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Q.1) In the context of Indian economy, consider the following statements

1. The Gross domestic product has steadily increased in the last five years
2. The growth rate in per capita income has steadily increased in the last five years

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.1) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
While the growth rate of GDP has fluctuated in the last five years, it has never become negative. The Gross domestic product has steadily increased in the last five years.	The growth rate of Per capita income decreased to 8.6% in 2017-18 from 9.3% in 2016-17. It further increased to 10.0% in 2018-19.

- In such questions, double-check whether an increase/decrease in 'absolute value' is being asked or if an increase/decrease in 'growth rate' is being asked.

Q.2) Which of the following can lead to the growth of Human Capital?

1. Investment in Education
2. On the job training
3. Migration

Choose the correct answer using the codes given below

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

Q.2) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Investment in Education leads to better skills and thus adds to the human capital formation.	On the job training too leads to better skills and thus adds to the human capital formation	Migration of people adds to the human capital formation as it facilitates the utilization of inactive and underdeveloped skills of an

Human capital can be augmented by

- Investment in Education
- Investments in health
- On the job training
- Migration
- Information

Q.3) The Gross National Product of India considers

- a) The Income of only resident and non-resident citizens of a country
- b) The Income of only resident citizens of a country
- c) The Income of both resident citizens and foreigners who reside within Indian territory
- d) The Income of resident, non-resident citizens and foreigners who reside within Indian territory

Q.3) Solution (a)

GNP (Gross National Product)

- The word “national” here refers to all the **citizens** of a country
- It is the total value of the total output or production of final goods and services produced by the **nationals of a country** during a given period of time, generally one year.
- It considers the income of both **resident** and **non-resident** citizens of a country while the income of **foreigners** who reside within the geographical boundary of the country is **excluded**.

Q.4) Which of the following are considered as Final Goods?

1. Services of a doctor
2. Vegetables bought by a restaurant to serve customers
3. Machine bought by a company as an investment

Choose the correct answer using the codes given below

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

Q.4) Solution (b)

Elimination:

Second statement can be easily eliminated as the restaurants are not final consumers. They add value to the vegetables (by cooking and serving) and charge the customers.

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Correct
Service of a doctor is considered as a consumer final good.	Vegetables bought by a restaurant are considered as intermediate goods.	Capital goods bought by a company are considered as final goods.

- An item that is meant for final use and will not pass through any more stages of production or transformations is called a final good.
- Final goods are of two types –
 - **Capital goods** (like machinery) bought by companies as an investment.
 - Goods used for final consumption by households.
- Consumer final goods are again divided into
 - Durable – TV, car etc.
 - Semi-durable – Clothes, shoes etc.
 - Non-durable – Milk, bread etc.
 - **Services** – of teachers, doctors etc.

Q.5) National income (NI) in India is a term used for

- a) Net National Product at market cost
- b) Gross National Product at factor cost
- c) Net National Product at factor cost
- d) Net Domestic Product at market cost

Q.5) Solution (a)

National Income

- Earlier, National Income was a term used for Net National Product at factor cost (NNP_{FC}).
- Since January 2015, the CSO has switched over to calculating it at market price.
- $NNP = GNP - \text{Depreciation}$

Q.6) Consider the following statements regarding Real and Nominal GDP

1. Real GDP is calculated using the price of goods and services at the base year
2. Nominal GDP is calculated using the price of the goods and services in that particular year

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.6) Solution (c)

Statement 1	Statement 2
Correct	Correct
Real GDP is national income at constant price.	Nominal GDP is national income at current price.

Real GDP

- National income at constant price = $Q \cdot P$
- Where Q is the quantity of goods and services in a particular year
- P is the price of the base year (constant price)

Nominal GDP

- National income at current price = $Q \cdot P$
- Where Q is the quantity of goods and services in a particular year
- P is the price of the goods and services in that particular year (current price)

Q.7) Which among the following activities constitute Secondary sector in an Economy

1. Mining
2. Construction
3. Manufacturing

Choose the correct answer using the codes given below

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

Q.7) Solution (b)**Primary Sector**

- Agriculture
- Mining
- Forestry
- Grazing
- Hunting and gathering
- Fishing
- Quarrying

Secondary Sector

- Manufacturing
- Processing
- Construction

Q.8) Consider the following statements regarding the Human Development Index (HDI)

1. It is an index prepared by the United Nations Development Program
2. The basic dimensions are - long and healthy life, education and a decent standard of living

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.8) Solution (c)

Statement 1	Statement 2
Correct	Correct
It is an index prepared by the United Nations Development Program.	The basic dimensions are - long and healthy life, education and a decent standard of living.

- The basic dimensions are determined by -
 - **Long and healthy life** - measured by life expectancy at birth.
 - **Access to Education** - measured by expected years of schooling of children at school-entry age and mean years of schooling of the adult population.
 - **A Decent standard of living** - measured by Gross National Income per capita adjusted for the price level of the country.

Q.9) The goods for which the demand increases as the price increases, because of its exclusive nature and appeal as a status symbol is called

- a) Giffen goods
- b) Veblen goods
- c) Luxury goods
- d) Inferior goods

Q.9) Solution (b)

- Both Veblen and Giffen goods defy standard economic and consumer demand theory.
- Veblen goods - a good where demand rises as price rises because people feel its higher price reflects greater status.
- Giffen goods - A Giffen good is a low income, non-luxury product that has very few close substitutes. Since there are few substitutes for Giffen goods, consumers continue to remain willing to buy a Giffen good when the price rises.

Q.10) In the context of Indian economy, consider the following statements

1. The Share of Services sector in India's GVA (Gross value added) has steadily increased in the last five years
2. The Share of Primary sector in India's GVA (Gross value added) has steadily decreased in the last five years

Choose the correct statement/s using the codes given below

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

Q.10) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
Share of Services sector has steadily increased in the last five years	Share of Primary sector was 17.7% in FY 15-16. It increased to 17.9 in FY 16-17 and then went on to decrease to 17.1 in FY 17-18. Thus it has not steadily declined. It has increased to 18.57 in FY 18-19.

Q.11) If some manual laborers are fired from a company due to the introduction of automation, then what kind of unemployment do they face?

- a) Disguised Unemployment
- b) Structural unemployment
- c) Hidden unemployment
- d) Frictional unemployment

Q.11) Solution (b)

- Structural unemployment is caused by a mismatch of skills between the unemployed and available jobs.

- Structural unemployment usually happens because of technological change. When new technologies are introduced, some jobs and skills can be replaced by machines, a process known as automation.

Q.12) Consider the following statements regarding Pradhan Mantri Yuva Yojana

1. It aims to create an enabling ecosystem for entrepreneurship promotion among youth
2. It has been launched by the Ministry of Youth Affairs and Sports

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.12) Solution (a)

Elimination

Statement 2 can be eliminated if one knows the objective of the scheme.

Statement 1	Statement 2
Correct	Incorrect
It aims to create an enabling ecosystem for entrepreneurship promotion among youth	It is being implemented by the Ministry of Skill Development and Entrepreneurship.

PM Yuva Yojna

- It is a centrally sponsored Scheme on entrepreneurship education and training.
- It is being implemented by the Ministry of Skill Development and Entrepreneurship.
- The Scheme aims at creating an enabling ecosystem for Entrepreneurship development through entrepreneurship education and training, Advocacy and easy access to entrepreneurship support network and Promoting social enterprises for inclusive growth.

Q.13) Consider the following goods

1. Grazing land
2. Street light
3. Service of Police

The opportunity cost for providing which of the above goods is zero?

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

d) All of the above

Q.13) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Incorrect
Opportunity cost is zero. But rivalry in consumption exists.	Opportunity cost is not Zero. Rivalry in consumption does not exist.	Opportunity cost is not Zero. Rivalry in consumption does not exist.

- Opportunity cost is an economics term that refers to the value of what you have to give up in order to choose something else.
- As per microeconomics, opportunity cost is zero for free goods such as Air and common goods such as fish / grazing land.
- For public goods such as street light, Police service, judiciary service, defence etc. opportunity cost is involved.
- If police service was not provided then the government could have spent more money on street lights. Similarly, if street lights are not needed then more money can be invested in the police force. Thus, an opportunity cost is involved.

Q.14) The Agriculture Census 2015-16 data shows that

1. The average size of operational holding has declined
2. The percentage share of female operational holders has increased

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 (c)

Statement 1	Statement 2
Correct	Correct
The average size of operational holding declined to 1.08 hectares (ha) in 2015-16 compared to 1.15 ha in 2010-11, as per the provisional data.	The census also found out that the percentage share of female operational holders has increased from 12.79 per cent in 2010-11 to 13.87 per cent in 2015-16.

- Agriculture census for 2015-16 that showed a 1.53 per cent decline in the total operated area at 157.14 million hectares as compared to 2010-11 data.

- In terms of the operated area, the share of women increased from 10.36 per cent to 11.57 per cent.

Q.15) Which of the following are steps taken by the Government for the eradication of poverty?

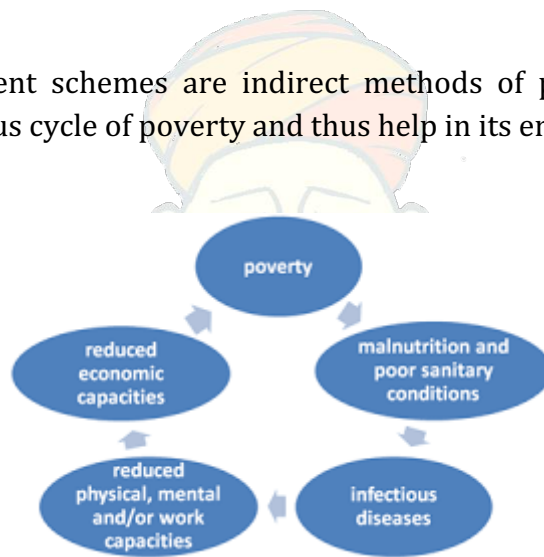
1. National Food Security Act
2. Pradhan Mantri Jan Arogya Yojana
3. Mahatma Gandhi National Rural Employment Guarantee Act

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.15) Solution (d)

- All 3 government schemes are indirect methods of poverty alleviation. They tackle the vicious cycle of poverty and thus help in its eradication.



Q.16) The tax system followed by India is

- a) Progressive
- b) Proportional
- c) Regressive
- d) None of the above

Q.16) Solution (a)

- Progressive taxation - A progressive tax is a tax that imposes a lower tax rate on low-income earners compared to those with a higher income. India follows this system.
- Proportional tax - A proportional tax is an income tax system where the same percentage of tax is levied on all taxpayers, regardless of their income.

- Regressive tax - A regressive tax is a tax that takes a greater percentage of income from those who earn less, than from those with a higher income.

Q.17) Consider the following statements regarding India's tax collection

1. The share of Personal Income tax has steadily increased for the last five years
2. The share of Corporate Tax is higher than the share of Goods and Services Tax for the years 2019-20

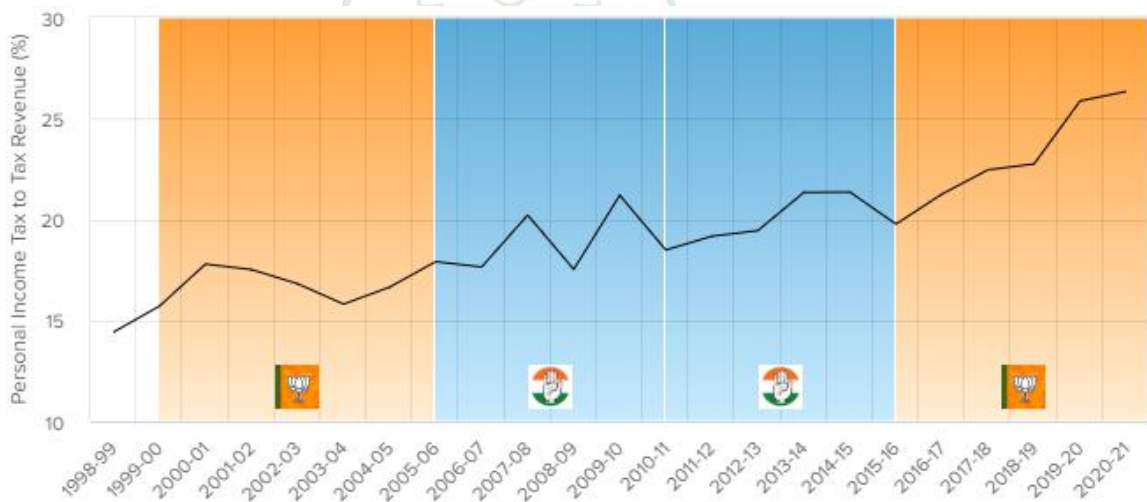
Choose the correct answer using the codes given below

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

Q.17) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
The share of Personal Income tax has steadily increased for the last five years	The share of GST is higher than the share of Corporate Tax for the year 2019-20

Share of personal income tax -



- Share of GST has surpassed the share of Corporation tax. As per 1st revised estimate, total Corporate tax collection is 610,500 crores while total GST collection is 612,327 crores.

Q.18) Consider the following statements regarding Economic Growth and Development

1. Growth is quantitative while development is qualitative

2. Economic growth is necessary for development

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.18) Solution (c)

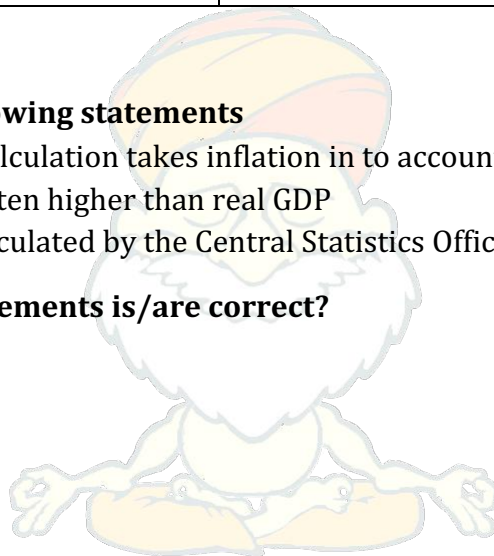
Statement 1	Statement 2
Correct	Correct
Growth is a quantitative factor. It can be either positive or negative. Development is a qualitative factor and is always value positive.	While mere growth does not guarantee development, growth is necessary for development i.e Economic growth is necessary, but an insufficient condition for development.

Q.19) Consider the following statements

1. While Real GDP calculation takes inflation in to account, Nominal GDP does not
2. Nominal GDP is often higher than real GDP
3. GDP in India is calculated by the Central Statistics Office

Which of the above statements is/are correct?

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



Q.19) Solution (c)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Real gross domestic product (GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices, and is often referred to as "constant-price," "inflation-corrected" GDP, or	Nominal GDP is a macroeconomic assessment of the value of goods and services using current prices in its measure. While nominal GDP by definition reflects inflation, real GDP uses a GDP deflator to adjust for inflation, thus reflecting only changes in real output. Since inflation is	GDP in India is calculated by the Central Statistics Office It is published on a quarterly basis and comes with 60 days lag

"constant dollar GDP." Unlike nominal GDP, real GDP accounts for changes in price levels and provides a more accurate figure of economic growth.	generally a positive number, a country's nominal GDP is generally higher than its real GDP.	
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Q.20) Consider the following statements regarding PM Shram Yogi Maan-dhan scheme

1. It is launched by the Ministry of Labour and Employment
2. Any worker in the unorganized sector can enrol in the scheme

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.20) Solution (a)

Statement 1	Statement 2
Correct	Correct
PM Shram Yogi Maandhan scheme has been launched by the Ministry of Labour and Employment.	Not all workers in the organized sector can enroll. There are certain eligibility criteria.

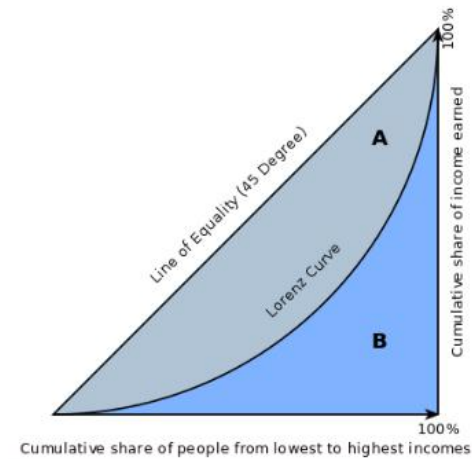
- It assures monthly pension of Rs 3,000 for workers in the unorganized sector.
- Eligibility –
 - Income less than 15,000 per month.
 - Shouldn't be covered under NPS, EPFO or ESIC.
 - Age should be between 18-40 years.
- It is a voluntary and contributory scheme.

Q.21) Which of the following graphs shows the degree of inequality in a society

- a) Lorenz curve
- b) Phillips curve
- c) Engel curve
- d) Laffer curve

Q.21) Solution (a)

- A Lorenz curve is a graph used in economics to show inequality in income spread or wealth.
- The Gini index can be calculated from a Lorenz curve.
- The x-axis on a Lorenz curve typically shows the portion or percentage of the total population, and the y-axis shows the portion of total income/ wealth.



Q.22) Which of the following committees is/are associated with the estimation of poverty?

- Lakdawala committee
- Alagh committee
- Saxena committee
- All the above

Q.22) Solution (d)

- All 3 committees are associated with the estimation of poverty
- **Lakdawala committee** - A task force was formed by the government of India in 1993, with DT Lakdawala as chairman. It recommended that Consumption expenditure should be calculated based on calorie consumption as earlier.
- **Alagh Committee** - a task force constituted by the Planning Commission in 1979 for poverty estimation, chaired by YK Alagh. It constructed a poverty line for rural and urban areas based on nutritional requirements.
- **N.C. Saxena Committee** - was set up by the Ministry of Rural Development to advise it on the suitable methodology for BPL Census and not for estimation of poverty. But it provided recommendations for estimation of poverty also.

Q.23) If a person quits his job to look for a better job, then what kind of unemployment does he/she face?

- Disguised Unemployment
- Structural unemployment
- Hidden unemployment

d) Frictional unemployment

Q.23) Solution (d)

Frictional Unemployment:

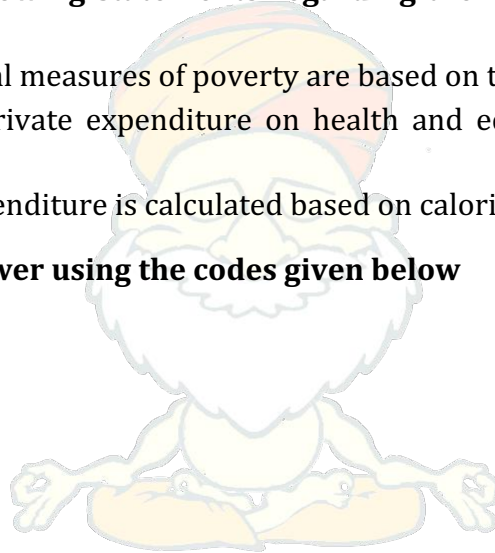
- The Frictional Unemployment also called as Search Unemployment, refers to the time lag between the jobs when an individual is searching for a new job or is switching between the jobs.
- In other words, an employee requires time for searching a new job or shifting from the existing to a new job, this inevitable time delay causes frictional unemployment.
- It is often considered as voluntary unemployment because it is not caused due to the shortage of job, but in fact, the workers themselves quit their jobs in search of better opportunities.

Q.24) Consider the following statements regarding the Tendulkar committee on poverty estimation

1. The current official measures of poverty are based on the Tendulkar poverty line
2. It Incorporates private expenditure on health and education while estimating poverty
3. Consumption expenditure is calculated based on calorie consumption

Choose the correct answer using the codes given below

- e) 1 only
- f) 1 and 2 only
- g) 1 and 3 only
- h) All of the above



Q.24) Solution (b)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
The current official measures of poverty are based on the Tendulkar poverty line.	It Incorporates private expenditure on health and education while estimating poverty	A Shift from Calorie Consumption based Poverty Estimation. - It based its calculations on the consumption of the items like cereal, pulses, milk, education etc.

Tendulkar Committee

- An Expert Group was constituted by the Planning Commission in 2009, chaired by Suresh Tendulkar, to review methodology for poverty estimation and to address the following shortcomings of the previous methods.
- Tendulkar committee computed poverty lines for 2004-05 at a level that was equivalent, in Purchasing Power Parity (PPP) terms to Rs 33 per day.

Q.25) Consider the following statements regarding Sustainable Development Goals India index

1. It is carried out by Niti Aayog in collaboration with Ministry of statistics and programme implementation
2. It provides a holistic view on the social, economic and environmental status of all the states and Union territories

Choose the correct answer using the codes given below

- e) 1 only
- f) 2 only
- g) Both 1 and 2
- h) Neither 1 nor 2

Q.25) Solution (c)

Statement 1	Statement 2
Correct	Correct
It is carried out by Niti Aayog in collaboration with Ministry of statistics and programme implementation.	The SDG India Index is intended to provide a holistic view on the social, economic and environmental status of the country and its States and UTs.

SDG India Index

- It is carried out by Niti Aayog in collaboration with Ministry of statistics and programme implementation.
- The Index tracks the progress of all the States and Union Territories (UTs) on a set of 62 National Indicators.
- The SDG India Index is intended to provide a holistic view on the social, economic and environmental status of the country and its States and UTs.
- HP, Kerala and TN are in the top 3 and on the path to achieve SDG goals.
- Assam, Bihar and UP are at the bottom of the ranking.

Q.26) Poverty estimation in India is carried out by

- a) Niti Aayog
- b) National Sample Survey Office
- c) Rangarajan Committee

d) Ministry of Statistics and Programme Implementation

Q.26) Solution (a)

- Poverty estimation in India is carried out by **NITI Aayog's task force**.
- Calculation of poverty line by Niti Aayog is based on the data captured by the National Sample Survey Office under the Ministry of Statistics and Programme Implementation (MOSPI).
- Earlier, Planning commission was responsible for calculating the poverty line in India.

Q.27) Consider the following statements regarding the National Rural Economic Transformation Project

1. It supports enterprise development programmes for rural poor women and youth
2. It is a part of the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission

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.27) Solution (c)

Statement 1	Statement 2
Correct	Correct
It supports enterprise development programmes for rural poor women and youth	It is a part of the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission

National Rural Economic Transformation Project (NRETP)

- It supports enterprise development programmes for rural poor women and youth.
- Special emphasis on targeting the poorest of the poor and the most vulnerable communities and their financial inclusion.
- It will also support skill development among youth.
- It is a part of the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission.
- Loan assistance for the project has been provided by the World Bank.

Q.28) Consider the following statements regarding Fixed-term Employment

1. The contract can be renewed or terminated according to the performance of the worker
2. Workers will be entitled to benefits available to permanent workers
3. Currently, fixed-term employment is allowed only in the textile sector

Choose the statement/s using the codes given below

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

Q.28) Solution (b)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
The contract can be renewed or terminated according to the performance of the worker.	Workers will be entitled to benefits available to permanent workers.	Fixed-term employment is applicable to all sectors.

- Under Fixed-term employment, a company or an enterprise hires an employee for a specific period.
- The contract can be renewed or terminated according to the performance of the worker
- Under FTE, workers will be entitled to benefits available to permanent workers.
- Thus, Contract workers, if turned to FTE workers, stand to gain in terms of the statutory benefits
- In March 2018, the Centre notified on fixed-term employment (FTE) for all sectors. Before, it was only applicable to the textile sector.

Q.29) Consider the following statements regarding Sankalp Scheme

1. It aims to implement the mandate of the National Skill Development Mission
2. It is a Central Sector Scheme in collaboration with the World Bank

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 implement the mandate of the National Skill Development Mission (NSDM).	It is a Centrally Sponsored Scheme in collaboration with the World Bank.
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- Skills Acquisition and Knowledge Awareness for Livelihood (SANKALP) is an outcome-oriented programme of Ministry of Skill Development & Entrepreneurship (MSDE) with a special focus on decentralised planning and quality improvement.

Q.30) The Poverty and Shared Prosperity Report is published by

- International Monetary Fund
- United Nations Conference on Trade and Development
- World Economic Forum
- World Bank

Q.30) Solution (d)

- The Poverty and Shared Prosperity provides estimates on trends in global poverty and shared prosperity.
- The 2018 edition — Piecing Together the Poverty Puzzle —broadens the ways we define and measure poverty
- It introduces a multi-dimensional poverty measure that is anchored on household consumption and the international poverty line of \$1.90 per person per day.
- It is published by the World Bank.

Q.31) Consider the following statements regarding The Global Multidimensional Poverty Index

1. It is developed by the Oxford Poverty & Human Development Initiative (OPHI) and the United Nations Development Programme
2. India has the largest number of people living in multidimensional poverty according to its latest report

Choose the correct answer using the codes given below

- 1 only
- 2 only
- Both 1 and 2
- Neither 1 nor 2

Q.31) Solution (c)

Statement 1	Statement 2
Correct	Correct
The global MPI was developed by OPHI with	India has the largest number of people living

the UN Development Programme (UNDP) for inclusion in UNDP's flagship Human Development Report in 2010.	in multidimensional poverty according to Global MPI 2018.
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- The global Multidimensional Poverty Index (MPI) is an international measure of acute multidimensional poverty covering over 100 developing countries.
- The MPI assesses poverty at the individual level. If someone is deprived in a third or more of ten (weighted) indicators, the global index identifies them as 'MPI poor'.

Q.32) Atal Tinkering Labs aim to

- Stimulate innovation among students of class 6 to 12th
- Fast track Research and Academic Infrastructure Development in the country
- Foster culture of innovation in Higher education agencies
- Boost joint research with global universities

Q.32) Solution (a)

- Atal Tinkering Labs (ATLs) are designated 1500 sqft. spaces, with state-of-the-art facilities, set aside for innovating.
- Atal tinkering lab aims to stimulate innovation among students of class 6 to 12th.
- The tinkering lab is a workspace where young minds can give shape to their ideas through hands-on do-it-yourself mode and learn innovation skills.
- It is one of the main components under Atal Innovation mission of Niti Aayog.

Q.33) Which of the following measures will help India obtain full benefits of demographic dividend

- Promoting skill development
- Privatization of higher education
- Promoting the education of girl child

Choose the answer using the codes given below

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

Q.33) Solution (b)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Correct
Promoting skill development	Privatization of higher	Promoting the education of

will help India obtain full benefits of demographic dividend.	education will not necessarily lead to better educational outcomes. Thus it cannot be said that privatizing higher education will lead to a better demographic dividend	girl child will improve literacy levels and employability.
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Q.34) UK Sinha committee recently submitted its report on?

- Special Economic Zone policy
- Measures needed to rejuvenate MSMEs
- Reviewing and revamping the official statistics database
- Financial Technology sector

Q.34) Solution (b)

- The committee to study the problems faced by MSMEs was chaired by U.K. Sinha.
- It was set up by the Reserve Bank of India.
- The committee has suggested a Rs.5,000 crore stressed asset fund for domestic micro, small and medium enterprises (MSMEs).
- The fund could work in tandem with RBI-mandated restructuring schemes or bank-led NPA revival solutions for MSMEs.

Q.35) Which of the following are factors responsible for inequality in India?

- Jobless growth
- Tax evasion
- Social Inclusion

Choose the answer using the codes given below

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

Q.35) Solution (a)**Elimination**

Social inclusion can be easily eliminated as inclusion will lead to a much more equal and inclusive growth.

- Some of the reasons for inequality in India are
 - Tax evasion,**
 - Unemployment,**

- Inequality in the ownership of assets,
- Laws of inheritance,
- Cost of professional training,
- Inflation,
- Corruption and smuggling,
- Greater Burden of indirect taxation
- **Social exclusion**

Q.36) Consider the following statements regarding the participation of women in labour force

1. Over the last decade, an increase in access to education has led to an increase in India's Female Labour Force Participation Rate
2. Legislations such as Maternity Benefits Act and Sexual Harassment of Women at Workplace Act can have a positive effect on female Labour Force Participation Rate

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 (b)

Elimination

Low level of Female labour participation is constantly in the news. Thus it can be easily eliminated.

Statement 1	Statement 2
Incorrect	Correct
The female labour force participation in India has fallen to a historic low of 23.3% in 2017-18 from 36.7% in 2005.	Maternity Benefits Act and Sexual Harassment of Women at Workplace Act have a positive effect on female Labour Force Participation Rate.

- The female labour force participation in India has fallen to a historic low of 23.3% in 2017-18 from 36.7% in 2005.
- Just nine countries around the world, including Syria and Iraq, now have a fewer proportion of working women than India.
- Addressing issues faced by women at the workplace such as sexual harassment, gender wage gap and flexibility during pregnancy and motherhood can have a positive effect on their workforce participation rate.

- Thus, the Maternity Benefits Act and Sexual Harassment of Women at Workplace Act has a positive effect on female Labour Force Participation Rate.

Q.37) Consider the following statements about Periodic Labor Force Survey 2107-18

1. It is an annual survey released by Central Statistical Organization
2. The survey provides only unemployment data for various states
3. Nagaland has the highest unemployment rate among the states

Which of the above statements are correct?

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

Q.37) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Correct
Ministry of Statistics and Programme Implementation has launched a new regular employment-unemployment survey, namely, Periodic Labour Force Survey (PLFS) during April, 2017 with certain changes in survey methodology, data collection mechanism and sampling design vis-à-vis the earlier quinquennial (once in every five years) Employment and Unemployment surveys of NSSO.	The PLFS has been launched with an objective of measuring quarterly changes of various labor market statistical indicators in urban areas as well as generating annual estimates of these indicators both for rural and urban areas, which can be used for policy making.	Nagaland has the highest unemployment rate among the states at 21.4% followed by Goa and Manipur Meghalaya the lowest at 1.5%

Q.38) Consider the following statements about PM-KISAN scheme?

1. It is a central sector scheme implemented by ministry of Agriculture and Farmer welfare
2. It provides for an income support of Rs 6,000 per year is provided to all farmer families across the country in three equal instalments of Rs 2,000 each

3. The entire responsibility of identification of beneficiary farmer families rests with the State / UT Governments

Which of the above statements are correct?

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

Q.38) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) is a Central Sector scheme with 100% funding from Government of India.	Under the Scheme an income support of Rs 6,000 per year is provided to all farmer families across the country in three equal installments of Rs 2,000 each every four months. Definition of family for the Scheme is husband, wife and minor children. All Institutional Land holders are not covered in the scheme	The entire responsibility of identification of beneficiary farmer families rests with the State / UT Governments. The fund is directly transferred to the bank accounts of the beneficiaries.

Q.39) The 2019 Nobel Memorial Prize in Economics Sciences was awarded to Abhijit Banerjee, Esther Duflo, and Michael Kremer

- a) for their experimental approach to alleviating global poverty
- b) for integrating climate change into long-run macroeconomic analysis
- c) for integrating technological innovations into long-run macroeconomic analysis
- d) for their contributions to behavioural economics

Q.39) Solution (a)

The 2019 Nobel Memorial Prize in Economics Sciences was awarded to Abhijit Banerjee, Esther Duflo, and Michael Kremer **“for their experimental approach to alleviating global poverty.”** Their experimental work has changed the culture of economics, especially development economics.

It helped change deep assumptions about how individuals make decisions and about what economic development is. It changed the way many development economists work, where they work, and the kinds of people they work with.

Q.40) Which of the following themes are included in Aspirational Districts' Programme?

1. Health and Nutrition
2. Education
3. Agriculture and Water Resources
4. Financial Inclusion and Skill Development
5. Basic Infrastructure

Choose the correct code

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

Q.40) Solution (d)

Living standards in India are affected by significant inter-state and inter-district variations. In order to remove this heterogeneity, the government has launched in January 2018, the 'Transformation of Aspirational Districts' programme (ADP).

Aspirational Districts' Programme

- Aspirational Districts are those districts in India that are affected by poor socio-economic indicators.
- These are aspirational in the context that improvement in these districts can lead to the overall improvement in human development in India.
- The 115 districts were identified from 28 states, at least one from each state.
- At the Government of India level, the programme is anchored by NITI Aayog. In addition, individual Ministries have assumed responsibility to drive the progress of districts.
- The objective of the program is to monitor the real-time progress of aspirational districts.
- ADP is based on 49 indicators from the 5 identified thematic areas, which focuses closely on improving people's **Health and Nutrition, Education, Agriculture and Water Resources, Financial Inclusion and Skill Development, and Basic Infrastructure.**
- With States as the main drivers, ADP seeks to focus on the strength of each district, identify low-hanging fruits for immediate improvement, measure progress, and rank districts.
- The broad contours of the programme are: Convergence (of Central and State Schemes) which brings together the horizontal and vertical tiers of the government.
- Collaboration (of Central, State level 'Prabhari' Officers & District Collectors) which enables impactful partnerships between government, market and civil society.

- Competition among districts driven by a spirit of the mass movement, it fosters accountability on district governments.

Q.41) Consider the following statements

1. Walking inflation is the one which hovers between 3-10% a year and is harmful to the economy because it heats up economic growth too fast
2. During Galloping inflation money loses value so fast that business and employee income can't keep up with costs and prices
3. Stagflation is when economic growth is stagnant but there still is price inflation

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.41) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Walking inflation is a type of strong, or pernicious, inflation is between 3-10% a year. It is harmful to the economy because it heats up economic growth too fast. People start to buy more than they need, just to avoid tomorrow's much higher prices. This drives demand even further so that suppliers can't keep up. More important, neither can wages. As a result, common goods and services are priced out of the reach of most people.	When inflation rises to 10% or more, it wreaks absolute havoc on the economy. Money loses value so fast that business and employee income can't keep up with costs and prices. Foreign investors avoid the country, depriving it of needed capital. The economy becomes unstable, and government leaders lose credibility. Galloping inflation must be prevented at all costs	Stagflation means a simultaneous increase in prices and stagnation of economic growth. Stagflation was first widely recognized after the mid-20th century, especially in the U.S. economy during the 1970's, which experienced persistently rapid inflation and high unemployment. Predominant economic theory at the time could not easily explain how stagflation could occur. Since the 1970's, rising price levels during periods of slow or negative economic growth have become the norm rather than an exceptional situation.

Q.42) Which of the following phenomenon contradicts the economic theory of Philips curve?

- a) Deflation
- b) Re-inflation
- c) Stagflation
- d) Core inflation

Q.42) Solution (c)

Elimination

The Phillips curve is an economic concept developed by A. W. Phillips stating that inflation and unemployment have a stable and inverse relationship. The theory claims that with economic growth comes inflation, which in turn should lead to more jobs and less unemployment.

If one is clear about the concept of Philips curve, the answer can be easily known

Stagflation is a condition of slow economic growth and relatively high unemployment, or economic stagnation, accompanied by rising prices, or inflation. It can also be defined as inflation and a decline in gross domestic product (GDP).

Stagflation was long believed to be impossible because the economic theories that dominated academic and policy circles ruled it out of their models by construction. In particular the economic theory of the Phillips Curve, which developed in the context of Keynesian economics, portrayed macroeconomic policy as a trade-off between unemployment and inflation.

Since the 1970's, rising price levels during periods of slow or negative economic growth have become the norm rather than an exceptional situation.

Q.43) Consider the following statements

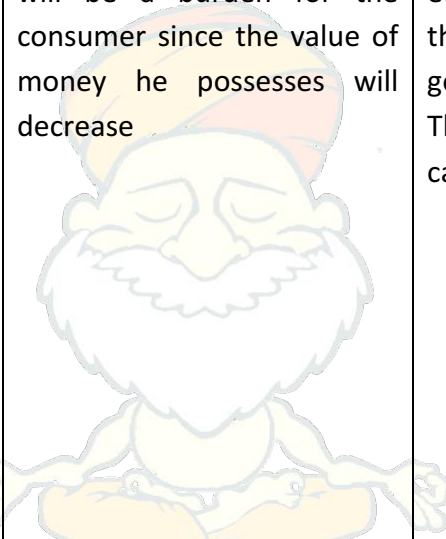
1. Cost-push inflation occurs due to increases in the cost of wages and raw materials while demand for the affected product remaining constant
2. Inflation can erode a consumer's purchasing power
3. Demand-pull inflation is characterized by "too many rupees chasing too few goods"

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.43) Solution (d)

Statement 1	Statement 2	Statement 3
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Correct	Correct	Correct
<p>Cost-push inflation occurs when overall prices increase (inflation) due to increases in the cost of wages and raw materials. Higher costs of production can decrease the aggregate supply (the amount of total production) in the economy. Since the demand for goods hasn't changed, the price increases from production are passed onto consumers creating cost-push inflation.</p> <p>For cost-push inflation to take place, demand for the affected product must remain constant during the time the production cost changes are occurring. To compensate for the increased cost of production, producers raise the price to the consumer to maintain profit levels while keeping pace with expected demand.</p>	<p>Inflation is a measure of the rate of price increases in an economy for a basket of selected goods and services. Inflation can erode a consumer's purchasing power if wages haven't increased enough or kept up with rising prices.</p> <p>Suppose the inflation in the economy is 5% in a particular year with the wages remaining constant, then it will be a burden for the consumer since the value of money he possesses will decrease</p> 	<p>Demand-pull inflation is the upward pressure on prices that follows a shortage in supply. Economists describe it as "too many rupees chasing too few goods."</p> <p>Demand-pull inflation is a tenet of Keynesian economics that describes the effects of an imbalance in aggregate supply and demand. When the aggregate demand in an economy strongly outweighs the aggregate supply, prices go up.</p> <p>This is the most common cause of inflation.</p>

Q.44) Which of the following is not an example of cost-push inflation?

- The increase in general level of prices due to increase in oil price
- 2012 floods in Punjab and Sindh region that resulted in widespread disruption in supplies
- Disruption of supply caused by natural disasters like Japan's earthquake in 2011
- The 2008 financial crisis, which resulted in asset inflation occurred in gold and oil

Q.44) Solution (d)

Cost-push inflation is a form of inflation which arises from increase in the cost of production or decrease in the volume of production. In cost-push inflation, the aggregate supply curve shifts leftwards thereby pushing the prices up, and hence, the cost-push.

- Cost-push inflation most commonly arises due to supply shocks. For example, an increase in the price of oil increases the cost of production for almost all goods and services and results in immediate increase in inflation. Such inflation is cost-push inflation. Similarly labor strikes, wars, floods, etc. reduce supply and increase prices.
- In 2012, severe floods hit the Punjab and Sind provinces of Pakistan wiping away crops, shutting down refineries, killing cattle and creating widespread disruption in supplies. Increase in general level of prices ensued. What sort of inflation is this?
- Increase in price due to drop in aggregate supply is cost-push inflation.
- Natural disasters cause inflation by disrupting supply. A good example is right after Japan's earthquake in 2011. It disrupted the supply of auto parts. It also occurred after Hurricane Katrina. When the storm destroyed oil refineries, gas prices soared.

After the 2008 financial crisis, asset inflation occurred in gold and oil prices. Deflation occurred in housing prices and personal income. Demand-pull inflation continued in gold prices until they reached a record.

Q.45) Which of the following can be the causes for demand-pull inflation?

1. A growing economy
2. A low unemployment rate
3. Increased Government spending
4. Inflation expectations
5. Asset inflation

Choose the correct answer using the codes given below

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

Q.45) Solution (d)

When demand surpasses supply, higher prices are the result. This is demand-pull inflation.

A low unemployment rate is unquestionably good in general, but it can cause inflation because more people have more disposable income.

Increased government spending is good for the economy, too, but it can lead to scarcity in some goods and inflation will follow.

Causes of Demand-Pull Inflation

- 1) A growing economy: When consumers feel confident, they spend more and take on more debt. This leads to a steady increase in demand, which means higher prices.

- 2) Asset inflation: A sudden rise in exports forces an undervaluation of the currencies involved.
- 3) Government spending: When the government spends more freely, prices go up.
- 4) Inflation expectations: Companies may increase their prices in expectation of inflation in the near future.
- 5) More money in the system: An expansion of the money supply with too few goods to buy makes prices increase.

Q.46) Consider the following statements about “Operation greens scheme”

1. It is a programme to boost production and processing of tomato, onion and potato only as part of an objective to check price volatility in them
2. It was announced during the annual budget of 2018-19 with an outlay of 50,000 crore

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

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

Q.46) Solution (a)

Operation Greens

In the budget speech of Union Budget 2018-19, a new Scheme “Operation Greens” was announced on the line of “Operation Flood”, with an outlay of Rs.500 crore to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management. Accordingly, the Ministry of Food Processing Industries has formulated a scheme for integrated development of Tomato, Onion and Potato (TOP) value chain.

Objectives:

- Enhancing value realization of TOP farmers by targeted interventions to strengthen TOP production clusters and their FPOs, and linking/connecting them with the market.
- Price stabilization for producers and consumers by proper production planning in the TOP clusters and introduction of dual use varieties.
- Reduction in post-harvest losses by creation of farm gate infrastructure, development of suitable agro-logistics, and creation of appropriate storage capacity linking consumption centres.
- Increase in food processing capacities and value addition in TOP value chain with firm linkages with production clusters.
- Setting up of a market intelligence network to collect and collate real time data on demand and supply and price of TOP crops.

Q.47) Which of the following can be the causes for cost-push inflation?

1. Increase in wages
2. Business monopoly
3. Government regulation and taxes
4. Exchange rates
5. Rising production costs

Choose the correct answer using the codes given below

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

Q.47) Solution (d)

Cost-Push Inflation:

Simply it is the price rise due to increase in the production costs. As we have seen in case 1, the apple prices were increased because of the cost of production and transportation. This is Cost-push Inflation.

Some of the major causes of it are:

- **Increase in wages:** With increase in wages of labours due to labour union or any other circumstance, the production costs increase, increasing the prices of product
- **Business monopoly:** When a company has monopoly over a particular product, it can decide the quantity and price of product, which can lead to increase of prices
- **Government regulation and taxes:** Indirect taxes directly increase the selling price of any product. Also, government regulations like imposing a restriction on particular resource or increasing MSP can lead to increase in the production costs of the product.
- **Exchange rates:** If there is a fall in exchange rates, importing raw materials cost increase hence increase in the prices of products
- **Rising production costs:** Rise in any of the four factors of production increases the cost of production.

Q.48) Which of the following is considered to be the advanced form of “mixed inflation”?

- a) Mark-up inflation
- b) Stagflation
- c) Dis-inflation
- d) Hyperinflation

Q.48) Solution (a)

Majority of the economists hold that, inflation is neither completely 'demand pull' nor completely 'cost push', the actual inflationary process contains the elements of both. Excess demand and increase in money wages operate at the same time, but it's not necessary that they start at the same time.

Garner Akley put forward the theory of '**markup inflation**'. In simple words it is **an advanced explanation of 'Mixed inflation'**. According to Akley first comes demand pull inflation, and it is led by cost push inflation. Markup inflation comes to happen when excess demand increases the prices, which stimulates the production. The increasing production creates excessive demand for the factors of production, and the excessive demand for the factors of production further raises the prices.

Q.49) Consider the following statements

1. Reflation refers to the situation where measures are taken to curb inflation
2. During deflation the purchasing power of money increases
3. Consumer Price Index based inflation is called headline inflation

Choose the correct answer using the codes given below

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

Q.49) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
Reflation: This term is used to refer the situation where measures are taken to curb deflation . Steps can be like fiscal policy (reducing taxes) or monetary policy (increasing money supply or reducing interest rates)	Deflation is a decrease in the general price level over a period of time. Deflation is the opposite of inflation. For economists especially, the term has been and is sometimes used to refer to a decrease in the size of the money supply (as a proximate cause of the decrease in the general price level). The latter is now more often referred to as a 'contraction' of the money supply. During deflation the demand for liquidity goes up, in preference to goods or interest. During deflation the	Consumer Price Index based inflation is called headline inflation

	<p>purchasing power of money increases. Deflation is considered a problem in a modern economy because of the potential of a deflationary spiral and its association with the Great Depression, although not all episodes of deflation correspond to periods of poor economic growth historically.</p>	
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Q.50) Which of the following brings out the “Consumer price index number for Rural population”?

- e) The Reserve Bank of India
- f) The Department of Economic affairs
- g) The Labour Bureau
- h) The National Statistical office

Q.50) Solution (d)

- The Consumer Price Index (CPI) tracks the change in retail prices of essential goods and services consumed by households
- The index tracks the price movement of the entire basket of goods and services at rural, urban as well as at an all-India level.
- The index has different weights attached to different items in the basket. The weight for a single item can also vary for the urban and rural index. For instance, food and beverages category carries 54.18% weight in the rural CPI, while it carries only 36.29% weight in the urban index.
- The change in index over a period of time is CPI inflation. CPI is widely used by most countries as a macroeconomic indicator of inflation, as a tool by governments and central banks for inflation targeting and for monitoring price

stability, and as deflators in the national accounts. At present, the Reserve Bank of India targets CPI-based inflation to be within 2% of the 4% target.

- The **National Statistical Office (NSO), Ministry of Statistics and Programme Implementation brings out CPI (Rural, Urban, Combined) on Base 2012=100** i=on a monthly basis.

Q.51) Consider the following statements

1. The GDP deflator measures the prices of all goods and services produced, whereas the CPI measures the prices of only the goods and services bought by consumers.
2. The weights are constant (in the basket) in CPI and WPI, but they differ according to production level of each goods and services in GDP deflator.
3. The GDP deflator includes only those goods produced domestically.

Choose the correct answer using the codes given below

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

Q.51) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
The GDP deflator measures the prices of all goods and services produced, whereas the CPI or RPI measures the prices of only the goods and services bought by consumers. Thus, an increase in the price of goods bought by firms or the government will show up in the GDP deflator but not in the CPI or RPI.	The CPI or RPI assigns fixed weights to the prices of different goods, whereas the GDP deflator assigns changing weights. In other words, the CPI or RPI is computed using a fixed basket of goods, whereas the GDP deflator allows the basket of goods to change over time as the composition of GDP changes.	The GDP deflator includes only those goods produced domestically. Imported goods are not part of GDP and do not show up in the GDP deflator. For example, an increase in the price of Toyota made in Japan and sold in the U.K. affects the CPI or RPI, because the Toyota is bought by consumers in the U.K., but it does not affect the GDP deflator.

Q.52) Consider the following statements

1. Higher inflation will cause our exports to price more and imports to cost less.

2. Deflation favours the economy which invests in continuous technological advancements.
3. Zero inflation is bad for the economy as both the production and demand remains constant.

Select the correct answer using the codes given below

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

Q.52) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
As you know, inflation makes your money less valuable. Higher inflation will cause our exports to price more and imports to cost less. Hence, there will be lesser exports and more imports worsening the Balance of payment.	Suppose if there occur continuous technological improvements: Most of the goods could be produced at a lower cost every year and hence prices can fall. This is definitely a good sign even though there would be a deflation. Also like how it happened with Japan, if most of the neighboring countries are having inflation, then the country with deflation has better competitive advantage as their goods obviously seem cheaper than other countries with inflation.	Inflation often (but not always) relates to growth. When there is 'Zero' or very minute inflation, then: <ul style="list-style-type: none"> • money in the economy remains almost constant • Productions will be at constant and • Demand will also be at constant. • So, it's not good for growing economy.

Q.53) Consider the following statements

1. Consumer Price Index based inflation has consistently increased during the last 5 years.
2. GDP deflator has consistently increased during the last 5 years.
3. Wholesale Price Index based inflation has consistently increased during the last 5 years.

Choose the answer using the codes given below

- a) 1 and 2 only

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

Q.53) Solution (c)

Consumer price inflation in India increased to 7.59% in January of 2020 from 7.35% in December, above expectations of 7.4%. The inflation accelerated for the 6th straight month to the highest since May of 2014.



GDP Deflator in India increased to 138.80 points in 2020 from 134.80 points in 2019. As we can see from the above graph GDP deflator has increased consistently in the last 5 years.

The Whole sale price index has shown fluctuations in the last 5 years



SOURCE: TRADINGECONOMICS.COM | OFFICE OF THE ECONOMIC ADVISOR, INDIA

Q.54) Which of the following refers to the distortion in a monthly inflation figure that results from abnormally high or low levels of inflation in the year-ago month?

- a) Base effect
- b) Domino effect
- c) Cost-push effect
- d) The mark-up effect

Q.54) Solution (a)

The base effect is the **distortion in a monthly inflation figure that results from abnormally high or low levels of inflation** in the year-ago month. A base effect can make it difficult to accurately assess inflation levels over time.

Inflation is often expressed as a month-over-month figure or a year-over-year figure. Typically, economists and consumers want to know how much higher or lower prices are today than they were one year ago. But a month in which inflation spikes may produce the opposite effect a year later, essentially creating the impression that inflation has slowed.

Example of Base Effect

Inflation is calculated based on price levels that are summarized in an index. The index may spike in June, for example, perhaps due to a surge in gasoline prices. Over the following 11 months, the month-over-month changes may return to normal, but when June arrives again its price level will be compared to those of a year earlier in which the index reflected a spike in gasoline prices. In that case, because the index for that month was high, the price change this June will be less, implying that inflation has become subdued when, in fact, the small change in the index is just a reflection of the base effect—the result of the higher index value a year earlier.

Q.55) The 'inflation expectation survey' of households in India is conducted by

- a) Central Statistical Organization
- b) National Sample Survey Organization
- c) Reserve Bank of India
- d) Ministry of Finance

Q.55) Solution (c)

The Reserve Bank released the results of the January 2020 round of the Inflation Expectations Survey of Households (IESH). The survey was conducted in 18 major cities and the results are based on responses from 5,868 urban households.

The survey is conducted at bi-monthly intervals by the Reserve Bank of India. It provides directional information on near-term inflationary pressures as expected by the respondents and may reflect their own consumption patterns. Hence, they should be treated as households' sentiments on inflation.

Q.56) Which of the following conditions may necessitate the RBI to keep the policy rate at a higher level?

1. Inflation in the economy is high
2. Inflation expectation in the economy is high

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.56) Solution (c)

RBI keeps the repo rate high or increases it when the inflation in the economy increases. When "inflation expectation" of the people is high, i.e. they are expecting that in future inflation will increase, and then such a behavior of the people ultimately leads to higher inflation in the economy due to which RBI increases the repo rate.

So, both the statements are correct.

Q.57) Consider the following statements about Inflation targeting in India

1. Inflation target is set by the Government in consultation with RBI, once in every four years.
2. Inflation target is measured by the consumer price index-combined (CPI-C).
3. Inflation target is 4% (+/-) 2% for the period from August 5, 2016 to March 31, 2021.

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) 3 only

Q.57) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
Inflation target is set by the Govt. in consultation with RBI, once in every five years .	Inflation target is measured by the consumer price index-combined (CPI-C)	Inflation target is 4% (+/-) 2% for the period from August 5, 2016 to March 31, 2021. If the average inflation is more than the upper tolerance level of 4% + 2%, that is, 6%, or less than the lower tolerance level of 4%-2%, that is 2%, for any 3 consecutive quarters, it would mean a failure to achieve the inflation target.

Q.58) Which of the following statements about inflation are correct?

1. Inflation benefits creditors
2. Inflation benefits debtors
3. Inflation benefits bondholders
4. Inflation benefits depositors

Select the correct answer using the code given below

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

Q.58) Solution (d)

- Creditor means the person who has given money to someone
- Debtor means who has taken money from someone
- Depositors means who has deposited money in banks or financial institutions
- Bondholders means person who is holding bonds

When a person holds physical asset whose price is denoted in Rupee then he benefits from price increase or inflation.

But a person who holds financial assets (like Rs 100 note) or any financial instrument which guarantees fix return of cash payments in future then he loses from price rise. This is because the purchasing power of rupee decreases due to inflation.

Hence, in case of inflation, depositors, creditors and bondholders will lose.

So, only 2nd statement is correct.

Q.59) Consider the following statements regarding Inflationary Gap

1. It describes the difference between the current level of real gross domestic product (GDP) and the anticipated GDP that would be experienced if an economy is at full employment.
2. It exists when the demand for goods and services exceeds production due to factors such as higher levels of overall employment, increased trade activities or increased government expenditure.

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

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

Q.59) Solution (c)

Statement 1	Statement 2
Correct	Correct
An Inflationary Gap is a macroeconomic concept that describes the difference between the current level of real gross domestic product (GDP) and the anticipated GDP that would be experienced if an economy is at full employment, also referred to as the potential GDP. For the gap to be considered inflationary, the current real GDP must be the higher of the two metrics.	The inflationary gap exists when the demand for goods and services exceeds production due to factors such as higher levels of overall employment, increased trade activities or increased government expenditure. This can lead to the real GDP exceeding the potential GDP, resulting in an inflationary gap. The inflationary gap is so named because the relative increase in real GDP causes an economy to increase its consumption, which causes prices to rise in the long run.

Q.60) Which of the following must decrease if a country is experiencing inflation?

- a) Wage level
- b) The output of goods and services
- c) The amount of money needed to purchase a given quantity of goods and services
- d) Purchasing Power

Q.60) Solution (d)

When a country faces inflation, we require more money to purchase a given quantity of goods and services and the purchasing power of rupee decreases. In case of inflation generally wages increases but nothing can be said about the output.

Q.61) Consider the following statements regarding 'Capital Conservation Buffer'

1. It is the mandatory capital that financial institutions are required to hold above the minimum regulatory requirement.
2. While Capital Adequacy Ratio is determined by RBI, Capital Conservation Buffer is fixed by 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.61) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
It is the mandatory capital that financial institutions are required to hold above the minimum regulatory requirement. According to CCB norms, banks will be required to hold a buffer of 2.5% Risk-Weighted Assets (RWAs) in the form of Common Equity, over and above Capital Adequacy Ratio of 9%.	CCB is also determined by the RBI based on Basel 3 norms. It has been applied to increase banks resilience to losses.

Q.62) Consider the following statements regarding 'Non-Banking Financial Companies (NBFC)'

1. None of the NBFCs can accept Time deposits.
2. NBFCs can invest the money in Share Market, unlike banks which are not allowed to do so.
3. CRR does not apply to any NBFC while SLR applies only to deposit-taking NBFC.

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.62) Solution (c)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
NBFCs cannot accept demand deposits but Few NBFCs can accept time deposits and are called Deposit taking NBFCs.	NBFCs can invest the money in Share Market, unlike banks which are not allowed to do so.	CRR does not apply to any NBFC while SLR (of 15%) applies only to deposit-taking NBFC.

Q.63) Which of the following category is not included under 'Priority Sector Lending'?

- a) Housing
- b) Healthcare
- c) Education
- d) Renewable energy

Q.63) Solution (b)

- The categories of priority sector are as follows
 - Agriculture
 - Micro, Small and Medium Enterprises
 - Education
 - Housing
 - Social Infrastructure
 - Renewable Energy
 - Others
- While building a healthcare facility is included under Social Infrastructure category, healthcare as a whole does not fall under Priority Sector lending list of the RBI.

**Q.64) Consider the following statements regarding 'Digital Public Credit Registry'**

1. It will capture loan information of individuals and corporate borrowers and work as a financial information infrastructure.
2. It was set up based on the recommendations given by Y.M. Deosthalee committee.

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.64) Solution (c)

Statement 1	Statement 2
Correct	Correct
It will capture loan information of individuals and corporate borrowers and work as a financial information infrastructure.	It was set up by the RBI based on the recommendations given by Y.M. Deosthalee committee.

- It will provide access to various stakeholders in the Finance industry and Enrich existing credit info ecosystem
- Useful Credit information will help the banks reduce bad loans.

Q.65) India Post Payments Bank (IPPB) is an initiative of the government aimed at making banking services available at people's doorstep. Consider the following statements regarding IPPB

1. IPPB is a wholly-owned subsidiary of Department of Post and will be governed entirely by it.
2. It will accept deposits, offer remittance services, mobile banking and provide services such as insurance and mutual fund.

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.65) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect

IPPB is a wholly-owned subsidiary of Department of Post but will be **governed by the RBI** as it is a payment bank.

It will accept deposits, offer remittance services, mobile banking. It will **not provide services** such as insurance and mutual fund **by itself but** instead, it gives access to third-party services such as insurance and Mutual fund.

Q.66) 'Bharat 22' recently seen in news refers to

- An Exchange Traded Fund
- India's fastest Indigenous train
- Mission to develop affordable influenza vaccine by 2022
- Mission to consolidate all the disparate digital initiatives by 2022

Q.66) Solution (a)

- Bharat 22 is an Exchange Traded Fund (ETF) launched by the finance ministry.
- An ETF, or exchange-traded fund, is a marketable security that tracks a stock index, a commodity, bonds, or a basket of assets. Its trading value is based on the net asset value of the underlying stocks that it represents.
- Bharat 22 comprises 22 stocks including those of central public sector enterprises, PSU banks and holdings under the Specified Undertaking of Unit Trust of India.

Q.67) Which of the following are steps taken by the government to address the issue of Non-Performing Assets (NPA)?

- Indradhanush Scheme
- Project Sashakt
- Project Insight

Select the correct answer using the code given below:

- 1 only
- 1 and 2 only
- 1 and 3 only
- 2 and 3 only

Q.67) Solution (b)

Option 1	Option 2	Option 3
Correct	Correct	Incorrect

<p>The Government announced the Indradhanush scheme for revamping Public Sector Banks (PSBs) in August 2015. The plan envisaged infusion of capital in PSBs by the Government to the tune of Rs. 70,000 crore over four financial years.</p>	<p>Project Sashakth is a five-pronged strategy towards resolution of stressed assets, as recommended by Sunil Mehta Committee.</p> <p>5 pronged strategy –</p> <ul style="list-style-type: none"> o MSME approach o Bank-led resolution o IBC approach o AMC led resolution o Asset trading platform 	<p>Project Insight is an initiative by the Income-Tax Department to mine big data from social media to scrutinize potential tax evaders.</p>
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Q.68) Consider the following statements regarding Money Multiplier in an economy

1. Money Multiplier increases with a reduction in Statutory liquid ratio.
2. Money Multiplier increases with a decrease in Loan demand.

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.68) Solution (a)

- The money multiplier is the amount of money that banks generate with each rupee of reserves. Reserves is the amount of deposit that the Central Bank requires banks to hold and not lend. The money multiplier is the ratio of deposits to reserves in the banking system.

Statement 1	Statement 2
Correct	Incorrect
Money Multiplier directly improves with a reduction in legal reserve ratios (SLR, CRR).	Money Multiplier indirectly improves as the economy develops, consumption/ loan demand increases , banking penetration improves.

Q.69) The term 'Narrow Banking' refers to

- a) Banks that invest only on Narrow money
- b) Banks that invest large parts of deposits in risk-free assets
- c) Banks that invest only in a few specific industries
- d) Banks that serve only a few selected clientele

Q.69) Solution (b)

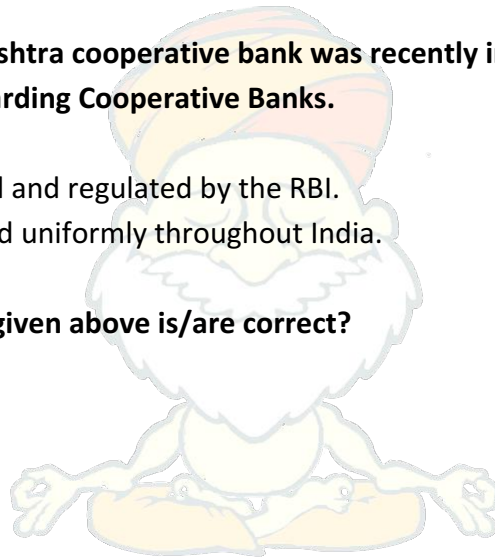
- Narrow Banking, also called safe banking, involves investing large parts of deposits that banks get in risk-free assets like government securities etc.
- Tarapore Committee is best known for giving the concept of Narrow banking as a solution to NPAs.
- Indian Banks generally follow partial Narrow banking – SLR stipulated percentage will be in safe securities. Some banks invest more than prescribed SLR to reduce their risk.

Q.70) Punjab and Maharashtra cooperative bank was recently in news. Consider the following statements regarding Cooperative Banks.

1. They are controlled and regulated by the RBI.
2. They are distributed uniformly throughout India.

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.70) Solution (d)**

Statement 1	Statement 2
Incorrect	Incorrect
Cooperative banks are regulated by RBI and are controlled by State as cooperatives are under the state list. This has led to an ambiguity in power.	Nearly 90%of the cooperatives are located in 7 states and thus are unequally distributed.

Q.71) Which of the following are regulated by Securities exchange board of India (SEBI)

1. Venture Capital

2. Chit Fund Companies
3. Pension funds

Select the correct answer using the code given below:

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

Q.71) Solution (a)

Option 1	Option 2	Option 3
Correct	Incorrect	Incorrect
Venture capitals finance startups by buying equity. They are regulated by SEBI.	Chit fund companies are regulated by state governments. The members contribute money and give it to own members through bidding.	Pension funds are regulated by Pension Fund Regulatory and Development Authority (PFRDA) established by the GOI in 2003.

Q.72) Consider the following statements regarding Marginal Standing Facility (MSF) of RBI

1. Only Scheduled banks can avail MSF from RBI.
2. The MSF rate is usually higher than the Repo rate.
3. Banks can pledge government securities from the SLR quota up to 1% under the MSF.

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.72) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
While even non-scheduled bank can	The MSF rate is usually 100 basis points higher	Banks can pledge government securities from the SLR quota up

borrow using Repo rate, only Scheduled banks can avail MSF from RBI.	than the Repo rate.	to 1% under the MSF.
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Q.73) With reference to digital payments, consider the following statements

1. BHIM app allows the user to transfer money only to someone with a UPI-enabled bank account.
2. BHIM app does not allow transactions of commercial nature.

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.73) Solution (d)

Statement 1	Statement 2
Incorrect	Incorrect
BHIM app allows the user to transfer money to someone with either a UPI-enabled bank account or via the Bank account number and IFSC code details.	BHIM app supports commercial transactions. It even provides features such as scan and pay.

Q.74) The term 'Zero coupon bonds' refer to

- a) Bonds that are issued at a discount to its face value but pays no interest.
- b) Bonds that are issued at its face value but pays interest.
- c) Bonds that are not backed up by collateral or security.
- d) Bonds that yield zero interest if the issuing company/entity becomes bankrupt.

Q.74) Solution (a)

- Zero coupon bonds, also known as discount bonds, do not pay any interest to the bondholders. Instead, you get a large discount on the face value of the bond.
- On maturity, the bondholder receives the face value of his investment.
- Treasury bills in India are an example of Zero coupon bonds.

Q.75) Consider the following statements regarding Treasury bills

1. Treasury bills are securities issued only by the Government treasury.
2. Individuals, Firms, Trusts, Institutions and banks can purchase Treasury Bills.

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.75) Solution (c)

Statement 1	Statement 2
Correct	Correct
Treasury Bills are instruments for short term (maturities less than one year) borrowing by the Central Government only. Bills, other than treasury bills are known as commercial bills.	Individuals, Firms, Trusts, Institutions and banks can purchase T-Bills. The commercial and cooperative banks use T-Bills for fulfilling their SLR requirements.

Q.76) Which of the following statement regarding Participatory notes (P-notes) is incorrect?

- a) P-notes are instruments issued by SEBI for overseas investors who want to invest in the stock markets in India.
- b) Any entity can invest in the participatory notes without registering under SEBI.
- c) Participatory notes are transferable through endorsement and delivery making trading easy in the country.
- d) P-Notes also help in keeping the investor's name anonymous along with reducing the transaction costs.

Q.76) Solution (a)

- Participatory Notes which are also regarded as P-Notes (PNs) are the instruments **issued by registered FIIs**.
- They are used by the clients of Foreign Institutional Investors (FIIs) who do not wish to participate directly in the Indian stock market.
- Any entity can invest in the participatory notes without registering under SEBI while registering under SEBI is compulsory for all FIIs.
- Foreign Institutional investors (FIIs) are the entities established outside India that are responsible for making investment proposals in India.

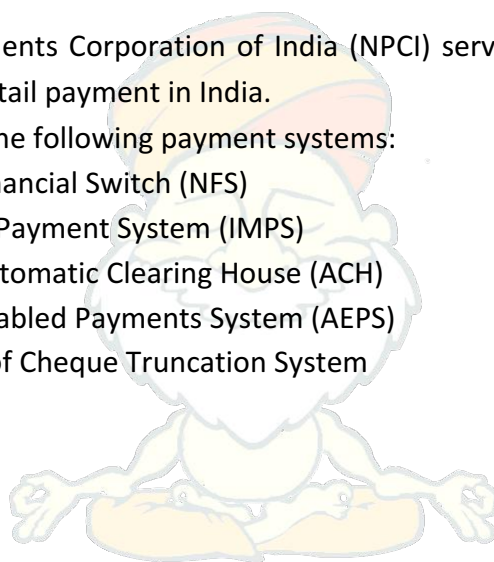
Q.77) Which one of the following provides the Immediate Payment Service (IMPS) in India?

- a) Indian banks' Association
- b) National Securities Depository Limited
- c) National Payments Corporation of India
- d) Reserve Bank of India

Q.77) Solution (c)

The National Payments Corporation of India (NPCI)

- The National Payments Corporation of India (NPCI) is an initiative taken by the RBI and Indian Bank's Association (IBA) to operate the retail payments and settlement systems in India.
- The National Payments Corporation of India (NPCI) serves as an umbrella body for the operation of retail payment in India.
- NPCI can operate the following payment systems:
 - National Financial Switch (NFS)
 - Immediate Payment System (IMPS)
 - National Automatic Clearing House (ACH)
 - Aadhaar Enabled Payments System (AEPS)
 - Operation of Cheque Truncation System
- Products of NPCI
 - Rupay
 - BHIM app
 - UPI
 - Bharat Bill Payment System



Q.78) Merger of Several Public Sector Banks was recently in news. Which of the following are benefits of the Merger of Banks?

1. Reduces operational costs of the bank.
2. Better ability to raise resources from the market.
3. Eliminates all NPAs of the bank.

Select the correct answer using the code given below:

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

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

Q.78) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
The Merger of banks has the potential to reduce operational costs due to the presence of shared overlapping networks. This enhanced operational efficiency will reduce the lending costs of the banks.	Larger banks have a better ability to raise resources from the market rather than relying on State exchequer.	The Merger of banks does not eliminate the NPAs of the merged bank. It will, however, help to dilute the NPA as the bigger bank will have larger capital.

Q.79) The Ombudsman for Digital Transactions (OSDT) has been setup by

- a) Ministry of Electronics and Information Technology
b) Ministry of Finance
c) Reserve Bank of India
d) Ministry of Consumer Affairs, Food and Public Distribution

Q.79) Solution(c)**The Ombudsman Scheme for Digital Transactions**

- The Ombudsman for Digital Transactions is a senior official appointed by the Reserve Bank of India to redress customer complaints.
- It has been set up under Payment and Settlement Systems Act, 2007.
- There is no charge or any fee for filing / resolving customers' complaints.

Q.80) Infrastructure Leasing & Financial Services (IL&FS) was recently in the news. Consider the following statements regarding IL&FS

1. It is a Systemically Important Non-Deposit Core Investment Company (CIC-ND-SI).
2. It is entirely owned by the Government of India.

Which of the statements given above is/are correct?

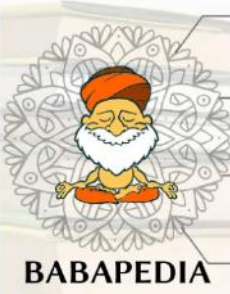
- a) 1 only

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

Q.80) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
IL&FS is a Systemically Important Non-Deposit Core Investment Company (CIC-ND-SI). It is an NBFC.	IL&FS is not owned by GOI. It has several shareholders such as LIC, SBI, Abu Dhabi Investment Authority etc.

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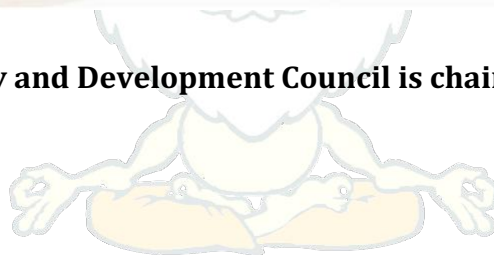
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Q.81) Financial Stability and Development Council is chaired by

- a) Finance Minister
- b) RBI governor
- c) Finance Secretary
- d) Prime Minister

**Q.81) Solution (a)****Financial Stability and Development Council**

- The FSDC is the apex body of sectoral regulators, headed by the Finance Minister.
- Heads of all financial sector regulatory authorities such as RBI, SEBI, IRDA, PFRDA etc. are members of FSDC.
- Minister of State, in charge of Department of Economic Affairs and Secretary, Ministry of Electronics and Information Technology have been newly added to the council.

Q.82) Consider the following statements regarding India's tax collection

3. The share of Personal Income tax has steadily increased for the last five years.
4. The share of Corporate Tax is higher than the share of Goods and Services Tax for the year 2019-20 (Revised Estimates)

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.82) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
The share of Personal Income tax has steadily increased for the last five years.	The share of Corporate Tax is lower than the share of Goods and Services Tax for the years 2019-20 (Revised Estimates)

Q.83) Money raised through the small saving schemes, provident fund schemes are held in

- a) Consolidated Fund of India
- b) Public Accounts of India
- c) Contingency fund of India
- d) Consolidated Fund or respective states

Q.83) Solution (b)

- Public Accounts of India is established under Article 266 (2) of the Constitution.
- All public money received other than those included in the Consolidated Fund of India are held in Public Accounts of India.
- This account mainly consists of money raised through small saving schemes, provident fund schemes etc.
- Government is just custodian of these funds. It has to repay either on the maturity date or whenever claimed by people.

Q.84) Which of the following are considered as Non-Tax Revenue receipts of the Government

1. Receipts due to disposal of permanent assets.
2. Profit from the circulation of currency and coins.
3. Dividends from the shares held by governments in private enterprises.

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.84) Solution (c)

Option 1	Option 2	Option 3
Incorrect	Correct	Correct
Receipts due to disposal of permanent assets are part of Capital receipts.	Currency, coinage and mint come under fiscal services of Other non-tax receipts.	Non-Tax Revenue - Dividends are income from the shares held by governments in private enterprises.

Non-tax Revenue receipts

- Interest receipts
- Dividends and Profits
- Currency, Coinage, Mint
- Social services
- Grants in Aid Contributions
- Economic Services

Capital Receipts

- Receipts due to disposal of permanent assets
- Recovery of Loans given to others
- Fresh loans raised by the government

Q.85) Expenditures that create permanent assets and yield periodical income are called

- a) Revenue Expenditure
- b) Asset Expenditure
- c) Capital Expenditure
- d) Primary Expenditure

Q.85) Solution (c)

- Capital Expenditures are expenditures
 - that create permanent assets and yield periodical income.
 - that are given out as loans to state governments and local bodies.
- It is a two-way payment. It means spent money can be recovered through periodical income and/or by the disposal of assets created.

Q.86) The term Fiscal deficit refers to

- a) Difference between the government's total receipts, excluding borrowing, and total expenditure.
- b) Difference between the revenue receipts and the revenue expenditure.
- c) Difference between the government's total income and expenditure after excluding interest earnings and payments.
- d) None of the above

Q.86) Solution (a)

Fiscal Deficit	Difference between the government's total receipts, excluding borrowing, and total expenditure.
Revenue Deficit	Difference between the revenue receipts and the revenue expenditure.
Primary Deficit	Difference between the government's total income and expenditure after excluding interest earnings and payments.

Fiscal Deficit

- Fiscal deficit is an economic phenomenon, where the government's total expenditure surpasses the revenue generated.
- Fiscal deficit gives the signal to the government about the total borrowing requirements from all sources.

Q.87) Consider the following statements

1. Tax Buoyancy refers to the responsiveness of tax revenue growth to changes in GDP.
2. Tax elasticity refers to changes in tax revenue in response to changes in the tax rate.

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.87) Solution (c)

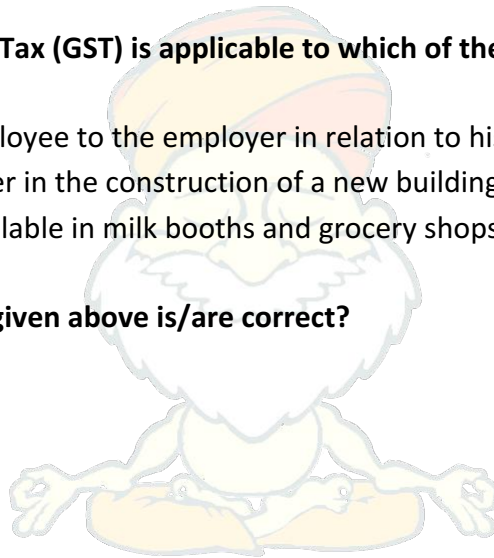
Statement 1	Statement 2
Correct	Correct
Tax Buoyancy refers to the responsiveness of tax revenue growth to changes in GDP. Tax Buoyancy = Proportionate change in the tax revenue/ Proportionate change in GDP.	Tax elasticity refers to changes in tax revenue in response to changes in the tax rate.

Q.88) Goods and Services Tax (GST) is applicable to which of the following options

1. Services by an employee to the employer in relation to his employment.
2. Services by a builder in the construction of a new building.
3. Flavoured milk available in milk booths and grocery shops.

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.88) Solution (c)**

Option 1	Option 2	Option 3
Incorrect	Correct	Correct
Services by an employee to the employer in relation to his employment do not fall under GST. The employee will, however, pay income tax on salary earned.	Construction of a new building is subject to GST (being works contract).	Non-flavoured milk and milk powder are exempt from GST but flavoured milk is charged GST tax under 12% slab.

Q.89) Consider the following statements regarding Disinvestment

1. Proceeds are maintained separately in the National Investment Fund.
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.89) Solution (c)

Statement 1	Statement 2
Correct	Correct
Proceeds are maintained separately in the National Investment Fund. 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.90) Which of the following statements are recommendations of the FRBM Act review committee

1. Formation of Fiscal Council to give advice to the government.
2. Public debt to GDP ratio to be considered as a medium-term anchor for fiscal policy.
3. Debt management and fiscal responsibility Act should replace the FRBM act.

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.90) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Setting up of a 'fiscal	Public debt to GDP ratio to	Debt management and fiscal

council', an independent body which will be tasked with monitoring the government's fiscal announcements for any given year	be considered as a medium-term anchor for fiscal policy. A debt-to-GDP ratio of 38.7% for the central government, 20% for the state governments	responsibility Act to replace the FRBM act.
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Q.91) Consider the following statements regarding Advance pricing Agreement

1. It is a Prospective agreement between a taxpayer and a tax authority.
2. It is used for determining the transfer pricing methodology and liabilities in case of taxpayers' international transactions to avoid future disputes.

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.91) Solution (c)

Statement 1	Statement 2
Correct	Correct
It is a Prospective agreement between a taxpayer and a tax authority. Recently Central Board of Direct taxes signed an APA with several entities.	It is used for determining the transfer pricing methodology and liabilities in case of taxpayers' international transactions to avoid future disputes. This helps in both better compliance as well as better tax monitoring.

Q.92) Which of the following are the terms of reference of the Fifteenth Finance Commission

1. Adoption of Direct Benefit Transfer by state governments
2. Elimination of losses in the power sector
3. Effort made for expanding GST

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.92) Solution (d)**15th Finance Commission – Terms of reference**

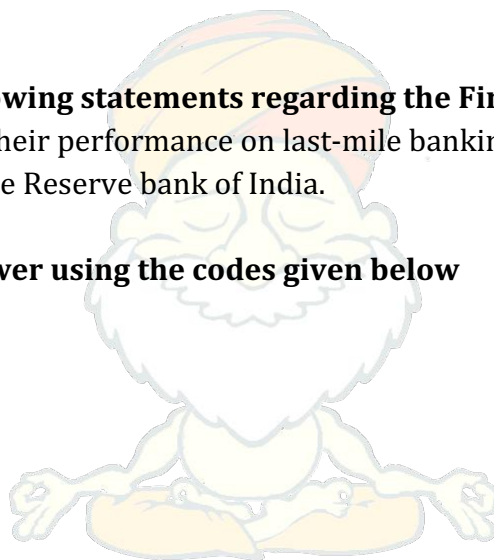
- Effort made for expanding GST
- Population control measures
- Elimination of losses in the power sector
- Adoption of Direct Benefit Transfer
- Grants to Local bodies
- Progress made in sanitation and solid waste management
- Control of populist measures.

Q.93) Consider the following statements regarding the Financial Inclusion Index

1. It rates states on their performance on last-mile banking service availability.
2. It is released by the Reserve bank of India.

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.93) Solution (a)**

Statement 1	Statement 2
Correct	Incorrect
Fill rates states on their performance on last-mile banking service availability. 3 dimensions – Access, usage & quality	It is released by the Department of Financial Services, Ministry of Finance.

Q.94) Consider the following statements regarding Base erosion and profit shifting (BEPS) Project

1. The project is an outcome of OECD to tackle BEPS.

2. India has ratified the multilateral convention to implement OECD's project on checking tax evasion.

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.94) Solution (c)

Statement 1	Statement 2
Correct	Correct
The project is an outcome of the Organisation for Economic Co-operation and Development (OECD) / G20 to tackle Base Erosion and Profit Shifting.	India was the founding member of this project. India signed this convention in 2016.

Q.95) Which of the following is considered as a Pigovian tax

- a) Wealth Tax on the rich
b) Clean energy cess on coal
c) Goods and Services Tax on Luxury items
d) None of the above

Q.95) Solution (b)

Pigovian Tax

- A Pigovian (Pigouvian) tax is a tax assessed against private individuals or businesses for engaging in activities that create adverse side effects for society.
- These include environmental pollution, strains on public healthcare from the sale of tobacco products, and any other side effects that have an external, negative impact.
- The Pigovian tax is meant to discourage activities that impose a cost of production onto third parties and society as a whole.

Q.96) Consider the following statements regarding the Basel Committee on Banking Supervision (BCBS)

1. It is a committee under the International Monetary Fund (IMF).

2. Basel III measures, developed by BCBS, aims to strengthen the regulation, supervision and risk management of banks.

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.96) Solution (b)

Statement 1	Statement 2
Incorrect	Correct
It is a committee under Bank for International Settlements. Basel Committee on Banking Supervision (BCBS) is the primary global standard-setter for the prudential regulation of banks	Basel III measures, developed by BCBS, aims to strengthen the regulation, supervision and risk management of banks.

Q.97) Consider the following statements

1. Vote on account is passed in Lok Sabha without any discussion
2. Full Budget deals with both expenditure and revenue side but Vote-on-account deals only with the expenditure side of the government's budget
3. It is not mandatory for the government to present a vote on account in an election year

Which of the above statements are correct?

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

Q.97) Solution (d)

Vote on Account is a grant in advance to enable the government to carry on until the voting of demands for grants and the passing of the Appropriation Bill and Finance Bill. This enables the government to fund its expenses for a short period of time or until a full-budget is passed. As a convention, a vote-on-account is treated as a formal matter and passed by Lok Sabha without discussion.

Difference between Full Budget and Vote on Account

Full Budget deals with both expenditure and revenue side but Vote-on-account deals only with the expenditure side of the government's budget.

The vote-on-account is normally valid for two months but a full budget is valid for 12 months (a financial year).

A vote-on-account cannot alter direct taxes since they need to be passed through a finance bill. Under the regular Budget, fresh taxes may be imposed and old ones may go. An interim budget in all practical sense is a full budget but made by the government during the last year of its term – i.e. just before the election. An interim Budget is a complete set of accounts, including both expenditure and receipts. But it may not contain big policy proposals.

It is not mandatory for the government to present a vote on account in an election year.

Q.98) Inter-Ministerial Committee on Virtual Currencies was headed by

- a) Uday Kotak Committee
- b) Nandan Nilekani Committee
- c) Nachiket Mor Committee
- d) Subhash Chandra Garg

Q.98) Solution (d)

- Inter-Ministerial Committee on Virtual Currencies was headed by finance secretary Subhash Chandra Garg.
- Key recommendations
 - Ban on all forms of private crypto-currencies.
 - Look into the introduction of an official digital currency in the country.
 - Data localisation requirements proposed in the draft Data Protection Bill may need to be applied carefully.
- The committee set up by Centre has also proposed a draft bill 'Banning of Crypto-currency & Regulation of Official Digital Currency Bill, 2019'.

Q.99) Government of India has recently issued draft rules to set up New Delhi International Arbitration Centre (NDIAC). Consider the following statements regarding NDIAC

1. The NDIAC will facilitate conducting of arbitration and conciliation in a professional manner.
2. The NDIAC Act declares the NDIAC as an institution of national importance.

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.99) Solution (c)

Statement 1	Statement 2
Correct	Correct
The NDIAC will facilitate conducting of arbitration and conciliation in a professional, cost-effective and timely manner.	The NDIAC Act was passed by the parliament in 2019. It declares the NDIAC as an institution of national importance.

- The NDIAC Act transferred the existing International Centre for Alternative Dispute Resolution (ICADR) to the central government.
- NDIAC will establish a Chamber of Arbitration which will maintain a permanent panel of arbitrators.
- NDIAC may also establish an Arbitration Academy for training arbitrators and conducting research in the area of alternative dispute resolution.

Q.100) Consider the following statements about Standard Deduction

1. It allows salaried individuals to claim a flat deduction from income towards expenses that would be incurred with relation to his or her employment
2. There is no proof required in order to claim this deduction
3. It was introduced for the first time in budget 2019

Which of the above statements are correct?

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

Q.100) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Correct	Incorrect
In his Budget 2018 speech, Finance Minister proposed to provide (reintroduce) a standard deduction of Rs 40,000	There is no proof required in order to claim this deduction.	Standard deduction was introduced for the salaried taxpayers under Section 16 of the Income Tax Act in the year 1974, but later abolished with effect

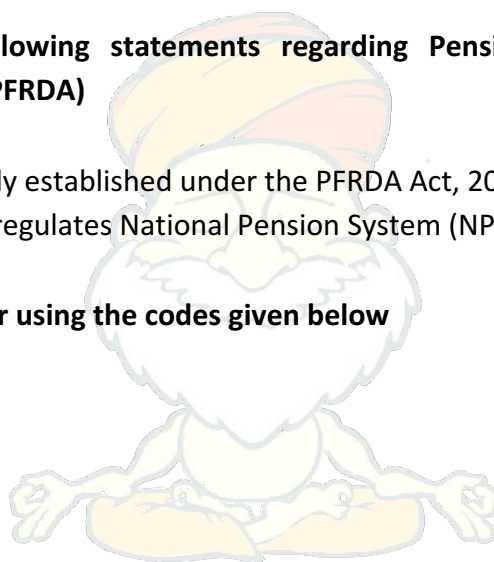
<p>from salary income to employees. Standard deduction allows salaried individuals to claim a flat deduction from income towards expenses that would be incurred with relation to his or her employment.</p>		<p>from Assessment Year 2006-07. This decision to withdraw standard deduction by former Union Minister of Finance P. Chidambaram was taken on the grounds that there laid an equivalent increase in the basic exemption limit and Section 80C deductions.</p> <p>The taxable salary for the salaried employees will come down on account of the standard deduction.</p>
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Q.101) Consider the following statements regarding Pension Fund Regulatory and Development Authority (PFRDA)

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

Choose the correct answer using the codes given below

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



Q.101) Solution (c)

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

Q.102) Consider the following statements regarding the National Financial Reporting Authority (NFRA)

1. It is to be an independent regulator overseeing the auditing profession.

2. It will have powers similar to a civil court.
3. It will have the power to investigate any company registered under the Companies Act 2013.

Which of the statements given above is/are correct?

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

Q.102) Solution (a)

- Audit firms have recently under the scanner for alleged lapses in various corporate scams such as Punjab National Bank fraud case.
- Thus the Union Cabinet has approved the proposal for the establishment of National Financial Reporting Authority (NFRA).
- Creation of NFRA was one of the key changes brought in by the Companies Act, 2013.
- NFRA will act as an independent regulator for the auditing profession.

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

Q.103) Consider the following pairs

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

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

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

Q.103) Solution (c)

Pair 1	Pair 2	Pair 3
Correct	Incorrect	Incorrect
<p>It is headed by Sujith Prasad</p> <p>Terms of reference of the Committee:</p> <p>a. To advise SEBI on issues related to regulation and development of primary and secondary market of municipal debt securities.</p> <p>b. To advise SEBI on matters required to be taken up for changes in legal framework to introduce simplification and transparency in systems and procedures in the primary and secondary market.</p> <p>c. To advise SEBI on matters relating to regulation of intermediaries for ensuring investor protection in the primary and secondary market.</p> <p>d. To recommend SEBI on measures to facilitate issuers (i.e. municipalities) for issuance of municipal debt securities.</p>	<p>It is headed by T V Mohandas Pai</p> <p>Terms of reference of the Committee:</p> <p>1. To advise SEBI on issues related to regulation and development of primary market in India.</p> <p>2. To advise SEBI on matters required to be taken up for changes in legal framework to introduce simplification and transparency in systems and procedures in the primary market.</p> <p>3. To advise SEBI on matters relating to regulation of intermediaries for ensuring investor protection in the primary market.</p>	<p>It is headed by Jayanth R Varma</p> <p>Terms of reference of the Committee:</p> <p>1. To review the developments in Secondary market;</p> <p>2. To recommend measures for changes and improvements in market structure in view of the impending changes;</p> <p>3. To recommend measures for improving market safety, efficiency, transparency and integrity;</p> <p>4. To suggest measures for reducing transaction costs;</p> <p>5. To recommend changes if required in the risk management / margin system;</p> <p>6. To recommend changes if required in the regulatory framework in secondary market;</p>

Q.104) Consider the following statements about Varishtha Pension Bima Yojana

1. The Life Insurance Corporation of India (LIC) would be the implementing body of the scheme

2. It aims to provide social security to elderly persons aged 60 years during their old age
3. Under the scheme, an assured pension with guaranteed rate of return of 8% per annum would be provided for a period of ten years

Which of the above statements are correct?

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

Q.104) Solution (d)

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

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

Q.105) Arrange the following countries in the increasing order of their FDI equity inflows to India in 2018-19

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

Choose the correct code

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

Q.105) Solution (a)

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

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

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

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

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

Q.106) Which of the following published the World Investment Report 2019?

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

Q.106) Solution (a)

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

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

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

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

Q.107) With reference to India, the components of Shadow Banking is / are

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

Choose the correct code

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

Q.107) Solution (d)**Shadow Banking in Indian Context**

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

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

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

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

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

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

Q.108) Consider the following statements about 'Sector Funds'

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

Which of the above statements is/are correct?

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

Q.108) Solution (b)

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

Q.109) Consider the following statements about Participatory Notes in India

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

Which of the above statements is/are correct?

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

Q.109) Solution (b)

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

Q.110) Which of the following are the main legislation governing the securities market in India?

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

Choose the correct code

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

Q.110) Solution (d)

The four main legislations governing “the securities markets are:

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

Q.111) Which of the following institutions is involved in providing guaranteed clearing and settlement functions for transactions in Money, G-Secs, Foreign Exchange and Derivative markets?

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

Q.111) Solution (a)

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

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

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

well as the NDS-CALL platform which facilitates electronic dealing in the Call, Notice & Term Money market.

Q.112) The Foreign Investment Facilitation Portal comes under the administrative control of which of the following ministries?

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

Q.112) Solution (b)

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

Foreign Investment Facilitation Portal

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

Q.113) Consider the following statements about Infrastructure Investment Trusts (InvITs)

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

Which of the above statements is/are correct?

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

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

Q.113) Solution (a)

Statement 1	Statement 2	Statement 3
Correct	Incorrect	Incorrect
<p>Infrastructure Investment Trusts (InvITs) are mutual fund like institutions that enable investments into the infrastructure sector by pooling small sums of money from multitude of individual investors for directly investing in infrastructure so as to return a portion of the income (after deducting expenditures) to unit holders of InvITs, who pooled in the money.</p> <p>Types of InvITs</p> <p>Two types of InvITs have been allowed, one which is allowed to invest mainly in completed and revenue generating infrastructure projects and other which has the flexibility to invest in completed/under-construction projects. While the former has to undertake a public offer of its units, the latter has to opt for a private placement of its units. Both the structures are required to be listed.</p>	<p>InvITs are regulated by the securities market regulator in India- Securities and Exchange Board of India (SEBI).</p> <p>SEBI notified SEBI (Infrastructure Investment Trusts) Regulations, 2014 on September 26, 2014, providing for registration and regulation of InvITs in India. The objective of InvIT is to facilitate investment into the infrastructure sector in India.</p> <p>InvITs are very much similar to the Real Estate investment Trusts (REITs) in structure and operations. InvITs are modified REITs designed to suit the specific circumstances in India.</p>	<p>InvITs can invest in infrastructure projects, either directly or through a special purpose vehicle (SPV). In case of Public Private Partnership (PPP) projects, such investments can only be through SPV.</p>

<p>The Infrastructure Investment Trusts (InvITs) for the monetisation of select state-run companies was announced in the budget 2018-19</p>		
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Q.114) Consider the following statements

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

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

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

Q.114) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
<p>The balance of payments (BoP) records the transactions in goods, services and assets between residents of a country with the rest of the world for a specified time period typically a year. The balance of payments (BOP), also known as balance of international payments,</p>	<p>The balance of payments is composed of a capital account and a current account — though a narrower definition breaks down the capital account into a financial account and a capital account. In accounting, the capital account shows the net worth of a business at a specific point in time – and</p>	<p>Because all the transactions recorded in the balance of payments sum to zero, countries which run large trade deficits (current account deficits), must by definition also run large capital account surpluses - which means more capital is flowing in than is going out, and increasing foreign ownership of its assets. A country with a large trade surplus is exporting capital, and running a</p>

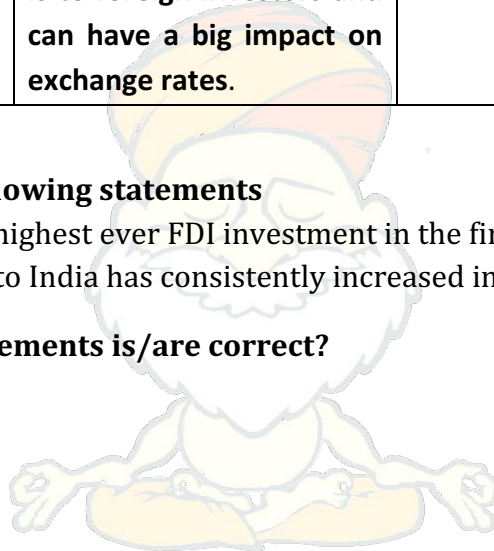
<p>summarizes all transactions that a country's individuals, companies and government bodies complete with individuals, companies and government bodies outside the country. These transactions consist of imports and exports of goods, services and capital, as well as transfer payments such as foreign aid and remittances.</p>	<p>is otherwise known as shareholders' equity. Changes in the balance of payments can provide a lot of clues about a country's relative level of economic health and future stability. The capital account indicates whether a country is importing or exporting capital. Big changes in the capital account can indicate of how attractive a country is to foreign investors and can have a big impact on exchange rates.</p>	<p>capital account deficit – which means money, is flowing out of the country.</p>
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Q.115) Consider the following statements

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

Which of the above statements is/are correct?

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



Q.115) Solution (a)

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

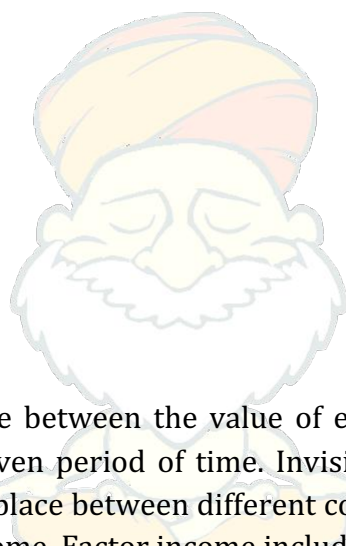
<p>2014-15 to 2018-19 as compared to USD 189 billion in the previous five-years, he said. At USD 64.37 billion, FDI in 2018-19 is the highest ever investment received for any financial year.</p>	
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Q.116) Net Invisibles is the difference between the value of exports and value of imports of invisibles of a country in a given period of time. In this context what does the non-factor income constitutes of

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

Choose the correct code

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



Q.116) Solution (c)

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

Q.117) The degree of 'openness of an economy' is measured by which of the following factors?

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

Q.117) Solution (b)

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

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

Q.118) Consider the following statements regarding purchasing power parity (PPP) exchange rates:

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

Which of the above statements is/are incorrect?

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

Q.118) Solution (d)

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

	India	US
Pizza Price	Rs 35	\$1

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

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

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

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

So, statement 1 is correct.

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

So, statement 2 is also correct.

Q.119) In the context of India, what does the depreciation of Rupee mean?

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

- d) Decrease in exchange rate where the price of foreign currency (dollar) in terms of domestic currency (rupees) has decreased

Q.119) Solution (a)

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

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

Q.120) Consider the following statement/s about Exchange traded fund (ETF)

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

Which of the above statements is/are correct?

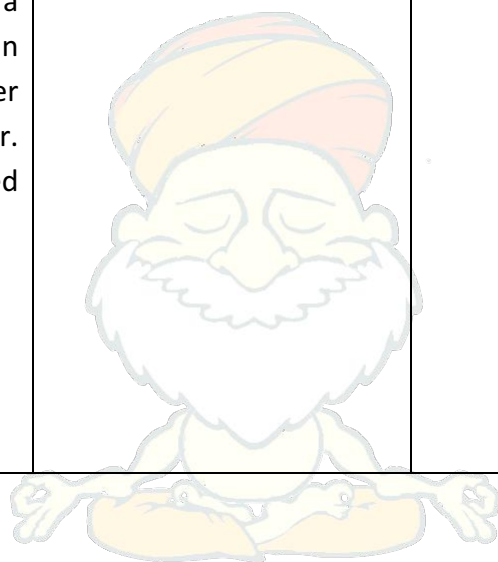
- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 3 only

Q.120) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Correct
An ETF is an open-ended mutual fund scheme with an objective to track and reflect the performance of its underlying index. It achieves this through a passive investment strategy of investing in the same stocks and in the same proportion as they constitute the underlying index.	Investments in ETFs are highly liquid as they are held through a Demat account and can be traded on a stock exchange like direct equity shares. Also, being passively managed, they have lower expense ratios in comparison to actively managed mutual funds. The Bharat 22 ETF allows	The government of India has appointed ICICI Prudential AMC to create, launch and manage Bharat 22 ETF.

The index is collectively comprised of 22 stocks of Central Public Sector Enterprises (CPSE), Public Sector Banks and private companies which are Strategic Holding of Specified Undertaking of Unit Trust of India (SUUTI). The said 22 stocks are spread across six sectors (Basic Materials, Energy, Finance, FMCG, Industrials and Utilities). The index invests a maximum of 15 per cent in a single stock and 20 per cent in a particular sector. Weights are rebalanced annually.

the Government to park its holdings in selected PSUs in an ETF and raise disinvestment money from investors at one go. It tracks the specially made S&P BSE Bharat 22 Index, managed by Asia Index Private Limited. This index is made up of 22 PSU stocks and with a few private sector companies.



Q.121) 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.121) Solution (c)

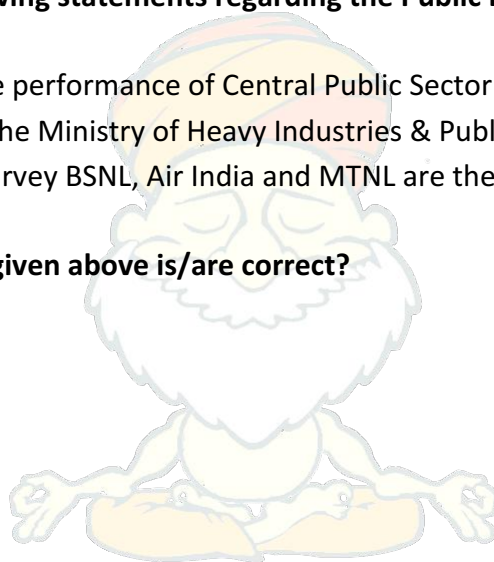
Statement 1	Statement 2
Correct	Correct
The National Cooperative Development Corporation (NCDC) was established by an Act of Parliament in 1963 as a statutory Corporation under the Ministry of Agriculture & Farmers Welfare.	Yuva Sahakar'-- Cooperative Enterprise Support and Innovation Scheme 2019 has 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.122) 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.122) 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.123) 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.123) 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.124) 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.124) 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).
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Q.125) High-Level Committee on Corporate social responsibility (CSR) was headed by

- a) Uday Kotak
- b) Injeti Srinivas
- c) Nachiket Mor
- d) Subhash Chandra Garg

Q.125) 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.

Q.126) Consider the following activities

1. Promotion of education
2. 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.126) 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.127) 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.127) 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.

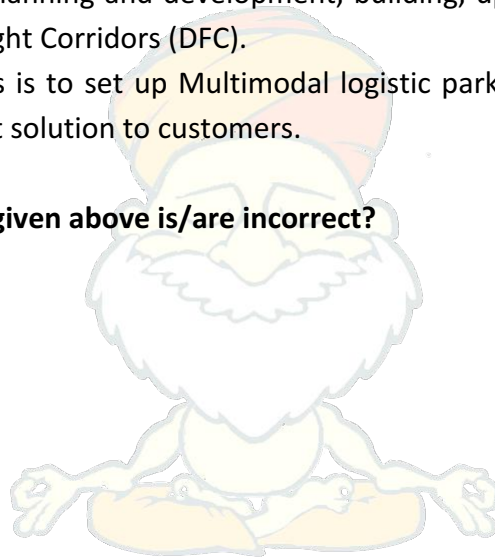
Strategic disinvestment is the transfer of the ownership and control of a public sector entity to some other entity (mostly to a private sector entity). Unlike simple disinvestment, strategic sale implies a kind of privatization.

Q.128) 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.128) 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.129) 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.129) 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.130) 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.130) 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.131) The U.K. Sinha committee was appointed by the RBI to

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

Q.131) 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.132) Consider the following statements regarding Micro, Small and Medium Enterprises (MSMEs)

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

Choose the incorrect answer using the codes given below

- 1 only
- 2 only
- Both 1 and 2
- Neither 1 nor 2

Q.132) 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.133) Which of the following is/are the reasons for the economic reforms of 1991?

1. Rise in Fiscal Deficit.
2. Increase in Adverse Balance of Payments.
3. 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.133) 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.134) 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.134) Solution (a)

Statement 1	Statement 2
Correct	Incorrect
<p>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.</p> <p>The report assesses improvement in ease of doing business environment in Delhi and Mumbai.</p> <p>EODB is released by the World Bank annually.</p>	<p>India's ranking deteriorated on two parameters - "protecting minority investors" (from 7th to 13th position) and "getting electricity" (from 22nd to 25th).</p>

Q.135) 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.135) Solution (d)

Statement 1	Statement 2
Correct	Correct
<p>NFRA will -</p> <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 	<p>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.</p>

accounting standards. • Oversee the quality of service of the professions	
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Q.136) 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.136) 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.137) 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.137) 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.138) The ICEGATE portal is related to which of the following?

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

Q.138) 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.

Q.139) Consider the following statements regarding SFURTI scheme

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

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.139) 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.140) 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.140) 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.141) 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.141) 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.142) 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.142) 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.143) 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.143) Solution (b)

Statement 1	Statement 2
Incorrect	Correct
<p>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.</p> <p>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.</p>	<p>1. The SDR holdings form a component of Foreign exchange reserve of a country.</p> <p>2. An SDR is essentially an artificial currency instrument used by the IMF, and is built from a basket of important national currencies.</p> <p>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.</p>

Q.144) 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.144) 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.
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Q.145) If a country has a Capital account deficit, it means that

- The Country is buying assets in other countries.
- Foreigners are buying assets in the country.
- Countries liability to foreigners is increasing.
- Value of import of Invisibles of the country exceeds the value of its exports.

Q.145) 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.146) Which of the following are advantages of having full capital convertibility in India?

- Reduces volatility of the currency.
- Increasing the confidence of foreign investors.
- Improved access to foreign markets.

Choose the correct answer using the codes given below

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

Q.146) 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

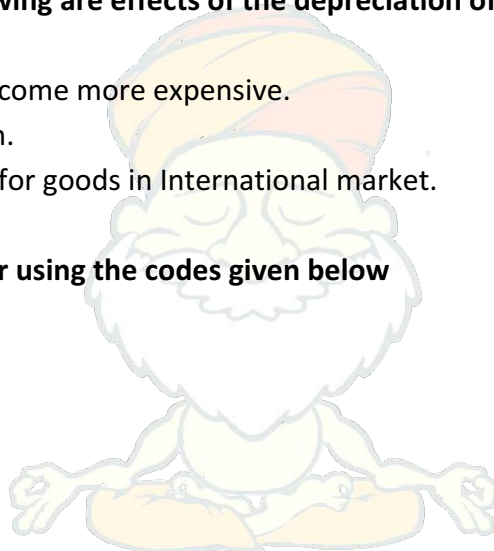
- High Volatility - high levels of volatility, devaluation, or inflation in forex rates may happen, challenging the country's economy.
- Foreign Debt Burden - Businesses can easily raise foreign debt, but they are prone to the risk of high repayments if exchange rates become unfavourable.

Q.147) 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.147) 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.148) 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.148) 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.149) 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.149) 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.150) 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.150) 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.151) 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?

- a) World Trade Organization
- b) World Customs Organization
- c) The United Nations Conference on Trade and Development
- d) International Monetary Fund

Q.151) 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.152) The “International Debt Statistics” report is released by

- a) World Trade Organization
- b) World Bank
- c) World Economic Forum
- d) International Monetary Fund

Q.152) 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.153) 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.153) 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.154) 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.154) 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.155) Recently, India signed a currency swap agreement with which of the following countries?

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

Q.155) 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.

Q.156) 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.156) 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</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>

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.

Q.157) 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.157) 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.158) 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.158) 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 may lead to currency fluctuations.	The Government borrows money from international institutions such as WB, IMF to cover up expenses. This may lead to currency fluctuations.

Q.159) Which of the following leads to a Cost-push inflation when a currency is devalued?

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

Q.159) 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.160) In the context of Balance of payment (BoP), what are accommodating transaction?

- a) Mismatches in Balance of payment records.
- b) Current account transactions.

- c) Transactions that are done to balance the surplus or deficit of Balance of payment.
- d) Transactions that are done with profit maximization motive.

Q.160) 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

Q.161) 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.161) 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	India is not an associate member of OPEC

	efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.	
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Q.162) 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.162) 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.163) 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.163) 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.

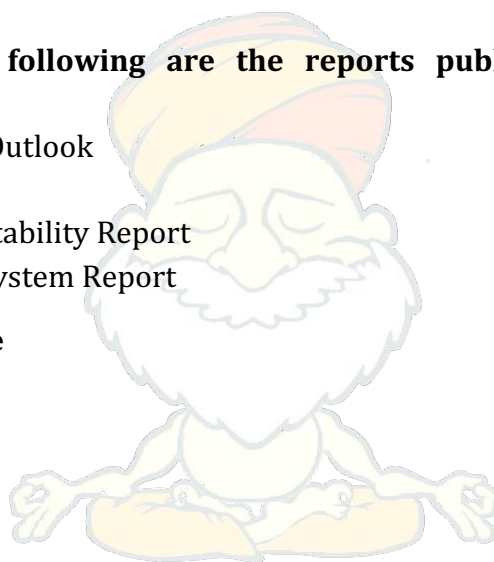
Building on this, national and city representatives at the **Summit officially adopted the Nur-Sultan Declaration on 'Smart Cities, Smart Destinations'**. The Declaration recognizes the growing popularity of cities as tourist destinations and their potential to drive socio-economic development and promote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

Q.164) 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.164) 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.165) 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.165) 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.166) Which of the following publishes the report Global slavery Index?

- a) International Labour bureau
- b) Walk free foundation
- c) German Watch
- d) International Labour Organization

Q.166) 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.167) Consider the following statements

1. World Development Information Day is celebrated annually on October 24 coinciding with United Nations Day
2. 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?

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

Q.167) 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 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.</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>

Q.168) 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.168) 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.169) 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.169) 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 (UNESCAP, formerly the Economic Commission for Asia and the Far East or	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.

ECAFE) and non-regional developed countries. From 31 members at its establishment, ADB now has 68 members.		
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Q.170) 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

Q.170) 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.171) 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.171) 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.	<p>“GSP provide opportunities for many of the world’s poorest countries to use trade to grow their economies and climb out of poverty” – USTR.</p> <p>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.</p> <p>Withdrawal of the GSP benefit is expected to adversely affect exports from India.</p>

Q.172) The BRICS Agriculture Research Platform (BRICS-ARP) was announced during which of the following summits?

- e) 7th BRICS Summit 2015 at Ufa in Russia
- f) 9th BRICS Summit 2017 at Xiamen in China
- g) 10th BRICS Summit 2018 at Johannesburg in South Africa
- h) 11th BRICS Summit 2019 at Brasilia in Brazil

Q.172) 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.173) During which of the following circumstances does the government impose "safeguard duty"?

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

Q.173) 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.174) Which of the following statements are correct regarding "International Fund for Agricultural Development" (IFAD)?

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

Choose the correct code

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

d) 1 and 2 only

Q.174) 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.175) 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.175) Solution (d)

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Correct
The Shanghai Cooperation Organization (SCO), or	The original five nations, with the exclusion of	The 19th SCO meeting was held in Bishkek, Kyrgyzstan.

<p>Shanghai Pact, is a Eurasian political, economic, and security alliance, the creation of 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>Uzbekistan, were previously members of the Shanghai Five group, founded on 26 April 1996. 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>It was the second time that India participated as a full member. The meeting focused on ways to enhance cooperation in economic matters and in counter terrorism.</p>
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Q.176) 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.176) 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.177) 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.177) 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.178) 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.178) Solution (d)

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

Q.179) 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.179) 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.180) Which among the following organizations publishes Travel and Tourism Competitiveness Report?

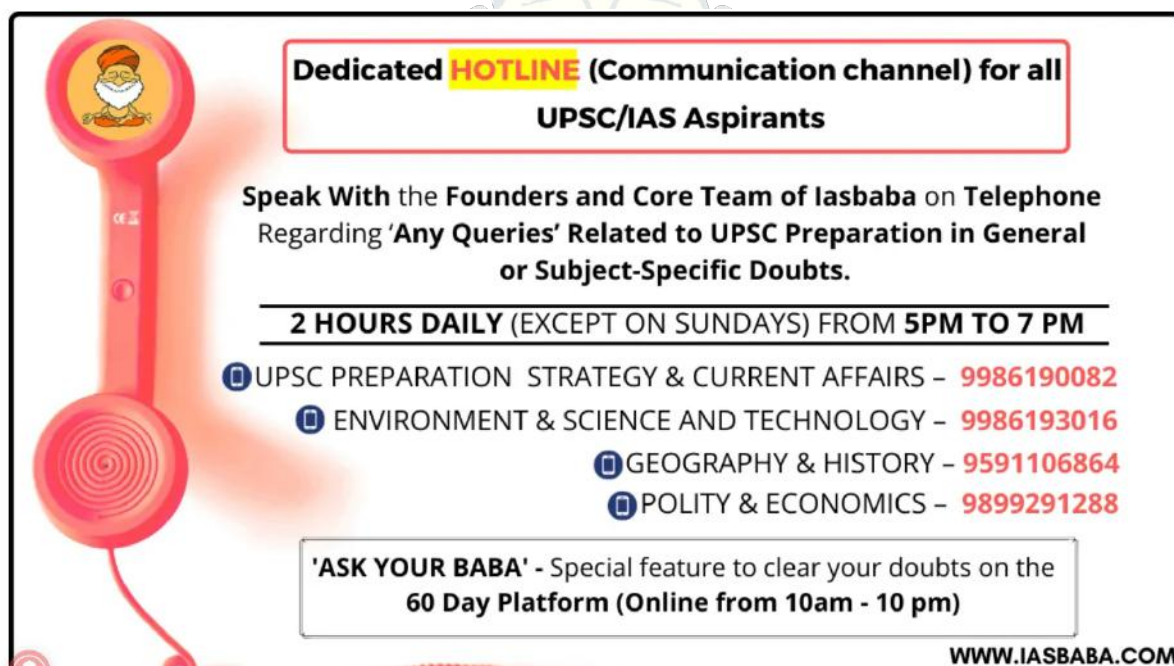
- a) World Economic Forum
- b) UNESCO
- c) UNDP
- d) United Nations World Tourism Organization

Q.180) 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.181) A Liquidity Trap can occur under which of the following circumstances?

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



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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.181) 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.182) 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.182) Solution (b)

Option 1	Option 2	Option 3
Incorrect	Correct	Correct
Direct monetization is suitable in the event of a negative	In Direct monetization of deficit, the government	Government expenditure using new money boosts

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.	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.	incomes and raises private demand in the economy. Thus, it fuels inflation.
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Q.183) 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.183) 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.184) 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.184) 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.185) 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.185) 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.186) 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.186) 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.
- 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.187) 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.187) 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.188) 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.188) 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,	LTRO is expected to bring down short-term rates and boost investment in corporate bonds

	accepting government securities with matching or higher tenure as the collateral.	
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Q.189) 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.189) 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, 1955 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.190) 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.190) 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.191) 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.191) 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.

Q.192) The term Securitization is sometimes seen in the news. It refers to which of the following

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

Q.192) 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.193) India recently ratified the Multilateral Convention to Implement Tax Treaty Related Measures (MLI). Consider the following statements regarding it.

1. MLI is an outcome of the OECD and FATF Project to tackle base erosion and profit shifting and money laundering.

2. MLI provides flexibility through provisions such as “reservation”.
3. MLI does not modify any existing bilateral tax treaty agreements between signatory countries.

Which of the statements given above is/are incorrect?

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

Q.193) Solution (b)

Option 1	Option 2	Option 3
Incorrect	Correct	Incorrect
The multilateral convention is an outcome of the OECD/G20 project to tackle base erosion and profit shifting.	MLI provides flexibility through provisions such as “reservation”. Through this, countries can opt-out to apply certain MLI provisions.	MLI modifies tax treaties that are “Covered tax agreements”.

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.194) 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.194) 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.195) 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.195) 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.196) 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.196) 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)	PDPS covers all oilseeds which MSP is notified. Cotton is considered an	Under the PSS, Central nodal agencies will procure pulses, oilseeds and copra with

assurance to farmers. It is a price support scheme and not an income support scheme.	oilseed since oil can be extracted from it. Therefore, cotton is covered under PDPS.	proactive role of state governments. However, there will be no physical procurement of crops under Price Deficiency Payment Scheme.
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Q.197) 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.197) 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.198) 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.198) 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.199) 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.199) 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.200) 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.200) 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.

