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IRP Economy Final Compilation



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Q.1) Consider the following statements

1. Social exclusion is a measure, which describes the greater probability of certain communities of becoming or remaining poor in the coming years.
2. Per Capita Income does not reflect the disparities between the rich and the poor.

Which of the statements given above is/are NOT correct?

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

Q.1) Solution (a)

Vulnerability to poverty is a measure, which describes the greater probability of certain communities or individuals of becoming, or remaining, poor in the coming years.

According to the concept of social exclusion, poverty must be seen in terms of the poor having to live only in a poor surrounding with other poor people, excluded from enjoying social equality of better-off people in better surroundings.

Hence Statement 1 is incorrect.

Per Capita Income is the total income of the country divided by its total population. Per Capita Income does not reflect the disparities between the rich and the poor.

Hence Statement 2 is correct.

Q.2) Consider the following statements

1. Standard of Living is one of the three dimensions used by Multidimensional Poverty Index.
2. The global Multidimensional Poverty Index was developed in 2010 by World Bank.

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.2) Solution (a)

Health, Education and Standard of Living are the three dimensions used by Multi Poverty Index.

Hence Statement 1 is correct.

The global MPI was developed in 2010 by the Oxford Poverty and Human Development Initiative (OPHI) at the University of Oxford and the Human Development Report Office of the United Nations Development Programme (UNDP) for the flagship Human Development Report. **Hence Statement 2 is incorrect.**

Q.3) Consider the following statements

1. Great Gatsby Curve provides correlation between concentration of wealth in one generation and its impact on intergenerational economic mobility.

2. Gross National Income Per Capita is one of the indicators used in calculation of Human Development Index.

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.3) Solution (c)

Great Gatsby Curve provides correlation between concentration of wealth in one generation and its impact on intergenerational economic mobility.

Hence Statement 1 is correct.

Life Expectancy at Birth, Expected Years of Schooling, Mean Years of Schooling, Gross National Income Per Capita are used as indicators in calculation of Human Development Index.

Hence Statement 2 is correct.

Q.4) Consider the following statements:

1. The share of Agriculture and allied sectors in the GVA (Gross Value Added) of the Country has declined from 2014-15 levels.
2. In 2018, India is the second largest consumer of the finished steel after China.

Which of the statements given above is/are *NOT* correct?

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

Q.4) Solution (b)

The share of Agriculture and allied sectors in the GVA (Gross Value Added) of the Country has declined from 2014-15 levels. (from 18.2% in 2014-15 to 16.5% in 2019-20)

Hence Statement 1 is correct.

In 2018, India is the third largest consumer of the finished steel after China and USA.

Hence Statement 2 is incorrect.

Q.5) Consider the following statements:

1. Service Sector accounts for 15% of the total exports.
2. Service Sector accounts for 75% of the GVA of the Country.

Which of the statements given above is/are correct?

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

Q.5) Solution (d)

Service Sector accounts for 38% of the total exports.

Hence Statement 1 is incorrect.

Service Sector accounts for 55% of the GVA of the Country.

Hence Statement 2 is incorrect.

Q.6) Consider the following statements regarding purchasing power parity (PPP).

- 1) It is a technique used to determine the relative value of different currencies.
- 2) This concept works on the assumption that markets work on the law of one price.

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.6) Solution (c)

PPP is a technique used to determine the relative value of different currencies.

Hence Statement 1 is correct.

This concept works on the assumption that markets work on the law of one price.

Law of one price, i.e., identical goods and services (in quantity as well as quality) must have the same price in different markets when measured in a common currency.

Hence Statement 2 is correct.

Q.7) Which among the following is/are relative merits of GDP?

- 1) It enables central banks and policymakers to evaluate whether the economy is in recession or inflation
- 2) Disguised Unemployment is the situation, where people are apparently working but all of them are made to work less than their potential.

Which of the statements given above is/are NOT CORRECT?

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

Q.7) Solution (d)

GDP growth over time enables central banks and policymakers to evaluate whether the economy is in recession or inflation.

Hence Statement 1 is correct.

Disguised Unemployment:

This is the situation of underemployment, where people are apparently working but all of them are made to work less than their potential.

This is a type of underemployment which is hidden in contrast to someone who does not have a job and is clearly visible as unemployed.

Hence Statement 2 is correct.

Q.8) Macroeconomics sees an economy as a combination of 4 sectors. Select the correct sector from the code given below:

- a) Land, labour, capital, entrepreneur
- b) Households, firms, government, external sector
- c) Consumer, entrepreneur, firms, government
- d) Consumer, firms, government, external sector

Q.8) Solution (b)

- Macroeconomics deals with the aggregate economic variables of an economy. It also takes into account various inter linkages which may exist between the different sectors of an economy.
- Macroeconomics sees an economy as a combination of four sectors, namely households, firms, government and external sector.

Q.9) Consider the following statements with reference to GDP and GNI

- 1) In a perfectly closed economy $GDP = GNI$
- 2) If the Production is less than the remittances, then GDP will be greater than GNI.

Which of the above statements is/are correct?

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

Q.9) Solution (a)

A perfectly closed economy has no contact with the outside world, it is completely self-sufficient, and has no imports or exports with the other countries. So, all the goods and services that are produced in the domestic territory (GDP) is produced by the Nationals of that country (GNI).

Hence Statement 1 is correct.

GNI may or may not be greater than GDP, if all the residents of the country have migrated for work outside their country, and the Production is less than the remittances, then GNI will be greater than GDP.

Hence Statement 2 is incorrect.

Q.10) Which of the following statements is/are *NOT CORRECT* regarding 'Green' GDP?

- 1) It accounts for the total amount of agricultural goods produced in the country.
- 2) It accounts for the monetized loss of biodiversity and costs caused by climate change.

Select the correct answer from the code given below:

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

Q.10) Solution (a)

The green gross domestic product (green GDP or GGDP) is an index of economic growth with the environmental consequences of that growth factored into a country's conventional GDP.

Hence Statement 1 is incorrect.

Green GDP monetizes the loss of biodiversity, and accounts for costs caused by climate change.

Hence Statement 2 is correct.

Calculating green GDP requires that net natural capital consumption, including resource depletion, environmental degradation, and protective and restorative environmental initiatives, be subtracted from traditional GDP.

Q.11) Consider the following statements

1. Transient poor are those who regularly move in and out of poverty.
2. Churning poor who are rich most of the time but may sometimes have a patch of bad luck.

Which of the statements given above is/are *NOT* correct?

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

Q.11) Solution (c)

Churning poor are those who regularly move in and out of poverty (example: small farmers and seasonal workers)

Hence Statement 1 is incorrect.

Transient poor who are rich most of the time but may sometimes have a patch of bad luck.

Hence Statement 2 is incorrect.

Q.12) Consider the following statements

1. Total formal employment in the economy increased from 18 per cent in 2011-12 to 20 per cent in 2017-18.
2. India is ranked above China in Human Development Index (HDI) 2018.

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.12) Solution (d)

Total formal employment in the economy increased from 8 per cent in 2011-12 to 9.98 per cent in 2017-18.

Hence Statement 1 is incorrect.

India is ranked below China in Human Development Index (HDI) 2018. India's rank—129, China's Rank—85)

Hence Statement 2 is incorrect.

Q.13) Consider the following statements

1. 'Own account workers' are those who ran their enterprise by hiring labourers.
2. According to Periodic Labour Force Survey (PLFS) unpaid family labour comes under the self-employed category.

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.13) Solution (b)

Own account workers include those who operated their enterprises on their own account or with one or a few partners and ran their enterprise without hiring any labour during the reference period while employers are those own account workers who ran their enterprise by hiring labourers.

Hence Statement 1 is incorrect.

According to Periodic Labour Force Survey (PLFS) unpaid family labour comes under the self-employed category.

Unpaid family labourers/helpers included those who were engaged in their household enterprises, working full or part time and did not receive any regular salary or wages in return for the work performed during the reference period.

Hence Statement 2 is correct.

Q.14) Consider the following statements:

1. Female Labour Force Participation Rate (LFPR) is higher in rural areas as compared to urban areas.
2. Female Labour Force Participation Rate (LFPR) for productive age group has shown a decline in 2017-18 compared to 2011-12 levels.

Which of the statements given above is/are *NOT* correct?

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

Q.14) Solution (d)

Female LFPR is higher in rural areas as compared to urban areas.

Hence Statement 1 is correct.

According to NSO-EUS and PLFS estimates, female labour force participation rate (LFPR) for productive age-group (15-59 years) as per usual status shows a declining trend. Female labour force participation declined by 7.8 percentage points from 33.1 per cent in 2011-12 to 25.3 per cent in 2017-18.

Hence Statement 2 is correct.

Q.15) Consider the following statements:

1. Prime Minister Employment Generation Programme (PMEGP) is one among the Core of the Core schemes.
2. PMEGP scheme is implemented by Khadi and Village Industries Commission (KVIC) functioning as the nodal agency at the national level.

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.15) Solution (b)

Prime Minister Employment Generation Programme (PMEGP) is one among the Major Central Sector schemes.

(Classification of schemes—Core of the Core Schemes, Core Schemes, Major Central Sector schemes)

Hence Statement 1 is incorrect.

PMEGP scheme is implemented by Khadi and Village Industries Commission (KVIC) functioning as the nodal agency at the national level.

At the state level, the scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and banks.

Hence Statement 2 is correct.

Q.16) Arrange following committee's w.r.t. Poverty Alleviation in chronological order:

- 1) Lakadwala Committee
- 2) Y K Alag Committee
- 3) C Rangarajan Committee
- 4) Suresh Tendulkar Committee

5) N C Saxena Committee

Select the correct answer using the code given below:

- a) 1 – 2 – 3 – 4 – 5
- b) 1 – 3 – 4 – 5 – 2
- c) 2 – 5 – 4 – 3 – 1
- d) 2 – 1 – 4 – 5 – 3

Q.16) Solution (d)

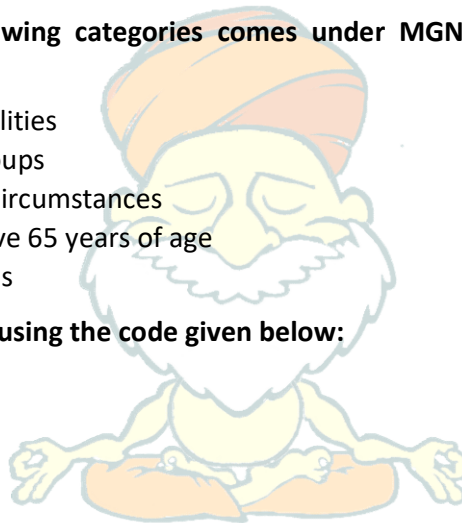
- 1) Y K Alag Committee
- 2) Lakadwala Committee
- 3) Suresh Tendulkar Committee
- 4) N C Saxena Committee
- 5) C Rangarajan Committee

Q.17) Which of the following categories comes under MGNREGA Special Category Of Workers?

- 1. Persons with disabilities
- 2. Primitive Tribal Groups
- 3. Women in special circumstances
- 4. Senior citizens above 65 years of age
- 5. HIV positive persons

Select the correct answer using the code given below:

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



Q.17) Solution (d)

MGNREGA special categories list:

- 1. Persons with disabilities
- 2. Primitive Tribal Groups
- 3. Nomadic Tribal Groups
- 4. De-notified Tribes
- 5. Women in special circumstances
- 6. Senior citizens above 65 years of age
- 7. HIV positive persons
- 8. Internally displaced persons

Q.18) Consider the following statements with reference to MGNREGA.

- 1) Daily unemployment allowance has to be paid if the employment is not given within 15 days of application for work.
- 2) Job card of the MGNREGA workers cannot be cancelled under any circumstances.

Which of the statements given above is/are correct?

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

Q.18) Solution (a)

Employment is to be given within 15 days of application for work, otherwise daily unemployment allowance has to be paid by the respective State.

Hence Statement 1 is correct

Job card cannot be cancelled except where it is found to be a duplicate, or if the entire household has permanently migrated to a place outside the Gram Panchayat and no longer lives in the village.

Hence Statement 2 is incorrect.

Q.19) Consider the following statements with respect to the Gini Coefficient.

- 1) It is a measure of income distribution and is derived from the Lorenz Curve.
- 2) A rich country and a poor country can have the same Gini coefficient.
- 3) A Gini coefficient of zero expresses perfect equality.

Which of the above statements is/are correct?

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

Q.19) Solution (d)

Gini Coefficient is a measure of income inequality. It is derived from the Lorenz Curve.

Hence Statement 1 is correct.

A rich country and a poor country can have the same Gini-coefficient, as it does not measure the absolute income levels but the distribution of wealth.

Hence Statement 2 is correct.

A Gini coefficient of zero expresses perfect equality, where all values are the same (for example, where everyone has the same income). One represents complete inequality.

However no country has a score of either zero or one, actual figures are somewhere in between.

Hence Statement 3 is correct.

Q.20) Consider the following Statements with reference to the Rangarajan Committee report on Poverty.

- 1) It computed the average requirements of calories, proteins and fats based on ICMR norms to derive the normative levels of nourishment.
- 2) The Rangarajan Committee goes back to the idea of Tendulkar Committee method of calculating Rural and Urban Poverty Separately.

Which of the above statements is/are correct?

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

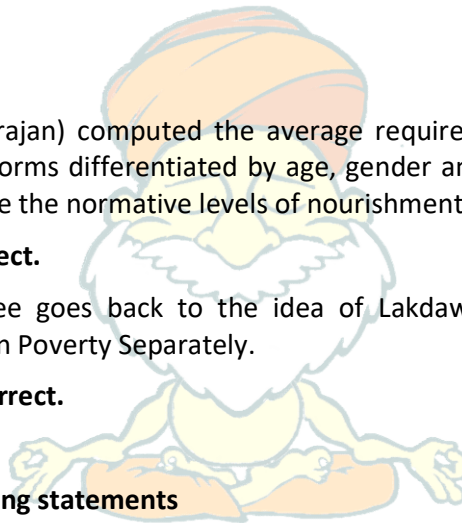
Q.20) Solution (a)

The Expert Group (Rangarajan) computed the average requirements of calories, proteins and fats based on ICMR norms differentiated by age, gender and activity for all-India rural and urban regions to derive the normative levels of nourishment.

Hence Statement 1 is correct.

The Rangarajan Committee goes back to the idea of Lakdawala committee method of calculating Rural and Urban Poverty Separately.

Hence Statement 2 is incorrect.



Q.21) Consider the following statements

1. Cobweb theory is the idea that price fluctuations can lead to fluctuations in supply which cause a cycle of rising and falling prices.
2. CPI for Industrial Workers (IW) is compiled by Labour Bureau.

Which of the statements given above is/are NOT correct?

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

Q.21) Solution (d)

Cobweb theory is the idea that price fluctuations can lead to fluctuations in supply which cause a cycle of rising and falling prices.

Hence Statement 1 is correct.

CPI for Industrial Workers (IW) is compiled by Labour Bureau in the Ministry of Labour.

Hence Statement 2 is correct.

Q.22) Consider the following statements

1. Fuel and Power group has the highest weightage while calculating Wholesale Price Index (WPI).
2. CPI for Agricultural Labourers (AL) is compiled by the Central Statistical Organization.

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.22) Solution (d)

Manufacturing products has the highest weightage while calculating Wholesale Price Index (WPI).

Hence Statement 1 is incorrect.

CPI for Agricultural Labourers (AL) is compiled by Labour Bureau in the Ministry of Labour.

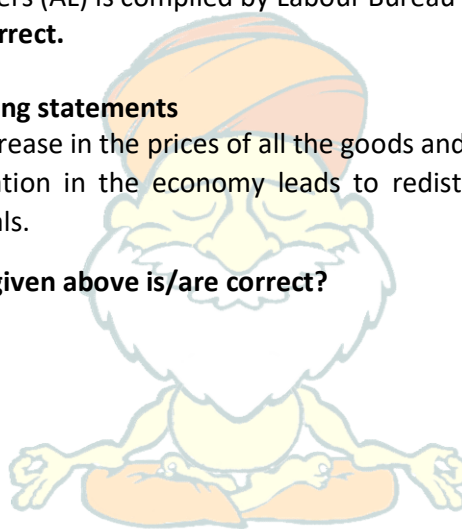
Hence Statement 2 is incorrect.

Q.23) Consider the following statements

1. Inflation means increase in the prices of all the goods and services in an economy.
2. Unanticipated inflation in the economy leads to redistribution of wealth with no regard to social goals.

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.23) Solution (b)**

Inflation does not necessarily mean that the prices of all the goods and services in an economy rise. In an inflationary situation, the average level of prices rise with some items showing excessive rise while others may not follow suit.

Hence Statement 1 is incorrect.

Unanticipated inflation in the economy leads to redistribution of wealth with no regard to social goals. Consequential effects can be: flow of wealth from fixed-income earners and weakly unionized workers to strongly unionised workers, from lenders to borrowers, from tax-payers to the government, from public sector employees to private sector employees, and from profit-earners to wage-earners.

Hence Statement 2 is correct.

Q.24) Consider the following statements:

1. Inflation target is set by the Reserve Bank of India, in consultation with the Government of India.
2. 6 per cent Consumer Price Index (CPI) inflation is the target for the period from August 5, 2016 to March 31, 2021.

Which of the statements given above is/are **NOT** correct?

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

Q.24) Solution (c)

Inflation target is set by the Government of India, in consultation with the Reserve Bank, once in every five years.

Hence Statement 1 is incorrect.

The Central Government has notified in the Official Gazette 4 per cent Consumer Price Index (CPI) inflation as the target for the period from August 5, 2016 to March 31, 2021 with the upper tolerance limit of 6 per cent and the lower tolerance limit of 2 per cent.

Hence Statement 2 is incorrect.

Q.25) Consider the following statements:

1. Since July 2018, CPI-Urban inflation has been consistently above CPI-Rural inflation.
2. Since July 2019, urban areas have registered much higher food inflation when compared to rural areas.

Which of the statements given above is/are correct?

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

Q.25) Solution (c)

Since July 2018, CPI-Urban inflation, has been consistently above CPI-Rural inflation. This is in contrast to earlier experience where rural inflation has been mostly higher than urban inflation. **Hence Statement 1 is correct.**

Since July 2019, urban areas have registered much higher food inflation when compared to rural areas.

Hence Statement 2 is correct.

Q.26) Consider the following statements.

- 1) Mild form of recession is known as depression.
- 2) Price deflation, financial crises, stock market crash and bank failures are common elements of a recession.

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.26) Solution (d)

In economics, a depression is a sustained, long-term downturn in economic activity in one or more economies. It is a more severe economic downturn than a recession.

Hence Statement 1 is incorrect

Price deflation, financial crises, stock market crash, and bank failures are common elements of a depression that do not normally occur during a recession.

Hence Statement 2 is incorrect

Q.27) Which of the following is/are the measures to be adopted to recover from recession?

- 1) Direct and indirect taxes should be cut down.
- 2) Salaries and wages should be revised by the government.
- 3) The government usually goes on to follow a dear money supply policy.

Select the correct answer using the codes given below:

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

Q.27) Solution (b)

Direct and indirect taxes should be cut down, so that the consumers have higher disposable incomes.

Hence Statement 1 is correct

Salaries and wages should be revised by the government to encourage general spending by the consumers

Hence Statement 2 is correct

The government usually goes on to follow a cheap money supply policy by slashing down interest rates across the board and the lending procedure is also liberalized.

Hence Statement 3 is incorrect

Q.28) Consider the following statements with reference to the Monetary Policy Committee (MPC):

- 1) The committee comprises three officials of the RBI and three external members nominated by the Governor of RBI.
- 2) The Reserve Bank of India Act, 1934 was amended by Finance Act (India), 2016 to constitute MPC.
- 3) The committee is answerable to the RBI if the inflation exceeds the range prescribed for three consecutive months.

Which of the statements given above is/are correct?

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

Q.28) Solution (b)

The committee comprises six members - three officials of the Reserve Bank of India and three external members nominated by the Government of India.

Hence Statement 1 is incorrect

The Reserve Bank of India Act, 1934 was amended by Finance Act (India), 2016 to constitute MPC which will bring more transparency and accountability in fixing India's Monetary Policy

Hence Statement 2 is correct

The committee is answerable to the Government of India if the inflation exceeds the range prescribed for three consecutive months

Hence Statement 3 is incorrect

Q.29) Which of the following statements is/are correct about Wholesale Price Index?

- 1) Wholesale Price Index (WPI) represents the price of goods at a wholesale stage.
- 2) India uses Wholesale Price Index (WPI) whereas United States uses Producer Price Index (PPI) to measure inflation.
- 3) Indian WPI is published by the Economic Advisor, Ministry of Commerce and Industry.

Select the correct answer using the codes given below:

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

Q.29) Solution (d)

Wholesale Price Index (WPI) represents the price of goods at a wholesale stage i.e. goods that are sold in bulk and traded between organizations instead of consumers.

Hence Statement 1 is correct

WPI is used as an important measure of inflation in India. Fiscal and monetary policy changes are greatly influenced by changes in WPI. In the United States, Producer Price Index (PPI) is used to measure inflation.

Hence Statement 2 is correct

Indian WPI is published by the Economic Advisor, Ministry of Commerce and Industry.

Hence Statement 3 is correct

Q.30) Consider the following statements:

- 1) The National Statistical Commission (NSC) updated base year for GDP calculation to 2011-12, as per the recommendations of the Central Statistics Office (CSO).
- 2) Change of base year to calculate GDP is done in line with the global exercise to capture economic information accurately.

Which of the statements given above is/are NOT CORRECT?

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

Q.30) Solution (a)

The Central Statistics Office (CSO) updated base year for GDP calculation to 2011-12, replacing the old series base year of 2004-05, as per the recommendations of the National Statistical Commission.

Hence Statement 1 is incorrect

Why is base year changed?

Change of base year to calculate GDP is done in line with the global exercise to capture economic information accurately. Ideally, the base year should be changed after every five years to capture the changing economy. GDP based on 2004-05 did not reflect current economic situation correctly. The new series is also compliant with the United Nations guidelines in System of National Accounts-2008. It takes information for the corporate sector and has better estimates of the unorganised sector from 2010-11 National Sample Survey on unincorporated enterprises and data on sales and service taxes.

Hence Statement 2 is correct**Q.31) Consider the following statements**

1. Price of a bond is inversely related to the market rate of interest.
2. Speculative demand for money is inversely related to the rate of interest.

Which of the statements given above is/are NOT correct?

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

Q.31) Solution (d)

Price of a bond is inversely related to the market rate of interest.

Hence Statement 1 is correct.

Speculative demand for money is inversely related to the rate of interest.

Hence Statement 2 is correct.

Q.32) Consider the following statements

1. Net Reserve Bank credit to Government includes the Reserve Bank's credit to Central as well as State Governments.
2. Demand deposits include all liabilities which are payable on demand except unclaimed deposits.

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.32) Solution (a)

'Net Reserve Bank credit to Government' includes the Reserve Bank's credit to Central as well as State Governments. It includes ways and means advances and overdrafts to the Governments, the Reserve Bank's holdings of Government securities, and the Reserve Bank's holdings of rupee coins less deposits of the concerned Government with the Reserve Bank.

Hence Statement 1 is correct.

'Demand deposits' include all liabilities which are payable on demand and they include current deposits, demand liabilities portion of savings bank deposits, margins held against letters of credit/ guarantees, balances in overdue fixed deposits, cash certificates and cumulative/ recurring deposits, outstanding Telegraphic Transfers (TTs), Mail Transfers (MTs), Demand Drafts (DDs), unclaimed deposits, credit balances in the Cash Credit account and deposits held as security for advances which are payable on demand.

Hence Statement 2 is incorrect.

Q.33) Consider the following statements

1. M2 and M3 are known as broad money.
2. Broad money (M3) growth has been on declining trend from 2009 to 2017-18.

Which of the statements given above is/are correct?

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

Q.33) Solution (b)

M1 and M2 are known as narrow money. M3 and M4 are known as broad money. These gradations are in decreasing order of liquidity.

Hence Statement 1 is incorrect.

Broad money (M3) growth has been on declining trend since 2009. However, since 2018-19 it has picked up marginally, mainly driven by the growth in aggregate deposits and stands at 10.4 per cent as on December 2019.

Hence Statement 2 is correct.

Q.34) Consider the following statements:

1. The currency deposit ratio is the ratio of money held by the public in currency to that they hold in bank deposits.
2. Reserve deposit ratio is the proportion of the total deposits commercial banks keep as reserves.

Which of the statements given above is/are NOT correct?

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

Q.34) Solution (d)

The currency deposit ratio (cdr) is the ratio of money held by the public in currency to that they hold in bank deposits.

Hence Statement 1 is correct.

Reserve deposit ratio (rdr) is the proportion of the total deposits commercial banks keep as reserves.

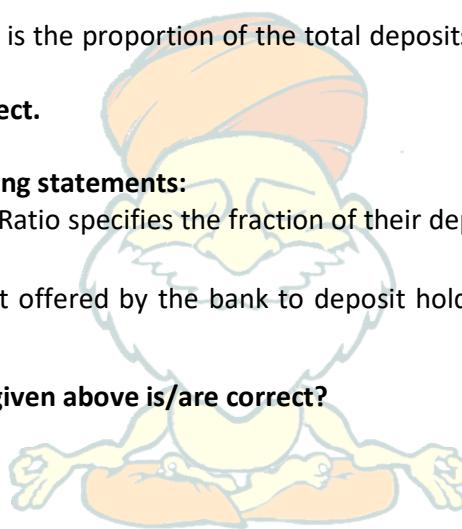
Hence Statement 2 is correct.

Q.35) Consider the following statements:

1. Statutory Liquidity Ratio specifies the fraction of their deposits that banks must keep with RBI.
2. The rate of interest offered by the bank to deposit holders is called the borrowing rate.

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.35) Solution (b)**

Statutory Liquidity Ratio requires the banks to maintain a given fraction of their total demand and time deposits in the form of specified liquid assets.

Hence Statement 1 is incorrect.

The rate of interest offered by the bank to deposit holders is called the 'borrowing rate' and the rate at which banks lend out their reserves to investors is called the 'lending rate'. The difference between the two rates, called 'spread', is the profit that is appropriated by the banks.

Hence Statement 2 is correct.

Q.36) Consider the following statements about the reverse repo rate:

- 1) Decrease in the reverse repo rate will decrease the money supply in the country.

- 2) If reverse repo rate is increased the bank's lending rates to customers will also increase.

Which of the following statements is/are *INCORRECT*?

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

Q.36) Solution (a)

Reverse repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country.

An increase in the reverse repo rate will decrease the money supply and vice-versa, other things remaining constant.

Hence Statement 1 is incorrect

An increase in reverse repo rate means that commercial banks will get more incentives to park their funds with the RBI, thereby decreasing the supply of money in the market. This also means that lending to the consumers becomes risky, as they can easily get risk free returns from parking the money with the RBI. To compensate this, the Banks increase their interest rates to earn more profits for taking the risk.

Hence Statement 2 is correct

Q.37) Consider the following statements with reference to the Cash reserve ratio (CRR)

- 1) The Cash Reserve Ratio in India is decided by RBI's Monetary Policy Committee.
- 2) CRR allows RBI to maintain a desired level of inflation, control the money supply and also liquidity in the economy.
- 3) CRR deposits earn interest at the rate which is equal to reverse repo rate.

Which of the above statements is/are correct?

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

Q.37) Solution (c)

The percentage of cash required to be kept in reserves, vis-a-vis a bank's total deposits, is called the Cash Reserve Ratio.

The Cash Reserve Ratio in India is decided by RBI's Monetary Policy Committee in the periodic Monetary and Credit Policy.

Hence Statement 1 is correct

CRR is one of the major weapons in the RBI's arsenal that allows it to maintain a desired level of inflation, control the money supply, and also liquidity in the economy.

Hence Statement 2 is correct

The cash reserve is either stored in the bank's vault or is sent to the RBI. Banks do not get any interest on the money that is with the RBI under the CRR requirements.

Hence Statement 3 is incorrect**Q.38) Which of the following statements correctly explains the Marginal Standing Facility (MSF)?**

- a) It is the interest rate at which the Reserve Bank provides overnight liquidity to banks against the collateral of government.
- b) It is a facility under which scheduled commercial banks can borrow additional amount of overnight money from the Reserve Bank.
- c) It is the rate at which the Reserve Bank is ready to buy or rediscount bills of exchange or other commercial papers.
- d) It is a facility where surplus liquidity of a more enduring nature arising from large capital inflows is absorbed through sale of short-dated government securities.

Q.38) Solution (b)

Marginal Standing Facility (MSF):

A facility under which scheduled commercial banks can borrow additional amount of overnight money from the Reserve Bank by dipping into their Statutory Liquidity Ratio (SLR) portfolio up to a limit at a penal rate of interest. This provides a safety valve against unanticipated liquidity shocks to the banking system.

Q.39) An increase in the Bank Rate generally indicates that the

- a) Central Bank is no longer making loans to commercial banks.
- b) Central Bank is following an easy money policy.
- c) Central Bank is following a tight money policy.
- d) Market rate of interest is likely to fall.

Q.39) Solution (c)

A bank rate is the interest rate at which a nation's central bank lends money to domestic banks, often in the form of very short-term loans. Managing the bank rate is a method by which central banks affect economic activity. Lower bank rates can help to expand the economy by lowering the cost of funds for borrowers, and higher bank rates help to reign in the economy when inflation is higher than desired.

Tight monetary policy: when RBI raises the rates to decrease liquidity.

Q.40) Consider the following statements regarding Regional Rural Banks (RRB):

- 1) RRBs have a statutory backing under RRB Act 1976.
- 2) Regional Rural Banks are supervised by National Bank for Agriculture and Rural Development (NABARD)
- 3) Their area of operation includes rural areas only.

Which of the above statements is/are correct?

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

Q.40) Solution (a)

The rural banks had the legislative backing of the Regional Rural Banks Act 1976. This act allowed the government to set up banks from time to time wherever it considered necessary.

Hence Statement 1 is correct

Regional Rural Banks are supervised by National Bank for Agriculture and Rural Development (NABARD).

Hence Statement 2 is correct

They have been created with a view to serve primarily the rural areas of India with basic banking and financial services. RRBs may have branches set up for urban operations and their area of operation may include urban areas too.

Hence Statement 3 is incorrect

Q.41) Consider the following statements

1. Banking Regulation Act, 1949, empowers NABARD to conduct inspection of State Cooperative Banks (StCBs).
2. NABARD has been accredited as National Implementing Entity (NIE) for Adaptation Fund of United Nations Framework Convention on Climate Change (UNFCCC).

Which of the statements given above is/are *NOT* correct?

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

Q.41) Solution (d)

Section 35(6) of the Banking Regulation Act, 1949, empowers NABARD to conduct inspection of State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs) and Regional Rural Banks (RRBs).

Hence Statement 1 is correct.

NABARD has been accredited as Direct Access Entity (DAE) of Green Climate Fund for channelizing resources under this Fund. NABARD aims to use the GCF resources for projects and programmes aimed at climate resilient and low emission development.

NABARD has also been accredited as National Implementing Entity (NIE) for Adaptation Fund of United Nations Framework Convention on Climate Change (UNFCCC) as well designated as NIE for National Adaptation Fund for Climate Change.

Hence Statement 2 is correct.

Q.42) Consider the following statements

1. The total liability of the RBI is called the monetary base.
2. Money multiplier can be defined as the ratio of the stock of money to the stock of high powered money in 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.42) Solution (c)

The total liability of the monetary authority of the country, RBI, is called the monetary base or high powered money.

Hence Statement 1 is correct.

Money multiplier can be defined as the ratio of the stock of money to the stock of high powered money in an economy.

Hence Statement 2 is correct.

Q.43) Consider the following statements

1. The total amount of deposits held by all commercial banks in the country is much lower than the total size of their reserves.
2. Open Market Operations (OMO's) includes both outright purchase and sale of Government securities.

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.43) Solution (b)

The total amount of deposits held by all commercial banks in the country is much larger than the total size of their reserves.

Hence Statement 1 is incorrect.

Open Market Operations (OMOs): These include both, outright purchase and sale of government securities, for injection and absorption of durable liquidity, respectively.

Hence Statement 2 is correct.

Q.44) Consider the following statements:

1. Private sector banks are considered banking companies as defined in the Companies Act, 2013.
2. Some part of equity of Regional Rural Bank is also held by the respective State Government.

Which of the statements given above is/are NOT correct?

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

Q.44) Solution (a)

Private sector banks and foreign banks are considered banking companies as defined in the Banking Regulation Act, 1949.

Hence Statement 1 is incorrect.

The equity of the RRBs was contributed by the Central Government, concerned State Government and the sponsor bank in the proportion of 50:15:35.

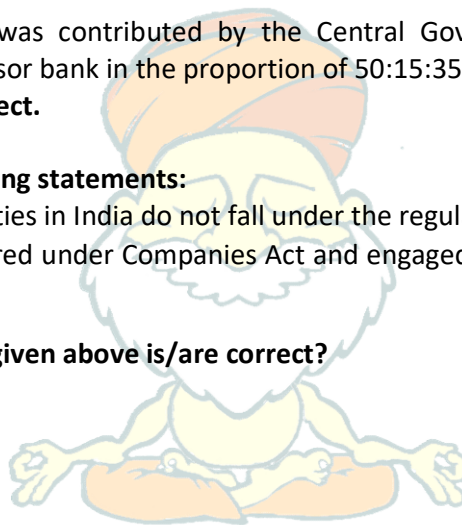
Hence Statement 2 is correct.

Q.45) Consider the following statements:

1. Co-operative Societies in India do not fall under the regulatory purview of RBI.
2. A company registered under Companies Act and engaged in the chit business can be a NBFC.

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.45) Solution (c)**

Co-operative Societies in India are a State subject and they do not fall under the regulatory purview of RBI.

Hence Statement 1 is correct.

A Non-Banking Financial Company (NBFC) as defined in Sec.45-I(f) read with Sec.45-I(c) of RBI Act, 1934 is a Company registered under the Companies Act and engaged in the business of:

1. Lending or financing
2. acquisition of shares / stocks / bonds/ debentures/
3. securities issued by Government or local authority
4. Leasing & hire-purchase
5. insurance business
6. chit business
7. collection of monies
8. acceptance of deposits.

Hence Statement 2 is correct.

Q.46) Consider the following statements on regulators of different types of NBFC's/activities:

1. Mutual Benefit Companies are regulated by SEBI.
2. Chit Funds are regulated by State Governments.

Which of the following statements is/are NOT CORRECT?

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

Q.46) Solution (a)

Mutual Benefit Companies, Nidhi Companies are regulated by Ministry of Corporate Affairs.

Hence Statement 1 is incorrect

Chit Funds are regulated by State Governments.

Hence Statement 2 is correct

Q.47) Consider the following statements:

1. Certificate of Deposits (CD) means a debt instrument issued by a corporate with original or initial maturity up to one year and issued by way of private placement.
2. Commercial Paper (CP) is an unsecured money market instrument issued in the form of promissory note.

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.47) Solution (b)

Non-Convertible Debenture (NCD) means a debt instrument issued by a corporate (including NBFCs) with original or initial maturity up to one year and issued by way of private placement.

Hence Statement 1 is incorrect

Commercial Paper (CP) is an unsecured money market instrument issued in the form of promissory note.

Hence Statement 2 is correct

Q.48) Which of the following statement is/are correct regarding White Label ATM?

1. ATMs set up, owned and operated by non-bank entities are called white label ATMs.

2. White label ATMs will not display logo of any particular bank.
3. The operators are permitted to charge bank customer directly for the use of ATM resources.

Select the correct answer using the code given below:

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

Q.48) Solution (b)

ATMs set up, owned and operated by non-bank entities are called white label ATMs.

Hence Statement 1 is correct

Cash in ATMs is provided by the sponsored bank while ATM machine does not have any branding of Bank. These white label ATMs will not display logo of any particular bank.

Hence Statement 2 is correct

The operators are entitled to receive a fee from the banks for the use of ATM resources by the bank's customers and are not permitted to charge bank customer directly.

Hence Statement 3 is incorrect

TATA launched the first white label ATM in India under the brand name of Indicash.

Q.49) Consider the following statements with reference to the India Post Payment Bank (IPPB).

- 1) The bank offers only savings account up to a balance of Rupees 1 Lac.
- 2) It operates with the Department of Posts under Ministry of Communications.

Which of the following statements is/are NOT CORRECT?

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

Q.49) Solution (a)

The bank offers savings and current accounts up to a balance of Rs 1 Lac.

Hence Statement 1 is incorrect

India Post Payments Bank (IPPB) is a 100% government owned public sector bank, operating with the Department of Posts under Ministry of Communications,

Hence Statement 2 is correct

Q.50) Consider the following statements regarding MUDRA Bank:

- 1) It provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs.
- 2) The Tarun category under MUDRA bank is allowed a loan upto a limit of Rs 50 thousand.
- 3) The bank will function as a subsidiary of SIDBI.

Which of the above statements are correct?

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

Q.50) Solution (c)

Micro Units Development and Refinance Agency Bank (or MUDRA Bank) is a public sector financial institution in India. It provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs.

Hence Statement 1 is correct

The bank will classify its clients into three categories and the maximum allowed loan sums will be based on the category:

Shishu: Allowed loans up to ₹50,000

Kishore: Allowed loans up to ₹5 lakhs

Tarun: Allowed loans up to ₹10 lakhs

Hence Statement 2 is incorrect

The bank will function as a subsidiary of the Small Industries Development Bank of India (SIDBI).

Hence Statement 3 is correct**Q.51) Consider the following statements**

1. Fifteenth Finance Commission (for horizontal devolution) has assigned highest weight for the criteria of 'population'.
2. Fifteenth Finance Commission (for horizontal devolution) has assigned lowest weight for the criteria of 'Tax effort'.

Which of the statements given above is/are NOT correct?

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

Q.51) Solution (a)15th Finance Commission--Criteria and Weights Assigned for Horizontal Devolution

Criteria	Weight (%)
Population	15
Area	15
Forest and Ecology	10
Income Distance	45
Demographic Performance	12.5
Tax Effort	2.5

Hence Statement 1 is incorrect and Statement 2 is correct.

Q.52) Consider the following statements

1. The grants provided by 15th Finance Commission to the rural local bodies are completely (100%) untied.
2. For rural local bodies, no conditions have been prescribed by 15th Finance Commission for getting the grants in 2020-21.

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.52) Solution (b)

50 per cent grants to rural local bodies are untied, the remaining 50 per cent would be tied as grants for sanitation and water supply which are identified national priorities.

Hence Statement 1 is incorrect.

For rural local bodies, no conditions have been prescribed for getting the grants in 2020-21. However, from 2021-22 onwards, the entry level conditions for rural local bodies getting these grants is the timely submission of audited accounts.

Hence Statement 2 is correct.

Q.53) Consider the following statements

1. 15th Finance Commission has recommended an aggregate share of 42 per cent of the net proceeds of Union taxes (divisible pool) for the States.
2. One of the major components of the revenue expenditure of the Government is Interest payments.

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.53) Solution (b)

15th Finance Commission has recommended an aggregate share of 41 per cent of the net proceeds of Union taxes (divisible pool) for the States, compared to 42 per cent recommended by the 14th Finance Commission. The reduction of 1 per cent devolution to states is meant to enable the Union Government to provide for the security and other special needs of the Union Territory of Ladakh and Union Territory of Jammu & Kashmir.

Hence Statement 1 is incorrect.

The major components of the revenue expenditure of the Government include Interest payments, Subsidies, Salaries, Pensions, Defence revenue expenditures, expenditure on Central Police Organizations and the revenue transfers made to the State/UT Governments in the form of Finance Commission grants, Centrally Sponsored Schemes and Other Transfers.

Hence Statement 2 is correct.

Q.54) Consider the following statements:

1. In the recent Budget, the government has reduced the GST rate on Electric Vehicles and Electric Vehicle Chargers to 5 per cent.
2. e-Nivaran is the online grievance redressal system of the Income Tax Department.

Which of the statements given above is/are NOT correct?

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

Q.54) Solution (d)

In the recent Budget, the government has reduced the GST rate on Electric Vehicles and Electric Vehicle Chargers to 5 per cent.

Hence Statement 1 is correct.

e-Nivaran is the online grievance redressal system of the Income Tax Department. All types of Grievances such as PAN application, processing, assessment, appeals, TDS etc., can be filed by tax payers.

Hence Statement 2 is correct.

Q.55) Consider the following statements:

1. PAHAL is an example of cash scheme of Direct Benefit Transfer (DBT), while PDS is an example for In-kind scheme of DBT.
2. Proportion of external debt as percentage of total liabilities, amounts to 49 per cent of Central Government's total liabilities as on March 31, 2019.

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.55) Solution (a)

Cash schemes of DBT: This category includes 301 schemes or components of schemes where subsidies/benefits are transferred directly into the bank accounts of the beneficiaries.

For example, under PAHAL, beneficiaries buy LPG cylinders at market price and receive subsidy directly in their bank accounts.

In-kind schemes of DBT: This category includes 67 schemes or components of schemes where beneficiaries receive subsidies in the form of goods, commodities, etc. after conducting Aadhaar-based authentication preferably at Point of Sale (PoS). For instance, under PDS, food grains are distributed at subsidized rates via Fair Price Shops to authenticated beneficiaries.

Hence Statement 1 is correct.

One of the key features on country's debt profile is low proportion of external debt as percentage of total liabilities, which amounts to 5.9 per cent of Central Government's total liabilities as on March 31, 2019.

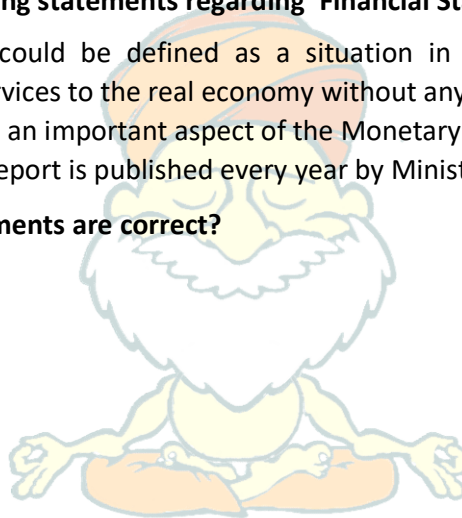
Hence Statement 2 is incorrect.

Q.56) Consider the following statements regarding 'Financial Stability':

- 1) Financial stability could be defined as a situation in which the financial sector provides critical services to the real economy without any discontinuity.
- 2) Financial stability is an important aspect of the Monetary Policy of India
- 3) Financial Stability report is published every year by Ministry of Finance.

Which of the above statements are correct?

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



Q.56) Solution (a)

Financial Stability could be defined as a situation in which the financial sector provides critical services to the real economy without any discontinuity.

Hence Statement 1 is correct

Financial stability is now one of the three important objectives of monetary policy besides price stability and credit support.

Hence Statement 2 is correct

The RBI since 2010 is publishing India Financial Stability Report to assess financial stability scenario in the country.

Hence Statement 3 is incorrect

Q.57) Consider the following statements with reference to SEBI:

- 1) It regulates the trading of Shares in the Stock exchanges

- 2) The trading of Agricultural Commodities in Commodity exchanges is regulated by Forward Markets Commission (FMC) and SEBI supervises it.

Which of the following statements is/are correct?

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

Q.57) Solution (a)

The primary function of SEBI is regulating the stock markets in India.

Hence Statement 1 is correct

Until September 2015, the SEBI was only regulator of the stock markets and the regulation of trade in Agricultural products was carried out by Forward Markets Commission. On 28 September 2015 the FMC was merged with the Securities and Exchange Board of India (SEBI). So, now, SEBI is the regulator of both the sectors.

Hence Statement 2 is incorrect

Q.58) With reference to regulation of pension products, consider the below statements:

- 1) Pension products floated by insurance companies or sold by mutual funds come under the purview of the Insurance Regulatory and Development Authority (IRDA).
- 2) The National Pension System (NPS) is a voluntary defined contribution pension system administered and regulated by the Pension Fund Regulatory and Development Authority (PFRDA).

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.58) Solution (b)

Pension products floated by insurance companies come under the purview of the Insurance Regulatory and Development Authority (IRDA) while those sold by mutual funds are overseen by the SEBI.

Hence Statement 1 is incorrect

The National Pension System (NPS), which is a voluntary defined contribution pension system administered, is regulated by the Pension Fund Regulatory and Development Authority (PFRDA).

Hence Statement 2 is correct

Q.59) Consider the following statements with reference to the Financial Stability and Development Council (FSDC)

- 1) It is a statutory body constituted under an Act of the Parliament
- 2) The Chairman of the FSDC is the Finance Minister of India

Which of the above statements is/are *NOT CORRECT*?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 or 2

Q.59) Solution (a)

Financial Stability and Development Council was setup with a view to strengthen and institutionalize the mechanism for maintaining financial stability and enhancing inter-regulatory coordination, Indian Government has setup FSDC, not by the Act of Parliament.

Hence Statement 1 is incorrect

The Chairman of the FSDC is the Finance Minister of India and its members include the heads of the financial sector regulatory authorities (i.e, SEBI, IRDA, RBI, PFRDA and FMC), Finance Secretary and/or Secretary, Department of Economic Affairs (Ministry of Finance), Secretary, (Department of Financial Services, Ministry of Finance) and the Chief Economic Adviser.

Hence Statement 2 is correct

Q.60) Which of the following constitutes Non-tax revenue in the economy:

- 1) Interest and dividend receipts
- 2) External grants and receipts from fiscal services
- 3) External grants and receipts from the Union Public Service
- 4) Disinvestment receipts

Choose the correct option from the code given below:

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

Q.60) Solution (b)

Non-debt capital receipts: Recovery of loans and advances, and disinvestment receipts

Q.61) Consider the following statements:

1. The Non-debt Capital receipts include recovery of loans and disinvestment receipts.

2. Bharat Bond Exchange Traded Fund (ETF) is the first corporate Bond ETF in the country.

Which of the statements given above is/are NOT correct?

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

Q.61) Solution (d)

The Non-debt Capital receipts include recovery of loans and disinvestment receipts.

Hence Statement 1 is correct.

Bharat Bond Exchange Traded Fund (ETF) is the first corporate Bond ETF in the country.

Launch of Bharat Bond Exchange Traded Fund (ETF) is to create an additional source of funding for Central Public Sector Undertakings (CPSUs) Central Public Sector Enterprises (CPSEs), Central Public Financial Institutions (CPFIs) and other Government organizations.

Hence Statement 2 is correct.

Q.62) Consider the following statements regarding Sabka Vishwas (Legacy Dispute Settlement) Scheme 2019:

1. The Scheme is a one-time measure for liquidation of disputes in current GST regime.
2. Any person who wants to make a voluntary disclosure can file a declaration under the scheme.

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.62) Solution (b)

The scheme is a one-time measure for liquidation of past disputes of Central Excise, Service Tax and 26 other indirect tax enactments.

Hence Statement 1 is incorrect.

Any person falling under the following categories is eligible, subject to other conditions, to file a declaration under the Scheme:

- (a) Who has a show cause notice (SCN) for demand of duty/tax or one or more pending appeals arising out of such notice where the final hearing has not taken place as on 30.06.2019.
- (b) Who has been issued SCN for penalty and late fee only and where the final hearing has not taken place as on 30.06.2019.
- (c) Who has recoverable arrears pending.
- (d) Who has cases under investigation and audit where the duty/tax involved has been quantified and communicated to him or admitted by him in a statement on or before 30th June, 2019.
- (e) Who wants to make a voluntary disclosure.

Hence Statement 2 is correct.

Q.63) Consider the following statements

1. GST is exempted upto 2050 on imports of specified defence goods not being manufactured indigenously.
2. GST is exempted on supply of goods and services to FIFA and other specified persons for organizing the Under-17 Women's Football World Cup in 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.63) Solution (b)

GST is exempted on imports of specified defence goods not being manufactured indigenously upto 2024.

Hence Statement 1 is incorrect.

GST is exempted on supply of goods and services to FIFA and other specified persons for organizing the Under-17 Women's Football World Cup in India.

Hence Statement 2 is correct.

Q.64) Consider the following statements:

1. In the case of every individual, being a resident in India, who is of the age of 60 years or more but less than 80 years need not pay income tax if annual income is less than 5,00,00 Rupees.
2. In the case of every individual, being a resident in India, who is of the age of eighty years or more need not pay income tax if annual income is less than 7,50,000 Rupees.

Which of the statements given above is/are NOT correct?

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

Q.64) Solution (c)

In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years need not pay income tax if annual income is less than 3,00,00 Rupees.

Hence Statement 1 is incorrect.

In the case of every individual, being a resident in India, who is of the age of eighty years or more need not pay income tax if annual income is less than 5,00,000 Rupees.

Hence Statement 2 is incorrect.

Q.65) Consider the following statements regarding Budget 2020-21

1. Borrowings and other liabilities constitutes the highest percentage of Central Government's income.

2. States Share of Taxes and Duties constitutes the highest percentage of Central Government's expenditure.

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 (c)

Borrowings and other liabilities constitutes the highest percentage (20%) of Central Government's income. It is followed by income from GST (18%) and Corporation Tax (18%).

Hence Statement 1 is correct.

States Share of Taxes and Duties constitutes the highest percentage (20%) of Central Government's expenditure. It is followed by expenditure on Interest Payments (18%).

Hence Statement 2 is correct.

Q.66) Consider the following statements:

1. Krishi Udaan scheme is launched by Ministry of Agriculture and Farmers Welfare.
2. Nikshay Poshan Yojana is a scheme related to providing nutrition for school children.

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.66) Solution (d)

Krishi Udaan scheme is launched by Ministry of Civil Aviation.

Hence Statement 1 is incorrect.

Nikshay Poshan Yojana is a scheme related to providing nutritional support to Tuberculosis patients.

Hence Statement 2 is incorrect.

Q.67) Consider the following statements with reference to Fiscal Deficit

1. Fiscal Deficit = Total Expenditure – Total Receipts including borrowings.
2. Fiscal deficit indicates the total borrowing requirements of the government.

Which of the above statements is/are correct?

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

Q.67) Solution (b)

Fiscal Deficit = Total Expenditure – Total Receipts excluding borrowings.

The extent of fiscal deficit is an indication of how far the government is spending beyond its means.

Hence Statement 1 is incorrect

Fiscal deficit indicates the total borrowing requirements of the government. Borrowings not only involve repayment of principal amount, but also require payment of interest.

Hence Statement 2 is correct

Q.68) Consider the following statements about revenue receipts and capital receipts.

1. Interest receipts, dividends and profits are parts of revenue receipts.
2. Article 112 of the constitution mandates expenditure is shown in revenue and other categories.
3. Disinvestment proceeds are part of capital receipts.

Which of the above statements is/are correct?

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

Q.68) Solution (d)

Interest receipts, dividends and profits are parts of revenue receipts.

Hence Statement 1 is correct.

Article 112 of the constitution mandates expenditure is shown in revenue and other categories.

Hence Statement 2 is correct.

Disinvestment proceeds are part of capital receipts.

Hence Statement 3 is correct.

Q.69) Which of the following comes under capital account?

1. Purchase of stocks in the USA.
2. Reserve Account with the Central Bank
3. External Borrowings such as ECB.

Select the correct answer using the codes given below.

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

Q.69) Solution (d)

Capital Account – It deal with capital transactions i.e. those transactions which create assets or liabilities. It reflects the net changes in the ownership of national assets.

For instance, if you buy a stocks or property in US, it will be a capital account transaction and it will be debit on capital account as you have to pay to US to buy the asset.

Components of Capital Account

- Foreign Direct Investment (FDI)
- Foreign Portfolio Investment (FPI)
- External Borrowings such as ECB
- Reserve Account with the Central Bank

Q.70) Consider the following statements:

1. Current Account reflects the nation's net income.
2. The grants are a component of capital account.
3. There are only three components of Current Account such as Goods, Services and Investment income.

Which of the above statements are INCORRECT?

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

Q.70) Solution (b)

Current Account – It deals with current, ongoing, short term transactions like trade in goods, services (invisible) etc. It reflects the nation's net income.

Hence Statement 1 is correct

The grants might appear as component of capital account but are included in current account as they are unilateral, create no liability. Recipient does not have to give anything back in return.

Hence Statement 2 is incorrect

There are 4 components of Current Account:

- Goods – trade in goods
- Services (invisible) – trade in services e.g. tourism
- Income – investment income
- Current unilateral transfers – donations, gifts, grants, remittances.

Hence Statement 3 is incorrect**Q.71) Consider the following statements regarding SEBI:**

1. SEBI deals with the registration and regulation of working of Mutual Funds.
2. For the protection of investors, SEBI can prohibit any company from issuing advertisement soliciting money from the public for the issue of securities.

Which of the statements given above is/are NOT correct?

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

Q.71) Solution (d)

SEBI deals with the registration and regulation of working of Mutual Funds.

Hence Statement 1 is correct.

For the protection of investors SEBI can prohibit any company from issuing prospectus, any offer document, or advertisement soliciting money from the public for the issue of securities.

Hence Statement 2 is correct.

Q.72) Consider the following statements regarding Pension Fund Regulatory and Development Authority (PFRDA):

1. PFRDA Act shall apply to all pension schemes which are not regulated by any other enactment.
2. The provisions of PFRDA Act shall not apply to the schemes under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

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.72) Solution (c)

PFRDA Act shall apply to all pension schemes which are not regulated by any other enactment.

Hence Statement 1 is correct.

The provisions of PFRDA Act shall not apply to the schemes under Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

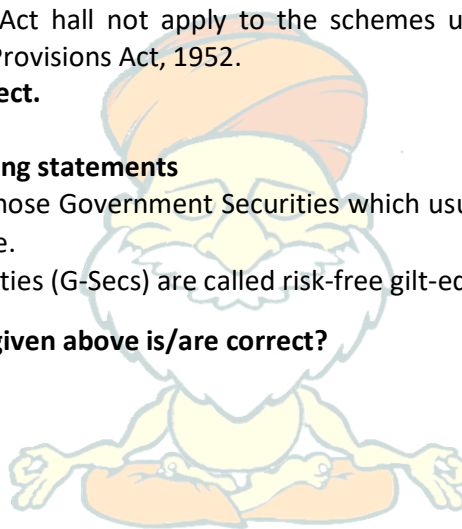
Hence Statement 2 is correct.

Q.73) Consider the following statements

1. Treasury bills are those Government Securities which usually have a maturity period of one year or more.
2. Government Securities (G-Secs) are called risk-free gilt-edged instruments.

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 (b)

Treasury bills are those Government Securities which usually have a maturity period of less than one year.

Hence Statement 1 is incorrect.

Government Securities (G-Secs) carry practically no risk of default and, hence, are called risk-free gilt-edged instruments.

Hence Statement 2 is correct.

Q.74) Consider the following statements:

1. Treasury bills are issued at a discount and redeemed at the face value at maturity.
2. Cash Management Bills (CMBs) are generally issued for maturities less than 91 days.

Which of the statements given above is/are NOT correct?

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

- d) Neither 1 nor 2

Q.74) Solution (d)

Treasury bills are zero coupon securities and pay no interest. Instead, they are issued at a discount and redeemed at the face value at maturity.

Hence Statement 1 is correct.

The CMBs have the generic character of T-bills but are issued for maturities less than 91 days.

Hence Statement 2 is correct.

Q.75) Consider the following statements:

1. The Public Debt Office (PDO) of the Reserve Bank of India acts as the depository of G-Secs.
2. Most Government bonds in India are issued as fixed rate bonds.

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)

The Public Debt Office (PDO) of the Reserve Bank of India acts as the registry / depository of G-Secs and deals with the issue, interest payment and repayment of principal at maturity. Most of the dated securities are fixed coupon securities.

Hence Statement 1 is correct.

Most Government bonds in India are issued as fixed rate bonds. Fixed Rate Bonds are bonds on which the coupon rate is fixed for the entire life (i.e. till maturity) of the bond.

Hence Statement 2 is correct.

Q.76) Which among are a part of internal debt of Central Government?

1. Market Loans
2. Treasury Bills
3. Securities against Small Savings.

Select the correct code:

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

Q.76) Solution (d)

Market Loans, Treasury Bills, Securities against Small Savings. Cash Management Bills, Ways & Means Advances etc are included in Internal debt of Central Government.

Q.77) Consider the following statements:

1. FPIs are permitted to invest in Dated Government Securities.
2. Investment by any FPI, including investments by related FPIs, shall not exceed 25% of any issue of a corporate bond.

Which of the above statements is/are correct?

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

Q.77) Solution (a)

FPIs are permitted to invest in Dated Government Securities.

Hence Statement 1 is correct

Investment by any FPI, including investments by related FPIs, shall not exceed 50% of any issue of a corporate bond.

Hence Statement 2 is incorrect

Q.78) Consider the following statements:

1. The nodal point for FII registrations is SEBI and hence all FIIs must register themselves with SEBI.
2. FIIs are entities established or incorporated outside India and make proposals for investments in India.

Which of the above statements is/are correct?

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

Q.78) Solution (c)

The nodal point for FII registrations is SEBI and hence all FIIs must register themselves with SEBI and should also comply with the exchange control regulations of the central bank.

Hence Statement 1 is correct.

Foreign Institutional investors (FIIs) are entities established or incorporated outside India and make proposals for investments in India.

Hence Statement 2 is correct.

Q.79) Consider the following statements:

1. NSE (National Stock Exchange) has launched India INX, India's 1st international exchange, located at GIFT CITY IFSC in Ahmedabad.
2. Indian Clearing Corporation Limited (ICCL) has been accorded Qualified Central Counterparty (QCCP) status by the NSE (National Stock Exchange)

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.79) Solution (d)

BSE has launched India INX, India's 1st international exchange, located at GIFT CITY IFSC in Ahmedabad.

Hence Statement 1 is incorrect.

ICCL has been accorded Qualified Central Counterparty ("QCCP") status by the Securities and Exchange Board of India ("SEBI")

Hence Statement 2 is incorrect.

Q.80) Match List I with List II and select the correct answer by using the codes given below the lists:

List I

(Five Year Plans)

A. First FYP

B. Second FYP

C. Third FYP

D. Fourth FYP

E. Fifth FYP
alleviation

List II

(Highest priority/emphasis given)

1. establishment of a socialistic pattern of society in India

2. agriculture including irrigation and power projects

3. Promotion of equity

4. Promotion of equality

5. achieve self-reliance, measures for poverty

A-B-C-D-E

- a) 1-5-3-4-2
- b) 1-2-5-3-4
- c) 2-1-4-3-5
- d) 2-1-5-4-3

Q.80) Solution (c)

First FYP agriculture including irrigation and power projects

Second FYP led to establishment of a socialistic pattern of society in India and also emphasized on rapid industrialization and development of basic and heavy industries.

Third FYP Promotion of equality

Fourth FYP Promotion of equity

Fifth FYP achieve self-reliance, direct measures for poverty alleviation (Garibi Hatao)

Q.81) Consider the following statements:

1. Inflation Indexed Bonds (IIBs) are bonds, the principal of which is linked to an accepted index of inflation with a view to protecting the Principal amount of the investors from inflation.
2. Capital Indexed Bonds are bonds wherein both coupon flows and Principal amounts are protected against inflation

Which of the statements given above is/are NOT correct?

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

Q.81) Solution (c)

Capital Indexed Bonds are bonds, the principal of which is linked to an accepted index of inflation with a view to protecting the Principal amount of the investors from inflation.

Hence Statement 1 is incorrect.

Inflation Indexed Bonds (IIBs) are bonds wherein both coupon flows and Principal amounts are protected against inflation

Hence Statement 2 is incorrect.

Q.82) Consider the following statements:

1. An Indian Depository Receipt (IDR) is an instrument denominated in Indian Rupees.
2. The IDRs are required to be listed in at least one stock exchange in India having nationwide terminals.

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.82) Solution (c)

An IDR is an instrument denominated in Indian Rupees in the form of a depository receipt created by a Domestic Depository (custodian of securities registered with the Securities and Exchange Board of India) against the underlying equity shares of issuing company to enable foreign companies to raise funds from the Indian securities Markets.

Hence Statement 1 is correct.

The IDRs are required to be listed in at least one stock exchange in India having nationwide terminals.

Hence Statement 2 is correct.

Q.83) Consider the following statements

1. Derivatives have no independent value.
2. Options Contract means a legally binding agreement to buy or sell the underlying security on a future date.

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.83) Solution (a)

The term 'Derivative' indicates that it has no independent value, i.e. its value is entirely 'derived' from the value of the underlying asset.

Hence Statement 1 is correct.

Futures Contract means a legally binding agreement to buy or sell the underlying security on a future date.

Hence Statement 2 is incorrect.

Q.84) Consider the following statements regarding various membership categories in the equity derivatives market:

1. Self-Clearing Members (SCM) are permitted to settle their own trades as well as the trades of the other non-clearing members.
2. A Trading Member is a member of the derivatives exchange and can trade on his own behalf, but cannot trade on behalf of others.

Which of the statements given above is/are NOT correct?

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

Q.84) Solution (c)

Clearing Member (CM): These members are permitted to settle their own trades as well as the trades of the other non-clearing members known as Trading Members who have agreed to settle the trades through them.

Self-clearing Member (SCM) – A SCM are those clearing members who can clear and settle their own trades only.

Hence Statement 1 is incorrect.

A Trading Member is a member of the derivatives exchange and can trade on his own behalf and on behalf of his clients

Hence Statement 2 is incorrect.

Q.85) Consider the following statements:

1. Qualified Foreign Investors (QFIs) do not include Foreign Institutional Investors (FIIs)
2. Currency future contracts allow investors to hedge against foreign exchange risk.

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.85) Solution (c)

QFIs do not include FIIs/Sub accounts/ Foreign Venture Capital Investor.

Hence Statement 1 is correct.

Currency futures are contracts to buy or sell a specific underlying currency at a specific time in the future, for a specific price.

Currency future contracts allow investors to hedge against foreign exchange risk.

Hence Statement 2 is correct.

Q.86) Which of the following is/are Money Market instrument?

1. Treasury Bills
2. Shares of a Company
3. Certificate of Deposit
4. Commercial Papers

Select the correct answer using the codes given below.

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

Q.86) Solution (b)

- Money Market is a place for short term lending and Borrowing normally within a year.
- It deals in short term debt financing and investments.
- Investment in money market is done throughout money market instruments.
- Money market instrument meets short term necessities of the borrowers and provides liquidity to the lenders.

Money Market Instruments are as follows:

1. Treasury Bills (T-Bills)
2. Repurchase Agreements
3. Commercial Papers
4. Certificate of Deposit
5. Banker's Acceptance

Shares of a company are bought and sold in the capital markets which are instruments of long term capital.

Q.87) Consider the following statements with reference to the Foreign Direct Investment (FDI):

1. FDI inflows are more volatile and the capital can leave the country overnight.
2. FDI is preferable over debt financing as it does not create interest obligations.

Which of the following statements is/are correct?

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

Q.87) Solution (b)

FDI is more stable and less volatile in nature; in contrast the Foreign Portfolio Investments are highly volatile in nature. They are also called the Hot Money, as they can leave India overnight to invest in other markets.

Hence Statement 1 is incorrect

FDI being more stable in nature involves investments with long term profits in mind. They generate profits by locally producing the goods and services, as such are more preferable over the Debt financing as it creates interest obligations even when the business is not running well.

Hence Statement 2 is correct

Q.88) Consider the following statements about Foreign Portfolio Investment (FPI)

1. Returns in FPI are in the form of dividends and interest payments.
2. FPI is the passive holding of securities and other financial assets by a foreign firm.

Which of the following statements is/are NOT CORRECT?

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

- d) Neither 1 nor 2

Q.88) Solution (d)

Foreign portfolio investment (FPI) is defined as an investment by individuals, firms, or a public body in foreign financial instruments, such as foreign stocks, government bonds, etc.

The returns in the case of FPI are generally in the form of non-voting dividends or interest payments.

Hence Statement 1 is correct

FPI is the passive holding of securities and other financial assets by a foreign firm, which does not entail management control of the issuing firm.

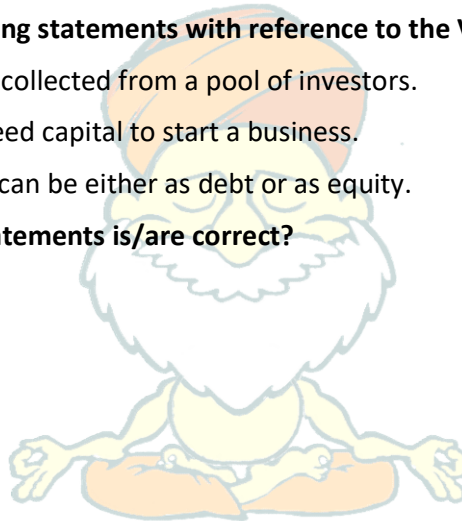
Hence Statement 1 is correct

Q.89) Consider the following statements with reference to the Venture capitalists (VCs)

1. They invest money collected from a pool of investors.
2. They provide the seed capital to start a business.
3. Investment by VCs can be either as debt or as equity.

Which of the following statements is/are correct?

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



Q.89) Solution (c)

Venture capitalists are the mostly the Limited Liability Partnership firms/funds, which raises fund from different investors.

Hence Statement 1 is correct

Venture Capitals generally invests in Growth stage (Series A) and forward, when the company has some proven numbers.

Hence Statement 2 is incorrect

VC's investment can be either as equity or loan or a mix of both. If it is done by equity they demand a seat in the Board of the company.

Hence Statement 3 is correct

Q.90) Which of the following are the characteristics of a Bull Market?

1. In a bull market, there is a weak demand and strong supply of securities.

2. Share prices will rise as investors compete to obtain available equity.

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.90) Solution (b)

In a bull market, we see strong demand and weak supply for securities. In other words, many investors are wishing to buy securities while few are willing to sell. As a result, share prices will rise as investors compete to obtain available equity.

Hence Statement 1 is incorrect.

In a bear market, the opposite is true as more people are looking to sell than buy. The demand is significantly lower than supply and, as a result, share prices drop.

Q.91) Consider the following statements:

1. Any entity raising INR denominated External Commercial Borrowing (ECB) is permitted to convert the liability arising out of INR ECB into foreign currency liability.
2. Transactions on account of External Commercial Borrowings (ECB) are governed by Reserve Bank of India Act, 1934.

Which of the statements given above is/are NOT correct?

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

Q.91) Solution (c)

Any entity raising INR denominated ECB is not permitted to convert the liability arising out of INR ECB into foreign currency liability in any manner.

Hence Statement 1 is incorrect.

Transactions on account of External Commercial Borrowings (ECB) and Trade Credit (TC) are governed by clause (d) of sub-section 3 of section 6 of the Foreign Exchange Management Act, 1999 (FEMA).

Hence Statement 2 is incorrect.

Q.92) Consider the following statements:

1. Merchandise trade deficit is the largest component of India's Current Account Deficit.
2. Net terms of trade (NTT) of a country is the ratio of unit value index of export to that of import.

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.92) Solution (c)

Merchandise trade deficit is the largest component of India's Current Account Deficit significantly impacting the BoP position.

Hence Statement 1 is correct.

Net terms of trade (NTT) of a country is the ratio of unit value index of export to that of import.

Hence Statement 2 is correct.

Q.93) Consider the following statements

1. In terms of total trade, China account for the highest trade with India in 2018-19.
2. India has a trade surplus with USA in 2018-19.

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.93) Solution (b)

In terms of total trade, USA account for the highest trade with India followed by China.

Hence Statement 1 is incorrect.

India has a trade surplus (total export value is greater than total import value) with USA and trade deficit with China in 2018-19.

Hence Statement 2 is correct.

Q.94) Consider the following statements:

1. The appreciation in Real Effective Exchange Rate may lead to increase in imports.
2. Petroleum Products were the largest exported commodity from India during 2018-19, in terms of value.

Which of the statements given above is/are NOT correct?

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

Q.94) Solution (d)

The appreciation in Real Effective Exchange Rate may lead to increase in imports.

An increase in REER implies that exports become more expensive and imports become cheaper.

Hence Statement 1 is correct.

Petroleum Products were the largest exported commodity from India during 2018-19, in terms of value.

Hence Statement 2 is correct.

Q.95) Consider the following statements:

1. China is the largest exporter to India in 2018-19.
2. Software services constitute the highest share of service exports by 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.95) Solution (c)

China is the largest exporter to India in 2018-19 followed by USA.

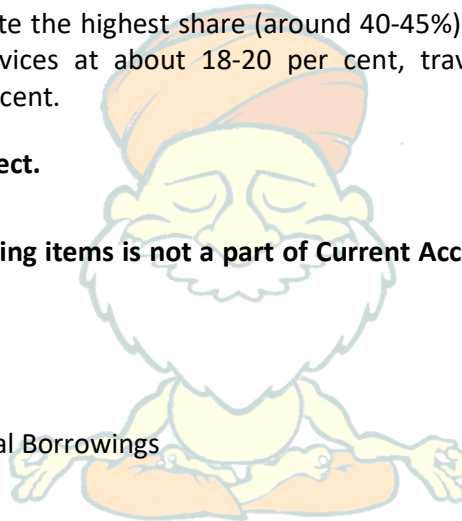
Hence Statement 1 is correct.

Software services constitute the highest share (around 40-45%) of service exports by India, followed by business services at about 18-20 per cent, travel at 11-14 per cent and transportation at 9-11 per cent.

Hence Statement 2 is correct.

Q.96) Which of the following items is not a part of Current Account in a country's Balance of Payment?

- a) Exports of Services
- b) Imports of Goods
- c) External commercial Borrowings
- d) Remittances



Q.96) Solution (c)

The current account on the balance of payments measures the inflow and outflow of goods, services and investment incomes.

The main components of the current account are:

- I. Trade in goods (visible balance): includes both export and import.
- II. Trade in services (invisible balance) e.g. insurance and services
- III. Investment incomes e.g. dividends, interest and migrants remittances from abroad
- IV. Net transfers – e.g. International aid

Q.97) Consider the following statements with reference to depreciation of a currency

1. It is a fall in the value of domestic currency with respect to other currencies

2. It is done by deliberate government intervention.

Which of the above statements is/are correct?

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

Q.97) Solution (a)

Currency depreciation is the loss of value of a country's currency with respect to one or more foreign reference currencies, typically in a floating exchange rate system in which no official currency value is maintained.

In a floating exchange rate system, a currency's value goes up (or down) if the demand for it goes up more (or less) than the supply does.

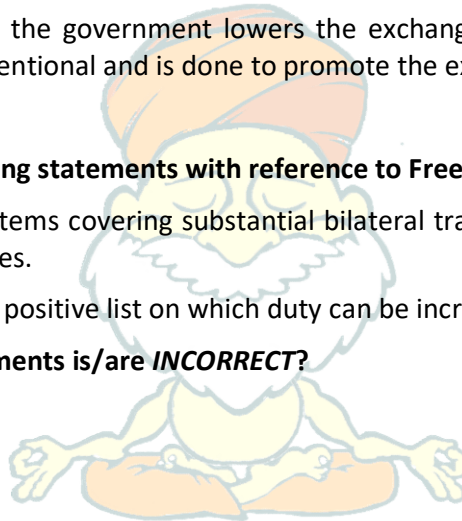
On the other hand, when the government lowers the exchange rate of its currency, it is called Devaluation, it is intentional and is done to promote the exports of the country.

Q.98) Consider the following statements with reference to Free Trade Agreement (FTA):

- 1. In FTAs, tariffs on items covering substantial bilateral trade are eliminated between the partner countries.
- 2. In an FTA there is a positive list on which duty can be increased.

Which of the above statements is/are *INCORRECT*?

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



Q.98) Solution (b)

In FTAs, tariffs on items covering substantial bilateral trade are eliminated between the partner countries; however each maintains individual tariff structure for non-members. India Sri Lanka FTA is an example.

Hence Statement 1 is correct.

In a PTA there is a positive list of products on which duty is to be reduced; in an FTA there is a negative list on which duty is not reduced or eliminated.

Hence Statement 2 is incorrect.

Q.99) Consider the following statements regarding Purchasing Power Parity:

1. It is a technique used to determine the relative value of different currencies.
2. This concept works on the assumption that markets work on the law of one price.
3. This is a popular method used by the IMF and World Bank in studying the living standards of people in different economies.

Which of the following is/are correct?

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

Q.99) Solution (d)

Law of one price, i.e., identical goods and services (in quantity as well as quality) must have the same price in different markets when measured in a common currency.

Q.100) Which of the following refers to Invisible balance in the context of BoP?

- a) It refers to import of Capital Goods.
- b) It refers to services and other products that do not result in the transfer of physical object.
- c) It refers to the interest paid by importers if they have borrowed money for imports.
- d) It refers to the amount of goods imported in the country on lease.

Q.100) Solution (b)

The invisible balance or balance of trade on services is that part of the balance of trade that refers to services and other products that do not result in the transfer of physical objects. Examples include consulting services, shipping services, tourism, and patent license revenues. This figure is usually generated by tertiary industry. The term 'invisible balance' is especially common in the United Kingdom.

Q.101) Consider the following statements:

1. Export Promotion Capital Goods (EPCG) Scheme allows exporters to import capital goods for production at zero customs duty.
2. Deemed Exports refers to those transactions in which the goods supplied do not leave the country.

Which of the statements given above is/are *NOT* correct?

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

Q.101) Solution (d)

Export Promotion Capital Goods (EPCG) Scheme: This Scheme allows exporters to import capital goods (except certain specified items under the Scheme) for pre-production, production and post-production at zero customs duty.

In return, the exporters are required to fulfill the export obligation to the tune of six times the import duties, taxes and cess saved amount on capital goods, to be fulfilled in six years from date of issue of the Authorization.

Hence Statement 1 is correct.

Deemed Exports refers to those transactions in which the goods supplied do not leave the country and the payment for such supplies is received either in Indian rupees or in free foreign exchange.

Hence Statement 2 is correct.

Q.102) Consider the following statements:

1. An increase in net remittances improves the BoP position.
2. India is the top remittance recipient country in 2018.

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.102) Solution (c)

An increase in net remittances improves the BoP position.

Hence Statement 1 is correct.

Further, as per the October 2019 report of World Bank, India remained the top remittance recipient country in 2018, followed by China, Mexico, the Philippines and Egypt.

Hence Statement 2 is correct.

Q.103) Consider the following statements

1. Foreign Portfolio Investment (FPI) is often referred to as hot money.
2. Net International Investment Position (NIIP) measures the gap between a nation's stock of foreign assets and foreigner's stock of that nation's assets at a specific point in time.

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.103) Solution (c)

FPI is often referred to as "hot money" because of its tendency to flee at the first signs of trouble in an economy or improvement in investment attractiveness elsewhere in the world.

Hence Statement 1 is correct.

Net International Investment Position (NIIP) measures the gap between a nation's stock of foreign assets and foreigner's stock of that nation's assets at a specific point in time.

Hence Statement 2 is correct.

Q.104) Consider the following statements:

1. To facilitate faster clearances at the ports for imports Direct Port Entry (DPE) scheme is introduced.
2. Generally, an increase in net External Commercial Borrowings (ECBs) improves the BoP position.

Which of the statements given above is/are NOT correct?

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

Q.104) Solution (a)

Schemes like Direct Port Delivery (DPD) for imports and Direct Port Entry (DPE) for exports are facilitating faster clearances at the ports.

Hence Statement 1 is incorrect.

Generally, an increase in net External Commercial Borrowings (ECBs) improves the BoP position.

Hence Statement 2 is correct.

Q.105) Consider the following statements:

1. An inverted duty structure will reduce the cost of intermediate inputs imported for manufacturing of exports thereby making the country's exports more competitive.
2. An increase in imports of raw materials and intermediate goods leads to an increase in exports of finished goods from 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.105) Solution (b)

A corrected duty structure will reduce the cost of intermediate inputs imported for manufacturing of exports thereby making the country's exports more competitive.

Hence Statement 1 is incorrect.

At an aggregate level, the import elasticity of exports is 1.1

1 per cent increase in imports of raw materials and intermediate goods leads to 1.1 per cent increase in exports of finished goods from India.

Hence Statement 2 is correct.

Q.106) Consider the following statements with reference to the Current Account Deficit.

1. It is a measurement of a country's trade in which the value of goods and services it imports exceeds the value of goods and services it exports.
2. If a current account deficit is financed through borrowing it is said to be more unsustainable.
3. A current account deficit may imply that you are relying on consumer spending, and are becoming uncompetitive.

Which of the following statements is/are correct?

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

Q.106) Solution (d)

Current Account Deficit is a measurement of a country's trade in which the value of goods and services it imports exceeds the value of goods and services it exports.

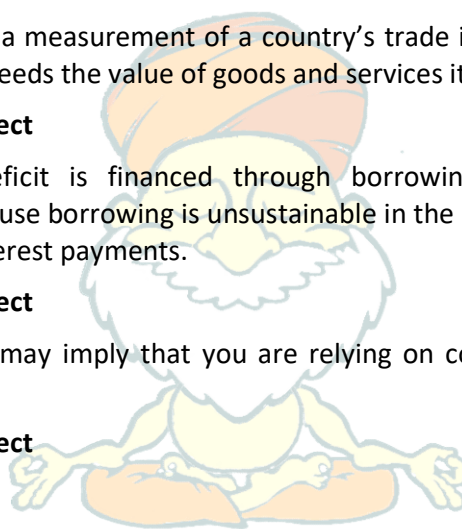
Hence Statement 1 is correct

If a current account deficit is financed through borrowing it is said to be more unsustainable. This is because borrowing is unsustainable in the long term and countries will be burdened with high interest payments.

Hence Statement 2 is correct

A current account deficit may imply that you are relying on consumer spending, and are becoming uncompetitive.

Hence Statement 3 is correct



Q.107) Which of the following constitutes the FOREX reserve of India?

1. Foreign currency assets
2. Gold
3. SDRs
4. RBI's Reserve position with IMF.

Select the correct answer from the code given below:

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

Q.107) Solution (d)

The components of India's FOREX Reserves include

1. Foreign currency assets (FCAs),
2. Gold Reserves,
3. Special Drawing Rights (SDRs) and
4. RBI's Reserve position with International Monetary Fund (IMF).

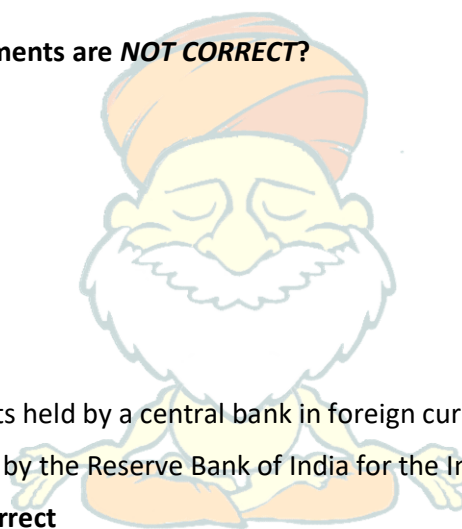
FCAs constitute largest component of Indian Forex Reserves and are expressed in US dollar terms.

Q.108) Consider the following statements regarding FOREX reserves in India?

1. FOREX reserves in India are managed by SEBI.
2. Inflow of foreign currency and Gold in economy decreases the money supply.
3. Many countries in world, which are smaller economies, don't have any foreign exchange reserves.

Which of the above statements are *NOT CORRECT*?

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

**Q.108) Solution (d)**

The forex are reserve assets held by a central bank in foreign currencies.

The reserves are managed by the Reserve Bank of India for the Indian government.

Hence Statement 1 is incorrect

With inflow of Gold and Foreign Currency in economy RBI has to print currency. This increases the money supply in the market.

Hence Statement 2 is incorrect

Almost all countries in world, regardless of size of their economy, hold significant foreign exchange reserves.

Hence Statement 3 is incorrect**Q.109) Consider the below statements with regard to Depreciation and Devaluation:**

1. Devaluation refers to a change in value of money that has its value set by the country's government.
2. Depreciation refers to a change in value of money that has its value determined by market forces generated in the open money market.

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.109) Solution (c)

Devaluation: In the foreign exchange market when exchange rate of a domestic currency is cut down by its government against any foreign currency, it is called devaluation. It means official depreciation is devaluation.

Hence Statement 1 is correct

Depreciation: In foreign exchange market, it is a situation when domestic currency loses its value in front of a foreign currency if it is market-driven. It means depreciation in a currency can only take place if the economy follows the floating exchange rate system.

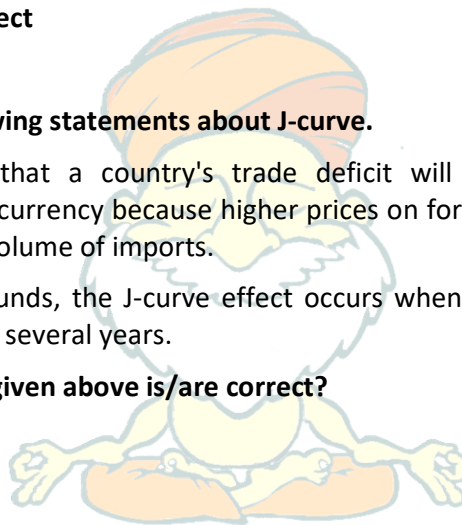
Hence Statement 2 is correct

Q.110) consider the following statements about J-curve.

1. A theory stating that a country's trade deficit will worsen initially after the depreciation of its currency because higher prices on foreign imports will be greater than the reduced volume of imports.
2. In private equity funds, the J-curve effect occurs when funds experience negative returns for the first several 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.110) Solution (c)

A theory stating that a country's trade deficit will worsen initially after the depreciation of its currency because higher prices on foreign imports will be greater than the reduced volume of imports.

Hence Statement 1 is correct

In private equity funds, the J-curve effect occurs when funds experience negative returns for the first several years.

Hence Statement 2 is correct

An example of the J-curve effect is seen in economics when a country's trade balance initially worsens following a devaluation or depreciation of its currency. The higher exchange rate will at first correspond to more costly imports and less valuable exports,

leading to a bigger initial deficit or a smaller surplus. Due to the competitive, relatively low-priced exports, however, a country's exports will start to increase. Local consumers will also purchase less of the more expensive imports and focus on local goods. The trade balance eventually improves to better levels compared to before devaluation.

Q.111) Consider the following statements:

1. Navratna Central Public Sector Enterprises (CPSEs) are more in number when compared to Maharatna CPSEs.
2. A CPSE which is already a Navratna CPSE would only be considered for granting Maharatna Status.

Which of the statements given above is/are NOT correct?

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

Q.112) Solution (d)

There are 14 Navratna CPSE's and 10 Maharatna CPSE's.

Hence Statement 1 is correct.

A CPSE which is already a Navratna CPSE would only be considered for granting Maharatna Status.

Hence Statement 2 is correct.

Q.112) Consider the following statements:

1. Salary paid by the companies to the employees, who render their services for Corporate Social Responsibility (CSR) will not be considered as a part of the expenditure earmarked for CSR.
2. The amount spent by a company towards CSR cannot be claimed as business expenditure.

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.112) Solution (b)

Salary paid by the companies to regular CSR staff as well as employees, who render their services for CSR will be part of Administrative overheads and should not exceed 5% of the total CSR expenditure as per rule 4(6) of CSR Policy, Rules 2014.

Hence Statement 1 is incorrect.

The amount spent by a company towards CSR cannot be claimed as business expenditure.

Hence Statement 2 is correct.

Q.113) Consider the following statements

1. A medium enterprise is the one, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.
2. A small enterprise is the one, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.

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.113) Solution (a)

A medium enterprise is the one, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Hence Statement 1 is correct.

A small enterprise is the one, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees.

A micro enterprise is the one, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.

Hence Statement 2 is incorrect.

Q.114) Consider the following statements:

1. Co-operative Societies can register online using Udyam Registration Portal.
2. Contribution of any amount directly to any political party can be considered as a CSR activity.

Which of the statements given above is/are NOT correct?

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

Q.114) Solution (c)

Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal.

Hence Statement 1 is incorrect.

Contribution of any amount directly or indirectly to any political party shall not be considered as a CSR activity.

Hence Statement 2 is incorrect.

Q.115) Consider the following statements regarding Companies Act 2013:

1. A company may be formed for any lawful purpose by two or more persons, where the company to be formed is to be a public company.

2. Under this Act, there is no provision that a company can be formed by a single person.

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.115) Solution (d)

A company may be formed for any lawful purpose by seven or more persons, where the company to be formed is to be a public company.

Hence Statement 1 is incorrect.

A company may be formed for any lawful purpose by one person, where the company to be formed is to be One Person Company that is to say, a private company.

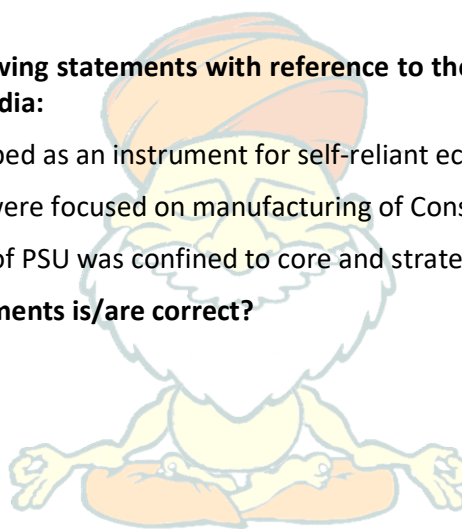
Hence Statement 2 is incorrect.

Q.116) Consider the following statements with reference to the evolution of Public Sector Undertakings (PSU's) in India:

- 1. PSU's were developed as an instrument for self-reliant economic growth.
- 2. Initially the PSU's were focused on manufacturing of Consumer Goods.
- 3. The second phase of PSU was confined to core and strategic industries.

Which of the above statements is/are correct?

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



Q.116) Solution (b)

Public Sector was developed as an instrument for self-reliant economic growth.

Hence Statement 1 is correct

Initially, the public sector was confined to core and strategic industries.

Hence Statement 2 is incorrect

The second phase witnessed nationalization of industries, takeover of sick units from the private sector, and entry of the public sector into new fields like manufacturing consumer goods, consultancy, contracting and transportation etc.

Hence Statement 3 is incorrect

Q.117) Consider the following statements with reference to the Public Sector Undertakings (PSUs)?

1. The government-owned corporations are termed as Public Sector Undertakings (PSUs) in India.
2. In a PSU, majority (51% or more) of the paid up share capital should be held only by Central Government.
3. In respect of government companies, CAG has the power to appoint the Auditor and to direct the manner in which the Auditor shall audit the company's accounts.

Which of the above statements is/are correct?

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

Q.117) Solution (c)

The government-owned corporations are termed as Public Sector Undertakings (PSUs) in India.

Hence Statement 1 is correct

In a PSU majority (51% or more) of the paid up share capital is held by central government or by any state government or partly by the central governments and partly by one or more state governments.

Hence Statement 2 is incorrect

In respect of government companies, CAG has the power to appoint the Auditor and to direct the manner in which the Auditor shall audit the company's accounts.

Hence Statement 3 is correct

Q.118) Which of the following are Maharatnas?

1. Bharat Heavy Electricals Limited
2. Coal India Limited
3. GAIL (India) Limited
4. Indian Oil Corporation Limited
5. Bharat Electronics Limited
6. Hindustan Aeronautics Limited
7. Steel Authority of India Limited

Select the correct answer using the code given below:

- a) 1, 2, 3, 4 and 7 only
- b) 1, 2, 3, 4, 5 and 7 only
- c) 1, 3, 4, 5, 6 and 7 only
- d) All of the above

Q.118) Solution (a)

Bharat Electronics Limited, Hindustan Aeronautics Limited are Navratna CPSEs.

Q.119) Consider the following statements about the Criteria for grant of Maharatna status to PSUs:

1. It should be listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations.
2. It should have an average annual turnover of more than Rs. 25,000 crore, during the last 3 years.
3. It should have significant global presence/international operations.

Which of the above statements are correct?

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

Q.119) Solution (d)

The CPSEs fulfilling the following criteria are eligible to be considered for grant of Maharatna status.

1. Having Navratna status.
2. Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations.
3. Average annual turnover of more than Rs. 25,000 crore, during the last 3 years.
4. Average annual net worth of more than Rs. 15,000 crore, during the last 3 years.
5. Average annual net profit after tax of more than Rs. 5,000 crore, during the last 3 years.
6. Should have significant global presence/international operations.

Q.120) Consider the following statements about National Financial Reporting Authority:

1. It can monitor but cannot enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed.
2. It can make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies.

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.120) Solution (b)

National Financial Reporting Authority shall monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed.

Hence Statement 1 is incorrect

National Financial Reporting Authority shall make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors.

Hence Statement 2 is correct

Q.121) Consider the following statements:

1. Charging customs duty on an import is violation of 'principle of national treatment' of World trade Organization (WTO).
2. The 'principle of national treatment' shall apply to foreign and domestic goods but not to foreign and domestic services.

Which of the statements given above is/are NOT CORRECT?

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

Q.121) Solution (c)

Charging customs duty on an import is not a violation of national treatment even if locally-produced products are not charged an equivalent tax.

Hence Statement 1 is incorrect.

The 'principle of national treatment' shall apply to foreign and domestic goods, foreign and domestic services, and to foreign and local trademarks, copyrights and patents.

Hence Statement 2 is incorrect.

Q.122) Consider the following statements regarding Most-favoured-nation (MFN):

1. Under the WTO agreements, countries cannot normally discriminate between their trading partners.
2. Countries can set up a free trade agreement that applies only to goods traded within the group, discriminating against goods from outside.

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.122) Solution (c)

Under the WTO agreements, countries cannot normally discriminate between their trading partners.

Hence Statement 1 is correct.

Countries can set up a free trade agreement that applies only to goods traded within the group, discriminating against goods from outside.

Hence Statement 2 is correct.

Q.123) Consider the following statements:

1. India is a member of G-55, a coalition group of developing Members, and has been making all efforts to negotiate and achieve a positive outcome on the issue of public stockholding for food security purposes.
2. The Nairobi Ministerial Conference of the WTO held in December 2015 reaffirmed that providing perpetual protection to public stockholding programmes of a developing Member for food security purposes from being challenged under the WTO Agreement on Agriculture until a permanent solution is agreed and adopted.

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.123) Solution (b)

India is a member of G-33, a coalition group of developing Members, and has been making all efforts to negotiate and achieve a positive outcome on the issue of public stockholding for food security purposes.

Hence Statement 1 is incorrect.

The Nairobi Ministerial Conference of the WTO held in December 2015 reaffirmed, with consensus, the Interim Peace Clause decided during the Bali Ministerial Conference in 2013 and the General Council Decision of 2014 providing perpetual protection to public stockholding programmes of a developing Member for food security purposes from being challenged in relation to certain obligations under the WTO Agreement on Agriculture until a permanent solution is agreed and adopted.

Hence Statement 2 is correct.

Q.124) Consider the following statements regarding World Trade Organization (WTO):

1. It is the only global international organization dealing with the rules of trade between nations.
2. The WTO's top decision-making body is the General Council.

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.124) Solution (a)

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations.

Hence Statement 1 is correct.

The WTO's top decision-making body is the Ministerial Conference. Below this is the General Council.

Hence Statement 2 is incorrect.

Q.125) Consider the following statements:

1. International Finance Corporation (IFC) is a member of the World Bank Group.
2. IFC is the largest global development institution focused on the public sector in developing countries.

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.125) Solution (a)

International Finance Corporation (IFC) is a sister organization of the World Bank and member of the World Bank Group.

Hence Statement 1 is correct.

IFC is the largest global development institution focused on the private sector in developing countries.

Hence Statement 2 is incorrect.

**Q.126) Which of the following is also known as 'Paper Gold'?**

- a) Government Securities
- b) Bitcoins
- c) Gold bonds
- d) Special Drawing Rights (SDR) of IMF

Q.126) Solution (d)

- Special Drawing Rights is the International financing instrument created in 1970 by the International Monetary Fund (IMF) to coincide with the disfavor of the US dollar as the principal currency of the world trade.
- Also called paper gold, an SDR is neither paper nor gold but an accounting entry.

Q.127) Which of the following currencies are not part of SDR Basket of IMF?

- a) Chinese Renminbi.
- b) Indian Rupee.
- c) Japanese Yen.
- d) Euro.

Q.127) Solution (b)

- The SDR is an international reserve asset, created by the IMF.
- The value of the SDR is based on a basket of five currencies—the U.S. dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling.
- Indian Rupee is not included in SDR.

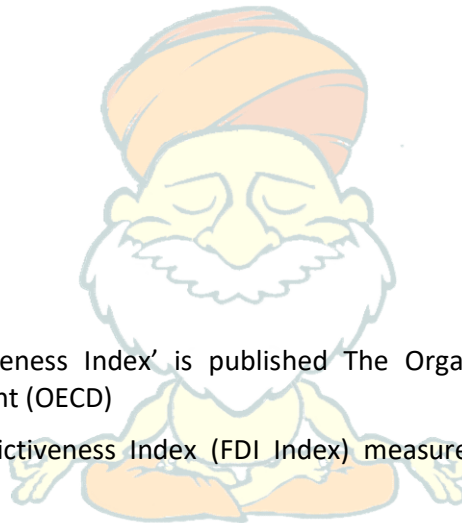
Q.128) 'FDI Regulatory Restrictiveness Index' is published by which of the following organizations?

- a) UNCTAD
- b) IMF
- c) WEF
- d) OECD

Q.128) Solution (d)

'FDI Regulatory Restrictiveness Index' is published The Organization for Economic Co-operation and Development (OECD)

The FDI Regulatory Restrictiveness Index (FDI Index) measures statutory restrictions on foreign direct investment.

**Q.129) Consider the following statements related to New Development Bank (NDB)?**

1. The agreement on NDB was signed in the sixth BRICS Summit in Fortaleza (2014)
2. The New Development Bank (NDB) is formerly referred to as the BRICS Development Bank.
3. At present, China has highest voting rights among all the members.

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

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

Q.129) Solution (b)

During the sixth BRICS Summit in Fortaleza (2014), the leaders signed the Agreement establishing the New Development Bank (NDB).

Hence Statement 1 is correct

The New Development Bank (NDB) is formerly referred to as the BRICS Development Bank.

Hence Statement 2 is correct

At present, all the major shareholders (BRICS nations) have equal share.

Hence Statement 3 is incorrect

Q.130) Which among the following statements regarding Multilateral Investment Guarantee Agency (MIGA) is/are correct?

1. It is an arm of the IMF.
2. It encourages foreign investment in public sector only.
3. It provides insurance to foreign private investors against the loss caused by political risks.

Select the correct answer using the codes given below:

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

**Q.130) Solution (c)**

The Multilateral Investment Guarantee Agency (MIGA), an arm of World Bank.

Hence Statement 1 is incorrect

IFC lends to both private and public sector.

Hence Statement 2 is incorrect

It provides insurance (guarantees) to foreign private investors against loss-caused by non-commercial (i.e. political) risks, such as currency transfer, expropriation, war and civil disturbance.

Hence Statement 3 is correct

Q.131) Consider the following statements:

1. Copyright usually refers to the rights of authors in their literary and artistic works.
2. Geographical Indication is a sign or a combination of signs used to distinguish the goods or services of one enterprise from another.

Which of the statements given above is/are **NOT CORRECT**?

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

Q.131) Solution (b)

Copyright usually refers to the rights of authors in their literary and artistic works. In a wider sense, copyright also includes 'related rights': the rights of performers, producers of phonograms and broadcasting organizations.

Hence Statement 1 is correct.

A trademark is a sign or a combination of signs used to distinguish the goods or services of one enterprise from another.

Hence Statement 2 is incorrect.

Q.132) Consider the following statements:

1. Industrial design is generally understood to refer to the ornamental or aesthetic aspect of an article rather than its technical features.
2. Under the TRIPS Agreement, original or new industrial designs must be protected for at least ten 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.132) Solution (c)

Industrial design is generally understood to refer to the ornamental or aesthetic aspect of an article rather than its technical features.

Hence Statement 1 is correct.

Under the TRIPS Agreement, original or new industrial designs must be protected for at least ten years. Owners of protected designs must be able to prevent the manufacture, sale or importation of articles bearing or embodying a design which is a copy or substantially a copy of the protected design for commercial purposes.

Hence Statement 2 is correct.

Q.133) Consider the following statements regarding Asian Development Bank (ADB):

1. All the members of ADB belong to Asia and Pacific region.
2. ADB assists its members and partners by providing loans, technical assistance, grants, and equity investments to promote social and economic development.

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.133) Solution (b)

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.

Hence Statement 1 is incorrect.

ADB assists its members and partners by providing loans, technical assistance, grants, and equity investments to promote social and economic development.

Hence Statement 2 is correct.

Q.134) Consider the following statements regarding Asian Infrastructure Investment Bank (AIIB):

1. AIIB Board of Governors consists of one Governor and one Alternate Governor appointed by each member country.
2. Membership in AIIB is open to members of the International Bank for Reconstruction and Development or the Asian Development Bank.

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.134) Solution (c)

AIIB Board of Governors consists of one Governor and one Alternate Governor appointed by each member country.

AIIB is headquartered in Beijing, China.

Hence Statement 1 is correct.

Membership in AIIB is open to members of the International Bank for Reconstruction and Development or the Asian Development Bank.

Hence Statement 2 is correct.

**Q.135) Consider the following statements regarding African Development Bank (AfDB) Group:**

1. The AfDB's primary objective is to assist African and Asian countries in their efforts to achieve economic development and social progress.
2. AfDB is one of the five multilateral development banks in the world.

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.135) Solution (b)

The AfDB's primary objective is to assist African countries – individually and collectively - in their efforts to achieve economic development and social progress.

Hence Statement 1 is incorrect.

Like the World Bank, the AfDB is one of the five multilateral development banks in the world.

Hence Statement 2 is correct.

Q.136) Consider the following statements with reference to the Special Drawing Rights of IMF:

1. SDRs are a reserve currency of IMF and is allocated to member countries in proportion to their IMF quotas
2. If a country's SDR holding is above its allocation it earns interest on the excess holdings from IMF

Which of the above statements is/are correct?

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

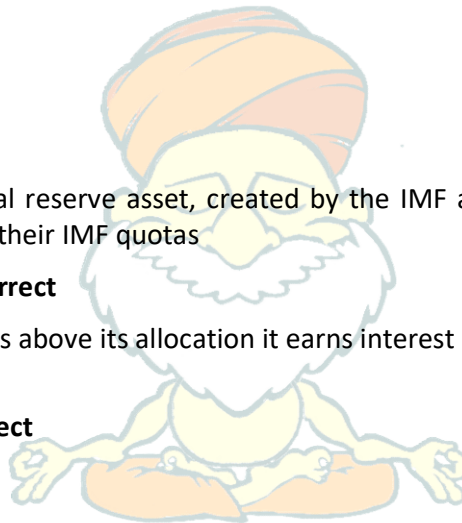
Q.136) Solution (b)

The SDR is an international reserve asset, created by the IMF and is allocated to member countries in proportion to their IMF quotas

Hence Statement 1 is incorrect

If a country's SDR holding is above its allocation it earns interest on the excess holdings from IMF.

Hence Statement 2 is correct



Q.137) Which among the following is/are matched correctly?

1. World Development Report - World Bank Group
2. Global Financial Stability Report - IMF
3. World Investment Report - UNCTAD
4. Global Competitiveness Report - World Economic Forum

Select the correct answer using the codes given below:

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

Q.137) Solution (d)

- a) World Development Report - IBRD (World Bank)
- b) Global Financial Stability Report - IMF
- c) World Investment Report – UNCTAD
- d) Global Competitiveness Report - World Economic Forum

Q.138) SARTTAC (South Asia Training and Technical Assistance Centre) is a collaborative venture between the member countries and which among the following organisation?

- a) World Bank (WB)
- b) International Monetary Fund (IMF)
- c) World Trade Organization (WTO)
- d) United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

Q.138) Solution (b)

SARTTAC is a collaborative venture between the IMF, the member countries (Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka), and development partners.

The center's strategic goal is to help its member countries strengthen their institutional and human capacity to design and implement macroeconomic and financial policies that promote growth and reduce poverty.

Q.139) With reference to Multidimensional Poverty Index, consider the following statements:

1. MPI was developed by World Bank in collaboration with OECD.
2. The MPI can help in the effective allocation of resources and implement some SDGs strategically.
3. It complements monetary measures of poverty by considering deprivations in access to water, sanitation, and electricity.

Which of the statements given above is/are correct?

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

Q.139) Solution (c)

Multidimensional Poverty Index was developed by UNDP and Oxford Poverty & Human Development Initiative (OPHI).

Hence Statement 1 is incorrect

The MPI can help in the effective allocation of resources and implement some SDGs strategically.

Hence Statement 2 is correct

It complements monetary measures of poverty by considering deprivations in access to water, sanitation, and electricity.

Hence Statement 3 is correct

Q.140) Bretton Woods Conference is one of the most historic event post Second World War. In this regard which of the following statements is/are is correct?

- a) The UN Monetary and Financial Conference held post Second World War established the international trading regime called General Agreement on Trade and Tariffs.
- b) WTO is part of whole set up of UNO and thus is guided by the actions its member bodies.
- c) IMF follow voting by consensus pattern by which each member gets to ensure their idea is considered.
- d) WTO doesn't have weighted voting as the World Bank or the IMF and goes by the system of one member one vote.

Q.140) Solution (d)

The conference referred to in statement a is Bretton Woods Conference and it lead to World Bank and IMF coming to place.

WTO is not part of UN set up and is independent. However both share an agreement between each other.

IMF follow weighted voting and the members with higher quota get a higher voice.

Hence Statement d is correct