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Q.1) Consider the following statements about OPEC

1. The Organization of the Petroleum Exporting Countries (OPEC) is a permanent, United Nations Organization, created at the Baghdad Conference in 1960.
2. The present headquarters of OPEC is in Geneva, Switzerland.
3. Recently India became the associate member of OPEC.

Which of the above statements is/are correct?

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

Q.1) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Incorrect
The Organization of the Petroleum Exporting Countries (OPEC) is a permanent, intergovernmental Organization, created at the Baghdad Conference on September 10–14, 1960, by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela	OPEC had its headquarters in Geneva, Switzerland, in the first five years of its existence. This was moved to Vienna, Austria, on September 1, 1965. OPEC's objective is to co-ordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.	India is not an associate member of OPEC

Q.2) Consider the following statements

1. Terms of trade(TOT) represent the ratio between a country's Balance of trade to balance of payments
2. When a country's TOT is less than 100% the country is accumulating more capital from exports than it is spending on imports.

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.2) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
Terms of trade represent the ratio between a country's export prices and its import prices . The ratio is calculated by dividing the price of the exports by the price of the imports and multiplying the result by 100.	When a country's TOT is less than 100%, more capital is leaving the country than is entering the country . When the TOT is greater than 100%, the country is accumulating more capital from exports than it is spending on imports.

Q.3) Consider the following statements

1. The 2019 UNWTO Global Summit on Urban Tourism was held in Seoul, capital of South Korea.
2. The theme of the summit was 'Smart Cities, Smart Destinations'.

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.3) Solution (b)

UNWTO and the Mayor's Office of Nur-Sultan organized the **8th UNWTO Global Summit on Urban Tourism in Nur-Sultan, Kazakhstan on 9-12 October 2019**, under the theme '**Smart Cities, Smart Destinations**'. Representatives from more than 80 countries, including 10 mayors, deputy-mayors as well as ministers of tourism and representatives of the private sector explored how developing smart city destinations can contribute to addressing complex urban tourism challenges faced today across the world.

The most critical issues in sustainability, accessibility, urban management, innovation and technology were discussed, while stressing the importance of including tourism in the wider city agenda as a means to make tourism a true contributor to the development of inclusive, resilient and sustainable cities.

Building on this, national and city representatives at the **Summit officially adopted the Nur-Sultan Declaration on 'Smart Cities, Smart Destinations'**. The Declaration recognizes the growing popularity of cities as tourist destinations and their potential to drive socio-economic development and promote and preserve unique culture.

Q.4) Which of the following are the reports published by International Monetary Fund?

1. World Economic Outlook
2. Fiscal monitor
3. Global Financial Stability Report

4. Global Financial System Report

Choose the correct code

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

Q.4) Solution (a)

Reports published by International Monetary Fund include

- 1) World Economic Outlook
- 2) Fiscal monitor
- 3) Global Financial Stability Report

BIS (Bank for International Settlements)-Global Financial System Report

Q.5) Which of the following is the latest Country to join both IMF and World Bank?

- a) Nauru
- b) South Sudan
- c) Tuvalu
- d) Liberia

Q.5) Solution (a)

The Republic of Nauru, a tiny South Pacific island nation in Pacific Ocean became the 189th member of the International Monetary Fund (IMF) and World Bank. i.e. Bretton-Woods institutions.

Nauru will be the second smallest member of the Fund, after Tuvalu. This will be the case after it pays its quota increase under the 14th General Review (which will increase its quota to SDR 2.8 million). Nauru has an initial subscription of SDR 2 million, or about \$2.81 million.

There had been virtually no bank in the country during the past decade until the opening of Bendigo Bank agency in June 2015.

Nauru's economy relies on phosphate mining, the Australian Regional Processing Center (RPC) for asylum seekers, and revenue from fishing license fees. In recent years, growth has been strong, mainly driven by the RPC operations and phosphate exports, although it has moderated in 2015 due to problems with the seaport that lowered phosphate exports.

Membership allows the Fund and other development partners—the country has also joined the World Bank—to help the authorities implement economic reforms and tackle the development challenges facing Nauru. The country can now benefit from an annual review or “health check” of its economy by the IMF (called the Article IV consultation), cross-country analysis and access IMF lending. Nauru will continue to receive technical assistance through Pacific Financial Technical Assistance Center (PFTAC) based in Fiji.

Nauru can now also attend the joint IMF-World Bank Spring and Annual Meetings as a full member of the Bretton Woods family, where the authorities can meet and exchange views with other delegations. The 2016 Spring Meetings will be held this week, April 15–17.

Liberia is the latest country to join WTO.

Q.6) Which of the following publishes the report Global slavery Index?

- International Labour bureau
- Walk free foundation
- German Watch
- International Labour Organization

Q.6) Solution (b)

In its latest report, the Global Slavery Index 2018 estimates that on any given day in 2016 there were nearly 8 million people living in "modern slavery" in India.

The report brought out by Walk free foundation said that in terms of prevalence, there were 6.1 victims for every thousand people. Among 167 countries, India ranked 53 with North Korea at the top of the list with 104.6 per 1,000 and Japan registering lowest prevalence rate of 03 per 1,000.

Q.7) Consider the following statements

- World Development Information Day is celebrated annually on October 24 coinciding with United Nations Day
- It was initiated by the UN Conference on Trade and Development (UNCTAD) for information dissemination and for the mobilization of public opinion relative to trade and development problems

Which of the above statements is/are correct?

- 1 only
- 2 only
- Both 1 and 2
- None of the above

Q.7) Solution (c)

Statement 1	Statement 2
Correct	Correct
<p>On May 17, 1972, the UN Conference on Trade and Development (UNCTAD) proposed measures for information dissemination and for the mobilization of public opinion relative to trade and development problems. These became known as resolution 3038 (XXVII), which the UN General Assembly passed on December 19, 1972.</p> <p>The General Assembly in 1972 established World Development Information Day to draw the attention of the world to development problems and the need to strengthen international cooperation to solve them (resolution 3038 (XXVII)). The</p>	<p>The Assembly deemed that improving the dissemination of information and the mobilization of public opinion, particularly among young people, would lead to greater awareness of the problems of development, thus, promoting efforts in the sphere of international cooperation for development.</p>

Assembly decided that the date for the Day should coincide with **United Nations Day, 24 October**, which was also the date of the adoption, in 1970, of the International Development Strategy for the Second United Nations Development Decade.

Q.8) With reference to Most Favoured Nation (MFN) status, consider the following statements

1. It is a non-discriminatory trade policy which ensures equal trading among all WTO member nations rather than exclusive trading privileges
2. The MFN status is governed by the World Trade Organization's (WTO) General Agreement on Tariffs and Trade (GATT)
3. At present India has accorded 'Most Favoured Nation' status to all WTO members excluding Pakistan

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) All of the above

Q.8) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Under the MFN status, a WTO member country is obliged to treat other trading nations in a non-discriminatory manner, especially with regard to customs duty and other levies. 2. The WTO says that if a country extends favour to another country, the country must return the favour. 3. Though MFN sounds like special treatment, it actually means non-discrimination - treating virtually everyone equally.	The MFN status is governed by the World Trade Organization's (WTO) General Agreement on Tariffs and Trade (GATT). Countries signatory to the agreement commit against discriminating each other and rest of the WTO member countries.	India has accorded 'Most Favoured Nation' status to all WTO members, now excluding Pakistan, in accordance with provisions of Article 1 of General Agreement on Tariffs and Trade, 1994 in 1996.

The MFN principle ensures that each country treats its over-140 fellow-members equally. But there are some exceptions. For example:

- 1) Countries can set up a free trade agreement that applies only to goods traded within the group - discriminating against goods from outside
- 2) Or they can give developing countries special access to their markets
- 3) Or a country can raise barriers against products that are considered to be traded unfairly from specific countries
- 4) And in services, countries are allowed, in limited circumstances, to discriminate
- 5) But the agreements only permit these exceptions under strict conditions

In general, MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners - whether rich or poor, weak or strong.

Q.9) Consider the following statements about Asian Development Bank

1. It is a regional development bank headquartered at Manila, Philippines tasked to promote social and economic development in Asia.
2. China holds the largest proportion of shares among the members.
3. The Bank admits members only from the Asia-Pacific region.

Which of the above statements is/are correct?

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

Q.9) Solution (c)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Incorrect
The Asian Development Bank (ADB) is a regional development bank established on 19 December 1966, which is headquartered in the Ortigas Center located in the city of Mandaluyong, Metro Manila, Philippines. The company also maintains 31 field offices around the world to promote social and economic development in Asia. The bank admits the members of the United Nations Economic and Social Commission for Asia and the Pacific	The ADB was modeled closely on the World Bank, and has a similar weighted voting system where votes are distributed in proportion with members' capital subscriptions. As of 31 December 2016, Japan holds the largest proportion of shares at 15.677%, closely followed by United States with 15.567% capital share. China holds 6.473%, India holds 6.359%, and Australia holds 5.812%.	ADB is an official United Nations Observer. From 31 members at its establishment in 1966, ADB has grown to encompass 68 members—of which 49 are from within Asia and the Pacific and 19 outside.

(UNESCAP, formerly the Economic Commission for Asia and the Far East or ECAFE) and non-regional developed countries. From 31 members at its establishment, ADB now has 68 members.		
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Q.10) The area under the Special Economic Zones has been declared as 'foreign territory' for the purpose of duties and taxes. Which of the following explains the correct reason for the same?

1. Goods brought from the SEZ to the domestic tariff area(DTA) are to be treated as imported goods
2. SEZ goods are free of excise duty
3. Goods and services going into the SEZ area from DTA shall be treated as exports

Choose the correct code

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


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Q.10) Solution (b)

Special Economic Zones (SEZ) are growth engines that can boost manufacturing, augment exports and generate employment. The private sector has been actively associated with the development of SEZs. The SEZs require special fiscal and regulatory regime in order to impart a hassle free operational regime encompassing the state of the art infrastructure and support services. Special Economic Zone (SEZ) is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs.

The area under the Special Economic Zones has been declared as 'foreign territory' for the purpose of duties and taxes. Goods and services going into the SEZ area from DTA shall be treated as exports and goods coming from the SEZ area into DTA shall be treated as if these are being imported.

Q.11) Consider the following statements regarding Generalized System of Preferences (GSP)

1. It is a preferential tariff system extended by developed countries to developing countries (also known as preference receiving countries or beneficiary countries).
2. It involves reduced/zero tariffs of all the products exported by beneficiary countries to the markets of GSP providing countries.
3. Withdrawal of the GSP benefit adversely affects exports from India by making it less competitive.

Choose the correct code

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

Q.11) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Correct
Generalized System of Preferences (GSP) is a preferential tariff system extended by developed countries to developing countries (also known as preference receiving countries or beneficiary countries). It is a preferential arrangement in the sense that it allows concessional low/zero tariff imports from developing countries.	Developed countries including the US, EU, UK, Japan etc., gives GSPs to imports from developing countries. GSP involves reduced/zero tariffs of eligible products exported by beneficiary countries to the markets of GSP providing countries.	“GSP provide opportunities for many of the world’s poorest countries to use trade to grow their economies and climb out of poverty” – USTR. India exports nearly 50 products of the 94 products on which GSP benefits are stopped. The GSP removal will leave a reasonable impact on India as the country enjoyed preferential tariff on exports worth of nearly \$ 5. 6 billion under the GSP route out of the total exports of \$48 bn in 2017-18. Withdrawal of the GSP benefit is expected to adversely affect exports from India.

Q.12) The BRICS Agriculture Research Platform (BRICS-ARP) was announced during which of the following summits?

- a) 7th BRICS Summit 2015 at Ufa in Russia
- b) 9th BRICS Summit 2017 at Xiamen in China
- c) 10th BRICS Summit 2018 at Johannesburg in South Africa
- d) 11th BRICS Summit 2019 at Brasilia in Brazil

Q.12) Solution (b)

During the **7th BRICS Summit held on 9th July 2015 at Ufa in Russia**, Indian Prime Minister proposed to **establish BRICS Agriculture Research Centre** which will be a gift to the entire world. The Centre will promote **sustainable agricultural development and poverty alleviation through strategic cooperation in agriculture** to provide food security in the BRICS member countries.

In order to further intensify cooperation among BRICS countries in agricultural research policy, science and technology, innovation and capacity building, including technologies for small holder farming in the BRICS countries, **a MoU on establishment of the Agricultural Research Platform was signed by the foreign Ministers of BRICS countries in the 8th BRICS Summit held on 16th October, 2016 at Goa.**

BRICS-ARP will be the natural global platform for science-led agriculture-based sustainable development for addressing the issues of world hunger, under-nutrition, poverty and inequality, particularly between farmers' and non-farmers' income, and enhancing agricultural trade, bio-security and climate resilient agriculture.

Q.13) During which of the following circumstances does the government impose "safeguard duty"?

- When an exporting country government gives export subsidy to their trader's products
- When there is a surge in imports of a particular product irrespective of a particular exporting country
- When the goods are exported by a country to another country at a price lower than its normal value
- None of the above

Q.13) Solution (b)

When a government gives export subsidy then such subsidies are actionable by way of levying countervailing duty.

Safeguard duty are applied when there is a surge in imports of a particular product irrespective of a particular country/ies.

Dumping is said to occur when the goods are exported by a country to another country at a price lower than its normal value. This is an unfair trade practice which can have a distortive effect on international trade. Anti-dumping is a measure to rectify the situation arising out of the dumping of goods and its trade distortive effect.

Q.14) Which of the following statements are correct regarding "International Fund for Agricultural Development" (IFAD)?

- It is a specialized agency of the World Bank Group
- It focuses on food production in developing countries
- It focuses on eradicating rural poverty in developing countries

Choose the correct code

- 1 only
- 2 and 3 only

- c) 3 only
d) 1 and 2 only

Q.14) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
The International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations, was established as an international financial institution in 1977 as one of the major Outcomes of the 1974 World Food Conference. The conference was organized in response to the food crises of the early 1970s that primarily affected the Sahelian countries of Africa.	It resolved that "an International Fund for Agricultural Development should be established immediately to finance agricultural development projects primarily for food production in the developing countries."	Through low interest loans and grants, IFAD works with governments to develop and finance programmes and projects that enable rural poor people to overcome poverty.

Q.15) Consider the following statements about Shanghai Cooperation Organization (SCO)

1. It is a military and security alliance led by China
2. Recently India and Pakistan joined SCO as observer states
3. The 19th SCO meeting was held in Bishkek, Kyrgyzstan.

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

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

Q.15) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Correct
The Shanghai Cooperation Organization (SCO), or Shanghai Pact, is a Eurasian political, economic, and security alliance, the creation of	The original five nations, with the exclusion of Uzbekistan, were previously members of the Shanghai Five group, founded on 26 April 1996.	The 19th SCO meeting was held in Bishkek, Kyrgyzstan. It was the second time that India participated as a full member. The meeting focused on ways to enhance cooperation in economic

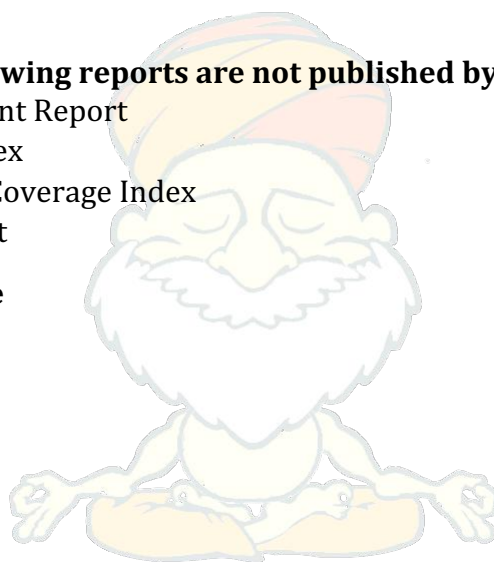
<p>which was announced on 15 June 2001 in Shanghai, China by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan; the Shanghai Cooperation Organization Charter, formally establishing the organization, was signed in June 2002 and entered into force on 19 September 2003.</p>	<p>Since then, the organization has expanded its membership to eight countries when India and Pakistan joined SCO as full members on 9 June 2017 at a summit in Astana, Kazakhstan. The Heads of State Council (HSC) is the supreme decision-making body in the SCO, it meets once a year and adopts decisions and guidelines on all important matters of the organization.</p>	<p>matters and in counter terrorism.</p>
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Q.16) Which of the following reports are not published by World bank?

1. World Development Report
2. Ease of Living Index
3. Universal Health Coverage Index
4. Remittance Report

Choose the correct code

- a) 2 and 4 only
- b) 4 only
- c) 1 and 3 only
- d) None of the above



Q.16) Solution (d)

World Bank Reports

- 1) Ease of Doing Business Report
- 2) World Development Report
- 3) Ease of Living Index
- 4) Universal Health Coverage Index
- 5) Remittance Report
- 6) Global Economic Prospects- World Bank Group

Q.17) Consider the following statements with respect to World Customs Organization (WCO)

1. It is an United Nations body to enhance the effectiveness and efficiency of Customs administrations
2. It is headquartered in Brussels, Belgium
3. It is the only international organization with competence in Customs matters

Which of the above statements is/are correct?

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

Q.17) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
The World Customs Organization (WCO), established in 1952 as the Customs Co-operation Council (CCC) is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administrations.	It is headquartered in Brussels, Belgium. The WCO has divided its Membership into six Regions. Each of the six Regions is represented by a regionally elected Vice-Chairperson to the WCO Council. India has become the Vice-Chair (Regional Head) of the Asia Pacific Region of World Customs Organization (WCO) for a period of two years, from July, 2018 to June, 2020.	As the global centre of Customs expertise, the WCO is the only international organization with competence in Customs matters and can rightly call itself the voice of the international Customs community. WCO represents 182 Customs administrations across the globe that collectively process approximately 98% of world trade

Q.18) Consider the following statements regarding International Labour Organization

1. It is the only tripartite U.N. agency, since 1919 that brings together governments, employers and workers of 187 member States.
2. The ILO became the first specialized agency of the UN in 1946.
3. The Centenary session of the International Labour Conference took place in Hague, Netherlands.

Which of the above statements is/are incorrect?

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

Q.18) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
The only tripartite U.N. agency, since 1919 the ILO brings together	The ILO was founded in 1919, in the wake of a destructive war, to pursue	The 108th (centenary) session of the International Labour Conference will take place in

<p>governments, employers and workers of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men.</p> <p>The unique tripartite structure of the ILO gives an equal voice to workers, employers and governments to ensure that the views of the social partners are closely reflected in labour standards and in shaping policies and programmes.</p>	<p>a vision based on the premise that universal, lasting peace can be established only if it is based on social justice. The ILO became the first specialized agency of the UN in 1946.</p>	<p>Geneva, Switzerland between 10 - 21 June 2019.</p> <p>The ILO Centenary declaration for the Future of Work, 2019 was adopted in this conference.</p>
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Q.19) The World Bank is an international financial institution that provides loans to countries of the world for capital projects. Which of the following institutions are parts of it?

1. International Bank for Reconstruction and Development (IBRD)
2. International Development Association (IDA)
3. International Finance Corporation (IFC)
4. Multilateral Investment Guarantee Agency (MIGA)
5. International Centre for Settlement of Investment Disputes (ICSID)

Choose the correct code

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

Q.19) Solution (a)

The World Bank is an international financial institution that provides loans to countries of the world for capital projects. It comprises two institutions: the International Bank for Reconstruction and Development (IBRD), and the International Development Association (IDA). The World Bank is a component of the World Bank Group.

The World Bank's most recent stated goal is the reduction of poverty. As of November 2018, the largest recipients of world bank loans were India (\$ 859 million in 2018) and China (\$ 370 million in 2018), through loans from IBRD.

The World Bank Group (WBG) is a family of five international organizations that make leveraged loans to developing countries. It is the largest and most well-known development bank in the world and is an observer at the United Nations Development Group. The bank is based in Washington, D.C. The bank's stated mission is to achieve the twin goals of ending extreme poverty and building shared prosperity.

Its five organizations are the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

Q.20) Which among the following organizations publishes Travel and Tourism Competitiveness Report?

- a) World Economic Forum
- b) UNESCO
- c) UNDP
- d) United Nations World Tourism Organization

Q.20) Solution (a)

The World Economic Forum has, for the past 11 years, engaged leaders in travel and tourism to carry out an in-depth analysis of the Travel and Tourism competitiveness of 136 economies across the world. **The Travel and Tourism Competitiveness Index** measures “the set of factors and policies that enable the sustainable development of the travel and tourism sector, which in turn, contributes to the development and competitiveness of a country”. The Travel and Tourism Competitiveness Index enables all stakeholders to work together to improve the industry’s competitiveness in their national economies. The theme of 2017 edition “**Paving the Way for a More Sustainable and Inclusive Future**”, reflects the increasing focus on ensuring the industry’s sustained growth in an uncertain security environment while preserving the natural environment and local communities on which it so richly depends.

Q.21) 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

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

d) All of the above

Q.21) 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.22) 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?

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

Q.22) 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	In Direct monetization of deficit, the government deals with the RBI directly. It asks the RBI to print new	Government expenditure using new money boosts incomes and raises private demand in the economy.

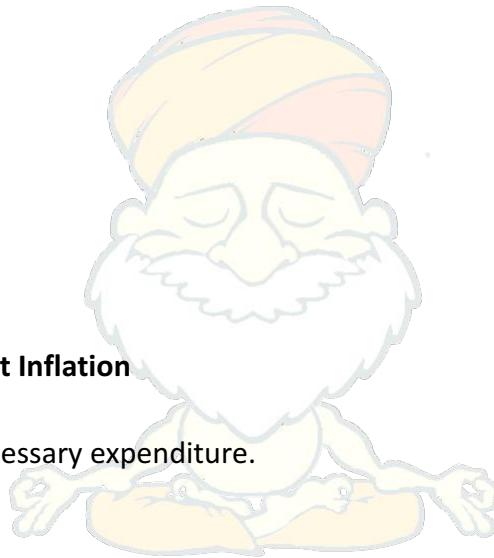
events such as a lockdown. This tool provides an opportunity for the government to boost overall demand at the time when private demand has fallen.	currency in return for new bonds that the government gives to the RBI.	Thus, it fuels inflation.
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Q.23) 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.23) Solution (c)

Fiscal Measures to Combat Inflation

- Increase in Taxes.
- Reduction in unnecessary expenditure.
- 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.24) 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.24) 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 expenditure.	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.

Q.25) 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.25) 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.
 - 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.26) 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.26) Solution (a)

Option 1	Option 2	Option 3
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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.
- 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.27) 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.27) 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.28) Consider the following statements regarding the Long Term Repo Operation (LTRO)

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.28) 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.29) 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
- d) Neither 1 nor 2

Q.29) 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.30) 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.30) 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, 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.	Model Contract Farming Act 2018 includes all categories of agronomic and horticulture crops, livestock, dairy, poultry and fishery.	Tamil Nadu became the first state to enact a law on contract farming.

Q.31) 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.31) 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,	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.32) 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.32) 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.33) 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.33) Solution (b)

Option 1	Option 2	Option 3
Incorrect	Correct	Incorrect
The multilateral convention is	MLI provides flexibility	MLI modifies tax treaties

an outcome of the OECD/G20 project to tackle base erosion and profit shifting.	through provisions such as “reservation”. Through this, countries can opt-out to apply certain MLI provisions.	that are “Covered tax agreements”.
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Covered Tax Agreement

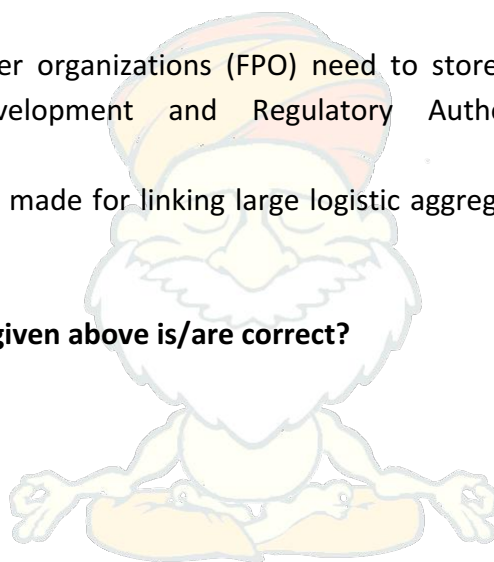
- Covered Tax Agreement means an agreement for the avoidance of double taxation that is in force between Parties to the MLI which both parties have made a notification that they wish to modify the agreement using the MLI.

Q.34) 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.34) 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.

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.35) Consider the following statements regarding Special Economic Zones

1. While SEZ units may import goods from Domestic tariff area (DTA) without payment

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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.35) Solution (d)

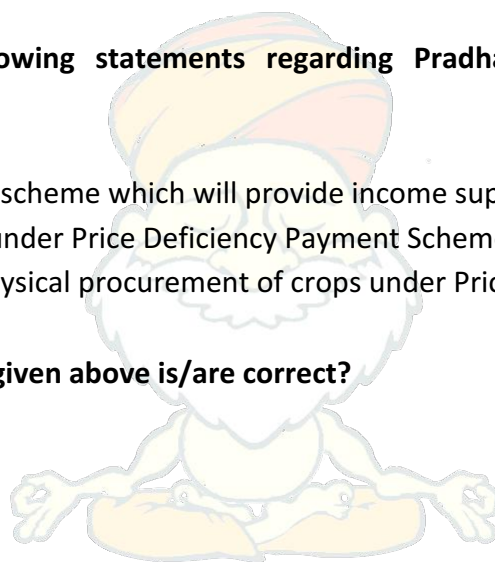
Option 1	Option 2	Option 3
Correct	Correct	Correct
SEZ units may import/procure goods and services from DTA without payment of duty for setting up, operation and maintenance of units in the Zone. However, an SEZ unit may sell goods, including by-products, and services in DTA in accordance with the import 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.

Q.36) 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.36) 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.37) 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?

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

Q.37) 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.38) 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?

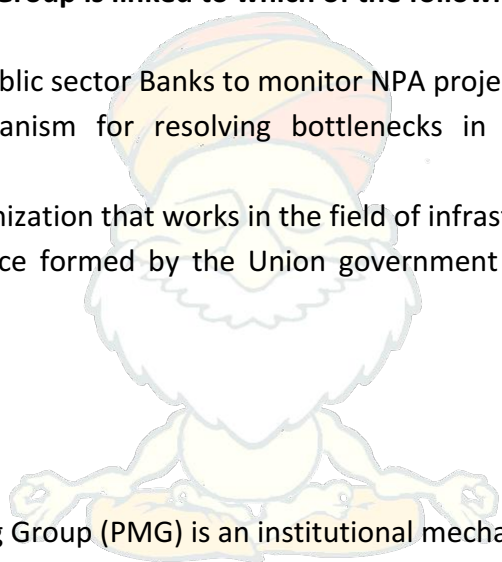
- a) 1 only
- b) 2 only
- c) Both 1 and 2

d) Neither 1 nor 2

Q.38) Solution (a)

Option 1	Option 2
Correct	Incorrect
The World Bank and the Government of India signed a \$250 Million Agreement for 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.	The NERTP will support enterprise development programs for rural poor women 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.39) 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.39) 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.40) 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?

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

Q.40) 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.

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