

IASbaba 60 Day plan – Day 25 Polity

Q.1) Consider the following statements regarding Parliament

1. Allocation of seats in Rajya Sabha is done on the basis of Representation of the People Act, 1950.
2. The current Lok Sabha is functioning at its maximum strength (in terms of members).
3. The provision of having nominated members in the Parliament is a permanent feature that will continue indefinitely.

Choose the correct answer using codes below

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

Q.1) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Incorrect
<p>The allocation of seats to Rajya Sabha was made on the basis of the population of each State ascertained from the census figures available at the time of passing of the Constitution. The allocation of seats to be filled by representatives of States and the Union territories is laid down in the Fourth Schedule to the Constitution</p> <p>Part IVA of the Representation of the People Act, 1950, provides for the manner of filling seats in the Rajya Sabha allocated to Union territories.</p>	<p>The maximum strength of the Lok Sabha is fixed at 552.</p> <p>At present, the Lok Sabha has 545 members. Of these, 530 members represent the states, 13 members represent the union territories and 2 Anglo-Indian members are nominated by the President</p>	<p>The president nominates 12 members to the Rajya Sabha from people who have special knowledge or practical experience in art, literature, science and social service.</p> <p>The president can nominate two members from the Anglo-Indian community if the community is not adequately represented in the Lok Sabha. Originally, this provision was to operate till 1960 but has been extended till 2020 by the 95th Amendment Act, 2009. Thus, it is not a permanent feature for Lok Sabha.</p>

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Q.2) The Constitution ensures uniformity of representation

1. Between different states
2. Between constituencies of different states.

Choose the correct answer using codes below

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

Q.2) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
<p>The Constitution ensures that there is uniformity of representation in two respects: (a) between the different states, and (b) between the different constituencies in the same state.</p> <ol style="list-style-type: none">1. Each state is allotted a number of seats in the Lok Sabha in such a manner that the ratio between that number and its population is the same for all states. This provision does not apply to a state having a population of less than six millions.2. Each state is divided into territorial constituencies in such a manner that the ratio between the population of each constituency and the number of seats allotted to it is the same throughout the state.	

Q.3) Consider the following statements with respect to the President of India

1. President is the highest decision-making authority in our politico-administrative system.
2. President can require the Prime Minister to submit, for consideration of the council of ministers, any matter on which a decision has been taken by a minister but, which has not been considered by the council.
3. President can make regulations for the peace, progress and good government of the Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu.
4. In the case of Puducherry and Delhi, the President can legislate by making regulations but only when the assembly is suspended or dissolved.

Choose the correct answer using codes below

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

Q.3) Solution (b)

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Statement 1	Statement 2	Statement 3	Statement 4
Incorrect	Correct	Correct	Incorrect
Cabinet is the highest decision-making authority in our politico-administrative system.	As per Article 78, President can require the Prime Minister to submit, for consideration of the council of ministers, any matter on which a decision has been taken by a minister but, which has not been considered by the council.	President can make regulations for the peace, progress and good government of the Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu.	Only in the case of Puducherry (not Delhi), the President can legislate by making regulations but only when the assembly is suspended or dissolved.

Q.4) A member incurs disqualification under the defection law

1. If he voluntary gives up the membership of the political party on whose ticket he is elected to the House
2. If he votes or abstains from voting in the House contrary to any direction given by his political party;
3. If any independently elected member joins any political party after 6 months.
4. If any nominated member joins any political party before 6 months.

Choose the correct answer using codes below

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

Q.4) Solution (a)

Statement 1	Statement 2	Statement 3	Statement 4
Correct	Correct	Correct	Incorrect
<p>A member incurs disqualification under the defection law:</p> <ol style="list-style-type: none"> 1. if he voluntary gives up the membership of the political party on whose ticket he is elected to the House; 2. if he votes or abstains from voting in the House contrary to any direction given by his political party; 3. if any independently elected member joins any political party; 4. if any nominated member joins any political party after the expiry of six months. 			

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Q.5) Which of the following statements regarding speaker of the Lok Sabha are incorrect?

1. The oath to the office of Speaker is administered by the President of India.
2. He is the final interpreter of the provisions of the Constitution of India.
3. In absence of quorum, he can suspend the house only on the recommendation of the President.

Choose the correct answer using codes below

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

Q.5) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Incorrect
Lok Sabha Speaker is one of the members of Parliament. He/she takes the oath along with other members by the pro-tem Speaker. No separate oath of affirmation is administered to him separately. Technically speaking speaker does not take any oath alone like President and Prime Minister of the country.	He is the final interpreter of the provisions of (a) the Constitution of India, (b) the Rules of Procedure and Conduct of Business of Lok Sabha, and (c) the parliamentary precedents, within the House.	He adjourns the House or suspends the meeting in absence of a quorum. Recommendation of President is not required.

Q.6) Consider the following differences between the Chairman of Rajya Sabha and the Speaker of Lok Sabha

1. The Speaker can vote in the first instance when a resolution for his removal is under consideration, while the Chairman cannot vote.
2. Like the speaker, the Chairman too is not a member of the house.
3. Speaker can preside over a joint sitting of two Houses of Parliament.

Choose the correct answer using codes below

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

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d) All of the above

Q.6) Solution (b)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Correct
Chairman can be present and speak in the House and can take part in its proceedings, without voting, even at such a time (while the Speaker can vote in the first instance when a resolution for his removal is under consideration of the Lok Sabha).	Unlike the Speaker (who is a member of the House), the Chairman is not a member of the House.	The Speaker presides over a joint sitting of two Houses of Parliament.

Q.7) Which of the following provisions are contained in the Representation of People Act, 1950?

1. Delimitation of Constituencies
2. Preparation of electoral rolls
3. Qualifications for membership of Houses of Parliament
4. Qualification of voters

Choose the correct answer using codes below

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

Q.7) Solution (b)

Statement 1	Statement 2	Statement 3	Statement 4
Correct	Correct	Incorrect	Correct
The Representation of the People Act, 1950 contains the following provisions: <ol style="list-style-type: none"> i. Allocation of seats in and the in the House of the People and in the Legislative Assemblies and Legislative Councils of States. ii. Delimitation of constituencies for the purpose of elections to the House of People and Legislatures of States iii. Qualifications of voter at such election iv. Preparations of electoral rolls. 			

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The provisions for the actual conduct of elections to the Houses of Parliament and to the House or Houses of the Legislature of each State, **the qualifications and disqualifications for the membership of these Houses**, the corrupt practices and other election offences, and the decision of election disputes were all provided in the subsequent act namely, the Representation of the People Act, 1951.

Q.8) Consider the following statements with respect to dissolution of Lok Sabha

1. If the house is dissolved before the completion of its normal tenure, the dissolution can be revoked on the order of the President.
2. All bills pending in the Lok Sabha lapse on dissolution.

Choose the correct answer using codes below

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

Q.8) Solution (b)

Statement 1	Statement 2
Incorrect	Correct
Once the Lok Sabha is dissolved before the completion of its normal tenure, the dissolution is irrevocable.	All bill pending in the Lok Sabha lapse on its dissolution (whether originating in the Lok Sabha or transmitted to it by the Rajya Sabha).

Q.9) Consider the following statements regarding the question hour

1. The members can ask questions to the ministers as well as private members.
2. A short notice question can have either an oral answer or a written answer.

Choose the correct answer using codes below

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

Q.9) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
In addition to the ministers, the questions can also be asked to the private members.	A short notice question is one that is asked by giving a notice of less than ten days. It is answered orally.

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Q.10) Consider the following statements regarding Privilege motion

1. It can be moved for the breach of parliamentary privileges by a minister.
2. It can be moved by a member when he feels that a minister has withheld facts of a case.
3. Its can be used to censure the council of ministers.

Choose the correct answer using codes below

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

Q.10) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
Privilege motion is concerned with the breach of parliamentary privileges by a minister.	It is moved by a member when he feels that a minister has committed a breach of privilege of the House or one or more of its members by withholding facts of a case or by giving wrong or distorted facts.	Its purpose is to censure the concerned minister.

Q.11) Consider the following statements

1. First day of each session is addressed by the President.
2. The 'Motion of Thanks' needs to be passed only in the Lok Sabha to avoid defeat of the government.

Choose the correct answer using codes below

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

Q.11) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
The first session after each general election and the first session of every	This address of the president, is discussed in both the Houses of

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fiscal year is addressed by the president.

Parliament on a motion called the 'Motion of Thanks'. At the end of the discussion, the motion is put to vote. This motion must be passed in each House. Otherwise, it amounts to the defeat of the government.

Q.12) The President can call a joint sitting of the houses for which of the following bills?

1. Bill related to amendments as per Article 368.
2. Bill containing provisions involving expenditure from the Consolidated Fund of India, other than those mentioned in Article 110.

Choose the correct answer using codes below

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

Q.12) Solution (b)

Statement 1	Statement 2
Incorrect	Correct
The provision of joint sitting is applicable to ordinary bills or financial bills only and not to money bills or Constitutional amendment bills. Statement 1 is Constitutional amendment bill Statement 2 is finance bill	

Q.13) Consider the following constitutional provisions with respect to enactment of Budget

1. No demand for a grant shall be made except on the recommendation of the President.
2. Parliament can reduce or increase a tax but cannot abolish it.
3. The expenditure charged on the Consolidated Fund of India can be discussed by the Parliament.

Choose the correct answer using codes below

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

Q.13) Solution (b)

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Statement 1	Statement 2	Statement 3
Correct	Incorrect	Correct
No demand for a grant shall be made except on the recommendation of the President.	Parliament can reduce or abolish a tax but cannot increase it.	The expenditure charged on the Consolidated Fund of India shall not be submitted to the vote of Parliament. However, it can be discussed by the Parliament.

Q.14) Which of the following cut motions have been defined correctly?

1. Token Cut Motion- It states that the amount of the demand be reduced to Re 1.
2. Economy cut Motion- It states that the amount of the demand be reduced by Rs 100.
3. Policy Cut Motion- It states that the amount of the demand be reduced by a specified amount.

Choose the correct answer using codes below

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

Q.14) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Incorrect
Token Cut Motion It ventilates a specific grievance that is within the sphere of responsibility of the Government of India. It states that the amount of the demand be reduced by Rs 100.	Economy Cut Motion It represents the economy that can be affected in the proposed expenditure. It states that the amount of the demand be reduced by a specified amount (which may be either a lumpsum reduction in the demand or omission or reduction of an item in the demand).	Policy Cut Motion It represents the disapproval of the policy underlying the demand. It states that the amount of the demand be reduced to Re 1. The members can also advocate an alternative policy.

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Q.15) Which of the following grant is made when funds to meet the proposed expenditure on a new service can be made available by reappropriation?

- a) Supplementary Grant
- b) Token Grant
- c) Additional Grant
- d) Excess Grant

Q.15) Solution (b)

Statement a	Statement b	Statement c	Statement d
Incorrect	Correct	Incorrect	Incorrect
Supplementary Grant It is granted when the amount authorised by the Parliament through the appropriation act for a particular service for the current financial year is found to be insufficient for that year.	Token Grant It is granted when funds to meet the proposed expenditure on a new service can be made available by reappropriation. A demand for the grant of a token sum (of Re 1) is submitted to the vote of the Lok Sabha and if assented, funds are made available. Reappropriation involves transfer of funds from one head to another. It does not involve any additional expenditure.	Additional Grant It is granted when a need has arisen during the current financial year for additional expenditure upon some new service not contemplated in the budget for that year.	Excess Grant It is granted when money has been spent on any service during a financial year in excess of the amount granted for that service in the budget for that year. It is voted by the Lok Sabha after the financial year. Before the demands for excess grants are submitted to the Lok Sabha for voting, they must be approved by the Public Accounts Committee of Parliament.

Q.16) Consider the following statements regarding the Contingency Fund of India

1. According to the Indian constitution, the President can establish a Contingency Fund of India.
2. Contingency Fund of India is placed at the disposal of the Parliament.

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Choose the correct answer using codes below

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

Q.16) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
The Constitution authorised the Parliament to establish a 'Contingency Fund of India', into which amounts determined by law are paid from time to time. Accordingly, the Parliament enacted the contingency fund of India Act in 1950.	This fund is placed at the disposal of the president, and he can make advances out of it to meet unforeseen expenditure pending its authorisation by the Parliament. The fund is held by the finance secretary on behalf of the president.

Q.17) The Parliament has been empowered to make laws on the subjects enumerated in the State List under which of the following circumstances

1. Giving effect to international treaties.
2. Resolving dispute between two states.
3. President's Rule is in operation in the state.
4. Proclamation of National Emergency is in operation.

Choose the correct answer using codes below

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

Q.17) Solution (c)

Statement 1	Statement 2	Statement 3	Statement 4
Correct	Incorrect	Correct	Correct
The Constitution empowers the Parliament to make laws on the subjects enumerated in the State List (which at present has 61 subjects, originally 66 subjects) under the following five abnormal circumstances: (a) when Rajya Sabha passes a resolution to that effect. (b) when a proclamation of National Emergency is in operation. (c) when two or more states make a joint request to the Parliament. (d) when necessary to give effect to international agreements, treaties and conventions.			

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(e) when President's Rule is in operation in the state.

Q.18) Consider the following with respect to parliamentary privileges

1. Privilege not to be arrested is available only for civil and preventive detention cases and not for criminal cases.
2. The courts are prohibited to inquire into the proceedings of Parliamentary committees.
3. Members can refuse to give evidence and appear as a witness in a case pending in a court when Parliament is in session.

Choose the correct answer using codes below

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

Q.18) Solution (c)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
Members cannot be arrested during the session of Parliament and 40 days before the beginning and 40 days after the end of a session. This privilege is available only in civil cases and not in criminal cases or preventive detention cases.	The courts are prohibited to inquire into the proceedings of a House or its committees.	Members are exempted from jury service. They can refuse to give evidence and appear as a witness in a case pending in a court when Parliament is in session.

Q.19) Consider the following statements with respect to Public Accounts Committee

1. It has been established under the provisions of the Government of India Act of 1919.
2. A minister cannot be elected as a member of the committee.
3. The decisions of the committee are binding on the ministries.

Choose the correct answer using codes below

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

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Q.19) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
Public Accounts Committee was set up first in 1921 under the provisions of the Government of India Act of 1919 and has since been in existence.	A minister cannot be elected as a member of the committee.	Its recommendations are advisory and not binding on the ministries. It is not an executive body and hence, cannot issue an order. Only the Parliament can take a final decision on its findings.

Q.20) Consider the following statements with respect to ordinances

1. An ordinance can be issued when only one House is in session.
2. The President's satisfaction on existence of circumstances to promulgate ordinance is justiciable on the ground of malafide.
3. An ordinance can be issued on any of the subjects mentioned in the constitution.

Choose the correct answer using codes below

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

Q.20) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
An ordinance can also be issued when only one House is in session because a law can be passed by both the Houses and not by one House alone.	President can make an ordinance only when he is satisfied that the circumstances exist that render it necessary for him to take immediate action. After 44th Constitutional Amendment Act of 1978, the President's satisfaction is justiciable	An ordinance can be issued only on those subjects on which the Parliament can make laws (thus it excludes subjects from state list).

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	on the ground of malafide.	
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Q.21) Recently launched SUMAN initiative aims for

- a) Zero Preventable Maternal and Newborn Deaths
- b) Reducing the Double burden of Malnutrition
- c) Livelihood Promotion of Urban Poor
- d) Reducing illiteracy among Scheduled Tribes

Q.21) Solution (a)

- Union Minister for Health along with several State Health Ministers launched **Surakshit Matritva Aashwasan Initiative (SUMAN) initiative for Zero Preventable Maternal and Newborn Deaths.**
- Under it, pregnant women, mothers up to 6 months after delivery, and all sick newborns will be able to avail free healthcare benefits.
- The government will also provide free transport from home to health institutions.
- The pregnant women will have a zero expense delivery and C-section facility in case of complications at public health facilities.

Q.22) Ghoramara Island is located in which of the following coastal States?

- a) Maharashtra
- b) Andhra Pradesh
- c) West Bengal
- d) Gujarat

Q.22) Solution (c)

- **Ghoramara Island** is located in the Ganga estuary of West Bengal.
- It is a part of the Sundarban Delta complex of the Bay of Bengal.
- It is slowly being submerged by rising sea levels, forcing people to migrate in large numbers – also sometimes referred to as sinking island

Q.23) Consider the following pairs:

Alternative Investment Fund (AIF)	Category of AIF
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1. Angel Funds	Category I
2. Infrastructure Funds	Category II
3. Hedge Funds	Category III

Which of the pairs given above are correctly matched?

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

Q.23) Solution (c)

- Alternative Investment Fund (AIF) comprises pooled investment funds which invest in venture capital, private equity, hedge funds, managed futures, etc.
- AIF can be established in the form of a company or a corporate body or a trust or a Limited Liability Partnership (LLP).
- As per the SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations), Category I AIF are: those AIFs with 'positive spillover effects' on the economy, for which certain incentives or concessions might be considered by SEBI or the Government of India or other regulators in India.
- **Category I AIF** shall include Venture Capital Funds (Including **Angel Funds**), SME Funds, Social Venture Funds, **Infrastructure Funds** and such other Alternative Investment Funds (AIFs) as may be specified.
- **Category II AIF** – Investment in equity and debt securities
- **Category III AIF** - Investment aimed at short-term returns achieved by complex strategies. Eg. **Hedge Funds**.

Q.24) With reference to 'Go Blue' Campaign, consider the following statements:

- 1. It aims at promoting the sustainable fishing practices around the world.
- 2. It is a joint initiative of International Maritime Organisation (IMO) and UN Environment.

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

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Q.24) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
Under 'Go Blue' campaign, the landmark buildings around the world lit up blue to commemorate the 30th anniversary of the Convention on the Rights of the Child and to show support for child rights.	United Nation Children's Fund (UNICEF) undertook the 'Go Blue' campaign.

Q.25) Which of the following statements about Border Electronically Dominated QRT Interception Technique (BOLD-QIT) Project is/are correct?

1. It is a project under CIBMS (Comprehensive Integrated Border Management system).
2. Under the project technical systems are installed along India-Bangladesh border.

Select the correct answer using the code given below:

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

Q.25) Solution (c)

Statement 1	Statement 2
Correct	Correct
Border Electronically Dominated QRT Interception Technique (BOLD-QIT) Project under CIBMS (Comprehensive Integrated Border Management system) implemented along India-Bangladesh border. Information and Technology Wing of Border Security Force (BSF) is the Implementing Agency of BOLD-QIT Project.	BOLD-QIT is the project to install technical systems which enable BSF to equip Indo-Bangla borders with different kind of sensors in the unfenced riverine area of the Brahmaputra and its tributaries. Under it, the entire span of River Brahmaputra is covered with data network generated by Microwave communication, OFC Cables, DMR Communication, day and night surveillance Cameras and intrusion detection

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system.

Q.26) ‘Riyadh Agreement’ was in news recently. It primarily deals with which of the following countries?

- a) Yemen
- b) Iran
- c) Iraq
- d) Syria

Q.26) Solution (a)

Yemen’s Saudi-backed government and southern separatists signed an agreement to end a power struggle in the south of Yemen that risked opening a new front in the multifaceted conflict.

Q.27) Which of the following acts is administered by the ‘Reserve Bank of India’?

- 1. Government Securities Regulations, 2007
- 2. Foreign Exchange Management Act, 1999
- 3. Credit Information Companies (Regulation) Act, 2005
- 4. Factoring Regulation Act, 2011

Select the correct statements

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

Q.27) Solution (d)

The following acts are administered by the RBI

- Reserve Bank of India Act, 1934
- Public Debt Act, 1944/Government Securities Act, 2006
- Government Securities Regulations, 2007
- Banking Regulation Act, 1949
- Foreign Exchange Management Act, 1999
- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Chapter II)
- Credit Information Companies (Regulation) Act, 2005
- Payment and Settlement Systems Act, 2007
- Factoring Regulation Act, 2011

Q.28) ‘Kihoto Hollohan vs Zachillhu And Others (1992)’ Judgment is associated with

- a) Tenth Schedule
- b) Right to Property
- c) Sedition

d) Personal Laws

Q.28) Solution (a)

Kihoto Hollohan case

- The law covering the disqualification of legislators and the powers of the Speaker in deciding such matters became part of the statute book in 1985 when the Tenth Schedule to the Constitution was adopted.
- A constitutional challenge to the Tenth Schedule was settled by the apex court in Kihoto Hollohan.

Q.29) The term 'Spaghetti bowl effect' is concerned with

- a) Human Development Index
- b) Free Trade Agreements
- c) Pumping and Dumping Stocks
- d) Global Warming

Q.29) Solution (b)

The spaghetti bowl effect is the multiplication of free trade agreements (FTAs), supplanting multilateral World Trade Organization negotiations as an alternative path toward globalization. The term was first used by Jagdish Bhagwati in 1995 in the paper: "US Trade policy: The infatuation with free trade agreements", where he openly criticized FTAs as being paradoxically counter-productive in promoting freer and more opened global trades. According to Bhagwati, too many crisscrossing FTAs would allow countries to adopt discriminatory trade policies and reduce the economic benefits of trade.

Q.30) Consider the following statements with respect to 'Exchange Traded Funds (ETFs)'

1. ETFs are traded on stock exchanges like shares.
2. The expenses ratio of ETFs is generally on the higher side compared to mutual funds.

Select the correct statements

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

Q.30) Solution (a)

Exchange Traded Funds are listed and traded on stock exchanges like shares. Index ETFs are created by institutional investors swapping shares in an index basket, for units in the fund. Usually, ETFs are passive funds where the fund manager doesn't select stocks on your behalf. Instead, the ETF simply copies an index and endeavours

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to accurately reflect its performance. The expense ratio of ETFs is way lesser than that of mutual funds.

