

IASbaba 60 Day Plan 2020 – Day 58 Economics

Q.1) A Liquidity Trap can occur under which of the following circumstances?

1. Expectations of Inflation.
2. Unwillingness to hold bonds.
3. Preference for saving.

Choose the correct answer using the codes given below

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

Q.1) Solution (c)

Option 1	Option 2	Option 3
Incorrect	Correct	Correct
A liquidity trap can occur when there is an expectation of deflation . If there is deflation or people expect deflation (fall in prices) then real interest rates can be quite high even if nominal interest rates are zero. - If prices are falling 2% a year, then keeping cash means your money will increase in value.	Unwillingness to hold bonds - If interest rates are zero, investors will expect interest rates to rise sometime. If interest rates rise, the price of bonds falls. Therefore, investors would rather keep cash savings than hold bonds.	Liquidity traps occur during periods of recessions and a gloomy economic outlook. Consumers, firms and banks are pessimistic about the future, so they look to increase their precautionary savings and it is difficult to get them to spend which is necessary to create demand so that economy can revive once again. This rise in the savings ratio means spending falls.

Q.2) Consider the following statements regarding direct monetization of fiscal deficit

1. Direct monetization is suitable in the event of a positive demand shock caused due to events such as a lockdown.
2. In this, the Government asks the RBI to print new currency to finance its deficit.
3. It can lead to an increase in inflation.

Which of the statements given above is/are correct?

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

Q.2) Solution (b)

Option 1	Option 2	Option 3
Incorrect	Correct	Correct
Direct monetization is suitable in the event of a negative demand shock caused due to events such as a lockdown. This tool provides an opportunity for the government to boost overall demand at the time when private demand has fallen.	In Direct monetization of deficit, the government deals with the RBI directly. It asks the RBI to print new currency in return for new bonds that the government gives to the RBI.	Government expenditure using new money boosts incomes and raises private demand in the economy. Thus, it fuels inflation.

Q.3) Which of the following are Fiscal measures to combat inflation?

1. Credit control
2. Increase in Taxes
3. Reduction in unnecessary expenditure

Choose the correct answer using the codes given below

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

Q.3) Solution (c)

Fiscal Measures to Combat Inflation

- Increase in Taxes.
- Reduction in unnecessary expenditure.

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- Increase in savings.
- Surplus Budget.
- Public debt.

Monetary Measures to Combat Inflation

- Credit control.
- Demonetization of currency.
- Issue of new Currency.

Other measures

- Increase production.
- Rational wage policy.
- Price control.
- Rationing.

Q.4) Consider the following statements regarding Ways and Means Advances

1. It is a type of long term credit that the government can borrow from the central bank.
2. It is a source of financing fiscal deficit of 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.4) Solution (d)

Option 1	Option 2
Incorrect	Incorrect
Ways and Means Advances are temporary loan facilities provided by RBI to the government to enable it to meet temporary mismatches between revenue and expenditure. The availability of these funds will government some room to undertake short term	Ways and Means Advances is not a source of financing fiscal deficit. As per the agreement, WMAs shall be fully paid off within three months from the date of making the WMAs.

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expenditure.

Q.5) Consider the following statements regarding escape clause provision under the FRBM Act

1. The government deviated from the fiscal deficit target for 2019-20 on account of structural reforms undertaken by the government.
2. The current Coronavirus pandemic is a valid ground for exceeding the annual fiscal deficit target.

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.5) Solution (c)

Option 1	Option 2
Correct	Correct
As per the government, the fiscal deficit target for 2019-20 has been recalibrated to 3.8 per cent of GDP compared to the Budgeted target of 3.3 per cent of GDP. The deviation has been necessitated on account of the structural reforms such as reductions in corporation tax taken by the Government.	The Coronavirus pandemic can be considered a national calamity. Hence it is a valid ground for exceeding annual fiscal deficit target. Already several states such as Kerala have sought relaxation on FRBM target owing to the current situation.

Escape Clause under the FRMB Act

- The concessional provision to go above the allowed fiscal deficit target under the FRBM Act is popularly known as the escape clause.
- Subsection 4 (2) of the Act says about various grounds on which the FRBM's fiscal deficit target may be exempted during a year –
 - National security, an act of war.
 - National calamity.
 - The Collapse of agriculture severely affecting farm output and incomes.

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- Structural reforms in the economy with unanticipated fiscal implications.
- A Decline in real output growth of a quarter by at least three per cent points below its average of the previous four quarters.

Q.6) Consider the following statements regarding Renewable Energy Certificates (REC)

1. One REC is created when one megawatt-hour of electricity is generated from an eligible renewable energy source.
2. Even homeowners with rooftop solar panels are eligible to receive RECs.
3. The price of RECs is fixed by the Central Electricity Regulatory Commission.

Which of the statements given above is/are correct?

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

Q.6) Solution (a)

Option 1	Option 2	Option 3
Correct	Correct	Incorrect
Renewable Energy Certificates (RECs) are a market-based instrument that certifies the bearer owns one megawatt-hour (MWh) of electricity generated from a renewable energy resource. Once the power provider has fed the energy into the grid, the REC receive can then be sold on the open market as an energy commodity.	The provider of the renewable electricity, including homeowners with rooftop solar panels are eligible to receive RECs.	Renewable Energy Certificates (RECs) are a market-based instrument. The price may vary due to supply and demand. However, they are contained between the 'floor price' (minimum price) and 'forbearance price' (maximum price) specified by the Central Electricity Regulatory Commission (CERC).

- REC acts as a tracking mechanism for solar, wind, and other green energies as they flow into the power grid.

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- RECs go by many names, including Green tag, Tradable Renewable Certificates (TRCs), Renewable Electricity Certificates, or Renewable Energy Credits.
- In India, RECs are traded on two power exchanges — Indian Energy Exchange (IEX) and Power Exchange of India (PXIL).

Q.7) Consider the following statements regarding Foreign exchange swap auction conducted by the RBI

1. The objective was to reduce volatility in the forex market.
2. It has the effect of increasing liquidity in the system.

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.7) Solution (b)

Option 1	Option 2
Incorrect	Correct
The objective of a forex swap is to meet the durable liquidity needs of the system.	The swap injects rupee liquidity for longer duration through long-term foreign exchange Buy/Sell swap. The forex swap essentially puts more money in the hands of banks.

Forex swap auction

- The RBI injected long-term liquidity into the system through foreign exchange swap auction with banks for 3 years.
- Under the swap, a bank would sell US dollars to the RBI. It will simultaneously agree to buy the same amount of US dollars at the end of the swap period.
- The swap transaction is materially different from OMOs (open market operations) in which the RBI buys and sells government securities in the open market.

Q.8) Consider the following statements regarding the Long Term Repo Operation (LTRO)

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1. Funds borrowed through LTRO will have an interest rate lower than the funds borrowed at Bank rate.
2. Only government securities will be accepted as collateral to avail LTRO facility.
3. LTRO will boost investment in corporate bonds.

Which of the statements given above is/are correct?

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

Q.8) Solution (d)

Option 1	Option 2	Option 3
Correct	Correct	Correct
Generally, the repo rate is lower than the bank rate. Current repo rate is 4.40% while the Bank rate is 4.65%.	The LTRO is a tool under which the central bank provides one-year to three-year money to banks at the prevailing repo rate, accepting government securities with matching or higher tenure as the collateral.	LTRO is expected to bring down short-term rates and boost investment in corporate bonds

Q.9) The government recently brought hand sanitizers and masks under the purview of the Essential Commodities Act (ECA). Consider the following statement regarding the Essential Commodities Act

1. The Act also empowers the state governments to control production, supply and distribution of certain commodities.
2. The Drug Price Control Orders (DPCO) is issued under the powers of the ECA.

Which of the statements given above is/are correct?

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

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d) Neither 1 nor 2

Q.9) Solution (c)

Option 1	Option 2
Correct	Correct
The Act empowers both Central and state governments concurrently to control production, supply and distribution of certain commodities listed in the ECA. The measures that can be taken under the provision of the Act include, among others, licensing, distribution and imposing stock limits.	The Drugs Prices Control Order, 1995 is an order issued by the Government of India under Sec. 3 of the Essential Commodities Act, 1955 to regulate the prices of drugs. To implement provisions of DPCO, powers of Govt. have been vested in NPPA (National Pharmaceutical pricing authority.)

Q.10) Consider the following statements regarding recent developments in the agricultural sector

1. A Farmer Producer Organisation is a legal entity registered under the Companies Act 2013.
2. Livestock, poultry and fishery are included under the ambit of Model Contract Farming Act 2018.
3. Recently, Tamil Nadu became the first state to enact a law on contract farming.

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.10) Solution (c)

Option 1	Option 2	Option 3
Incorrect	Correct	Correct
A Producer Organisation (PO) is a legal entity formed by primary producers, viz. farmers,	Model Contract Farming Act 2018 includes all categories of agronomic and	Tamil Nadu became the first state to enact a law on

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milk producers, fishermen, weavers, rural artisans, craftsmen. The entity can either be registered as a cooperative society under Cooperatives societies act or as a producer company under the Companies Act.	horticulture crops, livestock, dairy, poultry and fishery.	contract farming.
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Q.11) Consider the following statements regarding Harmonized System of Nomenclature (HSN)

1. It is a multipurpose international product nomenclature developed by the World Customs Organization.
2. The code is used by private-sector firms for purposes such as freight tariffs.
3. India has recently decided to adhere to HSN for classification of goods for purposes of the Customs.

Which of the statements given above is/are correct?

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

Q.11) Solution (a)

Option 1	Option 2	Option 3
Correct	Correct	Incorrect
It is a multipurpose international product nomenclature developed by the World Customs Organization. This is the common standard worldwide for describing the type of commodity	It is used not only by governments and international organizations but also by the private sector for many other purposes such as internal taxes, freight tariffs, transport statistics, research and analysis.	India has adhered to HSN for classification of goods for purposes of the Customs for more than a decade. Recently, to government decided not to allow imports without HSN code.

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Q.12) The term Securitization is sometimes seen in the news. It refers to which of the following

- Issuance of Government security to finance the fiscal deficit.
- The pooling of financial assets into a consolidated financial instrument.
- Unwillingness to hold government security due to expectation of default.
- Conversion of unsecured debt into secured debt to reduce Non-Performing Asset issue.

Q.12) Solution (b)

Securitization

- Securitization is a process by which a company clubs its different financial assets/debts to form a consolidated financial instrument which is issued to investors.
- This enables the firm to raise capital and thus enhances liquidity in the market.
- Securitization involves repackaging of less liquid assets into saleable securities.

Q.13) India recently ratified the Multilateral Convention to Implement Tax Treaty Related Measures (MLI). Consider the following statements regarding it.

- MLI is an outcome of the OECD and FATF Project to tackle base erosion and profit shifting and money laundering.
- MLI provides flexibility through provisions such as “reservation”.
- MLI does not modify any existing bilateral tax treaty agreements between signatory countries.

Which of the statements given above is/are incorrect?

- 1 and 2 only
- 1 and 3 only
- 2 and 3 only
- All of the above

Q.13) Solution (b)

Option 1	Option 2	Option 3
Incorrect	Correct	Incorrect
The multilateral convention is an outcome of the OECD/G20	MLI provides flexibility through provisions such as	MLI modifies tax treaties that are “Covered tax

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project to tackle base erosion and profit shifting.	“reservation”. Through this, countries can opt-out to apply certain MLI provisions.	agreements”.
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Covered Tax Agreement

- Covered Tax Agreement means an agreement for the avoidance of double taxation that is in force between Parties to the MLI which both parties have made a notification that they wish to modify the agreement using the MLI.

Q.14) Consider the following statements regarding recent reforms in e-NAM platform

1. Farmers can now trade on e-NAM without physically bringing their produce to the APMC mandis.
2. All Farmer Producer organizations (FPO) need to store their produce in selected Warehousing Development and Regulatory Authority (WDRA) registered warehouses.
3. Provision has been made for linking large logistic aggregator platforms with e-NAM Platform.

Which of the statements given above is/are correct?

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

Q.14) Solution (d)

Option 1	Option 2	Option 3
Incorrect	Incorrect	Correct
Only those farmers storing their produce in registered storehouses and having e-NWR will be able to trade on e-NAM without having to physically bring the produce to APMC's.	Farmer Producers' Organisations (FPOs) need not store their produce in selected WDRA registered warehouses. However, they can now upload the picture of their produce and quality parameters from their premise/collection centres for bidding.	A provision has been made for linking large logistic aggregator platforms providing choices to users. Traders will be able to use the link to navigate to the logistics provider's website and select appropriate services.

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Benefits of recent reforms in e-Nam

- The depositor can save logistics expenses and will have better income.
- Farmers can sell the produce across the Nation at a better price without the hassle of going to mandi.
- It will decongest the mandis and also reduce the hassle.
- It will facilitate FPOs to avail online payment facility with ease of doing business.

Q.15) Consider the following statements regarding Special Economic Zones

1. While SEZ units may import goods from Domestic tariff area (DTA) without payment of duty, they shall, however, pay applicable duty to export goods to DTA.
2. Goods procured from units in SEZs by single-brand retailers would qualify for meeting the local sourcing norms, if applicable.
3. SEZ units which are not positive Net Foreign exchange Earner shall be liable to pay a penalty.

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.15) Solution (d)

Option 1	Option 2	Option 3
Correct	Correct	Correct
SEZ units may import/procure goods and services from DTA without payment of duty for setting up, operation and maintenance of units in the Zone. However, an SEZ unit may sell goods, including by-products, and services in DTA in accordance with the import policy in force, on payment of applicable duty.	DPIIT recently clarified that Goods procured from units in special economic zones (SEZ) by single-brand retailers, owned by foreign companies, would qualify for meeting the mandatory 30% local sourcing norms. 30% local sourcing is mandated for Single brand retails with more than 51% FDI.	SEZ unit shall be a positive Net Foreign exchange Earner. NFE shall be calculated cumulatively for a period of five years from the commencement of production. in the event of failure to achieve positive foreign exchange earning it shall be liable to a penalty.

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Q.16) Consider the following statements regarding Pradhan Mantri Annadata Aay Sanrakshan Abhiyan

1. This is an umbrella scheme which will provide income support to the farmers.
2. Cotton is covered under Price Deficiency Payment Scheme.
3. There will be no physical procurement of crops under Price Support Scheme.

Which of the statements given above is/are correct?

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

Q.16) Solution (b)

Option 1	Option 2	Option 3
Incorrect	Correct	Correct
PM-AASHA is a new umbrella scheme which will provide Minimum Support Price (MSP) assurance to farmers. It is a price support scheme and not an income support scheme.	PDPS covers all oilseeds which MSP is notified. Cotton is considered an oilseed since oil can be extracted from it. Therefore, cotton is covered under PDPS.	Under the PSS, Central nodal agencies will procure pulses, oilseeds and copra with proactive role of state governments. However, there will be no physical procurement of crops under Price Deficiency Payment Scheme.

Q.17) The government recently disbursed 15841 crores under the PM-KISAN scheme. Consider the following statements regarding PM-KISAN scheme.

1. Identification of beneficiary is done through Socio-Economic Caste Census-2011 data.
2. Big Farmers who hold more than 4 hectares of land are excluded from the scheme.
3. All PM-KISAN beneficiaries will be given the Kisan Credit Cards (KCC).

Which of the statements given above is/are correct?

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

Q.17) Solution (c)

Option 1	Option 2	Option 3
Incorrect	Incorrect	Correct
Although PM-KISAN is a Central Sector Scheme, the responsibility of identification of beneficiary farmer families rests with the respective State / UT Governments.	Income support of Rs.6000/- per year is provided to all landholding farmer families across the country, irrespective of land size except those covered under an exclusion criteria.	All PM-KISAN beneficiaries will be given the Kisan Credit Cards (KCC) so that farmers can take easy loans from the banks. This will help all such farmers to get short term loan for crop & animal/fish rearing.

Q.18) Consider the following statements regarding the National Rural Economic Transformation Project

1. The government will avail a loan from the International Bank for Reconstruction and Development (IBRD) for its implementation.
2. The Project will support rural infrastructure development programs.

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.18) Solution (a)

Option 1	Option 2
Correct	Incorrect
The World Bank and the Government of India signed a \$250 Million Agreement for	The NERTP will support enterprise development programs for rural poor women

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NREPT. The \$250 Million Loan from the International Bank for Reconstruction and Development (IBRD), has a 5-year grace period, and a final maturity of 20 years.

and youth by creating a platform to access finance including start-up financing options to build their individual and/or collectively owned and managed enterprises. It will also support youth skills development.

Q.19) Project Monitoring Group is linked to which of the following

- a) A consortium of Public sector Banks to monitor NPA projects.
- b) Institutional mechanism for resolving bottlenecks in Public-Private Partnership projects.
- c) A civil society organization that works in the field of infrastructure development.
- d) A Special Task Force formed by the Union government to monitor Mission mode projects.

Q.19) Solution (b)

Project Monitoring Group

- The Project Monitoring Group (PMG) is an institutional mechanism for the expedited resolution of issues and regulatory bottlenecks in projects with investments upward Rs. 500 Crores in India.
- Currently, PMG is situated at Invest India, Department of Industry and Internal Trade (DPIIT), Ministry of Commerce.
- The PMG seeks to enlist the unresolved project issues in respect of all mid and large-sized Public, Private and 'Public-Private Partnership' (PPP) Projects.
- DPIIT is mandated as the nodal body for the review of public and private projects facing challenges and facilitates their resolution through PMG.
- The issues taken up by PMG are both at Union and State-Level.

Q.20) Consider the following statements regarding Infrastructure Investment Trusts (InvIts)

1. They are regulated by the Infrastructure Policy & Finance Division under the Department of Economic affairs.
2. Foreign Portfolio investors are barred from investing in InvIts.

Which of the statements given above is/are correct?

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

Q.20) Solution (d)

Option 1	Option 2
Incorrect	Incorrect
Invits are regulated by the Securities and Exchange Board of India and not by the Department of Economic affairs. They are traded on the secondary market similar to a stock.	Foreign Portfolio investors are permitted to invest in units of REITs and InvIts.

Infrastructure Investment Trusts (InvIts)

- An Infrastructure Investment Trust (InvIts) is like a mutual fund, which enables direct investment of small amounts of money from possible individual/institutional investors in infrastructure to earn a small portion of the income as a return.
- InvIts can be treated as the modified version of REITs designed to suit the specific circumstances of the infrastructure sector.
- They are similar to REIT but invest in infrastructure projects such as roads or highways which take some time to generate steady cash flows.

Q.21) With reference to Ambubachi Mela, Consider the following statements:

1. It is celebrated when goddess Kamakhya goes through her annual cycle of menstruation.
2. Kamakhya temple is situated at Nilachal Hills on the banks of the River Ganges.
3. Kamakhya temple is one of the prominent 51 Saktipeeths spread across South Asia.

Which of the statements given above is/are correct?

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

Q.21) Solution (a)

- Ambubachi Mela Celebrated in June every year at Kamakhya temple in Guwahati, during which the goddess is believed to go through the annual cycle of menstruation.
- Ambubachi Mela, also known as Ambubasi festival, is closely related to the tantric cult and is also known as Kamkhya Devi Puja.
- Kamakhya temple is situated at Nilachal Hills on the **banks of the Brahmaputra River**
- During Ambubachi Mela Temples across the region remain shut for three days and agricultural work like digging, plowing, and sowing of crops are forbidden.
- Kamakhya temple is one of the prominent 51 Saktipeeths spread across South Asia, with each representing a body part of Sati, Lord Shiva's consort.
- The sanctum sanctorum at Kamakhya houses the yoni or the female genital represented by a rock, considered one of the most important centers of Tantric worship.
- When the temple doors are opened, the devotees wait outside the temple to receive the unique 'prasad' which is small bits of cloth, which is supposedly moist with the menstrual fluid of Goddess Kamakhya. It is considered highly auspicious and powerful.

Q.22) Which of the following is/are the part of The South Asian Climate Outlook Forum (SASCOF)?

1. Afghanistan
2. Bangladesh
3. Bhutan
4. Myanmar
5. Thailand

Select the correct answer using the code given below:

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

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d) 1, 2, 3, 4 and 5

Q.22) Solution (a)

- The South Asian Climate Outlook Forum (SASCOF) was established in 2010 and is coordinated by the India Meteorological Department (IMD).
- It covers Afghanistan, Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.
- The main activity during all the SASCOFs was the preparation and issuing of a consensus outlook for the southwest monsoon rainfall over South Asia.

The main objectives of SASCOF are the following:

- To review the progress made in understanding and long range prediction of South Asian monsoons both regionally and globally
- To assess the available information on climate variability in South Asia and the associated predictions and prepare consensus-based seasonal outlooks for dissemination
- To provide a platform for the stakeholders to share and exchange experience and knowledge on South Asian monsoons and their prediction
- To initiate capacity building/human resource development activities for the South Asian region, particularly in seasonal prediction
- To build collaboration and partnerships among the members of SASCOF for mutual benefit
- To identify needs of user sectors through a dialogue among different groups.

Q.23) Consider the following statements:

1. Lift irrigation is a method of irrigation in which water is not transported by natural flow but is lifted with pumps or other mechanical means.
2. Kaleshwaram Lift Irrigation Project is the world's largest multi-stage lift irrigation project.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only

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

Q.23) Solution (c)

- Lift irrigation is a method of irrigation in which water instead of being transported by natural flow (as in gravity-fed canal systems) requires external energy through animal, fuel based or electric power using pumps or other mechanical means.
- Lift irrigation schemes must accomplish two main tasks: first, to carry water by means of pumps from the water source to the main delivery chamber, which is situated at the top most point in the command area. Second, they must distribute this water to the field of the beneficiary farmers by means of a suitable and proper distribution system.

The Kaleshwaram Lift Irrigation Project, Telangana, India to harness the flood waters of the Godavari, is aimed at making Telangana drought-proof.

- **The Kaleshwaram Lift Irrigation Project is the world's largest multi-stage lift irrigation project.**
- Waters of the Godavari will be tapped by reverse pumping and storage, thereby facilitating agriculture on over 38 lakh acres, including creating about 18 lakh acres of new ayacut, helping rejuvenate thousands of tanks, providing water for industries, and supplying drinking water including to Hyderabad and Secunderabad by creating a series of storage tanks and a network of pipelines.
- Till date, the biggest lift schemes in the world were the Colorado lift scheme in America and the Great Manmade River in Egypt. The capacities of these schemes are in horsepower.
- The Kaleshwaram lift irrigation project, an Indian lift scheme has become the world's biggest in terms of capacities.
- Built across Godavari river, KLIP will lift the water to a height of half-a-kilometer.
- It is designed to irrigate 45 lakh acres for two crops in a year, meet the drinking water requirement of 70 percent of the state and also cater to the needs of the industry.

Q.24) The term *New Umbrella Entities (NUE)* is sometimes seen in the news with reference to:

- a) It is a proposed organization under smart cities mission.

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- b) It is a proposed digital retail payments organization set up by the Reserve Bank of India.
- c) It is a proposed organization by Government of India to bring all social sector schemes under it
- d) None of the above

Q.24) Solution (b)

- **The Reserve Bank of India is proposing to set up an alternative digital retail payments organisation** as it aims to prevent a monopoly in a system that's currently dominated by National Payments Corporation of India Ltd.
- **The 'new umbrella entities' (NUE) will set up, manage and operate new payment systems, especially in the retail space.** This can comprise of but not limited to ATMs, White Label PoS, Aadhaar-based payments and remittance services.
- This has been necessitated for the prevention of "concentration risk" in India's burgeoning digital payment landscape where the mandate of issuing and governing payment channels is largely monopolized by the National Payments Corporation of India (NPCI).
- Only those entities with at least three years of experience operating as payment operator or service providers can apply as a promoter group.
- These entities can either be 'for profit' or be registered as a non-profit company like NPCI.
- The NUE should also maintain a minimum net-worth of Rs 300 crore always.
- The NUE will also be given a mandate to develop new payment methods, standards and technologies and operate clearing and settlement systems.
- The proposed entity will also have an RBI appointed independent director on the board.
- Board for Regulation and Supervision of Payment and Settlement Systems (BPSS), will be the final authority on issuing authorisation for setting up NUE.

Q.25) With reference to *National Infrastructure Pipeline (NIP)*, Consider the following statements:

1. It is the investment plan unveiled by the Central Government for enhancing infrastructure in identified sectors for a period of five years from 2020-25.
2. It includes both economic and social infrastructure projects.

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3. The funding of the NIP will be jointly made by the Centre, states and the private sectors.

Which of the statements given above is/are correct?

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

Q.25) Solution (d)

- National Infrastructure Pipeline is the investment plan unveiled by the Central Government for enhancing infrastructure in identified sectors for a period of five years from 2020-25.
- NIP will enable a forward outlook on infrastructure projects which will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive. **NIP includes economic and social infrastructure projects.**
- **The funding of the National Infrastructure Pipeline will be jointly made by the Centre, states and the private sector in the proportion of 39:39:22** (39 % each by the centre and states and 22% by the private sector).
- The Task Force on National Infrastructure Pipeline that chaired by Secretary, Department of Economic Affairs (DEA), Ministry of Finance (MoF) submitted a detailed report on the infrastructure plan.
- Main function of the task force was to identify technically feasible and financially/economically viable infrastructure projects that can be initiated in fiscals 2020 to 2025.
- The task force observed that by 2030, around 42% of India's population would be urbanised from the current 31%. Hence, urban infrastructure is also to be modernised.

Q.26) Which of the following pairs are correctly matched?

- 1. Agasthyavanam Biological Park – Tamil Nadu
- 2. Dehing Patkai Wildlife Sanctuary – Assam
- 3. Tropical butterfly conservatory – Kerala

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Select the correct code:

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

Q.26) Solution (b)

Agasthyavanam Biological Park – Kerala

Dehing Patkai Wildlife Sanctuary – Assam

Tropical butterfly conservatory – Tamil Nadu

Q.27) Consider the following statements with respect to 'Office of the Principal Scientific Adviser'.

1. India has had a Principal Scientific Adviser (PSA) since 1999.
2. The term of the PSA is three years.

Select the correct statements

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

Q.27) Solution (a)

India has had a Principal Scientific Adviser (PSA) since 1999.

- Dr. A. P. J. Abdul Kalam was the first PSA from 1999—2001
- Dr. R. Chidambaram succeeded Dr. Kalam and was the PSA from 2001-2018.
- Professor K. VijayRaghavan succeeded Dr. Chidambaram on April 3, 2018 and is the current PSA.

Q.28) Mekong River does not flow through

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- a) Malaysia
- b) Laos
- c) Vietnam
- d) Cambodia

Q.28) Solution (a)

The river runs through China, Myanmar, Laos, Thailand, Cambodia, and Vietnam.

Q.29) Consider the following statements with respect to 'Monetising deficit'.

1. It refers to the exercise of RBI purchasing government bonds directly in the primary market and financing this debt by printing more money.
2. It may shoot up inflation and lead to devaluation or weakening of the Indian Rupee.

Select the correct statements

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

Q.29) Solution (c)

Monetised deficit is the monetary support the Reserve Bank of India (RBI) extends to the Centre as part of the government's borrowing programme. In other words, the term refers to the purchase of government bonds by the central bank to finance the spending needs of the government.

Also known as debt monetisation, the exercise leads to an increase in total money supply in the system, and hence inflation, as RBI creates fresh money to purchase the bonds. The same bonds are later used to bring down inflation as they are sold in the open market. This helps RBI suck excess money out of the market and rein in rising prices.

The rationale is that aggressive Deficit Monetization could devalue the currency, causing foreign investors to lose confidence and pull out money, putting the existing fiscal financing plan at risk.

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Do Read This - <https://economictimes.indiatimes.com/news/economy/indicators/view-monetisation-of-deficits-fetters-are-more-in-our-mind/articleshow/75159905.cms>

Q.30) 'MINUSCA' is a UN peacekeeping mission associated with which of the following countries?

- a) Central African Republic
- b) Democratic Republic of the Congo
- c) Burkina Faso
- d) Sierra Leone

Q.30) Solution (a)

It is a UN peacekeeping mission, which started in April 10, 2014, to protect Central African Republic civilians under Chapter VII of the UN Charter.

