

CURRENT AFFAIRS



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ECONOMICS

Week 94

QUESTION 1

With reference to the crude oil, consider the following statements:

1. India is the world's largest consumer of crude oil.
2. It depends on imports to meet more than half of its requirements.
3. In 2024, Russian oil accounted for over 70% of India's total oil imports.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

QUESTION 2

Which of the following components is/are part of outward foreign direct investment (OFDI)?

1. Equity
2. Loans
3. Guarantee issued

Select the correct answer using the codes given below:

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

QUESTION 3

Labour Force Participation Rates (LFPR) is defined as:

- (a) the percentage of the population aged 15 years and above that is working or seeking/willing to work for a relatively long part of a particular year.
- (b) the percentage of people in the population who are employed.
- (c) a type of employment where people work on temporary, contract-based projects.
- (d) the activity a person spent the most time on during a specific period of time

QUESTION 4

With reference to the Free Trade Agreements (FTAs), consider the following statements:

1. These are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariffs.
2. FTAs generally cover trade in goods and do not cover trade in services.
3. Intellectual property rights (IPRs) are exempted from the FTAs.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

QUESTION 5

With reference to the GDP, consider the following pairs:

1. Private Final Consumption Expenditure (PFCE) Spending by people in their individual capacity
2. Government Final Consumption Expenditure (GFCE) Spending by governments to meet daily expenditures such as salaries
3. Gross Fixed Capital Formation (GFCF) Spending towards boosting the productive capacity of the economy

How many of the pairs given above are correctly marked?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

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Answers and Explanations

QUESTION 1

With reference to the crude oil, consider the following statements:

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2. It depends on imports to meet more than half of its requirements.
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How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

1.Explanation

- ✓ Outward foreign direct investment (OFDI) by local firms has increased by about 17% to \$37.68 billion in 2024, indicating that Indian corporations want to expand their global footprints.
- ✓ According to figures from the Reserve Bank of India (RBI), total overseas direct investment in 2023 was \$32.29 billion.
- ✓ OFDI consists of three components: equity, loans, and guarantees issued. Overseas FDI by local enterprises in the form of equity totalled \$12.69 billion last year, up 40% from \$9.08 billion in 2023.
- ✓ Under the loan category, Indian enterprises' OFDI totalled \$8.7 billion in 2024, up from \$4.76 billion the previous year. Domestic enterprises issued \$16.29 billion in guarantees in 2024, down from \$18.44 billion in 2023.
- ✓ Hotels, construction, manufacturing, agriculture, mining, and services are among the areas in which Indian corporations venture overseas. Singapore, the United States, the United

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- ✓ Kingdom, the United Arab Emirates, Saudi Arabia, Oman, and Malaysia are among the countries that have received entire financial commitments through ODI.
- ✓ Therefore, option (d) is the correct answer.

QUESTION 2

Which of the following components is/are part of outward foreign direct investment (OFDI)?

1. Equity
2. Loans
3. Guarantee issued

Select the correct answer using the codes given below:

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

2.Explanation

- ✓ The Indian economy grew at an average annual rate of 4.6% between 2019-20 and 2023-24, and 7.8% in the prior three fiscal years (April-March). For both periods, the farm sector has grown at an average rate of 4.2% and 3.6%. However, these macroeconomic growth rates are not reflected in rural wages.
- ✓ The Labour Bureau collects daily wage rate statistics for 25 agricultural and non-agricultural vocations from 600 sample villages across 20 states each month.
- ✓ Wage growth has been estimated in both nominal (current value) and real terms (after deducting annual inflation based on the rural India consumer price index), for all rural and agricultural jobs. The latter comprises processes such as ploughing/tilling, sowing, harvesting/threshing/winnowing, commercial crop picking, horticulture, animal husbandry, watering/irrigation, and plant protection.
- ✓ LFPR is the percentage of the population aged 15 years and above that is working or seeking/willing to work for a relatively long part of a particular year.

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- ✓ The all-India average female LFPR was only 24.5% in 2018-19. It rose to 30% in 2019-20, 32.5% in 2020-21, 32.8% in 2021-22, 37% in 2022-23 and 41.7% in the latest official Periodic Labour Force Survey for 2023-24 (July-June).
- ✓ Therefore, option (a) is the correct answer.

QUESTION 3

Labour Force Participation Rates (LFPR) is defined as:

- (a) the percentage of the population aged 15 years and above that is working or seeking/willing to work for a relatively long part of a particular year.
- (b) the percentage of people in the population who are employed.
- (c) a type of employment where people work on temporary, contract-based projects.
- (d) the activity a person spent the most time on during a specific period of time

3.Explanation

- ✓ The proposed India-Oman free trade agreement (FTA), which might enhance Indian exports to the West Asia area, is expected to be unveiled soon after lingering issues are resolved and a judicial review of the accord is underway.
- ✓ FTAs are agreements between two or more nations or trading blocs to decrease or remove customs tariffs and non-tariff barriers to considerable trade between them. Hence, statement 1 is correct.
- ✓ FTAs typically address trade in goods (such as agricultural or industrial items) or services (such as banking, building, and trading). Hence, statement 2 is not correct.
- ✓ FTAs can also address other issues such as intellectual property rights (IPRs), investment, government procurement, and competition policy. Hence, statement 3 is not correct.
- ✓ Therefore, option (a) is the correct answer.

QUESTION 4

With reference to the Free Trade Agreements (FTAs), consider the following statements:

1. These are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariffs.
2. FTAs generally cover trade in goods and do not cover trade in services.
3. Intellectual property rights (IPRs) are exempted from the FTAs.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

4.Explanation

- ✓ The GDP is essentially the monetary measure of all the goods and services produced within India's borders in a year. It provides the size of the Indian economy.
- ✓ The real GDP is calculated by subtracting the effect of inflation from the nominal GDP. A country's nominal GDP can rise due to increased production of goods and services or increased prices of existing products and services (read inflation). More often than not, both of these causes result in a rise in GDP.
- ✓ The real GDP measures the amount to which India produces more goods and services by subtracting the prices at which they are priced.
- ✓ GDP is calculated by totalling all money spent in the economy. To understand this, consider the four major categories into which all expenditure is divided; these may be viewed as the four engines of GDP development in the economy.
- ✓ 1. Spending by individuals: This is known as Private Final Consumption Expenditure (PFCE). It accounts for over 60% of India's GDP. Hence, statement 1 is correct.

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- ✓ 2. Government spending to cover daily expenses, such as salaries: This is the government's final consumption expenditure (GFCE). It is the smallest engine, accounting for approximately 10% of GDP. Hence, statement 2 is correct.
- ✓ 3. Spending to increase the economy's productive capacity (also known as investments in this context): this could include governments building roads, businesses establishing factories, or purchasing computers for their offices, among other things. This is known as Gross Fixed Capital Formation (GFCF), and it is the second-largest driver of growth, accounting for approximately 30% of GDP. Hence, statement 3 is correct.
- ✓ 4. Net exports or net spending as a result of Indians spending on imports and foreigners spending on Indian exports: Because India normally imports more than it exports, this engine reduces India's overall GDP and is shown by a minus sign.
- ✓ Therefore, option (c) is the correct answer.

QUESTION 5

With reference to the GDP, consider the following pairs:

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2. Government Final Consumption Expenditure (GFCE) Spending by governments to meet daily expenditures such as salaries
3. Gross Fixed Capital Formation (GFCF) Spending towards boosting the productive capacity of the economy

How many of the pairs given above are correctly marked?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

5.Explanation

- ✓ The World Intellectual Property Organisation (WIPO) has issued the World Intellectual Property Indicators (WIPI) 2024, which highlights global trends in intellectual property (IP) filings. Hence, statement 1 is not correct.
- ✓ India has secured a place in the global top ten for all three key intellectual property (IP) rights: patents, trademarks, and industrial designs. Hence, statement 2 is correct.
- ✓ In 2023, India experienced the largest growth in patent applications (+15.7%) among the top 20 origins, marking the fifth consecutive year of double-digit growth. Hence, statement 3 is correct.
- ✓ India ranks fourth in the world in terms of trademark filings, with a 6.1% growth expected in 2023. Hence, statement 4 is not correct.
- ✓ The research reveals sustained growth in global intellectual property (IP) registrations, indicating that innovation remains resilient in the face of economic crises. Key findings show a

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- ✓ record 3.55 million patent applications filed globally in 2023, up 2.7% from 2022, with significant contributions from Asia's major nations. Residents in China, the United States, Japan, South Korea, and India contributed significantly to this increase.
- ✓ Therefore, option (b) is the correct answer.