

Q.1) When CRR is increased by Reserve Bank of India, it will result into

- a) Centre will have less money to lend
- b) Commercial banks will have more money to lend
- c) Reserve Bank of India will have less money to lend
- d) Commercial banks will have less money to lend

Q.1) Solution (d)

Cash Reserve Ratio refers to the fraction of the total Net Demand and Time Liabilities (NDTL) of a Scheduled Commercial Bank held in India, that it has to maintain as cash deposit with the Reserve Bank of India (RBI). The requirement applies uniformly to all banks in the country irrespective of an individual bank's financial situation or size. In contrast, certain countries e.g. China stipulates separate reserve requirements for 'large' and 'small' banks.

As per the RBI Act 1934, all Scheduled Commercial Banks (that includes public and private sector banks, foreign banks, regional rural banks and co-operative banks) are required to maintain a cash balance on average with the RBI on a fortnightly basis to cater to the CRR requirement. Non-Bank Financial Corporations (NBFCs) are outside the purview of this reserve requirement. Act also authorizes RBI to stipulate an additional or incremental CRR, which, however, has not been put in place by RBI.

Presently, banks are not paid any interest on behalf of the RBI for parking the required cash. If a bank fails to meet its required reserve requirements, the RBI is empowered to impose a penalty by charging a penal interest rate.

When banks source deposits from us, their primary objective is to lend to earn a 'spread'. Left to themselves, banks may like to maximise their lending and keep their idle cash at a minimum so that profits are higher. But if much of the funds are lent out and there's a sudden rush to withdraw, banks will struggle to meet the repayments.

Q.2) Consider the following statements about Taiga Biome

1. It is also known as Boreal forest
2. In taiga, the vegetation is composed of dwarf shrubs, sedges and grasses, mosses, and lichens

Select the correct statements

- a) 1 Only
- b) 2 Only

November 1, 2017

- c) Both 1 and 2
- d) Neither 1 nor 2

Q.2) Solution (a)

It is also known as boreal forest or snow forest, is a biome characterized by coniferous forests consisting mostly of pines, spruces and larches.

The taiga is the world's largest biome apart from the oceans. In North America it covers most of inland Canada and Alaska as well as parts of the extreme northern continental United States.

Taiga is the world's largest land biome, making up 29% of the world's forest cover.

Q.3) Consider the following statements about Green Climate Fund (GCF)

1. It is a fund established within the framework of the UNFCCC to assist developing countries in adaptation and mitigation practices to counter climate change.
2. It was established during the Cancun Summit

Select the correct statements

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

Q.3) Solution (c)

The Copenhagen Accord established during the 2009 United Nations Climate Change Conference (COP-15) in Copenhagen mentioned the "Copenhagen Green Climate Fund". The fund was formally established during the 2010 United Nations Climate Change Conference in Cancun as a fund within the UNFCCC framework. Its governing instrument was adopted at the 2011 United Nations Climate Change Conference (COP 17) in Durban, South Africa.

The Green Climate Fund (GCF) is a fund established within the framework of the UNFCCC to assist developing countries in adaptation and mitigation practices to counter climate change. The GCF is based in the new Songdo district of Incheon, South Korea. It is governed by a Board of 24 members and initially supported by a Secretariat.

The objective of the Green Climate Fund is to "support projects, programmes, policies and other activities in developing country Parties using thematic funding windows".

Q.4) What principle/law explains working of the hydraulic brakes in automobiles?

- a) Law of conservation of momentum
- b) Law of conservation of energy
- c) Pascal's law
- d) Bernoulli's principle

Q.4) Solution (c)

A hydraulic brake is an arrangement of braking mechanism which uses brake fluid, typically containing glycol ethers or diethylene glycol, to transfer pressure from the controlling mechanism to the braking mechanism.

Pascal's Law is a principle in fluid mechanics that states that a pressure change occurring anywhere in a confined incompressible fluid is transmitted throughout the fluid such that the same change occurs everywhere.

Q.5) Consider the following statements about Economic and Social Council (ECOSOC)

1. The UN Charter established ECOSOC in 1945 as one of the six main organs of the United Nations.
2. The Council has 54 member states, which are elected by the United Nations General Assembly for overlapping three-year terms.

Select the correct statements

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

Q.5) Solution (c)

The United Nations Economic and Social Council (ECOSOC) is one of the six principal organs of the United Nations, responsible for coordinating the economic, social, and related work

IASbaba's Daily Quiz

November 1, 2017

of 15 UN specialised agencies, their functional commissions and five regional commissions. The ECOSOC has 54 members.

ECOSOC serves as the central forum for discussing international economic and social issues and formulating policy recommendations addressed to member states and the United Nations system. A number of non-governmental organisations have been granted consultative status to the Council to participate in the work of the United Nations.

The Council has 54 member states out of the 193 UN member states, which are elected by the United Nations General Assembly for overlapping three-year terms. Seats on the Council are based on geographical representation with 18 allocated to African states, 13 to Asian states, 8 to East European states, 13 to Latin American and Caribbean states and 13 to West European and other states.

