

IASbaba 60 Day plan – Day 22 Economics

Q.1) Consider the following statements regarding 'Capital Conservation Buffer'

1. It is the mandatory capital that financial institutions are required to hold above the minimum regulatory requirement.
2. While Capital Adequacy Ratio is determined by RBI, Capital Conservation Buffer is fixed by the government.

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.1) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
It is the mandatory capital that financial institutions are required to hold above the minimum regulatory requirement. According to CCB norms, banks will be required to hold a buffer of 2.5% Risk-Weighted Assets (RWAs) in the form of Common Equity, over and above Capital Adequacy Ratio of 9%.	CCB is also determined by the RBI based on Basel 3 norms. It has been applied to increase banks resilience to losses.

Q.2) Consider the following statements regarding 'Non-Banking Financial Companies (NBFC)'

1. None of the NBFCs can accept Time deposits.
2. NBFCs can invest the money in Share Market, unlike banks which are not allowed to do so.
3. CRR does not apply to any NBFC while SLR applies only to deposit-taking NBFC.

Which of the statements given above is/are correct?

- a) 1 and 2 only

IASbaba 60 Day plan – Day 22 Economics

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

Q.2) Solution (c)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
NBFCs cannot accept demand deposits but Few NBFCs can accept time deposits and are called Deposit taking NBFCs.	NBFCs can invest the money in Share Market, unlike banks which are not allowed to do so.	CRR does not apply to any NBFC while SLR (of 15%) applies only to deposit-taking NBFC.

Q.3) Which of the following category is not included under 'Priority Sector Lending'?

- a) Housing
- b) Healthcare
- c) Education
- d) Renewable energy

Q.3) Solution (b)

- The categories of priority sector are as follows
 - Agriculture
 - Micro, Small and Medium Enterprises
 - Education
 - Housing
 - Social Infrastructure
 - Renewable Energy
 - Others
- While building a healthcare facility is included under Social Infrastructure category, healthcare as a whole does not fall under Priority Sector lending list of the RBI.

Q.4) Consider the following statements regarding 'Digital Public Credit Registry'

IASbaba 60 Day plan – Day 22 Economics

1. It will capture loan information of individuals and corporate borrowers and work as a financial information infrastructure.
2. It was set up based on the recommendations given by Y.M. Deosthalee committee.

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.4) Solution (c)

Statement 1	Statement 2
Correct	Correct
It will capture loan information of individuals and corporate borrowers and work as a financial information infrastructure.	It was set up by the RBI based on the recommendations given by Y.M. Deosthalee committee.

- It will provide access to various stakeholders in the Finance industry and Enrich existing credit info ecosystem
- Useful Credit information will help the banks reduce bad loans.

Q.5) India Post Payments Bank (IPPB) is an initiative of the government aimed at making banking services available at people's doorstep. Consider the following statements regarding IPPB

1. IPPB is a wholly-owned subsidiary of Department of Post and will be governed entirely by it.
2. It will accept deposits, offer remittance services, mobile banking and provide services such as insurance and mutual fund.

Which of the statements given above is/are correct?

IASbaba 60 Day plan – Day 22 Economics

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

Q.5) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
IPPB is a wholly-owned subsidiary of Department of Post but will be governed by the RBI as it is a payment bank.	It will accept deposits, offer remittance services, mobile banking. It will not provide services such as insurance and mutual fund by itself but instead, it gives access to third-party services such as insurance and Mutual fund.

Q.6) 'Bharat 22' recently seen in news refers to

- a) An Exchange Traded Fund
- b) India's fastest Indigenous train
- c) Mission to develop affordable influenza vaccine by 2022
- d) Mission to consolidate all the disparate digital initiatives by 2022

Q.6) Solution (a)

- Bharat 22 is an Exchange Traded Fund (ETF) launched by the finance ministry.
- An ETF, or exchange-traded fund, is a marketable security that tracks a stock index, a commodity, bonds, or a basket of assets. Its trading value is based on the net asset value of the underlying stocks that it represents.
- Bharat 22 comprises 22 stocks including those of central public sector enterprises, PSU banks and holdings under the Specified Undertaking of Unit Trust of India.

Q.7) Which of the following are steps taken by the government to address the issue of Non-Performing Assets (NPA)?

IASbaba 60 Day plan – Day 22 Economics

1. Indradhanush Scheme
2. Project Sashakt
3. Project Insight

Select the correct answer using the code given below:

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

Q.7) Solution (b)

Option 1	Option 2	Option 3
Correct	Correct	Incorrect
The Government announced the Indradhanush scheme for revamping Public Sector Banks (PSBs) in August 2015. The plan envisaged infusion of capital in PSBs by the Government to the tune of Rs. 70,000 crore over four financial years.	Project Sashakt is a five-pronged strategy towards resolution of stressed assets, as recommended by Sunil Mehta Committee. 5 pronged strategy – o MSME approach o Bank-led resolution o IBC approach o AMC led resolution o Asset trading platform	Project Insight is an initiative by the Income-Tax Department to mine big data from social media to scrutinize potential tax evaders.

Q.8) Consider the following statements regarding Money Multiplier in an economy

1. Money Multiplier increases with a reduction in Statutory liquid ratio.
2. Money Multiplier increases with a decrease in Loan demand.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2

IASbaba 60 Day plan – Day 22 Economics

d) Neither 1 nor 2

Q.8) Solution (a)

- The money multiplier is the amount of money that banks generate with each rupee of reserves. Reserves is the amount of deposit that the Central Bank requires banks to hold and not lend. The money multiplier is the ratio of deposits to reserves in the banking system.

Statement 1	Statement 2
Correct	Incorrect
Money Multiplier directly improves with a reduction in legal reserve ratios (SLR, CRR).	Money Multiplier indirectly improves as the economy develops, consumption/ loan demand increases , banking penetration improves.

Q.9) The term 'Narrow Banking' refers to

- a) Banks that invest only on Narrow money
- b) Banks that invest large parts of deposits in risk-free assets
- c) Banks that invest only in a few specific industries
- d) Banks that serve only a few selected clientele

Q.9) Solution (b)

- Narrow Banking, also called safe banking, involves investing large parts of deposits that banks get in risk-free assets like government securities etc.
- Tarapore Committee is best known for giving the concept of Narrow banking as a solution to NPAs.
- Indian Banks generally follow partial Narrow banking – SLR stipulated percentage will be in safe securities. Some banks invest more than prescribed SLR to reduce their risk.

IASbaba 60 Day plan – Day 22 Economics

Q.10) Punjab and Maharashtra cooperative bank was recently in news. Consider the following statements regarding Cooperative Banks.

1. They are controlled and regulated by the RBI.
2. They are distributed uniformly throughout India.

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.10) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
Cooperative banks are regulated by RBI and are controlled by State as cooperatives are under the state list. This has led to an ambiguity in power.	Nearly 90% of the cooperatives are located in 7 states and thus are unequally distributed.

Q.11) Which of the following are regulated by Securities exchange board of India (SEBI)

1. Venture Capital
2. Chit Fund Companies
3. Pension funds

Select the correct answer using the code given below:

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

IASbaba 60 Day plan – Day 22 Economics

Q.11) Solution (a)

Option 1	Option 2	Option 3
Correct	Incorrect	Incorrect
Venture capitals finance startups by buying equity. They are regulated by SEBI.	Chit fund companies are regulated by state governments. The members contribute money and give it to own members through bidding.	Pension funds are regulated by Pension Fund Regulatory and Development Authority (PFRDA) established by the GOI in 2003.

Q.12) Consider the following statements regarding Marginal Standing Facility (MSF) of RBI

1. Only Scheduled banks can avail MSF from RBI.
2. The MSF rate is usually higher than the Repo rate.
3. Banks can pledge government securities from the SLR quota up to 1% under the MSF.

Which of the statements given above is/are correct?

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

Q.12) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
While even non-scheduled bank can borrow using Repo rate, only Scheduled banks can avail MSF from RBI.	The MSF rate is usually 100 basis points higher than the Repo rate.	Banks can pledge government securities from the SLR quota up to 1% under the MSF.

IASbaba 60 Day plan – Day 22 Economics

Q.13) With reference to digital payments, consider the following statements

1. BHIM app allows the user to transfer money only to someone with a UPI-enabled bank account.
2. BHIM app does not allow transactions of commercial nature.

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.13) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
BHIM app allows the user to transfer money to someone with either a UPI-enabled bank account or via the Bank account number and IFSC code details.	BHIM app supports commercial transactions. It even provides features such as scan and pay.

Q.14) The term 'Zero coupon bonds' refer to

- a) Bonds that are issued at a discount to its face value but pays no interest.
- b) Bonds that are issued at its face value but pays interest.
- c) Bonds that are not backed up by collateral or security.
- d) Bonds that yield zero interest if the issuing company/entity becomes bankrupt.

Q.14) Solution (a)

- Zero coupon bonds, also known as discount bonds, do not pay any interest to the bondholders. Instead, you get a large discount on the face value of the bond.
- On maturity, the bondholder receives the face value of his investment.
- Treasury bills in India are an example of Zero coupon bonds.

IASbaba 60 Day plan – Day 22 Economics

Q.15) Consider the following statements regarding Treasury bills

1. Treasury bills are securities issued only by the Government treasury.
2. Individuals, Firms, Trusts, Institutions and banks can purchase Treasury Bills.

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.15) Solution (c)

Statement 1	Statement 2
Correct	Correct
Treasury Bills are instruments for short term (maturities less than one year) borrowing by the Central Government only. Bills, other than treasury bills are known as commercial bills.	Individuals, Firms, Trusts, Institutions and banks can purchase T-Bills. The commercial and cooperative banks use T-Bills for fulfilling their SLR requirements.

Q.16) Which of the following statement regarding Participatory notes (P-notes) is incorrect?

- a) P-notes are instruments issued by SEBI for overseas investors who want to invest in the stock markets in India.
- b) Any entity can invest in the participatory notes without registering under SEBI.
- c) Participatory notes are transferable through endorsement and delivery making trading easy in the country.
- d) P-Notes also help in keeping the investor's name anonymous along with reducing the transaction costs.

Q.16) Solution (a)

- Participatory Notes which are also regarded as P-Notes (PNs) are the instruments **issued by registered FIs.**

IASbaba 60 Day plan – Day 22 Economics

- They are used by the clients of Foreign Institutional Investors (FIIs) who do not wish to participate directly in the Indian stock market.
- Any entity can invest in the participatory notes without registering under SEBI while registering under SEBI is compulsory for all FIIs.
- Foreign Institutional investors (FIIs) are the entities established outside India that are responsible for making investment proposals in India.

Q.17) Which one of the following provides the Immediate Payment Service (IMPS) in India?

- a) Indian banks' Association
- b) National Securities Depository Limited
- c) National Payments Corporation of India
- d) Reserve Bank of India

Q.17) Solution (c)

The National Payments Corporation of India (NPCI)

- The National Payments Corporation of India (NPCI) is an initiative taken by the RBI and Indian Bank's Association (IBA) to operate the retail payments and settlement systems in India.
- The National Payments Corporation of India (NPCI) serves as an umbrella body for the operation of retail payment in India.
- NPCI can operate the following payment systems:
 - National Financial Switch (NFS)
 - Immediate Payment System (IMPS)
 - National Automatic Clearing House (ACH)
 - Aadhaar Enabled Payments System (AEPS)
 - Operation of Cheque Truncation System
- Products of NPCI
 - Rupay
 - BHIM app
 - UPI
 - Bharat Bill Payment System

Q.18) Merger of Several Public Sector Banks was recently in news. Which of the following are benefits of the Merger of Banks?

IASbaba 60 Day plan – Day 22 Economics

1. Reduces operational costs of the bank.
2. Better ability to raise resources from the market.
3. Eliminates all NPAs of the bank.

Select the correct answer using the code given below:

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

Q.18) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
The Merger of banks has the potential to reduce operational costs due to the presence of shared overlapping networks. This enhanced operational efficiency will reduce the lending costs of the banks.	Larger banks have a better ability to raise resources from the market rather than relying on State exchequer.	The Merger of banks does not eliminate the NPAs of the merged bank. It will, however, help to dilute the NPA as the bigger bank will have larger capital.

Q.19) The Ombudsman for Digital Transactions (OSDT) has been setup by

- a) Ministry of Electronics and Information Technology
- b) Ministry of Finance
- c) Reserve Bank of India
- d) Ministry of Consumer Affairs, Food and Public Distribution

Q.19) Solution(c)

The Ombudsman Scheme for Digital Transactions

- The Ombudsman for Digital Transactions is a senior official appointed by the Reserve Bank of India to redress customer complaints.
- It has been set up under Payment and Settlement Systems Act, 2007.
- There is no charge or any fee for filing / resolving customers' complaints.

IASbaba 60 Day plan – Day 22 Economics

Q.20) Infrastructure Leasing & Financial Services (IL&FS) was recently in the news. Consider the following statements regarding IL&FS

1. It is a Systemically Important Non-Deposit Core Investment Company (CIC-ND-SI).
2. It is entirely owned by the Government of India.

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 (a)

Statement 1	Statement 2
Correct	Incorrect
IL&FS is a Systemically Important Non-Deposit Core Investment Company (CIC-ND-SI). It is an NBFC.	IL&FS is not owned by GOI. It has several shareholders such as LIC, SBI, Abu Dhabi Investment Authority etc.

Q.21) 'Fire Coral fungus' which was in news recently is not found in

- a) Australia
- b) India
- c) Japan
- d) Papua New Guinea

Q.21) Solution (b)

The fungus was once thought to be only native to Korea and Japan, but recent discoveries have been made in Java, Papua and northern Australia.

Q.22) Consider the following statements with respect to 'Matua Mahasangha'.

1. It was launched as a reformation by the followers of Swami Vivekananda.
2. It originated in the North West Frontier Province.

Select the correct statements

IASbaba 60 Day plan – Day 22 Economics

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

Q.22) Solution (d)

Matua Mahasangha or MMS is a religious reformation movement that originated in what is today Bangladesh, with a considerable number of adherents both in Bangladesh as well as in West Bengal in India. Matua is a sect of Vaishnavite Hinduism. The movement was launched as a reformation by the followers of Harichand Thakur.

Q.23) 'Gossypol' was in news recently. It is associated with which of the following crops?

- a) Cotton
- b) Mustard
- c) Paddy
- d) Ragi

Q.23) Solution (a)

Gossypol is a natural phenol derived from the cotton plant.

Q.24) Consider the following statements with respect to 'Skandagupta'.

1. He was the last emperor in India to be given the title of Vikramaditya.
2. He successfully fought the battle against the invading Huns.

Select the correct statements

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

Q.24) Solution (c)

IASbaba 60 Day plan – Day 22 Economics

Skandagupta was the last emperor in India to be given the title of Vikramaditya.

He successfully defeated rampaging herds of Huns from running over India in the fourth century AD.

Q.25) Consider the following statements with respect to 'Bombay blood group'.

1. The group is deficient in expressing antigen H.
2. Bombay blood group can donate their blood to A,B,O blood types.

Select the correct statements

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

Q.25) Solution (c)

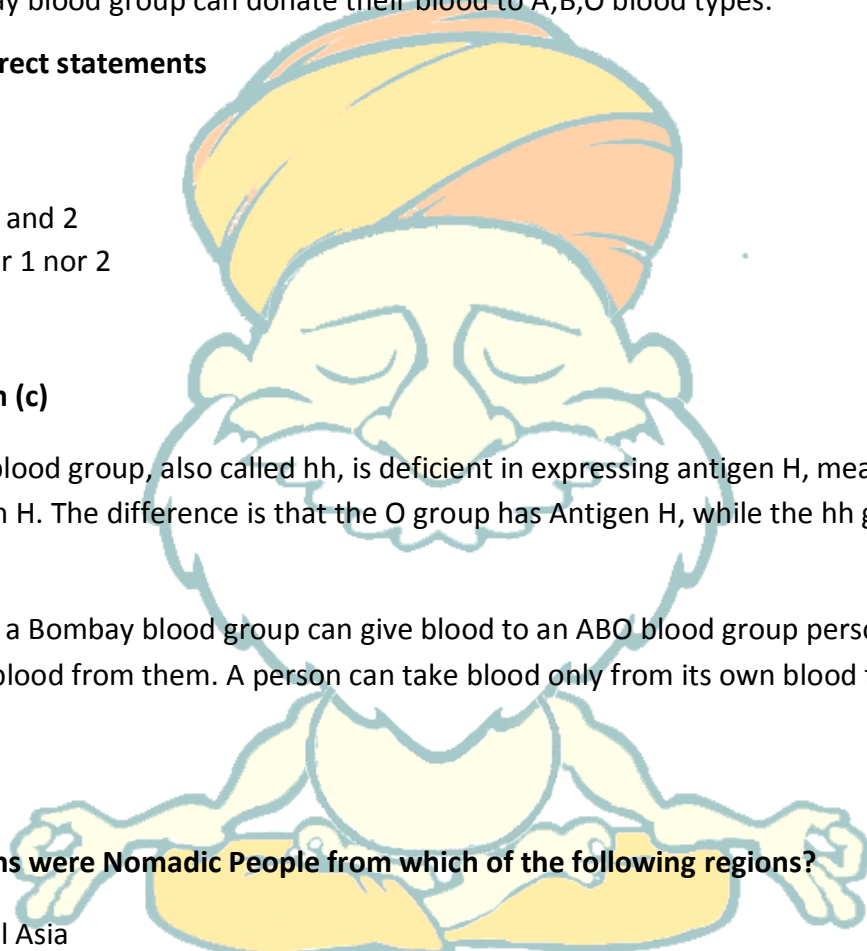
The Bombay blood group, also called hh, is deficient in expressing antigen H, meaning the RBC has no antigen H. The difference is that the O group has Antigen H, while the hh group does not.

A person with a Bombay blood group can give blood to an ABO blood group person. But they can't receive blood from them. A person can take blood only from its own blood type ie Hh blood type.

Q.26) The Huns were Nomadic People from which of the following regions?

- a) Central Asia
- b) Northern Africa
- c) South East Asia
- d) North East Asia

Q.26) Solution (a)



IASbaba 60 Day plan – Day 22 Economics

The Huns were a nomadic people who lived in Central Asia, the Caucasus, and Eastern Europe, between the 4th and 6th century AD.

Q.27) ‘State Finances: A Study of Budgets of 2019-20’ Report was released by

- a) NITI Aayog
- b) Reserve Bank of India
- c) Ministry of Finance
- d) GST Council

Q.27) Solution (b)

Reserve Bank of India (RBI) released the report titled “State Finances: A Study of Budgets of 2019-20”, an annual publication that provides information, analysis and an assessment of the finances of state governments. This publication has been prepared in the Division of State Finances of the Department of Economic and Policy Research.

Q.28) ‘Rajiv Gauba Committee’ is associated with which of the following sectors?

- a) Telecom Sector
- b) Education Sector
- c) Health Sector
- d) Energy Sector

Q.28) Solution (a)

The government has set up a committee of secretaries (CoS) under Cabinet Secretary Rajiv Gauba to suggest measures to mitigate financial stress in the telecom sector, which is looking at a payout of Rs 1.33 trillion to clear statutory dues.

Q.29) Consider the following statements with respect to ‘Carbon Pricing Leadership Coalition (CPLC)’

1. The CPLC Secretariat is administered by The World Bank Group.
2. It is a voluntary partnership of national and sub-national governments.

IASbaba 60 Day plan – Day 22 Economics

Select the correct statements

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

Q.29) Solution (c)

The Carbon Pricing Leadership Coalition (CPLC) is a voluntary initiative that catalyzes action towards the successful implementation of carbon pricing around the world. The CPLC brings together leaders from government, business, civil society and academia to support carbon pricing, share experiences and enhance the global, regional, national and sub-national understanding of carbon pricing implementation. The CPLC Secretariat is administered by The World Bank Group.

CPLC is a voluntary partnership of 34 national and sub-national governments, over 164 businesses from a range of sectors and regions, and upwards of 85 strategic partners representing civil society organizations, NGOs, and academic institutions.

Q.30) 'FASTER principles' is concerned with

- a) Electric Vehicles
- b) Carbon Pricing
- c) Banking Regulations
- d) Multilateral Tax Treaties

Q.30) Solution (b)

The FASTER principles for successful carbon pricing is developed by OECD and the World Bank Group.

