

Q.1) Consider the following statements with reference to District Mineral Foundations (DMF):

1. DMFs were instituted under the Mines and Minerals (Development and Regulation) (MMDR) Amendment Act 2015
2. They are instituted as non – profit trusts to work for the interest and benefit of persons and areas affected by mining-related operations.
3. Its manner of operation comes under the jurisdiction of the relevant State Government.

Which of the given statements is/are correct?

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

Q.1) Solution (d)

About DMFs:

DMFs were instituted under the Mines and Minerals (Development and Regulation) (MMDR) Amendment Act 2015 as non-profit trusts to work for the interest and benefit of persons and areas affected by mining-related operations.

The objective of District Mineral Foundation is to work for the interest of the benefit of the persons and areas affected mining related operations in such manner as may be prescribed by the State Government.

Jurisdiction: Its manner of operation comes under the jurisdiction of the relevant State Government.

Q.2) RBI planned a regulatory sandbox recently. Consider the following statements with reference to it:

1. It will help fintech companies launch innovative products at a lower cost and in less time.
2. It will help companies to experiment with fintech solutions, where the consequences of failure can be contained and reasons for failure analysed.

Which of the given statements is/are correct?

- a) 1 only
- b) 2 only

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

Q.2) Solution (c)

Significance and benefits of a regulatory sandbox:

- 1) The “regulatory sandbox” will help fintech companies launch innovative products at a lower cost and in less time.
- 2) The sandbox will enable fintech companies to conduct live or virtual testing of their new products and services.
- 3) These companies will also be able to test the viability of the product without a wider and expensive rollout.
- 4) It will help companies to experiment with fintech solutions, where the consequences of failure can be contained and reasons for failure analysed.

Q.3) Consider the following statements with reference to Quality Assurance Scheme for Basic Composite Medical Laboratories:

1. It is a voluntary scheme by National Accreditation Board for Testing and Calibration Laboratories (NABL).
2. NABL comes under Ministry of chemicals and fertilizers

Which of the given statements is/are correct?

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

Q.3) Solution (a)

NABL is a constituent board of Quality Council of India (QCI) under the Ministry of Commerce and Industry.

Q.4) Consider the following statements with reference to Domestic Systemically Important Banks (D-SIB):

1. Their assets increase 2% of GDP.

2. D-SIBs consist of only public sector banks

Which of the given statements is/are not correct?

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

Q.4) Solution (b)

D-SIBs can be both public and private sector banks.

SBI, ICICI and HDFC are Systemically Important Banks classified by RBI currently.

Q.5) With reference to the Finance Commission of India, which of the following statements is correct?

- a) It encourages the inflow of foreign capital for infrastructure development
- b) It facilitates the proper distribution of finances among the Public Sector Undertakings
- c) It ensures transparency in financial administration
- d) None of the statements (a), (b) and (c) given above is correct in this context

Q.5) Solution (d)

None of the given statements is correct.

Q.6) 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 FIIs 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.6) 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 FIIs 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.7) Future of Work initiative is started by?

- a) World Bank
- b) World Economic Forum
- c) International Labour Organisation
- d) United Nations Development Programme

Q.7) Solution (c)

Future of Work Initiative

It was launched by ILO in 2015 in order to understand and to respond effectively to the new challenges posed by the changes that the world of work is undergoing.

Q.8) TK Vishwanathan Committee recently in news is related to?

- a) Insider Trading
- b) Corporate Governance
- c) Pradhan Mantri Fasal Bima Yojana
- d) Selling of Oil fields to Private Companies

Q.8) Solution (a)

Insider Trading - TK Vishwanathan Committee

Corporate Governance - Uday Kotak Committee

Selling of ONGC Oil and Gas fields to private and foreign companies – Rajiv Kumar committee

Q.9) Consider the following statements with respect to E-way bill:

1. It is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding Rs. 1,00,000 from one state to another.
2. Validity of the e-way bill or consolidated e-way bill depends upon the distance the goods have to be transported.

Which of the given statements is/are correct?

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

Q.9) Solution (b)

E- way bill:

It is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding Rs. 50,000 from one state to another. Hence Statement 1 is wrong.

It will eliminate the need for separate transit pass in each state for movement of goods, thus, enabling hassle-free movement.

Validity of the e-way bill or consolidated e-way bill depends upon the distance the goods have to be transported.

Q.10) E-Drishti is a software associated with which of the following Ministries?

- a) Ministry of Human Resource Development
- b) Ministry of Railways
- c) Ministry of Housing and Urban Poverty Alleviation
- d) Ministry of Environment, Forests and Climate Change

Q.10) Solution (b)

E-Drishti:

This software includes an interface which provides summary information on punctuality of trains for the previous day.

There is also an interface which provides information on current train running on the Indian Railway network.

There are interfaces providing details of freight earning, freight loading and passenger earnings for the previous day & month and cumulative for the year, in comparison to the corresponding period of the previous year.

Q.11) PCS 1x platform is associated with which of the following sectors?

- a) Tax payments
- b) Stock markets
- c) Biodiversity
- d) Shipping

Q.11) Solution (d)

Indian Ports Association (IPA), under the guidance of Ministry of Shipping launched the Port Community System 'PCS1x to Increase Ease of Doing Business.

PCS 1x' is a cloud based new generation technology, with user-friendly interface. This system seamlessly integrates 8 new stakeholders besides the 19 existing stakeholders from the maritime trade on a single platform.

Q.12) 'FIEOGloballinker' is a digital platform associated with

- a) MSME Industries
- b) Startups
- c) The international legal fraternity
- d) Stock Exchange

Q.12) Solution (a)

Ministry of Commerce and Industry has launched FIEO Globallinker, a digital platform for MSME exporters to digitise their businesses and join global community of growing businesses. It has been developed by Federation of Indian Export Organisations (FIEO).

Q.13) BRICS 'PartNIR' will be a partnership that will focus on

- a) Maximising the opportunities arising from the fourth industrial revolution.

- b) Democratisation of the United Nations.
- c) Building a new world order that accords equal value to every nation – whether belonging to the global south or the north.
- d) Institutionalisation of the BRICS-Plus mechanism.

Q.13) Solution (a)

PartNIR aims at deepening BRICS cooperation in digitalisation, industrialisation, innovation, inclusiveness and investment, to maximise the opportunities and address the challenges arising from the 4th Industrial Revolution.

Q.14) Which of the following was/were features of the Mahalanobis growth model?

- 1. Emphasis on Self-Reliance
- 2. Indicative planning
- 3. Emphasis on heavy goods industries

Select the correct option from below

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

Q.14) Solution (b)

The Mahalanobis Growth Model had to components;

(i) more emphasis on industrialization and

(ii) emphasis on heavy goods industries which was believed to help us attain self-sustained/self-reliant growth and also leading to a consequent trickledown effect.

Indicative Planning (8th Five Year Plan) was not a part of Mahalanobis Growth Model.

Q.15) Which of the following is/are characteristics of a capitalist system of economy?

- 1. Income equality
- 2. Production for profit
- 3. Minimal government intervention

Select the correct answer from below

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

Q.15) Solution (b)

Statement 1 is wrong: Capitalist economy creates income inequalities not equalities

Q.16) Which of the following are the consequences of the policy of protectionism?

- 1. More choice for domestic consumers
- 2. Higher cost of domestic goods
- 3. Helps domestic industries to compete against foreign players.
- 4. Reduction in forex reserves of the nation.

Select the correct option from below:

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

Q.16) Solution (c)

Statement 1 is wrong: Since foreign good in the market will be reduced in the market, the choice for domestic consumers will be limited.

Statement 4 is wrong: Since import goods will be restricted, the forex will be saved.

Q.17) With reference to India Posts Payments Bank, consider the following statements:

- 1. It's a public sector company with 98% of equity with Government of India and 2% with Reserve Bank of India.
- 2. Every post office in the country will function as a bank branch
- 3. It will provide ATM-debit to every account holder.

Which of the above statement/statements is wrong?

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

Q.17) Solution (d)

Statements 1 and 3 are wrong.

India Post Payments Bank has been incorporated as a public sector company under the department of posts, with 100% government equity and is governed by the Reserve Bank of India.

It will not offer any ATM debit card. Instead, it will provide its customers a QR Code-based biometric card.

It will focus on providing banking and financial services to people in rural areas, by linking all the 1.55 lakh post office branches with India Post Payments Bank services by the end of 2018. Hence Statement 2 is correct.

Q.18) With reference to Real Estate Investment Trusts (REITs), consider the following statements:

1. REITs functions like a mutual fund and raises money from a number of investors and issues dividends to investors as return.
2. REITs are listed entities which own, operate and manage buildings/properties for generating income.
3. They are governed by the norms of SEBI and Real Estate (Regulation and Development) (RERA) Act 2016.

Which of the given statements about REITs is not correct?

- a) 2 only
- b) 3 only
- c) None of the above
- d) 1 and 2 only

Q.18) Solution (c)

All the statements about REITs are correct.

Q.19) Which of the following are reasons for less developed corporate bond market in India?

1. Predominance of banks loans
2. Limited participation of FIs
3. Pensions and insurance companies and household are limited participants because of lack of investor confidence
4. Crowding out by government bonds

Select the code from following:

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

Q.19) Solution (d)

All the above are reasons for less developed corporate bond market in India.

Q.20) 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.20) 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 – Urjit Patel committee

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

Q.21) Voluntary Retention Route, recently in news, is related to?

- a) EXIM bank
- b) Foreign Portfolio Investors
- c) Foreign Direct Investment
- d) Double Taxation

Q.21) Solution (b)

It is a new channel of investment available to FPIs to encourage them to invest in debt markets in India over and above their investments through the regular route. The objective is to attract long-term and stable FPI investments into debt markets while providing FPIs with operational flexibility to manage their investments.

Q.22) With reference to SWIFT network, consider the following statements:

1. It is a messaging network that financial institutions use to securely transmit information and instructions through a standardized system of codes.
2. Under SWIFT, each financial organization has a unique code which is used to send and receive payments.
3. It facilitates funds transfers
4. SWIFT India is a joint venture of top Indian public and private sector banks

Which of the given statements is/are correct?

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

Q.22) Solution (d)

Statement 3 is wrong: It doesn't facilitate fund transfer.

What is SWIFT?

It is a messaging network that financial institutions use to securely transmit information and instructions through a standardized system of codes. Under SWIFT, each financial organization has a unique code which is used to send and receive payments.

SWIFT does not facilitate funds transfer: rather, it sends payment orders, which must be settled by correspondent accounts that the institutions have with each other.

The SWIFT is a secure financial message carrier — in other words, it transports messages from one bank to its intended bank recipient.

SWIFT India is a joint venture of top Indian public and private sector banks and SWIFT (Society for Worldwide Interbank Financial Telecommunication). The company was created to deliver high quality domestic financial messaging services to the Indian financial community. It has a huge potential to contribute significantly to the financial community in many domains

Q.23) Base Erosion and Profit Shifting (BEPS) is related to:

- a) Transfer pricing
- b) General Anti avoidance rules (GAAR)
- c) Double Taxation Avoidance Treaties
- d) None of the above

Q.23) Solution (a)

The Organization for Economic Cooperation and Development (OECD)'s Base Erosion and Profit Shifting (BEPS) initiative seeks to close gaps in international taxation for companies that allegedly avoid taxation or reduce tax burden in their home country by engaging in tax inversions (moving operations) or by migrating intangibles to lower tax jurisdictions.

The OECD has issued 15 Action Items to address the main areas where they feel companies have been most aggressively accomplishing this shifting of profit — addressing the digital economy, treaty abuse, transfer pricing documentation, and more. BEPS Action Item 13, in particular, aims to transform transfer pricing documentation, forcing multinational corporations to reconsider how transfer pricing details are reported to local tax authorities as well as worldwide with country-by-country reporting.

Q.24) Consider the following statements with respect to EXIM Bank of India:

1. It is a non-statutory organisation working as an apex financial institution for financing, facilitating and promoting India's international trade.

2. The Bank primarily lends for exports from India including supporting overseas buyers and Indian suppliers for export
3. It is regulated by RBI

Which of the given statements is/are correct?

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

Q.24) Solution (b)

Exim Bank of India

- It was established in 1982 under an Act of Parliament as the apex financial institution for financing, facilitating and promoting India's international trade. Hence it is statutory and Statement is wrong.
- The Bank primarily lends for exports from India including supporting overseas buyers and Indian suppliers for export of developmental and infrastructure projects, equipment, goods and services from India.
- It is regulated by RBI.

Q.25) Consider the following statements with reference to Hard currency:

1. A hard currency is expected to remain relatively stable through a short period of time
2. It is expected to be highly liquid in the forex or foreign exchange (FX) market.

Which of the given statements is/are correct?

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

Q.25) Solution (c)

Both the given statements are correct.

What is Hard Currency?

A hard currency is a monetary system that is widely accepted around the world as a form of payment for goods and services. It usually comes from a country that has a strong economic and political situation. A hard currency is expected to remain relatively stable through a short period of time, and to be highly liquid in the forex or foreign exchange (FX) market.

Q.26) Which of the following is/are functions of International Monetary Fund?

1. Monitoring of economic and financial developments of a member country
2. Lending to countries with balance of payments difficulties
3. Provide countries with technical expertise and training in its areas of expertise

Select the correct option from below:

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

Q.26) Solution (d)

All the given statements are correct

Q.27) With reference to Special Drawing Rights (SDRs), consider the following statements:

1. It is the artificial currency of IMF
2. SDRs can be exchanged for national currencies and can be traded in forex market
3. Japanese Yen was the latest addition to the SDR basket

Which of the given statements is/are not correct?

- a) 1 only
- b) 1, 2 and 3
- c) 2 and 3 only
- d) None of the above

Q.27) Solution (c)

Statement 2 is wrong: SDRs can be exchanged for national currencies and cannot be traded in forex market

Statement 3 is wrong: Chinese Renminbi is the latest addition to the SDR basket which already includes US Dollar, British Pound, Japanese Yen and the Euro

Q.28) Which of the following statements is/are correct regarding Special Safeguard mechanism in WTO?

1. It is a tool that will allow developing countries to raise tariffs temporarily to deal with import surges or price falls.
2. It has been included under the Nairobi Package negotiated under the WTO.

Select the correct option from below:

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

Q.28) Solution (c)

Both the statements are correct regarding the Special Safeguard Mechanism (SSM).

WTO's Special Safeguard Mechanism (SSM) is a protection measure allowed for developing countries to take contingency restrictions against agricultural imports that are causing injuries to domestic farmers. It is a tool that will allow developing countries to raise tariffs temporarily to deal with import surges or price falls.

The "Nairobi Package" was adopted at the WTO's Tenth Ministerial Conference, held in Nairobi, Kenya in 2015. It contains a series of six Ministerial Decisions on agriculture, cotton and issues related to least-developed countries (LDCs). These cover public stockholding for food security purposes, a Special Safeguard Mechanism for developing countries and a commitment to abolish export subsidies for farm exports.

Q.29) Consider the following statements with reference to tariffs and quotas:

1. While tariffs directly impact the value of imports, quotas aim to curb the volume of imports.

2. Both tariffs and quotas restrict imports and protect the domestic firm.

Which of the given statements is/are correct?

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

Q.29) Solution (c)

Both the given statements are correct.

Q.30) Arrange the following types of regional trading agreements in increasing order of integration:

- 1. Preferential Trade Areas
- 2. Common Market
- 3. Customs Union
- 4. Economic Union

Choose the correct option from below:

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

Q.30) Solution (c)

The correct order of regional trading agreements:

- 1) Preferential Trade Areas
- 2) Free Trade Areas
- 3) Customs Union
- 4) Common Market
- 5) Economic Union
- 6) Full Integration

Q.31) Consider the following pairs:

Type of subsidy under WTO	Stated purpose
1. Green Box:	Production limiting subsidies
2. Amber Box:	Trade distorting subsidies and need to be curbed
3. Blue Box:	Not specific subsidies and are non-actionable

Which of the above is/are correctly matched?

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

Q.31) Solution (b)

Agreement on Subsidies and Countervailing Measures under WTO classifies subsidies as follows:

- (a) Green: Subsidies which are no or least market distorting includes measures decoupled from output such as income-support payments, etc.
- (b) Amber: Those subsidies which are trade distorting and need to be curbed and actionable by trading partners.
- (c) Blue Box: Only "Production limiting Subsidies" under this are allowed. They cover payments based on acreage, yield, or number of livestock in a base year.

Q.32) NiryatBandhu scheme is related to:

- a) MSMEs
- b) Youth Employment
- c) Foreign Trade
- d) Support to Handicrafts

Q.32) Solution (c)

It was launched Directorate General of Foreign Trade.

The objective of the NiryatBandhu Scheme is to reach out to the new and potential exporters and mentor them through orientation programmes, counselling sessions, individual facilitation, etc., for being able to get into international trade and boost exports from India.

Q.33) Which of the following is correct with respect to the "convertibility of Indian rupee"?

- a) It is fully convertible on both capital and current account
- b) It is fully convertible on current account and partially on capital account
- c) It is partially convertible on both capital and current account
- d) It is fully convertible on capital account and partially on current account

Q.33) Solution (b)

Currency convertibility means that currency of a country can be freely converted into foreign exchange at market determined rate of exchange that is, exchange rate as determined by demand for and supply of a currency.

For example, convertibility of rupee means that those who have foreign exchange (e.g. US dollars, Pound Sterlings etc.) can get them converted into rupees and vice-versa at the market determined rate of exchange.

Current Account Convertibility: Current account is today fully convertible (operationalized on August 19, 1994). It means that the full amount of the foreign exchange required by someone for current purposes will be made available to him at the official exchange rate and there could be an unprohibited outflow of foreign exchange (earlier it was partially convertible). India was obliged to do so as per Article VIII of the IMF which prohibits any exchange restrictions on current international transactions (keep in mind that India was under pre-conditions of the IMF since 1991).

Capital Account Convertibility: After the recommendations of the S.S. Tarapore Committee (1997) on Capital Account Convertibility, India has been moving in the direction of allowing full convertibility in this account, but with required precautions. India is still a country of partial convertibility (40:60) in the capital account, but inside this overall policy, enough reforms have been made, and to certain levels of foreign exchange requirements, it is an economy allowing full capital account convertibility.

Q.34) 'Asian Premium', sometimes seen in news is related to

- a) It is the extra interest rate being levied by the World Bank on Asian Nations.
- b) It is the extra charge being collected by OPEC countries from Asian countries when selling oil.
- c) A special concessions given to the Asian Countries in the WTO affairs.
- d) None of the above.

Q.34) Solution (b)

Asian Premium is an extra charge being collected by OPEC countries from Asian countries when selling oil in comparison to western countries.

Why is Asian Premium Charged?

The Asian Premium has its origins in the late 1980s when Saudi Arabia, the de-facto OPEC leader, adopted a marker based price system for its oil exports.

The Asian market was costlier than the American and European ones, and did not fully reflect market dynamics. This was due to lack of substantial production centres (other than in the Gulf region) and oil derivatives market in Asia.

Also Asian countries, dependent heavily on oil imports, were essentially price-takers. In short, the oil exporters used their superior bargaining power to squeeze Asian oil importers while charging less to their American and European customers.

Q.35) Which of the following statements regarding World Trade Organisation (WTO) is/are wrong?

1. The Ministerial Conference meets once every 2 years
2. The most recent one was held in Argentina in 2018
3. The Ministerial Conference also acts as a Dispute Settlement and Trade Policy Review Body.

Select the code from following:

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

Q.35) Solution (c)

Statement 1 is correct: The Ministerial Conference of WTO is held once every 2 years.

Statement 2 is wrong: The 11th Ministerial Conference was held in Argentina in 2017.

Statement 3 is wrong: The General Council and not the Ministerial Conference is the Dispute Settlement and Trade Policy Review Body.

Q.36) The term “Singapore Issues” is associated with which of the following International Organisations?

- a) IMF
- b) World Bank
- c) ASEAN
- d) WTO

Q.36) Solution (d)

Singapore issues are a list of the subjects that were tabled by the Western states mainly US and EU in the WTO conference in the year 1996 which was held in Singapore. Some of the major issues among them were:

- trade and investment,
- trade and competition policy,
- transparency in government procurement,
- trade facilitation ,
- Labour laws etc.

These were opposed by the developing nations.

Q.37) 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/are correct?

- a) 1 only

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

Q.37) 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.38) 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.38) 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.39) In the calculation of Balance of Payments, what do 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.39) 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.40) 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.40) 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.



