



IASBABA'S

60 DAYS PLAN

PRELIMS 2021

COMPILATIONS

ECONOMICS - PART 2

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Q.1) Which of the following is not a Money Market instrument?

- a) Treasury Bills
- b) Repurchase Agreements
- c) Certificate of Deposit
- d) Shares of a Company

Q.1) Solution (d)

Money Market is a place for short term lending and Borrowing normally within a year but terms of upto three years are not uncommon. 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.2) Which of the following is incorrect with reference to capital market?

- a) It is wider than the securities market and embraces all forms of lending and borrowing.
- b) Capital market tries to create a balance between investors and capital seekers.
- c) There are two types of instruments that are traded in the capital market that is Bonds and Stocks.
- d) It is a market, where business enterprises and governments can raise short-term funds.

Q.2) Solution (d)

Capital Market is a market for financial investments that are direct or indirect claims to capital. It is wider than the securities market and embraces all forms of lending and borrowing. It is a market, where business enterprises and governments can raise long-term funds. Capital market is wider term and includes security market.

Q.3) Consider the following statements in regard to Foreign Investment Promotion Board (FIPB) and FDI regulations in India:

- 1. It is an inter-ministerial body, responsible for processing of FDI proposals and making

recommendations for Government approval.

2. It is an important approval body and it considers FDI below Rs 5000 crore.
3. For FDI above Rs 5000 crore, the Cabinet Committee on Economic Affairs is the approval authority.

Which of the statements given above is/are correct?

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

Q.3) Solution (d)

The Union Cabinet recently approved the phasing out of the 25-year-old Foreign Investment Promotion Board (FIPB).

- We know that, in the case of entry regulations, FDI entry is made under two categories – automatic route and approval route.
- Approval from the government is mandatory for some type of investment. For this, approval institutions/bodies are created. The Foreign Investment Promotion Board is the most important approval body as it can consider FDI below Rs 5000 crore. Above this amount, the Cabinet Committee on Economic Affairs is the approval authority.
- The FIPB (Foreign Investment Promotion Board) is an inter-ministerial body — or a single window clearance mechanism responsible for processing of FDI proposals and making recommendations for Government approval. It also grants composite approvals involving foreign investment/ foreign technology.
- FIPB is located in the Department of Economic Affairs, Ministry of Finance and the Finance Minister is in charge of the FIPB.

Q.4) Consider the following statements with reference to Initial Public Offering (IPO)

1. IPO is the process through which the shares are sold to the public for the first time
2. Once the shares are purchased by the general public they can be sold in the Stock Exchanges

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.4) Solution (c)

An initial public offering, or IPO, is the very first sale of stock issued by a company to the public. Prior to an IPO the company is considered private, with a relatively small number of shareholders made up primarily of early investors. The public, on the other hand, consists of everybody else – any individual or institutional investor who wasn't involved in the early days of the company and who is interested in buying shares of the company.

After the conclusion of IPO, the stocks are listed on the stock exchanges and the people can buy and sell the shares that they are holding.

Q.5) Consider the below statements about debt markets in India:

1. A bond is a debt instrument with which an entity raises money from investors.
2. The issuer of a green bond publicly states that capital is being raised to fund 'green' projects.
3. Government and non-government securities and bonds are regulated by SEBI.

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

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

Q.5) Solution (b)

Statement Analysis:

Statement 1 and 2	Statement 3
Correct	Incorrect
A bond is a debt instrument with which an entity raises money from investors. The bond issuer gets capital while the investors receive fixed income in the form of interest. When the bond matures, the money is repaid.	Government securities and bonds, instruments issued by banks and financial institutions are regulated by RBI while issues of non-government securities (i.e. issue by corporates) are regulated by SEBI.
A green bond is very similar. The only difference is that the issuer of a green bond publicly states that capital is being raised to fund 'green' projects, which typically include those relating to renewable energy, emission	

reductions and so on.

Q.6) Consider the following statements with reference to Indian Depository Receipts (IDRs)

1. A foreign company can access Indian securities market for raising funds through issue of Indian Depository Receipts
2. It is a derivative instrument with the shares of the issuing company as the underlying asset

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.6) Solution (c)

Statement Analysis:

Statement 1	Statement 2
Correct	Correct
A foreign company can access Indian securities market for raising funds through issue of Indian Depository Receipts (IDRs).	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 of issuing company to enable foreign companies to raise funds from the Indian securities Markets.

Q.7) India follows which of the following Exchange Rate Regimes (ERR)

- a) Pegged ERR
- b) Free floating ERR
- c) Managed floating ERR
- d) None of the above

Q.7) Solution (c)

Managed Floating Exchange Rate Regime

It is also called hybrid exchange rate system. In this, the exchange rate is basically determined in the foreign exchange market through the operation of market forces i.e., it is determined by the demand and supply of Indian rupee by individuals and institutions. This part is similar to the free-floating exchange rate regime.

However, in times of extreme currency fluctuations, the central bank i.e. RBI intervenes by buying and selling the foreign currencies. Primary objective is to stabilize the currency and reduce fluctuations.

Since both aspects i.e. market determination and Central Bank's intervention are present, this system is called Managed Floating Exchange Rate Regime.

Q.8) Under the flexible exchange rate system, the exchange rate is determined

- a) By the Central Bank
- b) By the World Trade Organisation
- c) Predominantly by market mechanism
- d) As a weighted index of a group of currencies

Q.8) Solution (c)

Flexible exchange rate

Flexible exchange rates can be defined as exchange rates determined by global supply and demand of currency. In other words, they are prices of foreign exchange determined by the market, that can rapidly change due to supply and demand, and are not pegged nor controlled by central banks. The opposite scenario, where central banks intervene in the market with purchases and sales of foreign and domestic currency in order to keep the exchange rate within limits, also known as bands, is called fixed exchange rate.

Q.9) Managed currency is said to be

- a) the currency, where the exchange rate of which can be managed easily.
- b) the currency that can have its exchange rate affected by the intervention of a central bank or the government.
- c) the currency, where the intrinsic value of which can be managed by increasing or decreasing its supply.
- d) quota of currency to be managed by the Central Bank at times of deflation.

Q.9) Solution (b)

Explanation:

Any currency that can have its exchange rate affected by the intervention of a central bank or the government of that country is termed as Managed currency. This is opposed to a currency that is determined solely by the forces of supply and demand in the world market. Virtually no currencies truly fall into this latter category.

Q.10) Consider the following statements with reference to the Foreign Direct Investment

1. FDI inflows are more stable and less volatile in nature, in contrast to the Foreign Portfolio Investments which are highly volatile in nature.
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.10) Solution (c)

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.

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.

Q.11) What is the term used in the foreign exchange market which denotes the currency in which the highest faith is shown and is needed by every economy?

- a) Hard currency
- b) Hot currency
- c) Soft currency
- d) Cheap currency

Q.11) Solution (a)

Hard Currency:

- It is the international currency in which the highest faith is shown and is needed by every economy.
- The strongest currency of the world is one which has a high level of liquidity.
- Basically, the economy with the highest as well as highly diversified exports that are compulsive imports for other countries (as of high-level technology, defence products, lifesaving medicines and petroleum products) will also create high demand for its currency in the world and become the hard currency. It is always scarce.

Soft Currency:

- A term used in the foreign exchange market which denotes the currency that is easily available in any economy in its forex market. For example, rupee is a soft currency in the Indian forex market. It is basically the opposite term for the hard currency.

Hot currency:

- A term of the forex market and is a temporary name for any hard currency. Due to certain reasons, if a hard currency is exiting an economy at a fast pace for the time, the hard currency is known to be hot. As in the case of the SE Asian crisis, the US dollar had become hot.

Cheap currency:

- A term first used by the economist J. M. Keynes (1930s). If a government starts re-purchasing its bonds before their maturities (at full-maturity prices) the money which flows into the economy is known as the cheap currency, also called cheap money.
- In banking industry, it means a period of comparatively lower/softer interest rates regime.

Q.12) Consider the following statements about Fixed-Exchange-Rate Regime:

1. Fixed currency regime is a method of regulating exchange rates of world currencies brought by the IMF.
2. Under a pure fixed-exchange-rate regime authorities do not intervene in the market for foreign exchange and there is minimal need for international reserves.

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 (a)

Basic information:

Fixed currency regime is a method of regulating exchange rates of world currencies brought by the IMF. In this system exchange rate of a particular currency was fixed by the IMF keeping the currency in front of a basket of important world currencies (they were UK£, US \$, Japanese ¥, German Mark DM and the French Franc FFr).

Different economies were supposed to maintain that particular exchange rate in future. Exchange rates of currencies were modified by the IMF from time to time.

There are 2 types of exchange rate regime – fixed and floating exchange-rate regime.

A method of regulating exchange rates of world currencies based on the market mechanism (i.e., demand and supply).

Fixed-exchange-rate regime	Freely floating exchange-rate regime
Under a pure fixed-exchange-rate regime, authorities intervene so that the value of the domestic currency vis-a-vis the currency of another country, say the US Dollar, is maintained at a constant rate.	Under a freely floating exchange-rate regime, authorities do not intervene in the market for foreign exchange and there is minimal need for international reserves. Hence, statement (2) is wrong.

Q.13) The term “Graded Surveillance Measure” was recently in news. It was related to which among the following?

- a) Share market
- b) Government budget
- c) Twin balance sheet problem
- d) Education sector

Q.13) Solution (a)

SEBI and stock exchanges had introduced the **graded surveillance measure** framework which came into force from March, 2017.

SEBI introduced the measure to keep a tab on securities that witness an abnormal price rise that is not commensurate with financial health and fundamentals of the company such as earnings, book value, price to earnings ratio among others.

The underlying principle behind the graded surveillance framework is to alert and protect investors trading in a security, which is seeing abnormal price movements. SEBI may put shares of companies under the measure for suspected price rigging or under the ambit of 'shell companies'. The measure would provide a heads up to market participants that they need to be extra cautious and diligent while dealing in such securities put under surveillance.

Q.14) Which of the following is/are treated as artificial currency?

- a) SDR
- b) ADR
- c) GDR
- d) Both ADR and SDR

Q.14) Solution (a)

Special Drawing Rights - SDR: An international type of monetary reserve currency created by the International Monetary Fund (IMF) in 1969, which operates as a supplement to the existing reserves of member countries. Created in response to concerns about the limitations of gold and dollars as the sole means of settling international accounts, SDRs are designed to augment international liquidity by supplementing the standard reserve currencies.

You can think of SDRs as an artificial currency used by the IMF and defined as a "basket of national currencies". The IMF uses SDRs for internal accounting purposes. SDRs are allocated by the IMF to its member countries and are backed by the full faith and credit of the member countries' governments."

An American depositary receipt (ADR) is a negotiable certificate issued by a U.S. bank representing a specified number of shares (or one share) in a foreign stock traded on a U.S. exchange. ADRs are denominated in U.S. dollars, with the underlying security held by a U.S. financial institution overseas, and holders of ADRs realize any dividends and capital gains in U.S. dollars, but dividend payments in euros are converted to U.S. dollars, net of conversion expenses and foreign taxes. ADRs are listed on either the NYSE, AMEX or Nasdaq but they are also sold OTC.

"An American Depositary Receipt (abbreviated ADR) represents ownership in the shares of a non U.S. company that trades in U.S. financial markets. The stock of many non-US companies trade on US stock exchanges through the use of ADRs. ADRs enable U.S. investors to buy shares in foreign companies without the hazards or inconveniences of cross-border & cross-currency transactions.

ADRs carry prices in US dollars, pay dividends in US dollars, and can be traded like the shares of US- based companies.

Global Depositary Receipt: A bank certificate issued in more than one country for shares in a foreign company. The shares are held by a foreign branch of an international bank. The shares trade as domestic shares, but are offered for sale globally through the various bank branches.

It is a financial instrument used by private markets to raise capital denominated in either U.S. dollars or Euros.

A GDR is very similar to an American Depositary Receipt. These instruments are called EDRs when private markets are attempting to obtain Euros.

Q.15) Equity market instruments help in financing a firm. Which of these is/are equity market instruments?

1. Bonds
2. Shares
3. Debentures

Select the correct answer using the codes given below.

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

Q.15) Solution (b)

Shares are equity instruments, while bonds and debentures are debt instruments. Debt instruments are assets that require a fixed payment to the holder, usually with interest. Examples of debt instruments include bonds (government or corporate), debentures and mortgages. Equity financing allows a company to acquire funds (often for investment) without incurring debt, e.g. shares.

Q.16) Alternative Investment Fund or AIF does not include –

- a) Venture capital funds
- b) Infrastructure funds
- c) Mutual Funds
- d) Debt funds

Q.16) Solution (c)

Basic information:

Alternative Investment Fund or AIF means any fund established or incorporated in India which is a privately pooled investment vehicle which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors.

In India, alternative investment funds (AIFs) are defined under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Categories of Alternative Investment Funds (AIFs) defined by SEBI –

- **Category I:** Mainly invests in start-ups, SME's or any other sector which Govt. considers economically and socially viable.
- **Category II:** These include Alternative Investment Funds such as private equity funds or debt funds for which no specific incentives or concessions are given by the government or any other Regulator.
- **Category III:** Alternative Investment Funds such as hedge funds or funds which trade with a view to make short term returns or such other funds which are open ended and for which no specific incentives or concessions are given by the government or any other Regulator.

AIF does not include funds covered under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.

Q.17) With reference to SENSEX in India, consider the statements:

1. Sensex uses weighted average method for price movement calculation
2. Sensex is a figure indicating the relative prices of shares on the Mumbai (Bombay) Stock Exchange

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.17) Solution (c)

Sensex is a figure indicating the relative prices of shares on the Bombay Stock Exchange. Sensex uses weighted average method for price movement calculation. That means each shares price has a weightage proportional to its market capitalization.

Q.18) Which of the following is not the type of securities release by companies in Primary Market securities?

- a) Initial public offer
- b) Rights issue
- c) Offer to public
- d) Repurchase Agreements

Q.18) Solution (d)

The issue of Primary Market securities by companies can take place in any of the following methods:

- 1. Initial public offer
- 2. Further issue of capital
- 3. Rights issue
- 4. Firm allotment
- 5. Offer to public
- 6. Bonus issue

Repurchase Agreements are a formal agreement between two parties, where one party sells a security to another, with the promise of buying it back at a later date from the buyer is money market instrument.

Q.19) Consider the following with reference to Angel investors and Venture capitalists:

- 1. Both venture capitalist and angel investor firms are usually a group of financial specialists or organizations, who usually resource into high-potential organizations in return for a fair stake.
- 2. Both angels and venture capitalist firms cater to innovative startup businesses.

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.19) Solution (b)

Basic information:

Both venture capitalist and angel investor firms take into account resourceful startup

businesses, and both are liable in general to incline toward organizations identified with science and technology.

Statement Analysis:

Statement 1	Statement 2
Incorrect	Correct
Angel investor work on their own whereas venture capitalists are a division of an organization. Angel investors, also known as business angels, are successful business people who put their own funds in a startup. They usually resource into high-potential organizations in return for a fair stake.	Venture capitalists are usually a group of financial specialists or organizations rather than an individual. Their investment will drive from people, partnerships, annuity funds, and establishments. However, both angels and venture capitalist firms cater to innovative startup businesses.

Q.20) The weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies is defined by the “term” –

- a) Nominal Effective Exchange Rate (NEER)
- b) Purchasing power parity (PPP)
- c) Real Effective Exchange Rate (REER)
- d) Managed-Exchange-Rate System

Q.20) Solution (a)

Basic Information:

Nominal Effective Exchange Rate (NEER)	Real Effective Exchange Rate (REER)
Nominal Effective Exchange Rate (NEER) is the weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies.	Real Effective Exchange Rate (REER) is the weighted average of nominal exchange rates adjusted for effects of inflation. REER captures inflation differentials between India and its major trading partners and it also reflects the degree of external competitiveness of Indian products

	RBI calculates two REER indices: REER-6 (Indian rupee is measured against 6 big currencies) and REER-36 (Indian rupee is measured against 36 currencies).
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Q.21) Consider the following statements:

1. Directorate General of Foreign Trade (DGFT) Organization is an attached office of the Ministry of Finance.
2. DGFT assists government in formulation of Foreign Trade Policy (FTP) and is responsible for implementing the Foreign Trade Policy.

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.21) Solution (b)

Basic Information:

Directorate General of Foreign Trade (DGFT) is headed by Directorate General of Foreign Trade with headquarters at the New Delhi.

Since liberalisation, DGFT has been assigned the role of a "Facilitator". The shift was from prohibition and control of imports/exports to promotion and facilitation of exports/imports.

It is responsible for implementations of Foreign Trade (Development and Regulation) Act, 1992 and Rules and Regulations notified there under.

The DGFT also issues authorizations to exporters and monitors their corresponding obligations.

The regional offices of DGFT provide facilitation to exporters in regard to developments in International Trade i.e. WTO agreements, Rules of Origin and antidumping issues, etc. to help exporters in their import and export decisions in an international dynamic environment.

Statement Analysis:

Statement 1	Statement 2
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Incorrect	Correct
Directorate General of Foreign Trade (DGFT) Organization is an attached office of the Ministry of Commerce and Industry.	It assists Government in formulation of Foreign Trade Policy and is responsible for implementing the Foreign Trade Policy and Schemes under FTP with the main objective of promoting India's exports.

Q.22) Baba Kalyani committee is related to:

- a) To recommend measures for doubling farmers income by 2022
- b) To study the existing SEZ policy of India
- c) To recommend revival plan for telecom sector
- d) None of the above

Q.22) Solution (b)

Basic Information:

The Baba Kalyani led committee constituted by the Ministry of Commerce & Industry to study the existing SEZ policy of India.

The key recommendations of the Group include promotion of MSME investments in SEZs by linking with MSME Schemes of the Government, development planning and regulations to promote integrated industrial and urban development, allowing alternate sectors to invest in sector specific SEZs, additional enablers and procedural relaxations and infrastructure status to improve access to finance and enable long term borrowing.

Statement Analysis:

Option (a)	Option (b)	Option (c)
Incorrect	Correct	Incorrect
Ashok Dalwai committee was setup to recommend measures for doubling farmers income by 2022	Government had constituted a Group headed by Shri Baba Kalyani, Chairman, M/s Bharat Forge to study the SEZ policy of India	Telecom Ministry Ravi had constituted a committee chaired by Telecom Secretary Aruna Sundararajan to spell out revival plans for Telecom sector.

Q.23) Consider the following statements with respect to Financial Intelligence Unit-India (FIU-IND):

1. It is responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions.
2. It reports to the Economic Intelligence Council (EIC) headed by the Finance Minister.

Which of the above is/are incorrect?

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

Q.23) Solution (d)

- In India, Financial Intelligence Unit-India (FIU-IND) performs similar functions as those of the Financial Crime Enforcement Network.
- FIU-IND is the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions.
- It was set up in 2004 under the Ministry of Finance. The body reports to the Economic Intelligence Council (EIC) headed by the Finance Minister.
- It is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and financing of terrorism.

Q.24) Consider the following statements with respect Banks Board Bureau (BBB):

1. BBB recommends appointment of directors and non-executive chairperson to PSBs
2. The bureau was announced as part of the seven-point Indradhanush plan to revamp PSBs.

Which of the statements given above are correct?

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

Q.24) Solution (c)

With a view to improve the Governance of Public Sector Banks (PSBs), the Government had decided to set up an autonomous Banks Board Bureau in August 2015.

- The bureau was announced as part of the seven-point Indradhanush plan to revamp PSBs.
- BBB is an autonomous body.
- The bureau will have three ex-officio members and three expert members, in addition to the Chairman. All the Members and Chairman will be part time.
- It recommends appointment of directors and non-executive chairperson to Public sector banks, State owned financial institutions and Insurance.
- Idea to set up BBB was first mooted by a committee set up by the RBI to review the governance of bank boards. The committee was headed by P.J. Nayak

Q.25) Agricultural and Processed Food Products Export Development Authority (APEDA) is a body set up by:

- a) Ministry of Agriculture & Farmers' Welfare
- b) Ministry of Food Processing Industries
- c) Ministry of Commerce and Industry
- d) Ministry of Rural Development

Q.25) Solution (c)

Explanation:

Basics about Agricultural and Processed Food Products Export Development Authority (APEDA)

- APEDA is an apex body authorised under the **Ministry of Commerce and Industry**, Government of India established to promote the export of agricultural commodities and processed food products.
- APEDA was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December 1985.
- It has its headquarters at New Delhi and has set up five Regional Offices at Mumbai, Bengaluru, Hyderabad, Kolkata and Guwahati along with 13 virtual offices.
- APEDA provides comprehensive export service and links Indian exporter to the global market. Additionally, it provides referral services and suggests suitable partners for a joint venture.

- It has marked its presence in almost all Agro potential states in India to provide services to the Agri export community.

Q.26) Consider the following statements about 'National Statistical Office':

1. This body is result of merger of Central Statistics Office (CSO) and National Sample Survey Office.
2. The Field Operations Division (FOD) of the present NSSO will be an independent office of the MoSPI.
3. All the other divisions of present CSO, NSSO and administrative wing will exist as divisions of MoSPI.

Form the following options, choose the correct answer

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

Q.26) Solution (c)

Explanation:

National Statistical Office

Government ordered formation of an overarching body —**National Statistical Office (NSO)** — through the **merger of the NSSO and CSO under the Ministry of Statistics and Programme Implementation (MoSPI)**.

As per the recent order, there will be three Director Generals —DG (Statistics), DG (Coordination, Administration and Policy) and DG (National Sample Survey) — reporting to the Secretary (S&PI) as against DG (Economic Statistics), DG (Social Statistics) and DG (Surveys) earlier.

The **Field Operations Division (FOD) of the present NSSO will be a subordinate office of the MoSPI and all the other divisions of present CSO, NSSO and administrative wing will exist as divisions of MoSPI.**

The Ministry has also ordered constitution of a committee to recommend the operational level modifications required to give effect to this restructuring.

The order states that the proposed **NSO would be headed by Secretary (Statistics and**

Programme Implementation), but skips any mention of NSC, which has been the overseeing body for all the statistical work done in the country.

Q.27) Consider the following statements regarding Employees' State Insurance Corporation (ESIC) –

1. It is a non-statutory body established by cabinet resolution.
2. It can acquire both movable and immovable property and all incomes from the property shall vest with the corporation.

Which of the above statements is/are correct?

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

Q.27) Solution (b)

Explanation:

Employees' State Insurance (abbreviated as ESI) is a self-financing social security and health insurance scheme for Indian workers. The fund is managed by the Employees' State Insurance Corporation (ESIC) according to rules and regulations stipulated in the ESI Act 1948. **ESIC is a Statutory and an Autonomous Body under the Ministry of Labour and Employment, Government of India.**

As it is a legal entity, the corporation can raise loans and take measures for discharging such loans with the prior sanction of the central government and **it can acquire both movable and immovable property and all incomes from the property shall vest with the corporation.** The corporation can set up hospitals either independently or in collaboration with state government or other private entities, but most of the dispensaries and hospitals are run by concerned state governments.

Q.28) Consider the following statements with reference to Kosi-Mechi Interlinking Project:

1. It is the second major river interlinking project in the country to be approved by Central Government.
2. It aims to overcome the acute problem of shifting of course of Kosi river, heavy sediment load, flooding.

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.28) Solution (a)

Basic Information:

- Union Government has approved Rs 4,900 crore Kosi-Mechi Interlinking project for interlinking of Kosi and Mechi rivers of Bihar. This is the second major river interlinking project in the country to be approved by Central Government after the Ken-Betwa project in Madhya Pradesh.
- His Majesty's Government of Nepal and The Government of India signed an agreement on 25th April 1954 for implementation of 'Kosi project' to overcome the acute problem of shifting of course of Kosi river, heavy sediment load, flooding etc. and to alleviate the severe suffering of the people of Bihar.
- The Kosi-Mechi Interlinking project is an extension of Eastern Kosi Main Canal (EKMC) system up to river Mechi, a tributary of river Mahanadi.
- The aim of extension of EKMC up to Mechi river is mainly to provide irrigation benefits to the water scarce Mahananda basin command in the districts of Araria, Kishanganj, Purnea and Katihar during kharif season depending upon the pondage available in Hanuman Nagar barrage.

Statement Analysis:

Statement 1	Statement 2
Correct	Incorrect
Ken-Betwa project is the first river interlinking project.	It aims to provide irrigation benefits to the water scarce Mahananda basin region.

Q.29) Consider the following statement regarding Formation and Promotion of Farmer Producer Organizations (FPOs) Scheme –

1. This Scheme targets to form and promote 100,000 new FPOs in the country with budgetary provision of Rs 6865 crore.
2. There are 09 implementing agency, which will engage Cluster Based Business Organizations (CBBOs) to aggregate, registered & provide professional handholding support to each FPO for a period of 5 years.
3. National Project Management Agency (NPMA) has been engaged for providing overall project guidance, coordination, compilation of information.

Which of the above statements is/are correct?

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

Q.29) Solution (c)

In the Union Budget 2019-20, the Government of India had announced formation of **10,000 new farmer producer organisations (FPOs)** to ensure economies of scale for farmers over the next five years.

There are nine implementing agency - SFAC, National Cooperative Development Corporation, NABARD, NAFED, NERAMAC, Tamil Nadu-Small Farmers Agri-Business Consortium (TN-SFAC), Small Farmers Agri-Business Consortium Haryana (SFACH), Watershed Development Department (WDD)- Karnataka & Foundation for Development of Rural Value Chains (FDRVC)- Ministry of Rural Development (MoRD).

At National level, National Project Management Agency (NPMA) has been engaged for providing overall project guidance, coordination, compilation of information relating to FPOs, maintenance of MIS and monitoring purpose.

At district level, a District Level Monitoring Committee (D-MC) is constituted under the Chairmanship of District Collector/ CEO/ Zilla Parishad with representatives of different related departments and experts for overall coordination & monitoring the implementation of scheme in the district.

FPOs will be provided financial assistance up to Rs 18.00 lakh per FPO for a period of 03 years.

Q.30) "Atal Tinkering Labs" is related to which of the following organisation?

- a) Ministry of Education
- b) Ministry of Science and Technology

- c) NITI Aayog
- d) ISRO

Q.30) Solution (c)

Atal Tinkering Labs

It is a component of Atal Innovation Mission, implemented by NITI Aayog.

ATL is a work space where young minds can give shape to their ideas through hands on do-it-yourself mode; and learn innovation skills. Young children get a chance to work with tools and equipment to understand the concepts of STEM (Science, Technology, Engineering and Math).

AIM provides grant-in-aid that includes a one-time establishment cost of Rs. 10 lakh and operational expenses of Rs. 10 lakh for a maximum period of 5 years to each ATL

Q.31) Which of the following sector do not get benefitted from the recently approved Production-Linked Incentive scheme?

- a) Pharmaceuticals
- b) White Goods
- c) Telecom
- d) Brown Goods

Q.31) Solution (d)

Basics about Production-Linked Incentive

In order to boost domestic manufacturing and cut down on import bills, the central government in March 2020 introduced a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units. Apart from inviting foreign companies to set shop in India, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.

The Union Cabinet approved the production-linked incentive (PLI) scheme for 10 sectors on November 11. These are **pharmaceuticals, automobiles and auto components, telecom and networking products, advanced chemistry cell batteries, textile, food products, solar modules, white goods, and specialty steel.**

(**Brown goods** represent electronic items such as televisions, DVD players, stereos, and home entertainment systems. This contrasts with **white goods**, which are **appliances** such as refrigerators, ovens, freezers, and washing or drying machines.)

Q.32) Which of the following statement about Kaleshwaram Multipurpose Lift Irrigation Project is INCORRECT?

- a) It is the world's largest irrigation and drinking water system.
- b) The project has set many records with the world's longest water tunnels, aqua ducts, underground surge pools, and biggest pumps.
- c) It aims to irrigate and provide drinking water to Amravati, the proposed new capital of Andhra Pradesh.
- d) None of the Above.

Q.32) Solution (c)

Basic Information:

- Kaleshwaram Lift Irrigation Project (KLIP), claimed as the world's largest multi-stage and multi-purpose lift irrigation scheme, was inaugurated by Telangana Chief Minister K. Chandrasekhara Reddy at Medigadda where the first barrage of the project is located in Jayashankar-Bhupalapally district.
- The project is intended to irrigate over 37 lakh acres of new and existing ayacut, providing drinking water to Hyderabad and villages en route and supplying water for industrial needs by lifting 195 tmc ft of water from the Godavari at 2 tmc ft a day during the flood season. By lifting one more tmc ft water a day later, the government plans to bring another 8 lakh acres under irrigation.
- The Kaleshwaram project is an off-shoot of the original Pranahitha-Chevella Lift Irrigation Scheme taken up by the Congress government in 2007 when Andhra Pradesh was not divided.
- After the formation of Telangana in 2014, the TRS government redesigned the project on the ground that the original plan had too many environmental obstacles and had very low water storage provision — only about 16.5 tmc ft.
- The Kaleshwaram project on Godavari river surpasses the records of the world's biggest lift irrigation projects till date - Colorado in the US and Great Man-Made River in Libya that took decades for completion.
- Megha Engineering and Infrastructures (Meil) has built the most critical part of the project involving the world's biggest underground pump house 330 meters below the ground at Lakshmipur under package-8 that consists of five of the world's biggest pumping machines with a capacity of 139MW each to pump 2 TMCs of water a day. This package also involved constructing the biggest surge pools and the largest power transmission infrastructure.

Q.33) Which of the following are considered as the strategic sectors under the recently unveiled Strategic Disinvestment Policy?

1. Transport and Telecommunications
2. Atomic energy, Space and Defence
3. Banking, Insurance and financial services
4. Petroleum, Coal and other minerals

Choose correct option:

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

Q.33) Solution (d)

Finance Minister recently unveiled the Disinvestment/Strategic Disinvestment Policy and said four sectors — Atomic energy, Space and Defence; Transport and Telecommunications; Power, Petroleum, Coal and other minerals; and Banking, Insurance and financial services — would be strategic sectors.

In strategic sectors, there will be bare minimum presence of the public sector enterprises.

The remaining CPSEs in the strategic sectors will be privatised or merged or subsidised with other CPSEs or closed. In non-strategic sectors, CPSEs will be privatised, otherwise shall be closed.

Q.34) Which of the following statements is correct about Non-Performing Assets of Public Sector Banks in India?

- a) After initiation of Asset Quality Review in 2015, Bank balance sheets showed low incidence NPAs.
- b) The Provisioning Coverage Ratio is the ability of banks to service its debt and meet its financial obligations such as interest payments or dividends.
- c) Gross NPAs of Public Sector Banks is lower than Private Banks.
- d) NPAs are further divided into two categories i.e. substandard assets and doubtful assets.

Q.34) Solution (b)

Explanation

Asset quality review (AQR) initiated in 2015 for cleaning up banks' balance sheets revealed high incidence NPAs. As a result of AQR and subsequent transparent recognition by banks, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for.

Provisioning coverage ratio

What this is: Banks usually set aside a portion of their profits as a provision against bad loans.

What it means: A high PCR ratio (ideally above 70%) means most asset quality issues have been taken care of and the bank is not vulnerable.

Gross NPAs of PSBs was 6,09,129 crore and NPAs of Private Sector Banks was 1,88,191 crore.

Table 3: NPAs, CRAR, RoE, RoA of Public Sector Banks and Private Sector Banks
(Amount in ₹ crore; Rates and Ratios in Per cent)

Reporting Date	Public Sector Banks				Private Sector Banks			
	Gross NPAs	Capital Ratio (CRAR)	Return on Equity	Return on Total Assets	Gross NPAs	Capital Ratio (CRAR)	Return on Equity	Return on Total Assets
Mar-17	6,84,732	12.14	-1.92	-0.12	91,915	15.53	11.79	1.27
Mar-18	8,95,601	11.66	-14.01	-0.87	1,25,863	16.43	9.98	1.09
Mar-19	7,39,541	12.20	-10.97	-0.66	1,80,872	16.07	5.49	0.60
Mar-20	6,78,317	12.85	-3.92	-0.25	2,05,848	16.55	3.20	0.35
Sep-20	6,09,129	13.51	4.33	0.26	1,88,191	18.21	10.04	1.10

Source: Offsite Returns, Global Operations, RBI

NPAs are classified into 3 categories ie Substandard Assets(NPA for ≥ 12 months) ,Doubtful Assets (if remains in substandard category for 12 months), and Loss Assets (uncollectable).

Q.35) Which of the following given pairs is/are correct:

Airport

1. Jharsuguda Airport
2. Pakyong Airport
3. Kannur International Airport

State

1. Odisha
2. Arunachal Pradesh
3. Tamil Nadu

Select the correct code?

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

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

Q.35) Solution (a)

Basic Information:

Recent inaugurations of Airports:

1. Jharsuguda Airport in Odisha and Pakyong Airport in Sikkim were inaugurated.
2. Pakyong airport is Sikkim's first ever airport and AAI's first Greenfield airport construction.
3. Kannur International Airport was inaugurated making Kerala the only state in India to have four international airports.

Q.36) The main intention of allowing Qualified Foreign Investors (QFIs) to directly invest in Indian equity market is to –

1. Attract more foreign funds
2. Reduce market volatility
3. Deepen the Indian capital market
4. Widen the class of investors

Choose correct answer:

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

Q.36) Solution (d)

The Qualified Foreign Investor (QFI)

It is sub-category of Foreign Portfolio Investor and refers to any foreign individuals, groups or associations, or resident, however, restricted to those from a country that is a member of Financial Action Task Force (FATF) or a country that is a member of a group which is a member of FATF and a country that is a signatory to International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding (MMOU).

- QFI scheme was introduced by Government of India in consultation with RBI and SEBI in the year 2011, through a Union Budget announcement.
- The objective of enabling QFIs is to deepen and infuse more foreign funds in the Indian capital market and to reduce market volatility as individuals are considered to be long term investors, as compared to institutional investors.

Foreign Capital inflows to India have significantly grown in importance over the years. These flows have been influenced by strong domestic fundamentals and buoyant yields reflecting robust corporate sector performance.

- In the presence of increased QFIs there is increased capital available and reduced volatility compared to the FIIs which immediately rush out.
- In the present arrangement relating to foreign portfolio investments, only FIIs/sub-accounts and NRIs are allowed to directly invest in Indian equity market.
- In this arrangement, a large number of Qualified Foreign Investors (QFIs), in particular, a large set of diversified individual foreign nationals who are desirous of investing in Indian equity market do not have direct access to Indian equity market.
- In the absence of availability of direct route, many QFIs find difficulties in investing in Indian equity market.

Q.37) Consider the below statements with reference to Merchandise Exports from India Scheme (MEIS):

1. It seeks to promote export of notified goods manufactured/ produced in India.
2. It is implemented by the Ministry of Commerce and Industry.

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.37) Solution (c)

Merchandise Exports from India Scheme (MEIS)

- Merchandise Exports from India Scheme (MEIS) seeks to promote export of notified goods manufactured/ produced in India.

- MEIS is a major export promotion scheme of GOI implemented by the Ministry of Commerce and Industry.
- The MEIS is the most popular incentive for exporters, under which identified sectors are given duty exemption scrips that are fixed at a certain percentage of the total value of their exports. The scrips can be used to pay duties on inputs, including Customs duties.

Statement Analysis:

Statement 1	Statement 2
Correct	Correct
Merchandise Exports from India Scheme seeks to promote export of notified goods manufactured/ produced in India	Merchandise Exports from India Scheme is implemented by the Ministry of Commerce and Industry

Q.38) Consider the following statements:

1. It caters to customers outside the jurisdiction of domestic economy, dealing with flows of finance, financial products and services across borders.
2. The country's first such centre is being developed in Gujarat's GIFT City.

The above statements are associated with –

- a) International Organization of Securities Commission (IOSC)
- b) Graded Surveillance Centre (GSC)
- c) International Financial Services Centre (IFSC)
- d) International Graded Industry Centre (IGIC)

Q.38) Solution (c)

Statement Analysis:

Statement 1	Statement 2
Correct	Correct
An IFSC caters to customers outside the jurisdiction of the domestic economy. Such centres deal with flows of finance, financial	Gujarat International Finance Tec-City Co. Ltd is being developed as the country's first

products and services across borders.

international financial services centre (IFSC).

London, New York and Singapore can be counted as global financial centres. Many emerging IFSCs around the world, such as Shanghai and Dubai, are aspiring to play a global role in the years to come.

Q.39) Consider the following about industrial policy 1991:

1. One of the major objectives was to liberalise the industry from regulatory devices such as licenses and controls.
2. Ensuring PSUs are not exposed to competition and protected from private sector push.

Select the correct answer:

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

Q.39) Solution (a)

Introducing competition and ensuring PSUs are run on business lines with no undue protection was the major objective of the industrial policy 1991.

Q.40) Which one among the following sectors has attracted the highest foreign direct investment inflows into India in the last 25 years?

- a) Automobile industries
- b) Services sector
- c) Food processing
- d) Special Economic Zones

Q.40) Solution (a)

Overall the telecommunication sector has been the highest FDI attracting sector of the Indian Economy. But among the given options, Automobile industry had attracted highest FDI inflows.

Q.41) Which of following is not part of current account of balance of payments (BOP)?

- a) Goods

- b) Services
- c) Loans
- d) Transfers

Q.41) Solution (c)

Basic Information:

Current Account of balance of payments (BOP): The current account records the money spent and received on goods and services. Balance of Trade forms the major portion of the Current Account, but it also includes Receipts from income generating assets, such as dividends received on equities and interest on other investments, as well as Cash Transfers made internationally.

Note:

- Goods, Services, Income and Transfers are in Current account.
- Investment, Loan and Banking Capital are in Capital Account.

Q.42) Which of the following statement is incorrect?

- a) Currently, India is experiencing a deficit in income part of current account in BOP.
- b) Currently, India is experiencing a surplus in services part of current account in BOP.
- c) Currently, India is experiencing a deficit in transfers part of current account in BOP.
- d) None

Q.42) Solution (c)

Basic Information:

Transfers are nothing but remittances and India has the highest remittances in the world followed by China.

The World Bank has released a report on the impact of the COVID-19 on migration and remittances.

As per the report, remittances to India are likely to drop by 23 per cent from \$83 billion last year to \$64 billion this year due to the coronavirus pandemic, which has resulted in a global recession.

India's remittances

- India is the world's biggest recipient of remittances.
- In 2019, India is estimated to have received \$83.1 billion in remittances from people working overseas, about 12% of the total expected global inflow.

- International remittances in 2018 (2020 report) reached \$689 billion, out of which India received \$78.6 billion from the 17.5 million living abroad.
- Globally remittances are projected to decline sharply by about 20 per cent this year due to the economic crisis induced by the pandemic and shutdowns.
- The projected fall is largely due to a fall in the wages and employment of migrant workers, who tend to be more vulnerable to loss of employment and wages during an economic crisis in a host country.

Q.43) Official Reserve Transactions will always be zero in which of the following exchange rate regime:

- a) Fixed exchange rate system
- b) Flexible exchange rate system
- c) Managed Floating exchange rate system
- d) All of the above

Q.43) Solution (b)

Basic Information:

- In a system of flexible exchange rates (also known as floating exchange rates), the exchange rate is determined by the forces of market demand and supply.
- In a completely flexible system, the central banks follow a simple set of rules – they do nothing to directly affect the level of the exchange rate, in other words they do not intervene in the foreign exchange market (and therefore, there are no official reserve transactions).
- The official reserve assets are assets denominated in foreign currency, readily available to and controlled by monetary authorities for meeting balance of payments financing needs, intervening in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing).
- Official reserves transactions are common in Fixed and Managed Floating exchange rate system, where Central Bank like RBI has to make transactions to manage monetary policy.

Q.44) Indian Currency is fully convertible for which of the following purposes?

1. Repatriation of remittances.
2. Interest payments of foreign loans.
3. Foreign Direct Investment
4. Trade

Which of the statements given above is/are correct?

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

Q.44) Solution (a)

Basic Information:

- Convertible currencies give freedom to holders of currency to convert them freely into other currencies at a prevailing market rate.
- Rupee is fully convertible in components of current account like: goods and services, interest payment, remittances. Also grants and indirect foreign investment (though it belongs to the capital account).
- No country grants full convertibility; it restricts it for certain purposes.
- As an important part of the economic reforms since 1991, rupee was made convertible since 1992 in phases.
- Rupee was made fully convertible on the trade account in 1993 and it was further extended to current account in 1994.
- India assumed obligation under the Article VIII of IMF, India is committed to adopt current account convertibility.

Q.45) Which of the following comes under the capital account of Balance of Payments in India?

1. External Assistance.
2. Non-Resident Deposits.
3. Transfer including remittances.
4. External Commercial Borrowings.

Which of the statements given above is/are correct?

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

Q.45) Solution (d)

Basic Information:

The capital account records all international purchases and sales of assets such as money, stocks, bonds, etc. It consists of:

- External Assistance
- External Commercial Borrowings
- Short term credit
- Banking Capital which includes Non-Resident Deposits
- Foreign Investments which includes FDI and Portfolio Investments.
- Other Flows

The current account consists of visible trade (export and import of goods), invisible trade (export and import of services), unilateral transfers, and investment income (income from factors such as land or foreign shares)

Transfer Payments are part of current account. They are receipts which the residents of a country receive 'for free', without having to make any present or future payments in return. They consist of remittances, gifts and grants. They could be official or private.

Q.46) Which of the following is true regarding Managed Floating Exchange Rate system?

1. It is neither fixed nor flexible.
2. Central government intervenes directly or can direct the Central Bank, whenever required.

Choose the correct answer using the codes given below

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

Q.46) Solution (a)

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

Statement Analysis:

Statement 1	Statement 2
Correct	Incorrect
Managed floating exchange rate system is a mixture of a flexible exchange rate system and a	In Managed Floating Exchange Rate system, central banks intervene, whenever

fixed rate system.

1. In this hybrid exchange rate system, the exchange rate is basically determined in the foreign exchange market through the operation of market forces. Market forces mean the selling and buying activities by various individuals and institutions. So far, the managed floating exchange rate system is similar to the flexible exchange rate system.
2. But during extreme fluctuations, the central bank under a managed floating exchange rate system (like the RBI) intervenes in the foreign exchange market. Objective of this intervention is to minimize the fluctuation in the exchange rate of rupee.

required, to buy and sell foreign currencies in an attempt to moderate exchange rate movements.

Q.47) Which of the following are considered as 'invisibles' in Balance of Payments calculation?

1. Tourism
2. Factor incomes from one country to another
3. Income earned from ownership of overseas assets by Indian companies.

Select the code from following:

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

Q.47) Solution (d)

Basic Information:

Invisibles in international trade is synonym to services which can be divided into three parts
Services

- Income earned (profits, dividends, interests) from ownership of overseas assets by Indian companies
- Transfers (remittances from Indians working abroad)

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

It summarizes all transactions that a country's individuals, companies, and government bodies complete with individuals, companies, and government bodies outside the country. These transactions consist of imports and exports of goods, services, and capital, as well as transfer payments, such as foreign aid and remittances.

The invisible account of the Balance of Payments

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

Q.48) Consider the following statements -

1. Trade conducted by the private sector are also accounted for in the Balance of Payment.
2. Balance of Trade is positive for all developed economies.

Select the correct answer

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

Q.48) Solution (a)

Statement Analysis:

Statement 1	Statement 2
Correct	Incorrect
The balance of payments (BOP) is the method countries use to monitor all international monetary transactions (both public and private) at a specific period of time.	If a country's total exports are greater than the total imports, it has a trade surplus (positive balance). However, if a country's total exports are lower than their total imports, the country has a trade deficit (negative balance). Countries like Germany and China have a trade surplus, while

nations like the US, India and Australia have trade deficit.

Basic Information:

The Balance of Payments (BOP) records the monetary value of transactions that have occurred between the residents of one country and residents of other countries in a particular period. This is generally reported on a quarterly and yearly basis.

BOP includes all transactions that have taken place in the private and public sectors. Simply put, the money flowing into the economy has a positive impact (credit), while the money flowing out of the economy has a negative impact (debit) on the total Balance of Payments.

Q.49) Consider the following –

1. A positive Balance of Payment (BOP) can cause appreciation of rupee which benefits the exporters.
2. A negative BOP can cause rupee depreciation and this may promote RBI to absorb the excess rupee in the market.

Select the correct answer:

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

Q.49) Solution (b)

Statement Analysis:

Statement 1	Statement 2
Incorrect	Correct
Rupee appreciation is always bad for the exporters.	When BOP is negative it will lead to rupee depreciation and hence excess rupee in the market. RBI will attempt to absorb to maintain balance.

Q.50) In the context of India, what does the depreciation of Rupee mean?

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

Q.50) Solution (a)

Basic Information:

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

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

Q.51) Which of the following is/are correct regarding depreciation and devaluation?

- 1. Depreciation occurs in pegged exchange rate system while devaluation occurs in a floating exchange rate system.
- 2. Depreciation favours exports, while devaluation does not favour exports.

Select the code from following:

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

Q.51) Solution (d)

Basic Information:

Devaluation occurs in pegged exchange rate system while Depreciation occurs in a floating exchange rate system.

A devaluation is when a country makes a conscious decision to lower its exchange rate in a fixed or semi-fixed exchange rate. Therefore, technically a devaluation is only possible if a country is a member of some fixed exchange rate policy.

A depreciation is when there is a fall in the value of a currency in a floating exchange rate. This is not due to a government's decision, but due to supply and demand-side factors.

Both depreciation and devaluation have the same effect – a fall in the value of the currency which makes imports more expensive, and exports more competitive.

Q.52) Consider the following statements

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

Which of the statements given above is/are correct?

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

Q.52) Solution (a)

Basic Information:

The real effective exchange rate (REER) is the weighted average of a country's currency in relation to an index or basket of other major currencies. The weights are determined by comparing the relative trade balance of a country's currency against each country within the index.

This exchange rate is used to determine an individual country's currency value relative to the other major currencies in the index.

Statement Analysis:

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

Q.53) If a country has a Capital account deficit, what does it imply?

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

Q.53) Solution (a)

Basic Information:

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

Q.54) India's foreign exchange reserves consist of –

- Foreign currency assets held by RBI.
- Foreign currency assets held by individual citizens.
- Gold stock by RBI.

Choose the correct answer using the codes given below

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

Q.54) Solution (b)

Basic Information:

Foreign Exchange reserves of a country consists of –

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

Q.55) Which of the following factors determines the exchange rate of a currency?

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

Choose the correct answer using the codes given below

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

Q.55) Solution (d)

Statement Analysis:

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

Q.56) In the context of Balance of payment (BoP), what are 'accommodating transaction'?

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

Q.56) Solution (c)

Basic Information:

Accommodating Transactions

Transactions done to balance the surplus or deficit of BoP caused by Current account and autonomous transactions are called accommodating transactions.

These include –

- Foreign exchange reserve
- Borrowing from IMF or foreign monetary authorities

Q.57) Which of the following can be said to be the likely effect of declining crude oil prices in the international market on Indian Economy?

1. Widening Current Account Deficit.
2. Increase in Inflation.
3. Depreciation of Rupee

Select the correct answer using the code given below –

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

Q.57) Solution (d)

Basic Information:

Likely impact of declining crude oil prices in the international market on Indian Economy includes –

- **Narrowing Current Account Deficit (CAD)** – The government will have to spend less on the same quantity of import due to fall in prices of crude oil in international market.

- **Decrease in inflation** – Because of cheap crude oil, its impact will also fall on supply side. A slump in the oil price significantly reduces the prices of goods in the economy due to reduced cost of transportation of goods and services.
- **Appreciation of Rupee** - When CAD is reduced our demand for dollars is reduced in which case the value of rupee is said have appreciated

Q.58) Consider the following statements

1. Convertibility of rupee means freely converting it only into US dollars and vice versa.
2. India currently has full convertibility of rupee in capital accounts only.

Which of the above statements is/are correct?

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

Q.58) Solution (d)

Basic information: Convertibility

Any currency may be current account or capital account convertible or both.

Current account convertibility implies that the Indian rupee can be converted to any foreign currency at existing market rates for trade purposes for any amount. It allows easy financial transactions for the export and import of goods and services. Any individual involved in trade can get foreign currency converted at designated banks or dealers. In essence, current account convertibility remains within the trading realms. In the beginning of reforms, the rupee was made partially convertible for goods, services and merchandise only. During mid-1990s, the rupee was made fully convertible for current account for all trading activities, remittances and indivisibles.

However, the rupee continues to remain capital account partially convertible.

Capital account convertibility allows freedom to convert local financial assets into foreign financial assets and vice-versa. It includes easy and unrestricted flow of capital for all purposes which may include free movement of investment capital, dividend payments, interest payments, foreign direct investments in domestic projects and businesses, trading of overseas equities by local citizens and domestic equities by foreigners, foreign remittances and the sale/purchase of immovable property globally. As of today, one can still bring in foreign capital or take out local

money for these purposes, but there are ceilings imposed by the government that need approvals.

Q.59) For the purpose of improving the balance of payment situation in country which of the following measures are important?

1. Investment in the country through the channel of FDI and FPI.
2. Stability of Macroeconomic factors.

Choose the correct answer using the code given below –

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

Q.59) Solution (c)

Both Investment and stability of macroeconomic factors help in maintaining sufficient foreign exchange and this leads to improvement in the balance of payment situation of the country.

Q.60) Which of the following is incorrect about Liberalisation and Privatisation?

- a) There are no sectors currently which are reserved for MSMEs.
- b) Except 5 sectors, a private entrepreneur can start the business by simplifying an Industrial Entrepreneur Memorandum with Commerce Ministry
- c) Government interference in CPSEs decreased after LPG, as government signed MoU with CPSEs.
- d) No sector was reserved for public sector after privatisation since 1991.

Q.60) Solution (d)

Explanation – After privatisation since 1991, only 2 sectors are reserved for public sectors

1. **Atomic Energy**
2. **Railways** (now even there private train operators allowed, but majority of operations are still reserved)

Basic Information:

Balance of Payment Crisis forced then Indian government to open-up the economy. With pressure from IMF and external pressure from other countries led to Liberalisation, Privatisation and Globalisation.

- **Liberalisation** - means the withdrawal of controls and regulations by the government on the industries.
 - Government interference in Public sector companies decreased as government signed Memorandum of Understanding (MoU) with CPSEs granting them operational freedom through 'Ratna status'.
 - Licenses required only for a selected number of industries.
 - Namely,
 - 1. Alcoholic drinks
 - 2. Tobacco products
 - 3. Electronic aerospace and Defence Equipment
 - 4. Industrial explosives, gun powder, nitrocellulose and matches;
 - 5. Hazardous chemicals: Hydrocyanic acid, Phosgene, Isocyanates & their derivatives.
 - For remaining sectors, a private entrepreneur can start the business by simplifying an Industrial Entrepreneur Memorandum with Commerce Ministry.
 - Reserve sector for MSMEs was reduced to zero by 2015.
- **Privatization** – It means allowing private sector to enter into the sectors which were previously reserved for public sector companies only.
 - Only two sectors i.e. Railway and Atomic Energy were reserved for Public Sector.
 - Trend of Nationalisation was stopped and Policy of Dis-investment started being followed.

Q.61) Consider the following statements regarding IMF –

1. All member countries of the IMF are members of the United Nations
2. The value of Special Drawing Right (SDR) is determined by the basket of six currencies.
3. Indian has 2nd largest share in IMF quota system among the BRICS nations.

Select the correct option –

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

Q.61) Solution (c)

Statement Analysis:

Statement 1	Statement 2	Statement 3
Incorrect	Incorrect	Correct
<p>All member countries of the IMF are not sovereign states therefore all "member countries" of the IMF are not members of the United Nations.</p> <p>E.g. KOSOVO (IMF member but not UN member state). It is a partially-recognised state and disputed territory in Southeastern Europe. On 17 February 2008, Kosovo unilaterally declared its independence from Serbia. It has since gained diplomatic recognition as a sovereign state by 98 UN member states.</p> <p>Countries must join the IMF to be eligible for World Bank membership"</p>	<p>IMF uses a quota formula to help assess a member's relative position. The current quota formula is a weighted average of GDP (weight of 50 percent), openness (30 percent), economic variability (15 percent), and international reserves (5 percent) The value of SDR is determined by the basket of 5 currencies i.e. Euro, US Dollar, Yen, Chinese Yuan, Pound Sterling. Chinese Yuan was introduced as the 5th currency in the SDR basket in Oct. 2016.</p>	<p>The SDR quota determines a member's voting power in IMF's decisions. Currently India's quota in the IMF is 2.76% (vote share). USA has biggest quota of 17.46% followed by the Japan (6.48%), China (6.41%), Germany (5.6%), France (4.24%), UK (4.24), Italy (3.17) , India (2.76), Russia (2.71), Brazil (2.32)</p>

Q.62) Which of the following report is/are published by World Bank?

1. World Development Report
2. Global Economic Prospect
3. World Economic Outlook
4. Global Financial Stability Report

Select the correct option –

- a) 1 and 2 only

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

Q.62) Solution (a)

Name of Report	Publisher
World Development Report	World Bank
Global Economic Prospect	World Bank
World Economic Outlook	International Monetary Fund (IMF)
Global Financial Stability Report	International Monetary Fund (IMF)

Q.63) The Instrument in Support of Trade Exchanges (INSTEX) is associated with:

- a) A bilateral trade mechanism established to resolve trade tensions between USA and China
- b) A bilateral currency swap agreement between India and Japan.
- c) A payment facility established under joint efforts of India and Iran
- d) A payment mechanism being setup by the European Union to secure trade with Iran

Q.63) Solution (d)

Basic Information:

- On January 31, 2019, the foreign ministers of France, Germany and the UK announced the creation of the Instrument for Supporting Trade Exchanges (Instex) to facilitate legitimate trade with Iran without breaching US trade sanctions. The explicit purpose of the mechanism is to help salvage the Iran nuclear deal.
- Belgium, Denmark, Finland, Netherlands, Norway and Sweden sign up to INSTEX mechanism that sidesteps US sanctions.
- The Paris-based Instex functions as a clearing house that allows Iran to continue to sell oil and import other products or services in exchange.

Q.64) Trade Policy Review (TPR), which is often seen in news, is an important mechanism under which of the following organizations?

- a) International Monetary Fund (IMF)
- b) World Economic Forum (WEF)
- c) Economic Cooperation Organization (ECO)
- d) World Trade Organization (WTO)

Q.64) Solution (d)

The second and final Session of India's seventh Trade Policy Review (TPR) was concluded recently at the World Trade Organization in Geneva. The TPR is an important mechanism under the WTO's monitoring function in which member countries' trade and related policies are examined by the WTO with an aim to contribute towards improved adherence to WTO rules, while providing constructive feedback to the Member under review.

Q.65) The producer support estimate (PSE), an indicator of the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, are updated and published annually by –

- a) Food and Agriculture Organization
- b) Organisation for Economic Co-operation and Development
- c) NITI Aayog
- d) Department of Economic Affairs

Q.65) Solution (a)

The producer support estimate (PSE) is an indicator of the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on farm production or income. Examples include market price support, and payments based on output, area planted, animal numbers, inputs, or farm income.

PSEs, which are updated and published annually by the Organisation for Economic Co-operation and Development, can be expressed in monetary terms: as a ratio to the value of gross farm receipts valued at farm gate prices, including budgetary support (percentage PSE); or, as a ratio to the value of gross farm receipts valued at world market prices, without budgetary support.

OECD's Producer Support Estimate (PSE) is the only available source of internationally comparable information on support levels in agriculture.

Q.66) Logistics Performance Index is released by

- a) World Economic Forum
- b) World Bank
- c) United Nations Development Programme
- d) World Trade Organisation

Q.66) Solution (b)

The Logistics Performance Index is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. The LPI is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics “friendliness” of the countries in which they operate and those with which they trade. It is published by World Bank.

Q.67) With reference to International Atomic Energy Agency (IAEA) consider on the following statements:

1. It is a subsidiary organization of United Nations (UNO) and thus works under it.
2. Its primary objective is to provide international safeguards against any kind of nuclear use.
3. Signature and ratification of NPT is one of pre conditions for membership in the IAEA.

Select the correct option from given below:

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

Q.67) Solution (d)

IAEA is an international organization that seeks to promote the peaceful use of nuclear energy, and to inhibit its use for any military purpose, including nuclear weapons. It was established as an autonomous organization in 1957 through its own international treaty, the IAEA Statute.

The IAEA has its headquarters in Vienna, Austria. It is independent of the United Nations but reports to both the United Nations General Assembly (UNGA) and Security Council (UNSC).

Statement (3) is also incorrect as there are no such pre conditions for membership in the IAEA.

Q.68) India had recently acceded to the Hong Kong International Convention (HKC), which is associated with -

- a) global standards for safe and environmentally-sound ship recycling
- b) equal right of men and women to the enjoyment of all civil and political rights
- c) governing actions to combat climate change through adaptation and mitigation efforts directed at control of emission of GreenHouse Gases (GHGs)
- d) elimination of racial discrimination and the promotion of understanding among all races

Q.68) Solution (a)

The Hong Kong International Convention for the safe and environmentally sound recycling of ships, or Hong Kong Convention is a multilateral convention adopted in 2009. The conference that created the convention was attended by 63 countries, and overseen by the International Maritime Organization (IMO).

The Hong Kong Convention recognised that ship recycling is the most environmentally sound way to dispose of a ship at the end of its life, as most of the ship's materials can be reused. However, it sees current methods as unacceptable.

Q.69) Consider the following statement regarding 'India – Mauritius bilateral relation' –

1. The India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) will be the first trade Agreement to be signed by India with a country in Africa.
2. India is the 1st largest import trading partner of Mauritius.

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.69) Solution (a)

Basics

India – Mauritius Trade relation

The India-Mauritius CECPA will be the first trade Agreement to be signed by India with a country

in Africa. The Agreement is a limited agreement, which will cover Trade in Goods, Rules of Origin, Trade in Services, Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS) measures, Dispute Settlement, Movement of Natural Persons, Telecom, Financial services, Customs Procedures and Cooperation in other Areas.

Mauritius is an important development partner of India. India had extended a 'Special Economic Package' of USD 353 million to Mauritius in 2016. The new Supreme Court building project is one of the five projects being implemented under this package and was jointly inaugurated by Prime Minister Narendra Modi.

Statement Analysis

Statement 1	Statement 2
Correct	Incorrect
The India-Mauritius CECTA will be the first trade Agreement to be signed by India with a country in Africa.	India is 2 nd largest import trading partner with Mauritius with 13.85% share, while China with 16.69% share is largest trading partner.

Q.70) Consider the following statements with respect to World Customs Organisation (WCO)

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

Which of the above statements are correct?

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

Q.70) Solution (b)

The World Customs Organization (WCO), established in 1952 as the Customs Co-operation Council (CCC) is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administrations.

As the global centre of Customs expertise, the WCO is the only international organization with competence in Customs matters and can rightly call itself the voice of the international Customs community.

The WCO has divided its Membership into six Regions. Each of the six Regions is represented by a regionally elected Vice-Chairperson to the WCO Council.

Q.71) Consider the following institutions:

1. International Bank for Reconstruction and Development
2. World Trade Organisation
3. International Monetary Fund
4. Asian Development Bank
5. Asian Infrastructure and Investment Bank

Which of the above are considered as the 'Bretton Woods Twins'?

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

Q.71) Solution (c)

The International Monetary Fund (IMF) was set up along with the World Bank (IBRD) after the Second World War to assist in the reconstruction of war-ravaged countries. Leaders felt that financial stability was best achieved when countries worked in an environment of interdependence.

The two organisations – IMF and IBRD – were agreed to be set up at a conference in Bretton Woods in the US. Hence, they are known as the Bretton Woods twins.

Q.72) Consider the following statements about International Monetary Fund (IMF):

1. It provides technical assistance and expert advice to members in need.
2. It is involved in surveillance of monetary policies of member nations.
3. It directly intervenes in the monetary systems of members, if they are found to tinker with global financial stability.

Choose the correct statements using the codes given below

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

Q.72) Solution (d)

International Monetary Fund aims to reducing global poverty, encouraging international trade, and promoting financial stability and economic growth.

IMF has three main functions:

1. overseeing economic development,
2. lending, and
3. capacity development.

Through economic surveillance, the IMF monitors developments that affect member economies as well as the global economy as a whole.

IMF lends to its member nations with balance of payment problems so they can strengthen their economies.

The group also provides assistance, policy advice, and training through its various technical assistance programs.

IMF does not directly intervene in the monetary system of members. Any suggestion or conditioning is done only when the member asks for monetary and technical assistance.

Q.73) Consider the following statements regarding Special Drawing Rights (SDR):

1. SDRs are the reserve currency units of the IMF.
2. The value of one SDR is based on the currency values of US dollar, Euro, Japanese yen, British pound and Renminbi.
3. SDR basket is reviewed every five years so as to reflect the current status of currencies.
4. SDR is also the official currency of IMF and can be traded in the forex market.

Choose the correct statements using the codes given below

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

Q.73) Solution (b)

Special Drawing Rights (SDRs) is the IMF's unit of account and not a currency.

- The currency value of the SDR is determined by summing the values in U.S. dollars, based on market exchange rates, of a SDR basket of currencies.
- SDR basket of currencies includes the U.S. dollar, Euro, Japanese yen, pound sterling and the Chinese renminbi (included in 2016).
- The SDR currency value is calculated daily (except on IMF holidays or whenever the IMF is closed for business) and the valuation basket is reviewed and adjusted every five years.

Q.74) International Monetary Fund (IMF) seeks certain conditions when providing financial resources. Which of the following are those conditions?

1. Austerity measures
2. Privatisation
3. Currency convertibility
4. Trade restriction

Choose the correct answer using the codes given below

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

Q.74) Solution (c)

Some of the conditions for structural adjustment can include:

- Cutting expenditures or raising revenues, also known as austerity.
- Focusing economic output on direct export and resource extraction,
- Devaluation of currencies,
- Trade liberalisation, or lifting import and export restrictions (not trade restrictions)
- Increasing the stability of investment (by supplementing foreign direct investment with the opening of domestic stock markets),
- Balancing budgets and not overspending,
- Removing price controls and state subsidies,
- Privatization, or divestiture of all or part of state-owned enterprises,
- Enhancing the rights of foreign investors vis-a-vis national laws,

- Improving governance and fighting corruption.

These conditions are known as the Washington Consensus.

Q.75) Which of the following has announced to introduce 'Central Bank Digital Currencies' framework (CBDC) for policymakers?

- a) World Bank
- b) World Economic Forum
- c) Asian Development Bank
- d) G-20

Q.75) Solution (b)

The World Economic Forum (WEF) is introducing a toolkit for policymakers looking to implement central bank digital currencies (CBDCs). This was announced during the ongoing WEF conference in Davos, Switzerland.

Q.76) Consider the following statements about Organisation for Economic Cooperation and Development (OECD):

1. The Paris based institution (OECD) was established to run the US-financed Marshall Plan post WW-II.
2. Most of OECD countries are high-income and high-human development countries.
3. India was admitted into OECD post 1991 financial reforms.

Choose the correct statement/s using the codes given below

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

Q.76) Solution (d)

Organisation for Economic Co-operation and Development (OECD)

- The Organisation for Economic Co-operation and Development (OECD) is a group of 34 member countries that discuss and develop economic and social policy.
- OECD members are democratic countries that support free-market economies.

- In 1948, in the aftermath of World War II, the Organisation for European Economic Co-operation (OEEC) was established to administer the predominantly U.S.-funded Marshall Plan for post-war reconstruction on the continent. Its successor OECD established on Dec. 14, 1960, by 18 European nations plus the United States and Canada carried on the same work forward. It has expanded over time to include members from South America and the Asia-Pacific region. It includes most of the highly developed economies.
- India is one of the many non-member economies with which the OECD has working relationships in addition to its member countries. The OECD has been co-operating with India since 1995. Note that India is not admitted to OECD yet. Hence third statement is incorrect.

Q.77) Consider the following 'Rounds of Talk':

1. Havana Round
2. Dillon Round
3. Kennedy Round
4. Uruguay Round

Above 'rounds of talk' are associated with which of the following entities?

- a) World Trade Organisation
- b) International Monetary Fund
- c) General Agreement on Tariffs and Trade
- d) Latin American Free Trade Zone

Q.77) Solution (c)

During the GATT (General Agreement on Tariffs and Trade) years, eight rounds of tariff negotiations were held between 1947 and 1994:

Geneva (1947), Annecy (1949), Torquay (1950-51), Geneva (1956), Geneva (1960-61) - also known as the Dillon Round, the Kennedy Round (1964-67), the Tokyo Round (1973-79) and the Uruguay Round (1986-94). Finally, the Uruguay round of talks helped establish WTO in 1995.

Q.78) Which of the following differences between General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO) are correct?

1. While GATT rules are confined to trade, rules of WTO include services and aspects of intellectual property along with the goods.
2. Both are International Organizations based in Geneva.

Choose the correct answer using the codes given below

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

Q.78) Solution (a)

GATT can be described as a set of rules, multilateral trade agreement, that came into force, to encourage international trade and remove cross-country trade barriers. The General Agreement on Tariffs and Trade (GATT) is a legal agreement between many countries. It's not an organization.

WTO is an international organization, that came into existence to oversee and liberalize trade between countries.

Q.79) Consider the following principles of World Trade Organization (WTO):

1. Most Favoured Nation: countries cannot normally discriminate between their trading partners.
2. National Treatment: Imported and locally-produced goods should be treated equally.

Choose the correct statement/s using the codes given below

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

Q.79) Solution (c)

Most-favoured-nation (MFN): treating other people equally

- Under the WTO agreements, countries cannot normally discriminate between their trading partners. Grant someone a special favour (such as a lower customs duty rate for one of their products) and you have to do the same for all other WTO members.
- This principle is known as most-favoured-nation (MFN) treatment National treatment: Treating foreigners and locals equally

National treatment: Treating foreigners and locals equally

- Imported and locally-produced goods should be treated equally — at least after the foreign goods have entered the market. The same should apply to foreign and domestic services, and to foreign and local trademarks, copyrights and patents. This principle of “national treatment” (giving others the same treatment as one’s own nationals) is also found in all the three main WTO agreements (Article 3 of GATT, Article 17 of GATS and Article 3 of TRIPS), although once again the principle is handled slightly differently in each of these.

Q.80) Which of the following mechanisms under the WTO framework is/are considered legal and fair?

1. Special Safeguard Mechanism
2. Anti-dumping duties
3. Countervailing duties
4. Public stockholding of food

Choose the correct answer using the codes given below

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

Q.80) Solution (d)

A Special Safeguard Mechanism (SSM) is a protectionist tool under WTO that will allow developing countries to increase tariffs temporarily to suppress import surges or price falls. It is especially used for agricultural imports that cause damages to the country's farmers.

An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value. It is legal under WTO framework.

Countervailing Duties (CVDs) are tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country. CVDs are meant to level the playing field between domestic producers of a product and foreign producers of the same product who can afford to sell it at a lower price because of the subsidy they receive from their government. As export subsidies are considered to be an unfair trade practice, the World Trade Organization (WTO), CVDs are legal under WTO.

Since 2013, WTO members have agreed to negotiate and find a permanent solution to the issue of public stockholding programmes for food security purposes. Under these programmes,

developing countries purchase and stockpile food, and distribute it to people in need.

Q.81) Which of the following items comes under essential commodity list?

1. Cereals
2. Pulses
3. Oils
4. Potato
5. Onion

Select the correct answer using the code given below:

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

Q.81) Solution (d)

Explanation

Essential Commodity Amendment Act:

The supply of such foodstuffs, including cereals, pulses, potato, onions, edible oilseeds and oils, as the Central Government may, by notification in the Official Gazette, specify, may be regulated only under extraordinary circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature;

Any action on imposing stock limit shall be based on price rise and an order for regulating stock limit of any agricultural produce may be issued under this Act only if there is –

1. Hundred per cent. increase in the retail price of horticultural produce; or
2. Fifty per cent. increase in the retail price of non perishable agricultural foodstuffs,

Over the price prevailing immediately preceding twelve months, or average retail price of last five years, whichever is lower.

Exception of this Sub section:

- Such order for regulating stock limit shall not apply to a processor or value chain participant of any agricultural produce, if the stock limit of such person does not exceed the overall ceiling of installed capacity of processing, or the demand for export in case of

an exporter.

- Provided further that nothing contained in this sub section shall apply to any order, relating to the Public Distribution System or the Targeted Public Distribution System, made by the Government under this Act or under any other law for the time being in force.

Q.82) Consider the following statement about 'Financial Stability and Development Council':

1. It is a statutory apex council under the Ministry of Finance constituted under Finance Act in 2010.
2. It is chaired by the Finance Minister.
3. It will assess the functioning of the large financial conglomerates.

Which of the above given statement is incorrect?

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

Q.82) Solution (a)

Explanation:

Financial Stability and Development Council

Establishment:

- The Financial Stability and Development Council (FSDC) is a non statutory apex council under the Ministry of Finance constituted by the Executive Order in 2010. (So, Statement 1 is incorrect)
- The Raghuram Rajan committee (2008) on financial sector reforms first proposed the creation of FSDC.

Composition:

- It is chaired by the Finance Minister and its members include the heads of all Financial Sector Regulators (RBI, SEBI, PFRDA & IRDA), Finance Secretary, Secretary of Department of Economic Affairs (DEA), Secretary of Department of Financial Services (DFS), and Chief Economic Adviser.
- In 2018, the government reconstituted FSDC to include the Minister of State responsible for the Department of Economic Affairs (DEA), Secretary of Department of Electronics

and Information Technology, Chairperson of the Insolvency and Bankruptcy Board of India (IBBI) and the Revenue Secretary.

- FSDC sub committee is headed by the Governor of RBI.
- The Council can invite experts to its meeting if required.

Functions:

- The objective of FSDC is to strengthen and institutionalize the mechanism for maintaining financial stability, enhancing inter regulatory coordination and promoting financial sector development.
- It also intends to monitor macro prudential supervision of the economy.
- It will assess the functioning of the large financial conglomerates.

Q.83) PAiSA Portal launched by Ministry of Housing and Urban affairs is related to:

- a) Loans provided for housing development under PMAY Urban
- b) Subsidy for the green and hybrid vehicle under FAME India
- c) Credit to vendors affected by Covid 19 under PM SVANidhi
- d) Interest Subvention for the loans under DAY NULM

Q.83) Solution (d)

Explanation:

Paisa Portal for Affordable Credit & Interest Subvention Access

- A centralized electronic platform for processing interest subvention on bank loans to beneficiaries under Deendayal Antyodaya Yojana National Urban Livelihoods Mission (DAY NULM) named "PAiSA Portal for Affordable Credit and Interest Subvention Access", has been launched by Ministry of Housing and Urban Affairs.
- The web platform has been designed and developed by Allahabad Bank which is the Nodal bank.
- It is an effort by the government to connect directly with the beneficiaries, ensuring that there is greater transparency and efficiency in delivery of services.
- DBT of subvention on monthly basis under DAY NULM will give the necessary financial support to small entrepreneurs in a timely manner

Q.84) Which of the following statements with reference to Arbitration and Conciliation Act, 2019 is/are incorrect?

1. It provides for establishment of an independent body called Arbitration council of India.
2. Under the act, appointment of Arbitrator will be done by President of India.
3. It removes time restrictions for international commercial arbitrations.

Select the appropriate code:

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

Q.84) Solution (b)

Remarks –Here incorrect answer have been asked.

Explanation

Arbitration and Conciliation (Amendment) Act, 2019:

The Act contains provisions to deal with domestic and international arbitration, and defines the law for conducting conciliation proceedings.

- It **establishes an independent body called the Arbitration Council of India (ACI)** for the promotion of arbitration, mediation, conciliation and other alternative dispute redressal mechanisms. Its functions include:
 - framing policies for grading arbitral institutions and accrediting arbitrators.
 - making policies for the establishment, operation and maintenance of uniform professional standards for all alternate dispute redressal matters, and
 - maintaining a depository of arbitral awards (judgments) made in India and abroad.
- **Appointment of arbitrators will now be done by the Supreme Court designated arbitral institutions.**
- It seeks to remove time restriction for international commercial arbitrations. It adds that tribunals must endeavour to dispose off international arbitration matters within 12 months.
- Completion of written submissions to be completed within six months of the appointment of the arbitrators. Earlier there was no time limit.

Q.85) Consider the following statements with reference to National Policy on Electronics, 2019:

1. Its objective is to produce 1 trillion mobile handset in India by 2022.

2. It envisions to create a sovereign patent fund for the promotion, development and acquisition of Intellectual Property (IPs) in Electronic System Design and Manufacturing (ESDM) sector.
3. It was launched by NITI Aayog.
4. This was the first time a Policy has been launched especially for electronics sector.

Which of the above given statements is /are correct?

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

Q.85) Solution (a)

Explanation

National Policy on Electronics 2019

Recognizing the electronics sector's unique dynamics, significant opportunities, and structural challenges, the **Ministry of Electronics & IT** and notified the **National Policy on Electronics in 2012 (NPE 2012)**, which provided a road map for the development of electronics sector in the country. **Hence, statement 3 and 4 is incorrect.**

National Policy on Electronics 2019 (NPE 2019) supplants the NPE, 2012.

Main features:

- The policy envisions to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally.
- Promote domestic manufacturing and export in the entire value-chain of ESDM for economic development to achieve a turnover of USD 400 billion by 2025, **this will include targeted production of 1.0 billion (100 crore) mobile handsets by 2025. Hence, statement 1 is incorrect.**
- Improve ease-of-doing Business for the ESDM industry.
- Provide fiscal incentives and support for export-led growth, including significantly enhancing economies of scale in electronics manufacturing.
- **Create Sovereign Patent Fund (SPF) to promote the development and acquisition of IPs in ESDM sector. Hence statement 2 is correct.**
- Set up framework for creation of an ecosystem for promoting design and IP in the country.

- Promote Industry-led R&D and innovation in all sub-sectors of electronics, including grass root level innovations and early stage Start-ups in emerging technology areas such as 5G, IoT/ Sensors, Artificial Intelligence (AI), Machine Learning, Virtual Reality (VR), Drones, Robotics, Additive Manufacturing, Photonics, Nano-based devices, etc.
- Provide attractive package of incentives for promoting export of electronics goods, thereby empowering the exporters by facilitating global market access.
- Promote trusted electronics value chain initiatives to improve national cyber security profile.

Q.86) Which of the following statement is correct about Fugitive Economic offenders act, 2018?

1. To declare a person an FEO, an application will be filed in a Special Court (designated under the Prevention of Money-Laundering Act.
2. Enforcement directorate(ED) will be apex agency to implement the law.
3. Under the act, the burden of proof lies on individual that he is not a fugitive offender.

Select the correct answer from the given code:

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

Q.86) Solution (a)

Explanation:

Fugitive Economic offenders Act 2018

- Under the act fugitive economic offender is any individual against whom a warrant for arrest in relation to a scheduled offence has been issued by any court in India and who has either left India to avoid criminal prosecution, or who, being abroad, refuses to return to India to face criminal prosecution
- **To declare a person an FEO, an application will be filed in a Special Court (designated under the Prevention of Money-Laundering Act, 2002)** containing details of the properties to be confiscated, and any information about the person's whereabouts
- If the special court is satisfied that an individual is a fugitive economic offender, it can direct the Central government to confiscate the proceeds of the crime in India or abroad

- The fugitive economic offender will also be disqualified from accessing the Indian judicial system for any civil cases.
- In keeping with the principle of 'innocent until proven guilty', **the burden of proof for establishing that an individual is a fugitive economic offender or that certain property is part of the proceeds of a crime is on the Director** appointed to file an application seeking fugitive economic offender status.
- **Enforcement directorate(ED) will be apex agency to implement the law.**

Q.87) Which of the following authority can notify a contract as Qualified Financial Contract?

1. Reserve Bank of India
2. Securities and Exchange Board of India (SEBI)
3. Insurance Regulatory and Development Authority of India (IRDAI),
4. Pension Fund Regulatory and Development Authority (PFRDA)
5. International Financial Services Centres Authority (IFSCA)

Select the correct answer using the code given below:

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

Q.87) Solution (d)

Explanation:

About The Bilateral Netting of Qualified Financial Contracts Act,2020

- The Bilateral Netting of Qualified Financial Contracts Act, 2020 seeks to provide a legal framework for bilateral netting of qualified financial contracts which are over the counter derivatives contracts.
- Bilateral netting: Netting refers to offsetting of all claims arising from dealings between two parties, to determine a net amount payable or receivable from one party to other. The Act allows for enforcement of netting for qualified financial contracts.
- Qualified financial contracts (QFC): QFC means any bilateral contract notified as a QFC by the relevant authority. The authority can be Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA) or International Financial Services Centres Authority (IFSCA). The Central government may,

by notification, exclude contracts between certain parties or containing certain terms from being designated as QFCs.

- The Act provides that netting of QFCs is enforceable if the contract has a netting agreement.

Q.88) Which of the following body will be represented at International Financial Services Centres Authority?

1. Reserve Bank of India
2. Securities Exchange Board of India
3. Insurance Regulatory and Development Authority of India
4. Pension Fund Regulatory and Development Authority
5. BSE Sensex

Select the correct answer using the code given below:

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

Q.88) Solution (c)

Explanation:

Constitution of the International Financial Services Centres Authority

The Authority will consist of nine members, appointed by the central government.

These posts will have a term of three years, subject to reappointment.

Members of the Authority will include:

(i) the Chairperson,

(ii) four members to be nominated from

- Reserve Bank of India,
- Securities Exchange Board of India,
- Insurance Regulatory and Development Authority of India, and
- Pension Fund Regulatory and Development Authority,

(iii) Two members from amongst officials of the Ministry of Finance, and (iv) two members to be appointed on the recommendation of a Selection Committee.

Functions of the Authority: Functions of the Authority include:

- i. Regulating financial products, financial services, and financial institutions in an IFSC which have been approved by any regulator (such as the RBI or SEBI), before the enactment of the Act,
- ii. Regulating any other financial products, services, or institutions in an IFSC, which may be notified by the central government, and
- iii. Recommending to the central government, any other financial services, products, or institutions which may be permitted in an IFSC.

Q.89) Consider the following statement about UDAN scheme-

1. It will be implemented by Ministry of civil aviation.
2. It is a key component of National civil aviation policy 2016.
3. It aims to establish about 100 airports in 10-15 years with the support of Private sector.

Choose the correct answer from the given below options-

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

Q.89) Solution (a)

Explanation:

UDE DESH KA AAM NAAGRIK (UDAN) scheme

Main features:

- It was launched by **Ministry of Civil aviation in 2016** to make air travel affordable for people through subsidised ticket rates and to provide air connectivity to smaller towns through revival of existing air strips and airports.
- It is a key component of National Civil Aviation Policy, 2016.
- Airport Authority of India is the implementing agency.
- In order to expand UDAN to international circuits, Centre has also unveiled the International Air Connectivity (IAC) scheme.
- It is a market-based mechanism in which airlines bid for seat subsidies.

- The scheme would be in operation for a period of 10 years.
- It also **aims to operationalize 1000 routes and more than 100 airports in the next 5 years.**
- Airfares on regional flights are capped at ₹2,500/ hour of approximately 500 km on an aircraft or for a 30 min on helicopter.

Statement 3 is incorrect, Since it does not aim to establish but rather to revive it. A separate scheme called NABH (Nextgen Airports for Bharat) aims to establish about 100 airports in 10-15 years at an estimated investment of Rs 4 lakh crore and a large percentage of the investment is to come from the private sector.

Q.90) Consider the following statements regarding Consumer protection act of 2019:

1. It for the first time provides separate regulator for the protection, enforcement and promotion of consumer rights
2. It provides mechanism for redressing consumer complaints if there is a defect in the goods only.
3. The highest appellate authority provided under this act is National Consumer dispute resolution commission.
4. The new Act also introduces the concept of product liability.

Choose the correct answer from given below options:

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

Q.90) Solution (c)

Explanation:

Consumer Protection act, 2019

- The **Act includes establishment of the Central Consumer Protection Authority (CCPA)** to promote, protect and enforce the rights of consumers. This was not available under erstwhile act of 1986.
- The CCPA may impose a penalty on a manufacturer or an endorser of up to Rs 10 lakh and imprisonment for up to two years for a false or misleading advertisement.
- Consumer Disputes Redressal Commissions (CDRCs) will be set up at the district, state, and national levels.

Under the act, complaints entertained for **goods and services by CDRC** are

- District CDRC : less than Rs 1 crore,
- State CDRC : 1 crore -10 crore,
- National CDRC: Value over 10 crore.

Appeals from the State CDRC will be heard by the National CDRC. Final appeal will lie before the Supreme Court.

- **Act introduces the concept of product liability.** Product liability means the liability of a product manufacturer, service provider or seller to compensate a consumer for any harm or injury caused by a defective good or deficient service.
- Under this act **every e-commerce entity** is required to provide information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism, payment methods, security of payment methods, charge-back options, etc. including country of origin which are necessary for enabling the consumer to make an informed decision at the pre-purchase stage on its platform.
- There will be no fee for filing cases up to ₹5 lakh.
- It also provides for Central Consumer Protection Council as an advisory body on consumer issues to be headed by the Union Minister of Consumer Affairs, Food and Public Distribution

Q.91) Consider the following statements recently announced *Vehicle Scrapping Policy* :

1. It will be implemented by Ministry of Road Transport and Highway
2. Under the new scrappage policy, personal vehicles and commercial vehicles which fail fitness tests after 15 years and 10 years will not be allowed to ply.
3. Under the policy, anyone scrapping an old vehicle will get a certificate of scrapping.

Choose the correct answer from given below options:

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

Q.91) Solution (c)

Explanation –

New Vehicle Scrappage Policy:

- Personal vehicles older than **20 years** and **commercial vehicles** older than **15 years** will have to undergo fitness tests in automated vehicle fitness testing centres.
- This will help in encouraging fuel efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill.
- It has been announced by **Ministry of Road Transport and Highways**.
- The policy will kick in from April 2022.
- Mandatory tests for heavy commercial vehicles will begin from April 2023 and for other automobiles in June 2024.
- Under the policy, anyone scrapping an old vehicle will get a **certificate of scrapping** and using that he might get a discount of up to 5 per cent while purchasing a new vehicle.

Q.92) Government has recently launched 'Samarth scheme' for skill development and capacity building in

- a) Clean energy sector
- b) Textile sector
- c) Construction Sector
- d) Artificial intelligence

Q.92) Solution (b)

Explanation –

- The textile and apparel industry is one of the earliest industries developed in India. Its entire value chain from fiber to apparel manufacturing has a strong presence within the country. It is the biggest employer after agriculture.
- The **Ministry of Textiles is implementing the Samarth-Scheme for Capacity Building in Textiles Sector**, a placement oriented programme targeting skill development of 10 lakh youth in the entire value chain of textiles, excluding Spinning & Weaving in the organized Sector.
- It aims to promote skilling and skill upgradation in the traditional sectors of handlooms, handicrafts, sericulture and jute
- The Scheme would target to train 10.00 lakh persons (9 lakhs in organised & 1 lakh in traditional sector)
- Some of the advanced features of SAMARTH scheme include Training of Trainers (ToT), Aadhar Enabled Biometric Attendance System (AEBAS), CCTV recording of training

programme, dedicated call centre with helpline number, mobile app based Management Information System (MIS) and on-line monitoring of the training process.

Q.93) Consider the following statements about recent initiatives of Ministry of Coal.

1. Uttam application was launched to monitor the quality of coal.
2. Khanan Praharari was launched for reporting any activity taking place related to illegal coal mining like rat hole mining, pilferage etc.
3. Prakash portal was launched with an aim to promote cleaner and sustainable technology for coal mining

From the following options, choose the correct answer.

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

Q.93) Solution (a)

Explanation:

Initiatives of Ministry of Coal:

Uttam application: Unlocking Transparency By Third Party Assessment Of Mined Coal) app

- It aims to provide an App for all citizens and coal consumers to monitor the process of Third Party Sampling of coal across CIL subsidiaries.
- It **provides holistic coverage of coal quality across subsidiaries**, along with subsidiary details on quality parameters (Declared Gross Calorific Value *GCV+, Analysed GCV) and coverage parameters (Locations, Quantity sampled).

Khanan Praharari:

- It is a **tool for reporting any activity taking place related to illegal coal mining like rat hole mining, pilferage etc.**
- One can upload geo-tagged photographs of the incident along with textual information directly to the system.

Prakash Portal:

- The web portal PRAKASH (Power Rail Koyla Availability through Supply Harmony), **with a view to improving coordination between the power, coal and railway ministries to ensure coal supplies to power plants.**
- It has been developed by NTPC and sources data from different stakeholders such as Central Electricity Authority (CEA), Centre for Railway Information System (CRIS) and coal companies.

Hence, statement 3 is incorrect.

Q.94) Consider the following statements regarding 'New Labour Code':

1. Industrial Establishment which have less than 1000 workers will not have to furnish standing order.
2. Legal Strike by workers of the industry will be difficult, if new labour code applies.
3. New Labour codes will make retrenchment flexible and easy.

Which of the above given statements is/are correct?

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

Q.94) Solution (c)

Explanation:

- **Statement 1:** Industrial Relations Code, 2020 has raised the threshold for the requirement of a standing order to over 300 workers which implies that industrial establishments with up to 300 workers will not be required to furnish a standing order. **(So, statement 1 is incorrect)**
- **Statement 2:** Industrial Relations Code, 2020 also introduces new conditions for carrying out a legal strike. No person employed in any industrial establishment shall go on strike without a 60-day notice and during the pendency of proceedings before a Tribunal or a National Industrial Tribunal and sixty days after the conclusion of such proceedings. At present, a person employed in a public utility service cannot go on strike unless they give notice for a strike within six weeks before going on strike or within fourteen days of giving such notice, which the IR Code now proposes to apply for all the industrial establishments. **(So, Statement 2 is correct)**
- **Statement 3:** Without the need of a standing order in increased industrial establishments due to the raised threshold, the process of hiring and firing workers will

be more flexible and faster for employers which would result in increased employment.
(So, statement 3 is correct)

Q.95) Consider the following statements about 'Steel sector in India:

1. Steel Industry contributes to about 2% of the country's GDP and employs about 5 lakh people directly.
2. India is 2nd largest producer of crude steel in the world.
3. The New Steel Policy, 2017 aspires to achieve 300MT of steel-making capacity by 2030.

Which of the above statements are correct?

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

Q.95) Solution (d)

Explanation:

About National Steel Policy

- The Indian steel sector has grown exponentially over the past few years to be the second largest producer of steel globally, contributing to about 2% of the country's GDP and employing about 5 lakh people directly and about 20 lakh people indirectly.
- The new Steel Policy enshrines the long term vision of the Government to give impetus to the steel sector.
- It seeks to enhance domestic steel consumption and ensure high quality steel production and create a technologically advanced and globally competitive steel industry.

Key features of the NSP 2017:

- Create self-sufficiency in steel production by providing policy support & guidance to private manufacturers, MSME steel producers, CPSEs
- Encourage adequate capacity additions,
- Development of globally competitive steel manufacturing capabilities,
- Cost-efficient production
- Domestic availability of iron ore, coking coal & natural gas,
- Facilitating foreign investment

- Asset acquisitions of raw materials &
- Enhancing the domestic steel demand.

The policy projects crude steel capacity of 300 million tonnes (MT), production of 255 MT and a robust finished steel per capita consumption of 158 Kgs by 2030 -31, as against the current consumption of 61 Kgs.

Q.96) Consider the following statements about “Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)”:

1. It is a centrally sponsored scheme to supplement the financial needs of Farmers.
2. Responsibility of identification of beneficiary farmer families rests with the State / UT Governments.
3. Beneficiaries of this scheme are all farmers irrespective of their land size.

Which of the above given statements is/are correct?

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

Q.96) Solution (c)

Explanation:

Statement 1: It is a **Central Sector Scheme** to supplement the financial needs of the farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income. (So, Statement 1 is incorrect)

Statement 2: Responsibility of identification of beneficiary farmer families rests with the State / UT Governments. Fund is directly transferred to the bank accounts of the beneficiaries. Farmers can do their self-registration through the Farmers Corner in the portal or through Common Service Centers. The benefit shall be paid to only those farmers' families whose names are entered into the land records except for Forest dwellers, North-eastern states and Jharkhand which has separate provisions for land records.

Statement 3: Income support of Rs.6000/-per year is provided to all land holding farmer families across the country, irrespective of land size, in three equal instalments of Rs.2000/- every four months. Initially, beneficiaries were small and marginal farmers only, but later it was extended to all.

Q.97) Consider the following statements with respect to “PM Garib Kalyan Ann Yojna”:

1. Under it, People getting benefit of PDS will get extra 5 kg of wheat or rice.
2. State government will share cost of transportation and distribution cost.
3. More than 60% people are getting benefit of this scheme.

Select the correct answer using the code given below:

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

Q.97) Solution (b)

Explanation:

Pradhan Mantri Garib Kalyan Ann Yojana

- It is one of the components of Pradhan Mantri Garib Kalyan Yojna to fight hunger and distress among family.
- Under it, each eligible family (more than 80 crore people) will be provided 5 kg free wheat/rice per month along with 1 kg free whole chana per month. **(So, Statement 1 and 3 are correct)**
- The **Government of India is bearing 100% financial burden** of approximately Rs. 46,000 crores under this scheme. **(So, Statement 2 is incorrect)**

Q.98) Consider the following statements about ‘The Pradhan Mantri Innovative Learning Programme -DHRUV’:

1. It has launched by Ministry of Science and Technology.
2. Under it, special students will be given special care for 5 year programme.
3. Both Science and Art subjects have been included in this programme.

Which of the above statements is/are correct?

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

Q.98) Solution (b)

About Pradhan Mantri Innovative Learning Programme –DHRUV:

The Pradhan Mantri Innovative Learning Programme -DHRUV has been started by Ministry of Human Resource Development, to identify and encourage talented children to enrich their skills and knowledge. In centres of excellence across the country, gifted children will be mentored and nurtured by renowned experts in different areas, so that they can reach their full potential. **(So, Statement 1 is incorrect)**

Salient Features of DHRUV

- The programme is named after a pole star called DHRUV TARA.
- The main objective of the program is to allow students to realize their complete potential and contribute to the society.

The program aims to cover two areas namely Science and Arts. (So, Statement 3 is correct)

- The program is to be launched from Indian Space Research Organisation (ISRO).
- Around 60 students are selected broadly from Class 9 to Class 12 all over the country.

60 outstandingly talented students were selected in the first batch of DHRUV programme. The students have been broadly chosen from classes 9 to 12, from all schools including government and private. A 14 days programme was organized for these students in which the science and performing arts students were separated into two groups. **(So, Statement 2 is incorrect)**

Q.99) Consider the following statements regarding 'PMGDISHA':

1. One of the component of Digital India, it aims of digital literacy for all people residing in both urban and rural areas.
2. The course provided under this scheme is totally free.
3. Each eligible family can nominate only one member for this scheme.

Which of the above given statements is/are correct?

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

Q.99) Solution (c)

Explanation:

About PMGDISHA

Making one person in every family digitally literate is **one of the integral components of the "Digital India"**.

Pradhan Mantri Gramin Digital Saksharta Abhiyaan is the scheme to make six crore persons in rural areas, across States/UTs, digitally literate, reaching to around 40% of rural households by covering one member from every eligible household by 31st March, 2020.

The **Scheme aims to bridge the digital divide, specifically targeting the rural population** including the marginalized sections of society like Scheduled Castes (SC) / Scheduled Tribes (ST), Minorities, Below Poverty Line (BPL), women and differently-abled persons and minorities. **(So, statement 1 is incorrect)**

To register as candidate the applicant must perform the electronic KYC and agrees to term and condition. Candidate data will be shared with the examination agencies for certification purpose and with training centre for training purpose. **If candidate wishes to withdraw his/her personal information from the system, information will not be deleted and will be kept as a record purpose.**

Course under it

- Fee -NIL(So, statement 2 is correct)
- **Place of Learning -The eligible households can nominate one person from their family.** The selected person to get themselves enrolled under this programme in a nearest Training Centre/ Common Service Centre (CSC). **(So, statement 3 is correct)**

Q.100) Open market sale scheme, often seen in news is associated with

- a) Sale of government securities by RBI
- b) Sale of government stake in PSUs
- c) Sale of commercial papers by MNCs
- d) Sale of food-grains by Government / Government agencies

Q.100) Solution (d)

Explanation

Open Market sale scheme

- **It refers to selling of foodgrains by Government / Government agencies at predetermined prices in the open market from time to time** to enhance the supply of grains especially during the lean season and thereby to moderate the general open market prices especially in the deficit regions.
- In addition to maintaining buffer stocks and making a provision for meeting the requirement of the Targeted Public Distribution Scheme and Other Welfare Schemes (OWS), Food Corporation of India (FCI) on the instructions from the Government, sells wheat and rice in the open market from time to time.
- For transparency in operations, the Corporation has switched over to e-auction for sale under Open Market Sale Scheme (Domestic).

The FCI conducts a weekly auction to conduct this scheme in the open market using the platform of commodity exchange NCDEX (National Commodity and Derivatives Exchange Limited).

The State Governments/ Union Territory Administrations are also allowed to participate in the e-auction, if they require wheat and rice outside TPDS & OWS.

