations of the RBI are also conducted in such securities.

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99. (b) Income Tax (corporate and non-corporate combined) contribute about 56 per cent of tax revenue of India. But, income tax, apart from agricultural income is shared between the Union and states. Among the given options, Excise duty is the chief and single largest source of revenue income. The Government of India earns maximum from Union Excise Duty.

100. (c) Credit control is most important function of Reserve Bank of India. By using credit control methods RBI tries to maintain monetary stability. There are two types of methods: (a) Quantitative control to regulate the volume of total credit; and (b) Qualitative Control to regulate the flow of credit.

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