

# AARAMBH

## PRELIMS FOUNDATION BATCH

**DATE:** 15TH SEPTEMBER 2025

**TIME:** 07 AM-09:30 AM

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# ECONOMY Class 8, 9 & 10 of 12

## AARAMBH PRELIMS BATCH

- Poverty
- Unemployment
- Inequality
- Fiscal policy

Q1. Which of the following methods has/have been used to estimate poverty in India?

1. Head Count Ratio

2. Calorie Intake

3. Household Consumption Expenditure

4. Per Capita Income Select the correct answer from the codes given below.

Codes :

(a) 2 and 3

(b) 3 only

(c) 1, 2 and 3

(d) 1, 2, 3 and 4

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Q2. The basis of poverty estimates in India is :

- (a) Per capita income
- (b) Per capita expenditure
- (c) Household consumption expenditure
- (d) None of the above

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**Explanation-** Poverty line estimation in India has been based on the consumption expenditure and not on the income levels due to difficulties in assessing incomes of self-employed people, daily wage labourers, large fluctuation in income due to seasonal factors, additional side incomes as well as data collection difficulties in largely rural and informal economy of India.

Since households may be able to access credit markets or household savings and thereby smooth their consumption to some degree, consumption expenditures may be able to provide a better basis for determining a household's actual standard of living.

Hence, most of the Poverty Estimation Committees proposed that per capita consumption expenditure or household expenses were the right statistical choice for calculating poverty in India

Q3. The idea of 'Cultural Poverty' was given by :

- (a) Oscar Lewis
- (b) Aashish Bose
- (c) Gunnar Myrdal
- (d) Amartya Sen



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Q4. The concept of 'Vicious Circle of Poverty' is related to :

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- (b) Nurkse
- (c) Adam Smith
- (D) Narendra Modi

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**Explanation-** Economist Prof. Ragnar Nurkse in his book, 'Problems of Capital Formation in Underdeveloped Countries' which was originally published in 1953, described the concept of 'Vicious Circle of Poverty'.

He argues that underdeveloped countries are poor because they are trapped in vicious circle of poverty. Vicious circle of poverty through both the demand and supply side forces, discourage the investment capacity of the country.

Supply side of vicious circle indicates that in underdeveloped countries, productivity is so low that it is not enough for capital formation.

**Q5. The Multidimensional Poverty Index (MPI) is a global measure of poverty that covers deprivation in which three key dimensions?**

- a) Health, Education, and Income
- b) Health, Education, and Standard of Living
- c) Income, Health, and Employment
- d) Education, Health, and Social Inclusion

**Q5. The Multidimensional Poverty Index (MPI) is a global measure of poverty that covers deprivation in which three key dimensions?**

- a) Health, Education, and Income
- b) Health, Education, and Standard Assets & Services.
- c) Income, Health, and Employment.
- d) None of the above

Q6. Which among the following steps is most likely to be taken at the time of an economic recession?

- a) Cut in tax rates accompanied by increase in interest rate.
- b) Increase in expenditure on public projects.
- c) Increase in tax rates accompanied by reduction of interest rate.
- d) Reduction of expenditure on public project

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Q7. Which of the following is likely to be the most inflationary in its effects?

- a) Repayment of public debt.
- b) Borrowing from the public to finance a budget deficit.
- c) Borrowing from the banks to finance a budget deficit.
- d) Creation of new money to finance a budget deficit

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Q7. The term GDP deflator is a ratio between

(a) Nominal GDP and Real GDP

(b) Nominal GDP and Price Level

(c) Real GDP and deflation

(d) Nominal GDP and inflation

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Q8. Consider the following statements regarding Gross Domestic Product:

1. It is the value added by all the firms in the economy
2. It is the final value of goods and services produced in the economy
3. It is the sum total of final consumption and investment expenditure by government, private and household sector
4. It is the income received by the four factors of production.

Select the correct answer using the code given below:

- (a) 1 & 2 only
- (b) 1, 2 & 3 only
- (c) 1, 2 & 4 only
- (d) All of the above

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Q9. . Which of the following are part of gross fixed capital formation:

1. Machinery and equipment
2. Construction of buildings and other infrastructure
3. Intellectual property rights

Select the correct answer using the code given below:

- (a) 1 only
- (c) 2 only

- (b) 1 & 3 only
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- (c) 2 only

- (b) 1 & 3 only
- (d) All of the above



Q10. Which of the following are revenue receipts of Central Government budget?

1. RBI paying dividend to govt. of India
2. PSUs paying dividend to govt. of India
3. PSUs earnings
4. Proceeds from sale of govt. land

Select the correct answer using the code given below:

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|-------------------|----------------------|
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| (c) 1, 2 & 3 only | (d) All of the above |

Q11. Fiscal Deficit is equal to:

1. Total expenditure minus total receipts
2. Total expenditure minus total receipts excluding borrowing
3. Total borrowing

Select the incorrect answer using the code given below:

- (a) 1 only
- (b) 2 & 3 only
- (c) 1, 2 & 3 only
- (d) None of the above

Q11. Fiscal Deficit is equal to:

1. Total expenditure minus total receipts
2. Total expenditure minus total receipts excluding borrowing
3. Total borrowing

Select the **incorrect** answer using the code given below:

- |                   |                       |
|-------------------|-----------------------|
| (a) 1 only        | (b) 2 & 3 only        |
| (c) 1, 2 & 3 only | (d) None of the above |



Q12. There has been a persistent deficit budget year after year. Which of the following actions can be taken by the Government to reduce the deficit?

1. Reducing revenue expenditure
2. Introducing new welfare schemes
3. Rationalizing subsidies.

Select the correct answer using the code given below.

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(b) 2 & 3 only

(c) 1 only

(d) All of the above

**Q13.** Consider the following statements regarding "counter-cyclical" fiscal policy:

1. Government uses the counter cyclical policy to cool down the economy during boom period
2. In counter cyclical policy, government increases spending and reduces taxes during economic slowdown

Select the correct answer using the code given below:

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



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Q14. Which one of the following is not a source of Public revenue?

(a) Income Tax

(b) Public Borrowing

(c) VAT (Value Added Tax)

(d) Subsidy

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Q15. Consider the following budget deficits of Central Government :

- 1.Primary deficit
- 2.Fiscal deficit
- 3.Revenue deficit

The correct descending order of their values is :

- (a) 2, 3, 1
- (b) 1, 2, 3
- (c) 2, 1, 3
- (d) 3, 2, 1

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(c) 2, 1, 3

(d) 3, 2, 1

Thankew..