



## INDIAN SCHOOL AL WADI AL KABIR

### PRACTICE TEST- TERM 1

#### SUB: ECONOMICS

DATE: 11/11/2021

TIME: 90 Minutes

MARKS:40

#### **GENERAL INSTRUCTIONS:**

- 1. There are a total 60 questions in this paper out of which 50 questions are to be attempted.**
- 2. This paper is divided into three Sections:**
  - a. Section A – Contains 24 questions. Attempt any 20 questions.**
  - b. Section B – Contains 24 questions. Attempt any 20 questions.**
  - c. Section C – Contains 12 questions. Attempt any 10 questions.**
- 3. All questions carry equal marks.**
- 4. There is no negative marking.**

Q. No.	SECTION: A
1.	The amount collected by the government in the form of interest, fees, and dividends is known as _____ a. Tax-revenue receipts b. Capital receipts c. Non-tax revenue receipts d. None of these
2.	Balance of Payment is measured as: a. Difference between n visible items of exports and imports b. Difference between invisible items of exports and imports c. Difference between external and internal flow of gold d. Difference between all receipts of foreign exchange and payments of foreign exchange
3.	Which of the following is not true about the demand deposits with commercial banks? a. These are the deposits done by the general public in the commercial banks. b. The amount from demand deposits can be withdrawn any time by the public without prior permission from the bank. c. The amount in these deposits is deposited for a fixed period of time. d. The amount in these deposits can be withdrawn from the ATM.

4.	<p>Which of the following items relate to BOP on capital account?</p> <ol style="list-style-type: none"> <li>Foreign investment</li> <li>Loans</li> <li>NRI remittances</li> <li>All of these</li> </ol>
5.	<p>Read the following statements carefully and choose the correct alternative from the following:  <b>Assertion:</b> - In 2016, demonetization was a step announced by the Prime Minister Modi to curb the problems of corruption, black money, terrorism and circulation of fake currency in the Indian Economy.  <b>Reason:</b> – Demonetization in 2016 was done for the denomination of Rs 1000 and Rs 2000.</p> <ol style="list-style-type: none"> <li>Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</li> <li>Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</li> <li>Assertion is true but Reason is false.</li> <li>Assertion is false but Reason is true.</li> </ol>
6.	<p>Neil was explaining a particular rate fixed by the Central bank of a country called the Repo Rate. Repo rate refers to:</p> <ol style="list-style-type: none"> <li>Rate at which the Commercial Banks are willing to lend to RBI</li> <li>Rate at which the RBI is willing to lend to commercial banks</li> <li>Exchange rate of the foreign bank</li> <li>Growth rate of the economy</li> </ol>
7.	<p>Foreign exchange is determined by:</p> <ol style="list-style-type: none"> <li>Demand for foreign currency</li> <li>Supply of foreign currency</li> <li>Demand and supply in the foreign exchange market</li> <li>None of the above</li> </ol>
8.	<p>Read the following statements carefully and choose the correct alternative from the following:  <b>Assertion:</b> Public goods are goods that are commonly available to all people within a society.  <b>Reason:</b> Use of these goods by one person may prevent access of another person and reduce its availability to others</p> <ol style="list-style-type: none"> <li>Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</li> <li>Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</li> <li>Assertion is true but Reason is false.</li> <li>Assertion is false but Reason is true.</li> </ol>
9.	<p>Direct purchases by the rest of the world is an important source of _____ of foreign exchange and demand for foreign exchange is _____ related to the exchange rate. (Fill up the blank with the correct alternative).</p> <ol style="list-style-type: none"> <li>Demand</li> <li>Supply</li> </ol>

	<p>iii. positively</p> <p>iv. negatively</p> <p><b>Alternatives:</b></p> <p>a) i and iii</p> <p>b) ii and iii</p> <p>c) ii and iv</p> <p>d) i and iv</p>
10.	<p>On the advice of the central Bank, the Government of India has raised some amount through public borrowings. This deals with the _____ function of the central bank.</p> <p>a. Lender of the last resort</p> <p>b. Bank of issue</p> <p>c. Financial advisor</p> <p>d. Supervisor</p>
11.	<p>In 1955, Karve committee was constituted for aiming the .....</p> <p>a. Promotion of rural development using small scale industries</p> <p>b. Promotion of agriculture using modern inputs</p> <p>c. Promotion of banking services through higher infrastructural support</p> <p>d. Promotion of land settlement system with modifications in the existing norms</p>
12.	<p>Arrange the following events in chronological order in context of Indian economy and choose the correct alternative:</p> <p>i. Establishment of TISCO</p> <p>ii. First census data collected during British India</p> <p>iii. Opening of the Suez Canal</p> <p>iv. Introduction of railways by the British</p> <p>a. ii, iv, iii, i</p> <p>b. iv, ii, iii, i</p> <p>c. iv, iii, ii, i</p> <p>d. i, ii, iii, iv</p>
13.	<p>----- means designing and shaping the socio-economic process in such a way so as to achieve an objective.</p> <p>a. Economic growth</p> <p>b. Economic development</p> <p>c. Economic planning</p> <p>d. Economic process</p>

14.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Regional disparities in India are high and have been rising in recent years.</p> <p><b>Reason:</b> Some areas have faced continuous political instability</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</p> <p>(b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</p> <p>(c) Assertion is true but Reason is false.</p> <p>(d) Assertion is false but Reason is true.</p>																				
15.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Every year government fixes a target for disinvestment of Public Sector Enterprises.</p> <p><b>Reason:</b> Disinvestment is an excellent tool for discarding the loss incurring Public Sector Enterprises.</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</p> <p>(b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</p> <p>(c) Assertion is true but Reason is false.</p> <p>(d) Assertion is false but Reason is true.</p>																				
16.	<p>Planning in India started with heavy reliance on the ----- sector.</p> <p>a. Public sector</p> <p>b. Private sector</p> <p>c. Both public and private sector</p> <p>d. Service sector</p>																				
17.	<p>From the following given sets of statements in Column I and Column II, identify the correct pair of statements:</p> <table border="1" data-bbox="280 1509 1453 1809"> <thead> <tr> <th>Column I</th> <th></th> <th>Column II</th> <th></th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Supply curve of foreign exchange</td> <td>i.</td> <td>Downward sloping</td> </tr> <tr> <td>B</td> <td>Repayment of international loans</td> <td>ii.</td> <td>Supply of foreign exchange</td> </tr> <tr> <td>C</td> <td>Export from India to UK</td> <td>iii.</td> <td>DD for FE by India</td> </tr> <tr> <td>D</td> <td>Appreciation of domestic currency</td> <td>iv.</td> <td>No Government role</td> </tr> </tbody> </table> <p>Alternatives:</p> <p>a. A-i</p> <p>b. B-ii</p> <p>c. C-iii</p> <p>d. D-iv</p>	Column I		Column II		A	Supply curve of foreign exchange	i.	Downward sloping	B	Repayment of international loans	ii.	Supply of foreign exchange	C	Export from India to UK	iii.	DD for FE by India	D	Appreciation of domestic currency	iv.	No Government role
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18.	Loans taken for buying tractor, land and tube wells comes under the category of ----- a. Short period credit b. Medium period credit c. Long period credit d. None of the above
19.	Government of India received a grant from the World Bank to reconstruct the houses of the victims of Amphan in the Sunderbans islands in West Bengal. This would be categorized as _____. (Fill in the blanks with the correct alternative.)  a. Revenue nature receipt b. Capital nature expenditure c. Revenue nature expenditure d. Capital nature receipt
20.	The percentage of poor population is more in rural areas in comparison to urban areas. All of the following factor explain the fact except a. Low productivity of agriculture b. Lack of irrigation facilities c. Inefficient access to markets d. Slow growth of the IT sector
21.	Under Jan Dhan Yojana scheme of the Government a sum of Rs 50,000 got deposited in the commercial banks. Central Bank increased the LRR to 10%. Under these circumstances the commercial banks will be able to create a deposit of _____. (Fill in the blanks with the correct alternative) a. Rs 100,000 b. Rs 200, 000 c. Rs 500, 000 d. Rs 100, 000
22.	----- refers to the relative distribution of a country's workforce among various sectors of economic activity. a. Demographic structure b. Occupational structure c. Income structure d. None of the above
23.	Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below: <b>Assertion:</b> Modernisation implies adoption of new technology along with a change in the social and economic outlook. <b>Reason:</b> Over the years, there have been a reduction in the gender wage parity and in the female labour force participation rate. (a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion. (b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.

	<p>(c) Assertion is true but Reason is false.  (d) Assertion is false but Reason is true.</p>
24.	<p>Whose estimates are considered as more reliable with regard to estimation of national income and per capita income during the colonial period?</p> <p>a. Dadabhai Naoroji  b. William Digby  c. Findlay Shirras  d. V.K.R.V Rao</p>
<b>SECTION: B</b>	
25.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> ‘Import of Pulses’ will have favourable effect on Balance of Payments position of India.  <b>Reason:</b> Import of pulses will lead to outflow of foreign exchange from the country, causing adverse effect on balance of payment position.</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.  (b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.  (c) Assertion is true but Reason is false.  (d) Assertion is false but Reason is true.</p>
26.	<p>Suppose in an economy, the initial deposits of 800 crores lead to the creation of total deposits worth Rs 8000 crores.  Under the given situation the value of reserve requirements would be_____</p> <p>(Fill up the blank with correct alternative)</p> <p>a) 0.01  b) 1  c) 0.1  d) 0.4</p>
27.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Indian Agriculture experienced low productivity and production.  <b>Reason:</b> Britishers made significant efforts to improve the agriculture sector in India because it was the source of raw material for their industries.</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.  (b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.  (c) Assertion is true but Reason is false.  (d) Assertion is false but Reason is true.</p>

28.	<p>Golden revolution pertains to which particular sector in India?</p> <ol style="list-style-type: none"> <li>Livestock sector</li> <li>Fisheries</li> <li>Horticulture</li> <li>Information Technology</li> </ol>										
29.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> There is a need to bridge the skill-gap in India in order to enhance human capital and bring about more productive labour force.</p> <p><b>Reason:</b> Skills are tangible in nature and can be separated from its owner.</p> <ol style="list-style-type: none"> <li>Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</li> <li>Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</li> <li>Assertion is true but Reason is false.</li> <li>Assertion is false but Reason is true.</li> </ol>										
30.	<p>Which of the following pair is incorrectly matched?</p> <table border="1" data-bbox="225 1043 1257 1435"> <thead> <tr> <th>COLUMN-A</th> <th>COLUMN-B</th> </tr> </thead> <tbody> <tr> <td>A. Poverty line</td> <td>(i) Line of demarcation between the rich and the poor</td> </tr> <tr> <td>B. Poverty</td> <td>(ii) Unable to satisfy conspicuous consumption but can meet basic necessities of life.</td> </tr> <tr> <td>C. Debt Trap</td> <td>(iii) Usually arises due to higher interest rates or change in terms and conditions of the debt incurred</td> </tr> <tr> <td>D. Money lenders</td> <td>(iv) Usually charges very high rate of interest</td> </tr> </tbody> </table> <ol style="list-style-type: none"> <li>A- (i)</li> <li>B – (ii)</li> <li>C – (iii)</li> <li>D – (iv)</li> </ol>	COLUMN-A	COLUMN-B	A. Poverty line	(i) Line of demarcation between the rich and the poor	B. Poverty	(ii) Unable to satisfy conspicuous consumption but can meet basic necessities of life.	C. Debt Trap	(iii) Usually arises due to higher interest rates or change in terms and conditions of the debt incurred	D. Money lenders	(iv) Usually charges very high rate of interest
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31.	<p>Identify the type of poverty in the given diagram.</p> <ol style="list-style-type: none"> <li>Usual poor</li> <li>Churning poor</li> <li>Casual poor</li> <li>Occasional poor</li> </ol> <div data-bbox="742 1675 1204 1951" data-label="Figure"> </div>										

32.	<p>Which among the following is incorrect with regard to the positive aspect of human capital formation?</p> <ol style="list-style-type: none"> <li>Improves technical knowledge</li> <li>Increases productivity</li> <li>Changes the social outlook</li> <li>Increases the cost of production</li> </ol>
33.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Modernisation implies adoption of new technology along with a change in the social and economic outlook.</p> <p><b>Reason:</b> Over the years, there have been a reduction in the gender wage parity and in the female labour force participation rate.</p> <ol style="list-style-type: none"> <li>Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</li> <li>Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</li> <li>Assertion is true but Reason is false.</li> <li>Assertion is false but Reason is true.</li> </ol>
34.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Even today more than 10% of goods produced in farms are wasted.</p> <p><b>Reason:</b> The current storage facilities are quite inadequate to meet the growing demands.</p> <ol style="list-style-type: none"> <li>Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</li> <li>Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</li> <li>Assertion is true but Reason is false.</li> <li>Assertion is false but Reason is true.</li> </ol>
35.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Money multiplier refers to the process of credit creation by the commercial banks.</p> <p><b>Reason:</b> Money creation by the commercial banks raises the national income of a country.</p> <ol style="list-style-type: none"> <li>Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</li> <li>Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</li> <li>Assertion is true but Reason is false.</li> <li>Assertion is false but Reason is true.</li> </ol>



36.	<p>Which of the given statements are correct with regard to commercialisation of agriculture?</p> <ul style="list-style-type: none"> <li>i. Production for self-consumption</li> <li>ii. Production of cash crops instead of food crops</li> <li>iii. Production of crops for sale in the market</li> <li>iv. Commercialisation improved the economic status of the farmers.</li> </ul> <ul style="list-style-type: none"> <li>a. (i) &amp; (iv)</li> <li>b. (ii) &amp; (iii)</li> <li>c. (ii) &amp; (iv)</li> <li>d. (iii) &amp; (iv)</li> </ul>
37.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> 'Make in India' Programme will have favourable effect on Balance of Payments position of India.</p> <p><b>Reason:</b> Make in India' will increase supply (inflow) of foreign exchange in India., causing improvement in the balance of payment position</p> <ul style="list-style-type: none"> <li>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</li> <li>(b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</li> <li>(c) Assertion is true but Reason is false.</li> <li>(d) Assertion is false but Reason is true.</li> </ul>
38.	<p>A commercial bank is a _____ institution and Central Bank is the _____ authority of the country.</p> <ul style="list-style-type: none"> <li>i. Corporate</li> <li>ii. Monetary</li> <li>iii. Fiscal</li> <li>iv. Financial</li> </ul> <p>Alternatives:</p> <ul style="list-style-type: none"> <li>a. i and iii</li> <li>b. iv and ii</li> <li>c. i and iv</li> <li>d. ii and iv</li> </ul>
39.	<p>Which of the following is not a characteristic of an institutional source of credit?</p> <ul style="list-style-type: none"> <li>a. It is provided by banks, cooperatives and RRBs</li> <li>b. Given for both productive and non-productive purposes</li> <li>c. The rate of interest generally remains low</li> <li>d. Highly organized and requires collateral</li> </ul>
40.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Credit is one of the major component which contributes in rural development.</p> <p><b>Reason:</b> There is a long gap between crop sowing and realisation of income and farmers need money to meet initial investment on seeds, fertilizers, implements etc.</p>

- (a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.
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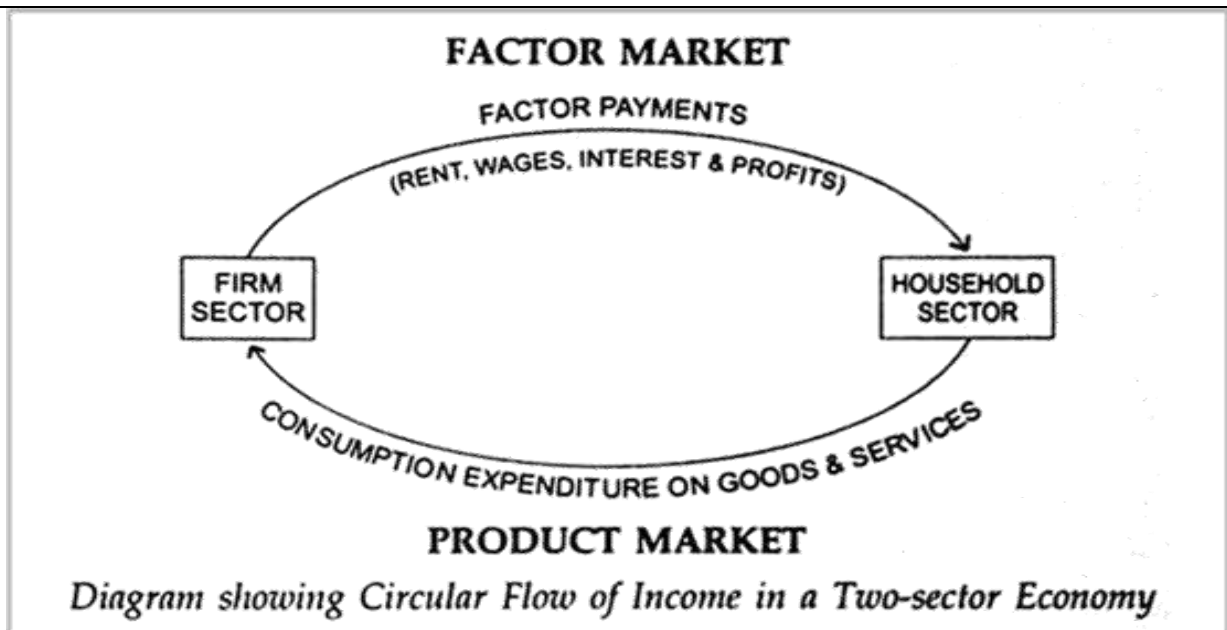
41. Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

**Assertion:** Money supply refers to total value of money held by the public at a particular point of time.

**Reason:** RBI can change the money supply in the economy through its fiscal policy.

- (a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.
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42.



The idea of the above 2 sector model of circular flow of income rests on one particular fact. Choose the correct alternative.

- a. One person's (sector's) income is another person's (sector's) income.
- b. One person's (sector's) expenditure is another person's (sector's) expenditure.
- c. One person's income (sector's) is another person's (sector's) expenditure.
- d. None of the above

43.	<p>Prior to Independence, farmers, while selling their produce to traders, suffered from faulty weighing and manipulation of accounts. Farmers who did not have the required information on prices prevailing in markets were often forced to sell at low prices. They also did not have proper storage facilities to keep back their produce for selling later at a better price. Measures that were initiated to improve the marketing aspects.</p> <p>(i) The first steps was regulation of markets to create orderly and transparent marketing conditions. -----</p> <p>a. True b. False</p>
44.	<p>Suppose there is a Balance of trade surplus for Jamaica of \$40000. The value of import is half the value of export. What would be the value of exports?</p> <p>a. \$20000 b. \$40000 c. \$80000 d. None of the above</p>
45.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Growth oriented approach to remove poverty proved to be quite effective.</p> <p><b>Reason:</b> Population growth resulted in a very low growth in per capita Income.</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion. (b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion. (c) Assertion is true but Reason is false. (d) Assertion is false but Reason is true.</p>
46.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> Profits received from investments abroad on the credit side of the current account of Balance of Payments,</p> <p><b>Reason:</b> It is recorded in the current account since it is an investment income (factor income). It will be recorded on the credit side of the current account since it leads to inflow of foreign exchange.</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion. (b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion. (c) Assertion is true but Reason is false. (d) Assertion is false but Reason is true.</p>

47.	<p>The main objective of zamindars during the land settlement system was to:</p> <ol style="list-style-type: none"> <li>Improve the economic conditions of the cultivators</li> <li>Improve the crop yield by making significant contributions in technology and fertilizers use</li> <li>Collection of rent with no interest in the economic condition of the cultivators</li> <li>Cooperating with colonial government to improve the condition of agriculture.</li> </ol>										
48.	<p>World Bank in its report “India and the knowledge economy-leveraging strengths and opportunities advised India to make a transition to -----</p> <ol style="list-style-type: none"> <li>Knowledge economy</li> <li>Agrarian economy</li> <li>Industrial economy</li> <li>A mix of the above three</li> </ol>										
<b>SECTION: C</b>											
<b>Examine the following data and answer Qn 49- 54.</b>											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Particulars</th> <th style="width: 50%; text-align: center;">Rs (in crores)</th> </tr> </thead> <tbody> <tr> <td>i. Revenue expenditure</td> <td style="text-align: center;">70000</td> </tr> <tr> <td>ii. Borrowings</td> <td style="text-align: center;">15000</td> </tr> <tr> <td>iii. Revenue Receipts</td> <td style="text-align: center;">50000</td> </tr> <tr> <td>iv. Interest Payments</td> <td style="text-align: center;">25% of Revenue deficit.</td> </tr> </tbody> </table>		Particulars	Rs (in crores)	i. Revenue expenditure	70000	ii. Borrowings	15000	iii. Revenue Receipts	50000	iv. Interest Payments	25% of Revenue deficit.
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49.	<p>Calculate revenue deficit.</p> <ol style="list-style-type: none"> <li>20,000</li> <li>25,000</li> <li>1,00,000</li> <li>22,000</li> </ol>										
50.	<p>Calculate the value of Interest Payment:</p> <ol style="list-style-type: none"> <li>5,000</li> <li>5,500</li> <li>10,000</li> <li>10,500</li> </ol>										
51.	<p>Calculate primary deficit. Value of fiscal deficit:</p> <ol style="list-style-type: none"> <li>20,000</li> <li>15,000</li> <li>25,000</li> <li>17,000</li> </ol>										

52.	<p>Difference between fiscal deficit and Interest payment is called:</p> <ul style="list-style-type: none"> <li>a) Revenue deficit</li> <li>b) Borrowings</li> <li>c) Primary deficit</li> <li>d) Official reserves</li> </ul>
53.	<p>Revenue expenditure &gt; Revenue Receipt.</p> <ul style="list-style-type: none"> <li>a) Situation of Revenue deficit</li> <li>b) Situation of Borrowings</li> <li>c) Debt trap</li> <li>d) None of the above</li> </ul>
54.	<p>Budget Expenditure =</p> <ul style="list-style-type: none"> <li>(a) Plan Expenditure + Non plan expenditure</li> <li>(b) Revenue expenditure + Capital expenditure</li> <li>(c) Both (a) and (b)</li> <li>(d) Neither (a) nor (b)</li> </ul>
	<p style="text-align: center;"><b>Read the given excerpt and answer question 55-60:</b></p> <p>As Goods &amp; Services Tax completes four years of its implementation, the words of our former Finance Minister, Arun Jaitley, in the Parliament’s Central Hall on the midnight of 30 June 2017 still reverberates afresh in our ears “The goods and service tax may be a destination tax, but for India it will begin an altogether new journey...”. Indeed, for India, a completely new journey commenced on July 1, 2017 with goods and services tax, being touted as one of the biggest economic reforms of independent India, which set sail in the country after a decade of deliberations. The voyage of four years has been a roller-coaster ride for all stakeholders with equitable share of hits, misses and expectations. Besides removing the cascading effect of taxation, one of the biggest hits in the journey of GST has been the pursuit towards achieving an automated indirect tax ecosystem. From electronic compliances, generation of e-invoices to tracking movement of goods through e-waybill, everything is sought to be run online. E-invoicing system is not only aimed at weeding out the rampant menace of fake invoicing, but would also usher the taxpayers into a fully automated compliance regime wherein the computation of tax liabilities and matching of input tax credit would become very simple. This is no mean feat and not many countries in the world have attempted or been able to achieve the implementation of such a large scale and complex digital tax transformation project.</p>
55.	<p>Goods and Services Tax Act, 2016, which came into effect from July 2017, is expected to: (Choose the correct alternative)</p> <ul style="list-style-type: none"> <li>a. Generate additional revenue for the government.</li> <li>b. Reduce tax evasion.</li> <li>c. Create ‘one nation, one tax and one market’</li> <li>d. All of the above</li> </ul>
56.	<p>Which of the given taxes has been subsumed under the Goods and Services Tax (GST)?</p> <ul style="list-style-type: none"> <li>a. Luxury tax</li> <li>b. Taxes on advertisements</li> </ul>

	<p>c. Purchase tax</p> <p>d. All of the above.</p>
57.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> The Parliament passed a law. Goods and Services Tax Act 2016, to simplify and introduce a unified indirect tax system in India.</p> <p><b>Reason:</b> This is expected to generate additional revenue for the Government, reduce tax evasion and create ‘one nation, one tax and one market’.</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</p> <p>(b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</p> <p>(c) Assertion is true but Reason is false.</p> <p>(d) Assertion is false but Reason is true.</p>
58.	<p>Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p><b>Assertion:</b> GST is an indirect tax.</p> <p><b>Reason:</b> All Indirect taxes are imposed on the production and sale of goods and services alternatives:</p> <p>(a) Assertion and Reason both are correct statements and Reason is correct explanation for Assertion.</p> <p>(b) Assertion and Reason both are correct statements but Reason is not correct explanation for Assertion.</p> <p>(c) Assertion is true but Reason is false.</p> <p>(d) Assertion is false but Reason is true.</p>
59.	<p>Which among the following is not true about Goods and Services Tax?</p> <p>a. To simplify and introduce a unified direct tax system</p> <p>b. To generate additional revenue for the government</p> <p>c. Reduce tax evasion</p> <p>d. Create ‘one nation, one tax and one market’</p>
60.	<p>Which among the following is not the part of Goods and Service Tax?</p> <p>a. Excise tax</p> <p>b. Service tax</p> <p>c. Value added tax</p> <p>d. Corporate tax</p>