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**Q.1) Consider the following statements about International Fund for Agricultural Development (IFAD)**

1. It is aimed at eradicating poverty and hunger in rural areas of developing countries.
2. It is one of the United Nations specialised agencies
3. It is headquartered in Washington DC, USA

**Select the correct statements**

- a) 1 Only
- b) 1 and 2
- c) 1, 2 and 3
- d) 2 and 3

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

IFAD is an international financial institution and a specialised agency of the United Nations dedicated to eradicating poverty and hunger in rural areas of developing countries. It was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference. It is headquartered in Rome, Italy.

**Q.2) Consider the following statements about 'Compact2025'**

1. Being a member of Compact2025 signals engagement and buy-in for stakeholders across multiple sectors to work together to end hunger and undernutrition by 2025.
2. It is initiated and facilitated by World Bank

**Select the correct statements**

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

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

Eliminating hunger and undernutrition is key to ending extreme poverty. Doing so paves the way for achieving multiple Sustainable Development Goals (SDGs).

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Compact2025 is an initiative for ending hunger and undernutrition by 2025. It brings stakeholders together to set priorities, innovate and learn, fine-tune actions, build on successes, and share lessons to accelerate progress.

Being a member of Compact2025 signals engagement and buy-in for stakeholders across multiple sectors to work together at the country level to end hunger and undernutrition by 2025.

It is initiated and facilitated by International Food Policy Research Institute.

Read More - <https://www.ifpri.org/sites/default/files/compact2025faq.pdf>

**Q.3) 'Mihir Shah Committee' is associated with which of the following?**

- a) Water Reforms
- b) Education Reforms
- c) Tax Reforms
- d) Labour Reforms

**Q.3) Solution (a)**

**Committee on Restructuring the Central Water Commission and the Central Ground Water Board**

- It calls for a user-centric approach to water management, especially in agriculture
- It advocates decentralisation of irrigation commands, offering higher financial flows to well-performing States through a National Irrigation Management Fund

Source: <http://www.thehindu.com/opinion/editorial/parched-or-polluted/article24187567.ece>

**Q.4) Broad Money (M3) includes which of the following?**

1. Savings Deposit with Post Office
2. Time Deposits with Banks
3. Other deposits with RBI

**Select the correct code:**

- a) 1 and 2
- b) 2 and 3

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- c) 1 and 3
- d) All of the above

### Q.4) Solution (b)

$M3 = M1 + \text{Time deposits with commercial banks (Fixed deposits, Recurring deposits)}$ .

$M1 = \text{Currency with Public} + \text{Demand Deposits with banking System} + \text{Other deposits with RBI}$

Source:

<https://www.livemint.com/Opinion/PGRi4ySZO2HOWkARKq8GeM/Demonetisation-failed-to-make-India-a-less-cash-society.html>

### Q.5) Which of the following statements about Capital Adequacy Ratio is correct?

- a) It is expressed as a percentage of a bank's risk weighted credit exposures
- b) It is the ratio of liquid assets to net demand and time liabilities (NDTL)
- c) It is the minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves either in cash or as deposits with the central bank
- d) It is the rate of interest charged by the RBI for providing funds or loans to the banking system

### Q.5) Solution (a)

#### Capital Adequacy Ratio (CAR)

- It is the ratio of a bank's capital in relation to its risk weighted assets and current liabilities. It is decided by central banks and bank regulators to prevent commercial banks from taking excess leverage and becoming insolvent in the process.
- It is measured as -  $\text{Capital Adequacy Ratio} = \frac{\text{Tier I} + \text{Tier II} + \text{Tier III (Capital funds)}}{\text{Risk weighted assets}}$
- The risk weighted assets take into account credit risk, market risk and operational risk.
- The Basel III norms stipulated a capital to risk weighted assets of 8%.
- Banks are mandated to maintain minimum 9% capital adequacy ratio (CAR) plus a capital conservation buffer of 2.5%.