

**GS MOCK TEST – 16  
ECONOMY ANSWERS**

**Time Allowed: 2 Hrs.**

**Max . Marks :200**

**Date:25.03.2023.**

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Q.1) Consider the following statements about Gross Fixed Capital Formation (GFCF):

1. It refers to the outlay on fixed assets such as plants, machinery and buildings
2. It does not take into account capital expenditure made by the government on fixed capital formation.

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

**EXPLANATION:**

Gross Fixed capital formation (GFCF), or the Gross domestic investment, consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories.

- Fixed assets include land improvements, plants, machinery, equipment purchases, and the construction of roads, railways, schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings.
- Inventories are stocks of goods held by firms to meet temporary or unexpected fluctuations in production or sales and work in progress. **So, Statement 1 is correct.**



The Government's capital expenditures result in the Creation of physical or financial assets or reduction in financial liabilities. Gross Fixed Capital Formation includes government spending on capital formation like purchases of transport and energy infrastructure, school and hospital buildings, IT systems, defense systems, and intangible assets. **So, Statement 2 is not correct.**

Q.2) Currently, which of the following are outside the ambit of GST?

1. Petroleum crude
2. High-speed diesel
3. Kerosene
4. CNG
5. LPG - domestic

6. LPG – Non-domestic

Select the correct answer using the code given below:

- (a) 1, 2, 5 and 6 only
- (b) 2, 4 and 6 only
- (c) **1, 2 and 4 only**
- (d) 1, 2, 3 and 6 only

**EXPLANATION:**

Goods and Services Tax (GST) is an indirect tax used in India on the supply of goods and services. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes

The items which are outside the ambit of GST are,

- Alcoholic Liquor,
- Electricity and
- Petroleum products (Petroleum Products such as petroleum crude, motor spirit (petrol),
- High speed diesel, natural gas, and aviation turbine fuel. However, the taxes for these products will be charged as per the structure before the introduction of GST.

The Products which are under the ambit of GST,

- kerosene (5%), naphtha and
- LPG (both domestic (5%) and non-domestic (commercial liquefied LPG grades (18%))

**So, option (c) is correct.**

Q.3) Consider the following statements:

1. Sales tax is an indirect tax collected from both producers and consumers of goods and services, while value-added tax is levied only on consumers.
2. Unlike the CENVAT system, the implementation of GST removed the cascading effect on tax.
3. Sweets, lifesaving drugs, fresh and frozen meat other than pre-packed, and coals are included under the 5% tax slab under the GST.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

The Sales Tax is levied on the customers. **So, Statement 1 is eliminated.**

An Indirect tax is charged on producers of goods and services and is paid by the consumer indirectly.

Examples of indirect tax are Customs duty, central excise, service tax, and Value-added tax.

Sales tax and VAT are indirect taxes collected by the seller who charges the buyer at the time of purchase and then pays or remits the tax to the government on behalf of the buyer.

Sales tax is levied on the sale of a commodity that is produced or imported and sold for the first time.

Value-added tax (VAT) is collected (taxed at every point of the production or distribution cycle, starting from raw materials and going all the way to the final retail purchase) from producers of goods and services and consumers. In contrast, Sales tax is levied only on customers. **So, Statement 1 is not correct.**

Cascading effect is when there is a tax on tax levied on a product at every step of the sale. The tax is levied on a value that includes tax paid by the previous buyer, thus, making the end consumer pay “tax on already paid tax.”

Goods and Service Tax (GST) was established by eliminating the VAT system, resulting in a cascading tax effect. In such cases, tax is processed on a value that includes tax paid by the previous consumer, leading to double taxation, and hence, the end consumer has to pay tax on paid tax, called the cascading effect. So, Statement 2 is correct.

Pre-packed and labelled food items (except frozen) like meat, fish, curd, paneer, and honey will now be included under the 5% GST tax, and dried leguminous vegetables, dried makhana, wheat, and other cereals, wheat or meslin flour, jaggery, puffed rice (muri), all goods and organic manure, coir pith compost, and main coal are also included.

Hence, Goods that are unpacked like fresh and frozen meat, unlabelled and unbranded will remain exempt from GST. **So, Statement 3 is not correct.**

Q.4) Which of the following is **not** correct about the Capital Expenditure of the budget of the Government of India?

- (a) While interest payments are not a part of capital expenditure, the loans given by the central government are a part of it.
- (b) **While capital expenditure is usually associated with the creation of assets, it may sometimes result in the creation of liability also.**
- (c) The money spent on building infrastructures such as roads, railways and airports is part of the capital expenditure.
- (d) Capital expenditure is expected to have a greater multiplier effect on the economy than revenue expenditure.

**EXPLANATION:**

Capital Expenditures of the Government result in the Creation of physical or financial assets or a reduction in financial liabilities, whereas Loans given by the Central Government to state government are called capital expenditures.

Capital payments consist of capital expenditure on

- the acquisition of assets like land, buildings, machinery, and equipment,
- as also investments in shares, loans and

- Creation of assets like schools, colleges, hospitals, roads, bridges, dams, railway lines, airports and seaports
- The Central Government grants advance to state and union territory governments, government companies, corporations and other parties.

Revenue Expenditure is expenditure incurred for purposes other than the Creation of physical or financial assets of the central Government. Whereas Interest payment is considered Revenue expenditure as it does not create any asset. **So, Option (a) and (c) is correct.**

Capital expenditure leads to the Creation of assets and allows the economy to generate revenue for many years by adding or improving production facilities and boosting operational efficiency. Along with the Creation of assets, Loan repayment is also capital expenditure, as it reduces liability.

Capital Expenditure always leads to the Creation of Assets or reduction of liabilities, as it does not create any liability. **So, Option (b) is not correct.**

The multiplier effect is an economic term referring to the proportional increase or decrease in final income resulting from an injection or withdrawal of capital.

The finance minister said that every Rs 1 spent on CAPEX multiplies Rs 2.45 in the immediate year and Rs 3.14 worth of effect in the following years. In contrast, Every Rs 1 spent on revenue expenditure gives a 45-paise multiplier effect in the immediate year, and in the year next, it gives an additional 10-paise multiplier. So, the amount sent on CAPEX has a better multiplier effect than revenue expenditure.

**So, Option (d) is correct.**

Q.5) Consider the following statements:

1. Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was recently launched by the Ministry of Finance.
2. RoDTEP is a WTO compliant scheme to refund duties and taxes for exporting goods and services.

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

**EXPLANATION:**

RoDTEP (Refund of Duties and Taxes on Exported Products) is a flagship export promotion scheme of the **Commerce Ministry of India** (Not Ministry of finance). It replaced the existing MEIS (Merchandise Exports for India Scheme) incentive scheme for exporters. RoDTEP is going to give a boost to Indian exports by providing a level playing field to domestic industry abroad. **So, Statement 1 is not correct.** It is a WTO compliant Scheme and follows the global principle that the taxes/duties should not be exported; they should be either exempted or remitted to exporters, to make the goods competitive in the global market and Duties/ taxes/ levies, at the Central, State & local level, borne on the exported product, including prior stage cumulative indirect taxes on goods & services used in the production of the exported product.

It has been made effective for the exports from 1st January 2021. **So, Statement 2 is correct.**

Q.6) Which of the following statements is/are correct with reference to Producer Companies?

1. Producers Companies in India are registered under the Cooperative Societies Act.
2. Voting rights are available only for members of the company.
3. Producers and corporate entities can together form a Producer Company.

Select the correct answer using the code given below:

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

**EXPLANATION:**

"Producer Company" means a body corporate that is registered under,

- the amended Companies Act, 1956,
- the terms of section 465 of the Companies Act, 2013, the provisions of the Part IX A of the Companies Act, 1956 shall be applicable mutatis mutandis to a producer company
- the objects of the producer company shall confirm the activities included in 581B of the Companies Act, 1956.

The Companies act of 1956 has been repealed except for Producer companies until a special act has been enacted for it. Hence, it is not registered under Cooperative Societies act. **So, Statement 1 is not correct.**

"Member" means a person or Producer institution (whether incorporated or not) admitted as a Member of a Producer Company and who retains the qualifications necessary for that. Voting rights are available only for members of the company and each member has one vote but the Members not having transactions with the company cannot vote. **So, Statement 2 is correct.**

Under the Producer Companies relationship with other corporate / business houses / NGOs, both Producers and Corporate entity can together float a producer company, unlike in Cooperative society which is transaction based formations. **So, Statement 3 is correct.**

Q.7) With reference to the Indian economy, consider the following statements:

1. In recent times, India's sovereign external debt as a percentage of GDP increased compared to sovereign internal debt.
2. US dollar-denominated debt remains the largest component of India's external debt, followed by the Indian rupee-denominated debt.

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

**EXPLANATION:**

According to the Press release by RBI - India's External Debt as of the end of March 2022, the external debt to GDP ratio declined to 19.9 percent in end-March 2022 from 21.2 percent in end-March 2021.

Internal Debt comprises loans raised in the open market, compensation and other bonds, etc. It also includes borrowings through treasury bills including treasury bills issued to State Governments, Commercial Banks, and other Investors, as well as non-negotiable, non-interest-bearing rupee securities, issued to International Financial Institutions.

From the diagram, we can infer that for the past two years India's sovereign external debt as a percentage of GDP decreased compared to sovereign internal debt, and usually in India, the Internal debt of the Government will be more than the external debt. **So, Statement 1 is not correct.**

The US dollar denominated debt remained the largest component of India's external debt, with a share of 53.2 percent by end-March 2022, followed by debt denominated in the Indian rupee (31.2 percent), SDR (6.6 percent), yen (5.4 percent), and the euro (2.9 percent). **So, Statement 2 is correct.**

Q.8) In the context of Indian banks, consider the following statements:

1. RBI triggers Prompt Corrective Action (PCA) when a bank's Return on Assets becomes less than 0.25%.
2. Prompt Corrective Action applies only to commercial banks and certain NBFCs.
3. The PCA framework will impose restrictions only on the expansion of a bank's high risk-weighted assets.

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

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

**EXPLANATION:**

RBI triggers the Prompt Corrective Action when banks breach certain regulatory requirements like minimum capital, return on asset, and quantum of non-performing assets. The process or mechanism under which such actions are taken is known as Prompt Corrective Action or PCA. The trigger points are,

- Capital to Risk-weighted Assets Ratio
- Non-Performing Assets of the bank (NPA)
- Leverage or Total debt level
- Profitability - Return on Assets.

According to RBI's new guidelines, Capital, Asset quality, and Leverage will be the three key areas for monitoring in the revised framework. RBI removes Profitability as the criteria for the regulations under PCA.

**So, Statement 1 is not correct.**

Reserve Bank of India introduced a PCA for Scheduled Commercial Banks in 2002 and the same has been reviewed from time to time based on the experience gained and developments in the banking system.

As NBFCs have been growing in size and have substantial interconnectedness with other segments of the financial system in 2021, RBI decided to put in place a PCA Framework for NBFCs to further strengthen the supervisory tools applicable to NBFCs.

It will be applicable for all deposit-taking NBFCs — excluding government NBFCs, primary dealers, and housing finance companies — and other non-deposit-taking NBFCs in the middle, upper, and top layers.

**So, Statement 2 is correct.**

The mandatory actions that will be taken by the RBI if PCA is imposed on the banks are,

- Submission and implementation of the capital restoration plan
- Restriction on the expansion of risk-weighted assets
- Restriction on entry into new lines of business
- Paying off costly deposits and CDs
- Reduction/suspension of dividend payment

Likewise, the discretionary actions are,

- Ordering of recapitalization
- Reduction in stake in subsidiaries
- Shedding risky business
- Restrictions on borrowings from the interbank market
- Revision of credit/investment strategy and control

There are various actions and not just one as mentioned in the statement.

**So, Statement 3 is not correct.**

Q.9) Consider the following statements:

1. Advances in technology and changes in market conditions increase the unemployment rate due to skills becoming obsolete.
2. A rise in unemployment during recession and a reduction when the economy starts recovering.
3. A situation where the marginal product of labour is zero.
4. A situation where unemployment is voluntary in nature and a result of mismatch between labour supply and demand.

Which of the statements given above best describes Frictional unemployment?

(a) 1 and 3 only

(b) 2 only

(c) **4 only**

(d) None of the above

**EXPLANATION:**

Structural unemployment is a longer-lasting form of unemployment caused by fundamental shifts in an economy and exacerbated by extraneous factors such as technology, competition, and government policy. It occurs because workers lack the requisite job skills or live too far from regions where jobs are available and cannot move closer. Jobs are available, but there is a serious mismatch between what companies need and what workers can offer. **So, Statement 1 is not correct.**

Cyclical unemployment is a type of unemployment that is related to cyclical trends in the industry or the business cycle. It is directly related to the macroeconomic situation in the economy. It would rise at a time of recession while reducing when the economy starts recovering. Economic activity tends to move up and down and cannot be classified as linear. **So, Statement 2 is not correct.**

Disguised unemployment exists when part of the labor force is either left without work or is working in a redundant manner such that worker marginal productivity is essentially zero. It is unemployment that does not affect aggregate output. An economy demonstrates disguised unemployment when productivity is low and too many workers are filling too few jobs. **So, Statement 3 is not correct.**

Frictional unemployment is the result of voluntary employment transitions within an economy. It naturally occurs, even in a growing, stable economy. Workers choosing to leave their jobs in search of new ones and workers entering the workforce for the first time constitute frictional unemployment. It does not include workers who remain in their current job until finding a new one, as they are never unemployed. In this type of unemployment, there is also a mismatch between labour supply and demand occurs – for example, workers may resign from their job to go back to school or learn a new skill because they believe they need the skill to earn more income. **So, Statement 4 is correct.**

Q.10) The total money supply in an economy includes which of the following?

1. Deposits of households in banks with a maturity up to one year
2. Deposits of households in banks with a maturity greater than one year
3. Borrowings of banks from Non-Depository Financial Institutions
4. Banker's deposits with RBI
5. Other deposits with RBI

Select the correct answer using the code given below:

(a) 1 and 2 only

(b) 4 and 5 only

(c) **1, 2, 3 and 5 only**

(d) 1, 2, 3, 4 and 5



**EXPLANATION:**

Money supply refers to the total quantity of money held by public in various forms at any point of time in an economy. The main components of money supply are currency held by the public and net-demand deposits held by the commercial banks. It is measured in 5 ways such as M1, M2, M3, M4 and M0. The RBI takes into account the M3 measure of money supply for macroeconomic policy formulation. Hence the Total money Supply in the Economy is the components of M3 measure.

Currency (notes and coins) with the public + Demand deposits + other deposits held

M3 = with the Reserve Bank of India + Time deposits of all commercial banks and co-operative banks.

The M3 measure of money supply doesn't include Banker's deposit with RBI.

**So, Option (c) is correct.**

Q.11) Which of the following can result in the depreciation of the domestic currency in comparison to foreign currency?

1. Excess of imports over exports
2. Excess inflow of Foreign Direct Investment
3. Excess outflow of Foreign Portfolio Investment
4. Purchase of foreign currency by RBI from the domestic banks
5. Signing currency swap agreements with countries that have large foreign currency reserves

Select the correct answer using the code given below:

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

**EXPLANATION:****OPTION ELIMINATION STRATEGY**

Signing currency swap agreements is to hedge exchange rate risks. **So, Statement 5 could be eliminated.**

Excess imports over exports may lead to a trade deficit that has the opposite effect on currency exchange rates; domestic currency demand in international trade is lowered. Lower demand for the currency in the international market will decrease its value leading to the depreciation of the domestic currency. **So, Statement 1 is correct.**

The inflow of Foreign Direct Investment increases when the domestic currency is under depreciation due to the lower cost of capital and reduced production cost. An increase in FDI will increase the demand for domestic currency and raise its exchange rate leading to an appreciation of the domestic currency. **So, Statement 2 is not correct.**

The excess outflow of Foreign Portfolio Investment will weaken the value of the domestic currency as investors pull out the money from the economy leading to the depreciation of the domestic currency. **So, Statement 3 is correct.**

RBI intervenes periodically in foreign exchange markets. If the RBI purchases foreign currency, this will increase demand for foreign currency and the supply of rupees, leading to an increase in the value of the rupee against the foreign currency. Thus domestic currency depreciates. **So, Statement 4 is correct.** The signing of currency swap agreements between two countries is to hedge the exchange rate risk that may arise over a period of time, so this will not affect the value of the domestic currency, as the countries have agreed in advance to pay the principal amount and interest rate in predetermined rates. **So, Statement 5 is not correct.**

Q.12) Which of the following statements best describes the concept of crowding-in effect in the context of government expenditure?

- (a) Government expenditure resulting in benefits to a large number of people
- (b) Government expenditure to address the problem of excess population growth
- (c) Government expenditure to tackle the downsides of rural-urban migration
- (d) **Government expenditure resulting in a further inflow of private investment**

**EXPLANATION:**

Crowding-in is a phenomenon that occurs when higher government spending leads to an increase in economic growth and therefore encourages firms to invest due to the presence of more profitable investment opportunities. The crowding-in effect is observed when there is an increase in private investment due to increased public investment, for example, through the construction or improvement of physical infrastructures such as roads, highways, water and sanitation, ports, airports, railways, etc. **So, Option (d) is correct.**

Q.13) Recently seen in the news, the context of 'Predatory Pricing' is related to which of the following?

- (a) Survey carried out by the forest department to identify the loss of Predators in a key ecosystem of the Forest.
- (b) **Strategy used by a dominant firm to undercut competitors.**
- (c) Pricing technique used in the Barter system during the medieval times.
- (d) Strategy used by the Marine dwellers to catch their prey.

**EXPLANATION:**

A predatory pricing strategy, a term commonly used in marketing, refers to a pricing strategy in which goods or services are offered at a very low price point, intending to drive out competition and create barriers to entry.

Predatory pricing is the illegal act of setting prices low to eliminate competition.

It can be viewed as an exclusionary practice that eliminates other players from the market. The ultimate loss bearer is the consumer, who will have a reduced bargaining position due to less competition and will be subject to the arbitrariness of monopolistic conduct. **So, Option (b) is correct.**

Q.14) Consider the following statements about Consumer Price Index (CPI) and Wholesale Price Index (WPI) in India:

1. Both CPI and WPI are calculated using a basket which consists of goods as well as services.
2. While the weightage of food items is the highest in CPI, the weightage of manufactured items is the highest in WPI.
3. CPI and WPI always move in the same direction.
4. While CPI is now used for inflation targeting by the RBI, WPI also plays an important role in policy making.

Which of the statements given above are **not** correct?

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

**EXPLANATION:**

Wholesale Price Index tracks year-on-year wholesale inflation at the producer or factory gate level and Consumer Price Index (CPI) tracks changes in price levels at the shop end. A key difference that must be noticed is that the WPI does not take into account the change in prices of services — say a haircut or a banking transaction. But CPI does. If services such as transport, education, recreation and amusement, personal care, etc. get significantly costlier, then retail inflation will rise but there will be no impact on wholesale price inflation. **So, Statement 1 is not correct.**

While the CPI is heavily tilted towards the food of 50% weight (highest), the WPI has a huge weight of manufactured items at 64.2%. **So, Statement 2 is correct.**

- There are instances in which divergence between WPI and CPI can be seen. There is a host of reasons for it, which include the difference in weightage assigned to different goods/items that make up the two baskets.
- For example, in the consumer basket, food has a much higher weightage than in the wholesale basket. This essentially means a rise in food prices will cause a bigger spike in the CPI basket than in the WPI one.
- Similarly, manufactured goods are given more weightage in the wholesale basket. Therefore, any movement in the price of such items will move the WPI more than it does the CPI.
- Since these two inflation rates are calculated based on two very different indices, it is not uncommon to find them at considerable variance from each other.

**So, Statement 3 is not correct.**

Generally, CPI is used as a macroeconomic indicator of inflation, as a tool by the central bank and government for inflation targeting and for inspecting price stability, and as a deflator in the national accounts. Likewise, normally, changes in the wholesale price inflation (WPI) are taken as the headline inflation for policy

articulation and within the WPI, non-food manufactured products inflation is considered the core inflation.

**So, Statement 4 is correct.**

Q.15) Consider the following statements about the Foreign Exchange (ForEx) reserves maintained by the Reserve Bank of India:

1. In India, ForEx reserves are maintained solely in the form of foreign currency assets
2. ForEx reserves act as a tool for the RBI to deal with sudden volatility in the value of the Rupee.
3. RBI uses its ForEx reserves to intervene in the foreign currency market on a regular basis.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

Data regarding the Foreign Currency Reserves (FCA) if India:

it could be inferred that FCR (Foreign Currency Reserve) is not just about FCA (Foreign Currency Asset). The biggest contributor to this reserve is foreign currency assets followed by the gold, SDR, and reserve with the International Monetary Fund.

**So, Statement 1 is not correct.**

Regarded as the health meter of a country, Foreign Exchange reserves or Forex reserves are assets such as foreign currencies, gold reserves, treasury bills, etc retained by RBI that checks the balance of payments and influences the foreign exchange rate of its currency and thus maintains stability in financial markets.

Therefore, it act as a tool for the RBI to deal with sudden volatility in the value of Rupee

**So, Statement 2 is correct.**

RBI's intervention in the Forex Market is only during the times when there is huge volatility (occasionally) in the Exchange Rate and not on the regular basis. As, an import dependent country the volatility in the exchange rated need to checked as they could affect the stability of the economy as a whole, and therefore RBI intervenes.

**So, Statement 3 is not correct.**

Q.16) Consider the following statements:

1. Twin deficit syndrome is a term used to denote a situation when both current account deficit and fiscal deficit are high.
2. Purchasing Power Parity (PPP) based exchange rates are calculated by comparing the prices of the same basket of goods and services in different countries.
3. Real Effective Exchange Rate (REER) takes into account the impact of domestic inflation while calculating the exchange rate between the domestic currency and a basket of other major currencies.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

Twin deficit refers to the fiscal and current account deficit.

Fiscal deficit means higher expenditure over income. The gap between expenditure and income is bridged through borrowing from market. The term current account deficit is derived from current account balance. According to the OECD, the current account balance of payments is a record of a country's international transactions with the rest of the world. The current account includes all the transactions (other than those in financial items) that involve economic values and takes place between resident and non-resident entities.

Current Account Deficit (Trade deficit) and Fiscal Deficit often reinforce each other, i.e., a high fiscal deficit leads to higher CAD and vice versa. **So, Statement 1 is correct.**

Purchasing power parity is defined as the number of units of a country's currency required to buy the same amount of goods and services in the domestic market as one dollar would buy in the US.

The technique of purchasing power parity allows us to estimate what exchange between two currencies is needed to express the accurate purchasing power of the two currencies in the respective countries. Under PPP, we measure the GDP of India by measuring how much milk Rupee can purchase in India and One Dollar can purchase in the US.

In case, one dollar in the US can purchase one liter of milk whereas Rs 30 can purchase one liter of milk in India.

$$\text{\$ 1} = \text{Rs 30}$$

This is the purchasing power parity exchange rate we obtained.

PPP method compares different countries' currencies through a "basket of goods" approach.

Purchasing power parity (PPP) allows economists to compare economic productivity and living standards between countries.

So, Statement 2 is correct.

REER is the real effective exchange rate (a measure of the value of a currency against a weighted average of several foreign currencies) divided by a price deflator or index of costs. The weights are determined by comparing the relative trade balance of a country's currency against that of each country in the index.

An increase in a nation's REER is an indication that its exports are becoming more expensive and its imports are becoming cheaper. It is losing its trade competitiveness.

A nation's nominal effective exchange rate (NEER), adjusted for inflation in the home country, equals its real effective exchange rate (REER).

Therefore REER takes into account the impact of domestic inflation while calculating exchange rate between two countries.

**So, Statement 3 is correct.**

Q.17) In the context of an open economy, which of the following statements is/are correct with respect to the term 'Balance of Payments (BoP)'?

1. BoP is a systematic record of all economic transactions between the citizens and non-citizens of a country during a specific period.
2. Devaluation of currency is taken as a measure when the BoP situation is adverse.
3. External Commercial Borrowings form part of the Capital account under the BoP.

Select the correct answer using the code given below:

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

**EXPLANATION:**

Balance Of Payment (BOP) is a statement that records all the monetary transactions made between residents (not citizens) of a country and the rest of the world during any given period. This statement includes all the transactions made by/to individuals, corporates and the government and helps in monitoring the flow of funds to develop the economy. **So, Statement 1 is not correct.**

Devaluation is an official reduction of country's value of money relative to a foreign currency or standard.

Negative Balance of Payments or Balance of payment deficit means the nation imports more commodities, capital and services than it exports and it also denotes a situation of excessive consumption which results in the drain of foreign reserves. In order to increase foreign reserves and to attract more foreign investments, the country goes for devaluation of its currency to tackle the adverse BOP situations.

**So, Statement 2 is correct.**

Capital Account records all international transactions of assets. An asset is any one of the forms in which wealth can be held, for example, money, stocks, bonds, Government debt, etc. This account includes items such as Foreign Direct Investments (FDIs), Foreign Institutional Investments (FIIs), external commercial borrowings, and assistance. **So, Statement 3 is correct.**

Q.18) Which of the following is **not** a likely consequence of making the capital account freely convertible in India?

- (a) More frequent inflow of investment into the financial markets
- (b) **Stability in the value of the Rupee in the international market**
- (c) More exposure to global economic shocks
- (d) More frequent outflow of investment towards foreign financial markets

**EXPLANATION:**

Full capital account convertibility opens up the country's markets to global players including investors, businesses, and trade partners. This allows easy access to capital for different businesses and sectors, which enables More frequent inflow of investment into the financial markets. **So, option (a) is correct**

A rising, unregulated rupee makes Indian exports less competitive in the international markets. Export-oriented economies like India and China prefer to keep their exchange rates lower to retain the low-cost advantage. Once the regulations on exchange rates go away, India risks losing its competitiveness in the international market. Therefore, it never creates stability of the currency in the international market rather Rupee becomes highly unstable because of the huge in and outflow of capital.

**So, option (b) is not correct.**

Amid a lack of suitable regulatory control and rates subject to open markets with a large number of global market participants, high levels of volatility, devaluation, or inflation in forex rates may happen, challenging the country's economy and making it more prone to Global economic Shocks.

**So, option (c) is correct.**

At present, any Indian individual or business would need permission from authorities to do so. After full convertibility, there will be no limits on the amounts exchanged and no need for approvals.

And so there will be more frequent outflow of investment towards foreign financial markets as well as foreign assets.

**So, option (d) is correct.**

Q.19) Consider the following statements with reference to NBFCs in India?

1. All NBFCs registered with the Reserve Bank are entitled to accept deposits.
2. NBFCs cannot offer interest rates higher than the ceiling rate prescribed by RBI.
3. NBFCs cannot offer gifts/incentives or additional benefits to the depositors.
4. Deposit Insurance facility is available to depositors in RBI-registered NBFCs. Which of the statements given above are correct?

- (a) 1 and 3
- (b) **2 and 3**
- (c) 1 and 4
- (d) 2 and 4

**EXPLANATION:**

### OPTION ELIMINATION STRATEGY

All NBFCs is an over-generalizing statement and therefore **Statement 1 could be eliminated.**

All Non-Banking Financial Companies are not entitled to accept public deposits. Only those NBFCs to which the Bank had given a specific authorization and have an investment grade rating are allowed to accept/ hold public deposits to a limit of 1.5 times of its Net Owned Funds. **So, Statement 1 is not correct.**

The NBFCs are allowed to accept/renew public deposits for a minimum period of 12 months and a maximum period of 60 months. They cannot accept deposits repayable on demand.

NBFCs cannot offer interest rates higher than the ceiling rate prescribed by RBI from time to time. The present ceiling is 12.5 percent per annum. The interest may be paid or compounded at rests not shorter than monthly rests. **So, Statement 2 is correct.**

One of the salient features of NBFCs is, they cannot offer gifts/incentives or any other additional benefit to the depositors. **So, Statement 3 is correct.**

The deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in the case of banks, and therefore, the depositors of NBFCs are neither insured nor guaranteed. **So, Statement 4 is not correct.**

Q.20) An increase in the quantity of high-powered money followed by a more than usual multiplication of money is likely to result in which of the following?

- (a) **Increase in money supply in the economy with higher than usual levels of inflation**
- (b) Decrease in money supply in the economy with lower than usual levels of inflation
- (c) Money supply remains unaltered
- (d) Money supply increases without any impact on the levels of inflation in the economy

### EXPLANATION:

- Reserve money represents the base level for money supply or it is the high-powered component of the money supply which includes Currency in Circulation + Bankers' Deposits with RBI + Other deposits with RBI.
- High Powered Money is produced by the R.B.I. and the Government of India and held by the public and the banks. It is denoted by  $M_0$ .
- This high-powered money and the money multiplier effect has an inverse relationship.
- Money multiplier is calculated by  $M_3/M_0$ . Here  $M_3$  refers to the broad money.
- The money multiplier calculates the additional money created in the economy by the cycle of lending and borrowing. It tells us how many times the initial loan made in the economy will multiply by the cycle of spending and re-deposition in the economy.
- The given condition provides us a situation, where the money held by the public and the banks are high and money multiplier is also high. Then there will be high demand for goods in the economy which will lead to high inflation.
- According to the quantity theory of money, if the amount of money in an economy double through high powered money followed by money multiplication, all else equal, price levels will also double.
- This means that the consumer will pay twice as much for the same amount of goods and services. This increase in price levels will eventually result in a rising inflation level; inflation is a measure of the rate of



rising prices of goods and services in an economy. **So, Option (a) is correct.**

Q.21) With reference to the Indian economy, consider the following statements:

1. If exports of essential consumption goods are restricted, inflation can be controlled.
2. Unanticipated inflation benefits the government because the government is a large debtor. 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

**EXPLANATION:**

Recently, the Government of India banned the export of Wheat and Sugar to control inflation status in the country, as one of its fiscal measures. If exports of essential commodities are restricted, it will create a balance between demand and supply chain in the market, because uncontrolled exports would lead to scarcity of domestic stocks which will result in a spike in prices, especially during festive seasons. **So, Statement 1 is correct.**

Unanticipated Inflation is inflation that is not expected but will redistribute income and wealth. One important redistribution of income and wealth that occurs during Unanticipated inflation is the redistribution between debtors and creditors. Debtors gain from this Inflation because they repay creditors that are worth less in terms of purchasing power. This inflation benefits the government because the government is a large debtor and also government gains tax revenue as nominal income increases.

*Note :When someone borrows money, the cash he received now will be paid back with cash he earns later. A basic rule of inflation is that it causes the value of a currency to decline over time. In other words, cash now is worth more than cash in the future. Thus, inflation lets debtors pay lenders back with money worth less than it was when they originally borrowed it.*

**So, Statement 2 is correct.**

Q.22) Consider the following:

1. Transfer payments
2. Net investment income
3. Net non-factor income
4. NRI deposits with Indian banks
5. Foreign Portfolio Investment

Which of the above forms part of the Current Account under the Balance of Payment?

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

(d) 1 and 2 only

**EXPLANATION:**

- The current Account is the record of trade in goods and services and transfer payments under the Balance of Payments.
- Trade in services includes factor income and non-factor income transactions.
- Factor income includes net international earnings on factors of production (like labour, land, and capital). In that, Non-factor income is the net sale of service products like shipping, banking, tourism, software services, etc
- Transfer payments are the receipts that the residents of a country get for 'free', without having to provide any goods or services in return. They consist of gifts, remittances, and grants. They could be given by the government or by private citizens living abroad. **So, Option (a) is correct.**

Capital Account records all international transactions of assets. An asset is any one of the forms in which wealth can be held, for example, money, stocks, bonds, Government debt, etc. This account includes items such as Foreign Direct Investments (FDIs), Non Resident Deposits, Foreign Portfolio Investments (FPIs), external commercial borrowings and assistance, etc.

Since they fall under capital account, statement 4 & 5 are not included

Capital Account Balance	
[6a + 6b + 6c + 6d + 6e + 6f]	
a. External Assistance (net)	
b. External Commercial Borrowings (net)	
c. Short-term Debt	
d. Banking Capital (net) of which	
Non-resident Deposits (net)	
e. Foreign Investments (net) of which	
[6eA + 6eB]	
A. FDI (net)	
B. Portfolio (net)	6
f. Other Flows (net)	-5

Q.23) The Securities and Exchange Board of India (SEBI) was established as a statutory body under the provisions of the SEBI Act, 1992. In the context of gaining prominence of the financial markets, which of the below statement is **not** correct regarding the roles of SEBI in India?

- (a) To protect the interests of investors in securities
- (b) To promote the development of the securities market
- (c) **To encourage insider trading in securities**
- (d) To prohibit unfair trade practices relating to the securities market

**EXPLANATION:**

SEBI has taken various measures such as a screen-based trading system, dematerialization of securities, T+2 rolling settlement, and framed various regulations to regulate intermediaries, issue and trading of securities, corporate restructuring, etc., to protect the interests of investors in securities. **So, Option (a) is correct.**

SEBI is mandated to promote the development of and regulate the securities market. It ensures that the market has systems and practices which make transactions safe. It also ensures that only the fit and proper persons are allowed to operate in the market, every participant has an incentive to comply with the prescribed standards, and the miscreant is awarded exemplary punishment. **So, Option (b) is correct.**

Insider trading involves trading in a public company's stock by someone with non-public information about that stock for any reason. SEBI prohibits a person from engaging in insider trading either directly or indirectly. **So, Option (c) is not correct.**

In exercise of the powers conferred under the Securities and Exchange Board of India Act, 1992, the board made the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 that prohibit unfair trade practices relating to the securities market. **So, Option (d) is correct.**

Q.24) Consider the following statements with reference to the Debt Recovery Tribunal (DRT):

1. DRT can look into cases for expeditious adjudication and recovery of debts due to the bankruptcy of individuals.
2. DRT has powers of the District Court for any claims before it relating to the recovery of debts.
3. DRTs are regulated by the Companies Act of 1956.
4. Corporate bodies can access DRT for cases above 20 lakhs. Which of the statements given above are correct?

(a) 1 and 3

(b) 2 and 4

(c) **1 and 2**

(d) 3 and 4

**EXPLANATION:**

#### **OPTION ELIMINATION STRATEGY**

Debt Recovery Tribunals are not companies, as we know that Tribunals in India could be established only through an act of Parliament, which specifies the purpose of each. **So, statement 3 could be eliminated.**

Debt Recovery Tribunal is a quasi-judicial body formed under the Recovery of Debts Due to Banks and Financial Institutions (RDDBFI) Act, 1993 to facilitate the recovery of loans by banks and financial institutions to the customers. The act provides for the establishment of Tribunals for expeditious adjudication and recovery of debts due to banks and financial institutions [insolvency resolution and bankruptcy of individuals and partnership firms] and matters connected therewith or incidental thereto. The Act aims to safeguard the interest of banks and financial institutions as lenders, while not discouraging borrowers.

It is also regulated by the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interests Act (SARFAESI Act), 2002. Hence they are not regulated by the Companies Act of 1956. **So, Statement 1 is correct and Statement 3 is not correct**

The Tribunal has all the powers vested with the District Court. DRT follows the legal procedure by emphasizing speedy disposal of the cases and fast implementation of the final order. **So, Statement 2 is correct.**

The Central government has raised "the pecuniary limit from Rs 10 lakh to Rs 20 lakh for applying recovery of debts in the Debts Recovery Tribunals by banks and financial institutions. As a result, any bank or financial institution or a consortium of banks or financial institutions cannot approach DRTs if the amount due is less than Rs 20 lakh. Whereas the corporate bodies have access to National Company Law Tribunal under the Insolvency Bankruptcy Code rather than the DRT to solve their discrepancies. **So, Statement 4 is not correct.**

Q.25) With reference to Corporate Social Responsibility (CSR) in India, consider the following statements:

1. India became the first country to legally mandate corporate social responsibility.
2. India's Companies Act, 2013 makes it mandatory for companies of a certain turnover and profitability to spend 2% of their average net profit for the past three years on CSR.
3. Profit after tax is used for the computation of net profit under section 135 of the Act.
4. As per section 135(5) of the Act, CSR activity shall be mandatorily carried out in local areas where the entity operates.

Which of the statements given above are correct?

- (a) **1 and 2**
- (b) 2 and 3
- (c) 3 and 4
- (d) 1 and 4

**EXPLANATION:**

By introducing Section 135 in the Companies Act, 2013, India became the first to have statutorily mandated CSR for specified companies.

On April 1, 2014, India became the first to legally mandate corporate social responsibility by Section 135 in the Companies Act, 2013. **So, Statement 1 is correct.**

Section 135(1) of the Companies Act 2013 states that every company with specified net worth, turnover, or net profits must establish a CSR committee.

Section 135 of the Companies Act made it mandatory for every company with a net worth of at least Rs 500 crore, turnover of Rs 1,000 crore or more, or a minimum net profit of Rs 5 crore during the immediately preceding financial year to spend at least 2% of the average net profits, made during the three immediately preceding financial year to spend at least two per cent of the average net profits.

**So, Statement 2 is correct.**

Profit Before Tax (PBT) is used for the Computation of net profit under section 135 of the companies Act 2013. The average net profit is used to determine the spending on CSR activities is computed under the provisions of section 198 of the Companies Act 2013, which specifies certain additions/deletions (adjustments) to be made while calculating the net profit of a company (mainly it excludes capital payments/receipts, income tax, set-off of past losses).

Hence, the Computation of net profit for section 135 is as per section 198 of the Companies Act, 2013, which primarily is Net Profit Before Tax and not by the Profit after Tax. **So, Statement 3 is not correct.** Under the Companies Act

2013, section 135(5) provides that the company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for Corporate Social Responsibility activities.

Thus, the preference for the local area in the Act is only directory and not mandatory, and companies need to balance local area preference with national priorities. **So, Statement 4 is not correct.**

Q.26) Which of the below statement is *not* correct regarding financial markets?

- (a) Money market deals with the generation of funds with a maximum maturity of one year, and the capital market deals with the generation of funds for a period of one year or longer
- (b) Treasury bills are money market instruments, while dated government securities are capital market instruments
- (c) **Financial markets are exclusively regulated by the Securities and Exchange Board of India**
- (d) Shares are financial instruments that are not transacted in the money market

**EXPLANATION:**

Financial systems can be classified into two categories based on the maturity period. The money market usually deals with short-term funds with a one-year maturity period, whereas the capital market deals with long-term funds with a maturity period of more than a year. **So, Option (a) is correct.**

Government Securities are securities issued by Central Government to borrow from financial market to meet its fiscal deficit. Securities are issued for Short Term called as Treasury Bills/T-Bills (maturity less than 1 year) as well as Long Term called as Government Bonds or Dated Securities (maturity with one or more).

Currently, the Government of India issues four types of treasury bills, namely,

- 14-day T-bills
- 91-day T-bills
- 182-day T-bills
- 364-day T-bills

Dated Government Securities(G-Secs) are capital market instruments with a tenor that ranges from 5 years to 40 years.

In India, the Central Government issues treasury bills and bonds or dated securities, while the State Governments issue only bonds or dated securities, called the State Development Loans (SDLs). State Governments cannot issue T-Bills.

Thus, Treasury bills which are money market instruments, while dated government securities are capital market instruments. **So, Option (b) is correct.**

Financial markets comprise money and capital markets in which the Reserve Bank of India regulates the organized money market.

Indian Capital Markets are regulated and monitored by the Ministry of Finance, The Securities and Exchange Board of India and The Reserve Bank of India. providing efficient legislative framework for securities markets. **So, Option (c) is not correct.**

Shares are financial instruments usually transacted in the capital market, not the money market, as it involves financing long-term capital requirements. **So, Option (d) is correct.**

Q.27) Consider the following statements:

1. State Development Loans (SDLs) are issued and managed by state governments to fund their fiscal deficit.
2. SDLs are open for retail investors, with the minimum bidding amount being Rs.10,000. 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

**EXPLANATION:**

State Governments can raise loans from the market which are called State Development Loans (SDLs). SDLs are dated securities issued through a normal auction by RBI, similar to the auctions conducted for dated securities issued by the Central Government, for which interest is serviced at half-yearly intervals and the principal is repaid on the maturity date. It will be useful for states to manage their state finances and fund their fiscal deficit. They are issued by the State Governments and also qualify for Statutory Liquidity Ratio, but they are managed by the Reserve Bank of India. **So, Statement 1 is not correct.**

Under the Scheme for Non-competitive Bidding Facility in the Auction of State Development Loans, it is open for retail investors where the minimum bidding amount is Rs.10,000 (face value) and in multiples of Rs.10,000 thereof. Where Retail investor is any person, including individuals, firms, companies, corporate bodies, institutions, provident funds, trusts, and any other entity as may be prescribed by RBI. **So, Statement 2 is correct.**

Q.28) Which of the following can be considered an asset of a bank?

- (a) Deposits by households in banks
- (b) Loans taken from other financial institutions
- (c) Borrowings from RBI under Repo transactions
- (d) **Dated government securities held by a bank**

**EXPLANATION:**

**OPTION ELIMINATION STRATEGY**

Anything which need not be repaid by the bank in future qualifies as an asset. So only option (d) matches.

The assets are items that the bank owns. They are the items upon which the bank has the right to use. This includes loans, securities, and reserves.

Liabilities are items that the bank owes to someone else, including deposits and bank borrowing from other institutions.

Capital is sometimes referred to as "net worth", "equity capital", or "bank equity". Bank capital are funds that are raised by either selling new equity in the bank, or that come from retained earnings (profits) the bank earns from its assets net of liabilities.

The following is an example of a bank balance sheet:

Assets		Liabilities	
Reserves & cash items	\$9,000	Checkable deposits	\$24,000
Securities	\$53,000	Nontransaction deposits	\$122,000
Loans	\$124,000	Borrowings	\$40,000
Other assets	\$14,000	Bank capital	\$13,000
<b>TOTAL</b>	<b>\$200,000</b>	<b>TOTAL</b>	<b>\$200,000</b>

Deposits are not owned by Banks. There come under Liabilities as they have to returned to the Depositors.

**So, Option (a) is not correct.**

Loans taken by bank are also liabilities that have to be paid back by the bank. **So, Option (b) is not correct.**

If any Bank borrows from RBI under Repo Operations, such loans taken by other banks from RBI come under Asset Category.

Similarly, if RBI borrows from such Banks (under Reverse Repo), it comes under Liabilities (Statement in question) **So, Option (c) is not correct.**

Dated Government Securities are revenue generating assets held by RBI as they do not create any liability on RBI.

**So, Option (d) is correct.**

Q.29) During times of high inflation caused by supply-side bottlenecks, which of the following measures, if undertaken by the government, is likely to be counterproductive?

- (a) Releasing buffer stocks into the market
- (b) Taking strict action against hoarding of goods
- (c) **Raising indirect tax**
- (d) Waiving of import duty on items in short supply

**EXPLANATION:**

Supply-side inflation is defined as because of less supply, the overall price level increases due to higher production costs, which reflects increased prices of goods and commodities.

Buffers may act as one of the reasons for inflation when there is a disruption in the supply side. When the hidden buffer stocks are released into the economy, it acts as an effective measure by the Government against the inflation caused by the supply-side bottleneck. **So, Option (a) is not correct.**

The severity of supply chain bottlenecks increases when behavioral change occurs on the part of supply chain participants. At different stages of the supply chain, goods hoarding occurs due to anticipation of shortages that exacerbate the bottleneck—taking strict action by the Government against the hoarding of goods acts as an effective measure in times of inflation. **So, Option (b) is not correct.**

Raising indirect taxes like sales tax leads to an increase in the price of the products that will further burden the consumers at the time of inflation, so this measure by the Government may be counterproductive. **So, Option (c) is correct.**

At the time of inflation, waiving any taxes or import duty on the products for the short supply will reduce the product's price and control the inflation. So, this measure by the Government is considered productive. **So, Option (d) is not correct.**

Q.30) Which of the following financial institutions is/are regulated by the Reserve Bank of India?

1. Scheduled Commercial Banks
2. Insurance Companies
3. Stock Broking Companies
4. Housing Finance Institutions
5. Primary Dealers

Choose the correct answer using the code given below:

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

**EXPLANATION:**

As per RBI, Commercial Banks refer to both scheduled and non-scheduled commercial banks which are regulated by RBI, under Banking Regulation Act, 1949.

(a) Scheduled Commercial Banks are grouped under following categories:

1. State Bank of India and its Associates
2. Nationalised Banks
3. Foreign Banks
4. Regional Rural Banks
5. Other Scheduled Commercial Banks.

(b) Non-Scheduled Commercial Banks

Banks in the groups (1) & (2) above are known as public sector banks whereas, other scheduled commercial banks mentioned at group (5) above are known as private sector banks. **So, Statement 1 is correct.**

Insurance Regulatory and Development Authority of India (IRDAI), is a statutory body formed under an Act of Parliament, i.e., Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act 1999) for overall supervision and development of the Insurance sector in India. **So, Statement 2 is not correct.**

The Securities and Exchange Board of India (SEBI) is the regulatory authority established under the SEBI Act 1992 and is the principal regulator for Stock Exchanges in India.

A stockbroker is a middleman who has the authority to buy and sell stocks and securities in a stock exchange on the investor's behalf. And they are also regulated by SEBI in India. **So, Statement 3 is not correct.**

Initially Housing finance companies are regulated by RBI. Then, The Reserve Bank of India (RBI), proposed to take over the regulation of Housing Finance Companies (HFCs) by amending the National Banking Act from the National Housing Bank (NHB).

The NHB had been set up as an apex institution to regulate housing finance in 1988. **So, Statement 4 is not correct.**

Primary dealers are registered entities with the RBI who have the license to purchase and sell government securities. They are entities who buys government securities directly from the RBI (the RBI issues government securities on behalf of the government), aiming to resell them to other buyers.



Most of the PDs are started by scheduled commercial banks and are registered as NBFCs. Operations of the PDs are subject to prudential and regulatory guidelines issued by RBI from time to time.

**So, Statement 5 is correct.**

Q.31) Consider the following:

1. Transfer pricing
2. Round tripping
3. Base Erosion and Profit Shifting
4. E-way billing

Which of the terms given above are the technique of tax avoidance?

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

**EXPLANATION:**

Tax avoidance is done using **legal** instruments in order to pay as little tax as possible, for example by shifting profits to a low-tax country or deducting interest payments for loans with artificially-inflated interest rates.

Transfer pricing refers to the prices of goods and services that are exchanged between companies under common control. For example, if a subsidiary company sells goods or renders services to its holding company or a sister company, the price charged is referred to as the transfer price.

Transfer pricing leads to tax savings for organizations, and companies widely use this practice to reduce the burden of tax on them. They charge a higher price to related parties in countries with high tax rate to reduce profit, while charging a lower price for increase of profit in the countries with low tax rate.

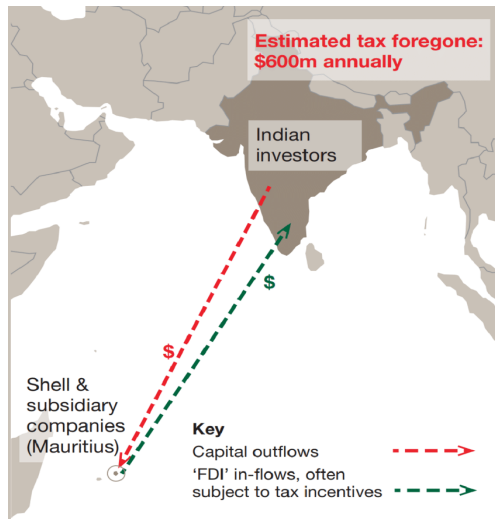
E.g.- Let's say it costs a multinational corporation \$100 to produce a crate of bananas in Ecuador. It then sells that crate to an affiliate located in a tax haven for \$100, leaving no profits in Ecuador. The tax haven affiliate immediately sells that crate on to an affiliate in Poland for \$300, leaving \$200 profit in the tax haven. That Polish affiliate sells the crate at the genuine market price of \$300 to a supermarket, leaving no profits in Poland. As a result, the multinational pays no tax in Ecuador and no tax in Poland, and the \$200 in profits shifted to the tax haven do not get taxed.

**So, Statement 1 is correct.**

Round tripping is a practice where funds are transferred from one country to another and transferred back to the origin country for purposes like black money laundering or to get the benefit of tax concession/evasion/avoidance from countries like Mauritius which enjoy low taxes etc.

Round tripping is when funds flow from a country to a foreign country and flows back to the same country in the form of foreign investment. However, the term "Round Tripping" is not defined under Foreign Exchange Management Act, 1999.

This phenomenon takes place due to many reasons, and the most common of them is for tax avoidance/ evasion or concession purposes.



**So, Statement 2 is correct.**

BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations where there is little or no economic activity or to erode tax bases through deductible payments such as interest or royalties.

When that income / profit is transferred to another country or tax haven, the tax base is eroded and the company does not pay taxes to the country that is generating the income. As a result, tax revenues are reduced and the government is defunded.

**So, Statement 3 is correct.**

e-way bill is short for Electronic Way Bill. GST E-way bill is a document used to track goods in transit introduced under the Goods and Service Tax. A taxable person registered under GST involved in the transportation of goods with a value of over Rs.50,000 must possess an E-way bill generated on the GST Portal.

E-way bill is a mechanism to ensure that goods being transported comply with the GST Law and is an effective tool to track movement of goods and check tax evasion.

**So, Statement 4 is not correct.**

Q.32) Which of the following indexes used for measuring inflation is/are compiled and released by National Statistical Organisation (NSO)?

1. Consumer Price Index (Rural)
2. Consumer Price Index (Urban)
3. Wholesale Price Index
4. Consumer Price Index (Rural Labourers)

Select the correct answer using the code given below:

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

(d) 1 and 3 only

**EXPLANATION:**

A Consumer Price Index (CPI) is designed to measure the changes over time in general level of retail prices of selected goods and services that households purchase for the purpose of consumption. Such changes affect the real purchasing power of consumers' income and their welfare. The CPI measures price changes by comparing, through time, the cost of a fixed basket of commodities.

CPIs have been widely used as a macroeconomic indicator of inflation, and also as a tool by Government and Central Bank for targeting inflation and monitoring price stability. CPI is also used as deflators in the National Accounts. In India, segment specific CPIs, namely CPI (IW) Consumer Price Index for Industrial Workers, CPI (AL) Consumer Price Index for Agricultural Labourers, CPI (RL) Consumer Price Index for Rural Labourers are being compiled regularly, catering to the need of specific population group. CPI (UNME) Consumer Price Index for Urban Non-Manual Employees which has been discontinued w.e.f. December, 2010.

Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation started releasing Consumer Price Indices (CPI) on base 2010=100 for all-India and States/UTs separately for rural, urban and combined every month with effect from January, 2011. **So, Statement 1 & 2 are correct.**

WPI measures the average change in prices of goods at the wholesale level. The base year has been revised from 2004-05 to 2011-12 by the Office of Economic Advisor(OEA), Department for promotion of industry and internal trade under the Ministry of Commerce and Industry, GoI. **So, statement 3 is not correct.**

CPI (Rural labourers) is released by Labour bureau under Ministry labour and employment. **So, statement 4 is not correct.**

Q.33) If the U.S Federal Reserve decides to increase the interest rates, what would be the likely impact on emerging economies like India?

1. Increased capital inflows into the Indian economy
2. Depreciation of the Indian rupee
3. Increase in prices of crucial inputs

Select the correct answer using the code given below:

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

**EXPLANATION:**

The Federal Reserve has raised its key interest rate by 75 basis points, the biggest increase since 1994, in an attempt to rein in inflation. Economists say the move will hurt the Indian economy in the following ways, When the US Fed hikes interest rates, **capital flows more towards the US economy** and takes risk assets away from emerging economies like India due to less attractiveness to foreign investors which will result in a decrease in capital inflows into the Indian economy. And this leads to a higher cost of capital and a re-pricing of risk.

**So, statement 1 is not correct.**

The accelerated pace of outflow of foreign investments, coupled with elevated crude oil and commodity prices, could pose a downward pressure on the rupee which will result in its depreciation. So far in this calendar year, the rupee has depreciated by 5 percent against the dollar. **So, statement 2 is correct.**

India's inflation rate may accelerate as a result of the Fed rate hike. Depreciation of the rupee will increase the rupee cost of crucial inputs (imported goods) such as crude oil, chemicals, fertilizers, active pharmaceutical ingredients, and electronics which will further impact the price of the other goods in India. **So, statement 3 is correct.**

Q.34) Which of the following is correct with respect to the Certificate of Deposit?

1. Certificate of Deposit (CD) is a negotiable money market instrument and issued against funds deposited at a bank for a specified time period.
2. CDs can be issued by Scheduled Commercial Banks, Regional Rural Banks and Local Area Banks.
3. The minimum deposit that could be accepted from a single subscriber should not be less than Rs.5 lakh.

Which of the statements given above are correct?

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

#### **EXPLANATION:**

#### **OPTION ELIMINATION STRATEGY**

Normally, local area banks cannot do such activities as issuing the Certificate of Deposits. **So, Option (c) could have arrived.**

Certificate of Deposit (CD) is a negotiable money market instrument issued in dematerialized form or as a Usance Promissory Note against funds deposited at a bank or other eligible financial institution for a specified time period. Guidelines for the issue of CDs are presently governed by various directives issued by the Reserve Bank of India (RBI), as amended from time to time. **So, Statement 1 is correct.**

Certificate of Deposits (CDs) may be issued by,

- Scheduled Commercial Banks
- Regional Rural Banks and
- Small Finance Banks but not by the Local Area Banks
- CDs issued by the All India Financial Institution shall be guided by the Directions contained in RBI guidelines, as amended from time to time. **So, Statement 2 is not correct.**

CDs shall be issued only in dematerialized form and held with a depository registered with the Securities and Exchange Board of India. CDs shall be issued in a minimum denomination of ₹5 lakh and multiples of ₹5 lakh thereafter. The tenor of a CD at issuance shall not be less than seven days and shall not exceed one year. Thus, Minimum deposit should not be less than 5L from the single subscriber. **So, Statement 3 is correct.**

Q.35) With respect to the monetary tools of RBI to control inflation, consider the following statements:

1. While banks earn interest on CRR deposits with RBI, no such interest is paid by RBI to banks on SLR deposits.
2. CRR is required to be maintained only by the public sector banks under the RBI Act, 1934.
3. A 50 basis point decrease in SLR would have an inflationary impact on the economy. Which of the statements given above is/are correct?
  - (a) 1 only
  - (b) 2 and 3 only
  - (c) **3 only**
  - (d) 1 and 3 only

**EXPLANATION:**

**OPTION ELIMINATION STRATEGY**

Only is an extreme word used in Statement 2, and there is also no rationality behind such discrimination so that we could eliminate statement 2.

Every commercial bank is required to keep a certain proportion of its total deposits with the RBI, which is known as Cash Reserve Ratio (CRR). In contrast, a Statutory Liquidity Ratio or SLR is a minimum percentage of deposits that a commercial bank has to maintain in the form of liquid cash, gold or other securities. It is the reserve requirement that banks are expected to keep themselves (Not with RBI) before offering credit to customers.

RBI does not pay any interest on the CRR balances maintained by Scheduled Commercial Bank. Whereas, under SLR requirements, banks are supposed to invest in liquid assets like central and state government securities/bonds. These bonds provide some interest to the banks.

**So, Statement 1 is not correct.**

RBI act reads, "Every scheduled bank (Public, Private and Foreign Banks) shall maintain in India with the Reserve Bank, an average daily balance, the amount of which shall not be less than four percent of the bank's total NDTL in India as on the last Friday of the second preceding fortnight.

The extent of provisions in this regard as applicable to

- All Scheduled Commercial Banks (SCBs) (including Regional Rural Banks),
- Small Finance Banks (SFBs),
- Payments Banks,
- Local Area Banks (LABs),
- Primary (Urban) Co-operative Banks (UCBs),
- State Co-operative Banks and
- District Central Co-operative Banks (DCCBs).

**So, Statement 2 is not correct.**

The government uses the SLR to regulate inflation and liquidity. Increasing the SLR will control inflation in the economy while decreasing it will cause economic growth.

Basis point (bps) is a measuring unit to represent percentage variation in the value of financial instruments. Thus, a

50 basis points decrease in SLR would have an inflationary impact on the economy because there will be more liquidity available with the banks to lend, which increases the Money supply and thus inflation in the economy.

**So, Statement 3 is correct.**

Q.36) Consider the following statements:

1. Under the repo transaction, banks can borrow short-term funds from RBI by pledging government securities from the Statutory Liquidity Ratio (SLR) quota.
2. Under the Marginal Standing Facility (MSF), banks can borrow short-term funds by pledging government securities only from the non-SLR quota.
3. MSF rate is always greater than the repo rate.
4. e-Kuber portal is the core banking solution of RBI for conduction repo transactions. Which of the statements given above is/are correct?

(a) 1 and 2 only

(b) **3 and 4 only**

(c) 1, 2 and 4 only

(d) 4 only

**EXPLANATION:**

The repo rate is the rate at which the Reserve Bank of India lends money to commercial banks to help these lenders meet their short-term liquidity needs. Some banks sell their securities to the RBI to borrow money, followed by a repurchase agreement. The repurchase agreement states that the bank will repurchase the securities from the Reserve Bank of India at a later date at a price decided in advance.

The MSF or Marginal Standing Facility (MSF) Rate is the rate at which RBI lends funds overnight to scheduled banks against government securities. RBI has introduced this borrowing scheme to regulate short-term asset liability mismatch more effectively.

Lending at repo rates involves selling the bank's securities as collateral to RBI and a repurchase agreement. Loans given at MSF rates involve providing government securities as collateral.

The difference between the MSF and repo rate is that as MSF, banks are allowed to use the securities that come under the Statutory Liquidity Ratio (SLR) in the process of availing loans from RBI.

So, under Repo operations, SLR bonds are not used, whereas, in MSF, banks can use bonds under the SLR quota to get short-term loans from the RBI.

**So, Statement 1 is not correct, and So, Statement 2 is not correct.**

The MSF is maintained at 100 base points higher than the repo rate. MSF provides a greater liquidity cushion. The higher the MSF rate, the more expensive borrowing is for banks, corporate borrowers, and individuals. RBI uses it to control the money supply in the country's financial system. **So, Statement 3 is correct.**

Government Securities are issued through auctions conducted by RBI under its Open Market Operations. Auctions are conducted on the electronic platform called the E-Kuber, the Core Banking Solution (CBS) platform of RBI.

Commercial banks, scheduled UCBs, Primary Dealers, insurance companies and provident funds, who maintain funds accounts and securities accounts with RBI, are members of this electronic platform. All members of E-Kuber can place their bids in the auction through this electronic platform.

Core Banking Solutions (CBS) can be defined as a solution that enables banks to offer a multitude of customer-centric services on a 24x7 basis from a single location, supporting retail as well as corporate banking activities.

**So, Statement 4 is correct.**

Q.37) With respect to terms related to the stock market, consider the following statements:

1. Venture capital is a long-term start-up capital provided to new entrepreneurs by professional investors.
2. A convertible note is an instrument issued by a start-up company, in which the investor has the option of converting debt into equity shares, as per the instrument, within a period not exceeding six months from the date of issue.
3. Depository Receipt (DR) is an instrument used by domestic companies to raise money in the foreign market.

Which of the statements given above are correct?

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

**EXPLANATION:**

Venture capital is a type of private equity investing that involves investment in earlier-stage businesses that require capital. In return, the investor will receive an equity stake in the business in the form of shares. **So, Statement 1 is correct.**

A convertible note is an instrument issued by a start-up company evidencing receipt of money initially as debt, which is repayable at the option of the holder, or which is convertible into a such number of equity shares of such start-up company within a period not exceeding five years from the date of issue of the convertible note, upon the occurrence of specified events as per the other terms and conditions agreed to and indicated in the instrument.

Thus, the maximum period for conversion is not exceeding 5 years from the date of issue, which is not 6 months.

**So, Statement 2 is not correct.**

Depository Receipt (DR) is an instrument used by domestic companies to raise money outside the country. Some of its examples are American Depository Receipts (ADRs) and Global Depository Receipts (GDR). **So, Statement 3 is correct.**

Q.38) Consider the following statements with respect to Monetary Policy Committee (MPC) in the Indian context:

1. MPC is a statutory body constituted under the Banking Regulation Act, 1949.
2. Both RBI and the Central government have an equal number of representatives in the MPC.
3. Each member of the MPC has one vote, and in the event of an equality of votes, the Governor of RBI has a casting vote.
4. The MPC determines the policy repo rate required to achieve the inflation target set by the government.

Which of the statements given above are correct?

- (a) 1, 2 and 3 only

(b) 2, 3 and 4 only

(c) 1 and 3 only

(d) 2 and 4 only

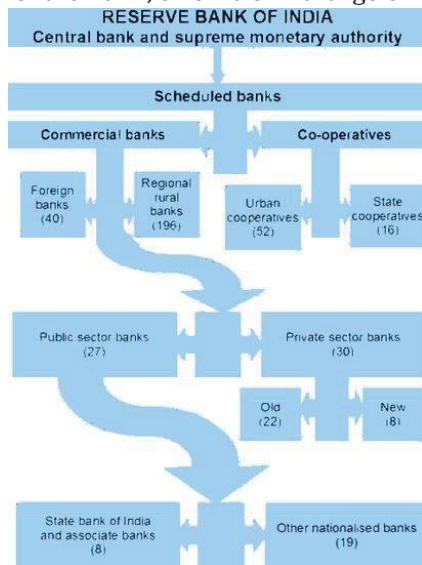
**EXPLANATION:**

The monetary policy Committee is a statutory body constituted under section 45ZB of the RBI Act to determine the policy interest rate required to achieve the inflation target. The first such MPC was constituted on September 29, 2016. In contrast, it is not constituted under the Banking Regulation Act of 1949.

**So, Statement 1 is not correct.**

Under Section 45ZB of the RBI Act, the Monetary Policy Committee shall consist of the following Members, namely:-

- the Governor of the Reserve Bank of India— ex officio Chairperson,
- Deputy Governor of the Bank, ex officio in charge of Monetary Policy— Member,



- one officer of the Bank to be nominated by the Central Board— Member, ex officio; and
- Three persons to be appointed by the Central Government— Members.

The members appointed by Central Government must be "persons of ability, integrity and standing, having knowledge and experience in the field of economics or banking or finance or monetary policy." (Section 45ZC). **So, Statement 2 is correct.**

Each Member of the MPC has one vote, and the Governor has a second or casting a vote in the event of an equality of votes.

The quorum for a meeting of the Monetary Policy Committee shall be four Members, at least one of whom shall be the Governor and, in his absence, the Deputy Governor, who is the Member of the Monetary Policy Committee. And the Meetings of the MPC shall be presided over by the Governor, and in his absence by the Deputy Governor who is a Member of the Monetary Policy Committee. **So, Statement 3 is correct.**

Under Section 45ZA, the Central Government, in consultation with the RBI, determines the inflation target in terms of the Consumer Price Index (CPI) once in five years and notifies it in the Official Gazette and Section 45ZB



lays down that "the Monetary Policy Committee shall determine the Policy (Repo) Rate required to achieve the inflation target," and that "the decision of the Monetary Policy Committee shall be binding on the Bank." **So, Statement 4 is correct.**

Q.39) With respect to banking structure in India, which of the following statements is/are correct?

1. A scheduled bank can be either private or public and is listed in the Second schedule of the RBI Act, 1934.
2. Regional Rural Banks (RRBs) are set up under the RRB Act, 1976 with equal capital contributions from Union and State governments.
3. BASEL-III norms are not applicable to the Small Finance Banks and Payment Banks in India. Select the correct answer using the code given below:
  - (a) 1 only
  - (b) 2 only
  - (c) 1 and 3 only**
  - (d) 1 and 2 only

**EXPLANATION:**

Scheduled banks are listed in the 2nd schedule of the Reserve Bank of India Act, 1934. To qualify as a scheduled bank, the bank's paid-up capital and raised funds must be at least Rs5 lakh.

From the above figure, it can be inferred that the second schedule of the RBI Act, 1934, consists of both public and private banks. **So, Statement 1 is correct.**

The *Regional Rural Banks (RRBs)* were established in 1975 under the provisions of the Ordinance promulgated on 26th September 1975 and Regional Rural Banks Act, 1976 with a view to developing the rural economy by providing, for the development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to small and marginal farmers, agricultural laborers, artisans and small entrepreneurs, and for matters connected.

According to the 2014 amendment to the act in an RRB, 50% shall be held by the central government, 15% by the concerned state government and 35% by the sponsor bank.

At present, there are 43 RRBs sponsored by a dozen commercial banks. The Regional Rural Bank Amendment Act 2015 enabled these banks to access the capital market outside their current shareholders — the central government, sponsor banks and the respective state governments — which hold shares in each RRB in the ratio of 50:35:15. **So, Statement 2 is not correct.**

BASEL Norms were introduced to strengthen the international banking system and to coordinate banking regulations across the globe. At the same time, the objective of Basel Norms III is to increase banks' liquidity and decrease bank leverage which applies to all Commercial Banks in India except Small Finance Banks, Payment Banks, Regional Rural banks and Local Area Banks in India. **So, Statement 3 is correct.**

Q.40) In the context of bond yield, which of the following statements is/are correct?

1. Bond yield is inversely related to the current selling price of the bond in the secondary market.
2. Operation Twist was introduced by RBI as a special Open Market Operation to lower the yield on

long-term government securities.

Select the correct answer using the code given below:

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

**EXPLANATION:**

Bond price and bond yield are inversely related. As the price of a bond goes up, the yield decreases. As the price of a bond goes down, the yield increases. **So, Statement 1 is correct.**

RBI's simultaneous sales and purchases of government securities termed 'Operation Twist' is a way to manage yields in the market. Operation Twist is a quantitative easing program used by the RBI that the Federal Reserves first introduced in the US in 1961.

The idea is that by purchasing longer-term bonds, the RBI can help drive the bond prices up and yields down (since prices and yields move in opposite directions). At the same time, selling shorter-term bonds should cause their yields to go up (since their prices would fall). In combination, these two actions twist the shape of the yield curve. **So, Statement 2 is correct.**

Q.41) Which of the following are the objectives of Special Economic Zones in India?

1. To promote investment from both foreign and domestic sources
2. To create employment opportunities
3. It helps to develop infrastructure facilities
4. It promotes exports of goods only

Select the correct answer using the code given below:

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

**EXPLANATION:**

The main objectives of the Special Economic Zones (SEZ) in India:

- Generation of additional economic activity.
- Promotion of exports of goods and services.
- Promotion of investment from domestic and foreign sources.
- Creation of employment opportunities.
- Development of infrastructure facilities.

**So, option (b) is correct.**

Q.42) Consider the following statements with reference to National Investment Fund(NIF):

1. NIF is a professionally managed fund to provide returns to the Government, without depleting its value.
2. Disinvestment proceeds would be credited to the "Consolidated Fund of India".
3. Certain portions of NIF can be used for equity infusion in metro projects.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

The National Investment Fund (NIF) was constituted in November 2005 under the Department of Investment and Public Asset Management, Ministry of Finance, to receive the proceeds from the disinvestment of Central Public Sector Enterprises.

Initially, NIF was professionally managed to provide sustainable returns to the Government without depleting its value; But in 2013, Government aligned the NIF with the Disinvestment Policy, and decided that the disinvestment proceeds will be credited to the existing NIF and the funds would remain there until withdrawn/invested for the approved purposes. **So, Statement 1 is not correct.**

The disinvestment proceeds would be credited (existing National Investment Fund) into a 'Public Accounts of India,' and NIF was to be maintained outside the Consolidated Fund of India. Hence, it is not credited to the "Consolidated Fund of India. " **So, Statement 2 is not correct.**

As per this Scheme, 75% of the annual income of the NIF was to be used for financing selected social sector schemes that promote education, health and employment. The residual 25% of the annual income of NIF was to be used to meet the capital investment requirements of profitable and revivable PSUs.

The Government further approved the inclusion of the following purposes to be financed from the NIF (21st February 2013) :

- Investment by Government in RRBs/IIFCL/NABARD/Exim Bank.
  - Equity infusion in various Metro projects.
  - Investment in Bhartiya Nabhikiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.
  - Investment in Indian Railways towards capital expenditure. **So, Statement 3 is correct.**

Q.43) Which of the following are the identified thematic areas of the Aspirational Districts Programme of NITI Aayog?

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

Select the correct answer from the codes given below :

- (a) 1, 2, 5 and 6 only
- (b) 3, 4 and 5 only
- (c) 1, 2, 3, 4 and 6 only
- (d) **1, 2, 3, 4, 5 and 6**

**EXPLANATION:**

The Government of India has launched the 'Transformation of Aspirational Districts' initiative to improve India's ranking under the Human Development Index (HDI), raising the living standards of its citizens and ensuring inclusive growth for all. This initiative aims for the mass movement to quickly and effectively transform these districts.

At Government of India level, the programme is anchored by NITI Aayog. It identified thematic areas of the Aspirational Districts Programme based upon composite key indicators as follows,

- Health & Nutrition
- Education
- Agriculture & Water Resources
- Financial Inclusion
- Skill Development
- Basic Infrastructure

**So, Option (d) is correct.**

Q.44) Which of the following statements is/are correct?

1. National securities depository limited(NSDL) is the first depository in India established under the RBI Act of 1934.
2. NSDL does not charge the investors directly.
3. NSDL helps to increase efficiency and minimize risk in the capital market.

Select the correct answer using the code given below:

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

**EXPLANATION:**

The Depositories Act, 1996 (SEBI) paved the way for the creation of the National Security Depository Limited (NSDL)in India for managing securities, and it is the firstdepository and one of the largest Depositories, established in August 1996which is formed to handle the securities held in dematerialized form in the

Indian capital market. Hence, it is not established under the RBI act of 1934. **So, Statement 1 is not correct.** NSDL provides depository services to investors and clearing members through market intermediaries called Depository Participants (DPs). NSDL does not charge the investors directly but charges its Depository Participants (DPs), who are free to have their charge structure for their clients.

National Security Depository Limited chargesuniformly for all to Depository Participants (DPs). **So, Statement**

**2 is correct.**

National Security Depository Limited (NSDL) aims to ensure safety and reliability in the capital market of India by developing effective settlement solutions that increase efficiency by minimizing risk and reducing costs. **So, Statement 3 is correct.**

Q.45) Consider the following statements with reference to Priority Sector Lending in India:

1. The Priority Sector Lending guidelines are issued by the Ministry of finance in consultation with banks.
2. UCBs are not permitted to lend to cooperatives of farmers.
3. Factoring transactions related to MSMEs are eligible under priority sector lending.

Which of the statements given above are correct?

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

**EXPLANATION:**

The Priority Sector Lending (PSL) guidelines issued by the Reserve Bank of India, to harmonise various instructions issued to Commercial Banks, small finance banks, Regional Rural Banks, Urban Cooperative Banks and Local Area Banks.

- Reserve Bank of India decided to review the PSL guidelines comprehensively to align these guidelines with emerging national priorities and bring a sharper focus on inclusive development.
- The revised guidelines also aim to encourage and support environment-friendly lending policies to help achieve Sustainable Development Goals (SDGs).

**So, Statement 1 is not correct.**

The Primary (Urban) Cooperative Banks (UCBs) play an important role in furthering financial inclusion by generally providing traditional, if not the more modern, banking services to persons in the less included segments of the economic strata. ‘Urban Co-operative Bank’ or ‘UCB’ means a Primary Co-operative Bank as defined under Section 5(ccv) of the Banking Regulation Act, 1949, read with Section 56 of the Act.

The targets and sub-targets set under priority sector lending, to be computed based on the Adjusted Net Bank Credit (ANBC)/ Credit Equivalent of Off-Balance Sheet Exposures (CEOBE), are as under:

Categories	Primary Urban Co-operative Bank				
Total Priority Sector	40 per cent of ANBC or CEOBE, whichever is higher, which shall stand increased to 75 per cent of ANBC or CEOBE, whichever is higher, with effect from March 31, 2024. UCBs shall comply with the stipulated target as per the following milestones:				
	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
	40%	45%	50%	60%	75%
Micro Enterprises	7.5 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher				
Advances to Weaker Sections	12 per cent <sup>#</sup> of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.				

Thus, UCBs are not permitted to lend to co-operatives of farmers. **So, Statement 2 is correct.**

Factoring is a type of financial transaction and debtor finance in which a company sells its invoices at a

discount to a third party, known as a factor. Factoring helps small firms to manage their working capital cycle.

- Factoring transactions by banks which carry out the business of factoring departmentally wherever the 'assignor' is a Micro, Small or Medium Enterprise would be eligible for classification under the MSME category.
- Factoring MSMEs transactions through the Trade Receivables Discounting System (TReDS) shall also be eligible for classification under the priority sector.

**So, Statement 3 is correct.**

Q.46) Consider the following statements with reference to the 'One Nation One Fertilizer' scheme :

1. It aims to reduce the crisscross movement of fertilizers to reduce freight subsidies.
2. Under the scheme, it is voluntary for fertilizer companies to market their goods under the brand name "Bharat".
3. India is the first country to launch the commercial production of Nano Urea.

Which of the statements given above is/are correct?

(a) 1 and 3 only

(b) 2 and 3 only

(c) 1 only

(d) 1, 2 and 3

**EXPLANATION:**

The concept of 'One Nation, One Fertiliser' is to have a single brand name for urea and other fertilisers rather than many company brand names.

The scheme aims to reduce freight expenses by minimising criss-cross movement of fertilisers, lowering transit time, assuring fertiliser supply throughout the year regardless of brand preferences, and preventing urea diversion for industrial reasons. **So, Statement 1 is correct.**

According to the Ministry of Chemicals and Fertilizers scheme, all fertiliser bags, irrespective of their contents or the company that manufactures them, will bear a consistent brand name named "Bharat." The brand name will be associated with the name of the government system that provides subsidies to fertiliser manufacturers.

As a result, a urea bag will be labelled Bharat Urea, while a DAP (di-ammonium phosphate) bag will be labelled as Bharat DAP. Like any other business, Fertiliser firms advertise their products under their brands. As a mass-market product category, Fertilisers feature colourful brand names such as "Kisan" and "Paras" that are also easily recognisable.

This scheme is mandatory and applies to both public & private sector companies.

**So, Statement 2 is not correct.**

India became world's first country which started commercial production of Nano Urea. IFFCO Nano Urea is the only Nano fertilizer approved by the Government of India and included in the Fertilizer Control Order (FCO). It is developed and Patented by IFFCO. Application of 1 bottle of Nano Urea can effectively replace at least 1 bag of Urea. **So, Statement 3 is correct.**

Q.47) With reference to National Investment Infrastructure Fund(NIIF),consider the following statements:

1. It is India's first sovereign wealth fund.
2. It is a collaborative investment platform for both international and Indian investors.
3. NIIF can utilize the assets of PSUs for infrastructure development.
4. NIIF aims to maximize economic impact only in brownfield infrastructure projects.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

The National Infrastructure and Investment Fund (NIIF), a state-owned investment, is India's first-ever sovereign wealth fund (SWF) used to invest in capital assets such as real estate, metals, stocks, and bonds. The Investments are mainly in the core infrastructure sector, and the NIIF would work out the priorities in consultation with the government. **So, Statement 1 is correct.**

The National Infrastructure Investment Fund (NIIF) is a fund manager that invests in infrastructure and related sectors in India. NIIF is a collaborative investment platform for international and Indian investors with a mandate to invest equity capital in domestic infrastructure. The funds have investment mandates to invest in infrastructure assets and related businesses that are likely to benefit from the long-term growth trajectory of the Indian economy. **So, Statement 2 is correct.**

The NIIF would utilize the proceeds(profits) of monetized land and other PSU assets for infrastructure development. The government monetizes its assets by transferring the revenue rights of the asset (which could be idle land or infrastructure PSU) to the private sector for a particular period. The government gets in return as proceeds and utilized for infrastructure development. The NIIF will discuss these details with the MoF to match investor preferences. **So, Statement 3 is correct.**

National Investment and Infrastructure Fund (NIIF) aimed to maximize economic impact mainly through infrastructure investment in commercially viable greenfield and brownfield projects, including stalled ones. It could also consider investing in other nationally important projects if it is commercially viable. Therefore, it doesn't deals only with brownfield infrastructure projects. **So, Statement 4 is not correct.**

Q.48) With reference to Multidimensional Poverty Index (MPI), consider the following statements:

1. Global MPI is a measure of acute multidimensional poverty across developed and developing countries of the world.
2. In India, the National multidimensional poverty index was launched by the Ministry of social justice and empowerment.
3. Since 2010, the MPI has been used by the UNDP in its flagship Human Development Report.

Which of the statements given above is/are correct?

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

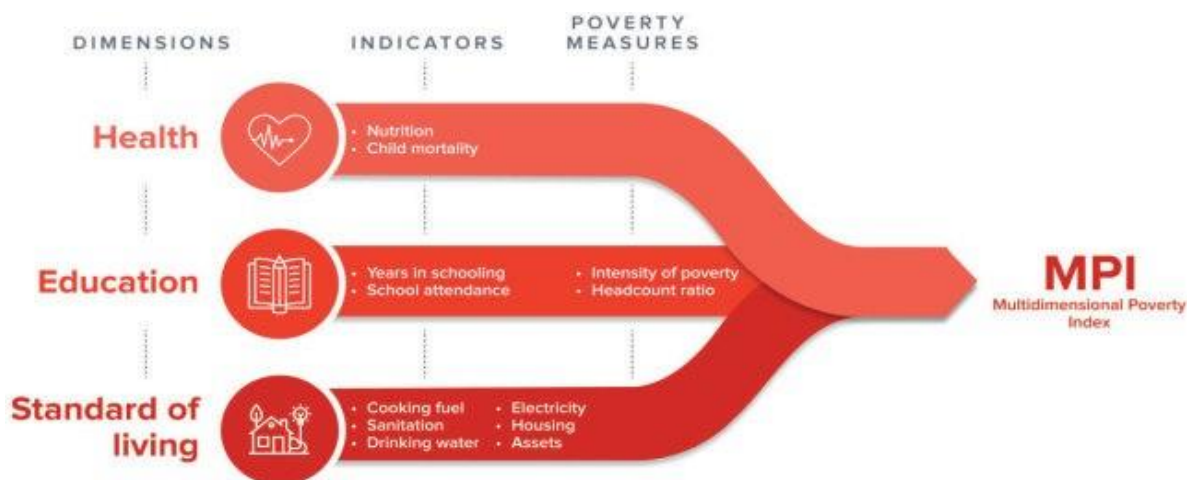
(d) 3 only

**EXPLANATION:**

The global Multidimensional Poverty Index (MPI) is an international measure of acute multidimensional poverty covering developing countries and not developed ones. As per the recent Global MPI 2022, it covers about 111 countries. It complements traditional monetary poverty measures by capturing the acute deprivations in health, education, and living standards that a person faces simultaneously. **So, Statement 1 is not correct.**

India's National Multidimensional Poverty Index (MPI) is based on the findings of the National Family Health Survey 4, which was conducted between 2015 and 2016, and developed by NITI Aayog in consultation with 12 ministries and partnership with state governments and the index publishing agencies, namely Oxford Poverty and Human Development Initiative (OPHI) and United Nations Development Programme (UNDP). **So, Statement 2 is not correct.**

Global MPI was first developed in 2010 by OPHI and UNDP for UNDP's Human Development Reports. It is computed by scoring each surveyed household on 10 parameters based on -nutrition, child mortality, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing and household assets. **So, Statement 3 is correct.**





Q.49) Recently, the Government has approved the Modified Interest Subvention scheme for short-term loans for Agriculture and Allied activities. The increase in Interest Subvention will ensure :

1. Sustainability of credit flow in the agriculture sector
2. Financial health and viability of the Regional Rural Banks
3. Generation of employment
4. More farmers to get the benefit of agriculture credit

Select the correct answer from the codes given below :

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

**EXPLANATION:**

The interest subvention scheme for farmers aims to provide short-term credit to farmers at subsidised interest rates and to ensure that the farmers pay a minimal interest rate to the bank.

➤ Interest Subvention Scheme (ISS) ensures an increase in Interest Subvention will ensure the sustainability of credit flow in the agriculture sector and ensure the financial health and viability of the lending institutions, especially Regional Rural Banks & Cooperative Banks, ensuring adequate agricultural credit in the rural economy. **So, Statements 1 and 2 are correct.**

Interest Subvention Scheme (ISS) leads to employment generation since short-term Agri-loans are provided for all activities, including Animal Husbandry, Dairying, Poultry, and fisheries. **So, Statement 3 is correct.** In the Interest subvention scheme, the farmers will continue to avail of short-term agriculture credit at an interest rate of 4% per annum while repaying the loan in time.

➤ Banks will be able to absorb an increase in the cost of funds and will be encouraged to grant loans to farmers for short-term agriculture requirements, enabling more farmers to benefit from agriculture credit.

**So, Statement 4 is correct.**

Q.50) Consider the following statements with reference to the Export Promotion Capital Goods (EPCG) scheme :

1. It is a zero-duty scheme available to the exporters of electronic products.
2. It does not allow the import of capital goods for pre-production, production and post-production.

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

**EXPLANATION:**

The Export Promotion Capital Goods (EPCG) scheme comes under the Ministry of Commerce and Industry, also known as the zero duty EPCG scheme that aims to improve India's competitiveness in the manufacturing sector. Export Promotion Capital Goods are capital goods used in the production of goods that are exported to other countries.

This scheme is available for Zero duty to exporters of electronic products and it also allows an exporter to import

capital for pre-production, production, and post-production goods at zero customs duty rates, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date. **So, Option (a) is correct.**

Q.51) Consider the following statements with reference to the Support Prices given by the Government for Agriculture:

1. In addition to the MSP announced by the Central Government, the State Governments can declare a bonus over and above the already declared MSP.
2. The MSP computed by the Commission for Agricultural Cost and Prices is based on an average cost taken for the whole of the country.
3. While calculating the Minimum Support Price, the Commission for Agricultural Cost and Prices considers only A2+FL cost.
4. For sugarcane, Fair and Remunerative Price (FRP) has been assigned a statutory status.

How many statements given above is/are correct?

- (a) Only one statement
- (b) Only two statements

**(c) Only three statements**

- (d) All four statements

**EXPLANATION:**

Minimum Support Price (MSP) is an integral component of the Agriculture Price Policy, and it targets to ensure support prices for farmers and affordable prices to the consumer.

➤ The MSP is fixed and announced every year by the Central Government on the recommendations of the Commission for Agricultural Cost and Prices (CACP). The State Governments also declare a bonus, over and above the already declared MSP, to promote agriculture practices in their respective States. The quantum of this bonus varies from State-to-State and crop to crop. **So, Statement 1 is correct.** Based on the recommendations of the CACP, the Government of India declares MSP after considering the views of State Governments and Central Ministries/Departments concerned with agricultural crops such as Cereal, Pulses, Oilseeds and commercial crops every year at the beginning of the sowing season for the whole country.

➤ The Commission for Agricultural Costs and Prices (CACP) is an attached office of the Ministry of Agriculture and Farmers' Welfare, which came into existence in 1965. Its mandate is to recommend a Minimum Support Price to incentivise the cultivators to adopt modern technology and raise productivity and overall green production in line with emerging demand patterns in the country. **So, Statement 2 is correct.**

The CACP estimates three production costs for each crop at the state and national levels.

- A2 - Covers all cash and kind paid-out expenditures directly incurred by the farmer on seeds, fertilisers, pesticides, hired labour, leased-in land, fuel, irrigation, and so forth.
- A2+FL - A2 plus an estimated value of unpaid family labour.
- C2 - An additional expense includes rentals and interest foregone on owned land and fixed capital assets in addition to A2+FL.

While calculating the Minimum Support Price, the CACP considers both C2 cost and A2+FL cost,

➤ A2+FL cost includes all paid-out costs, such as the cost of hired human/animal/machine labour, rent paid on land, and expenses on various inputs, including seeds, fertilisers, irrigation, etc. It also includes the imputed value of wages of family labour and depreciation of farm machinery and building.

- C2 cost includes the notional value of the imputed rental value of owned land and interest on owned capital in addition to the A2+FL cost.
- Thus, CACP, while calculating MSP, considers both A2+FL and C2. **So, Statement 3 is not correct.** The Fair and Remunerative Amount, or FRP, is the price sugar mills and manufacturers should pay sugarcane farmers. It was implemented in 2009 to replace the Statutory Minimum Price concept (SMP). The price paid to farmers for Sugarcane under the FRP system is independent of sugar mills' profits.
- For Sugarcane, MSP has been assigned a statutory status and termed as Fair and Remunerative Price (FRP). There is a statutory binding on the sugar factories to pay the FRP declared by the Government each year.
- Thus, Sugarcane is the only crop with a statutory status called Fair and Remunerative price under the Essential Commodities Act (ECA), 1955. **So, Statement 4 is correct.**

Q.52) Consider the following statements with reference to Skills Acquisition and Knowledge Awareness for Livelihood (SANKALP) program :

1. It aims to improve Long term skill training qualitatively and quantitatively through strengthening institutions.
2. It is a centrally-sponsored scheme under the Ministry of Human Resource Development.
3. National Instructional Media Institute helps in content development under the SANKALP program.

Which of the statements given above are **not** correct?

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

**EXPLANATION:**

Skill Acquisition and Knowledge Awareness for Livelihood Promotion ("SANKALP") aims to improve short-term skill training qualitatively and quantitatively through strengthening institutions, bringing in better market connectivity and inclusion of marginalised sections of society.

- To strengthen institutional mechanisms for skill development and increase access to quality and market-relevant training for youth across the country.
- To address the ongoing challenges like bringing about convergence, infusing quality in skill development programs and making them market relevant and accessible while ensuring private participation in the context of short-term training.
- "SANKALP has three key result areas, namely
  - (i) Institutional Strengthening at Central, State and District levels ;
  - (ii) Quality Assurance of skill development programmes;
  - (iii) Inclusion of marginalized population in skill development programmes."

Thus, SANKALP focused on Short term Skills, not Long term Skills. **So, Statement 1 is not correct.** Skill Acquisition and Knowledge Awareness for Livelihood Promotion ("SANKALP") is a Ministry of Skill Development programme with loan assistance from the World Bank.

- It is a Centrally sponsored and outcome-focused scheme that marks a transition in the government's vocational education and training implementation strategy.
- To implement the mandate of the National Skill Development Mission (NSDM).

**So, Statement 2 is not correct.**

National Instructional Media Institute (NIMI) has been integral to India's skilling ecosystem. It was

established by the Government of India as a subordinate office under the Directorate General of Training (DGET), with the assistance of the Government of Germany. NIMI is an autonomous institute under the Ministry of Skill Development and Entrepreneurship (MSDE).

- The main objective of the National Instructional Media Institute (NIMI) is to develop and disseminate content for the skilling ecosystem under MSDE.
- To follow a holistic approach in content development wherein, as per the skill requirements of trade, simple to complex practical exercises are developed under various topics and sub-topics. **So, Statement 3 is correct.**

Q.53) Consider the following statements with reference to the Leather sector in India :

1. India is the largest producer and consumer of footwear in the world.
2. 100% foreign direct investment is allowed under the Automatic route in this sector.
3. It is an employment-intensive industry.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

India is the second largest producer and consumer of footwear in the world. The Leather industry in India accounts for around 13% of the world's leather production of hides/skins and handles a robust annual production of about 3 bn sq. ft. of leather. The country accounts for 9% of the world's footwear production. **So, Statement 1 is not correct.**

Leather products manufacturing is allowed 100% FDI through an automatic route. The government of India has allowed 100% FDI in single-brand retailing in India, with a clause of 30% mandatory local sourcing. The Leather industry in India is de-licensed, facilitating expansion on modern lines with state-of-the-art machinery and equipment. The cumulative FDI equity inflow in the Leather, Leather Goods, and Pickers industry is USD 222.36 mn during the period April 2000 to March 2022. **So, Statement 2 is correct.**

The Leather industry is an employment-intensive industry providing jobs to more than 4 mn people, mostly from the weaker sections of society. Women's employment is predominant in the Leather products industry, with about 30% share. The Leather industry in India has one of the youngest workforces, with 55% of the workforce below 35 years of age. The major markets for Indian Leather & Footwear Products are the USA, Germany, the UK, Italy, France, Spain, Netherlands, U.A.E, China, Hong Kong, Belgium, and Poland. **So, Statement 3 is correct.**

Q.54) Consider the following statements with reference to the Primary Agriculture Credit Societies (PACS) :

1. PACS constitutes the highest tier of the three-tier short-term cooperative credit in India.
2. PACS are outside the purview of the Banking Regulation Act 1949.
3. PACS cannot provide Long-term agricultural loans.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

The Primary Agricultural credit societies (PACS) are a village-level institution that works with rural residents directly. It encourages farmers to save, receives their deposits, makes loans to suitable borrowers, and collects repayments.

PACS generally provide the following facilities to their members:

- Input facilities in form of cash or kind component.
- Agriculture implements on hiring basis.
- Storage facility
- PACS constitute India's lowest tier of the three-tier Short-term cooperative credit (STCC) in India. The other two tiers are State Cooperative Banks (SCB) and District Central Cooperative Banks (DCCB). **So, Statement 1 is not correct.**

The Primary Agricultural credit societies (PACS) are outside the purview of the Banking Regulation Act of 1949. The Primary Agricultural Cooperative credit societies is regulated by National Bank for Agricultural and Rural Development (NABARD) under Sec 35 (6) of the Banking Regulation Act (As Applicable to Cooperative Societies), and hence the Reserve Bank of India does not regulate it. **So, Statement 2 is correct.**

The rural co-operative credit system in India is primarily mandated to ensure flow of credit to the agriculture sector. It comprises short-term and long-term co-operative credit structures. The short-term co-operative credit structure operates with a three-tier system - Primary Agricultural Credit Societies (PACS) at the village level, Central Cooperative Banks (CCBs) at the district level and State Cooperative Banks (StCBs) at the State level. PACS cannot provide Long-term agricultural loans. It only provide short term agriculture loans. **So, Statement 3 is correct.**

Q.55) With reference to financial infrastructure in India, consider the following statements:

1. Bombay stock exchange(BSE) facilitates trading financial instruments in the primary market.
2. BSE is Asia's oldest and fastest stock exchange in the world.
3. The Indian Renewable Energy Development Agency is registered as NBFC to support renewable energy projects.

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

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

**EXPLANATION:**

- The primary market is where securities are created to be sold to investors for the first time, called Initial Public Offerings. It allows the government, businesses, and other institutions to raise funds by selling equity and debt securities. Primary market example of securities issued includes notes, bills, government bonds or corporate bonds, as well as stocks of companies.
- The secondary market is where stocks and bonds issued previously are bought and sold. Examples of some secondary market securities are the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).
- Thus, BSE deals with the Secondary Market, not the primary market. So, Statement 1 is not correct.

Bombay Stock Exchange (BSE) was established in 1875. It is Asia's first & the Fastest Stock Exchange in the world, with a speed of 6 microseconds, and one of India's leading exchange groups. In 2017, BSE became the 1st listed stock exchange in India. BSE's popular equity Index - the S&P BSE SENSEX - is India's most widely tracked stock market benchmark index.

**So, Statement 2 is correct.**

Indian Renewable Energy Development Agency Limited (IREDA) is a Mini Ratna (Category - I) Government of India Enterprise under the administrative control of the Ministry of New and Renewable Energy (MNRE).

- IREDA is a Public Limited Government Company established as a Non-Banking Financial Institution in 1987 engaged in promoting, developing and extending financial assistance for setting up projects relating to new and renewable energy sources and energy efficiency.
- IREDA's Motto is "Energy for Ever". **So, Statement 3 is correct.**

Q.56) "Inclusive Growth Index" is released by which one of the following?

- (a) World Bank
- (b) UNCTAD**
- (c) Asian Development Bank
- (d) International Monetary Fund

**EXPLANATION:**

"Inclusive Growth Index" was released by United Nations Conference on Trade and Development (UNCTAD). The Index analyses a country's ability to achieve such growth, focusing on gender equality and environmental sustainability. **So, Option (b) is correct.**

Q.57) Consider the following statements with reference to Pradhan Mantri Shram Yogi Maan-Dhan (PM-SYM):

1. It is a voluntary and contributory pension scheme under the Ministry of social justice and empowerment.
2. Any unorganized worker in the age group of 18-40 years can avail of benefit from it.
3. It is implemented through the Life Insurance Corporation of India and CSC eGovernance Services India Limited.

Which of the statements given above are correct?

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

**EXPLANATION:**

The Government of India introduced a pension scheme for unorganised workers, Pradhan Mantri Shram Yogi Maan-Dhan (PM-SYM), to ensure old age protection for Unorganised Workers.

It is a voluntary and contributory Pension Scheme for Unorganized Workers by the Ministry of Labour & Employment.

The main responsibility of the Ministry is to protect and safeguard the interests of workers in general and those who constitute the poor, deprived and disadvantaged sections of society. **So, Statement 1 is not correct.**

The unorganised workers mostly engaged as home-based workers, street vendors, mid-day meal workers,

head loaders, brick kiln workers, cobblers, rag pickers, domestic workers, washer men, rickshaw pullers, landless labourers, own account workers, agricultural workers, construction workers, beedi workers, handloom workers, leather workers, audio-visual workers and similar other occupations whose monthly income is Rs 15,000/ per month or less and belong to the entry age group of 18-40 years can avail this benefit. And also, they should not be a member of EPFO/ESIC or NPS (Govt. funded). **So, Statement 2 is correct.**

Pradhan Mantri Shram Yogi Maan-Dhan (PM-SYM) will be a Central Sector Scheme administered by the Ministry of Labour and Employment and implemented through the Life Insurance Corporation of India and CSC eGovernance Services India Limited (CSC SPV). LIC will be the Pension Fund Manager and responsible for Pension payout. **So, Statement 3 is correct.**

Q.58) Consider the following statements with reference to TReDS(Trade Receivables Discounting System) platform:

1. Its objective is to address the financing needs of MSMEs as well as the delayed payments issue.
2. RXIL(Receivables Exchange of India Limited) joint venture between NSE and NABARD, operates the TReDS platform.
3. TReDS payment system is authorized under the Payment and Settlement Systems (PSS) Act, 2007.

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

(a) 1 and 2 only

**(b) 2 only**

(c) 1 and 3 only

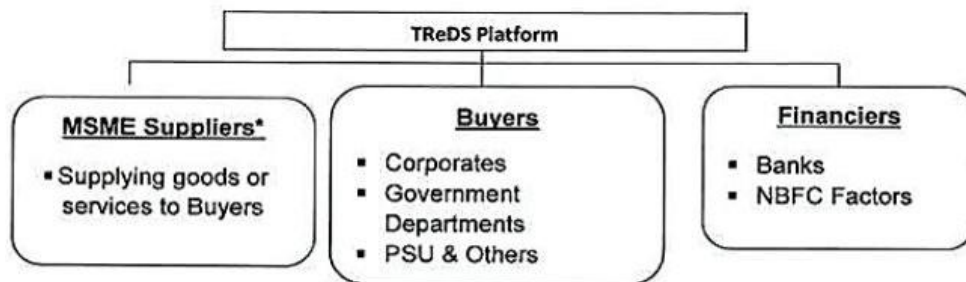
(d) 3 only

**EXPLANATION:**

Trade Receivables Discounting System or TReDS is an initiative undertaken by the Reserve Bank of India to safeguard the interest of micro, small and medium enterprises (MSMEs) and to solve the delayed payments issue.

TReDS is an electronic platform which facilitates the financing of invoices/bills of MSMEs drawn on corporate and other buyers, including the Government Departments and PSUs, by way of discounting by financiers.

The TReDS provide the platform to bring these participants together to facilitate uploading, accepting, discounting, trading and settlement of the invoices/bills of MSMEs.



Objectives of TReDS (Trade Receivables Discounting System):

- To advise all Scheduled Commercial Banks (SCBs) to achieve a 20% year-on-year growth in credit to Micro and Small Enterprises (MSEs).
- Allocation of 60% of the MSEs advances to the micro-enterprise accounts, a 10% annual growth in the number of micro-enterprise accounts.

- Simplified computation of working capital of MSE units to make it a minimum of 20% of the projected annual turnover of the unit for borrowal limits up to Rs.5 crore.
- Set up Trade Receivables Discounting System (TReDS) to solve the problem of delayed payment of MSMEs. **So, Statement 1 is correct.**

Receivables Exchange of India Ltd (RXIL) was incorporated on February 25, 2016, as a joint venture between the Small Industries Development Bank of India (SIDBI) – the apex financial institution for the promotion and financing of MSMEs in India and the National Stock Exchange of India Limited (NSE) - premier stock exchange in India.

- Receivables Exchange of India (RXIL) operates the Trade Receivables Discounting System (TReDS) Platform as per the TReDS guideline issued by the Reserve Bank of India (RBI).

**So, Statement 2 is not correct.**

The Reserve Bank of India issues TReDS guidelines under Section 10(2) of the Payment & Settlement Systems Act, 2007 (Act 51 of 2007).

- The Payment and Settlement Systems Act 2007 was enacted to regulate and supervise payment methods in India. To designate the Reserve Bank of India (RBI) as the supreme authority for paymentsystem matters in India. **So, Statement 3 is correct.**

Q.59) Consider the following statements with reference to the National Logistics Policy 2022 :

1. It aims to create a data-driven decision-support mechanism for an efficient logistics ecosystem.
2. It aims to reduce India's logistics cost to a level comparable to global benchmarks by 2030.
3. It aims to make India among the top 25 countries by 2030 in the Logistics Performance Index.
4. It is formulated by the Ministry of Commerce and Industry and is implemented in complement to the PM-Gati Shakti scheme.

How many statements given above is/are correct?

- (a) Only one statement
- (b) Only two statements
- (c) Only three statements

**(d) All four statements**

**EXPLANATION:**

Recently, National Logistics Policy (NLP) was launched, which aims to lower the existing cost of logistics in India from the present 14% of GDP to less than 10% on par with other developed country's global benchmarks by 2030 and to create a data-driven decision support mechanism for an efficient logistics ecosystem. **So, Statements 1 and 2 are correct.**

This policy also targeted to improve India's ranking in Logistics Performance Index to be among the top 25 countries by 2030. And it was formulated by the Ministry of Commerce and Industry will improve India's trade competitiveness, create more jobs, improve India's performance in global rankings and pave the way for India to become a logistics hub. This policy was implemented to complement the PM GatiShakti- National Master Plan scheme. **So, Statements 3 and 4 are correct.**

Q.60) Consider the following statements with reference to the exports of agricultural products for the year 2021-22 :

1. Exports of agricultural products, including marine and plantation products, have crossed USD 50 billion.
2. Highest-ever exports have been achieved for rice, wheat and sugar.



3. India has captured nearly 50% of the world market for rice.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

The Exports of agricultural products, including marine and plantation products for 2021-22, have crossed USD 50 billion, the highest level ever achieved for agriculture export.

- India has been achieved the highest-ever exports of staples like rice (USD 9.65 billion), wheat (USD 2.19 billion), sugar (USD 4.6 billion), other cereals (USD 1.08 billion) and meat and also it has captured nearly 50% of the world market for rice.
- This achievement is the result of sustained efforts on the part of the Department of Commerce and its various export promotion agencies like Agricultural and Processed Food Products Export Development Authority (APEDA), *Marine Products Export Development Authority* (MPEDA) and various commodity boards.
- The Department has made special efforts to engage State Governments and district administrations in promoting agriculture exports. In order to ensure that the farmers benefit from exports, Department of Commerce has made special efforts to provide export market linkage directly to farmers and Farmer Producer Organizations (FPO).

**So, Option (d) is correct.**

Q.61) Consider the following statements with reference to the Indian Pharmaceutical sector :

1. Globally, India is the largest provider of generic drugs.
2. The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume.
3. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines
4. India is the largest exporter of medical goods in the world.

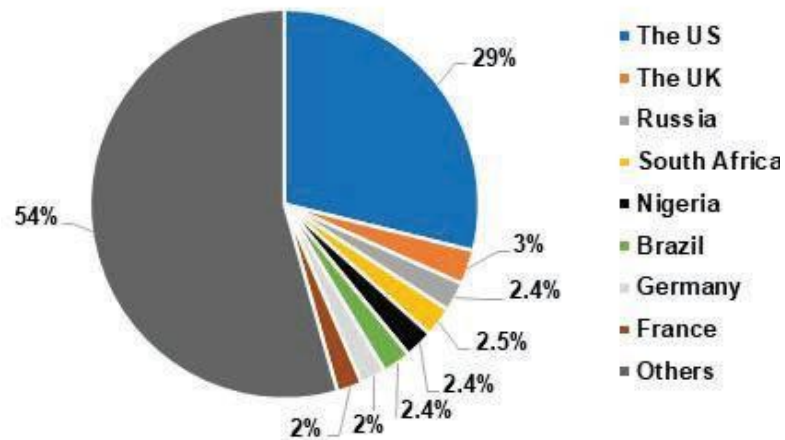
Which of the statements given above are correct?

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

**EXPLANATION:**

India is the largest provider of generic drugs globally and is known for its affordable vaccines and generic medications. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. **So, Statement 1 is correct.**

**India's country-wise share of drugs, pharmaceutical and fine-chemicals exports (2021-22)**



Source: DGCI&S

The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume after evolving over time into a thriving industry growing at a CAGR of 9.43% for the past nine years and 14th by value. **So, Statement 2 is correct.**

Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US, and 25% of all medicine in the UK. The domestic pharmaceutical industry includes a network of 3,000 drug companies and 10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with the potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms. India is rightfully known as the "pharmacy of the world" due to the low cost and high quality of its medicines. **So, Statement 3 is correct.**

India is the 12th largest exporter of medical goods worldwide and hence it is not the largest in the world. Indian drugs are exported to more than 200 countries in the world, with the US being the key market. Indian drug & pharmaceutical exports stood at US\$ 24.60 billion in FY22 and US\$ 24.44 billion in FY21. Indian drug & pharmaceutical exports stood at US\$ 2,119.08 million in June 2022. **So, Statement 4 is not correct.**

Q.62) With reference to Skills Strengthening for Industrial Value Enhancement (STRIVE), consider the following statements:

1. STRIVE is a Centrally Sponsored Scheme.
2. It is a World Bank assisted with the objective of improving the relevance and efficiency of skills training provided through ITIs and apprenticeships.

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

**EXPLANATION:**

Skills Strengthening for Industrial Value Enhancement (STRIVE) is a central sector scheme which means 100% of funds will be provided by the Union government whereby the scheme will be implemented by the Central Government machinery, whereas in the case of a centrally sponsored scheme, a particular percentage of the total funding is borne by the States in certain ratios like 50:50, 60:40, 70:30, etc. and the implementation is by the State Governments. **So, Statement 1 is not correct.**

This project is a World Bank assisted-Government of India project with the objective of improving the relevance and efficiency of skills training provided through Industrial Training Institutes (ITIs) and apprenticeships. It comes under the Ministry of Skill Development and Entrepreneurship. **So, Statement 2 is correct.**

Q.63) With reference to Financial Inclusion Index(FI-Index), consider the following statements:

1. It is developed by the Reserve Bank of India in collaboration with NITI Aayog.
2. The FI-Index is responsive to ease of access, availability and usage of services and quality of services, consisting of 97 indicators.
3. The financial inclusion index is calculated using 2011-12 as the base year.

Which of the statements given above are **not** correct?

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

**EXPLANATION:**

The Reserve Bank of India has developed the composite financial inclusion index has been conceptualized as a comprehensive index incorporating details of banking, investments, insurance, postal, and the pension sector in consultation with the Government and respective sectoral regulators. But it is developed solely by the Reserve Bank of India and not in collaboration with NITI Aayog. **So, Statement 1 is not correct.**

This index comprises three parameters including access, usage and quality and is responsive to ease of access, availability and usage of services and quality of services, consisting of 97 indicators.

The FI-Index is published annually in July every year. But the index has been constructed without any base year and reflects the cumulative efforts of all stakeholders over the years toward financial inclusion. Thus, the financial inclusion index is not calculated using 2011-12 as the base year. **So, Statement 2 is correct and Statement 3 is not correct.**

Q.64) With reference to investment trusts in India,consider the following statements:

1. Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) were launched in India by the Reserve Bank of India.
2. InviTs and REITs are similar to mutual funds that pool money from investors, which helps in long-term capital appreciation.
3. InvITs are more liquid compared to REITs. Which

of the statements given above is/are correct?

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

**EXPLANATION:**

Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) were launched in India by the Securities and Exchange Board of India (SEBI), not by the Reserve Bank of India. **So, Statement 1 is not correct.**

Real Estate Investment Trusts or REITs and Infrastructure Investment Trusts or InvITs are similar to mutual funds that pool investors' money and offer a regular income (dividends) which helps in long-term capital appreciation. **So, Statement 2 is correct.**

- Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) are traded over the stock exchange. Recently, SEBI, a market regulator, amended REITs and InvITs regulations, as the trading lot size of REITs has been reduced from around 200 units to 1 unit.
- Hence, it makes easy entry and brings in more liquidity through increased trading volumes, allowing retail investors to access investment options easily. And smaller minimum trading quantities (no minimum amount that is needed to trade in the stock market) make REITs more liquid than InvITs.
- Infrastructure Investment Trusts (InvITs) is a large trading lot (refers to the number of shares bought in one transaction), and the higher unit price of InvITs, makes them less liquid. REITs are more liquid since they have a lower unit price than InvITs.

Therefore, InvITs are not more liquid compared to REITs. **So, Statement 3 is not correct.**

Q.65) Consider the following statements with reference to National Startup Advisory Council(NSAC):

1. It promotes measures needed for nurturing innovation and startups to generate large scale employment opportunities.
2. The prime minister acts as the Chairman of NSAC.
3. The Ministry of skill development and Entrepreneurship and ISRO, has launched the NavIC Grand Challenge for Indian startups.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

Department for Promotion of Industry and Internal Trade (DPIIT) had constituted the National Startup Advisory Council to advise the Government on measures needed to build a strong ecosystem for nurturing innovation and startups in the country to drive sustainable economic growth and generate large-scale employment opportunities. **So, Statement 1 is correct.**

It is the Minister of Commerce and Industry and not the Prime Minister who acts as the Chairman of the National startup advisory council (NSAC). Besides the ex-officio members, the council has some non-official members, representing various stakeholders such as founders of successful startups, veterans who have grown and scaled companies in India, persons capable of representing the interest of investors in startups, persons capable of representing the interests of incubators and accelerators, representatives of associations of stakeholders of startups and representatives of industry associations. **So, Statement 2 is not correct.**

The Department for Promotion of Industry and Internal Trade (DPIIT), under the Ministry of Commerce and Industry along with ISRO, has launched the NavIC Grand Challenge for Indian startups. The challenge involves the development of indigenous NavIC-enabled drones to capture data on damage caused to farms, processing of the data, and make it available for use for commercial purposes. ISRO experts will provide technical guidance to the short-listed startups. Hence it is not launched by the Ministry of skill development

and Entrepreneurship. **So, Statement 3 is not correct.**

Q.66) With reference to India's Five-Year Plans, which of the following statements is/are correct?

1. In the Third Plan, agriculture was given top priority to support the exports and industry.
2. In the Seventh Plan, the first-time private sector got priority over the public sector.
3. Eleventh Five Year Plan focused on strengthening the Capital Markets as part of Inclusive growth.

Select the correct answer from the codes given below :

**(a) 1 and 2 only**

(b) 2 only

(c) 1 only

(d) 1 and 3 only

**EXPLANATION:**

The third five-year plan (1961-1966) focused was to make India a self-reliant and self-generating economy because it was felt that the Indian government is present at the take-off stage. Based on the experiences from the first two plans agriculture was given top priority to support exports and industry. **So, Statement 1 is correct.**

The seventh five-year plan (1985- 1990) emphasized rapid growth in food-grains production, increased employment opportunities, and productivity within the framework of basic tenants of planning. For the first-time private sector got priority over the public sector. The plan was very successful, the economy recorded a 6% growth rate against the targeted 5%. **So, Statement 2 is correct.**

The 11th five-year plan (2007 - 2012) aims to achieve inclusive growth, improve the quality of life for the citizens of the state and contribute to the larger national goals of socio-economic development. It did not focus on strengthening capital markets as a part of inclusive growth whereas it mainly concentrated on eradicating poverty, providing employment opportunities, promoting education and health care, and increasing agricultural productivity as part of inclusive growth. **So, Statement 3 is not correct.**

Q.67) Consider the following statements:

1. The oilseed production in India has steadily increased since 2016-17.
2. In India for the first time in 2021,viability price which ensures price assurance to the oil palm farmers for the Fresh Fruit Bunches (FFBs) was introduced.
3. USA tops World Soy Oil Production.

Which of the statements given above is/are correct?

**(a) 1 and 2 only**

(b) 2 only

(c) 3 only

(d) 1, 2 and 3

**EXPLANATION:**

India is one of the major oilseeds growing countries. The Economic Survey for 2021-22 stated that oilseed production in India has steadily increased from 2016-17 onwards. It showed a fluctuating trend before that. The oilseed production in India has grown by almost 43 percent from 2015-16 to 2020-21.

- Total **Oilseeds** production in the country during 2021-22is estimated at a record 37.15 million tonnes, higher by 1.20 million tonnes than the production of 35.95 million tonnes during 2020-21. Further, the production of oilseeds during 2021-22 is higher by 4.46 million tonnes than the average oilseeds

production. **So, Statement 1 is correct.**

The oil palm farmers produce Fresh Fruit Bunches (FFBs) from which the industry extracts the oil. Presently, the prices of these FFBs are linked to international Crude Palm Oil (CPO) price fluctuations. For the first time in 2021, the Government of India will give a price assurance to the oil palm farmers for the FFBs.

This will protect the farmers from the fluctuations of international CPO prices and protect them from volatility. This Viability Price shall be the annual average CPO price of the last 5 years adjusted with the wholesale price index to be multiplied by 14.3 %. **So, Statement 2 is correct.**

China tops the world's soy oil production and followed by it, the next countries which top the list are the USA, Brazil, Argentina, etc. **So, Statement 3 is not correct.**

#### WORLD SOY OIL PRODUCTION

Year	US	Brazil	Argentina	China	India	Paraguay	Canada	Mexico	European U.
2021-2022	11.768	9.180	8.395	17.920	1.750	0.710	0.377	1.181	3.023
2020-2021	11.512	9.000	8.200	17.203	1.692	0.625	0.377	1.145	3.080
2019-2020	11.299	8.850	7.700	16.397	1.512	0.665	0.328	1.110	2.964
2018-2019	10.976	8.180	7.910	15.232	1.728	0.725	0.388	1.100	2.850
2017-2018	10.783	8.485	7.236	16.128	1.386	0.755	0.365	0.937	2.717

Q.68) With reference to National Infrastructure Pipeline(NIP), consider the following statements:

1. NIP is an initiative to provide world-class infrastructure across the country and improve the quality of life for all citizens.
2. Under NIP Centre and state will share equal contributions in terms of capital expenditure in infrastructure projects.
3. It aims to achieve the UN's Sustainable Development Goals related to infrastructure.

Which of the statements given above are correct?

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

#### EXPLANATION:

The National Infrastructure Pipeline (NIP) for FY 2019-25 is a first-of-its-kind, whole-of-government exercise to provide world-class infrastructure to citizens and improve their quality of life. NIP will boost the economy, generate better employment opportunities, and drive the competitiveness of the Indian economy. To draw up the NIP, a High-Level Task Force was constituted under the chairmanship of the Secretary of the Department of Economic Affairs (DEA), Ministry of Finance. **So, Statement 1 is correct.**

Infrastructure projects under National Infrastructure Pipeline (NIP) will receive an equal share of contribution in terms of capital expenditure from the Centre and States of 39% each, while the Private Sector share is 22%.

➤ Energy (24%), Roads (19%), Urban (16%), and Railways (13%) account for over 70% of India's estimated capital spending on infrastructure from 2020 to 2025. It has proposed spending more than 102 lakh crore on infrastructure projects by 2024-25. **So, Statement 2 is correct.**

National Infrastructure Pipeline (NIP) focus on developing infrastructure along with achieving SDG goals and improving the living standards will lead to infrastructure investment in required areas such as the redevelopment of slum neighbourhoods, urban roads, water supply coverage and quality, waste-water treatment facilities, urban mobility through public transport, etc. which takes into consideration the UN 2030 Sustainable Development Goals. **So, Statement 3 is correct.**

Q.69) Consider the following statements with reference to the Raising and Accelerating MSME Performance (RAMP) scheme:

1. It is an Asian development Bank-assisted central sector program to strengthen India's Micro, Small and Medium Enterprises (MSME) sector.
2. It is monitored by the apex National MSME Council headed by the Minister for MSME.
3. It aims to improve access to market and credit, technology upgradation and address issues of delayed payments and greening of MSMEs.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

The Raising and Accelerating MSME Performance (RAMP) scheme is a central sector program to strengthen India's Micro Small and Medium Enterprises (MSME) sector.

It is a World Bank-assisted central government program announced in the Union Budget of 2022-23 with an outlay of INR 6,062.45 crore, of which INR 3750 crore would be loaned by the World Bank and the remaining 2312.45 crores would be contributed by the Indian government. **So, Statement 1 is not correct.**

The overall monitoring and policy overview of RAMP would be done by an apex National MSME Council, headed by Minister for MSME, including representation from various Ministries and supported by a secretariat. **So, Statement 2 is correct.**

This scheme aims at strengthening institutions and governance at the Centre and State, improving Centre-State linkages and partnerships and improving access of MSMEs to market and credit, technology upgradation and addressing issues of delayed payments and greening of MSMEs. **So, Statement 3 is correct.**

Q.70) Consider the following statements with reference to Index of Industrial Production (IIP):

1. It is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products in a given period.
2. IIP index is currently calculated using 2015-2016 as the base year.
3. It is compiled and published by the Department for Promotion of Industry and Internal Trade.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

The Index of Industrial Production (IIP) is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period concerning that in a chosen base period. IIP index is currently calculated using 2011-2012 as a base year. **So, Statement 1 is correct and Statement 2 is not correct.**

The National Statistics Office (NSO) earlier, known as Central Statistical Organization, is responsible for the compilation and publication of the Index of Industrial Production (IIP) every month which is under the Ministry

of Statistics and Programme Implementation (MoSPI). Hence, it is not done by the Department for Promotion of Industry and Internal Trade. **So, Statement 3 is not correct.**

Q.71) Which of the following are the merits of the Green revolution?

1. The yield per hectare has increased
2. Farmer's earnings have increased
3. The cost of cultivation decreased drastically
4. The production process became more efficient
5. The fertility of the soil increased

Select the correct answer from the codes given below :

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

**EXPLANATION:**

The Green **revolution** was an agricultural reform that increased the production of crops worldwide between 1950 and the late 1960s. It includes the use of high-end techniques and technologies along with good-quality raw materials to enhance the production of crops.

Merits of Green revolution:

- In its early stages, the Green Revolution increased wheat production per hectare from 850 kg/hectare to a remarkable 2281 kg/hectare. With the beginning of the Green Revolution, India achieved self-sufficiency and became less reliant on imports.
- A significant increase in food grain production (particularly wheat and rice) resulted from introduction of new, high-yielding variety seeds into emerging countries beginning in the mid-20th century. The production process became more efficient. Its first spectacular victories were in Mexico and the Indian subcontinent. **So, Statements 1 and 4 are correct.**

The introduction of the Green Revolution aided farmers in increasing their income. Farmers utilised their surplus income to boost agricultural productivity.

This revolution benefited large farmers with more than 10 hectares of land the most, as they invested enormous sums of money in various inputs such as HYV seeds, fertilisers, machinery, etc. It also supported capitalist farming. **So, Statement 2 is correct.**

Demerits of Green Revolution:

- Due to this green revolution movement, the usage of artificial fertilizers and pesticides has increased vastly. That's why the overall expenses for a single harvesting session had also increased because artificial fertilizers and pesticides are very expensive than natural ones.
- Loss of soil fertility due to increased use of chemical fertilisers. Chemical fertilizers can also kill bacteria and other microorganisms in the soil. **So, Statements 3 and 5 are not correct.**

Q.72) With reference to the Indian economy, consider the following statements:

1. Investment by FIIs increases the capital in the economy.
2. Foreign portfolio investments help to bring more stability to the economy.
3. Promissory notes are issued by foreign institutional investors to invest in security markets in India.



Which of the statements given above is/are correct?

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

**EXPLANATION:**

A Foreign Institutional Investor (FII) is an individual or company that invests in a country other than the one in which it is registered or headquartered. Foreign institutional investors are most commonly used in India.

- Primarily, Institutional investors include investing in hedge funds, insurance companies, pension funds and mutual funds investment.
- Foreign Institutional investors (FIIs) can be important sources of capital in developing economies. Yet, many developing nations, such as India, have placed limits on the total value of assets a Foreign Institutional Investor (FII) can purchase and the number of equity shares it can buy, particularly in a single company. **So, Statement 1 is correct.**

Foreign portfolio investment (FPI) refers to investments made in securities and other financial assets issued in another country. Stocks, ADRs, GDRs, bonds, mutual funds, and exchange-traded funds are examples of FPI holdings.

- Along with foreign direct investment (FDI), Foreign portfolio investment (FPI) is a common means for investors, particularly retail investors, to participate in an overseas economy.
- FDI is considered more stable than FPI because FPI involves long-lasting commitment and it involves in the stake of the company. In contrast, FPI is called "hot money" because they have no control over ventures, direct property ownership, or a company stake. It is considered less risky than FDI. (From an Investor's Point of View)
- Thus, FDI is considered more stable for the economy, whereas FPI brings volatility. **So, Statement 2 is not correct.**
- A promissory note is a financial instrument that contains a written guarantee by one party (the note's issuer or maker) to pay another party (the note's payee) a specific sum of money on demand or at a future date.
- A promissory note usually includes all of the conditions of the debt, such as the principal amount, interest rate, maturity date, date and location of issuance, and the issuer's signature.
- Participatory notes are financial instruments for investors or hedge funds to invest in Indian equities without registering with the Securities and Exchange Board of India (SEBI).
- Participatory Notes are Offshore Derivative Instruments (ODIs) issued by registered Foreign Portfolio Investors (FPIs) to overseas investors who wish to participate in any country's stock markets without registering directly.
- Thus, Promissory notes and Participatory notes are different.
- **So, Statement 3 is not correct.**

Q.73) Consider the following statements with reference to the Periodic Labour Force Survey (PLFS):

1. It is released by the Ministry of Labour and Employment annually.
2. The Female Labour force participation rate (FLFPR) has been increasing consistently since its launch in 2017.
3. PLFS was designed for the measurement of employment and unemployment in both rural and urban areas.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

- The Ministry of Statistics and Programme Implementation under the National Statistical Office (NSO) launched the Periodic Labour Force Survey (PLFS) on April 2017.
- The Periodic Labour Force Survey (PLFS) was designed with two major objectives for the measurement of employment and unemployment.
- PLFS report consists of quarterly and annual labour employment-unemployment data about the Indian Labour Market.
- It gives estimates of Key employment and unemployment Indicators like the Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR), Unemployment Rate (UR), etc. **So, Statement 1 is not correct.**

Labour Force Participation Rate (LFPR) is the percentage of the population in the labour force. According to the current weekly status (CWS), the labour force is the number of persons either employed or unemployed on average in a week of 7 days preceding the survey date.

From the above data, we can conclude that the Female Labour force participation rate (FLFPR) has been increasing consistently since its launch in 2017. **So, Statement 2 is correct.**

The objective of PLFS is primarily twofold,

- To estimate the key employment and unemployment indicators (viz. Worker Population Ratio, Labour Force Participation Rate, Unemployment Rate) in the short time interval of three months for the urban areas only in the 'Current Weekly Status' (CWS).
- To estimate employment and unemployment indicators in both 'Usual Status' (ps+ss) and CWS in both rural and urban areas annually. **So, Statement 3 is correct.**

Q.74) Consider the following statements with reference to Financial Services Institutions Bureau(FSIB):

1. It is a government body set up under the Department of public enterprises.
2. FSIB was established in place of the Banks Board Bureau.
3. It improves the Governance framework and leadership quality in financial institutions in the public sector.

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

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

**EXPLANATION:**

Financial Services Institutions Bureau (FSIB) is an autonomous government body set up under the Department of Financial Services.

- The FSIB will recommend persons for appointment as full-time directors and non-executive chairpersons on the Boards of financial services institutions.

**So, Statement 1 is not correct**

- Bank Boards Bureau (BBB) was an self-governing autonomous body of the Central Government which was established in 2016 to overhaul the functioning of the public sector banking system in India.
- Its headquarters was at the Central Office of Reserve Bank of India, Mumbai.
- Following the ruling of the Delhi High Court that BBB was declared an incompetent authority a new autonomous body called the Financial Services Institutions Bureau (FSIB) was established by the central government which replaces the Banks Board Bureau. **So, Statement 2 is correct**
- The Bureau is focused on improving the Governance framework and leadership quality in financial institutions in the public sector.
- The governance framework emphasizes substance over form to improve long-term value in public sector financial institutions.
- Its mission is to improve and promote excellence in Corporate Governance in Public Sector Financial Institutions. **So, Statement 3 is correct**

Q.75) Consider the following statements with reference to the Pradhan Mantri Formalisation of Micro food processing Enterprises (PMFME) Scheme :

1. It envisages financial support of Rs. 40,000 for working capital and the purchase of small tools for each member of the Self-Help Group engaged in food processing activities.
2. It is currently being implemented in 35 States and Union Territories in the country.
3. It is a central sector scheme launched by the Ministry of Food Processing Industries.

Which of the statements given above is/are correct?

(a) 1 and 2 only

(b) 2 and 3 only

(c) 1 only

(d) 1, 2 and 3

**EXPLANATION:**

The Ministry of Food Processing Industry (MoFPI) has launched the Pradhan Mantri Formalisation of Micro food processing Enterprises (PMFME) scheme under the Aatmanirbhar Bharat Abhiyan with the aim to enhance the competitiveness of existing individual micro-enterprises in the unorganized segments of the food processing industry and promote formalization of the sector.

The Scheme is focused on supporting Groups engaged in Agri-food processing, such as Self-Help Groups (SHGs), which envisages financial support of Rs.40,000 for working capital and the purchase of small tools for each member of the Self-Help Group (SHG) engaged in food processing activities. **So, Statement 1 is correct.**

In India, there are over 25,00,000 food processing units in the unorganized food processing sector, with 66% located in rural areas and over 80% owned by family-based businesses providing an income source to rural communities. Hence,

In 2021, there were over 707 districts in 35 states and union territories to formalize the food processing sector and celebrate their tremendous support towards the economy. **So, Statement 2 is correct.**

Pradhan Mantri Formalisation of Micro food processing Enterprises (PMFME) Scheme is a Centrally sponsored scheme.

The expenditure under the scheme would be shared in a,

- 60:40 ratio between Central and State Governments,
- 90:10 ratio with North Eastern and Himalayan States,
- 60:40 ratio between UTs with the legislature and

- 100% by Centre for other Union Territories.

Hence it is not a central sector scheme. **So, Statement 3 is not correct.**

Q.76) With reference to Green Transport in India, consider the following statements:

1. It refers to modes of transportation that do not negatively impact the ecology as well as human health.
2. The Green Urban Transport Scheme (GUTS) aims to reduce air pollution caused by public transport.
3. The GUTS is implemented in the cities and urban areas with a population of 5 Lakh and above and all capital cities.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

Green transportation is a low-carbon initiative, thus environmentally friendly. This mainly refers to modes of transportation that do not negatively impact the environment, ecological balance, and human health. **So, Statement 1 is correct.**

The Ministry of Urban Development has launched the 'Green Urban Transport Scheme (GUTS),' which aims to consider the impact of air pollution caused in urban cities due to public transportation and improve the climate-friendly transport system in urban areas. And it mainly focuses on reducing the emission of harmful carbon gas from transportation, especially from government-owned transport facilities. **So, Statement 2 is correct.**

The Green Urban Transport Scheme (GUTS) scheme is implemented in the selected cities and urban areas where a population of 5 Lakh and above and all capital cities. By implementing this scheme, public transportation would increase as people would prefer public transport instead of individual modes to travel, directly reducing pollution. **So, Statement 3 is correct.**

Q.77) Consider the following statements with reference to Warehousing Development and Regulatory Authority:

1. It is a Statutory Authority under the Department of Food and Public Distribution.
2. The Authority has launched an electronic Negotiable Warehouse Receipt (eNWR).
3. NWR will help the farmers to seek loans from banks to avoid distressed sales of agricultural produce.

Which of the statements given above are correct?

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

**EXPLANATION:**

The Warehousing Development and Regulatory Authority (WDRA) were established under the Warehousing (Development and Regulation) Act, 2007. The WDRA is a Statutory Authority under the Department of Food and Public Distribution, Government of India, and it has headquarters in New Delhi. **So, Statement 1 is correct.**

The Warehousing Development and Regulatory Authority launched the electronic Negotiable Warehouse

Receipt (eNWR) on 26th September 2018 and thereby migrated to the IT-based eNWR ecosystem. All the registered warehouses are on boarded to Repository System for issuing eNWR against the deposits. The depositor can use eNWR to get loans against underlying commodities from banks and a lien will be marked by the repository. **So, Statement 2 is correct.**

The Negotiable Warehouse Receipts (NWR) issued by the WDRA will help the farmers to seek loans from banks against the NWRs to avoid distressed sales of agricultural produce during the peak marketing season and to avoid post-harvest storage loss. **So, Statement 3 is correct.**

Q.78) Consider the following statements with reference to the Micro, Small and Medium Enterprises (MSMEs) :

1. MSMEs contribute around 30 percent to India's Gross domestic product.
2. A firm is classified as Medium category if its investment in plant and machinery or equipment does not exceed ₹50 crores and its turnover does not exceed ₹250 crores.
3. According to the new definition, export revenue is deducted from total sales while estimating the turnover of MSMEs.
4. MSMEs constitute nearly 50 percent of total exports.

How many statements given above is/are correct?

- (a) Only one statement
- (b) Only two statements
- (c) Only three statements

**(d) All four statements**

**EXPLANATION:**

MSMEs (Micro Small and Medium Enterprises) play a key role in economic development. The sector accounts for over 80% of businesses and contributes to more than half of the employee share. With the presence of over 63 million MSMEs employing over 110 million people staggered across services, the manufacturing sector contributes nearly 30% to the GDP. **So, Statement 1 is correct.**

According to the Ministry of MSME, A firm is classified as a Medium category if its Investment in Plant and Machinery or Equipment is not more than Rs.50 crore and its Annual Turnover is not more than Rs. 250 crore. **So, Statement 2 is correct.**

According to RBI regarding the calculation of turnovers of MSMEs, the Exports value of goods or services or both shall be excluded while calculating the turnover of any enterprise, whether micro, small or medium, for classification. Information as regards turnover and export turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN. **So, Statement 3 is correct.**

Regarding MSME-related products, its export share of all India's export share stood at 49.4% and 49.8% for FY21 and FY20, respectively. **So, Statement 4 is correct.**

Q.79) Consider the following statements :

1. The Industrial Policy Resolution of 1956 gave primacy to the role of the State to assume a predominant and direct responsibility for industrial development.
2. The Industrial Policy statement of 1973 identified high-priority industries where investment from large industrial houses and foreign companies would be permitted.
3. The Industrial Policy Statement of 1977 laid emphasis on decentralization and on the role of small-scale, tiny and cottage industries.
4. The Industrial Policy Statement of 1980 focused attention on the need for promoting competition

in the domestic market, technological upgradation and modernization.

How many statements given above is/are correct?

- (a) Only one statement
- (b) Only two statements
- (c) Only three statements

**(d) All four statements**

**EXPLANATION:**

In 1948, immediately after Independence, the Government introduced the Industrial Policy Resolution. This outlined the approach to industrial growth and development. It emphasized the importance to the economy of securing a continuous increase in production and ensuring its equitable distribution. After the adoption of the Constitution and the socioeconomic goals, the Industrial Policy was comprehensively revised and adopted in 1956. To meet new challenges, from time to time, it was modified through statements in 1973, 1977, and 1980.

➤ **The New Industrial Policy Resolution 1956 (IPR 1956)**

- It gave primacy (priority) to the role of the State to assume direct responsibility for industrial development.

➤ **The Industrial Policy Statement of 1973**

- It identified high-priority industries where investment from large industrial houses and foreign companies would be permitted.

➤ **The Industrial Policy Statement of 1977**

- It emphasized decentralization and the role of small-scale, tiny, and cottage industries.

➤ **The Industrial Policy Statement of 1980**

- This policy focused on attention for promoting competition in the domestic market, technological upgradation, and modernization and also it laid for an increasingly competitive export base and for encouraging foreign investment.

**So, Option (d) is correct.**

Q.80) Consider the following statements with reference to the North East Industrial Development Scheme :

1. It covers both the manufacturing sector as well as the service sector.
2. It comes under the Ministry of Commerce and Industry.
3. Only new units are eligible under the Scheme.

Which of the statements given above is/are correct?

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

**(d) 1, 2 and 3**

**EXPLANATION:**

The North East Industrial Development Scheme (NEIDS) began operations on April 1, 2017, for five years. It covers eligible industrial units in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim to promote industrialization and increase employment and income generation.

The scheme will cover the manufacturing and service sectors. It will encourage MSMEs in manufacturing and services. Information technology will be leveraged to process and approve proposals and the release of

payment. **So, Statement 1 is correct.**

North East Industrial Development Scheme is under the Department For Promotion Of Industry And Internal Trade, Ministry of Commerce And Industry.

The North East Industrial Development Finance Corporation Limited (NEDFi) will be the nodal agency for disbursal incentives under various components of the Scheme. NEDFi will release incentives only through e-transfer to designated bank accounts of eligible industrial units. **So, Statement 2 is correct.**

Only new industrial units are eligible to avail of the benefits under the scheme. This scheme would not apply to the industries that are:

- Established by the splitting up or reorganizing an existing business
- Created by the transfer to the new unit of plant and machinery previously used for any other purpose; and
- Relocated from elsewhere, existing units reopened under a new name, brand, etc.

**So, Statement 3 is correct.**

Q.81) Consider the following statements with reference to the financial sector reforms taken by the Government under liberalization in 1991:

1. The Reserve Bank of India was empowered to decide the interest rates for banks on loans and deposits.
2. The limit of foreign investment in banks was raised to around 50 percent.
3. Banks were given complete freedom to set up new branches without any conditions and without the approval of the Reserve Bank of India.

How many statements given above is/are correct?

**(a) Only one statement**

- (b) Only two statements
- (c) Only three statements
- (d) None of the statements

**EXPLANATION:**

The government of India came out with a new economic policy resolution in 1991.

Liberalization means the government's withdrawal of controls and regulations on the establishment and running of industries.

The financial sector includes financial institutions such as

- Commercial Banks,
- Investment Banks,
- Foreign Exchange Markets, and
- Stock Exchange Operations.

Before 1991, the RBI is empowered to decide the amount of money the banks can lend, the interest rates for banks on loans and deposits, and the nature of lending to various sectors, as the financial sector in India is regulated by the Reserve bank of India.

But after the Post financial sector reforms by the Government under liberalization in 1991, the role of RBI has been shifted from 'regulator' to "facilitator" of the financial sector, which means that the financial sector may be allowed to take decisions on many matters without consulting the RBI and hence, RBI has been de-regulated with all the credits related matters (loans) and interest rates for banks. **So, Statement 1 is not**

**correct.**

The financial sector reforms taken by the Government under liberalization in 1991 led to the establishment of private sector banks in India, as well foreign and foreign investment limit in banks was raised to around 50 per cent. Foreign Institutional Investors (FII) such as merchant bankers, mutual funds, and pension funds are now allowed to invest in Indian financial markets. **So, Statement 2 is correct.**

After the 1991 reforms, banks have been permitted to generate resources from India and abroad, and certain powers have been retained with the RBI to safeguard the interests of the account holders and the nation. Banks were given the freedom to set up new branches without the approval of the RBI but only after the fulfillment of certain conditions. Now banking services are available in almost every corner of the country. **So, Statement 3 is not correct.**

Q.82) In the context of the Power sector in India, consider the following statements:

1. Private sector has the largest installed power generation capacity in India.
2. Presently, non-fossil fuel contributes to the largest source of power generation in India.

Which of the statements given above is/are correct?

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

**EXPLANATION:**

As per the Ministry of Power, India's total installed power generation capacity is 4,07,797 MW (100%)

- Central Sector share is 99,005 MW (24.3%),
- State Sector share is 1,04,966 MW (25.7%), and
- Private sector share is 2,03,825 MW (50.0%).

**So, Statement 1 is correct.**

As per the Ministry of Power, presently fossil fuel (like coal, lignite, gas, and diesel) power generation is the largest source of power generation in India which is 2,36,086 MW of power (57.9%) and non-fossil fuel (like hydro, wind, solar, etc.) share is 171,710 MW (42.1%).

**So, Statement 2 is not correct.**

Q.83) Which of the following are the objectives of Disinvestment?

1. To introduce competition and market discipline
2. Helps in the creation of new assets
3. To reduce the fiscal deficit
4. To fund growth and social sector welfare

Select the correct answer using the code given below:

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

**4EXPLANATION:**

Disinvestment means the Government's selling or liquidating assets, usually Central and state public sector



enterprises, projects, or other fixed assets.

Disinvestment introduces competition by transferring the ownership of a non-performing organization like a public sector entity to be more efficient by private players in the market as a private sector entity. Thus, Disinvestment introduces competition in the market.

Market discipline refers to the process by which market participants, such as depositors and shareholders, monitor the risks and take action to limit excessive risk-taking.

Thus, Disinvestment ensures market discipline and improves the performance of the PSEs and helps depoliticize non-essential services. **So, Statement 1 is correct.**

Through the Disinvestment policy, the Government liquidates its assets or Sells its minority shares of Public sector Enterprises to reduce the fiscal burden. The Government Liquidating its assets means converting non-liquid assets into liquid assets by selling them on the open market. This money can create more assets and reduce the fiscal deficit. Thus disinvestment helps in the creation of new assets. **So, Statement 2 and 3 are correct.**

The disinvestment proceeds were used to fund the people's growth and social sector welfare by funding them in the capital expenditure under the Government's social sector schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Jawaharlal Nehru National Urban Renewal Mission (JNNURN). Hence, as it allows an entity to reduce its debt, disinvestment can pave the way for a country's long-term growth and development. **So, Statement 4 is correct.**

Q.84) Which of the following are the statutory bodies under the Ministry of Micro Small and Medium Enterprises?

1. Khadi and Village Industries Commission
2. National Institute for Micro, Small and Medium Enterprises
3. Coir Board
4. Tobacco Board

Select the correct answer from the codes given below :

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

**EXPLANATION:**

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs and the sector's coverage and investment ceiling. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognising the concept of "enterprise", which comprises manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely: micro, small and medium.

In the Ministry of MSME, there are some attached / statutory organisations:

- Khadi & Village Industries Commission (KVIC) formed under Khadi and Village Industries Commission Act, 1956 (61 of 1956)
- Coir Board formed under Coir Industry Act, 1953
- National Institute for Micro, Small and Medium Enterprises (NIMSME) rechristened under MSMED Act 2006

- National Small Industries Corporation Limited (NSIC)
- Office of Development Commissioner (MSME)
- Mahatma Gandhi Institute for Rural Industrialization (MGIRI)

The Tobacco Board was constituted as a statutory body under the Department of Commerce, Ministry of Commerce, on 1st January 1976 under Section (4) of the Tobacco Board Act, 1975. The Board is headed by a Chairman with its headquarters at Guntur, Andhra Pradesh and is responsible for developing the tobacco industry.

The Board's primary function is the export promotion of all varieties of tobacco and its allied products, its functions extend to production, distribution (for domestic consumption and exports) and regulation of Flue Cured Virginia (FCV) tobacco.

**So, Option (c) is correct.**

Q.85) In the context of the Indian economy, consider the following statements:

1. Computer software and hardware constitutes the highest gross FDI share in the service sector in terms of percentage.
2. Among service exports, insurance and financial services exports constitute the highest share.

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

**EXPLANATION:**

Foreign direct investment (FDI) is a category of cross-border investment in which an investor resident in one economy establishes a lasting interest in and significant influence over an enterprise resident in another economy. The services sector is the largest recipient of FDI inflows in India. The services sector still accounts for over 50 percent of India's total FDI equity inflows.

Computer Software and Hardware becomes the top recipient sector of FDI Equity inflow with a share of around 25%. Whereas others are

- Services Sector (Fin., Banking, Insurance, Non-Fin/Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other) - 12.13%,
- Automobile Industry - 11.89%,
- Trading - 7.72%
- Construction (Infrastructure) Activities - 5.52%

**So, Statement 1 is correct.**

India has a dominant presence in global services exports. India's software exports, with a share of 48.5 percent in total services exports, remained relatively resilient during the Covid-19 period with higher demand for digital support, cloud services and infrastructure modernization catering to the new pandemic challenges. Whereas Financial services contribute only 2.5% and Insurance contributes 1.6 %. **So, Statement 2 is not correct.**

Q.86) Consider the following statements with reference to the 'Toy Sector' in India :

1. The import of toys in India has increased by 70%, while the export of toys has decreased by about 60 percent over the last three years in India.

2. The toy industry in India is largely unorganized in nature.

Which of the statements given above is/are correct?

(a) 1 only

**(b) 2 only**

(c) Both 1 and 2

(d) Neither 1 nor 2

**EXPLANATION:**

Recently, the Ministry of Commerce and Industry shared the figures for the import and export of Toys and they are,

- The import of toys has decreased by 70% in the last three years. For HS Codes 9503, 9504, and 9505, the import of toys to India has reduced from USD 371 Mn in FY 2018-19 to USD 110 Million(Mn) in FY 2021-22, thus showing a decrease of 70.35 per cent. For HS Code 9503, toy imports have decreased even faster, from USD 304 Mn in FY 2018-19 to USD 36 Mn in FY 2021-22 for HS Code 9503.
- The exports increased by 61.38% over the same period. For HS Codes 9503, 9504, and 9505, the export of toys has increased from USD 202 Mn in FY 2018-19 to USD 326 Mn in FY 2021-22, up by 61.39 per cent. For HS Code 9503, exports of Toys have increased from USD 109 Mn in FY 2018-19 to USD 177 Mn in FY 2021-22.

**So, Statement 1 is not correct.**

In the toy industry, over 60 per cent of toy factory workers are women. The toy manufacturers in India are mostly located in National Capital Region (NCR), Maharashtra, Karnataka, Tamil Nadu and clusters across central Indian states. The sector is fragmented, with 90% of the market being unorganized and 4,000 toy industry units from the MSME sector. **So, Statement 2 is correct.**

Q.87)

**Answer: a**

**Explanation:**

- **Reserve Tranche Position** is the part of the money that can be withdrawn without any interest from the International Monetary Fund (IMF) by the member country using the country's quota with the IMF (quota is in the form of gold or foreign currency) during critical situations of a country such as Balance of Payment (BOP) crises.
- For any member country, out of the total quota, **25% should be paid in the form of foreign currency or gold**. Hence this is called a **Reserve Tranche or Gold Tranche**. The remaining 75% can be in domestic currencies and it is called **Credit Tranche**. **So, statement 1 is correct.**
- The Reserve Tranche represents the **member's unconditional drawing right on the IMF**, created by the foreign exchange portion of the quota subscription. A member's Reserve Position in the IMF constitutes part of its reserve assets in the international investment position also. **So, statement 2 is correct.**
- The reserve tranches that countries hold with the IMF are considered their facilities of first resort, meaning they will tap into the Reserve Tranche before seeking a formal Credit Tranche. In theory, members can borrow over 100% of their quota. However, if the amount being sought by the member nation exceeds its Reserve Tranche Position (RTP), then it becomes a **Credit Tranche that must be repaid in three years with interest**. **So, statement 3 is not correct.**

**Therefore, option (a) is the correct answer.**

Q.88)

**Answer: a**

**Explanation:**

- The value of the Rupee is said to appreciate when the demand for domestic currency is greater than the demand for foreign

currency. It is depreciated when its value goes against any foreign currency. Appreciation yields much benefit to importers and depreciation yields benefit to the exporters (as they earn more rupees when the dollar obtained from exports gets exchanged).

- **Export-Import holds the key in pushing the demand for a currency of a country.** For example, if India exports more to other countries than it imports from them, the demand for the rupee will go up, leading to appreciation. **So, point 1 is correct.**
- The Reserve Bank of India can **sell the forex reserves to increase the value of the rupee** with respect to the US dollar. Recently, it has lowered India's foreign exchange reserves to \$545 billion from a high of \$642 billion in 2021 for the same reason. **So, point 2 is correct.**
- Decrease in capital inflows **leads to depreciation of the rupee.** Fewer capital inflows lead to a reduced supply of foreign currency in the economy which invariably leads to a fall in the value of the rupee. **So, point 3 is not correct.**
- **If the United States (US) Federal Reserve increases its interest rates,** then many Indian International Investors looking to invest in US bonds would buy Dollars in exchange for Indian Rupees. This exchange results from greater demand for the US Dollar; the Dollar will appreciate while the Indian **Rupees will depreciate** and vice versa. **So, point 4 is not correct.**

**Therefore, option (a) is the correct answer.**

Q.89)

**Answer: d**

**Explanation:**

- The **International Monetary Fund (IMF)** was established in 1944 in the aftermath of the Great Depression of the 1930s. It aimed to ensure exchange rate stability and encourage its member countries to eliminate exchange restrictions that hindered trade. **So, statement 1 is correct.**
- The IMF lends to its member countries facing balance of payments problems in order to facilitate the adjustment process and restore member countries' economic growth and stability through various loan instruments or "facilities".
- All IMF members are eligible to access the Fund's resources in the **General Resources Account (GRA)** on non-concessional terms, but the IMF also provides concessional financial support at zero interest rates through the **Poverty Reduction and Growth (PRGT)**, which is better tailored to the diversity and needs of low-income countries. For emerging and advanced market economies in crises, the bulk of IMF assistance has been provided through **Stand-By Arrangements (SBAs)** to address the short-term or potential balance of payments problems. The **Standby Credit Facility (SCF)** serves a similar purpose for low-income countries. **So, statement 2 is correct.**
- The IMF provides financial support for balance of payments needs upon request by its member countries. **Unlike development banks, the IMF does not lend for specific projects.** Following such a request, an IMF staff team holds discussions with the government to assess the economic and financial situation, and the size of the country's overall financing needs, and agree on the appropriate policy response. **So, statement 3 is correct.**

**Therefore, option (d) is the correct answer.**

Q.90)

**Answer: b**

**Explanation:**

- **Hot currency** is 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.
- **Soft currency** is 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.
- **Hard currency** is the **international currency** in which the **highest faith is shown** (as it is reliable and stable store of value) and is needed by every economy. The strongest currency of the world is one that has a high level of liquidity. These are

associated with the **nation that is seen as politically and economically stable.**

- **Heated currency** is a term used in the forex market to denote the domestic currency which is under enough pressure (heat) of depreciation due to a hard currency's high tendency of exiting the economy (since it has become hot).
- **Cheap currency** is 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 the banking industry, it means a period of **comparatively lower/softer interest rates regime.**

**Therefore, option (b) is the correct answer.**

Q.91)

**Answer: a Explanation:**

- 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 that of each country in the index. **The REER of a currency is calculated by adjusting the nominal effective exchange rate to include price indices.** To compute the REER of a country's currency, the NEER is to be adjusted by the appropriate foreign price level and it is to be deflated by the home country price level. **So, statement 1 is correct.**
- REER indicates the price a consumer pays for buying an imported product. It includes the tariffs and other transaction costs involved in importing the product.
- An increase in REER implies that exports become more expensive and imports become cheaper; therefore, an increase indicates a loss in trade competitiveness.
- **As the domestic currency devaluates, the value of domestic currency vis-à-vis foreign currency declines.** It indicates an increase in trade competitiveness. This leads to a decline in the value of REER. **So, statement 2 is correct.**
- An increase in a nation's REER is an indication that its exports are becoming more expensive and its imports are becoming cheaper. **It means it is losing its trade competitiveness. So, statement 3 is not correct.**

**Therefore, option (a) is the correct answer.**

Q.92)

**Answer: d**

**Explanation:**

- The quality and processing of the raw materials, required by specific industries, determine the quality and value of the final steel product.
- A small quantity of **phosphorus** (usually below 0.04%) is present, which tends to dissolve in the iron, slightly **increasing the strength and hardness.** Phosphorus in larger quantities reduces the ductility or formability of steel and can cause the material to crack. **So, point 1 is correct.**
- **Carbon is a very important element in steel since it allows the steel to be hardened by heat treatment.** Only a small amount of carbon is needed to produce steel. **So, point 2 is correct.**
- **Iron ore** serves as the primary raw material for manufacturing a wide range of steel products. It is found in the Earth's crust, in its oxidized form, as **magnetite** ( $\text{Fe}_3\text{O}_4$ , 72.4% Fe), hematite ( $\text{Fe}_2\text{O}_3$ , 69.9% Fe, etc. Magnetite ores are the richest known with around 65% of iron. **So, point 3 is correct.**
- The **limestone is used as a fluxing material** that forms a slag on top of the liquid metal. This has an oxidizing effect on the liquid metal underneath which helps to remove impurities. **So, point 4 is correct.**
- Another element that plays an important part in the processing of steel is **oxygen.** Oxygen injected into the mix or furnace "charge" improves and speeds up steel production. **So, point 5 is correct.**

**Therefore, option (d) is the correct answer.**

Q.93)

**Answer: d**

**Explanation:**

- **Unified Logistics Interface Platform (ULIP)** is designed to enhance efficiency and reduce the cost of logistics in India by creating a transparent, one-window platform that can provide real-time information to all stakeholders. It was also emphasized that the solution should have the visibility of multi-modal transport, and all the existing systems of various ministries, governing bodies, and private stakeholders should be integrated with the ULIP system. **So, statement 1 is correct.**
- The **National Industrial Corridor Development Corporation Limited (NICDC)**, which works under NITI Aayog, is executing the ULIP platform to reduce costs and improve operational efficiency. **So, statement 2 is correct.**
- The Department for Promotion of Industry and Internal Trade (DPIIT) has launched the **Unified Logistics Interface Platform's (ULIP) Hackathon named 'LogiXtics'**. The hackathon will be a competitive event where everyone is invited to showcase their strategic, coding and domain skills on a national-level platform to solve the existing logistics industry issues. **So, statement 3 is correct.**

**Therefore, option (d) is the correct answer.**

Q.94)

**Answer: a**

**Explanation:**

- In order to reduce the use of chemical fertilizers by incentivizing states, the Union government introduced a new scheme – **PM PRANAM**, which stands for '**Pradhan Mantri Promotion of Alternate Nutrients for Agriculture Management**'. The scheme **intends to reduce the Government's burden of subsidy on chemical fertilizers**. **So, statement 1 is correct.**
- The government will compare a state's **increase or reduction in urea in a year**, to its average consumption of urea during the last three years. Data available on a fertilizer Ministry dashboard, iFMS (Integrated fertilizers Management System), will be used for providing grants. **So, statement 2 is correct.**
- The scheme **will not have any separate fund under** the National Bank for Agriculture and Rural Development (NABARD) **and will be financed by the "savings of existing fertilizer subsidy"** under schemes run by the **Department of fertilizers**. Further, **50% subsidy savings will be passed on as a grant to the state** that saves the money, and **70% of the grant provided under the scheme can be used for asset creation** related to the technological adoption of alternate fertilizers and alternate fertilizer production units at village, block and district levels. **So, statement 3 is not correct.**

**Therefore, option (a) is the correct answer.**

Q.95)

**Answer: b**

**Explanation:**

- A sunrise industry is a new industry that is **expanding rapidly (e.g., the telecom industry in the mid-1990s)** and is expected to be increasingly important in the future. The **term was coined in 1983 to describe the then, successful manufacturing industries, upon which the economic sun was supposedly rising**. This is also used as an antonym for an earlier term "sunset industry" which is an industry that has existed for a long time and that is less successful and making less profit than previously.
- Sunrise industry is an inherent concept that shows **hope of a rapid boom for a developing sector or market in its infancy stage**. Typically, the sunrise industries are characterized by **high growth rates, numerous start-ups, and a wealth of venture capital funding**. Such industries create a lot of "buzz" as investors take an interest in their **long-term growth prospects** and raise public awareness.

- As a sunrise industry develops, it may **transition to the maturity stage and then to the sunset stage**. To remain relevant and on an upward trajectory, sunrise industries must prove their viability and sustainability.

**Therefore, option (b) is the correct answer.**

Q.96)

**Answer: a**

**Explanation:**

- Self-reliance in **defence manufacturing** is one of the key objectives of the **Department of Defence Production**. A series of **Positive Indigenization Lists of defence** aims to give a further boost to indigenization with the active participation of the public and private sectors for fulfilling the twin objectives of achieving self-reliance and promoting defence exports. **So, statement 1 is correct.**
- A positive indigenization list of sub-systems/assemblies/sub-assemblies/components is compiled and notified by the **Department of Defence Production**, Ministry of Defence (and not the Cabinet Committee on Security Affairs). **So, statement 2 is not correct.**
- An **indigenization portal, namely SRIJAN, has been launched** in August 2020 for Defence PSUs/Ordnance Factory Board/Services with an industry **interface to provide development support to MSMEs/Start-ups/Industry** for import substitution.

**Therefore, option (a) is the correct answer.**

Q.97)

**Answer: a**

**Explanation:**

- **A Hard Landing** refers to a marked economic slowdown or downturn following a period of rapid growth. The term "hard landing" comes from aviation, where it refers to the kind of high-speed landing that—while not an actual crash—is a source of stress as well as potential damage and injury. The metaphor is used for high-flying economies that run into a sudden, sharp check on their growth, such as a monetary policy intervention meant to curb inflation. Economies that experience a hard landing often slip into a stagnant period or even recession. In other words, **hard landing emphasizes the growth cycle of an economy that experiences a recession after a slow-growth period**. It happens when the government tries to balance the Inflation.
- **Slow Landing** is a term used to describe a phase when the government slows down the growth of the economy in order to control the rising prices. The economy slows down to a point where inflation is controlled, but it doesn't experience a downturn or recession.
- **Stagflation** is an economic cycle characterized by slow growth and a high unemployment rate accompanied by high inflation. It is a combination of the words stagnation and inflation. It describes an economic condition characterized by slow growth and high unemployment (economic stagnation) mixed with rise in general price levels (inflation).
- A **recession** is a significant, widespread, and prolonged downturn in economic activity. A popular rule of thumb is that two consecutive quarters of decline in the gross domestic product (GDP) constitute a recession. Recessions typically produce declines in economic output, consumer demand, and employment.

**Therefore, option (a) is the correct answer.**

Q.98)

**Answer: c**

**Explanation:**

- **Interest rate swaps are forward contracts where two parties exchange future interest payments based on a specified**

**principal amount.** Interest rate swaps can exchange fixed or floating rates in order to reduce or increase exposure to fluctuations in interest rates. Similar to other types of swaps, interest rate swaps are traded on **Over-The-Counter (OTC)** and not on public exchanges. **So, statements 1 and statement 3 are correct.**

- In an interest rate swap, the only things that actually get swapped are the interest payments. An interest rate swap, as previously noted, is a derivative contract. The parties do not take ownership of the other party's debt. Instead, they merely make a contract to pay each other the difference in loan payments as specified in the contract. **They do not exchange debt assets, nor pay the full amount of interest due** on each interest payment date – only the difference due as a result of the swap contract. **So, statement 2 is not correct.**

**Therefore, option (c) is the correct answer.**

Q.99)

**Answer: d**

**Explanation:**

- **Non-Tariff Barriers (NTBs)** refer to restrictions that result from prohibitions, conditions, or specific market requirements that make the importation or exportation of products difficult and/or costly. NTBs arise from different measures taken by governments and authorities in the form of government laws, regulations, policies, conditions, restrictions or specific requirements, and private sector business practices, or prohibitions that protect domestic industries from foreign competition.
- Non-Tariff Barriers to trade can arise from:
  - Import bans
    - **General or product-specific quotas. So, point 1 is correct.**
    - **Complex/discriminatory Rules of Origin. So, point 3 is correct.**
  - Quality conditions imposed by the importing country on the exporting countries.
    - **Unjustified Sanitary and Phyto-sanitary conditions. So, point 5 is correct.**
  - Complex regulatory environment
    - **Export subsidies. So, point 4 is correct.**
  - Production subsidies
  - Packaging requirements. **So, point 2 is correct.**
- Tariff Barriers are taxes imposed on certain imports. They raise the price of imported goods making imports less competitive. Examples of Tariff Barriers are Customs duties, Anti-dumping duties, and Countervailing duty.

**Therefore, option (d) is the correct answer.**

Q.100)

**Answer: d**

**Explanation:**

- Economic Cost is the total cost to the Food Corporation of India (FCI). It consists of **Acquisition Cost and Distribution Cost.** Acquisition cost consists of **Minimum Support Price (MSP) plus Procurement Incidental cost. So, point 1 is correct.**
- Procurement incidentals are expenses incurred during procurement till the food grains reach the first point of the godown. The elements are **state taxes, commission to societies, bagging materials, mandi labour, transportation from mandi to the depot, storage and interest charges paid to state agencies, administrative charges, fortifying cost (fortified rice) and distribution cost, etc. So, points 2, 3 and 4 are correct.**
- The methodology followed for the calculation of Economic Cost is based on the Government of India circular to **apportion the operational cost of FCI into Buffer Carrying cost and Distribution cost. Distribution cost becomes part of the**



**Economic cost whereas the Buffer carrying cost becomes the part of Buffer subsidy.  
Therefore, option (d) is the correct answer.**