

# IASbaba's Daily Quiz

March 21, 2017

**Q.1) 'The Two State Solution' is concerned**

- a) Spain and Catalonia
- b) Israel and Palestine
- c) China and Taiwan
- d) South Africa and Lesotho

**Q.1) Solution (b)**

In News - <http://www.thehindu.com/opinion/op-ed/Israeli-Palestinian-conflict-Two-state-solution-is-dead/article17336093.ece>

**Q.2) Bolivar is the currency of**

- a) Venezuela
- b) Bolivia
- c) Suriname
- d) Paraguay

**Q.2) Solution (a)**

In News - <http://www.thehindu.com/news/international/Venezuela-demonetises-100-bolivar-banknotes/article16798085.ece>

**Q.3) 'Market Stabilization Scheme' (MSS) bonds is a tool to**

- a) Raise funds from overseas for supporting Make in India initiative
- b) Inject excess liquidity in the banking system
- c) Absorb the excess liquidity in the banking system
- d) Tool available to banks to reduce NPAs

**Q.3) Solution (c)**

Market Stabilisation Scheme or MSS is a tool used by the Reserve Bank of India to suck out excess liquidity from the market through issue of securities like Treasury Bills, Dated Securities etc. on behalf of the government. The money raised under MSS is kept in a

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separate account called MSS Account and not parked in the government account or utilised to fund its expenditures.

The Reserve Bank under Governor YV Reddy initiated the MSS scheme in 2004. To control the surge of US dollars in the Indian market, RBI started buying US dollars while pumping in rupee. This eventually led to over-supply of the domestic currency raising inflationary expectations. MSS was introduced to mop up this excess liquidity.

CRR is a percentage of total deposits the banks are required to set aside with the RBI. It is a sort of contingency fund and does not earn any interest. An increase in CRR means the funds available with banks for lending purposes will be that much lower, ultimately limiting the possibility of a lending rate cut by banks. MSS bonds, on the other hand, have a fixed tenure and earn returns.

For the current fiscal, the RBI had fixed the ceiling under MSS at Rs 30,000 crore. However, a higher amount will be required now to contain liquidity post demonetisation.

Apart from issuing MSS bonds and increasing CRR, the Reserve Bank can resort to tools like reverse repo, or interest yielding short term cash management bills that can help drain additional liquidity.

In News - <http://economictimes.indiatimes.com/markets/stocks/news/role-of-market-stabilisation-scheme-bonds/articleshow/55827251.cms>

## Q.4) Consider the following statements about 'Currency Chest'

1. They are branches of selected banks authorised by the RBI to stock rupee notes and coins
2. Co-operative banks are not authorised by RBI as 'Currency chests'

Which of the following statements is/are correct?

- a) Only 1
- b) Only 2
- c) Both 1 and 2
- d) Neither 1 nor 2

## Q.4) Solution (a)

Currency chests are branches of selected banks authorised by the RBI to stock rupee notes and coins. The responsibility for managing the currency in circulation is vested in the RBI.

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The central bank advises the Centre on the number of notes to be printed, the currency denominations, security features and so on. The number of notes that need to be printed is determined using a statistical model that takes the pace of economic growth, rate of inflation and the replacement rate of soiled notes. The Government has, however, reserved the right to determine the amount of coins that have to be minted.

The RBI offices in various cities receive the notes from note presses and coins from the mints. These are sent to the currency chests and small coin depots from where they are distributed to bank branches. The RBI has set up over 4,075 currency chests all over the country. Besides these, there are around 3,746 bank branches that act as small coin depots to stock small coins.

Of the 4,075 currency chests in the country, 2,722 or 67 per cent are held in branches of the State Bank of India and its associate banks. Other Nationalised banks hold 1,173 chests, taking the share of the PSU banks to 95 per cent. Private sector banks (160), Co-operative banks (3) and foreign banks (4), regional rural banks (5) do not have a large role to play in stocking currency on behalf of RBI.

In News - <http://www.thehindubusinessline.com/opinion/columns/all-you-wanted-to-know-about-currency-chest/article9370930.ece>

### Q.5) Consider the following statements about The National Physical Laboratory

1. It is the National Metrology Institute of India
2. It was one of the first National Laboratory to be set-up under the Council of Scientific and Industrial Research (CSIR)
3. It is headquartered in Bangalore

### Select the correct statements

- a) 1 and 2
- b) 2 and 3
- c) 1 and 3
- d) All of the above

### Q.5) Solution (a)

The National Physical Laboratory is the National Metrology Institute of India and a Premier Research Laboratory in the field of Physical Sciences. The National Physical Laboratory was conceptualized in 1943 by the Governing Body of Council of Scientific and Industrial

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Research (CSIR), with a view to pave way for using science and technology as a means for industrial growth and development, as well as to give fillip to the fledgling Indian industry. Pandit Jawaharlal Nehru, the then Prime Minister of India, laid the foundation stone for the laboratory on January 4, 1947 and it was one of the first National Laboratory to be set-up under the CSIR. On January 21, 1950, Sardar Vallabhbhai Patel, the then Deputy Prime Minister of India, inaugurated the NPL building. Over the years, the Laboratory has more than realized its primary mandate as the keeper of Measurement Standards for the nation while also substantially expanding its research activities to emerge as a leading national institution for research in a whole gamut of areas in the Physical Sciences. Headquarters – Delhi.

In News - <http://www.thehindu.com/news/national/Setting-computers-to-IST-is-just-a-matter-of-time/article14982521.ece>

