Q.1) Consider the following statements regarding Pension Fund Regulatory and Development Authority (PFRDA)

1. It is a statutory body established under the PFRDA Act, 2003.
2. It administers and regulates National Pension System (NPS).

Choose the correct answer using the codes given below

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

Q.1) Solution (c)

Statement 1	**Statement 2**
Correct	**Correct**
It is a statutory body established under the PFRDA Act, 2003. It is under the administrative control of the Department of Financial Services, Ministry of Finance.	PFRDA is a pension regulator of India. It administers and regulates National Pension System (NPS) and also administers Atal Pension Yojana (APY).

Q.2) Consider the following statements regarding the National Financial Reporting Authority (NFRA)

1. It is to be an independent regulator overseeing the auditing profession.
2. It will have powers similar to a civil court.
3. It will have the power to investigate any company registered under the Companies Act 2013.

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.2) Solution (a)

- Audit firms have recently under the scanner for alleged lapses in various corporate scams such as Punjab National Bank fraud case.

- Thus the Union Cabinet has approved the proposal for the establishment of National Financial Reporting Authority (NFRA).
- Creation of NFRA was one of the key changes brought in by the Companies Act, 2013.
- NFRA will act as an independent regulator for the auditing profession.

Statement 1	**Statement 2**	**Statement 3**
Correct	**Correct**	**Incorrect**
NFRA is to be an independent regulator overseeing the auditing profession. It will take over all the powers from Institute of Chartered Accountants of India (ICAI).	It will have powers similar to a civil court.	It will have the power to **investigate auditors** registered under the Chartered Accountants Act, 1949

Q.3) Consider the following pairs

	Committee	***Chairman***
1.	Municipal Bonds Development Committee	Sujith Prasad
2.	Primary Market Advisory Committee	Jayanth R Varma
3.	Secondary Market Advisory Committee	T V Mohandas Pai

Which of the pairs given above are **incorrectly** matched?

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

Q.3) Solution (c)

Pair 1	**Pair 2**	**Pair 3**
Correct	**Incorrect**	**Incorrect**
It is headed by **Sujith Prasad** Terms of reference of the Committee: a. To advise SEBI on issues related to regulation and development of primary and	It is headed by **T V Mohandas Pai** Terms of reference of the Committee: 1. To advise SEBI on issues related to regulation and	It is headed by **Jayanth R Varma** Terms of reference of the Committee: 1. To review the developments in Secondary

secondary market of municipal debt securities. b. To advise SEBI on matters required to be taken up for changes in legal framework to introduce simplification and transparency in systems and procedures in the primary and secondary market. c. To advise SEBI on matters relating to regulation of intermediaries for ensuring investor protection in the primary and secondary market. d. To recommend SEBI on measures to facilitate issuers (i.e. municipalities) for issuance of municipal debt securities.	development of primary market in India. 2. To advise SEBI on matters required to be taken up for changes in legal framework to introduce simplification and transparency in systems and procedures in the primary market. 3. To advise SEBI on matters relating to regulation of intermediaries for ensuring investor protection in the primary market.	market; 2. To recommend measures for changes and improvements in market structure in view of the impending changes; 3. To recommend measures for improving market safety, efficiency, transparency and integrity; 4. To suggest measures for reducing transaction costs; 5. To recommend changes if required in the risk management / margin system; 6. To recommend changes if required in the regulatory framework in secondary market;

Q.4) Consider the following statements about Varishtha Pension Bima Yojana

1. The Life Insurance Corporation of India (LIC) would be the implementing body of the scheme
2. It aims to provide social security to elderly persons aged 60 years during their old age
3. Under the scheme, an assured pension with guaranteed rate of return of 8% per annum would be provided for a period of ten years

Which of the above statements are correct?

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

Q.4) Solution (d)

As a part of government's commitment for financial inclusion and social security the Union Cabinet has given its post-facto approval to launch Varishtha Pension Bima Yojana.

Statement 1	Statement 2	Statement 3
Correct	**Correct**	**Correct**
The Life Insurance Corporation of India (LIC) would be the implementing body of the scheme during the current financial year.	The scheme aims to provide social security to elderly persons aged 60 years during their old age.	Under the scheme, an assured pension with guaranteed rate of return of 8% per annum would be provided for a period of ten years. Besides, the nominee would have an option for pension on a monthly / quarterly / half yearly and annual basis.

Q.5) Arrange the following countries in the increasing order of their FDI equity inflows to India in 2018-19

1. USA
2. Mauritius
3. Singapore
4. Netherlands

Choose the correct code

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

Q.5) Solution (a)

India's foreign direct investment (FDI) equity inflows fell for the first time in six years in 2018-19 with a steep decline in foreign funds in telecom, pharmaceuticals and power.

Data released by the department for promotion of industry and internal trade on Tuesday showed FDI equity inflows into India declined 1% to $44.4 billion 2018-19 from $44.8 billion in the previous fiscal.

FDI inflows fell 56% in telecommunications to $2.7 billion and 74% in pharmaceuticals to $266 million.

Further, **Singapore replaced Mauritius as the top source of foreign investment** with FDI inflows twice that from Mauritius during the year at $16.2 billion, compared with $8.1 billion from Mauritius.

Netherlands (3,870 million $) followed by USA (3,139 million $) and Japan stood fifth (2,965 million $)

Q.6) Which of the following published the World Investment Report 2019?

a) UNCTAD
b) World Economic Forum
c) World Bank
d) UNDESA

Q.6) Solution (a)

The World Investment Report supports policymakers by monitoring global and regional foreign direct investment trends and documenting national and international investment policy developments.

The policy chapter of this year's report takes stock of efforts being made towards the reform of international investment agreements and surveys new measures.

Inclusive sustainable development depends on a global policy environment that is conducive to cross-border investment.

World Investment Report 2019 provides an overview of the global SEZ landscape and offers advice on how to respond to fundamental challenges for zones posed by the sustainable development imperative, the new industrial revolution and changing patterns of international production.

Q.7) With reference to India, the components of Shadow Banking is / are

1. Money Market Funds
2. Credit investment Fund
3. Hedge Funds
4. NBFCs

Choose the correct code

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

Solution (d)

Shadow Banking in Indian Context

The term 'shadow banking system' was first used in 2007 and refers to the bank-like functions performed by entities outside the regular banking system.

The more comprehensive definition, as adopted by the Financial Stability Board (FSB), i.e., 'credit intermediation involving entities and activities (fully or partially) outside the regular banking system' has been globally accepted. This definition has two important components:

Non-bank financial entities or entities outside the banking system that engage in the 'bank like' activities of maturity transformation, undertaking credit risk transfer and using direct or indirect financial leverage.

Activities such as securitization, securities lending and repo transactions that act as important sources of funding for non-bank entities. Thus, shadow banks comprise entities which conduct financial intermediation directly, such as finance companies or NBFCs, and entities which provide finance to such entities, such as mutual funds. Globally, shadow banking entities could be covered under the broad heads of

- Money Market Funds,
- Credit investment Fund
- Hedge Funds
- Finance Companies accepting deposits or deposit like funding
- Securities brokers dependent on wholesale funding
- Credit insurers, financial guarantee providers
- Securitisation vehicles.

The Shadow banking institutions function as intermediaries between the investors and the borrowers, providing credit and generating liquidity in the system. Although these entities do not accept traditional demand deposits offered by banks, they do provide services similar to what commercial banks offer. And this was one reason why they escaped regulation abroad. The shadow banking system had overtaken the regular banking system in offering loans in US before the financial crisis erupted in 2008.

Q.8) Consider the following statements about 'Sector Funds'

1. Sector funds are Open-ended mutual funds
2. Sector funds carry higher risk than equity mutual funds

Which of the above statements is/are correct?

a) 1 only

b) 2 only
c) Both 1 and 2
d) None of the above

Solution (b)

Statement 1	Statement 2
Incorrect	**Correct**
Sector funds are those mutual funds which invest solely in businesses that operate in a particular industry or sector of the economy. First statement is incorrect because sector funds are closed-end funds	Since they are closed ended funds, they have lack of diversification associated with them, and are more risky than diversified equity mutual funds.

Q.9) Consider the following statements about Participatory Notes in India

1. Participatory Notes are issued by RBI to overseas investors to invest in the Indian stock market.
2. Any entity investing in participatory notes is not required to register with SEBI.

Which of the above statements is/are correct?

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

Solution (b)

Statement 1	Statement 2
Incorrect	**Correct**
Participatory Notes are issued by registered foreign institutional investors (FII) to overseas investors to invest in the Indian stock market. Participatory Notes enables large hedge funds to carry out their operations without disclosing their identity.	P-notes have attracted significant market attention recently because of huge inflow of foreign funds into Indian stock markets through this route. Any entity investing in participatory notes is not required to register with SEBI since it is purchased from registered FII's

Q.10) Which of the following are the main legislation governing the securities market in India?

1. SEBI Act, 1992
2. Companies Act, 1956
3. Securities Contracts (Regulation) Act, 1956
4. Depositories Act, 1996

Choose the correct code

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

Solution (d)

The four main legislations governing "the securities markets are:

1. the SEBI Act, 1992 which establishes SEBI to protect investors and develop and regulate securities market;
2. the Companies Act, 1956, which sets out the code of conduct for the corporate sector in relation to issue, allotment and transfer of securities, and disclosures to be made in public issues;
3. the Securities Contracts (Regulation) Act, 1956, which provides for regulation of transactions in securities through control over stock exchanges; and
4. the Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat securities.

Q.11) Which of the following institutions is involved in providing guaranteed clearing and settlement functions for transactions in Money, G-Secs, Foreign Exchange and Derivative markets?

a) Clearing Corporation of India Ltd.
b) SEBI
c) National Stock Exchange
d) RBI

Q.11) Solution (a)

The Clearing Corporation of India Ltd. (CCIL) was set up in April, 2001 to provide guaranteed clearing and settlement functions for transactions in Money, G-Secs, Foreign Exchange and Derivative markets. The introduction of guaranteed clearing and settlement led to significant improvement in the market efficiency, transparency, liquidity and risk management/measurement practices in these market along with added benefits like reduced settlement and operational risk, savings on settlement costs, etc.

CCIL also provides non-guaranteed settlement for Rupee interest rate derivatives and cross currency transactions through the CLS Bank. CCIL's adherence to the stringent principles governing its operations as a Financial Market Infrastructure has resulted in its recognition as a Qualified Central Counterparty (QCCP) by the Reserve Bank of India in 2014. It has also set up a Trade Repository to enable financial institutions to report their transactions in OTC derivatives.

CCIL has continuously evolved over the years with the shifting paradigms of the financial arena to take on various roles in the financial market. Through its fully owned subsidiary, Clearcorp Dealing Systems Limited (CDSL), CCIL has introduced various platforms for electronic execution of deals in various market segment. Further, CDSL has developed, implemented and manages the NDS-OM - the RBI owned anonymous electronic trading system for dealing in G-Secs and also for reporting of OTC deals as well as the NDS-CALL platform which facilitates electronic dealing in the Call, Notice & Term Money market.

Q.12) The Foreign Investment Facilitation Portal comes under the administrative control of which of the following ministries?

a) Ministry of Finance
b) Ministry of Commerce and Industry
c) Ministry of External affairs
d) Ministry of Corporate affairs

Q.12) Solution (b)

One can invest in India - either under Automatic Route which does not require approval from RBI or under Government Route, which requires prior approval from the concerned Ministries/Departments via a single window - Foreign Investment Facilitation Portal (FIFB) administered by Department for Promotion of Industry and Internal Trade (DPIIT).

Foreign Investment Facilitation Portal

- The Foreign Investment Promotion Board (FIPB) was replaced by the Foreign Investment Facilitation Portal (FIFP) to speed up the FDI inflow and to increase the transparency in the FDI approvals in the country. FIFP replaced FIPB in May, 2017.
- The Foreign Investment Facilitation Portal (FIFP) is the new online single point interface of the Government of India for investors to facilitate Foreign Direct Investment. This portal is being administered by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry.
- This portal will continue to facilitate the single window clearance of applications which are through approval route. Upon receipt of the FDI application, the concerned Administrative Ministry/Department shall process the application as per the Standard Operation Procedure (SOP).

Q.13) Consider the following statements about Infrastructure Investment Trusts (InvITs)

1. They are mutual fund like institutions which enable investments into the infrastructure sector by pooling small sums of money from multitude of individual investors
2. They are regulated by Real Estate Regulatory Authority(RERA)
3. InvITs can invest in infrastructure projects only through a special purpose vehicle (SPV)

Which of the above statements is/are correct?

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

Q.13) Solution (a)

Statement 1	**Statement 2**	**Statement 3**
Correct	**Incorrect**	**Incorrect**
Infrastructure Investment Trusts (InvITs) are mutual fund like institutions that enable investments into the infrastructure sector by pooling small sums of money from multitude of individual investors for directly investing in infrastructure so as to return a portion of the	InvITs are regulated by the securities market regulator in India- Securities and Exchange Board of India (SEBI). SEBI notified SEBI (Infrastructure Investment Trusts) Regulations, 2014 on September 26, 2014, providing for registration	InvITs can invest in infrastructure projects, either directly or through a special purpose vehicle (SPV). In case of Public Private Partnership (PPP) projects, such investments can only be through SPV.

income (after deducting expenditures) to unit holders of InvITs, who pooled in the money. Types of InviTs Two types of InvITs have been allowed, one which is allowed to invest mainly in completed and revenue generating infrastructure projects and other which has the flexibility to invest in completed/under-construction projects. While the former has to undertake a public offer of its units, the latter has to opt for a private placement of its units. Both the structures are required to be listed. The Infrastructure Investment Trusts (InvITs) for the monetisation of select state-run companies was announced in the budget 2018-19	and regulation of InvITs in India. The objective of InvIT is to facilitate investment into the infrastructure sector in India. InvITs are very much similar to the Real Estate investment Trusts (REITs) in structure and operations. InvITs are modified REITs designed to suit the specific circumstances in India.	

Q.14) Consider the following statements

1. The balance of payments takes into consideration the transaction between the citizens of the country and the rest of the world.
2. Big changes in the capital account can indicate of how attractive a country is to foreign investors and can have a big impact on exchange rates.
3. Capital account surpluses of a country necessarily indicate the increasing foreign ownership of its assets.

Which of the above statement/s is/are correct?

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

Q.14) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	**Correct**	**Correct**
The balance of payments (BoP) records the transactions in goods, services and assets between residents of a country with the rest of the world for a specified time period typically a year. The balance of payments (BOP), also known as balance of international payments, summarizes all transactions that a country's individuals, companies and government bodies complete with individuals, companies and government bodies outside the country. These transactions consist of imports and exports of goods, services and capital, as well as transfer payments such as foreign aid and remittances.	The balance of payments is composed of a capital account and a current account — though a narrower definition breaks down the capital account into a financial account and a capital account. In accounting, the capital account shows the net worth of a business at a specific point in time – and is otherwise known as shareholders' equity. Changes in the balance of payments can provide a lot of clues about a country's relative level of economic health and future stability. The capital account indicates whether a country is importing or exporting capital. **Big changes in the capital account can indicate of how attractive a country is to foreign investors and can have a big impact on exchange rates**.	Because all the transactions recorded in the balance of payments sum to zero, countries which run large trade deficits (current account deficits), must by definition also run large **capital account surpluses - which means more capital is flowing in than is going out, and increasing foreign ownership of its assets**. A country with a large trade surplus is exporting capital, and running a capital account deficit – which means money, is flowing out of the country.

Q.15) Consider the following statements

1. India received its highest ever FDI investment in the financial year 2018-19
2. FDI investment into India has consistently increased in the last 5 years

Which of the above statements is/are correct?

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

Q.15) Solution (a)

Statement 1	**Statement 2**
Correct	**Incorrect**
FDI is a major driver of economic growth and a source of non-debt finance for the economic development of the country. The government has put in place an investor-friendly policy on FDI, under which investment up to 100 per cent is permitted on the automatic route in most sectors/ activities. These reforms have led to total FDI into India reaching USD 286 billion in five years from 2014-15 to 2018-19 as compared to USD 189 billion in the previous five-years, he said. At USD 64.37 billion, FDI in 2018-19 is the highest ever investment received for any financial year.	Due to a stable and predictable regulatory regime, a growing economy and strong fundamentals, India could attract massive amount of foreign direct investment during the last five years, as much as USD 239 billion worth received as FDI. This period also witnessed a rapid liberalization of the FDI policy allowing most FDI to come through the automatic route. But the FDI has not increased consistently.

Q.16) Net Invisibles is the difference between the value of exports and value of imports of invisibles of a country in a given period of time. In this context what does the non-factor income constitutes of

1. International earnings on labour
2. International earnings on Capital
3. Shipping
4. Banking
5. Tourism

Choose the correct code

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

Q.16) Solution (c)

Net Invisibles is the difference between the value of exports and value of imports of invisibles of a country in a given period of time. Invisibles include services, transfers and flows of income that take place between different countries. Services trade includes both factor and non-factor income. Factor income includes net international earnings on factors of production (like labour, land and capital). **Non-factor income is net sale of service products like shipping, banking, tourism, software services, etc**.

Q.17) The degree of 'openness of an economy' is measured by which of the following factors?

a) Exports and imports share in world GDP
b) Exports and imports of goods and services as a percentage of GDP
c) Balance of Payments as a percentage of GDP
d) Trade balance as a percentage of GDP

Q.17) Solution (b)

Openness is measured as Exports and Imports of goods and services of a country as a percentage of its GDP. So, option b is correct

Trade balance means Exports - Imports, so statement d is incorrect.

Q.18) Consider the following statements regarding purchasing power parity (PPP) exchange rates:

1. If two countries have zero rate of inflation, their PPP exchange rates will be constant
2. The prices of goods will be same in both the countries when converted at PPP exchange rate

Which of the above statements is/are incorrect?

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

Q.18) Solution (d)

Suppose Nominal Exchange Rate is $1 = Rs 70 and India and US produces just Pizza

	India	US
Pizza Price	Rs 35	$1

To calculate PPP exchange rate, we need to compare the prices of a basket of goods in India with US.

In the above case by comparing the prices of Pizza in India and US, we will get $1 = Rs 35

So, $1 = Rs 35 is the PPP exchange rate. It implies whatever Rs 35 can purchase in India, $1 can purchase in US i.e. purchasing power of Rs 35 in India is equal to purchasing power of $1 in US.

So, if the inflation rate is different in the countries then PPP exchange rate will change. But if there is no inflation (prices remains same) then PPP exchange rates will be constant.

So, statement 1 is correct.

When we use PPP exchange ($1 = Rs 35) rate to convert the price of Pizza in US in Indian currency then it is Rs 35 in US which is the same as in India also.

So, statement 2 is also correct.

Q.19) In the context of India, what does the depreciation of Rupee mean?

a) Increase in exchange rate where the price of foreign currency (dollar) in terms of domestic currency (rupees) has increased
b) Increase in exchange rate where the price of Indian currency (dollar) in terms of foreign currency (rupees) has increased
c) Decrease in exchange rate where the price of Indian currency (dollar) in terms of foreign currency (rupees) has increased
d) Decrease in exchange rate where the price of foreign currency (dollar) in terms of domestic currency (rupees) has decreased

Q.19) Solution (a)

Increase in exchange rate implies that the price of foreign currency (dollar) in terms of domestic currency (rupees) has increased. This is called Depreciation of domestic currency (rupees) in terms of foreign currency (dollars).

Similarly, in a flexible exchange rate regime, when the price of domestic currency (rupees) in terms of foreign currency (dollars) increases, it is called Appreciation of the domestic currency (rupees) in terms of foreign currency (dollars).

Q.20) Consider the following statement/s about Exchange traded fund (ETF)

1. Bharath 22 is a type of mutual fund consisting of 22 Public sector units(PSU) stocks only
2. Investments in ETFs are less liquid as they cannot be traded on a stock exchange like direct equity shares
3. The government of India has appointed ICICI Prudential AMC to manage Bharat 22 ETF

Which of the above statements is/are correct?

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

Q.20) Solution (d)

Statement 1	**Statement 2**	**Statement 3**
Incorrect	**Incorrect**	**Correct**
An ETF is an open-ended mutual fund scheme with an objective to track and reflect the performance of its underlying index. It achieves this through a passive investment strategy of investing in the same stocks and in the same proportion as they constitute the underlying index. The index is collectively comprised of 22 stocks of Central Public Sector Enterprises (CPSE), Public Sector Banks and private companies which are Strategic Holding of Specified Undertaking of Unit Trust of India (SUUTI). The said 22 stocks are spread across six sectors (Basic Materials, Energy,	Investments in ETFs are highly liquid as they are held through a Demat account and can be traded on a stock exchange like direct equity shares. Also, being passively managed, they have lower expense ratios in comparison to actively managed mutual funds. The Bharat 22 ETF allows the Government to park its holdings in selected PSUs in an ETF and raise disinvestment money from investors at one go. It tracks the specially made S&P BSE Bharat 22 Index, managed by Asia Index Private Limited. This index is made up of 22 PSU stocks and with a few private sector companies.	The government of India has appointed ICICI Prudential AMC to create, launch and manage Bharat 22 ETF.

Finance, FMCG, Industrials and Utilities). The index invests a maximum of 15 per cent in a single stock and 20 per cent in a particular sector. Weights are rebalanced annually.		

Q.21) Consider the following statements about Pradhan Mantri Van Dhan Yojana:

1. It aims to convert the tribal wisdom into a viable economic activity and provide enhanced livelihood for tribals.
2. It is a Market Linked Tribal Entrepreneurship Development Program.
3. At unit level, aggregation of produce would be done by 30 SHGs forming Van Dhan Vikas 'Samuh'.

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) 1, 2 and 3

Q.21) Solution (a)

Statement 1	**Statement 2**	**Statement 3**
Correct	**Correct**	**Incorrect**
Pradhan Mantri Van Dhan Yojana is a Market Linked Tribal Entrepreneurship Development Program targeting livelihood generation for tribals by harnessing the wealth of forest. The implementation will be done through the Ministry of Tribal Affairs as Nodal Department at the	**It aims to** tap into traditional knowledge and skill sets of tribals by adding technology and IT to upgrade it at each stage and to **convert the tribal wisdom into a viable economic activity and provide enhanced**	**At unit level, aggregation of produce would be done by 10 SHGs having about 30 members each forming Van Dhan Vikas 'Samuh'.** Van Dhan Vikas Kendra (VDVKs) will be established for providing

Central Level and Tribal Cooperative Marketing Development Federation of India (TRIFED) as Nodal Agency at the National Level.	**livelihood** to about 45 lakhs tribal gatherers in one year.	capacity building training and skill upgradation and value addition facility and setting up of primary processing.

Q.22) Index of Economic Freedom is released by

a) World Trade Organisation (WTO)
b) World Bank
c) United Nations Conference on Trade and Development (UNCTAD)
d) None of the above

Q.22) Solution (d)

- **Index of Economic Freedom** measures jurisdictions against each other in terms of trade freedom, tax burden, judicial effectiveness, and so on.
- The most widely referenced index of economic freedom is produced by the **Heritage Foundation**, US based think tank.
- It ranks countries based on score ranging 0 (least free) to 100 (most free).

Q.23) Which of the following statements about Belum caves is/are correct?

1. It is the longest natural cave of India.
2. It is located in the state of Andhra Pradesh.

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.23) Solution (b)

Statement 1	Statement 2
Incorrect	**Correct**
Belum cave is the second-longest natural cave in the Indian subcontinent. Longest	**Belum caves are located in Kurnool district of Andhra Pradesh**. Recently Andhra Pradesh

natural cave KremLiatPrah caves in Meghalaya.	Government hosted the Belum Caves festival to popularise the Belum caves.

Q.24) International Convention for the Safe and Environmentally Sound Recycling of Ships is known as

a) Barcelona Convention
b) London Convention
c) Hong Kong Convention
d) MARPOL Convention

Q.24) Solution (c)

- India has recently acceded to the **Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.**
- It was adopted by International Maritime Organisation (IMO) in 2009 to ensure that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risks to human health and safety and the environment.

Q.25) Which of the following States are protected under Inner Line Permit (ILP) regime?

1. Manipur
2. Mizoram
3. Meghalaya
4. Nagaland
5. Arunachal Pradesh

Select the correct answer using the code given below:

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

Q.25) Solution (c)

- Inner Line Permit (ILP) is a special permit that citizens from other parts of India require to enter a state protected by the ILP regime.
- It is issued by the concerned State government for a limited period

- It is based on the Bengal Eastern Frontier Regulation Act, 1873.
- States having ILP system: **Nagaland, Arunachal Pradesh, Manipur and Mizoram**

Q.26) The term 'Ring Fencing' was in news recently is associated with

a) Insolvency and Bankruptcy Code (IBC)
b) Real Estate Investment Trust (REITs)
c) Infrastructure Investment Trusts (InvITs)
d) Fiscal Stimulus

Q.26) Solution (a)

Cabinet cleared a proposal to promulgate an Ordinance to amend the Insolvency and Bankruptcy Code (IBC) to "ring-fence" successful new bidders of stressed assets from criminal proceedings against offences committed by previous management/promoters.

Q.27) What are the possible implications of 'Operation Twist' by RBI?

1. Yields of Government bonds drops
2. Reduced interest rate on long term borrowing
3. Better monetary transmission

Select the correct statements

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

Q.27) Solution (d)

RBI purchased the bond and price of bond paper moved up and the yield dropped. This leads to long term liquidity in the market which helps in reducing interest rate on long term borrowing.

Liquidity was abundant at the shorter end but not so much at the longer end. But by making liquidity available at the long end, the move will help in monetary transmission.

Q.28) 'Universal Service Obligation Fund (USOF)' is under

a) Ministry of Science and Technology
b) Ministry of Communications
c) Ministry of Electronics and Information Technology
d) Ministry of Consumer Affairs, Food and Public Distribution

Q.28) Solution (b)

The Indian Telegraph (Amendment) Act, 2003 giving statutory status to the Universal Service Obligation Fund (USOF) was passed by both Houses of Parliament in December 2003.

The Rules for administration of the Fund known as Indian Telegraph (Amendment) Rules, 2004 were notified on 26.03.2004. As per the Indian Telegraph Act 1885 (as amended in 2003, 2006), the Fund is to be utilized exclusively for meeting the Universal Service Obligation.

It is under the Ministry of Communications.

Q.29) Which of the following are the 'Original Principles of The Washington Consensus'?

1. Development of property rights
2. Market determined interest rates
3. Low government borrowing
4. Liberalization of inward foreign direct investment

Select the correct code:

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

Q.29) Solution (d)

The Washington Consensus refers to a set of free-market economic policies supported by prominent financial institutions such as the International Monetary Fund, the World Bank, and the U.S. Treasury. A British economist named John Williamson coined the term Washington Consensus in 1989.

These are the ten specific principles originally set out by John Williamson in 1989:

- Low government borrowing. The idea was to discourage developing economies from having high fiscal deficits relative to their GDP.
- Diversion of public spending from subsidies to important long-term growth supporting sectors like primary education, primary healthcare, and infrastructure.
- Implementing tax reform policies to broaden the tax base and adopt moderate marginal tax rates.
- Selecting interest rates that are determined by the market. These interest rates should be positive after taking inflation into account (real interest rate).
- Encouraging competitive exchange rates through freely-floating currency exchange.
- Adoption of free trade policies. This would result in the liberalization of imports, removing trade barriers such as tariffs and quotas.
- Relaxing rules on foreign direct investment.
- The privatization of state enterprises. Typically, in developing countries, these industries include railway, oil, and gas.
- The eradication of regulations and policies that restrict competition or add unnecessary barriers to entry.
- Development of property rights.

Q.30) Consider the following statements with respect to 'Overall Mitigation of Global Emissions (OMGE)'.

1. It is stipulated under sub-article 6.4 of the Paris Agreement
2. It calls to ensure a net reduction in emissions, rather than just offsetting CO2 released in one country with savings elsewhere.

Select the correct statements

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

Q.30) Solution (c)

Unlike the carbon-trading arrangements under Kyoto, Article 6.4 markets are required to ensure an "overall mitigation in global emissions" (OMGE). This means they should ensure a net reduction in emissions, rather than just offsetting CO2 released in one country with savings elsewhere.