

Q.1) Which of the following is observed during Counter cyclical Fiscal policy:

1. Reduced spending during boom period
2. Reduced taxes during boom period
3. Increase taxes during recession
4. Increase spending during recession

Select the code from following:

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 4 only
- d) 2 and 4 only

Q.1) Solution (c)

Explanation:

Procyclical fiscal policy implies - governments choosing to increase government spending and reduce taxes during an economic boom, but reduce spending and increase taxes during a recession.

Countercyclical fiscal policy implies - reducing spending and raising taxes during a boom period, and increasing spending and cutting taxes during a recession. (opposite of procyclical)

Q.2) The receipts and expenditures to the Government of India are divided into Revenue and Capital. Which of the following receipts to the government of India come under the Revenue Receipts?

1. Loan Recovery by the Government
2. Profits and dividends from Public Sector Undertakings (PSUs)
3. Small savings Schemes
4. Interests received by the government out of the loans forwarded by it
5. Grants received by government
6. Borrowings by the government.

Select the code from following:

- a) 1, 5 and 6 only
- b) 2, 3 and 6 only
- c) 1, 4 and 6 only
- d) 2, 4 and 5 only

Q.2) Solution (d)

Budget of the Government is divided into Revenue and Capital: Receipts and Expenditure.

Revenue:

Every form of money generation in the nature of income, earnings are revenue for a firm or a government which do not increase financial liabilities of the government, i.e., the tax incomes, non-tax incomes along with foreign grants.

Revenue Receipts:

Revenue receipts of a government are of two kinds—Tax Revenue Receipts and Non-tax Revenue Receipts

Tax Revenue Receipts: This includes all money earned by the government via the different taxes the government collects, i.e., all direct and indirect tax collections.

Non-tax Revenue Receipts

This includes all money earned by the government from sources other than taxes. In India they are:

- (i) Profits and dividends which the government gets from its public sector undertakings (PSUs).
- (ii) Interests received by the government out of all loans forwarded by it, be it inside the country (i.e., internal lending) or outside the country (i.e., external lending). It means this income might be in both domestic and foreign currencies.
- (iii) Fiscal services also generate incomes for the government, i.e., currency printing, stamp printing, coinage and medals minting, etc.
- (iv) General Services also earn money for the government as the power distribution, irrigation, banking, insurance, community services, etc.
- (v) Fees, Penalties and Fines received by the government.
- (vi) Grants which the governments receives—it is always external in the case of the Central Government and internal in the case of state governments

Capital Receipts:

All non-revenue receipts of a government are known as capital receipts. Such receipts are for investment purposes and supposed to be spent on plan-development by a government.

Loan Recovery – lent to states, PSUs, etc

Borrowings by the government both internal and external borrowings: From banks, RBI, World bank, IMF, etc.

Other receipts like Provident Funds. Postal deposits, Small savings schemes, etc.

Q.3) Given the fiscal deficit, how is the Primary deficit calculated?

- a) Fiscal deficit – loan taken from RBI
- b) Fiscal deficit – interest liabilities on previous borrowings
- c) Fiscal deficit – loan extended to states
- d) Fiscal deficit – grants for creation of capital assets.

Q.3) Solution (b)

Primary deficit = Fiscal deficit – Interest liabilities on previous borrowings.

Option A: is Monetized deficit is the part of the Fiscal deficit which was provided by RBI.

Q.4) Recently, NK Singh committee submitted its recommendations on revision of FRBM Act 2003. Which of these was not one of them?

- a) Combined debt to GDP ratio of Centre and States to be 40% by 2023
- b) Fiscal deficit to be reduced from current 3.5% to 2.5% by 2023
- c) Reduce revenue deficit by 0.25% each year to reach 0.8% by 2023
- d) All the above options are correct.

Q.4) Solution (a)

NK Singh committee recommended: Combined debt to GDP ratio of Centre and States to be 60% (40% for Centre and 20% for States) by 2023. Other two options are correct.

Q.5) External Debt in India comprise which of the following components?

- 1. NRI Deposits
- 2. Commercial borrowings
- 3. Long term external borrowings
- 4. Bilateral and Multilateral loans
- 5. Trade credit

Select the code from following:

- a) 2, 3, 4 and 5 only

- b) 1, 3, 4 and 5 only
- c) 1, 2, 3 and 4 only
- d) All of the above

Q.5) Solution (d)

All the above come under External Debt. Both Government and Commercial borrowings along with NRI deposits come under External Debt.

Q.6) Which of the following is the correct definition of Pump priming?

- a) It is the action taken to stimulate an economy, usually during a recessionary period, through government spending and interest rate and tax reductions
- b) It is defined as a situation where governmental deficits' spur investment. In this, government spending actually increases a demand for goods.
- c) It is situation where the net effect of taxation and public spending is neutral: neither stimulating nor dampening.
- d) It is situation where inflation pushes income into higher tax brackets.

Q.6) Solution (a)

Option A: Pump priming - It is the action taken to stimulate an economy, usually during a recessionary period, through government spending and interest rate and tax reductions

Option B: Crowding in: It is defined as a situation where governmental deficits' spur investment. In this, government spending actually increases a demand for goods.

Option C: Fiscal Neutrality: It is situation where the net effect of taxation and public spending is neutral: neither stimulating nor dampening.

Option D: Fiscal Drag: It is situation where inflation pushes income into higher tax brackets.

Q.7) Fifteenth Finance Commission has been constituted by the President recently. Which of the following is not a term of reference of the Commission?

- a) To examine whether revenue deficit grants be provided at all
- b) Promoting ease of doing business
- c) To propose measurable performance-based incentives to States
- d) All the above are terms of reference

Q.7) Solution (d)

Terms of Reference of Fifteenth Finance Commission:

To examine whether revenue deficit grants be provided at all

To consider the impact of [the] fiscal situation of the Union government of substantially enhanced devolution by the Fourteenth Finance Commission, coupled with continuing imperative of the national development programme including New India 2022.

To look at the conditions that may be imposed by the Central government while providing consent to States when they borrow under Article 293(3).

To propose measurable performance-based incentives to States in respect of a number of areas such as the implementation of flagship schemes, progress towards replacement rate of population growth, a control or lack of it in incurring expenditure on populist measures

Promoting ease of doing business

Q.8) Twin deficit which is often talked about with reference to Indian Economic situation, combines which two deficits?

- a) Fiscal deficit and Primary deficit
- b) Fiscal deficit and Revenue deficit
- c) Fiscal deficit and Current Account Deficit
- d) Fiscal deficit and Monetary Deficit.

Q.8) Solution (c)

Twin deficit includes: Fiscal deficit and Current Account Deficit

Q.9) Small savings schemes receipts by the Government of India are credited into which of the following?

- a) National Small Savings Fund (NSSF) of Consolidated of India
- b) National Small Savings Fund (NSSF) of Public Account of India
- c) National Small Savings Fund (NSSF) of Contingency Fund of India
- d) They are credit into a separate Escrow account.

Q.9) Solution (b)

Money goes into National Small Savings Fund (NSSF) of Public Account of India and is invested in Central and State Government Securities. It is administered by Government of India, Ministry of Finance.

Q.10) With reference to rural credit in India, consider the following statements:

1. The share of non-institutional credit is greater than the share of institutional credit for farmers in India.
2. Among the institutional credit agencies, NABARD is the biggest contributor of direct loan to farmers.
3. Ratio of agricultural credit to agricultural GDP has increased in the last decade.

Which of the statements given above is/are correct?

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

Q.10) Solution (c)

Statement 1 is not correct. It was during the first decade after independence (1951-52) that money lenders and others had more than 90 % share in rural credit. Currently their relative share has come down to almost 40 %. To a large extent, they have been replaced by institutional agencies.

Statement 2 is not correct. NABARD does not extend any direct loan to farmers. It extends loans to cooperatives and commercial banks who offer loans to farmers and others in rural areas.

Q.11) Which of the following is not a correct eligibility criterion for Pradhan Mantri Shram - Yogi Maandhan Yojana (PM-SYM)?

- a) The unorganised sector workers, with income of less than Rs 15,000 per month
- b) Unorganised workers who belong to the entry age of 18-35 years
- c) He or she should not be an income tax payer.
- d) Workers should not be covered under New Pension Scheme (NPS), Employees' State Insurance Corporation (ESIC) scheme or Employees' Provident Fund Organisation (EPFO).

Q.11 Solution (b)

Entry age should be between 18 to 40 years

Q.12) Consider the following statements related to SEZ

1. It is a duty free enclave to be treated as foreign territory for the purpose of trade operations and duties and tariffs.
2. The corporation in SEZs will not have to pay any income tax on their profits for the first five years and only 50% of the tax for 2 more years thereafter.
3. Exemption from Minimum Alternate Tax.

Which of the above statements is/are correct?

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

Q.12) Solution (d)

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment include:-

Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units

100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.

Exemption from Minimum Alternate Tax (MAT)

Exemption from Central Sales Tax, Exemption from Service Tax and Exemption from State sales tax. These have now subsumed into GST and supplies to SEZs are zero rated under IGST Act, 2017.

Other levies as imposed by the respective State Governments.

Single window clearance for Central and State level approvals.

Q.13) Project Sashakt is related to?

- a) Education
- b) Health
- c) Budget management
- d) Banking

Q.13) Solution (d)

A comprehensive plan – Project Sashakt was announced by the government for the resolution of stressed assets in banking sector.

Q.14) With reference to “Pradhan Mantri Annadata Aay SanraksHan Abhiyan’ (PM-AASHA), consider the following statements:

1. It is aimed at ensuring remunerative prices to the farmers for their produce.
2. Price Deficiency Payment Scheme is one of its components
3. It is implemented by the Ministry of Agriculture & Farmers Welfare.

Which of the given statements is/are correct?

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

Q.14) Solution (b)

All the given statements about PM-AASHA are correct.

Q.15) Consider the following statements with reference to Zero Budget Natural Farming (ZBNF):

1. It practises no-till, no chemical use in farming combined with natural insect management methods.
2. ZBNF is better than Organic Farming
3. Maharashtra became the first state to implement the ZBNF policy.

Which of the given statements are correct?

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

Q15) Solution (b)

- Zero Budget Natural farming (ZBNF) is said to be “do nothing farming”.
- It involves the application of nature’s principles in farming.
- It practises no-till, no chemical use in farming.
- Alongside, dispersal of clay seed balls to propagate plants is done.

The key aspects integral to it and which require locally available materials are:

- I. seeds treated with cow dung and urine
- II. soil rejuvenated with cow dung, cow urine and other local materials to increase microbes
- III. cover crops, straw and other organic matter to retain soil moisture and build humus
- IV. soil aeration for favourable soil conditions

These methods are combined with natural insect management methods when required.

ZBNF is better than Organic Farming:

- Organic agriculture often involves addition of materials required in bulk and have to be purchased.
- These are large amounts of manure, vermicompost and other materials.
- These turn out to be expensive for most small farm holders.

Andhra Pradesh became the first state to implement the ZBNF policy. Hence Statement 3 is wrong.

Q.16) With reference to Goods and Services Tax Network, consider the following statements:

1. It is a not-for-profit company governed under section 8 of the companies Act.
2. Currently the centre holds 24.5% equity and the States (including UTs Delhi and Pondicherry) hold 24.5% equity in GSTN.
3. 51% equity is with non Government financial institutions.

Which of the given statements is/are correct?

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

- c) 1 only
- d) 1 and 3 only

Q.16 Solution (a)

Goods and Services Tax Network (GSTN) is a Section 8 (under new companies Act, not for profit companies are governed under section 8), non-Government, private limited company. It was incorporated on March 28, 2013. The Government of India holds 24.5% equity in GSTN and all States of the Indian Union, including NCT of Delhi and Puducherry, and the Empowered Committee of State Finance Ministers (EC), together hold another 24.5%. Balance 51% equity is with non-Government financial institutions. The Company has been set up primarily to provide IT infrastructure and services to the Central and State Governments, tax payers and other stakeholders for implementation of the Goods and Services Tax (GST). The Authorised Capital of the company is Rs. 10,00,00,000 (Rupees ten crore only).

NOTE: It has been decided recently that the entire 51% equity held by the Non-Government Institutions in GSTN will be acquired equally by the Centre and the State Governments. Hence the restructure GSTN will have 100% government ownership equally distributed between the Centre (50%) and the States (50%).

Q.17) The name "Tax heavens" often seen in news, what does it indicate?

- a) A country that offers for its citizens and businesses with little or no tax liability
- b) A country that offers foreign individuals and businesses little or no tax liability
- c) A country that offers high levels of secrecy and share limited or no financial information with foreign tax authorities
- d) All of the above

Q.17) Solution (b)

Explanation: A tax haven is a country that offers foreign individuals and businesses little or no tax liability in a politically and economically static environment. Tax havens also share limited or no financial information with foreign tax authorities but not necessarily.

Q.18) Which among the following is/are the instruments of secondary capital market?

1. Bonds
2. Initial Public Offering
3. Commercial Papers

Select the correct option from below

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

Q.18 Solution (b)

Initial Public offering is done in the primary market. The acquired shares in the Initial Public offering can be sold in the Secondary market.

Commercial papers are securities issued by companies—in particular, large enterprises—to raise resources for their financial needs. They are tradable on the money market, and their maturity is generally between 1 and 9 months.

Q.19) Consider the following statements with reference to Ways and Means Advances (WMA):

1. It was introduced by the RBI in 1997.
2. The WMA scheme was designed to meet temporary mismatches in the receipts and payments of the Central government.
3. Interest rate for WMA is currently charged at the repo rate
4. The limits for WMA are mutually decided by the RBI and the Government of India.

Which of the given statements are correct?

- a) 1,2 and 3 only
- b) 2 and 4 only
- c) 1,2 and 4 only
- d) 1,2, 3 and 4

Q.19) Solution (d)

All the given statements are correct.

The Reserve Bank of India (RBI) in consultation with the government of India has set the limits for Ways and Means Advances (WMA) for the first half of the financial year 2019-20 (April 2019 to September 2019) at Rs 75000 crore.

The Reserve Bank of India gives temporary loan facilities to the centre and state governments as a banker to government. This temporary loan facility is called Ways and Means Advances (WMA).

Q.20) With reference to the norms for the priority sector lending, consider the following statements:

1. Loans to the agricultural sector will be categorised as direct and indirect having separate targets.
2. Foreign banks with less than 20 branches will be exempted from priority sector lending.

Which of the statements given above is/are correct?

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

Q.20) Solution (d)

Statement 1 is wrong: The distinction between direct and indirect lending to agriculture has been removed enabling more funds to flow to farm infrastructure such as warehouses, irrigation projects, and even cold storage. Now even bank loans to food and agro processing units will form part of agriculture.

Statement 2 is wrong: The priority sector rulings also apply to foreign banks. However for the banks with less than 20 branches, total priority sector is 34% of Adjusted Net Bank Credit while it is 40% for other banks.

Q.21) External Debt in India comprises which of the following components?

1. NRI Deposits
2. Commercial borrowings
3. Long term external borrowings
4. Bilateral and Multilateral loans
5. Trade credit

Select the code from below:

- a) 2, 3, 4 and 5 only
- b) 1, 3, 4 and 5 only
- c) 1, 2, 3 and 4 only
- d) All of the above

Q.21) Solution (d)

All the above come under External Debt. Both Government and Commercial borrowings along with NRI deposits come under External Debt.

Q.22) Which of the following are prerequisites if Rupee has to become an international currency?

1. It should be liquid
2. It should be soft currency
3. There should sufficient scale in its issue.

Select the code from following:

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

Q.22) Solution (c)

A currency is said to be international currency when other countries banks and other financial institutions, citizens can hold it for financial security.

It has three prerequisites:

- Issuing country should have sufficient scale: There must be so much currency which should be available for international transactions.
- It should be hard currency: i.e its value should not be volatile.
- It should be liquid: Significant quantities of assets should be bought and sold without noticeably affecting its price.

Q.23) Which of the following components are included in the calculation of Current Account Deficit?

1. Exports of goods and services
2. Imports of goods and services
3. Net income abroad

4. Net current transfers.

Select the code from following:

- a) 1, 3 and 4 only
- b) 2, 3 and 4 only
- c) 1, 2 and 3 only
- d) All of the above.

Q.23) Solution (d)

Current account balance: Balance of trade (Exports of goods and services – Imports of goods and services) + Net income abroad (income going out – income coming in the form of portfolio investments, salaries) + Net current Transfers (Unilateral transfers like remittances with nothing received in return).

Both public and private payments are included in the calculation

Q.24) Which of the following is not an advantage of capital account convertibility in India?

- a) Indians will have a wide range of choice for investment and borrowing
- b) FDI and FII flows into India will increase
- c) Rupee is still not a hard currency, it can be subject to volatility
- d) Liquidity in the economy increases

Q.24) Solution (c)

Full Capital account convertibility can have the following advantages:

- Indians will have a wide range of choice for investment and borrowing
- FDI and FII flows into India will increase
- Hence liquidity increases in the market
- Creates competition for domestic players
- Macroeconomic discipline

Disadvantages:

- Adoption of fuller capital account convertibility can be destabilising as shown by the global financial crisis.

- Domestic retailers might be hurt creating unemployment
- Rupee is still not a hard currency (currency that is not likely to depreciate suddenly or to fluctuate greatly in value), hence is subject to volatility.

Q.25) Arvind Mayaram Committee constituted by the Government of India is related to:

- a) Capital account convertibility
- b) FDI liberalisation
- c) Inflation Targeting
- d) Fiscal Responsibility and Budget Management.

Q.25) Solution (b)

Arvind Mayaram committee is related to FDI liberalisation. Constituted in 2013, it recommended to increase the FDI limits in 12 sectors.

Capital account convertibility - Tarapore committee

Inflation Targeting – Urijit Patel committee

Fiscal Responsibility and Budget Management (FRBM) review – N K Singh committee

Q.26) In external sector, capital account includes which of the following?

1. Remittances
2. Indians opening bank accounts in Foreign countries
3. Exports and Imports
4. Payments due as interests on loans
5. Holding assets abroad
6. Investing abroad by Indians

Select the code from following:

- a) 2, 4, 5 and 6 only
- b) 1, 3, 5 and 6 only
- c) 2, 5 and 6 only
- d) 2, 4, 5 and 6 only

Q.26) Solution (c)

Current account includes: Exports, imports, payments due as interests on loans, remittances, travel, education, etc.

Capital account includes: Indians opening bank accounts in foreign countries, holding assets abroad and investments by Indians abroad.

Q.27) In the calculation of Balance of Payments, what does invisibles imply?

1. Services
2. Remittances
3. Income earned from ownership of overseas assets by Indian companies.

Select the code from following:

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

Q.27) Solution (d)

Invisibles in international trade is synonym to services which can be divided into three parts

- Services
- Income earned (profits, dividends, interests) from ownership of overseas assets by Indian companies
- Transfers (remittances from Indians working abroad)

Q.28) With reference to Capital markets in India, which one of the following statements is NOT correct?

- a) Convertible debentures can be converted into equity at a future date
- b) Gilts are bonds issued by the Government of India for raising money
- c) Blue chip companies are profit making companies

d) With depositories, the paper work and transaction cost are reduced.

Q.28) Solution (b)

Statement B is wrong as Gilt edged securities are issued by Central Bank (RBI) on behalf of the Government of India for raising money.

Q.29) Which of the following organisations of India works to curb money laundering and terror financing?

1. Financial Intelligence Unit
2. Financial Action Task Force
3. Enforcement Directorate
4. Directorate of Revenue Intelligence

Select the code from following:

- a) 1, 2 and 3 only
- b) 2, 3 and 4 only
- c) 1, 2 and 4 only
- d) 1, 3 and 4 only

Q.29) Solution (d)

Financial Action Task force (FATF) is not based in India. Its an international organisation headquartered in Paris, of which India is a member

Q.30) Spot the differences between depreciation and devaluation and choose the correct statement:

1. Depreciation occurs in pegged exchange rate system while devaluation occurs in a floating exchange rate system.
2. Depreciation favours exports while devaluation doesn't.

Select the code from following:

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

Q.30) Solution (d)

Devaluation occurs in pegged exchange rate system while Depreciation occurs in a floating exchange rate system.

Both Depreciation and devaluation favour exports as the value of domestic currency is lowered against foreign currency and exports become competitive

Q.31) Which of the following is not correct regarding Commercial Paper in India?

- a) These are issued by Corporate houses
- b) All companies can issue Commercial papers.
- c) Companies need to obtain credit rating from agencies approved by RBI.
- d) All the above are correct.

Q.31) Solution (b)

All companies cannot issue Commercial papers. Only listed company with a working capital of not less than Rs. 4 crore can issue Commercial papers.

Q.32) Consider the following statements:

1. Through Indian Depository Receipts, investors abroad can invest in Indian companies.
2. Participatory notes are derivative instruments issued in foreign jurisdictions by Foreign Institutional Investors. (FIIs)

Which of the above statements is correct?

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

Q.32) Solution (b)

Statement A is wrong as Through Indian Depository Receipts,

Investors in India to invest in listed foreign companies, including multinational companies, in Indian rupees.

Statement B is correct as Participatory Notes (PNs) are issued by SEBI registered FII in foreign jurisdictions against Indian securities.

Q.33) Which of the following doesn't come under Quantitative tools of monetary policy?

- a) Repo rate
- b) reverse repo rate
- c) open market operations
- d) Consumer credit regulation

Q.33) Solution (d)

Explanation: In monetary policy Quantitative tools are Repo, Reverse repo, Open market operations and Reserve ratios. Qualitative tools are Margin requirements, Moral suasion, Consumer credit regulation, Selective credit control.

Q.34) The term NPAs sometimes often in the news used in the context of

- a) Banking
- b) Real Estate
- c) Logistics
- d) IT industry

Q.34) Solution (a)

Explanation: An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. A period of more than 90 days, the interest or instalment amount is overdue then that loan account can be termed as a Non-Performing Asset.

Q.35) "Liberalised remittance scheme" seen in news sometimes refers to which of the following

- a) It is a scheme introduced by the government for the welfare of the overseas workers
- b) It is a scheme introduced by the government to attract External commercial borrowings

- c) The scheme to allow all resident individuals can freely remit \$250,000 overseas every financial year for a permissible set of current or capital account transactions.
- d) None of the above

Q.35) Solution (c)

Explanation: Under the Foreign Exchange Management Act, 1999 (FEMA), which came into force with effect from June 1, 2000, all transactions involving foreign exchange have been classified either as capital or current account transactions. Under the Liberalised Remittance Scheme, all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both

Q.36) What does “Trade deficit” indicates?

- a) It indicates there are more imports than exports
- b) It indicates the country's needs are increasing
- c) It can indicate that country's consumers are wealthy enough to purchase more goods than the country produces
- d) All of the above

Q.36) Solution (d)

Explanation: A trade deficit is an economic measure of international trade in which a country's imports exceeds its exports. A trade deficit typically occurs when a country does not produce enough goods for its residents. A country's consumers are wealthy enough to purchase more goods than the country produces.

Q.37) Which of the following body releases Financial stability report in India ?

- a) Securities Exchange Board of India
- b) Reserve Bank of India
- c) Office of the Economic advisor
- d) None of the above

Q.37) Solution (b)

Explanation: RBI releases Financial stability report in India for every 6 months.

Q.38) Consider the following statements regarding NABARD

1. It is wholly owned by the RBI
2. e - Shakti is an initiative of NABARD for digitisation of Self-Help Groups (SHGs).
3. It supervises Cooperative Banks and Regional Rural Banks (RRBs)

Which of the above given statements are not correct?

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

Q.38) Solution (a)

Explanation: NABARD is fully owned by the Government of India. e-Shakti is a pilot project of National Bank for Agriculture and Rural Development (NABARD) for digitisation of Self Help Groups (SHGs). It provides refinance support to building rural infrastructure; prepares district level credit plans to guiding and motivating the banking industry in achieving these targets; supervises Cooperative Banks and Regional Rural Banks (RRBs).

Q.39) Consider the following statements

1. National Housing Bank (NHB) is fully owned subsidiary of Government of India.
2. NHB releases RESIDEX for every 6 months

Which of the above given are correct?

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

Q.39) Solution (d)

Explanation: NHB is the fully owned subsidiary of RBI and it release RESIDEX for every 3 months which covers 50 cities across India.

Q.40) which of the following statement best describes "Helicopter money"?

- a) An unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply.
- b) A conventional tool of monetary policy that involves decreasing of interest rates to stimulate economy
- c) A rare tool of fiscal policy of the government to increase the money supply in the market
- d) An unconventional tool of monetary policy that involves printing large sums of money and distributing it to the public in order to stimulate the economy.

Q.40) Solution (d)

Explanation: A helicopter drop, or helicopter money, is a hypothetical, unconventional tool of monetary policy that involves printing large sums of money and distributing it to the public in order to stimulate the economy. Helicopter drop is largely a metaphor for unconventional measures to jumpstart the economy during deflationary periods.

