



IASBABA

One Stop Destination for UPSC/IAS Preparation

60 Days Week-7 & 8 Compilation



DELHI

BANGALORE

5B, Pusa Road, Karol
Bagh, New Delhi -110005.
Landmark: Just 50m from
Karol Bagh Metro Station,
GATE No. 8 (Next to
Croma Store)
Ph:0114167500

#1737/37, MRCR Layout, Vijaynagar
Service Road, Vijaynagar, Bangalore
560040. PH: 09035077800 /
7353277800

Q. Q.1) Consider the following statements regarding National Cooperative Development Corporation (NCDC)

1. NCDC is a statutory corporation under the Ministry of Agriculture and Farmers' Welfare.
2. Yuva Sahakar scheme was formulated by NCDC to attract youth to cooperative business ventures.

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
The National Cooperative Development Corporation (NCDC) was established by an Act of Parliament in 1963 as a statutory Corporation under the Ministry of Agriculture & Farmers Welfare.	Yuva Sahakar'-- Cooperative Enterprise Support and Innovation Scheme 2019 has been formulated by NCDC in line with the Government's focus on programs such as Start-up India. It aims at attracting youth to cooperative business ventures.

Q.2) Consider the following statements regarding the Public Enterprises Survey 2018-19

1. It is a Survey on the performance of Central Public Sector Enterprises (CPSEs).
2. It is conducted by the Ministry of Heavy Industries & Public Enterprises.
3. According to the survey BSNL, Air India and MTNL are the top 3 loss making PSU's.

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 (d)

Option 1	Option 2	Option 3
Correct	Correct	Correct

The Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Government of India brings out the Public Sector Enterprises Survey on the performance of Central Public Sector Enterprises (CPSEs) every year.	The Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Government of India brings out the Public Sector Enterprises Survey on the performance of Central Public Sector Enterprises (CPSEs) every year.	According to the report ONGC, Indian Oil Corporation and NTPC were the top three profitable PSUs in 2018-19, whereas BSNL, Air India and MTNL incurred highest losses for a third consecutive year.
--	--	---

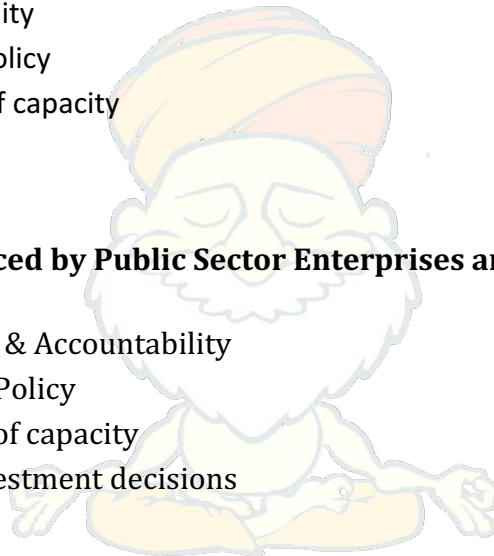
Q.3) Which of the following is not a major problem faced by Public Sector Enterprises in India?

- a) Understaffing
- b) Lack of Accountability
- c) Improper Pricing Policy
- d) Under Utilization of capacity

Q.3) Solution (a)

Few major problems faced by Public Sector Enterprises are

- Overstaffing
- Lack of Autonomy & Accountability
- Improper Pricing Policy
- Under Utilization of capacity
- Inappropriate investment decisions
- Trade Unionism



Q.4) Consider the following statements regarding Defence Innovation Organization

1. It is a 'Not for profit' company under section 8 of the Companies Act 2013.
2. It is funded by two Defence Public Sector Undertakings namely Hindustan Aeronautics Limited (HAL) and Bharat Electronics Limited (BEL).

Which of the above statements are incorrect?

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

Q.4) Solution (d)

Statement 1	Statement 2
Correct	Correct
DIO is a 'not for profit' company under section 8 of the Companies Act 2013. The Scheme of Defence Innovation Fund is implemented through the DIO.	The DIO is funded by two Defence Public Sector Undertakings (DPSUs), namely Hindustan Aeronautics Limited (HAL) and Bharat Electronics Limited (BEL).

Q.5) High-Level Committee on Corporate social responsibility (CSR) was headed by

- Uday Kotak
- Injeti Srinivas
- Nachiket Mor
- Subhash Chandra Garg

Q.5) Solution (b)

The High-Level Committee on CSR was constituted in October 2018 under the Chairmanship of Injeti Srinivas, Secretary (Corporate Affairs).


Recommendations

- Making CSR expenditure tax-deductible.
- Provision to carry forward unspent balance for a period of 3 – 5 years.
- Balancing local area preferences with national priorities.
- Aligning Schedule 7 with the SDGs by adopting an SDG plus framework.
- Violation of CSR compliance may be made a civil offence and shifted to the penalty regime.


Prelims 2020 Exclusive :Current Affairs Classes

Beat the Heat of Current Affairs Prelims 2020 in 12 Uber Cool Sessions by Tauseef Ahmad (One of the Founders of IASbaba)

MOST PROBABLE PRELIMS
CURRENT AFFAIRS TOPICS
FROM PAST 1.5 YEARS WILL
BE COVERED IN 12 SESSIONS



CRISP AND ORGANISED
NOTES/CONTENT TO MAKE
YOUR REVISION EASIER



Starts 15th April

Q.6) Consider the following activities

- Promotion of education
- Improving maternal health

3. Measures to tackle the Covid-19 outbreak

Which of the above activities are permitted under Corporate Social Responsibility?

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

Q.6) Solution (d)

- The ministry of corporate affairs (MCA) announced that funds spent on **measures to tackle the Covid-19 outbreak** will be counted towards the corporate social responsibility (CSR) activity of companies.

Other activities permitted under Corporate Social Responsibility (CSR)

- Eradicating extreme hunger and poverty.
- **Promotion of education.**
- Promoting gender equality and empowering women.
- Reducing child mortality.
- **Improving maternal health.**
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases.
- Ensuring environmental sustainability.
- Employment enhancing vocational skills, social business projects.
- Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development.
- Relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed.

Q.7) Consider the following statements regarding Disinvestment

1. Proceeds are maintained separately in the National Investment and Infrastructure Fund (NIIF).
2. Transfer of the ownership and control to the private sector is known as Strategic Disinvestment.

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.7) Solution (b)

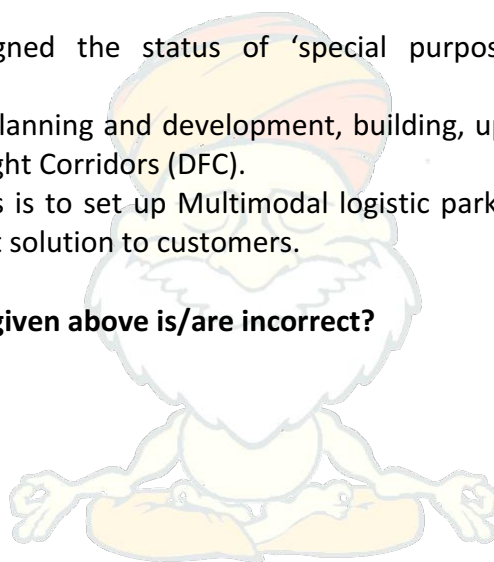
Statement 1	Statement 2
Incorrect	Correct
Proceeds are maintained separately in the National Investment Fund (Not NIIF) . The earnings of the Fund were to be used for selected Central social welfare Schemes. This fund is kept outside the consolidated fund of India.	Strategic disinvestment is the transfer of the ownership and control of a public sector entity to some other entity (mostly to a private sector entity). Unlike simple disinvestment, strategic sale implies a kind of privatization.

Q.8) Consider the following statements regarding Dedicated Freight Corridor Corporation of India (DFCCIL)

1. It has been assigned the status of 'special purpose vehicle' by the Indian government.
2. It engages in the planning and development, building, upkeep and the operation of the Dedicated Freight Corridors (DFC).
3. One of its missions is to set up Multimodal logistic parks along the DFC to provide complete transport solution to customers.

Which of the statements given above is/are incorrect?

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



Q.8) Solution (c)

Option 1	Option 2	Option 3
Correct	Correct	Correct
DFCCIL has been assigned the status of 'special purpose vehicle' by the Indian government.	It engages in the planning and development, deployment of monetary resources, building, upkeep and the operation of the DFCs.	One of its missions is to set up Multimodal logistic parks along the DFC to provide complete transport solution to customers.

Q.9) Consider the following statements regarding the Serious Fraud Investigation Office (SFIO)

1. Companies Act, 2013, has accorded statutory status to SFIO.
2. It is a multi-disciplinary organization under the Ministry of Finance.

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.9) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
Section 211 of the Companies Act, 2013, has accorded statutory status to the Serious Fraud Investigation Office.	SFIO is a multi-disciplinary organization under the Ministry of Corporate Affairs , consisting of experts in the field of accountancy, forensic auditing, law, information technology, investigation, company law and more.

Q.10) Simplified Proforma for Incorporating Company Electronically Plus (SPICe+) web form has been launched by

- a) Ministry of Labour
- b) Ministry of Corporate Affairs
- c) Ministry of Finance
- d) Ministry of Commerce and Industry

Q.10) Solution (b)

Simplified Proforma for Incorporating Company Electronically Plus (SPICe+)

- Ministry of Corporate Affairs (MCA) has launched the Simplified Proforma for Incorporating Company Electronically Plus (SPICe+) web form.
- SPICe+ would offer 10 services by 3 central government ministries & departments (Ministry of Corporate Affairs, Ministry of Labour & Ministry of Finance) and one State Government (Maharashtra).
- The new web form will help save many procedures, time and cost for starting a business in India.

Q.11) The U.K. Sinha committee was appointed by the RBI to

- a) Suggest measures to strengthen the safety and security of digital payments in the country.
- b) Assess the need and scope of setting up a Public Credit Registry in India.
- c) To look into measures needed to rejuvenate MSMEs.
- d) To make recommendations on the transfer of surplus funds from RBI to government.

Q.11) Solution (c)

Chairman	Committee
Nandan Nilekani	Suggest measures to strengthen the safety and security of digital payments in the country.
Y M Deosthalee	Assess the need and scope of setting up a Public Credit Registry in India.
UK Sinha	To look into measures needed to rejuvenate MSMEs.
Bimal Jalan	To make recommendations on the transfer of surplus funds from RBI to government.

Q.12) Consider the following statements regarding Micro, Small and Medium Enterprises (MSMEs)

1. MSMEs are classified as per the MSME Act-2006.
2. MSMEs are defined based on investment in plant and machinery/equipment.

Choose the incorrect answer using the codes given 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
Correct	Incorrect
The Micro Small and Medium Enterprises (MSMEs) are classified as per the MSME Act-2006. Micro, Small and Medium Enterprises (MSMEs) are classified into two categories: Manufacturing Enterprises and Service Enterprises.	In February 2018, the Union Cabinet approved a change in the definition of the MSMEs. MSMEs will now be defined based on 'annual turnover' instead of investment in plant & machinery/equipment.

Q.13) Which of the following is/are the reasons for the economic reforms of 1991?

- a) Rise in Fiscal Deficit.
- b) Increase in Adverse Balance of Payments.
- c) Dismal Performance of Public Sector Undertakings.

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.13) Solution (d)

Main Reasons for Economic Reforms in India

- Rise in Prices
- Rise in Fiscal Deficit
- Increase in Adverse Balance of Payments
- Dismal Performance of PSU's (Public Sector Undertakings)
- Fall in Foreign Exchange Reserves

Q.14) Consider the following statements regarding the Ease of Doing Business ranking

1. It is an annual released by the World Bank.
2. India's performance improved across all ten parameters of the ranking.

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.14) Solution (a)

Statement 1	Statement 2
Correct	Incorrect

India has moved 14 places to be 63rd among 190 nations in the World Bank's ease of doing business ranking in the 2019 report.

The report assesses improvement in ease of doing business environment in Delhi and Mumbai.

EODB is released by the World Bank annually.

India's ranking deteriorated on two parameters - "protecting minority investors" (from 7th to 13th position) and "getting electricity" (from 22nd to 25th).

Q.15) Consider the following statements regarding the National Financial Reporting Authority (NFRA)

1. It will make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies.
2. It will have the power to investigate auditors registered under the Chartered Accountants Act, 1949.

Choose the incorrect answer using the codes given below

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

Q.15) Solution (d)

Statement 1	Statement 2
Correct	Correct
NFRA will - <ul style="list-style-type: none"> • Make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies. • Monitor and enforce compliance with accounting standards. • Oversee the quality of service of the professions 	It will have the power to investigate, either suo moto or on a reference made to it by the Central Government, those registered under the Chartered Accountants Act, 1949.

Q.16) Consider the following statements regarding the World Customs Organization

1. It is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administration.

2. It is the only global organization which defines global standards and procedures for customs clearances.
3. India is a founding member of WCO.

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.16) Solution (a)

Option 1	Option 2	Option 3
Correct	Correct	Incorrect
It is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administration.	It is the only global organization which defines global standards and procedures for customs clearances.	India is a member, but not a founding member. The 80th Session of Policy Commission of the World Customs Organization (WCO) was held in India.

Q.17) Which of the following is not a feature of New Industrial Policy 1991

- a) Liberalization of Foreign Investment
- b) De-Reservation of all Industries of the Public Sector
- c) Disinvestment of Public Sector
- d) Abolition of Industrial Licensing System

Q.17) Solution (c)

New Industrial Policy 1991 reforms

- Abolition of Industrial Licensing System
- Disinvestment of Public Sector
- Abolition of Industrial Licensing System
- De-Reservation of **most** Industries of the Public Sector
 - Two sectors- Atomic Energy and Railway operations- are reserved exclusively for the public sector.

Q.18) The ICEGATE portal is related to which of the following?

- e-filing services to the trade and cargo carriers and other clients of the Customs Department.
- Paperless processing and uploading of supporting documents to facilitate trading across borders.
- Single window interface to facilitate trade.
- Fast-tracking taxpayer's grievance redressal.

Q.18) Solution (a)

- ICEGATE stands for the Indian Customs Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway.
- The national gateway is under Central Board of Customs and Exercise (CBEC).
- It is an e-Commerce portal of the Indian Customs that provides e-filing services to the trade and cargo carriers and other clients of Customs Department.
- By this facility, the department offers electronic filing of the Bill of Entry, Shipping Bills and related electronic messages between Customs and the Trading Partners.

ONE STOP DESTINATION FOR ALL YOUR CURRENT AFFAIRS NEEDS

SUBSCRIBE NOW

BABAPEDIA

- UPDATED ON A DAILY BASIS
- PRECISE AND CRISP CURRENT AFFAIRS NOTES
- NO NEED TO MAKE NOTES FOR CURRENT AFFAIRS
- ONE OF ITS KIND COMPENDIUM OF CURRENT AFFAIRS

- The most organized Platform for Current Affairs Preparation.
- Highest Hit Ratio in Prelims (Current Affairs)
- Highly Recommended by UPSC Toppers - Rank 4, 6, 9, 14, etc.

Q.19) Consider the following statements regarding SFURTI scheme

- It is being implemented by the Khadi and Village Industries Commission (KVIC) and the Coir Board.
- It aims to provide sustained employment for traditional industry artisans and rural entrepreneurs.

Choose the correct answer using the codes given below

- 1 only
- 2 only
- Both 1 and 2

d) Neither 1 nor 2

Q.19) Solution (c)

Statement 1	Statement 2
Correct	Correct
The Nodal Agencies include KVIC, Coir Board, IIE Guwahati, NIMSME Hyderabad, NIESBUD Noida, all MSME DIs and all DICs of State Government.	The objectives of the scheme is to organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability, sustained employment, to enhance marketability of products of such clusters, to equip traditional artisans of the associated clusters with the improved skills, to make provision for common facilities and improved tools and equipments for artisans, to strengthen the cluster governance systems with the active participation of the stakeholders, and to build up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries

Q.20) Which of the following companies have been accorded “Maharatna” status by the Department of Public Enterprises?

1. Bharat Heavy Electricals Limited
2. Bharat Sanchar Nigam Limited
3. Oil and Natural Gas Corporation

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.20) Solution (b)

Maharatna Companies

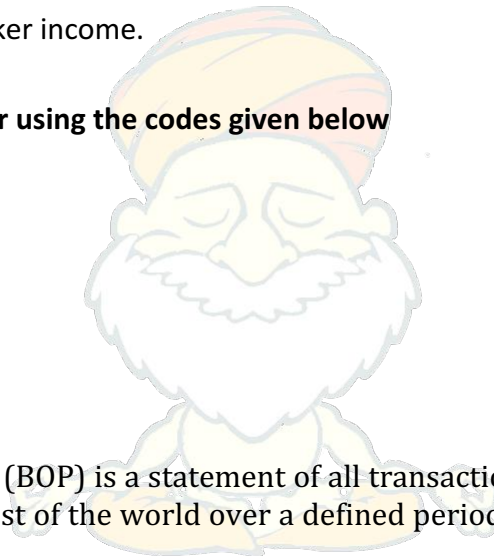
- Bharat Heavy Electricals Limited
- Bharat Petroleum Corporation Limited
- Coal India Limited
- GAIL (India) Limited
- Hindustan Petroleum Corporation Limited
- Indian Oil Corporation Limited
- NTPC Limited
- Oil & Natural Gas Corporation Limited
- Power Grid Corporation of India Limited
- Steel Authority of India Limited

Q.21) Which of the following forms the invisible account of the Balance of Payments of a country?

1. International trade in services.
2. Interest on loans.
3. Remittance of worker income.

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.21) Solution (d)

The balance of payments (BOP) is a statement of all transactions made between entities in one country and the rest of the world over a defined period of time, such as a quarter or a year.

It 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 Invisible account of the Balance of Payments

- All services from one country to another like transportation, tourism etc.
- Transfer payments from one country to another like remittances, Personal transfers etc.
- Factor incomes from one country to another like wages, interest on investment, loans etc.

Q.22) Which of the following is a part of the capital account of a country?

- a) Export and import of goods

- b) Export and import of services
- c) NRI deposits
- d) Unilateral transfers from one country to another

Q.22) Solution (c)

The balance of payments divides transactions in two accounts: the current account and the capital account. Sometimes the capital account is called the financial account, with a separate, usually very small, capital account listed separately. The current account includes transactions in goods, services, investment income, and current transfers. The capital account, broadly defined, includes transactions in financial instruments and central bank reserves. Narrowly defined, it includes only transactions in financial instruments. The current account is included in calculations of national output, while the capital account is not.

Capital Account of a country

- Net External Assistance
- Net external commercial borrowings
- **Net Non-resident deposits**
- Net foreign investments
- Other flows

Q.23) Consider the following statements regarding Special Drawing Rights (SDR) holdings

1. The SDR holdings of member countries are allocated by the World Bank.
2. The SDR holdings form a component of Foreign exchange reserve of a country.

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.23) Solution (b)

Statement 1	Statement 2
Incorrect	Correct

1. Special drawing rights (SDR) refer to an international type of monetary reserve currency created by the International Monetary Fund (IMF) in 1969 that operates as a supplement to the existing money reserves of member countries. Created in response to concerns about the limitations of gold and dollars as the sole means of settling international accounts, SDRs augment international liquidity by supplementing the standard reserve currencies.

2. The SDR holdings of member countries are allocated by the **International Monetary Fund (IMF)**. It is based on the countries share in world trade.

1. The SDR holdings form a component of Foreign exchange reserve of a country.

2. An SDR is essentially an artificial currency instrument used by the IMF, and is built from a basket of important national currencies.

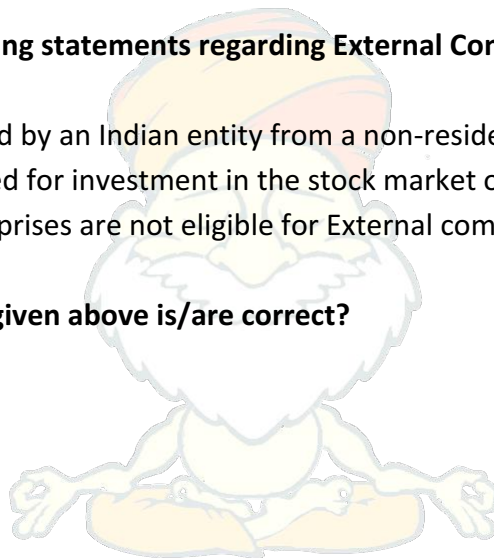
3. The IMF uses SDRs for internal accounting purposes. SDRs are allocated by the IMF to its member countries and are backed by the full faith and credit of the member countries' governments. The makeup of the SDR is re-evaluated every five years.

Q.24) Consider the following statements regarding External Commercial Borrowing (ECB)

1. ECB is a loan availed by an Indian entity from a non-resident lender.
2. ECBs cannot be used for investment in the stock market or speculation in real estate.
3. Public Sector Enterprises are not eligible for External commercial borrowing.

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.24) Solution (a)

Option 1	Option 2	Option 3
Correct	Correct	Incorrect
ECB is a loan availed by an Indian entity from a non-resident lender. Most of these loans are provided by foreign commercial banks.	ECBs cannot be used for investment in the stock market or speculation in real estate.	Public Sector Enterprises are eligible for External commercial borrowing.

Q.25) If a country has a Capital account deficit, it means that

- a) The Country is buying assets in other countries.

- b) Foreigners are buying assets in the country.
- c) Countries liability to foreigners is increasing.
- d) Value of import of Invisibles of the country exceeds the value of its exports.

Q.25) Solution (a)

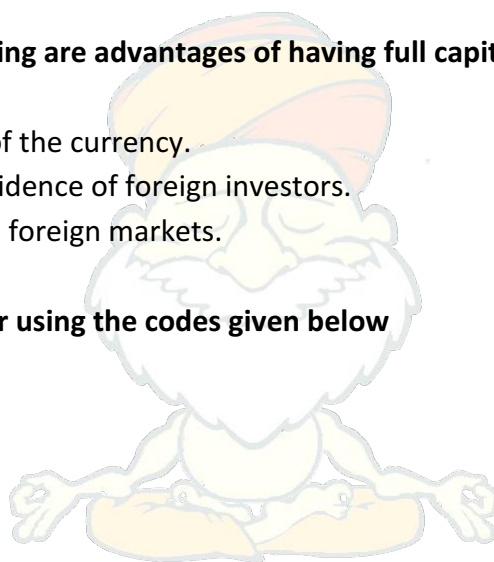
- The capital account is a record of the inflows and outflows of capital that directly affect a nation's foreign assets and liabilities.
- It is concerned with all international trade transactions between citizens of one country and those in other countries.
- A surplus in the capital account means there is an inflow of money into the country, while a deficit indicates money moving out of the country.
- Therefore, Capital account deficit means the nation is expanding its assets in other countries.

Q.26) Which of the following are advantages of having full capital convertibility in India?

1. Reduces volatility of the currency.
2. Increasing the confidence of foreign investors.
3. Improved access to foreign markets.

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.26) Solution (c)****Advantages of having full capital convertibility in India**

- Increasing the confidence of foreign investors. This allows easy access to capital for different businesses and sectors, positively impacting a nation's economy.
- Improved access to foreign markets. Local businesses can benefit from easy access to foreign loans at comparatively lower costs.
- The Tarapore Committee, which was tasked with assessing the full convertibility of the rupee, has noted several benefits after full rupee convertibility.

Disadvantages of having full capital convertibility in India

- High Volatility - high levels of volatility, devaluation, or inflation in forex rates may happen, challenging the country's economy.

- Foreign Debt Burden - Businesses can easily raise foreign debt, but they are prone to the risk of high repayments if exchange rates become unfavourable.

Q.27) Which of the following are effects of the depreciation of currency?

1. Imported goods become more expensive.
2. Increase in inflation.
3. Increased demand for goods in International market.

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.27) Solution (d)

Option 1	Option 2	Option 3
Correct	Correct	Correct
Imported goods become more expensive once the value of domestic currency depreciates.	Depreciation leads to both Cost-push inflation and demand-pull inflation.	Depreciation causes Domestic goods to become more competitive in international markets.

Q.28) India's foreign exchange reserves consist of

1. Foreign currency assets held by RBI.
2. Foreign currency assets held by individual citizens.
3. Gold stock by RBI.

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.28) Solution (b)

Foreign Exchange reserves of a country

- Foreign currency assets held by RBI.
- Gold Stock by RBI.
- Special Drawing Rights holdings
- Reverse Tranche

Q.29) Consider the following statements regarding Agriculture Export Policy 2018

1. It aims to double agricultural exports by 2022.
2. Ministry of Agriculture and Farmers welfare is the nodal ministry for its implementation

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.29) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
It aims to double agricultural exports by 2022 to \$60 Billion.	Ministry of Commerce and Industry is the nodal ministry for its implementation

Q.30) Consider the following statements about Export-Import Bank (EXIM)

1. EXIM Bank was created by an Act of Parliament.
2. Bank's primary objective is to assist importers and exporters of the country.

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

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

Q.30) Solution (d)

Statement 1	Statement 2
Correct	Correct
Export-Import Bank of India is a financial institution in India, established in 1982 under Export-Import Bank of India Act 1981	The main function of the Export and Import Bank of India is to provide financial and other assistance to importers and exporters of the country.

Q.31) The 7th Trade policy review of India is scheduled to be conducted in September 2020. Which of the following organizations conduct the Trade policy review?

- World Trade Organization
- World Customs Organization
- The United Nations Conference on Trade and Development
- International Monetary Fund

Q.31) Solution (a)

Trade Policy Review

- Trade policy review of a country is conducted frequently by the World Trade Organization.
- All WTO members are reviewed, the frequency of each country's review varying according to its share of world trade.
- The objectives of the TPRM include facilitating the smooth functioning of the multilateral trading system by enhancing the transparency of Members' trade policies.
- The Seventh Trade Policy Review of India in WTO is scheduled to take place on 15 and 17 September 2020.

Q.32) The "International Debt Statistics" report is released by

- World Trade Organization
- World Bank
- World Economic Forum
- International Monetary Fund

Q.32) Solution (b)

International Debt Statistics

- International Debt Statistics (IDS) is the **World Bank's** database on the external debt and financial flows (debt and equity) of 128 countries in the World Bank's debtor reporting system.
- It is published every year.

Q.33) Consider the following statements

1. Trade in services is denoted as invisible trade because they are not seen to cross national borders.
2. Total foreign trade as a proportion of GDP is a common measure of the degree of openness of an economy.

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.33) Solution (c)

Statement 1	Statement 2
Correct	Correct
Trade in services is denoted as invisible trade because they are not seen to cross national borders. It includes both factor income and net non-factor income.	Total foreign trade as a proportion of GDP is a common measure of the degree of openness of an economy.

Q.34) Consider the following statements

1. The real exchange rate is often taken as a measure of a country's international competitiveness.
2. If the real exchange rate is equal to zero, currencies are at purchasing power parity.

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.34) Solution (a)


Statement 1	Statement 2
Correct	Incorrect
The real exchange rate is often taken as a measure of a country's international competitiveness.	It is not necessary that if the real exchange rate is equal to zero, currencies are at purchasing power parity.

Q.35) Recently, India signed a currency swap agreement with which of the following countries?

- a) USA
- b) China
- c) Brazil
- d) Japan

Q.35) Solution (d)**India-Japan Currency Swap Agreement**

- A bilateral currency swap is an open-ended credit line from one country to another at a fixed exchange rate.
- While India has such arrangements with many Asian nations, the arrangement with Japan is among the largest of such deals, valued at \$75 billion.
- The currency swap arrangement will allow the Indian central bank to draw up to \$75 billion worth of yen or dollars as a loan from the Japanese government whenever it needs this money.



**Dedicated HOTLINE (Communication channel) for all
UPSC/IAS Aspirants**

Speak With the Founders and Core Team of IASBABA on Telephone
Regarding 'Any Queries' Related to UPSC Preparation in General
or Subject-Specific Doubts.

2 HOURS DAILY (EXCEPT ON SUNDAYS) FROM 5PM TO 7 PM

- 📞 UPSC PREPARATION STRATEGY & CURRENT AFFAIRS – **9986190082**
- 📞 ENVIRONMENT & SCIENCE AND TECHNOLOGY – **9986193016**
- 📞 GEOGRAPHY & HISTORY – **9591106864**
- 📞 POLITY & ECONOMICS – **9899291288**

**'ASK YOUR BABA' - Special feature to clear your doubts on the
60 Day Platform (Online from 10am - 10 pm)**

Q.36) Consider the following statements regarding Managed floating exchange rate system

1. It is a mixture of a flexible exchange rate system and a fixed rate system.
2. In it, central banks intervene, whenever required, to buy and sell foreign currencies in an attempt to moderate exchange rate movements.

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.36) Solution (c)

Exchange rate (foreign exchange rate) is the rate at which domestic currency is traded for a foreign currency. Similarly, it is the rate that shows the value of domestic currency in terms of other currencies.

Statement 1	Statement 2
Correct	Correct
<p>Managed floating exchange rate system is a mixture of a flexible exchange rate system and a fixed rate system.</p> <p>1. In this hybrid exchange rate system, the exchange rate is basically determined in the foreign exchange market through the operation of market forces. Market forces mean the selling and buying activities by various individuals and institutions. So far, the managed floating exchange rate system is similar to the flexible exchange rate system.</p> <p>2. But during extreme fluctuations, the central bank under a managed floating exchange rate system (like the RBI) intervenes in the foreign exchange market. Objective of this intervention is to minimise the fluctuation in the exchange rate of rupee.</p>	<p>In it, central banks intervene, whenever required, to buy and sell foreign currencies in an attempt to moderate exchange rate movements. Official reserve transactions are, therefore, not equal to zero.</p>

Q.37) Consider the following statements regarding India's trade ties

1. China was India's largest trading partner in 2018-19.
2. India had a trade surplus with the USA in 2018-19.

Choose the incorrect answer using the codes given below

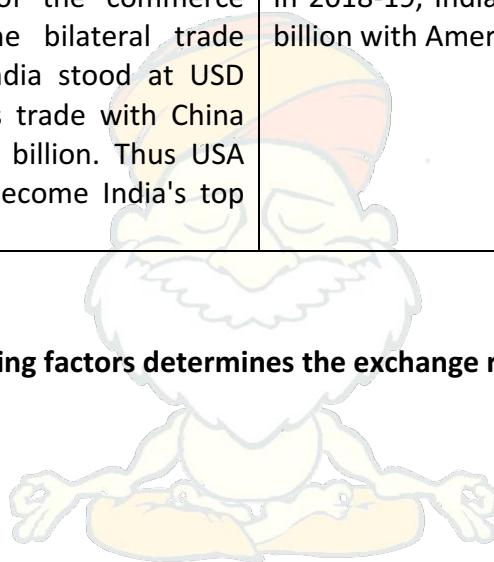
- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Q.37) Solution (a)

Statement 1	Statement 2
Incorrect	Correct
According to the data of the commerce ministry, in 2018-19, the bilateral trade between the USA and India stood at USD 87.95 billion while India's trade with China aggregated at USD 87.07 billion. Thus USA has surpassed China to become India's top trading partner.	In 2018-19, India had a trade surplus of \$16.85 billion with America.

Q.38) Which of the following factors determines the exchange rate of a currency?

1. Market sentiment
2. Interest rates
3. Fiscal Policy



Choose the correct answer using the codes given below

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

Q.38) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
During turbulent markets, investors would like to invest in stable currencies.	High-interest rates for government bonds attract more foreign investors. This	The Government borrows money from international institutions such as WB, IMF to

	may lead to currency fluctuations.	cover up expenses. This may lead to currency fluctuations.
--	------------------------------------	--

Q.39) Which of the following leads to a Cost-push inflation when a currency is devalued?

- The Rise in the prices of imported raw materials.
- Increased demand for local goods as foreign goods become costlier.
- Increased demand for local goods as more goods are exported.
- Increased foreign investment.

Q.39) Solution (a)

- Devaluation of currency leads to both Cost-push inflation as well as Demand-pull inflation.
- Cost-push inflation –
 - The Rise in the prices of imported raw materials. This pushes up the price of production.
- Demand-pull inflation –
 - Increased demand for local goods as foreign goods become costlier.
 - Increased demand for local goods as more goods are exported.

Q.40) In the context of Balance of payment (BoP), what are accommodating transaction?

- Mismatches in Balance of payment records.
- Current account transactions.
- Transactions that are done to balance the surplus or deficit of Balance of payment.
- Transactions that are done with profit maximization motive.

Q.40) Solution (c)

Accommodating Transactions

- Transactions done to balance the surplus or deficit of BoP caused by Current account and autonomous transactions are called accommodating transactions.
- These include –
 - Foreign exchange reserve
 - Borrowing from IMF or foreign monetary authorities