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# Economy

## (*PRE-Mix*)

*April 2020 to March 2021*

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**1. Usually, in India Chickpea is a**

- A. Kharif Crop
- B. Rabi Crop
- C. Zaid Crop
- D. It is grown throughout the year in India

**Answer: B**

**Explanation**

**Why in News?**

- Scientists develop new drought tolerant chickpea variety.

**About Chickpea**

- Chickpea is a major source of protein for the people in India.
- It is grown mainly in semi-arid regions during the post-monsoon season.
- It faces drought during flowering leading to huge drops in yield.

**What is the drought tolerant variety**

- Indian scientists have raised a GM chickpea variety.
- By reducing the level of a plant growth substance called cytokinin in the root, it shows high drought tolerance and high iron and zinc content in seeds.
- Two major plant hormones auxin and cytokinin regulate root development.
- The study showed that reduction in cytokinin level resulted in increased root length and branching enabling the plant to acquire water and nutrient from deep in the soil during drought.

**Other important Crops and their Seasons**

**Kharif**

- Rice, maize, sorghum, pearl millet/bajra, finger millet/ragi (cereals), arhar (pulses), soyabean, groundnut (oilseeds), cotton etc.

**Rabi**

- Wheat, barley, oats (cereals), chickpea/gram (pulses), linseed, mustard (oilseeds) etc.

**2. In context of National Investment and Infrastructure Fund (NIIF), which of the following is/are incorrect:**

1. NIIF currently manages two funds each with its distinctive investment mandate.
2. The funds are registered as Alternative Investment Fund (AIF) with the Securities and Exchange Board of India (SEBI).

- A. 1 only



- B. 2 only
- C. Both are correct
- D. None of the above

**Answer: A**

### **Explanation**

### **Why in News?**

- Asian Development Bank (ADB) will invest \$100 million equivalent into the National Investment and Infrastructure Fund (NIIF) of India's Fund of Funds.
- With this investment the NIIF platform has now secured \$700 million in commitments.

### **Who else has invested in NIIF FoF**

- Government of India
- Asian Infrastructure Investment Bank

### **About NIIF FoF**

- NIIF Fund of Funds (FoF) was established in 2018.
- It's objective is to create a vehicle to provide India-focused private equity fund managers with a go-to institutional investor operating at scale and based in India.
- The FoF invests into a variety of sectors and strategies through third-party managed funds.

### **About NIIF**

- National Investment and Infrastructure Fund (NIIF) is India's first sovereign wealth fund.
- It was set up by the Government of India in February 2015.

### **Three Funds of NIIF**

- NIIF currently manages three funds each with its distinctive investment mandate.
- The funds are registered as Alternative Investment Fund (AIF) with the Securities and Exchange Board of India (SEBI).

### **Master Fund**

- A fund focused on creating scalable sectoral platforms in core infrastructure and in collaboration with strong and reputed operating and financial partners.

### **Fund Of Funds**

- A fund focused on anchoring and investing in credible and reputed third party managers with a strong track record across diversified sectors within infrastructure services and allied sectors.

### **Strategic Fund**

- A fund focused on investing in strategic assets and projects with longer term horizon across various stages of development.

**3. In context of Asian Development Bank, which of the following is/are correct?**

1. It was established in 1946 along with Brettonwood Twins.
  2. It is headquartered in Manila, Phillippines.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: B**

**Explanation**

- The Asian Development Bank (ADB) was established on 19 December 1966.
- It is headquartered in Manila, Philippines.
- From 31 members at its establishment, ADB now has 68 members.
- Japan holds the largest proportion of shares at 15.677%
- United States with 15.567% capital share, China 6.473%, India 6.359%

**4. In context of 'Exchange-rate pass-through', consider the following:**

1. It is a measure of how responsive international prices are, to changes in exchange rates.
2. When exchange-rate pass-through is greater, there is lesser transmission of inflation between countries.

**Which of the above is/are correct?**

- A. 1 Only  
B. 2 Only  
C. Both are correct  
D. None is correct

**Answer: A**

**Explanation**

- Recently RBI published a research paper on it.
- It is a measure of how responsive international prices are, to changes in exchange rates.
- A change in import prices affects retail and consumer prices. When exchange-rate pass-through is greater, there is more transmission of inflation between countries.
- Exchange-rate pass-through is also related to the law of one price and purchasing power parity.

- It is also important from the point of view of inflation targeting, which in turn impacts monetary policy.

5. Often mentioned in WTO's parlance, which of the following is/are true in context of Peace Clause:

1. It refers to an article of the WTO's Agreement on Agriculture.
2. WTO members adopted a decision at the Nairobi Ministerial Conference in 2015 on public stockholding for food security purposes.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: A**

**Explanation**

**Peace Clause**

- It refers to Article 13 of the World Trade Organization's Agreement on Agriculture.
- The 'peace clause' says that no country would be legally barred from food security programmes even if the subsidy breached the limits specified in the WTO agreement on agriculture.
- WTO members adopted a decision at the Bali Ministerial Conference in 2013 on public stockholding for food security purposes. In the nature of an interim solution, this decision allows developing members to invoke the peace clause, which protects their public stockholding programmes for food security purposes from legal challenge, even if they lead to a breach of commitments.
- As there was some ambiguity about the duration of the Bali Decision, a complementary decision taken by the WTO members in 2014 permits the peace clause to be available until a permanent solution to the issue of food security is negotiated. Thus, the peace clause could theoretically continue in perpetuity.
- The gains from this hard-fought battle are evident now in ensuring the food supply during COVID-19 Pandemic.

6. Which of the following might be counted as the sub-components of the CONSUMPTION (C) component of GDP

1. Food
2. Rent
3. Jewellery
4. Purchase of new housing

- A. 1, 2 and 3 only

- B. 2, 3 and 4 only
- C. 2 and 3 only
- D. All of the above

**Answer: A**

**Explanation**

- Consumption is normally the largest GDP component in the economy, consisting of private expenditures in the economy (household final consumption expenditure).
- These personal expenditures fall under one of the following categories: durable goods, nondurable goods, and services.
- Examples include food, rent, jewellery, gasoline, and medical expenses, but not the purchase of new housing.
- New houses are included in investment.

**7. With respect to 'Advance Pricing Agreements', which of the following is/are correct**

1. It endeavours to provide certainty to taxpayers in the field of transfer pricing.
2. India is yet to finalise an APA with any country.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None of the above is correct

**Answer: A**

**8. Which of the following Oil Refineries are correctly matched with their corresponding state**

- |                        |                  |
|------------------------|------------------|
| 1. Barmer Refinery     | Gujarat          |
| 2. Manali Refinery     | Himachal Pradesh |
| 3. Bina Refinery       | Madhya Pradesh   |
| 4. Bongaigaon Refinery | Karnataka        |

- A. 2 and 3 Only
- B. 2 Only
- C. 3 Only
- D. All

**Answer: C**

### Explanation

- Barmer Refinery – Rajasthan
- Manali Refinery – Tamil Nadu
- Bina Refinery – Madhya Pradesh
- Bongaigaon Refinery - Assam

9. Which of the following GI Tags is/are correctly matched with their corresponding state

- |                     |            |
|---------------------|------------|
| 1. Gobindobhog Rice | Odisha     |
| 2. Kani Shawl       | Assam      |
| 3. Bastar Dhokra    | Jharkhand  |
| 4. Arani Silk       | Tamil Nadu |

- A. 1 and 2 only  
 B. 1, 2 and 3 only  
 C. 3 and 4 only  
 D. 4 only

**Answer: D**

### Explanation

- **Gobindobhog Rice** – West Bengal (Burdwan District)
- **Kani Shawl** – Kashmir (Two other kinds of shawls, the Pashmina and the Kashmiri Sozni also have GI tag)
- **Bastar Dhokra** – Chhatisgarh (Dhokra (also spelt Dokra) is non-ferrous metal casting using the lost-wax casting technique)
- **Arani Silk** – Tamil Nadu (famous for Arani Silk Saree)

10. Mark the correct statements with respect to new Wholesale Price Index;

1. In the new series of WPI, prices used for compilation do not include indirect taxes in order to remove impact of fiscal policy.
2. Item level aggregates for new WPI are compiled using Arithmetic Mean (AM) following international best practices.
3. The new Base Year is 2010-11.
4. While the weights of Primary Articles has increased in new series, the weights of Fuel & Power and Manufactured Products have decreased.

- A. 1, 3 and 4 only

- B. 1 and 4 only
- C. 2 and 3 only
- D. All of the Above

**Answer: B**

**Explanation**

- In the new series of WPI, prices used for compilation do not include indirect taxes in order to remove impact of fiscal policy.
- Item level aggregates for new WPI are compiled using Geometric Mean (AM) following international best practices.
- The new Base Year is 2011-12.
- While the weights of Primary Articles has increased in new series, the weights of Fuel & Power and Manufactured Products have decreased.

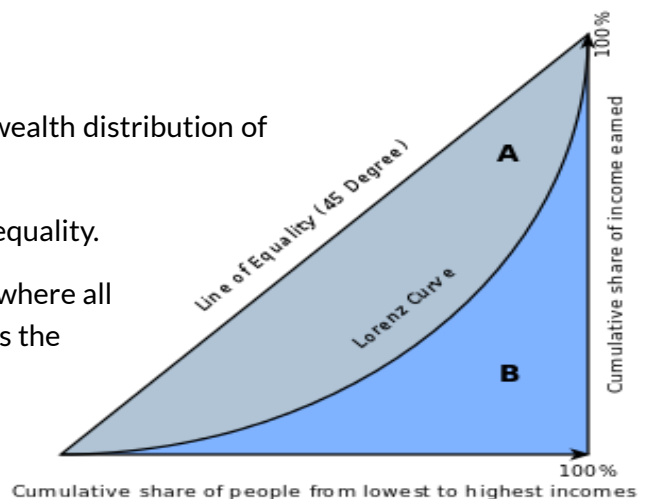
**11. A country has high Gini Coefficient. What does it signify about the country**

- A. High Inequality
- B. High Equality
- C. High Inflation
- D. Low Inflation

**Answer: A**

**Explanation**

- Gini coefficient attempts to measure the income or wealth distribution of a nation's residents.
- It is the most commonly used as a measurement of inequality.
- A Gini coefficient of zero expresses perfect equality, where all values are the same (for example, where everyone has the same income).
- A Gini coefficient of one (or 100%) expresses maximal inequality among values.



**12. Which of the following comprise Intellectual Property Rights (IPR) under TRIPS**

1. Copyright
2. GI Tag
3. Patents
4. Trade Secrets

**5. Industrial Design****6. New Plant Varieties**

- A. 1, 2, 3, 4 only
- B. 2, 3, 4, 5 only
- C. 3, 4, 5, 6 only
- D. All

**Answer: B**

**Explanation****Intellectual property Rights**

- They are the rights given to people over the creations of their minds.
- They usually give the creator an exclusive right over the use of his/her creations for a certain period of time.
- Intellectual property rights are traditionally divided into two main categories:

**1. Copyright and Rights related to copyright**

- ✓ These are the rights granted to authors of literary and artistic works, and the rights of performers, producers of phonograms and broadcasting organizations.
- ✓ The main purpose of protection of copyright and related rights is to encourage and reward creative work.

**2. Industrial Property**

- ✓ the protection of distinctive signs such as trademarks and geographical indications
- ✓ Industrial property protected primarily to stimulate innovation, design and the creation of technology.
- ✓ In this category fall inventions (protected by patents), industrial designs and trade secrets.

**13. Global Financial Development Report is released by**

- A. IMF
- B. World Bank
- C. BIS (Bank for International Settlements)
- D. WTO

**Answer: B**

**Explanation**

- Global Financial Development Report 2019/2020 released by the World Bank focused on Bank regulation and supervision a decade after the global financial crisis.

- It asked countries to design and enforce regulations that are appropriate for the institutional environment, strength of market discipline, supervisory capacity, and business models of banks in a given country.
- The Global Financial Development Report 2019/2020 is the fifth in a World Bank series.

**14. What are the benefit(s) of receiving an upgrade from credit rating agencies (like Moody's Investors Services) to India**

1. It will boost sentiments which play a role in influencing private investment decisions.
2. It will allow Indian companies to raise debt overseas at lower interest rates.

- A. 1 only  
B. 2 only  
C. Both  
D. None

**Answer: B**

**Explanation**

- A credit rating agency rates a debtor's ability to pay back debt by making timely principal and interest payments and the likelihood of default.
- Individual consumers are rated for creditworthiness not by credit rating agencies but by credit bureaus (also called consumer reporting agencies or credit reference agencies), which issue credit scores.
- The "Big Three" credit rating agencies are Moody's, Standard & Poor's (S&P) and Fitch Ratings.

**15. What are the possible implications of Printing Money to finance the Fiscal Deficit?**

1. Rise in Inflation
2. Appreciation of Domestic Currency
3. Increased Tax Collection

- A. 1 and 2 only  
B. 1 and 3 only  
C. 2 and 3 only  
D. All of the Above

**Answer: B**

**16. The construction of the Strategic Crude Oil Storage facilities is being managed by**



- A. Oil India Limited (OIL)
- B. Indian Strategic Petroleum Reserves Limited (ISPRL)
- C. Gail (India) Limited (GAIL)
- D. Petroleum and Natural Gas Regulatory Board (PNGRB)

**Answer: B**

**Explanation**

- To ensure energy security, the Government of India decided to set up 5 million metric tons (MMT) of strategic crude oil storages at three locations namely, Visakhapatnam, Mangalore and Padur (near Udupi).
- These strategic storages would be in addition to the existing storages of crude oil and petroleum products with the oil companies and would serve as a cushion during any supply disruptions.
- The construction of the Strategic Crude Oil Storage facilities is being managed by Indian Strategic Petroleum Reserves Limited (ISPRL), a Special Purpose Vehicle, which is a wholly owned subsidiary of Oil Industry Development Board (OIDB) under the Ministry of Petroleum & Natural Gas.
- The crude oil storages are constructed in underground rock caverns and are located on the East and West coast of India.
- Crude oil from these caverns can be supplied to the Indian Refineries either through pipelines or through a combination of pipelines and coastal movement.
- Underground rock caverns are considered as the safest means of storing hydrocarbons.

**17. Which of the following is/are true in context of renewable energy capacity in India**

1. The cumulative grid-connected installed renewable power capacity in India has crossed 100 GW.
  2. The total installed capacity of wind power sector is higher than Solar Sector.
- A. 1 only
  - B. 2 only
  - C. Both are correct
  - D. None is correct

**Answer: B**

**Explanation**

- According to the data provided by the Union Ministry of New and Renewable Energy (MNRE)
- As on March 31, 2020, cumulative grid-connected installed renewable power capacity in India stood at 87,027 MW.
- The solar segment had a cumulative installed capacity of 34,627 MW (includes 32,112 MW of ground-mounted and 2,515 MW of rooftop capacity).

- The total installed capacity of wind power sector stood at 37,694 MW as of March 2020.
- Small hydro, biomass (bagasse cogeneration), biomass (non-bagasse/captive power) and small hydro had cumulative capacities of 4,683 MW, 9,200 MW and 675 MW respectively.

**18. Statutory Liquidity Ratio (SLR) is prescribed under the**

- A. Reserve Bank of India Act, 1934
- B. Banking Regulation Act, 1949
- C. Payment and Settlement Systems Act, 2007
- D. It is not mentioned in any act and is only a regulation

**Answer: B**

**Explanation**

- The public deposits form part of a bank's net demand and time liabilities.
- The Statutory liquidity ratio requires a bank to keep a percentage of such liabilities in liquid form as prescribed by the Reserve Bank of India (RBI).
- Statutory liquidity ratio is a minimum percentage prescribed by RBI from time to time.
- The RBI regulates the SLR in its policy meetings with a view to keep a check on inflation and credit growth.
- An increase in SLR will help in containing inflation, while a decrease in SLR will facilitate economic growth.
- SLR is prescribed under the Banking Regulation Act, 1949.
- It helps in maintaining and keeping a check on the solvency of commercial banks.
- In a case of falling demand and slowing economic growth, SLR is cut to infuse more liquidity in the economy, facilitating loan growth and so on.
- A cut in SLR means banks have to keep less money in liquid form with RBI.

**19. Which of the following is/are not a part of Monetary Policy?**

1. Repo Rate
2. Reverse Repo Rate
3. Personal Income Tax Rate
4. Corporate Income Tax Rate

- A. 1 & 2 only
- B. 1, 2 & 3 only
- C. 3 & 4 only

D. All of the above are part of Monetary Policy

**Answer: C**

**Explanation**

- Monetary policy is the macroeconomic policy laid down by the central bank.
- It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity.
- It includes Repo, Reverse Repo, SLR, CRR, Quantitative Easing, etc.
- Taxes are part of Fiscal Policy.

**20.The Indian basket of Crude Oil comprises of:**

1. Sour grade (Saudi & Dubai average)
2. Sweet grade (Brent Dated)
3. The Sweet grade comprises of 24.50 percent of the total

- A. 1 and 2 only  
B. 1 and 3 only  
C. 2 and 3 only  
D. All of the Above

**Answer: C**

**Explanation**

The Indian basket of Crude Oil represents a derived basket comprising of:

- Sour grade (Oman & Dubai average)
- Sweet grade (Brent Dated) of Crude oil processed in Indian refineries in the ratio of 75.50: 24.50 during 2018-19.

**21.Which of the following is/are correct in context of Future Contracts?**

1. Futures contracts are standardised and can be traded only in lots of a specified quantity.
2. On expiry, the buyer of the contract has to mandatorily deliver the underlying asset.

- A. 1 only  
B. 2 only  
C. Both are Correct  
D. None is Correct

**Answer: A**

**Explanation**

- Futures are derivative contracts that allow you to buy or sell the underlying asset (a stock, index, commodity etc) at a future date.
- Futures contracts are standardised and can be traded only in lots of a specified quantity.
- On expiry, the buyer of the contract either delivers the underlying asset (physical delivery) or pays the seller cash to settle the contract value.
- The difference between the buy price and settlement price makes up the profit or loss on the trade.
- In the Indian markets, futures on equity stocks are compulsory delivery contracts. For futures on commodities, SEBI mandates physical delivery for bullion and base metals alone.
- Futures on all other commodities can be either cash-settled or delivered physically.

**22. Recently, the contracts on NYMEX dipped into the negative territory. This was after there was acute shortage of storage capacity for crude oil at the delivery point in:**

- A. Phoenix, Arizona
- B. Chicago, Illinois
- C. Cushing, Oklahoma
- D. Philadelphia, Pennsylvania

**Answer: C**

**Explanation**

- The NYMEX settlement dipped into the red after there was acute shortage of storage capacity for crude oil at the delivery point in Cushing, Oklahoma.
- It included both floating and land storage.

**23. Which of the following will lead to a fall in the output of Core Industries?**

1. Fall in production of crude oil.
  2. Fall in production of refinery products.
  3. Fall in production of iron ore.
- A. 1 & 2 only
  - B. 2 & 3 only
  - C. 1 & 3 only
  - D. All of the above

**Answer: A**

### Explanation

The eight core sector industries are:

- Coal
- Crude oil
- Natural gas
- Refinery products
- Fertiliser
- Steel
- Cement
- Electricity.

Together, they have a combined share of 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP).

**24. Which of the following is/are correct in context of Ways and Means Advances (WMA):**

1. It is a mechanism used by the RBI to fund States to help them to tide over temporary mismatches in cash flows.
  2. Borrowings through WMA are to be repaid within three years and usually offered at the bank rate.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: A**

### Explanation

- WMA is a mechanism used by the RBI to fund States to help them to tide over temporary mismatches in cash flows.
- Borrowings through WMA are to be repaid within three months and usually offered at the repo rate.
- There are two types of WMAs —
  - ✓ Normal Ways and Means Advances
  - ✓ Special Drawing Facilities against government securities held by States as collateral.
- Any amount drawn by a State in excess of the normal WMA is an overdraft.
- There is a State-wise limit for the funds that can be availed via WMA.

- These limits depend on many factors, including total expenditure, revenue deficit and fiscal position of the State.
- WMA limits are revised periodically and the previous utilisation rates are considered while determining revised limits.
- The rate of interest applicable for normal WMA funding from RBI is the repo rate.
- While overdrafts are given at repo plus 2 per cent respectively.

**25. Which of the following will be the benefits of LTROs or TLTROs done by RBI:**

1. Increased demand for government bonds
2. Lowering the yield of government bonds

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: C**

**Explanation**

Benefits of LTROs or TLTROs

- LTROs provide banks with access to cheaper capital from the RBI.
- It encourages them to lend more and spur economic activity.
- Banks can also invest these long-term funds in assets that yield better returns to improve profitability.
- Since banks provide government securities as collateral, the demand for such government bonds increases and helps in lowering yield.

**26. Capitalism is founded on which of the following pillars:**

1. Private Property
2. Competition
3. A market mechanism
4. Inequality

- A. 1 & 2 only  
B. 2, 3 & 4 only  
C. 1, 2 & 3 only  
D. All of the above

**Answer: C**

### Explanation

Capitalism is founded on the following pillars:

- **Private property**, which allows people to own tangible assets such as land and houses and intangible assets such as stocks and bonds.
- **Self-interest**, through which people act in pursuit of their own good, without regard for sociopolitical pressure. Nonetheless, these uncoordinated individuals end up benefiting society as if, in the words of Smith's 1776 *Wealth of Nations*, they were guided by an invisible hand
- **Competition**, through firms' freedom to enter and exit markets, maximizes social welfare, that is, the joint welfare of both producers and consumers.
- A **market mechanism** that determines prices in a decentralized manner through interactions between buyers and sellers—prices, in return, allocate resources, which naturally seek the highest reward, not only for goods and services but for wages as well.
- **Freedom to choose** with respect to consumption, production, and investment—dissatisfied customers can buy different products, investors can pursue more lucrative ventures, workers can leave their jobs for better pay.
- **Limited role of government**, to protect the rights of private citizens and maintain an orderly environment that facilitates proper functioning of markets.

The extent to which these pillars operate distinguishes various forms of capitalism.

- In **free markets**, also called laissez-faire economies, markets operate with little or no regulation.
- In **mixed economies**, so called because of the blend of markets and government, markets play a dominant role, but are regulated to a greater extent by government to correct market failures, such as pollution and traffic congestion; promote social welfare; and for other reasons, such as defense and public safety.
- **Mixed capitalist** economies predominate today.
- **Inequality** remains one of capitalism's most controversial attributes.

**27. Which of the following is a central tenet of Keynesian Economics?**

- A. Government intervention can de-stabilize the economy
- B. Government intervention can stabilize the economy
- C. Government intervention has no impact on the economy
- D. Keynesian Economy does not discuss the role of Government interventions in stabilizing an economy at all

**Answer: B**

### Explanation

**Basics of Keynesian economics:**

- According to Keynesian economics, **state intervention is necessary** to moderate the booms and busts in economic activity, otherwise known as the business cycle.
- **Aggregate demand** is influenced by many economic decisions—public and private.
- **Private sector** decisions can sometimes lead to **adverse macroeconomic outcomes**, such as reduction in consumer spending during a recession.
- These market failures sometimes call for active policies by the government, such as a **fiscal stimulus package**.
- Therefore, **Keynesian economics supports a mixed economy** guided mainly by the private sector but partly operated by the government.

**28. Which of the following are fundamental features of Perfect Competition?**

1. A large numbers of identical suppliers and demanders of the same product
2. Buyers and sellers can find one another at no cost
3. No barriers prevent new suppliers from entering the market

- A. 1 & 2 only  
B. 2 & 3 only  
C. 1 & 3 only  
D. All of the above

**Answer: D**

**Explanation**

The most fundamental features of perfect competition are:

- There are large numbers of identical suppliers and demanders of the same product
- Buyers and sellers can find one another at no cost, and no barriers prevent new suppliers from entering the market.
- In perfect competition, no one has the ability to affect prices.
- Both sides take the market price as a given, and the market-clearing price is the one at which there is neither excess supply nor excess demand.
- Suppliers will keep producing as long as they can sell the good for a price that exceeds their cost of making one more (the marginal cost of production).
- Buyers will go on purchasing as long as the satisfaction they derive from consuming is greater than the price they pay (the marginal utility of consumption).
- If prices rise, additional suppliers will be enticed to enter the market. Supply will increase until a market-clearing price is reached again.
- If prices fall, suppliers who are unable to cover their costs will drop out.



29. Which of the following will be counted while estimating the Gross Domestic Product of a country?

1. Bread baked by a baker for his family.
2. COVID-19 relief work done by volunteers.
3. Selling of wheat and rice in black-markets

- A. 1 only  
B. 2 only  
C. All of the above will be counted  
D. None of the above will be counted

**Answer: D**

**Explanation**

- GDP measures the **monetary value of final goods and services**— that is, those that are bought by the final user—produced in a country in a given period of time (usually a year).
- It counts all the output generated within the **economic borders** of a country.
- GDP is composed of goods and services produced for sale in the market.
- It also includes **some nonmarket production**, such as defense or education services provided by the government.
- **Not all productive activity** is included in GDP.
- For example, **unpaid work** (such as that performed **in the home** or by **volunteers**) and **black-market activities** are not included because they are difficult to measure and value accurately.
- That means, for example, that a baker who produces a loaf of bread for a customer would contribute to GDP, but would not contribute to GDP if he baked the same loaf for his family.
- Gross domestic product takes **no account of the wear and tear** on the machinery, buildings, and so on that are used in producing the output.
- If this depletion of the capital stock, called **depreciation**, is subtracted from GDP, we get **net domestic product**.

30. Which of the following are correct in relation with Output Gap in an economy?

1. When there is a negative output gap, contractionary or tight fiscal policy is adopted to reduce demand and combat inflation through lower spending and/or higher taxes.
2. Theoretically, a full employment corresponds to an output gap of zero.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: B**

**Explanation**

- The output gap is an economic measure of the **difference** between the actual output of an economy and its potential output.
- **Potential output** is the maximum amount of goods and services an economy can turn out when it is most efficient—that is, at full capacity.
- Often, **potential output** is referred to as the **production capacity** of the economy.
- Just as GDP can rise or fall, the output gap can go in two directions: **positive and negative**. Neither is ideal.
- A **positive** output gap occurs when **actual output is more** than full-capacity output.
- This happens when demand is very high and, to meet that demand, **factories and workers operate far above** their most efficient capacity.
- A **negative** output gap occurs when **actual output is less** than what an economy could produce at full capacity.
- A negative gap means that **there is spare capacity**, or slack, in the economy due to weak demand.
- An **output gap suggests that an economy is running at an inefficient rate**—either **overworking** or **underworking** its resources.
- The output gap can play a central role in **policymaking**.
- For many central banks, maintaining **full employment** is a policy goal.
- **Full employment** corresponds to an **output gap of zero**.
- Nearly all central banks seek to keep inflation under control, and the output gap is a key determinant of inflation pressure.
- **Fiscal policy that is expansionary**—that raises aggregate demand by increasing government spending or lowering taxes— can be **used to close a negative output gap**.
- By contrast, when there is a **positive output gap**, **contractionary** or **“tight” fiscal policy** is adopted to reduce demand and combat inflation through lower spending and/or higher taxes.

**31. Which of the following indices are correctly matched?**

- |  |                         |
|--|-------------------------|
| 1. Gender Inequality Index (GII)               | UNDP                    |
| 2. Gender Related Development Index            | IMF                     |
| 3. Social Institutions and Gender Index (SIGI) | OECD Development Centre |
| 4. Gender Parity Index (GPI)                   | UNESCO                  |

- A. 1 & 4 only  
B. 1 only

- C. 1, 3 & 4 only
- D. All of the above are correctly matched

**Answer: C**

#### **Explanation**

- **Gender Inequality Index (GII)** is an index for measurement of gender disparity that was introduced in the 2010 Human Development Report 20th anniversary edition by the United Nations Development Programme (UNDP).
- **Gender Related Development Index (GDI)** is an index designed to measure gender equality.
- **GDI** together with the **Gender Empowerment Measure (GEM)** were introduced in 1995 in the Human Development Report written by the **United Nations Development Program**. The aim of these measurements was to add a gender-sensitive dimension to the Human Development Index (HDI).
- In 2007 the **OECD** Development Centre introduced a **Social Institutions and Gender Index (SIGI)**, a composite indicator of gender equality that solely focuses on social institutions that affect the equality between men and women, as well as on the **four dimensions** of family code, physical integrity, ownership rights and civil liberties.
- Social institutions comprise norms, values and attitudes that exist in a society in relation to women.
- **Gender Parity Index (GPI)** is a socioeconomic index usually designed to measure the relative access to education of males and females. This index is released by **UNESCO**.
- In its simplest form, it is calculated as the quotient of the number of females by the number of males enrolled in a given stage of education (primary, secondary, etc.).
- A GPI equal to one signifies equality between males and females.

**32. Which of the following is/are the functions of the Banks Board Bureau (BBB)?**

1. The Bureau will recommend for selection of heads - Public Sector Banks and Financial Institutions.
2. It will help Banks in developing strategies and capital raising plans.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None of the above

**Answer: C**

#### **Explanation**

- With a view to improve the Governance of Public Sector Banks (PSBs), the Government had decided to set up an autonomous Banks Board Bureau.
- The Bureau will recommend for selection of heads - Public Sector Banks and Financial Institutions and help Banks in developing strategies and capital raising plans.

- The Bureau which will have three ex-officio members and three expert members in addition to Chairman.
- All the Members and Chairman will be part time.
- The BBB started functioning from 1st April, 2016.

**33. Which of the following is correct in context of higher depreciation rates being used for cars?**

1. Resale value of vehicles will come down faster.
2. It will increase the insurance premium in subsequent years.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None of the above

**Answer: A**

**Explanation**

Higher depreciation rate for vehicles

- The Finance Minister has announced doubling of depreciation rate to 30 per cent for vehicles bought until March 31, 2020.
- A higher depreciation rate will mean that
- The resale value will come down faster, which will prompt customers to replace the car sooner.
- Bringing down insurance premium from the second year
- Allowing businesses to claim higher business

**34. Which of the following is correct in context of investment in Sovereign Gold Bonds?**

1. Capital gains made by investing in these Bonds is tax exempt (provided they are held till maturity)
2. The minimum investment in these bonds is ten grams.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None of the above

**Answer: A**

**Explanation**

**Sovereign Gold Bond Scheme**

- SGBs are government securities denominated in grams of gold.
- They are substitutes for holding physical gold.
- The Bond is issued by Reserve Bank on behalf of Government of India.
- The Bonds are issued in denominations of one gram of gold and in multiples thereof. Minimum investment in the Bond shall be one gram with a maximum limit of subscription of 4 kg for individuals.
- On maturity, the redemption price shall be based on simple average of closing price of gold of 999 purity of previous 3 business days from the date of repayment, published by the India Bullion and Jewellers Association Limited.

### 35.What is the minimum period of contribution by any subscriber under APY?

- A. It should be 20 years or more.
- B. It should be 20 years or less.
- C. There are no such criteria of minimum period.
- D. It varies for males and females.

**Answer: A**

#### **Explanation**

- The minimum age of joining APY is 18 years and maximum age is 40 years. Therefore, minimum period of contribution by any subscriber under APY would be 20 years or more.
- Atal Pension Yojana' (APY) has completed **five years** of implementation. (Started in **2015**).
- A **defined** pension, depending on the contribution, and its period.
- It provides a **minimum guaranteed pension** ranging from Rs 1000 to Rs 5000 on attaining 60 years of age.
- The amount of pension is **guaranteed for lifetime** to spouse on death of the subscriber.
- In the event of death of both the subscriber and the spouse, entire pension corpus is paid to the nominee.

### 36.Which of the following indices are correct about Food Corporation of India?

1. It is a statutory body.
  2. It is under the Ministry of Agriculture & Farmers' Welfare.
  3. It was established during the Second World War.
- A. 1 only
  - B. 2 & 3 only
  - C. 3 only

D. All of the above are correct

**Answer: A**

**Explanation**

- The Food Corporation of India (FCI) was set up on 14 January 1965.
- It is a statutory body established under the Food Corporations Act 1964.
- It has to implement the following objectives of the National Food Policy:
  - Effective price support operations for safeguarding the interests of the poor farmers.
  - Distribution of food grains throughout the country for Public Distribution System (PDS).
  - Maintaining a satisfactory level of operational and buffer stocks of food grains to ensure National Food Security.
  - Regulate market price to provide food grains to consumers at a reliable price
- It is under the Ministry of Consumer Affairs, Food and Public Distribution, Government of India.

**37. Which of the following is/are correct about Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS)?**

1. The Ministry of Rural Development (MRD), monitors the entire implementation of this scheme in association with state governments.
2. It provides a legal guarantee for two hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage.
3. The Act aims to follow the Fundamental Rights enunciated in the Constitution of India consistent with Article 21.

- A. 1 only  
B. 1 & 2 only  
C. 2 & 3 only  
D. All of the above

**Answer: A**

**Explanation**

- The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), also known as Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) was enacted on August 25, 2005.
- The MGNREGA provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage.

- The Ministry of Rural Development (MRD), Govt of India is monitoring the entire implementation of this scheme in association with state governments.

### **MGNREGA and Constitution**

- The Act aims to follow the Directive Principles of State Policy enunciated in Part IV of the Constitution of India.
- The law by providing a 'right to work' is consistent with Article 41 that directs the State to secure to all citizens the right to work.
- The statute also seeks to protect the environment through rural works which is consistent with Article 48A that directs the State to protect the environment.
- In accordance with the Article 21 of the Constitution of India that guarantees the right to life with dignity to every citizen of India, this act imparts dignity to the rural people through an assurance of livelihood security.
- The Fundamental Right enshrined in Article 16 of the Constitution of India guarantees equality of opportunity in matters of public employment and prevents the State from discriminating against anyone in matters of employment on the grounds only of religion, race, caste, sex, descent, place of birth, place of residence or any of them.
- NREGA also follows Article 46 that requires the State to promote the interests of and work for the economic uplift of the scheduled castes and scheduled tribes and protect them from discrimination and exploitation.
- Article 40 mandates the State to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.
- Conferring the primary responsibility of implementation on Gram Panchayats, the Act adheres to this constitutional principle.
- Also the process of decentralization initiated by 73rd Amendment to the Constitution of India that granted a constitutional status to the Panchayats.

**38. Recently in news, *Manodarpan* is an initiative to provide psychological support and counselling for mental health and emotional well-being to:**

- A. Students
- B. Teachers
- C. Families
- D. All of the above

**Answer: D**

**Explanation:**

- It is launched as a part of Technology Driven Education with Equity post-COVID under Aatma Nirbhar Bharat Abhiyaan.
- Union Finance Minister launched it.

- Manodarpan is an initiative to provide psychological support and counselling to students, teachers and families for mental health and emotional well-being.

**39. Which of the following is correct in context of The World Health Organization (WHO)?**

1. It is headquartered in New York.
  2. It is a specialized agency of the United Nations.
  3. It was established after the First World War in 1919.
- A. 2 & 3 only  
B. 2 only  
C. 1 & 3 only  
D. All are correct

**Answer: B**

**Explanation**

- The World Health Organization (WHO) is a specialized agency of the United Nations.
- It takes care of the various concerns related with the international public health.
- Its headquarters are in Geneva, Switzerland.
- It was established on 7 April 1948, which is commemorated as World Health Day.
- The WHO incorporated the assets, personnel, and duties of the League of Nations' Health Organisation and the Office International d'Hygiène Publique, including the International Classification of Diseases.

**40. Pradhan Mantri Garib Kalyan Yojana is:**

- A. A dispute resolution scheme for GST.  
B. An income declaration scheme of 2016-17.  
C. A dedicated national fund with the primary objective of dealing with any kind of emergency or distress situation.  
D. None of the above.

**Answer: B**

**Explanation**

- After the demonetization in 2016, Pradhan Mantri Garib Kalyan Yojana, 2016 gave an opportunity to all the black money hoarders to come out clean by declaring their undisclosed income and paying heavy taxes and penalty.
- The provisions of scheme require declarants to pay-



1. Tax @30% of the undisclosed income.
2. Penalty @10% of the undisclosed income.
3. Surcharge @33% on the amount of tax.

- Government also has an amnesty scheme for pre-GST era taxes known as 'Sabka Vishwas' dispute resolution and amnesty scheme.
- 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)' has been set up keeping in mind the need for having a dedicated national fund with the primary objective of dealing with any kind of emergency or distress situation, like posed by the COVID-19 pandemic, and to provide relief to the affected. It is a public charitable trust.

**41. Which of the following is/are correct in context of Corporate Social Responsibility (CSR) of companies?**

1. It has been mandated for certain companies, under the provisions of Companies Act 2013.
2. Every company having net worth of at least ₹100 crore, or turnover of at least ₹500 crore or a net profit of at least ₹2 crore to spend in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years on CSR.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None of the above is correct

**Answer: A**

**Explanation**

- **In News:** because the Centre has notified that contributions to the PM CARES Fund will be considered as part of Corporate Social Responsibility (CSR) of companies.
- Under Companies Act 2013 every company:
  - ✓ Having net worth of at least ₹500 crore
  - ✓ Or turnover of at least ₹1,000 crore
  - ✓ Or a net profit of at least ₹5 crore
  - ✓ to spend in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years on CSR.
- Earlier CSR activities included:
  - ✓ Eradicating extreme hunger and poverty
  - ✓ Promotion of education
  - ✓ Promoting gender equality and empowering women

- ✓ Reducing child mortality and improving maternal health
- ✓ Ensuring environmental sustainability
- ✓ Employment enhancing vocational skills
- ✓ Social business projects
- ✓ Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- In the wake of the Covid-19 pandemic, the list was expanded to include:
  - ✓ The promotion of health care
  - ✓ Expenses towards preventive health care and sanitation
  - ✓ Disaster management.
  - ✓ Now, the list has been expanded with PM CARES Fund.

**42. Which of the following is/are correct about Palm Oil?**

1. Indonesia is the world's biggest producer of palm oil, followed by Malaysia.
  2. Palm oil accounts for nearly two-thirds of India's total edible oil imports.
  3. India currently meets 65 per cent of its edible oil needs through imports.
- A. 1 only  
B. 1 & 2 only  
C. 2 & 3 only  
D. All of the above

**Answer: D**

**Explanation**

- India currently meets 65 per cent of its edible oil needs through imports. Of India's total edible oil imports, 75 per cent is palm oil.
- Among major traditional oilseed crops grown in India are soyabean, groundnut, mustard and rapeseed and sesame. While the requirement for edible oil in India is more than 25 million tonnes annually, its production hovers around 10 million tonnes a year.
- India is the world's biggest palm oil importer.
- In 2019, India imported 4.4 million tonnes of palm oil from Malaysia.
- Indonesia is the world's biggest producer of palm oil, followed by Malaysia. Palm oil accounts for nearly two-thirds of India's total edible oil imports. India buys more than 9 million tonnes of palm oil annually, mainly from Indonesia and Malaysia.

**43. Recently in news, Annavitran Portal has been implemented to display:**

- A. Electronic transactions made to farmers on purchase of food grains from them.
- B. Electronic transactions made through ePoS devices for distribution of subsidized food grains to beneficiaries.
- C. Electronic transactions of loans sanctioned to farmers through Kisan Credit Card.
- D. None of the above

**Answer: B**

**Explanation**

- It will be instrumental in the implementation of One Nation, One Ration Card.
- Annavitran Portal ([www.annavitran.nic.in](http://www.annavitran.nic.in)) has been implemented to display electronic transactions made through ePoS devices for distribution of subsidized food grains to beneficiaries.
- This portal also shows all India picture of Aadhaar authentication of beneficiaries besides allocated and distributed quantity of food grains up to district level.
- The Annavitran portal enables a migrant worker or his family to avail the benefits of PDS outside their district but within their state.
- While a person can buy her share of food grains as per her entitlement under the NFSA, wherever she is based, the rest of her family members can purchase subsidised food grains from their ration dealer back home.

**44. Which of the following is correct in context of New Development Bank's (NDB)?**

1. It has been mandated in the bank's foundation statute that the bank's President will be an Indian.
2. While it is also known as BRICS Bank, South Africa is not one of bank's founding members.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None is correct

**Answer: D**

**Explanation**

- In news: Marcos Prado Troyjo, former deputy economy minister of Brazil will replace KV Kamath as the president of the New Development Bank's (NDB).
- It is a multilateral financial institution set up to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies.
- KV Kamath was appointed president of NDB on July 7, 2015 at the inaugural meeting of the board of governors on the eve of the Ufa Summit, when the bank formally came into existence as a legal entity.

- BRICS countries -- Brazil, Russia, India, China and South Africa -- are its founders.

**45. Which of the following is/are correct in context of Savings Bonds often issued by the Government of India?**

1. At the moment, only institutional investors are allowed to buy them.
  2. They usually have no maximum limit for investment.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: B**

**Explanation**

- These Bonds can be held by
  - ✓ An individual, not being a Non-Resident Indian
  - ✓ A Hindu Undivided Family.
- Usually, there are no maximum limits for investment in the Bonds.
- They are issued by Ministry of Finance, Government of India.
- They are often taxable and thus attract TDS.

**46. Which of the following is/are correct in context of RuPay payment network?**

1. At the moment it only supports Debit Cards and not Credit Card payments.
  2. RuPay is a product of National Payments Corporation of India (NPCI).
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None of the above is correct

**Answer: B**

**Explanation**

- RuPay is the first-of-its-kind domestic Debit and Credit Card payment network of India, with wide acceptance at ATMs, POS devices and e-commerce websites across India.
- RuPay fulfils RBI's vision of initiating a 'less cash' economy.

- RuPay is a product of NPCI, the umbrella organisation that powers retail payments in the country. The provision under the Payment and Settlement Systems Act, 2007, empowered the Reserve Bank of India (RBI) and Indian Banks' Association (IBA) to create a secure electronic payment and settlement system in India.
- The nature of NPCI's initiatives and objectives includes it under the "Not for Profit Company" under the provisions of Section 25 of the Companies Act 1956 and more recently under the Section 8 of the Companies Act 2013.

**47. Which of the following is/are correct about Unified Payments Interface (UPI)?**

1. The pilot was launched in 2006.
2. While the BHIM apps have three levels of authentication the UPI has Single Click 2 Factor Authentication.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: B**

**Explanation**

- NPCI conducted a pilot launch with 21 member banks. The pilot launch was on 11th April 2016 by Dr. Raghuram G Rajan, Governor, RBI at Mumbai. Banks have started to upload their UPI enabled Apps on Google Play store from 25th August, 2016 onwards.
- The BHIM apps has three levels of authentication. For one, the app binds with a device's ID and mobile number, second a user needs to sync whichever bank account (UPI or non-UPI enabled) in order to the conduct transaction.
- The UPI has Single Click 2 Factor Authentication.

**48. Which of the following is/are correct about Indian Chamber of Commerce (ICC)?**

1. It was founded in 2015.
2. Its headquarters are in Kolkata.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: B**

**Explanation**

- In News: Prime Minister Modi delivered the inaugural address of the 95th annual plenary session of the Indian Chamber of Commerce (ICC) through video conferencing.
- It was founded in 1925.
- Indian Chamber of Commerce (ICC) is the leading and only National Chamber of Commerce having headquarter in Kolkata.
- Its membership spans some of the most prominent and major industrial groups in India.
- It was set up by a group of pioneering industrialists led by Mr G D Birla, the Indian Chamber of Commerce was closely associated with the Indian Freedom Movement, as the first organised voice of indigenous Indian Industry.
- Several of the distinguished industry leaders in India, such as Mr B M Birla, Sir Ardeshir Dalal, Sir Badridas Goenka, Mr S P Jain, Lala Karam Chand Thapar, Mr Russi Mody, Mr Ashok Jain, Mr.Sanjiv Goenka, have led the ICC as its President

**49.Pharmacopoeia Commission for Indian Medicine & Homoeopathy (PCIM&H) works under the aegis of**

- A. Ministry of Chemicals & Fertilizers
- B. Ministry of AYUSH
- C. Ministry of Health and Family Welfare
- D. Prime Minister's Office

**Answer: B**

**Explanation**

- In news: Cabinet has given its approval to re-establish Pharmacopoeia Commission for Indian Medicine & Homoeopathy (PCIM&H) as Subordinate Office under Ministry of AYUSH.
- This is being done by merging into it the Pharmacopoeia Laboratory for Indian Medicine (PLIM) and Homoeopathic Pharmacopoeia Laboratory (HPL)- the two central laboratories established at Ghaziabad, Uttar Pradesh since 1975.
- Presently, Pharmacopoeia Commission for Indian Medicine & Homoeopathy (PCIM&H) is an autonomous body under the aegis of Ministry of AYUSH established since 2010.
- The merger is aimed at optimising the use of infrastructural facilities, technical manpower and financial resources of the three organizations for enhancing the standardisation outcomes of Ayurveda, Siddha, Unani and Homoeopathy drugs towards their effective regulation and quality control.
- Pharmacopoeia Commission for Indian Medicine & Homoeopathy (PCIM&H) has a primary mandate of publishing Pharmacopoeias and Formularies for drugs/formulations used in Ayurveda, Siddha, Unani (ASU) and Homoeopathy (ASU&H) systems of Medicine.

- The Commission serves as an umbrella organization for Ayurvedic Pharmacopoeia Committee (APC), Siddha Pharmacopoeia Committee (SPC), Unani Pharmacopoeia Committee (UPC) and Homoeopathic Pharmacopoeia Committee (HPC).
- Pharmacopoeial Laboratory for Indian Medicine (PLIM) and Homoeopathic Pharmacopoeia Laboratory (HPL) are its supporting structures.
- The Commission was initially established as Pharmacopoeia Commission for Indian Medicine (PCIM) in the year 2010.
- However, in pursuance to the decision of Central Government (dated 20th March 2014), Homoeopathy was incorporated and the Commission was renamed as Pharmacopoeia Commission for Indian Medicine & Homoeopathy (PCIM&H).

50. Which of the following is/are *incorrect* in context of Agricultural Produce Market Committee (APMC)

1. They are statutory market committees constituted by the State Government.
  2. While APMC can regulate in respect of trade in certain notified agricultural products, they cannot legislate or regulate on horticultural or livestock products.
- A. 1 only  
 B. 2 only  
 C. Both are correct  
 D. None is correct

**Answer: B**

**Explanation**

- **In News:** The Indian government has issued three ordinances – for permitting trade in agricultural produce outside the physical boundaries of the agricultural produce market committees (APMCs), easing restrictions under the Essential Commodities Act and facilitating contract farming.
- Agricultural Produce Market Committee (APMC) is a statutory market committee constituted by a State Government in respect of trade in certain notified agricultural or horticultural or livestock products, under the Agricultural Produce Market Committee Act issued by that state government.

## Reforming APMCs

### What's the news

- The cabinet has approved 'The Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020'.

### What is the back story

- Farmers in India suffer from various restrictions in marketing their produce.
- There are restrictions for farmers in selling agri-produce outside the notified APMC market yards.

- The farmers are also restricted to sell the produce only to registered licensees of the State Governments.
- Barriers exist in free flow of agriculture produce between various States owing to the prevalence of various APMC legislations enacted by the State Governments.

### What does the Ordinance correct

- It will open more choices for the farmer, reduce marketing costs for the farmers and help them in getting better prices.
- It will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce.
- It will also promote barrier-free inter-state and intra-state trade and commerce outside the physical premises of markets notified under State Agricultural Produce Marketing legislations.
- It will help farmers of regions with surplus produce to get better prices and consumers of regions with shortages, lower prices.
- The ordinance also proposes an electronic trading in transaction platform for ensuring a seamless trade electronically.
- The farmers will not be charged any cess or levy for sale of their produce under this Act.
- There will be a separate dispute resolution mechanism for the farmers.

### Broadly Speaking

- The aim is to create “**One India, One Agriculture Market**”.
- Creating additional trading opportunities outside the APMC market yards to help farmers get remunerative prices due to additional competition.
- This will supplement the existing MSP procurement system which is providing stable income to farmers.

### 51. Which of the following is/are incorrect in context of Public Sector Banks (PSBs)

1. India has more than 20 PSBs at the moment.
  2. Bank Board Bureau as a body makes recommendations for appointment of whole-time directors as well as non-executive chairpersons of public sector banks (PSBs) but not state-owned financial institutions.
- A. 1 only  
B. 2 only  
C. Both are incorrect  
D. None of the above is incorrect

**Answer: C**

**Explanation**



- After the mega bank merger that saw 10 PSBs getting consolidated into four, the country now has only 12 state-owned banks.
- The government, in 2016, had approved the constitution of the BBB as a body of eminent professionals and officials to make recommendations for appointment of whole-time directors as well as non-executive chairpersons of public sector banks (PSBs) and state-owned financial institutions.
- BBB was also entrusted with the task of engaging with the board of directors of all PSBs to formulate appropriate strategies for their growth and development.
- Also, it was asked to frame a strategy discussion on consolidation based on the requirement. The government wanted to encourage bank boards to restructure their business strategy and also suggest ways for their consolidation and merger with other banks.

52. Which of the following is/are correct about Foreign Exchange Reserves (Forex) in India:

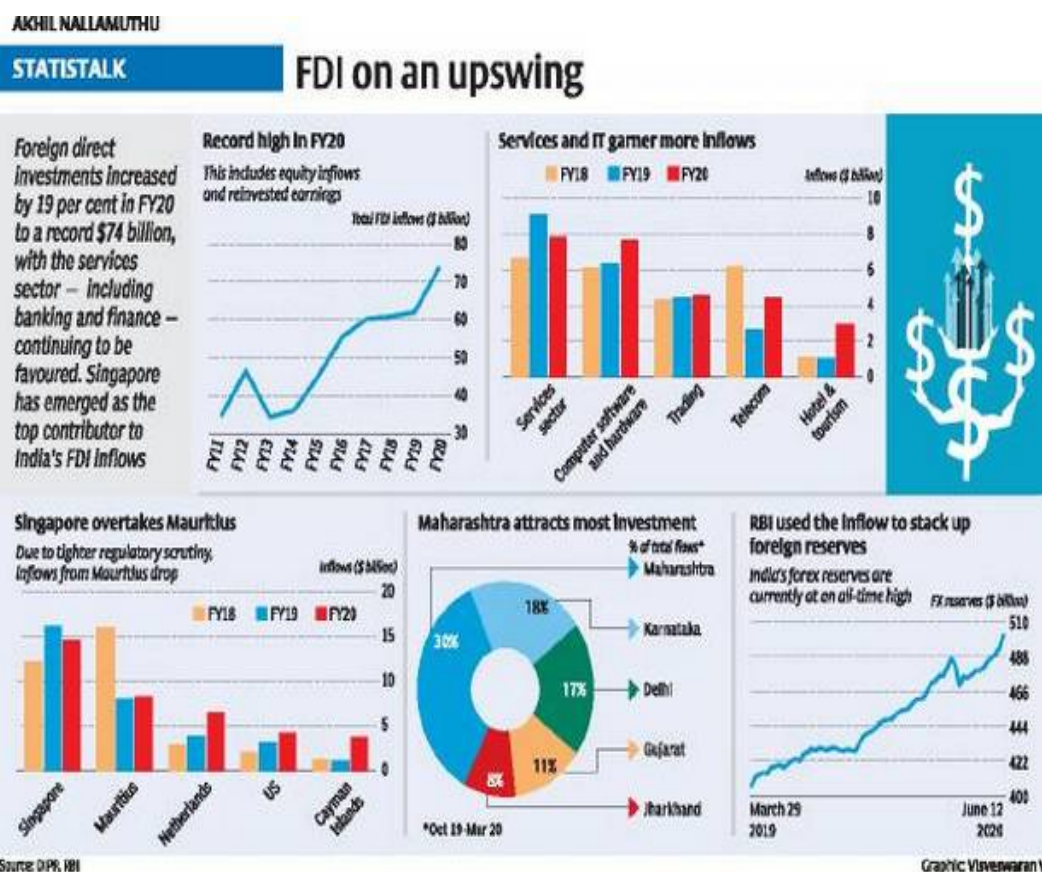
1. India now has one trillion dollars as Forex.
2. If the Current Account Deficit (CAD) is low, it could further help in increasing the Forex.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: B**

**Explanation**

- India now has half a trillion dollars of foreign exchange reserves. Those reserves cover 12 months of the pre-Covid-19 level of imports. They are about 88% of India's external debt which stood at \$564 billion as of December 2019.
- During 2001-07, India's CAD averaged 0.1% of GDP, while capital flows were strong. India's reserves



increased by \$232 billion between Q1 2001-02 and Q1 2008-09, a period in which cumulative net FPI inflows stood at \$66.3 billion. Thus, a lower CAD helps build up Forex.

**53. Which of the following is/are correct about Japan International Cooperation Agency (JICA)?**

1. It was founded in 2015.
  2. India and China are the only countries in Asia not associated with JICA.
- A. 1 only  
 B. 2 only  
 C. Both are correct  
 D. None is correct

**Answer: D**

**Explanation**

- In News: Japan International Cooperation Agency (JICA) India has set up Tsunagaru Lab, a business co-creation lab for Sustainable Development Goals (SDGs).

- The term tsunagaru means 'to be connected' in Japanese.

- The lab will facilitate partnership between Japanese companies and Indian social enterprises to contribute to the achievement of India's SDGs directly and indirectly.

- In January 2019, JICA and the Indian government had signed an agreement for an official development assistance loan of ₹15 billion (approximately ₹950 crore) to engage on SDGs.

- JICA was founded in 2003.

- India and JICA have a long history of collaboration.

The History of JICA	
<b>October 1954</b>	Affiliation with Colombo Plan Launch of Technical Cooperation Projects
<b>June 1962</b>	Overseas Technical Cooperation Agency (OTCA) established
<b>July 1963</b>	Japan Emigration Service (JEMIS) established
<b>April 1965</b>	Dispatch of Japan Overseas Cooperation Volunteers (JOCV) started
<b>August 1974</b>	Japan International Cooperation Agency (JICA) established
<b>September 1987</b>	Law concerning Japan Disaster Relief Team enacted
<b>May 1994</b>	JICA adds one hundred thousandth participant
<b>October 2003</b>	JICA changes from a special public institution to an independent administrative institution
<b>November 2006</b>	Passage of the Law for Partial Amendment to the Japan International Cooperation Agency Law
<b>June 2007</b>	More than thirty thousand JOCV and volunteers dispatched in the field

**54. Financial Stability and Development Council (FSDC) is headed by**

- A. Prime Minister
- B. Finance Minister
- C. Governor, RBI
- D. Chief Economic Adviser

**Answer: B**

**Explanation**

- In News: At the 24th meeting of the FSDC sub-committee, which was chaired by RBI Governor, the proposal to set up of an Inter Regulatory Technical Group on Fintech (IRTG-Fintech) and the National Strategy on Financial Education (NSFE) 2020-2025 were discussed.
- The FSDC was set up to create an institutional structure and mechanism for financial stability, financial sector development and interregulatory coordination.
- It is charged with financial literacy, financial inclusion and macro prudential supervision of the economy, including the functioning of large financial conglomerates.
- The council, headed by the finance minister, will now include the minister of state responsible for the Department of Economic Affairs (DEA).
- The secretary of Department of Electronics and Information Technology also becomes a member, given the importance the government gives to digital transactions and issues of data privacy.
- The reconstituted FSDC will include the chairperson of the Insolvency and Bankruptcy Board of India (IBBI) and the revenue secretary.
- Members are
  - ✓ Governor Reserve Bank of India (RBI)
  - ✓ Chief Economic Advisor, Ministry of Finance
  - ✓ Chairman, Securities and Exchange Board of India (SEBI)
  - ✓ Chairman, Insurance Regulatory and Development Authority (IRDA)
  - ✓ Chairman, Pension Fund Regulatory and Development Authority (PFRDA)
  - ✓ Chairman, Insolvency and Bankruptcy Board of India (IBBI)
  - ✓ Finance Secretary and/ or Secretary, Department of Economic Affairs (DEA), Secretary, Department of Financial Services (DFS), Secretary, Ministry of Corporate Affairs, Secretary, Ministry of Electronics and Information Technology

**55. Which of the following is/are incorrect in context of Saudi Arabia's Public Investment Fund (PIF):**

1. It is the sovereign wealth fund of Saudi Arabia.
2. Till date, it has made no investment in the Indian economy.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None is correct

**Answer: B**

**Explanation**

- In News: Saudi Arabia's Public Investment Fund (PIF) has invested ₹ 11,367 crore in Jio Platforms Ltd for a 2.32 per cent stake.
- PIF is the sovereign wealth fund of Saudi Arabia and as part of its mandate to diversify its economy, has made its largest investment into the Indian economy to-date.

**56.The term Delisting refers to**

- A. When a listed company is barred from trading on the stock exchange.
- B. When a listed company voluntarily removes its shares from the stock exchange.
- C. Both 1 and 2 are true
- D. None of the above

**Answer: C**

**Explanation**

- In News: In the last two months, the majority owners of Vedanta Ltd., Adani Power Ltd. and Hexaware Technologies Ltd. have proposed buying out all publicly traded shares amid the coronavirus-induced selloff in stocks.
- Delisting is when a company that was listed removes its shares, or delists, from taking part in the stock exchange.
- Delisting of a stock or security can be both voluntary and involuntary.
- Delisting usually happens when a company stops its operations, merges with another company, wishes to expand or restructure, declares bankruptcy, wants to become private or fails to meet the listing requirements.
- When delisting is a voluntary decision, the company makes payments to investors and then withdraws its stocks from the exchange.
- The stock exchange can also force a company to delist if it does not comply with the rules.
- To put it simply, when a stock is removed from the stock exchange permanently, it is called delisting.

**57.Which of the following is/are correct about the recent Banking Regulation (Amendment) Ordinance 2020:**

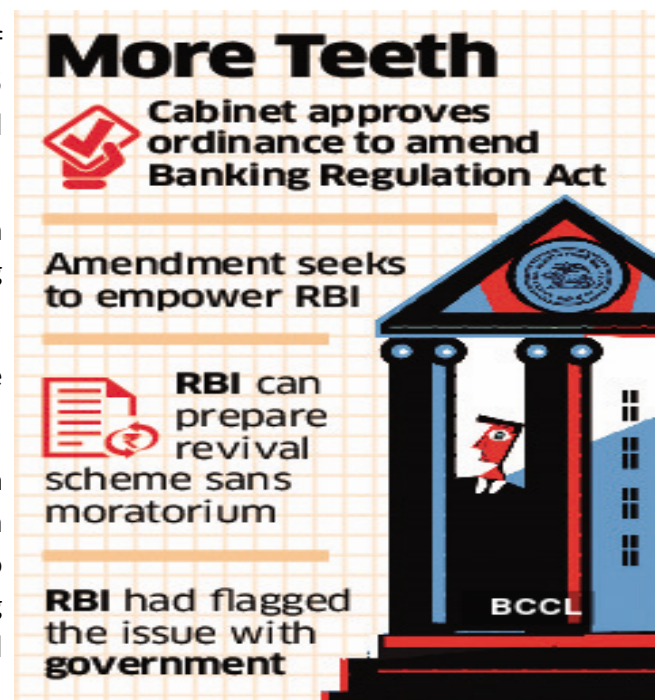
1. It will prohibit RBI to prepare a reconstruction scheme if RBI didn't first make an order of moratorium on barring deposit withdrawals.
2. The ordinance also takes away the powers of RBI to supervise cooperative banks.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: D**

### Explanation

- It will allow RBI to prepare a reconstruction scheme without having to first make an order of moratorium on barring deposit withdrawals.
- The ordinance approved also empowers the RBI to bring cooperative banks under its supervisory powers.
- As per the existing provisions, a scheme of reconstruction or amalgamation under Section 45 of Banking Regulation Act can only be prepared during the period of moratorium.
- The practice of introducing moratorium was seen as disruptive as it carried the risk of undermining depositor confidence and financial stability.
- The provision of Section 45 was last invoked in the YES Bank case.
- Currently when the RBI finds something wrong in a bank, it has to impose a moratorium and appoint an administrator. Once the moratorium comes into effect, the bank cannot lend, and existing depositors cannot withdraw beyond a specified amount.
- Unless this moratorium is in place, the RBI cannot consider any takeover, merger or amalgamation.
- However, once a bank is put under moratorium, panic and loss of confidence in the banking system ensues among the public. Also, value also gets eroded for the identified entity.
- So now, without imposing a moratorium, the RBI is being allowed to find suitors for the stressed bank.
- The RBI is now being allowed to do its job without creating panic among the public or disruption in the financial system



### 58. Which of the following is/are correct about Co-operative banks

1. The number of urban co-operative banks is far higher than rural co-operative banks.



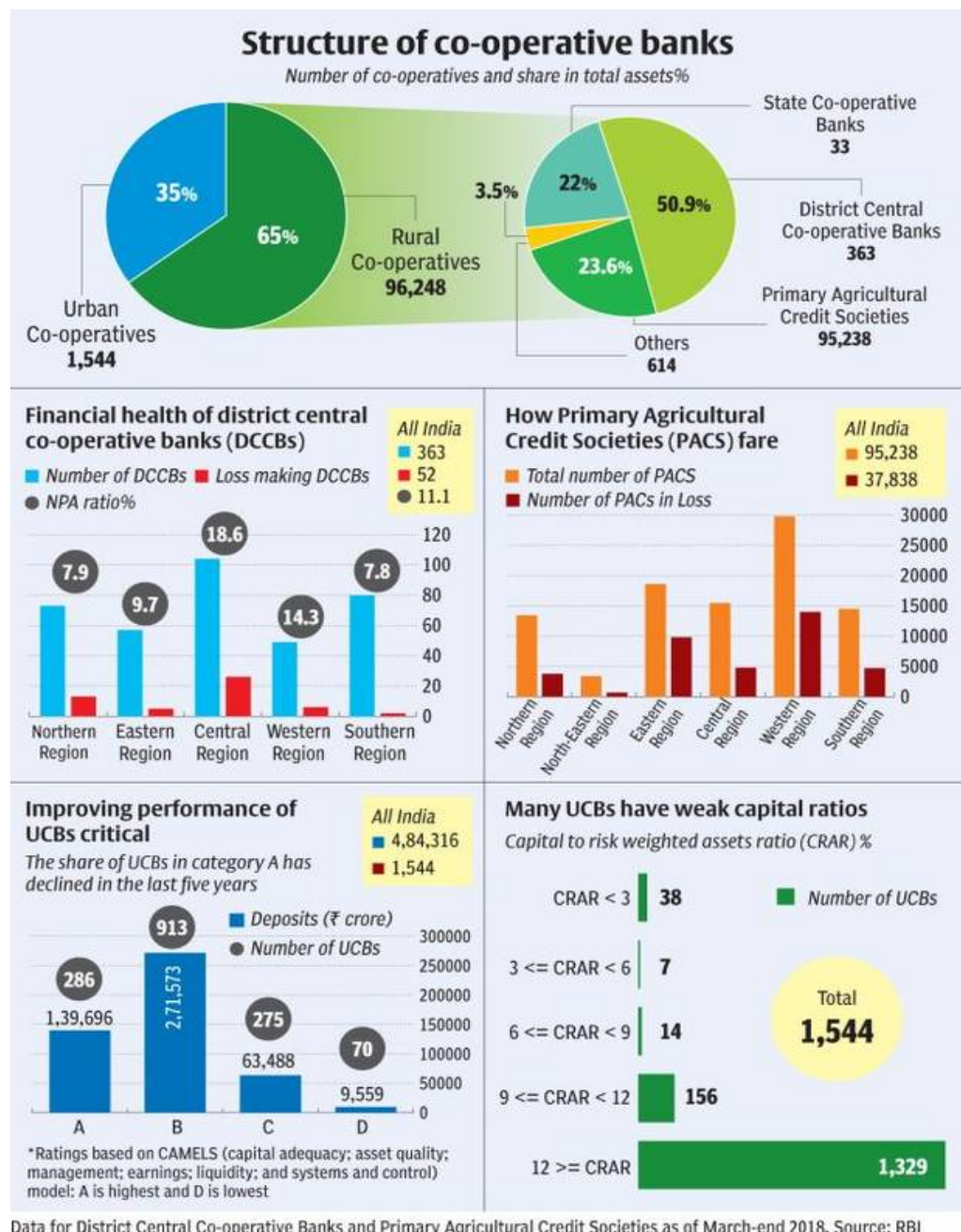
2. But rural co-operatives constitute about 65 per cent of the total assets of co-operatives.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None is correct

**Answer: B**

### Explanation

- In News: Cabinet has approved an ordinance to bring urban and multi-State cooperative banks under the supervision of the RBI
- There are only 1,544 urban co-operative banks (including 58 multi-state cooperative banks), will be covered under the ordinance.
- There are 96,000-odd rural co-operatives that constitute about 65 per cent of the total assets of co-operatives. Among them, Primary Agricultural Credit (PAC) Societies (about 95,000 in number as of March 2018) continue to remain outside the purview of the Banking Regulation Act.



Data for District Central Co-operative Banks and Primary Agricultural Credit Societies as of March-end 2018. Source: RBI

- Co-operative banks can be categorised as urban co-operative banks (UCBs) and rural cooperatives.

- UCBs and, among the rural co-operatives, State co-operative banks and district central co-operative banks, are registered either under the Co-operative Societies Act of the State concerned or under the Multi State Co-operative Societies Act, 2002.
- Banking laws were made applicable to co-operative societies since March 1, 1966.
- Hence, in these co-operative banks, the dual regulation by the RBI – concerning banking functions such as prudential and capital requirements, and by the Registrar of Co-operative Societies – for incorporation, management constitution, audits etc., often lead to huge regulatory gaps.
- With the recent amendment, UCBs and multi-State cooperative banks will come under the purview of the RBI, which will help in timely regulatory action against weak banks.
- But there are still over 96,000 rural co-operatives, which may continue to pose a threat due to weak governance structure.
- The state co-operative banks and the district central co-operative banks may continue to face issues owing to dual regulation.
- PACs are completely outside the purview of the Banking Regulation Act.

#### 59. Taxes form a part of

- A. Capital Receipts
- B. Revenue Receipts
- C. Both
- D. None

**Answer: B**

#### **Explanation**

- 2 Sources of Income for the Government:
  - ✓ Revenue Receipts
  - ✓ Capital Receipts
- Revenue Receipts:
  - ✓ Tax Revenue
  - ✓ Non-Tax Revenue
- Tax Receipts
  - ✓ Direct Taxes
  - ✓ Indirect Taxes

**60. Recently Central Government opened auctions inviting participants to mine coal blocks. In this regards, which of the following is/are important**

- 1. Successful bidders will obtain leasing rights from State governments to mine a coal block for a certain period.**
- 2. This is the first time private players have been allowed to mine coal for commercial mining purposes, without any end-use restrictions.**

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: C**

**Explanation**

- In News: Recently opened the auction of 41 coal blocks for commercial mining. The decision, which was part of the announcements made by the Centre under the Atmanirbhar Bharat Abhiyan, was already proposed in January through the Mineral Laws (Amendment) Ordinance, 2020.
- These auctions invite participants to mine coal blocks by bids on the percentage value of coal sold that they will be willing to share with the government.
- Successful bidders will obtain leasing rights from State governments to mine a coal block for a certain period.
- What's new about the recent auction of 41 coal blocks is that this is the first time private players have been allowed to mine coal for commercial mining purposes, without any end-use restrictions.
- That is, unlike now, mined coal can be sold outside. There is no requirement that it should be used only for the firms' own consumption.

**61. As per the revised definition, an enterprise is micro if:**

- A. The investment in plant and machinery or equipment does not exceed ₹1 crore and turnover also does not cross 1 crore.
- B. The investment in plant and machinery or equipment does not exceed ₹5 crore and turnover also does not cross 5 crore.
- C. The investment in plant and machinery or equipment does not exceed ₹1 crore and turnover does not cross 5 crore.
- D. The investment in plant and machinery or equipment does not exceed ₹5 crore and turnover does not cross 1 crore.

**Answer: C**

**Explanation**



- In News: Recently, the government notified new criteria for classification of micro, small and medium enterprises (MSMEs) on the basis of turnover and investment in plant and machinery.
- As per the revised definition, an enterprise is micro where the investment in plant and machinery or equipment does not exceed ₹1 crore and turnover does not cross 5 crore.
- An enterprise is now classified as small enterprise, where the investment in plant and machinery or equipment does not exceed Rs 10 crore and turnover is not over ₹50 crore.
- For medium enterprise, as per the new classification, the investment in plant and machinery or equipment should not exceed ₹50 crore and turnover should be below ₹250 crore.

**62. Which of the following is/are correct about India's Trade with China:**

1. The trade deficit between the countries has never crossed \$50 billion.
2. Till date, India has never imposed anti-dumping duties on Chinese goods.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: D**

**Explanation**

- In News: India's trade deficit with China fell to \$48.66 billion in 2019-20 on account of decline in imports from the neighbouring country.
- Exports to China in the last financial year stood at \$16.6 billion, while imports aggregated at \$65.26 billion.
- The trade deficit between the countries was at \$53.56 billion in 2018-19 and \$63 billion in 2017-18.
- The government is taking steps such as framing technical regulations and quality norms for several products to cut dependence on China for imports.
- Indian Government has imposed anti-dumping duties on several goods, which are being dumped in the domestic market at below the average prices from China with a view to guard domestic players from cheap imports.
- China accounts for about 14 per cent of India's imports and is a major supplier for sectors such as mobile phones, telecom, power, plastic toys, and critical pharma ingredients.
- Foreign direct investment (FDI) from China into India too has dipped to \$163.78 million in 2019-20 from \$229 million in the previous fiscal.
- India had received \$350.22 million FDI from the neighbouring country in 2017-18 and \$277.25 million in 2016-17.

**63. Which of the following is/are correct about Garib Kalyan Rojgar Abhiyaan:**

1. It will be implemented in 6 states with a large concentration of returnee migrant workers.
  2. The Ministry of Rural Development is the nodal Ministry for this campaign.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: C**

**Explanation**

- In News: Prime Minister recently launched a massive employment -cum- rural public works Campaign named 'Garib Kalyan Rojgar Abhiyaan' to empower and provide livelihood opportunities in areas/ villages witnessing large number of returnee migrant workers affected by the devastating COVID-19.
- The Abhiyaan was flagged off from village Telihar, Block Beldaur, district Khagaria, Bihar.
- There are 6 Participating States, Various Union Ministers and others.
- This Abhiyaan of 125 days, will work in mission mode, will involve focused implementation of 25 categories of works/ activities in 116 districts, each with a large concentration of returnee migrant workers in 6 states of Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand and Odisha.
- Public works to be undertaken during this campaign will have a resource envelope of Rs. 50,000 crores.
- The Abhiyaan will be a convergent effort between 12 different Ministries/Departments, namely; Rural Development, Panchayati Raj, Road Transport & Highways, Mines, Drinking Water & Sanitation, Environment, Railways, Petroleum & Natural Gas, New & Renewable Energy, Border Roads, Telecom and Agriculture, to expedite implementation of 25 public infrastructure works and works relating to augmentation of livelihood opportunities.
- The Ministry of Rural Development is the nodal Ministry for this campaign and the campaign will be implemented in close coordination with the State Governments.

**64. Recently in news, ByteDance is:**

- A. A malware impacting security of financial transactions of the banks  
B. An AI driven robot that quickly imitates the dance moves  
C. A latest rover to visit distant Neptune  
D. None of the above

**Answer: D**

**Explanation**

- ByteDance is the developer of the video-sharing social networking service Douyin (TikTok).

- The recent ban of 59 Chinese apps by India might cause ByteDance a loss of up to \$6 billion (₹45k crore).
- Recently, Indian government decided to ban them citing concerns about privacy and national security of the country.
- The Indian government recently banned 59 apps with China links including TikTok, SHAREit, UC Browser, Baidu map, Helo, Mi Community, Club Factory, WeChat and UC News in view of the information available that they were engaged in activities "which is prejudicial to sovereignty and integrity of India, defense of India, the security of the state and public order

**65.Which of the following is/are correct in context of An Insolvency Professional:**

1. An Insolvency Professional has to be registered with the Insolvency and Bankruptcy Board of India (IBBI).
2. During the bankruptcy situation, the insolvency professionals play a vital role in liquidating the entity assets and other settlement processes.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: C**

**Explanation**

- In News: Insolvency regulator IBBI expands role of insolvency professional entities. Allows Insolvency Professional Entities (IPEs) to provide support services to all IPs, not just to IPs who are its partners or directors.
- An Insolvency Professional is one who is registered with the Insolvency and Bankruptcy Board of India (IBBI).
- They are enrolled with an Insolvency Agency and they are involved in the dissolution process of an insolvent individual, companies, LLPs or partnerships.
- These professionals are authorised to act on behalf of such insolvent individual, companies etc. During the bankruptcy situation, the insolvency professionals play a vital role in liquidating the entity assets and other settlement processes.
- This process has gained momentum with the government bringing in strict norms through Insolvency and Bankruptcy Code.

**66.Which of the following is/are correct in context of GI Tags:**

1. Dahanu-Gholvad chikoo fruit has Geographical Indication (GI) tag, is from Prakasam district of Andhra Pradesh.

**2. The GI Registry is a part of the Office of the Controller General of Patents, Designs and Trade Marks.**

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None is correct

**Answer: B**

**Explanation**

- In News: Dahanu-Gholvad chikoo fruit is from Palghar district of Maharashtra and has Geographical Indication (GI) tag since 2017.
- Recently, efforts are being made to get a GI tag for Wada Kolam rice, which is a unique fragrant variety cultivated in the Wada taluka of the district.
- The GI Registry is a part of the Office of the Controller General of Patents, Designs and Trade Marks.
- Palghar has a unique agro-climate due to proximity to the Arabian sea as also to the woody Sahyadri mountain range. The fertile land produces chikoo or sapota fruit, which received a GI tag in January 2017.
- The GI tag to the rice variety will give better rates to the Wada farmers. It will bring traceability and accountability to the Wada Kolam rice trade.

**67. In financial world the term Net Debt refers to:**

- A. The debt which has to be serviced in less than one year
- B. The debt which has to be serviced in more than one year
- C. It refers to total borrowings minus cash
- D. None of the above

**Answer: C**

**Explanation**

- In News: Reliance Industries recently declared that it has become 'net debt free' before schedule.
- Net debt is borrowings minus cash.
- Debt includes both short-term and long-term borrowings.
- Cash also includes marketable investments that can be converted to cash in quick time.
- Net debt tells us whether a business has the money to pay off all its debt, if it becomes due immediately.
- When a business says it is net debt-free, that does not mean it has repaid all its borrowings.
- The debt is there but the business has cash equal to debt.

- So, net debt-free is not the same as zero debt.

**68. Which of the following is/are correct about Gold Bonds:**

1. Gold bonds offer investors a fixed 2.5 per cent coupon per year.
  2. Funds raised through Gold Bonds form part of the government's overall borrowings in a year.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: C**

**Explanation**

- In News: The fourth tranche of sovereign gold bonds 2020-21 opened for subscription on recently.
- Gold bonds offer investors twin benefits of price appreciation along with a fixed 2.5 per cent coupon per year. Interest earned on these gold bonds is added to the holders' income, and taxed according to their slab rate.
- The government introduced the gold bonds scheme in 2015 to wean away investors from the physical gold market.
- Funds raised through such issuances form part of the government's overall borrowings in a year. Any capital gains on these bonds at maturity is tax free, making them far more attractive than owning physical gold.
- Gold bonds have a maturity period of eight years, but investors have the option to exit after the fifth year.
- To offer greater liquidity, the bonds are listed on stock exchanges within a fortnight of issuance, and can be traded. However, trading volumes depend upon liquidity in the secondary market.

**69. What is the impact of depreciation of the rupee vis-à-vis the dollar on gold (everything else constant):**

- A. The price of the gold increases  
B. The price of the gold decreases  
C. The price of the gold does not change  
D. Can't be determined

**Answer: A**

**Explanation**

- Since India mostly imports gold, the depreciation of the rupee vis-à-vis the dollar makes gold costlier in India.
- Domestic factors such as concerns over the country's fiscal health and a higher demand for the precious metal also pushes up prices.

70. Which of the following is/are correct:

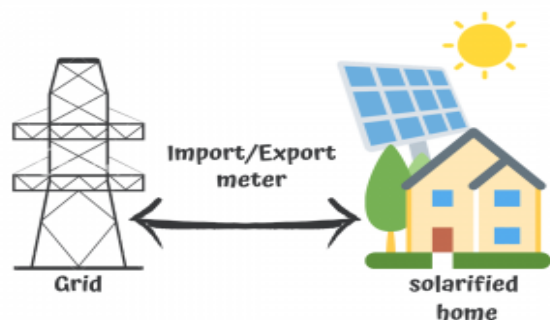
1. Gross Metering calculates the difference of energy exported from your solar power system and import from the grid.
  2. Net Metering is when all the solar electricity generated is exported into the grid.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: D**

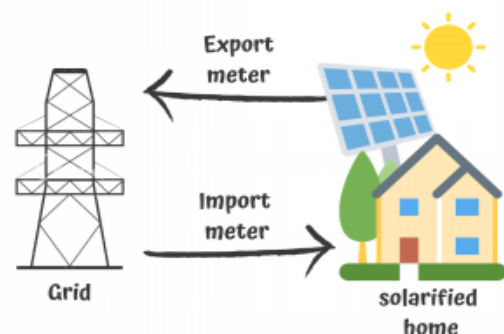
#### Explanation

- In News: There might be a nation wide change in policy of how solar energy is charged for roof-top solar power producers.
- Net Metering calculates the difference of energy exported from your solar power system and import from the grid.
- You either pay for the difference in units or get paid by the utility company (DISCOM) for extra units at the end of the billing cycle (based on the state level policy).
- The Net Metering policy was introduced in India, around 2015, to make solar energy more accessible and economical.
- Unlike net metering, your premises cannot directly use the power generated by your solar panels. It gets exported entirely to the power grid, and the electricity you require comes from the power grid.
- Gross Metering requires an extra electricity meter to measure the outflow of electricity from your solar power system to the grid. As a result, the prices for electricity consumption and electricity generation vary. The regular meter records the total amount of electricity consumed by you.
- You will be paid a pre-determined feed-in tariff (FiT) for the electricity exported to the grid from your solar power system.

#### Net Metering



#### Gross Metering



**71. The idea of Base Erosion and Profit Shifting is associated with:**

- A. Fiscal Deficit
- B. Tax Avoidance
- C. Debt Management of the Government
- D. Management of Central Banks by the Government

**Answer: B**

**Explanation**

- In News: The Centre is right now planning to expand the scope of the equalisation levy.
- Domestic tax base erosion and profit shifting (BEPS) due to multinational enterprises exploiting gaps and mismatches between different countries' tax systems affects all countries.
- Developing countries' higher reliance on corporate income tax means they suffer from BEPS disproportionately.
- Business operates internationally, so governments must act together to tackle BEPS and restore trust in domestic and international tax systems.
- BEPS practices cost countries 100-240 billion USD in lost revenue annually, which is the equivalent to 4-10% of the global corporate income tax revenue.
- The OECD has been working with over 137 countries to bring about a consensus on fighting this tax avoidance.
- The equalisation levy was one of the suggestions in OECD's BEPS (Base Erosion and Profit Shifting) Action Plan 1 and India adopted this, though in a narrow manner, in 2016.
- But in the Finance Act 2020, the Centre has expanded the scope of this levy significantly.

**72. Which of the following is/are Debt Securities**

1. Non-convertible debentures (NCDs)
2. Non-convertible redeemable preference shares (NCRPs)
3. Commercial Papers (CPs)

- A. 1 only
- B. 1 & 2 only
- C. 3 only
- D. All are correct

**Answer: D**

**Explanation**

- In News: Markets regulator SEBI has eased compliance norms for entities planning to list debt securities, including non-convertible debentures and commercial papers.

- A debt security refers to money borrowed that must be repaid that has a fixed amount, a maturity date(s), and usually a specific rate of interest.
- Some debt securities are discounted in the original purchase price. Examples of debt securities are treasury bills, bonds and commercial paper. The borrower pays interest for the use of the money and pays the principal amount on a specified date.
- Please Note: Non-Convertible Redeemable Preference Share:
  - ✓ The holders of non-convertible preference shares do not have the option to convert their holding into equity shares i.e. they remain as preference share till their redemption.
  - ✓ As per Securities and Exchange Board Of India (Issue And Listing Of Non-Convertible Redeemable Preference Shares) Regulations, 2013 Non-Convertible Redeemable Preference Share means a preference share which is redeemable in accordance with the provisions of the Companies Act, 1956 and does not include a preference share which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder.

**73. Which of the following is/are false for Extended Partial Credit Guarantee Scheme:**

1. As per the modification, NBFCs/HFCs which have reported under Special Mention Account (SMA-1) category on technical reasons alone during the last one year period prior to August 1, 2018 will be eligible for benefit under the scheme.
  2. There is no sovereign guarantee to Public Sector Banks for any sort of purchase of bonds or commercial papers.
- A. 1 only  
B. 2 only  
C. Both are Correct  
D. None is correct

**Answer: B**

**Explanation**

- In News: The Finance Ministry has informed that public sector banks (PSBs) have approved purchase of bonds/commercial papers worth ₹14,667 crore from 67 NBFCs under the extended Partial Credit Guarantee Scheme 2.0, which was rolled out as part of the ₹20-lakh crore Aatma Nirbhar Package.
- Government had, as part of the Aatma Nirbhar Package, revamped and extended the existing Partial Credit Guarantee Scheme (PCGS) to cover the borrowings of lower rated NBFCs, HFCs and other micro finance institutions (MFIs). Under the ₹45,000-crore PCGS 2.0, the Government will provide 20 per cent first loss sovereign guarantee to PSBs for purchase of bonds or commercial papers with a rating of AA and below (including unrated paper) issued by NBFCs/HFCs or MFIs.
- While the original PCGS supported transfer of assets from NBFCs/HFCs to PSBs, the extended scheme addresses temporary liquidity/ cash flow mismatches of otherwise solvent NBFCs/HFCs/ MFIs without having to resort to distress sale of their assets to meet their commitments.



- The Union Cabinet has approved the Sovereign portfolio guarantee of up to 20 percent of first loss for purchase of Bonds or Commercial Papers (CPs) with a rating of AA and below (including unrated paper with original/ initial maturity of up to one year) issued by NBFCs/ MFCs/Micro Finance Institutions (MFIs) by Public Sector Banks (PSBs) through the extension of the Partial Credit Guarantee Scheme.
- As per the modification, NBFCs/HFCs which have reported under Special Mention Account (SMA-1) category on technical reasons alone during the last one year period prior to August 1, 2018 will be eligible for benefit under the scheme.

**74. Which of the following trends of the last 5 years is/are correct**

1. There has been a continuous increase in the revenue collected by central government on excise duty collected on fuel.
  2. There has been a continuous increase in the share of Central Excise on fuel in the total revenue through indirect taxes.
- A. 1 only  
 B. 2 only  
 C. Both are correct  
 D. None is correct

**Answer: D**

**Explanation**

- In News: Because of regular rise in the prices of the fuel.
- As per the information provided by Petroleum Planning & Analysis Cell (PPAC) of the Ministry of Petroleum, contribution of Excise duty on Crude oil and Petroleum products towards Central exchequer was ₹ 2.14 lakh crores in 2018-19.
- As per the update provided in Lok Sabha on 03 February'2020, revenue from Indirect taxes amounted to ₹ 9.37 lakh crores i.e. Central Excise on Fuel was around 23% of the indirect tax revenue.
- This Central Excise revenue on fuel in 2018-19 was lesser than the previous year 2017-18 which was 2.29 lakh crores, which further fell from ₹ 2.42 lakh crores in 2016-17.
- The share of Central Excise on fuel in the total revenue through indirect taxes also fell from 28.17 % in 2016-17 and 25.2 % in 2017-18 to 23% in 2018-19.
- However, the quantum of revenue through Excise duty on petrol and its share in Indirect taxes in 2018-19 is significantly higher than the numbers in 2014-15, where in it was ₹0.99 lakh crores and 18.9% respectively.
- The provisional revenue through Excise duty on fuel is estimated at ₹2.23 lakh crores for 2019-20. This might increase substantially in 2020-21 because of the steep rise in excise duty on petrol & diesel.

**75. Which of the following is/are correct about SEZs (Special Economic Zones)**

1. India has more than 500 approved SEZs at the moment.
2. Starting as Export Processing Zone (EPZ) model in promoting exports, Asia's first EPZ was set up in Kandla in 1965.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: B**

**Explanation**

- In News: SEZs will have to play a big role as the government plans to move ahead in curtailing the imports from China.
- India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965.
- With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.
- This policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations.
- SEZs in India functioned from 1.11.2000 to 09.02.2006 under the provisions of the Foreign Trade Policy and fiscal incentives were made effective through the provisions of relevant statutes.
- The SEZ Act 2005 envisages key role for the State Governments in Export Promotion and creation of related infrastructure. A Single Window SEZ approval mechanism has been provided through a 19 member inter-ministerial SEZ Board of Approval (BoA). The applications duly recommended by the respective State Governments/UT Administration are considered by this BoA periodically. All decisions of the Board of approvals are with consensus.

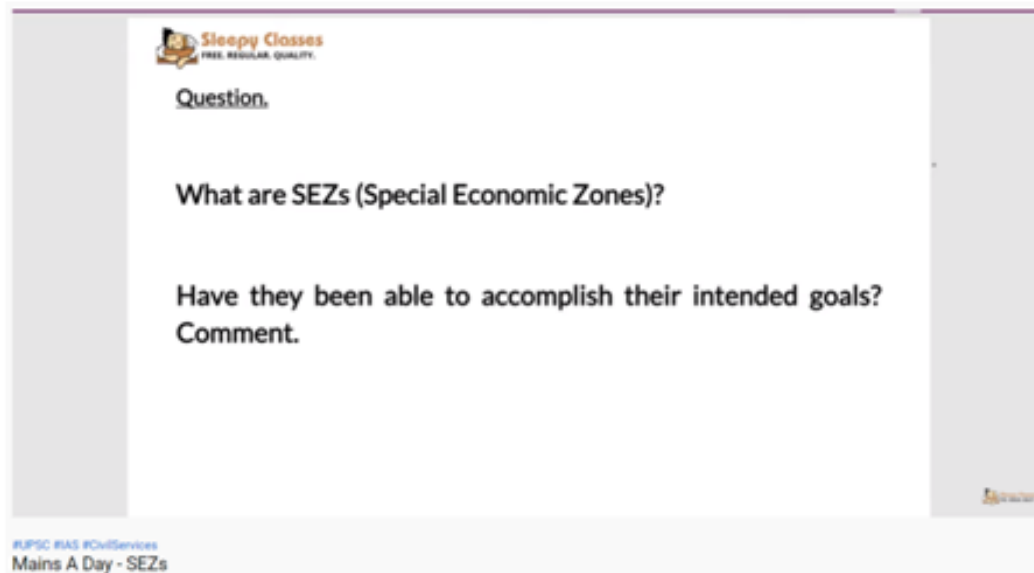
**Fact Sheet on Special Economic Zones**  
(Dedicated website: [www.sezindia.nic.in](http://www.sezindia.nic.in))

Number of Formal approvals (As on 19.05.2020)	423
Number of notified SEZs (As on 19.05.2020)	357 + (7 Central Govt.+12 State Govt. / Private Sector SEZs set up prior to the enactment of SEZ Act, 2005)
Number of In-Principle Approvals (As on 19.05.2020)	32
Operational SEZs (As on 31 <sup>st</sup> December, 2019)	240 (Break up: 25 are multi product SEZs, remaining are sector specific SEZs)
Units approved in SEZs (As on 31 <sup>st</sup> December, 2019)	5,258

- The SEZ Rules provide for different minimum land requirement for different class of SEZs. Every SEZ is divided into a processing area where alone the SEZ units would come up and the non-processing area where the supporting infrastructure is to be created.

**76. Which of the following is/are incorrect about NITI Aayog?**

1. It was formed via an act of Parliament on January 1, 2015.



2. The Team India Hub in NITI leads the engagement of states with the Central government.
  3. The Knowledge and Innovation Hub in NITI builds NITI's think-tank capabilities.
- A. 1 only  
B. 2 & 3 only  
C. All are incorrect  
D. All are correct

**Answer: A**

**Explanation**

- The National Institution for Transforming India, also called NITI Aayog, was formed via a resolution of the Union Cabinet on January 1, 2015.
- NITI Aayog provides relevant technical advice to the Centre and States.
- The Government of India, in keeping with its reform agenda, constituted the NITI Aayog to replace the Planning Commission instituted in 1950.
- NITI Aayog attempts to foster Cooperative Federalism.
- At the core of NITI Aayog's creation are two hubs – Team India Hub and the Knowledge and Innovation Hub.
- The Team India Hub leads the engagement of states with the Central government.

- While the Knowledge and Innovation Hub builds NITI's think-tank capabilities.
- These hubs reflect the two key tasks of the Aayog.
- PM is the Chairperson of NITI.

**77. Which of the following is/are not true about Economic Census?**

1. It is the complete count of all establishment located within the geographical boundary of India.
2. It is conducted by Ministry of Finance.

- A. 1 only  
B. 2 only  
C. Both are incorrect  
D. None is incorrect

**Answer: B**

**Explanation**

- Economic Census is the complete count of all establishment located within the geographical boundary of India.
- The Economic Census provides disaggregated information on various operational and structural variables of all establishments of the country.
- Economic Census also provides valuable insight into geographical spread/clusters of economic activities, ownership pattern, persons engaged, etc. of all economic establishments in the country.
- The information collected during Economic Census are useful for socio-economic developmental planning at state and district levels.
- It was being conducted by Ministry of Statistics and Programme Implementation (MoSPI) in 2019.
- Six Economic Censuses, (EC) have been conducted by the Union Ministry of Statistics and Program Implementation till date.

**78. Which of the following statements is/are correct?**

1. The APEDA was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December 1985.
2. APEDA has been entrusted with the responsibility to monitor import of sugar.
3. APEDA comes under the ambit of Ministry of Agriculture.
4. APEDA replaced the Processed Food Export Promotion Council (PFEPIC)

- A. 1 & 2 only  
B. 3 & 4 only

- C. 1, 2 & 4 only
- D. All are correct

**Answer: C**

**Explanation**

- It comes under the ambit of Ministry of Commerce and Industry.
- The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December, 1985.
- APEDA is mandated with the responsibility of export promotion and development of the following scheduled products:
  - ✓ Fruits, Vegetables and their Products.
  - ✓ Meat and Meat Products.
  - ✓ Poultry and Poultry Products.
  - ✓ Dairy Products.
  - ✓ Confectionery, Biscuits and Bakery Products.
  - ✓ Honey, Jaggery and Sugar Products.
  - ✓ Cocoa and its products, chocolates of all kinds.
  - ✓ Alcoholic and Non-Alcoholic Beverages.
  - ✓ Cereal and Cereal Products.
  - ✓ Groundnuts, Peanuts and Walnuts.
  - ✓ Pickles, Papads and Chutneys.
  - ✓ Guar Gum.
  - ✓ Floriculture and Floriculture Products.
  - ✓ Herbal and Medicinal Plants.
  - ✓ In addition to this, APEDA has been entrusted with the responsibility to monitor import of sugar.

**79. Which of the following correctly describes the 'Section 7 of the RBI Act'?**

1. It empowers the RBI to be the banker to the Central Government.
  2. It empowers the Government to issue directions to RBI.
  3. It decides the composition of central board of Reserve Bank of India.
  4. It gives authority to RBI to issue bank notes.
- A. 1 only

- B. 2 only
- C. 3 & 4 only
- D. All are correct

**Answer: B**

**Explanation**

- RBI Act and Various Sections:
  - ✓ Section 21 - Being banker to the Central Government
  - ✓ Section 7 - Empowers the Government to issue directions to RBI
  - ✓ Section 8 - Composition of central board of Reserve Bank of India
  - ✓ Section 22 - Right to issue bank notes

**80. Which of the following statements about MCLR is/are correct?**

1. MCLR is the maximum interest rate of a bank above which it cannot lend.
2. It replaced the base rate system.
3. It is revised annually by keeping factors like repo rate under consideration.

- A. 2 only
- B. 1 and 3 only
- C. All are correct
- D. All are incorrect

**Answer: A**

**Explanation**

- It refers to the minimum interest rate of a bank below which it cannot lend, except in some cases allowed by the RBI.
- It is an internal benchmark or reference rate for the bank.
- MCLR actually describes the method by which the minimum interest rate for loans is determined by a bank.
- Which is based on the basis of marginal cost or the additional or incremental cost of arranging one more rupee to the prospective borrower.
- The MCLR methodology was introduced by the RBI from April 1, 2016.
- This new methodology replaces the base rate system introduced in July 2010.
- Prior to MCLR system, different banks were following different methodology for calculation of base rate /minimum rate – i.e. either on the basis of average cost of funds or marginal cost of funds or blended cost of funds.

- Thus, MCLR aims -
  - ✓ To improve the transmission of policy rates into the lending rates of banks.
  - ✓ To bring transparency in the methodology followed by banks for determining interest rates on advances.
  - ✓ To ensure availability of bank credit at interest rates which are fair to borrowers as well as banks.
  - ✓ To enable banks to become more competitive and enhance their long run value and contribution to economic growth.
- Calculation of MCLR is based on:
  - ✓ Marginal cost of funds
  - ✓ Negative carry on account of CRR
  - ✓ Operating Cost
  - ✓ Tenor Premium

**81. Which of the following is/are correct about a Government Security (G-Sec)?**

1. In India, while the Central Government can issue both the treasury bills and bonds the State Governments issues can only issues bonds.
  2. G-Secs are also called risk-free gilt-edged instruments.
- A. 1 only  
 B. 2 only  
 C. Both are correct  
 D. None is correct

**Answer: C**

**Explanation**

- A Government Security (G-Sec) is a tradable instrument issued by the Central Government or the State Governments.
- It acknowledges the Government's debt obligation. Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term (usually called Government bonds or dated securities with original maturity of one year or more).
- In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs).
- G-Secs carry practically no risk of default and, hence, are called risk-free gilt-edged instruments.

**82. Which of the following is/are true?**

1. **Treasury bills or T-bills**, which are money market instruments, are short term debt instruments issued by the Government of India and are presently issued in three tenors, namely, 91 day, 182 day and 364 day.
  2. **Cash Management Bills (CMBs)** are issued to meet the temporary mismatches in the cash flow of the Government of India.
  3. **Public Debt Office (PDO)** of the Ministry of Finance acts as the registry / depository of G-Secs and deals with the issue, interest payment and repayment of principal at maturity.
- A. 1 & 2 only  
B. 2 & 3 only  
C. 1 & 3 only  
D. All are correct

**Answer: A**

**Explanation**

● **Treasury Bills (T-bills)**

- ✓ Treasury bills or T-bills, which are money market instruments, are short term debt instruments issued by the Government of India and are presently issued in three tenors, namely, 91 day, 182 day and 364 day.
- ✓ Treasury bills are zero coupon securities and pay no interest.
- ✓ Instead, they are issued at a discount and redeemed at the face value at maturity.
- ✓ For example, a 91 day Treasury bill of ₹100/- (face value) may be issued at say ₹ 98.20, that is, at a discount of say, ₹1.80 and would be redeemed at the face value of ₹100/-.
- ✓ The return to the investors is the difference between the maturity value or the face value (that is ₹100) and the issue price.

● **Cash Management Bills (CMBs)**

- ✓ In 2010, Government of India, in consultation with RBI introduced a new short-term instrument, known as Cash Management Bills (CMBs), to meet the temporary mismatches in the cash flow of the Government of India.
- ✓ The CMBs have the generic character of T-bills but are issued for maturities less than 91 days.

● **Dated G-Secs**

- ✓ Dated G-Secs are securities which carry a fixed or floating coupon (interest rate) which is paid on the face value, on half-yearly basis.
- ✓ Generally, the tenor of dated securities ranges from 5 years to 40 years.
- ✓ Most of the dated securities are fixed coupon securities

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



83. Which of the following statements is/are required by law to maintain Statutory Liquidity Ratio (SLR)?

1. Primary (Urban) Co-operative Banks (UCBs).
2. Rural Co-operative Banks.
3. Regional Rural Banks (RRBs)

- A. 1 & 2 only
- B. 2 & 3 only
- C. 1 & 3 only
- D. All are correct

**Answer: D**

**Explanation**

- Primary (Urban) Co-operative Banks (UCBs)
  - ✓ Section 24 (2A) of the Banking Regulation Act 1949, (as applicable to co-operative societies) provides that every primary (urban) cooperative bank shall maintain liquid assets.
  - ✓ Such liquid assets shall be in the form of cash, gold or unencumbered investment in approved securities.
  - ✓ This is referred to as the Statutory Liquidity Ratio (SLR) requirement.
  - ✓ It may be noted that balances kept with State Co-operative Banks / District Central Co-operative Banks as also term deposits with public sector banks are now not eligible for being reckoned for SLR purpose w.e.f April 1, 2015.
- Rural Co-operative Banks
  - ✓ As per Section 24 of the Banking Regulation Act 1949, the State Co-operative Banks (SCBs) and the District Central Co-operative Banks (DCCBs) are required to maintain assets as part of the SLR requirement in cash, gold or unencumbered investment in approved securities.
  - ✓ DCCBs are allowed to meet their SLR requirement by maintaining cash balances with their respective State Co-operative Bank.
- Regional Rural Banks (RRBs)
  - ✓ Since April 2002, all the RRBs are required to maintain their entire Statutory Liquidity Ratio (SLR) holdings in Government and other approved securities.
- Provident funds and other entities
  - ✓ The non- Government provident funds, superannuation funds and gratuity funds are required by the Central Government, effective from January 24, 2005, to invest 40% of their incremental accretions in Central and State G-Secs, and/or units of gilt funds regulated by the Securities and Exchange Board of India (SEBI) and any other negotiable security fully and unconditionally guaranteed by the Central/State Governments.

- ✓ The exposure of a trust to any individual gilt fund, however, should not exceed five per cent of its total portfolio at any point of time.
- ✓ The investment guidelines for non- Government PFs have been recently revised in terms of which minimum 45% and up to 50% of investments are permitted in a basket of instruments consisting of (a) G-Secs, (b) Other securities (not in excess of 10% of total portfolio) the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government SDLs and (c) units of mutual funds set up as dedicated funds for investment in G-Secs (not more than 5% of the total portfolio at any point of time and fresh investments made in them shall not exceed 5% of the fresh accretions in the year), effective from April 2015.

**84. Which of the following can participate in auctions conducted by RBI for G-Secs?**

1. Commercial banks
  2. Scheduled UCBs
  3. Primary Dealers
  4. Provident funds
  5. Insurance companies
  6. Retail Investors
- A. All except 5 & 6 only  
B. All except 6 only  
C. 1, 2 & 3 only  
D. All are correct

**Answer: B**

**Explanation**

- G-Secs are issued through auctions conducted by RBI.
- 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 account 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.
- Retail investors are allowed participation on “non-competitive” basis in select auctions of dated Government of India (GoI) securities and Treasury Bills.
- Retail investor, for the purpose of scheme of NCB, is any person, including individuals, firms, companies, corporate bodies, institutions, provident funds, trusts, and any other entity as may be prescribed by RBI.

**85. Which of the following statements is/are correct about Open Market Operations (OMOs)?**

- 1. When the RBI feels that there is excess liquidity in the market, it resorts to purchase of securities thereby sucking out the rupee liquidity.**
- 2. When the liquidity conditions are tight, RBI sells securities from the market, thereby releasing liquidity into the market.**

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: D**

**Explanation**

- Both the statements have been reversed.
- OMOs are the market operations conducted by the RBI by way of sale/ purchase of G-Secs to/ from the market with an objective to adjust the rupee liquidity conditions in the market on a durable basis.
- When the RBI feels that there is excess liquidity in the market, it resorts to sale of securities thereby sucking out the rupee liquidity.
- Similarly, when the liquidity conditions are tight, RBI may buy securities from the market, thereby releasing liquidity into the market.
- Repurchase (buyback) of G-Secs is a process whereby the Government of India and State Governments buy back their existing securities, by redeeming them prematurely, from the holders.
- The objectives of buyback can be:
  - ✓ Reduction of cost (by buying back high coupon securities)
  - ✓ Reduction in the number of outstanding securities
  - ✓ Improving liquidity in the G-Secs market (by buying back illiquid securities)
  - ✓ Infusion of liquidity in the system.
  - ✓ Effective cash management by utilising the surplus cash balances.

**86. Which of the following is/are correct in context of Fair and Remunerative Price (FRP) of sugarcane?**

- 1. It is decided on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).**
- 2. Price of sugar is also announced along with the FRP.**

- A. 1 only  
B. 2 only  
C. Both are correct

D. None is correct

**Answer: A**

**Explanation**

- With the amendment of the Sugarcane (Control) Order, 1966 on 22.10.2009, the concept of Statutory Minimum Price (SMP) of sugarcane was replaced with the 'Fair and Remunerative Price (FRP)' of sugarcane for 2009-10 and subsequent sugar seasons.
- The cane price announced by the Central Government is decided on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP) in consultation with the State Governments and after taking feedback from associations of sugar industry.
- The amended provisions of the Sugarcane (Control) Order, 1966 provides for fixation of FRP of sugarcane having regard to the following factors: -
  - ✓ Cost of production of sugarcane
  - ✓ Return to the growers from alternative crops and the general trend of prices of agricultural commodities
  - ✓ Availability of sugar to consumers at a fair price
  - ✓ Price at which sugar produced from sugarcane is sold by sugar producers
  - ✓ Recovery of sugar from sugarcane
  - ✓ The realization made from sale of by-products viz. molasses, bagasse and press mud or their imputed value.
- Price of sugar are market driven & depends on demand & supply of sugar.
- However, with a view to protect the interests of farmers, concept of Minimum Selling Price (MSP) of sugar has been introduced w.e.f. 07.06.2018 so that industry may get atleast the minimum cost of production of sugar, so as to enable them to clear cane price dues of farmers.

**87. Which of the following could be the benefits derived from Ethanol Blending Programme (EBP)?**

1. Reducing pollution
2. Conserve foreign exchange
3. Enabling sugar industry to clear cane price arrears of farmers

- A. 1 only  
B. 2 & 3 only  
C. 2 only  
D. All are correct

**Answer: D**

**Explanation**

- Ethanol is an agro-based product, mainly produced from a by-product of the sugar industry, namely molasses.
- In years of surplus production of sugarcane, when prices are depressed, the sugar industry is unable to make timely payment of cane price to farmers.
- The Ethanol Blending Programme (EBP) seeks to achieve blending of Ethanol with motor spirit with a view to reducing pollution, conserve foreign exchange and increase value addition in the sugar industry enabling them to clear cane price arrears of farmers.
- The Central Government has scaled up blending targets from 5% to 10% under the Ethanol Blending Programme (EBP).
- The procedure of procurement of ethanol under the EBP has been simplified to streamline the entire ethanol supply chain and remunerative ex-depot price of ethanol has been fixed.
- To facilitate achieving of new blending targets, a "grid" which networks distilleries to OMC depots and details quantities to be supplied has been worked out.
- For the first time the Government has also fixed ex-mill price of ethanol derived from B-heavy molasses as well as from 100% sugarcane juice for those mills who will divert 100% sugarcane juice for production of ethanol thereby not producing any sugar.
- This will improve the liquidity of sugar mills thereby enabling them to clear cane price arrears of farmers.

**88. Which of the following is/are correct in context of Pradhan Mantri Fasal Bima Yojana?**

1. It ensures comprehensive risk cover for crops against all non-preventable natural risks from pre-sowing to post-harvest stage.
2. All farmers including sharecroppers and tenant farmers growing the notified crops in the notified areas are eligible for coverage.

- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: C**

**Explanation**

- Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched from Kharif 2016 with aim to support production in agriculture by providing an affordable crop insurance product to ensure comprehensive risk cover for crops of farmers against all non-preventable natural risks from pre-sowing to post-harvest stage. The Scheme has completed 8 crop seasons and is being implemented across States/ Union Territories (UTs).

- After the commencement of the Scheme, The Ministry of Agriculture and Farmers Welfare (MoA&FW), Government of India (GoI) has endeavoured to make the Scheme more effective, transparent and auto administration driven with the intention to minimise manual interventions and eliminate usage of variable methodologies for implementation and execution on the ground.
- All farmers including sharecroppers and tenant farmers growing the notified crops in the notified areas are eligible for coverage.
- Such farmers are required to submit necessary documentary evidence of land records prevailing in the State (Records of Right (RoR), Land possession Certificate (LPC) etc.) and/or applicable contract/ agreement details/ other documents notified/ permitted by concerned State Government in case of sharecropper's/tenant farmers and the same should be defined by the respective States in the notification itself.
- The scheme is optional for all farmers including farmers who have been sanctioned short-term Seasonal Agricultural Operations (SAO) loans/Kisan Credit Card (KCC) for the notified crops from defined FIs (hereinafter referred to as Loanee farmers).
- Existing Loanee farmers who do not want to get covered under the scheme have the option of opting-out from the Schemes by submitting requisite declaration to loan sanctioning bank branches any time during the year but at least seven days prior to the cut-off date for enrolment of farmers for the respective season. All those farmers who do not submit the declaration would be essentially covered.
- In an endeavour to integrate Technology in implementation and execution of the Scheme, Government of India has designed and developed a National Crop Insurance Portal (NCIP) ([www.pmfby.gov.in](http://www.pmfby.gov.in)) which has been in use since Kharif 2018.
- This has brought in better administration and coordination amongst stakeholders viz. Farmers, States, Insurers and Banks as well as ensured real time dissemination of information and transparency in implementation.

**89. Warehousing Development and Regulatory Authority (WDRA) is formed to regulate and ensure implementation of the provisions of the Warehousing (Development and Regulation) Act, 2007 for the development and regulation of warehouses, Regulations of Negotiability of Warehouse Receipts and promote orderly growth of the warehousing business. WDRA works under the aegis of:**

- A. Department of Food and Public Distribution, Ministry of Consumer Affairs
- B. Department of Industrial Policy & Promotion, Ministry of Commerce and Industry
- C. Department of Agriculture cooperation and Farmers welfare, Ministry of Agriculture and Farmers Welfare
- D. None of the above

**Answer: A**

**Explanation**

- The Warehousing Development and Regulatory Authority was established under the Warehousing (Development and Regulation) Act, 2007.

- The mission of the WDRA is to ensure that the interests of the farmers are protected through the growth and development in the warehousing sector.
- The main objectives are to improve the fiduciary trust of depositors and banks, increase liquidity in rural areas, encourage scientific warehousing of goods, lower the cost of financing, promote shorter and efficient supply chains, enhance reward for grading and quality and ensure better price risk management.
- The negotiable warehouse receipts issued by the WDRA will help the farmers to seek loans from banks against the NWRs to avoid distress sales of agricultural produce during the peak marketing season and to avoid the post-harvest storage loss.

**90. Consider the following in terms of Gold Monetisation Scheme:**

1. It does not have the option for the depositors of gold to earn interest on their metal accounts.
2. RBI has made it mandatory for scheduled commercial banks to offer this scheme.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None is correct

**Answer: D**

**Explanation**

- It facilitates the depositors of gold to earn interest on their metal accounts. Once the gold is deposited in metal account, it starts earning interest on the same.
- The rate of interest on such deposit will be decided by the Central Government and notified by the Reserve Bank of India from time to time.
- RBI has allowed scheduled commercial banks to offer the scheme and it is not mandatory.

**91. Which of the following is/are correct in context of Consumer Price Index for Industrial Workers (CPI-IW)?**

1. CPI-IW is managed by the Labour Bureau of the Labour Ministry while CPI- Agricultural Workers (CPI-AL) and CPI-Rural workers (CPI RL) are compiled by Central Statistical Organisation.
2. CPI-IW is used to determine Dearness Allowance (DA) of serving government officers and employees and not that of the retired officers and employees.

- A. 1 only
- B. 2 only
- C. Both are correct
- D. None is correct

**Answer: D**

**Explanation**

Both the statements are correct

- There is a proposal to change Consumer Price Index for Industrial Workers (CPI-IW) to 2016 from 2001.
- It could mean further increase in Dearness Allowance (DA)/Dearness Relief (DR), when revised from next year.
- Yearly inflation as represented by All India CPI-IW is key for calculating DA and DR.
- DA as a percentage of basic pay is paid to serving government officers and employees, while DR as a percentage of basic pensions is for the retired officers and employees.
- CPI-IW is managed by the labour bureau of the Labour Ministry along with CPI- Agricultural Workers (CPI-AL) and CPI-Rural workers (CPI RL).
- However, a more broader retail inflation rate based on Consumer Price Index released by National Statistics Office.

**92. Which of the following statements with respect to project STARS are correct?**

1. The project will cover all UTs initially and then later on will be implemented in all the states.
  2. The project will setup and support the PRAKH, the national assessment center.
  3. It is a World Bank aided project.
  4. The project is a flagship program under ministry of MSME.
- A. 1, 2 and 3 only  
B. 1 and 2 only  
C. 2 and 3 only  
D. 3 and 4 only

**Answer: C**

**Explanation**

Statements 1 and 4 are wrong

- The cabinet has approved Rs 5,718 crores of aid from World Bank to implement project STARS.
- STARS is Strengthening Teaching Learning and Resources for States.
- The project is to be implemented by department of school education and literacy operating under Ministry of Education.
- The project will cover Maharashtra, Himachal Pradesh, Rajasthan, Madhya Pradesh, Odisha and Kerala.
- The focus and components of the project is aligned with national education policy 2020.



- Project will improve overall monitoring of Indian school education system.
- It will shift the focus towards maintaining of outputs by linking the disbursement of funds.
- The STARS project has two major components:
  - ✓ To support the ministry of education by incentivizing States through state incentive grants.
  - ✓ To strengthen Ministry of Education to capture authentic data on transaction, retention and completion rates of students.
- The project supports ministry of education to establish the national assessment centre, PRAKH. The project will also include Contingency Emergency Response Component.
- State level projects under STARS envisage improving learning assessment systems, strengthening early childhood education, and strengthening vocational education, strength in classroom instruction, career guidance and internships.

**93.The Human Cost of Disasters 2000-2019 report is released by which agency?**

- A. UN Department of Humanitarian Affairs
- B. UN Office for Disaster Risk Reduction
- C. All Hands Volunteer
- D. NECHAMA

**Answer: B**

**Explanation**

- Released recently by the UN Office for Disaster Risk Reduction.
- Climate change is largely to blame for a near doubling of natural disasters in the past 20 years.
- 7,348 major disaster events had occurred between 2000 and 2019, affecting 4.2 billion people and costing the global economy some \$2.97 trillion.

**About UNISDR**

- The United Nations Office for Disaster Risk Reduction (UNDDR), created in December 1999, is the successor to the secretariat of the International Decade for Natural Disaster Reduction.
- It was established to ensure the implementation of the International Strategy for Disaster Reduction, that's why it was earlier known as UNISDR.
- It is also overseeing The Sendai Framework for Disaster Risk Reduction 2015-2030, which is the successor instrument to the Hyogo Framework for Action (HFA) 2005-2015.

**94.Which of the following statements wrt Long term repo operation (LTRO) is/are incorrect?**

1. It refers to the rate at which commercial banks borrow money from the RBI in case of shortage of funds.

2. It helps in reducing the liquidity in the banking system.
  3. Funds through LTRO are provided at the repo rate.
  4. LTROs are conducted on Core Banking Solution (E-KUBER) platform
- A. 2 and 4 only  
B. 1 and 3  
C. 1 and 2 only  
D. All of the above

**Answer: C**

**Explanation**

- Long Term Reverse Repo Operation (LTRO) is a mechanism to facilitate the transmission of monetary policy actions and the flow of credit to the economy.
- This helps in injecting liquidity in the banking system.
- Funds through LTRO are provided at the repo rate. This means that banks can avail one year and three-year loans at the same interest rate of one day repo.
- Otherwise usually, loans with higher maturity period (here like 1 year and 3 years) will have a higher interest rate compared to short term (repo) loans.
- LTROs are conducted on Core Banking Solution (E-KUBER) platform.
- The minimum bid amount is Rs 1 crore and multiples thereof.
- There is no restriction on the maximum amount of bidding by individual bidders.

**95. Recently the Nobel Memorial Prize in Economic Sciences has been awarded to Paul R. Milgrom and Robert B. Wilson for improvements to auction theory and inventions of new auction formats. In this context, which of the following statements is/are correct?**

1. In the common-value model, the actual value is the same for everyone, but bidders have different private information ("signals") about what that value actually is.
  2. In private-values model, each bidder knows how much he values the object for sale but his value is private information.
- A. 1 only  
B. 2 only  
C. Both are Correct  
D. None is Correct

**Answer: C**

**Explanation**

- In the common-value model, the actual value is the same for everyone, but bidders have different private information ("signals") about what that value actually is. In this case a bidder would change her estimate of the value if she learned another bidder's signal.
- In contrast, in private-values model, each bidder knows how much he values the object for sale but his value is private information. In contrast to the common-value setting, a bidder's value would be unaffected by learning any other bidder's information.
- Wilson developed a theory for auction of objects of "common value", a value that is "uncertain to begin with but is eventually the same for everyone", such as radio frequency.
- He shows why rational bidders place their bids below their best estimate of common value — they are afraid of the winners' curse, of paying too much and losing out.
- Milgrom generalises the auction theory to look at "private values" which can vary from bidder to bidder (such as an art auction).
- He concludes that sellers realise higher revenue "when bidders learn more about each other's estimated values during bidding".
- With auctions being used to sell "complex objects" such as landing slots, shares and radio frequency, sophistication in auction design has become an imperative.

96. Often in news, Grey List, is:

1. Released by IMF.
  2. Officially referred to as Jurisdictions under Increased Monitoring.
  3. At present Pakistan is the only country in Grey List.
  4. Countries on the list may still face economic sanctions from institutions like the IMF and the World Bank and experience adverse effects on trade.
- A. 1 and 2 only  
 B. 3 and 4 only  
 C. 2 and 4 only  
 D. 1 and 3 only

**Answer: C**

**Explanation**

- Released by FATF, an inter-governmental body established in 1989 on the initiative of the G7.
- Black List: Countries known as Non-Cooperative Countries or Territories (NCCTs) are put in the blacklist. These countries support terror funding and money laundering activities. The FATF revises the blacklist regularly, adding or deleting entries.
- Grey List: Countries that are considered safe haven for supporting terror funding and money laundering are put in the FATF grey list. This inclusion serves as a warning to the country that it may enter the blacklist.

- As of August 2020, there are 18 nations are on this list including Pakistan.
- Countries on the FATF grey list represent a much higher risk of money laundering and terrorism financing but have formally committed to working with the FATF to develop action plans that will address their AML/CFT deficiencies.
- While grey-list classification is not as negative as the blacklist, countries on the list may still face economic sanctions from institutions like the IMF and the World Bank and experience adverse effects on trade.
- In news: FATF is all set to decide on Pakistan's grey list status in a virtual meeting soon.

**97. Which of the following statements are incorrect regarding Additional Tier- 1 bonds?**

1. These bonds have no maturity date.
  2. The issuing bank has the option to call back the bonds or repay the principal after a specified period of time.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: D**

**Explanation**

Both the Statements are correct

- In news: SEBI has tightened its regulations of AT-1 bonds and ensured that these risky instruments are less accessible to retail investors.
- AT-1 bonds are a type of unsecured, perpetual bonds that banks issue to shore up their core capital base to meet the Basel-III norms.
- These have higher rates than tier II bonds.
- These bonds have no maturity date.
- The issuing bank has the option to call back the bonds or repay the principal after a specified period of time.
- The attraction for investors is higher yield than secured bonds issued by the same entity.
- Individual investors too can hold these bonds, but mostly high net worth individuals (HNIs) opt for such higher risk, higher yield investments.
- Given the higher risk, the rating for these bonds is one to four notches lower than the secured bond series of the same bank.
- Banks can now issue these bonds only on electronic platform.
- Only institutional investors could subscribe to them.

- There shall be a minimum allotment size and trading lot size of ₹1 crore.

**98. Which of the following is not amongst the Eight Core Industries?**

- A. Electricity
- B. Pharmaceutical
- C. Cement
- D. Natural Gas

**Answer: B**

Explanation

- The eight core industries include:
  - ✓ Coal
  - ✓ Crude oil
  - ✓ Natural gas
  - ✓ Refinery products
  - ✓ Fertilizers
  - ✓ Steel
  - ✓ Cement
  - ✓ Electricity.
- These are called core industries because of their likely impact on general economic activity as well as other industrial activity.

**99. Consider the following actions which the Government can take:**

1. Devaluing the domestic currency.
2. Reduction in the export subsidy.
3. Adopting suitable policies which attract greater FDI and more funds from FIIs.

**Which of the above action/actions can help in reducing the current account deficit?**

- A. 1 and 2
- B. 2 and 3
- C. 3 only
- D. 1 and 3

**Answer: A**

### Explanation

- Option 3 will impact the long term thing, not Current Account.
- The current account measures the flow of goods, services, and investments into and out of the country.
- It represents a country's foreign transactions and, like the capital account, is a component of a country's Balance of Payments (BOP).
- There is a deficit in Current Account if the value of the goods and services imported exceeds the value of those exported.
- A nation's current account maintains a record of the country's transactions with other nations that includes net income, including interest and dividends, and transfers, like foreign aid. It comprises of following components:
- Trade of goods, Services, and Net earnings on overseas investments and net transfer of payments over a period of time, such as remittances.

**100. Which of the following statements is/are correct in context of Import Substitution Industrialisation (ISI)?**

1. It is a trade and economic policy that advocates encouraging foreign imports to maximise production of industrialised goods.
2. In order to spur domestic production, the domestic government usually follows the path of subsidization of vital industries.

- A. 1 only  
B. 2 only  
C. Both are Correct  
D. None is Correct

**Answer: B**

### Explanation

- Statement 1 is incorrect as Import substitution industrialization (ISI) as a trade and economic policy advocates replacing foreign imports with domestic production.
- It is based on the premise that a country should attempt to reduce its foreign dependency through the local production of industrialized products.
- It has been enacted by various developing countries with the intention of producing development and self-sufficiency by the creation of an internal market.
- The state leads economic development by nationalization, subsidization of vital industries (agriculture, power generation, etc.), increased taxation, and highly-protectionist trade policies.
- Most developing countries abandoned it in the 1980s and after the fall of the Soviet Union.

- While market economists are divided on import-substitution policies, the success of the East Asian economies, particularly Taiwan and China, presents a viable case for the strategic use of Import-Substitution Industrialisation (ISI) policies, but only when applied alongside Export-oriented Industrialisation (EOI).
- India had comprehensive import-substitution policies in place between 1947 and 1990 as well. But, in the absence of the strategic identification of sectors for implementing the ISI policy and a concomitant fillip to exports, they proved to be disastrous.
- If they are successful this time, India must learn from its own past and its peers. Only a limited and targeted import-substitution policy combined with aggressive export promotion can make Atmanirbhar Bharat a \$5-trillion economy.

**101. Which of the following statements are correct regarding India's first seaplane project?**

1. It will connect Sabarmati Riverfront in Ahmedabad to the Statue of Unity in Kevadia.
  2. The water aerodrome is not a listed project/activity in the Schedule to the Environmental Impact Assessment Notification, 2006 and its amendments.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: C**

**Explanation**

- India's first seaplane service in Gujarat is set to begin from 31 October, the anniversary of Sardar Vallabhbhai Patel.
- It will connect Sabarmati Riverfront in Ahmedabad to the Statue of Unity in Kevadia.
- The service will be operated by Spice jet Airlines.
- Unlike a conventional aircraft, a seaplane can land both on a water body and on land, thereby opening up more opportunities for business and tourism.
- Such projects provide faster and hassle free travel option for the long, treacherous and hilly regions of the country.
- The water aerodrome is not a listed project/activity in the Schedule to the Environmental Impact Assessment Notification, 2006 and its amendments.
- However, the Expert Appraisal Committee was of the opinion that the activities proposed under the water aerodrome project may have a similar type of impact as that of an airport.
- In Narmada, the Shoolpaneshwar Wildlife Sanctuary is located at an approximate aerial distance of 2.1 km from the proposed project site.

- Inland Waterways Authority of India (IWAI) will manage the Project of Seaplane in Inland Waterways and Sagarmala Development Company Limited (SDCL) will manage the Projects of seaplane in Coastal Areas.

**102. Based on the following statements identify the type of bond?**

1. It is a promise to be liable for the debt, default, or failure of another.
  2. It is a three-party contract by which one party guarantees the performance or obligations of a second party to a third party.
  3. They provide financial guarantee that the contract will be completed according to pre-defined and mutual terms.
- A. General Obligation Bonds  
B. Surety Bonds  
C. Revenue Bonds  
D. Conduit Bonds

**Answer: B**

**Explanation**

- A surety is a person or party that takes responsibility for the debt, default or other financial responsibilities of another party.
- A surety is often used in contracts where one party's financial holdings or well-being are in question and the other party wants a guarantor.
- Surety bonds are financial instruments that tie the principal, the obligee—often a government entity—and the surety.
- In the case of surety bonds, the surety is providing a line of credit to the principal so as to reassure the obligee that the principal will fulfill their side of the agreement.
- Big construction and infrastructure projects may soon witness the concept of surety bond as an option and alternate to bank guarantees. A Working Group of insurance regulator IrDAI has already recommended issuance of surety bonds by insurance companies which will function as the performance or delivery obligation to complete an insured project.
- The performance bonds issued may cover up to 10-20 per cent or sometimes guarantee 100 per cent of the project value.
- Surety bonds are typically conditional, while bank guarantees are on demand, and are offered as insurance products in the global market.
- In the wake of rising NPAs and banks' reluctance to give bank guarantees, The National Highways Authority of India (NHAI) received representations from contractors and developers as obtaining bank guarantees were becoming very difficult.



103. Which of the following statements is/are correct about the new Consumer Price Index (Industrial Workers) CPI-IW?

1. In the new series, the Geometric mean based methodology is used for compilation of indices as against Arithmetic mean used earlier.
2. The new base year for CPI-IW is 2018.

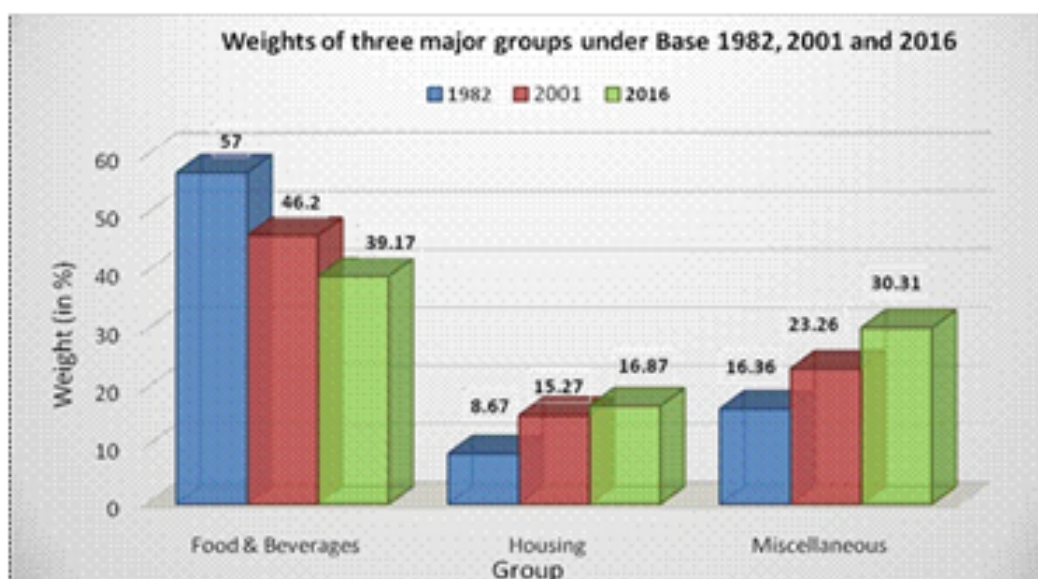
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: A**

**Explanation**

(The new base year for CPI-IW is 2016).

- The labour ministry has recently revised the base year for consumer price index for industrial workers (CPI-IW) to 2016 from 2001.
- The retail inflation measured in terms of CPI-IW is the single most important price statistics with financial implications.
- The CPI-IW is primarily used to regulate the dearness allowance of government employees and the workers in the industrial sectors.
- It is also used in the fixation and revision of minimum wages in scheduled employments besides measuring the inflation in retail prices.
- It is estimated that the move will lead to "depression" in dearness allowance (DA) paid to workers.
- In the new series, as per the direction of Technical Advisory Committee (TAC) on Statistics of Prices and Cost of Living (SPCL), the Geometric mean based methodology (GM of Price Relatives) is used for compilation of indices as against Arithmetic mean used in 2001 series.



**104.BANDICOOT recently heard in news are?**

- A. A new variety of coffee introduced in Coorg.
- B. New surface to air missile radar, developed by DRDO.
- C. A new types of robots.
- D. A new wheat variety, also called high yielding aestivum.

**Answer: C**

**Explanation**

- The automatic sewer cleaning robot has been procured by the Greater Mohali Area Development Authority.
- The BANDICOOT robot is also the first of its kind in the world that was developed by a Start-up India company called Genrobotics under the Make in India initiative, funded by CSR of Indian Oil Corporation Limited (IOCL).
- The robot would be a big relief for sanitation workers in the Covid times as it ensures zero physical contact with the sewage and helps workers stay away from the virus.

**105.World Employment and Social Outlook is launched by?**

- A. United Nations Conference on Trade and Development
- B. World Bank Group
- C. International Labor Organization
- D. International Monetary Fund

**Answer: C**

**Explanation**

- The WESO report is an initiative of the International Labour Organization (ILO).
- ILO forecasts that unemployment will rise by about 2.5 million this year.
- The ILO is a UN agency whose mandate is to advance social justice and promote decent work by setting international labour standards.
- The report analyses key labour market issues, including unemployment, labour underutilization, working poverty, income inequality, labour income share and factors that exclude people from decent work.

**106.Which of the following statements are correct in context of the recently enacted farm law Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020?**

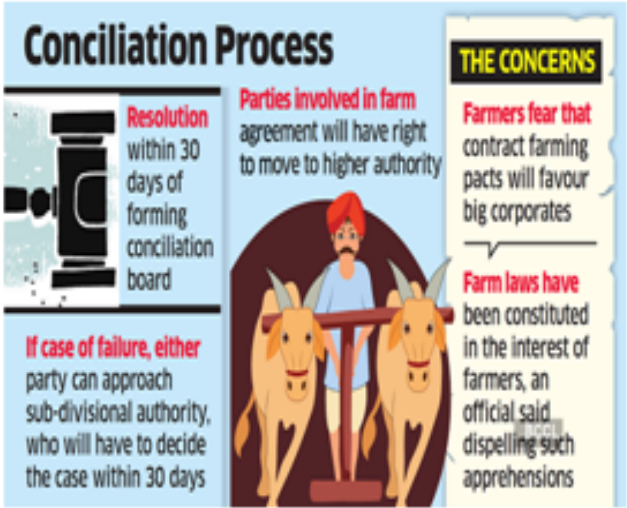
1. Sub-divisional magistrate would be the dispute resolving authority.

2. The process of conciliation should be completed within a year from the date of appointment of conciliation board.

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

**Answer: A**

**Explanation**

- The sub-divisional magistrate would resolve the dispute by forming a conciliation board having equal representation from both sides.
  - The process of conciliation should be completed within 30 days from the date of appointment of conciliation board.
  - If the conciliation board fails to resolve the dispute, either of the party can approach sub divisional authority, who will have to decide the case within 30 days of filing application after proper hearing
  - Cases where land of farmers fall across more than one sub divisions, the sub-divisional magistrate having jurisdiction over the largest portion of the land would be the deciding authority.
- 

**Conciliation Process**

**Resolution** within 30 days of forming conciliation board

**Parties involved in farm agreement** will have right to move to higher authority

**THE CONCERNS**

Farmers fear that contract farming pacts will favour big corporates

Farm laws have been constituted in the interest of farmers, an official said dispelling such apprehensions

If case of failure, either party can approach sub-divisional authority, who will have to decide the case within 30 days
- The parties involved in the farm agreement will have the right to move to higher authority for review.
  - The collector of the concerned district or the additional collector nominated by the collector would be the appellate authority.
  - The aggrieved party may, within thirty days of passing of such order, file an appeal to the appellate authority in physical or electronic format.
  - The authority then would have to dispose of the case within 30 days from the date of filing of such appeal, after giving the concerned parties a reasonable opportunity of being heard.
  - The order passed by the appellate authority would have the force of the decree of the civil court.


107. Beijing Platform for Action recently heard in news is related with:

- A. Belt and Road initiative
- B. Population in China
- C. Women's Rights
- D. Global Terrorism

**Answer: C**

### Explanation

- The year 2020 will mark the twenty-fifth anniversary of the Fourth World Conference on Women and adoption of the Beijing Declaration and Platform for Action (1995).
- Produced at the Fourth World Conference on Women in 1995, the Beijing Declaration and Platform for Action calls for immediate and concerted action to assist women and girls to fully realise their rights.
- Protection, assistance and training for internally displaced women is a key strategic objective of the Beijing Declaration, and the text identifies actions that governments, together with non-governmental organizations, should take to support them.
- The text has been adopted by 189 countries and is reviewed every five years to monitor implementation.

LIVELIHOODS	EDUCATION	HEALTH	SECURITY	SHELTER
				
Ensure they have full access to economic opportunities (58(f)) Ensure they have access to quality education & training to improve their work opportunities (82(x))	Ensure they have equal access to education (147(f)) & improve literacy rates (81(a)) Facilitate the availability of educational materials in appropriate language to minimise disruption to their children's education (147(g))	Ensure they have equal access to social & health services, including reproductive health-care & maternity care (147(f))	Take steps to protect their safety & physical integrity & provide justice (147(c)) Eliminate violence against them (126(d))	Ensure they have equal access to food, water & shelter (147(f))

### 108.Future of Jobs report 2020 is released by:

- World Bank Group
- International Monetary Fund
- United Nations Economic and Social Council
- World Economic Forum

**Answer: D**

### Explanation

- The Future of Jobs 2020 report has found that COVID-19 has caused the labour market to change faster than expected.
- The research released recently by the World Economic Forum indicates that what used to be considered the “future of work” has already arrived.
- By 2025, automation and a new division of labour between humans and machines will disrupt 85 million jobs globally in medium and large businesses across 15 industries and 26 economies.
- More than 80% of business executives are accelerating plans to digitize work processes and deploy new technologies; and 50% of employers are expecting to accelerate the automation of some roles in their companies.
- By 2025, employers will divide work between human and machines equally.
- Roles that leverage human skills will rise in demand. Machines will be primarily focused on information and data processing, administrative tasks and routine manual jobs for white- and blue-collar positions.

**109. National Program and Project Management Policy Framework (NPPMF) is launched by:**

1. NITI Aayog
  2. Ministry of Commerce and Industry
  3. Quality council of India
  4. Ministry of Micro, Small and Medium Enterprises
- A. 1 and 2 only  
B. 1 and 3 only  
C. 1 and 4 only  
D. 2 and 4 only

**Answer: B**

**Explanation**

- It is introduced with the aim of bringing radical reforms in the way infrastructure projects are executed in India.
- Indian Infrastructure Body of Knowledge (InBoK), a book on the practice of program and project management was launched under it.
- This framework aims to formulate radical reforms in the way large and mega infrastructure projects are managed in India, with an action plan to:
  - Adopt a program and project management approach to infra development
  - Institutionalize and promote the profession of program and project management and build a workforce of such professionals,
  - Enhance institutional capacity and capability of professionals.

**110. Which of the following statements regarding Climate Finance Shadow Report 2020 are incorrect?**

1. It is released by UN Environment Program (UNEP)
  2. It highlights that debt is not being utilised enough to mobilise \$100 billion every year for Climate Finance.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: C**

**Explanation**

- It is released by OXFAM.

- Developed countries had committed in 2009 to mobilise \$100 billion every year by 2020 to help developing countries cut their carbon dioxide emissions and adapt to the effects of climate change.
- But around \$47 billion of the total climate financing of \$59.5 billion pledged in 2017-2018 was forwarded as loans, according to Oxfam's Climate Finance Shadow Report 2020.
- Providing climate financing in the form of loans and other non-grant instruments "risked contributing to the unsustainable debt burdens of many low-income countries".
- Oxfam said climate financing could be funded through a range of sources, including redirecting some fossil-fuel subsidies which cost governments over \$320 billion in 2019 alone.
- Parties at the 26th Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC) that will take place in November 2021 (Glasgow, Scotland) should agree to a number of things.
- Parties should agree to accelerate the scale-up of grant-based financing for adaptation and reduce the share of climate financing provided in the form of loans. They should also rule out non-concessional climate financing and accounting standards under the UNFCCC for all donors.

**111. Which of the following statements are incorrect about Pradhan Mantri Bhartiya Janaushadhi Pariyojana?**

1. It was launched by Ministry of Chemicals & Fertilizers.
2. The objective is to provide branded medicines at subsidized prices for BPL group.
3. It is applicable to only medicines and not other medicinal products.

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

**Answer: B**

**Explanation**

- Only 1 is correct
- Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) was launched by the Department of Pharmaceuticals in 2008 under the name Jan Aushadi Campaign.
- Bureau of Pharma PSUs of India (BPPI) is the implementation agency for PMBJ
- The Bureau of Pharma PSUs of India works under the Ministry of Chemicals & Fertilizers.

## Pradhan Mantri Bhartiya Janaushadhi Pariyojana

- ✓ Launched during the 11th plan period in November, 2008
- ✓ Number of Jan Aushadhi stores: 3000 by March 2017
- ✓ Coverage: All the Districts in the Country
- ✓ Number of medicinal products: 1000
- ✓ Type of Products: Medicines, Surgicals & Consumables, Stents & Replacements etc
- ✓ Income of Rs. 10,000/- per month up to a limit of Rs. 2.5 lakhs
- ✓ Income of Rs. 15,000 and total limit of Rs. 2.5 lakhs for NE

**Bureau of Pharma PSU of India (BPPI)**  
Under the Aegis of Department of Pharmaceuticals  
Government of India



- PMBJP stores have been set up to provide generic drugs, which are available at lesser prices but are equivalent in quality and efficacy as expensive branded drugs.
- It also intends to extend the coverage of quality generic medicines so as to reduce the out of pocket expenditure on medicines and thereby redefine the unit cost of treatment per person.
- It will create awareness about generic medicines through education and publicity so that quality is not synonymous with an only high price.
- GOI had decided to re-name the BPPI as the Pharmaceuticals & Medical Devices Bureau of India (PMBI) and to set up a Pharma Bureau as a Single point interface of the Department of Pharmaceuticals.

**112.T+1 system recently heard in news is associated with which of the following?**

- A. FICCI
- B. RBI
- C. ASSOCHAM
- D. SEBI

**Answer: D**

**Explanation**

- The Securities & Exchange Board of India (SEBI) might soon offer a faster settlement trading system.
- The market regulator is considering lowering the settlement cycle for completion of share transactions to T+1 (trade plus one day)
- This means that the shares would be transferred to the buyer's Demat account the day after the transaction, and the seller would receive the proceeds.
- At present, trades are settled two working days after the transaction is done.
- SEBI is of the view that the shift to T+1 can be implemented once the market adjusts to the new margin system.
- India moved to the T+2 settlement cycle from the T+3 cycle in April 2003.
- The measure will help boost liquidity, improve efficiency and reduce payment-related risks to brokers and the system.

**113.Which of the following statements regarding Sovereign Wealth Fund are correct?**

1. A sovereign wealth fund is a state-owned investment fund comprised of money generated by the government, often derived from a country's surplus reserves.
2. Sovereign wealth funds are not permitted to invest in India under current norms due to security reasons.
3. National Investment and Infrastructure Fund (NIIF) is an example of SWF.

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

**Answer: C**

**Explanation**

- A sovereign wealth fund is a state-owned investment fund comprised of money generated by the government, often derived from a country's surplus reserves.
- Popular sources for SWF are surplus reserves from state-owned natural resource revenues, trade surpluses, bank reserves that may accumulate from budgeting excesses, foreign currency operations, money from privatizations, and governmental transfer payments.
- National Investment and Infrastructure Fund (NIIF) was set up as a sovereign wealth fund and is registered with the Securities and Exchange Board of India (SEBI) under SEBI Regulations, 2012 as a Category II Alternate Investment Fund (AIF).
- It provides long-term capital for infra-related projects.
- The Central Board of Direct Taxes (CBDT) has exempted dividend, interest and long term capital gains made by sovereign wealth fund MIC Redwood 1 RSC Limited, Abu Dhabi United Arab Emirates in India from income tax subject to certain conditions.
- The exemption has been given under the clause 23 FE of section 10 of the Income Tax Act which allows sovereign wealth funds to invest in infrastructure projects in India subject to conditions including prohibition from undertaking any commercial activity within or outside India.
- Exemption will be allowed on investments made by the fund till March 31, 2024, the CBDT said in a notification dated November 2.
- The fund will have to fulfil several other conditions to get the exemption, including filing of income tax returns for the years that the investment is made till the time it's liquidated, auditing of its books, quarterly statement of investments besides a segmented account of income and expenditure in respect of such investment which qualifies for exemption.
- The fund will continue to be owned and controlled, directly or indirectly, by the Government of the Abu Dhabi at all times and will be regulated under the law of the Government of Abu Dhabi.
- No portion of the earnings will be credited to any private person, the conditions state further.
- The fund will not have any loan, borrowing, advances, deposits or investment in it of any kind directly or indirectly from any person other than the Government of the Abu Dhabi, while only surplus fund of the Government of Abu Dhabi can be invested into the fund.
- A monitoring mechanism to protect the investment will have to be set up by the fund, but it will not manage or control daily operations or appoint executive directors.
- The conditions also bar the fund from carrying out asset management for a third party.



- India has permitted investments by sovereign wealth funds, the Abu Dhabi Investment Authority and pension funds from other countries in 34 odd categories of infrastructure projects with the addition of affordable rental housing complexes in August.

**114. "Interstate Migrant Policy Index" (IMPEX) has been brought out by which of the following?**

- A. India Migration Now
- B. UNHCR -- The UN Refugee Agency
- C. DISHA foundation
- D. International Organization for Migration

**Answer: A**

**Explanation**

- The Mumbai based research non-profit India Migration Now has recently released "Interstate Migrant Policy Index" (IMPEX).
- The index measures integration of interstate migrants.
- The average IMPEX score of India is 37 out of 100.
- According to the index, the states of Kerala, Goa, Rajasthan and Andhra Pradesh have been most successful in integrating migrant workers.
- On the other hand, Delhi has the least Interstate Migrant Policy Index.
- The index helps India to evolve policy for 455 million internal migrants.
- According to Census 2011, there are 455 million internal migrants in the country.
- The IMPEX is a regional adaptation of the international Migrant Integration Policy Index, conceptualised by the Migration Policy Group and the Barcelona Centre for International Affairs, both nonprofit policy think-tanks based in Europe.
- IMPEX examines eight policy areas--child rights, education, health and sanitation, housing, identity and registration, labour market, social benefits and political inclusion.

**115. Which one of the following statements appropriately describes the "fiscal stimulus"?**

- A. It is a massive investment by the Government in manufacturing sector to ensure the supply of goods to meet the demand surge caused by rapid economic growth.
- B. It is an intense affirmative action of the Government to boost economic activity in the country.
- C. It is Government's intensive action on financial institutions to ensure disbursement of loans to agriculture and allied sectors to promote greater food production and contain food inflation.
- D. It is an extreme affirmative action by the Government to pursue its policy of financial inclusion.

**Answer: B**

### Explanation

- Fiscal stimulus refers to increasing government consumption or transfers or lowering taxes.
- It refers to targeted fiscal and monetary policy intended to elicit an economic response from the private sector.
- It is a conservative approach to expansionary fiscal and monetary policy that relies on encouraging private sector spending to make up for losses of aggregate demand.
- Its measures are deficit spending and lowering taxes; monetary stimulus measures are produced by central banks and may include lowering interest rates.
- Economists still argue over the usefulness of coordinated fiscal stimulus, with some claiming that in the long run it can do more harm than short-term good.

### 116. Which of the following statements are correct about IPO- Initial public offering?

1. IPO refers to the process of offering shares of a private corporation to the public in a new stock issuance.
2. A company offering its shares to the public is not obliged to repay the capital to public investors.
3. RBI regulates the entire process of IPO'S in India.

- A. 1 only  
B. 1 and 2 only  
C. 2 only  
D. 1, 2 and 3

**Answer: B**

### Explanation

- SEBI regulates the entire process of investment via an IPO in India.
- Initial public offering is the process by which a private company can go public by sale of its stocks to general public.
- It could be a new, young company or an old company which decides to be listed on an exchange and hence goes public.
- Companies can raise equity capital with the help of an IPO by issuing new shares to the public or the existing shareholders can sell their shares to the public without raising any fresh capital.
- A company offering its shares to the public is not obliged to repay the capital to public investors.
- The company which offers its shares, known as an 'issuer', does so with the help of investment banks.
- After IPO, the company's shares are traded in an open market.
- Those shares can be further sold by investors through secondary market trading.
- SEBI regulates the entire process of investment via an IPO in India.

- Recently, Indore-based Enking International plans on becoming the world's first company that operates in the carbon markets space to go in for an IPO.
- These are market-tradeable instruments that are issued to entities whose projects reduce carbon dioxide emissions.

**117. Kamath committee recently heard in news is related to which of the following?**

- A. To decide the appropriate level of reserves that the RBI should hold
- B. Security Analysis and Investment Management.
- C. Restructuring of stressed accounts.
- D. Comprehensive Financial Services for Small Businesses and Low Income Households.

**Answer: C**

**Explanation**

- The K.V. Kamath committee recommended a graded approach to restructuring of stressed accounts based on severity of the impact on the borrowers.
- The committee has allowed banks to classify the accounts into mild, moderate and severe as recommended by the committee.
- In line with the mandate given by the RBI, Kamath committee has identified four financial parameters including total outside liabilities to adjusted tangible network, total debt to EBITDA, debt service coverage ratio (DSCR), average debt service coverage ratio (ADSCR).



**118. Which of the following statements are correct about OMO – Open Market Operations?**

1. It is market operation conducted by RBI by way of sale/purchase of government securities to/from the market.
  2. If there is excess liquidity, RBI resorts to purchase of securities and sucks out the rupee liquidity.
- A. 1 only
  - B. 2 only
  - C. Both 1 and 2
  - D. Neither 1 nor 2

**Answer: A**

**Explanation**

- If there is excess liquidity, RBI resorts to sale of securities and sucks out the rupee liquidity.)
- Open Market Operations (OMOs) are market operations conducted by RBI by way of sale/purchase of government securities to/from the market with an objective to adjust the rupee liquidity conditions in the market on a durable basis.
- If there is excess liquidity, RBI resorts to sale of securities and sucks out the rupee liquidity.
- Similarly, when the liquidity conditions are tight, RBI buys securities from the market, thereby releasing liquidity into the market.
- It is one of the quantitative (to regulate or control the total volume of money) monetary policy tools which is employed by the central bank of a country to control the money supply in the economy.



**119. A situation when the price charged is more than or less than the equilibrium price determined by market forces of demand and supply is known as**

- Price Gap
- Price Floor
- Price Ceiling
- Group Pricing

**Answer: B**

### Explanation

- Price floor is a situation when the price charged is more than or less than the equilibrium price determined by market forces of demand and supply.
- By observation, it has been found that lower price floors are ineffective.
- Price floor has been found to be of great importance in the labour-wage market.
- Minimum wage laws have been passed in various countries to determine the minimum wages to be paid to the worker.
- Minimum wages are formulated from the demand-supply curve of labour.
- This helps the government ensure higher wages and a good standard of living for the workers.



**120. Which of the following statements are correct about Jeevan Pramaan Patra?**

1. It is a digital life certificate for pensioners.
2. India Post Payments Bank has launched the doorstep Digital Life Certificate (DLC) service for pensioners.
3. EPS pensioners can now submit DLC at any time during the year, as per their convenience.

- A. 1 and 2 only  
B. 1 and 3 only  
C. 2 and 3 only  
D. 1, 2 and 3

**Answer: D**

**Explanation**

- Digital Life Certificate or Jeevan Pramaan is a biometric-enabled digital service for pensioners.
- This service can be availed without being physically present at the pension disbursing agency or have the Life Certificate issued by the authority.
- Pensioners have to submit Jeevan Pramaan Patra (JPP) / Digital Life certificate (DLC) each year to continue drawing pension.
- Owing to the current scenario, the Employees' Provident Fund Organization (EPFO) has facilitated multiple options for EPS pensioners to submit their DLC, close to their home or at their door step.
- Recently, India Post Payments Bank (IPPB) has launched the doorstep Digital Life Certificate (DLC) service for pensioners.
- EPS pensioners can now submit online request for availing doorstep DLC service on payment of a nominal fee.
- A postman from the nearest Post Office will visit a pensioner and complete the process of generating DLC at the home of the pensioner only.
- EPS pensioners can now submit DLC at any time during the year, as per their convenience.
- The life certificate will remain valid for one year from date of submission of DLC.
- The pensioners who have been issued Pension Payment Order (PPO) in 2020 need not upload JPP till completion of one year.
- Earlier, all EPS pensioners were required to submit the DLC in the month of November.

**121. Which of the following are correct about Transferable Development Rights- TDR?**

1. TDR was introduced in India with the Farmers (Empowerment and Protection) Agreement of Price Assurance Bill 2020.
2. TDR certificates can be traded in the market for cash.

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

Answer: B

Explanation

- Transferable Development Rights or TDR can be considered as an important raw material in the real estate industry.
- It allows the developer to build over and above the permissible Floor Space Index (FSI) under the prevalent rules of the respective locations.
- On the back of growing urbanization and lack of availability of space, TDR assumes a greater importance especially in the suburban areas of the cities.
- When the Government undertakes compulsory acquisition of individual land parcels for creating infrastructural projects, it is required to compensate the land owners.
- The compensation provided by the Government is usually lower than the market rate, and hence they introduced the concept of Transferable Development Rights.
- Under the TDR route, the government acquires land from the landowner in exchange for development rights that are transferred to the landowner.
- Such 'development rights,' issued as Development Rights Certificate (DRC), empowers the owner to go for extra floor area ratio (FAR), which shall be fixed by the government.
- FAR is the ratio of the total floor area of a building in a certain location, to the size of the land it occupies and the permissible floor area which can be built is restricted at this prescribed ratio.
- TDR allows the developers to exceed the mandatory FAR and allow them to build additional floors in a building.
- The greatest advantage of TDR is its flexibility in use – it can either be used by the landowner on the remaining portion of the land after the acquisition or be utilised on any other property of personal choice.
- It can also be traded to other parties for an agreed sum of money.
- The TDR scheme is found to have effectively addressed the long, complicated, and costly process of land acquisition in urban areas for public purpose.
- Mumbai was the first city in India to introduce TDR in 1991, finding its success in the city of New York.
- Various types of TDRs can be designed such as slum TDR; amenities TDR, low-cost housing TDR, and heritage TDR, to list a few.
- The government need not spend anything for any of these development activities but has to issue DRCs to builders and developers, who could be engaged in the development of roads, slums, and social amenities.



- Based on the stage of development, a city is classified into various zones like fully developed, moderately developed and sparsely developed.
- The Transferable Development Rights are usually transferred from the fully developed zones to other zones and not vice-versa.
- The underlying principle of such utilization is also to facilitate development of the underdeveloped areas.

### Purpose and Types of Transferable Development Rights..

#### Purposes:

- Landmark preservation
- Preservation of fragile lands
- As a method of encouraging the construction of moderate and low income Housing.
- As a method of regulating the location and limiting of the community growth.
- To provide for acquisition of land under reservation for urban services.
- Open space preservation
- As a tool for land use regulation

#### Following types are accountable as TDR:

- Heritage
- Reservation
- Slum
- Road
- Amenity
- Agriculture



- Just as the stock market, cities like Mumbai do have a huge TDR market in place.
- As these TDR certificates can be traded in the market for cash, most of the developers purchase the same and utilize them for increasing their permissible development rights.
- TDR trading follows the open market principle wherein the pricing is entirely driven by demand, supply and availability and there is no Government control over the same.
- In most of the cases, an average person does not get to know about the way TDR is bought, sold or transacted.

### 122. International Fund for Agricultural Development (IFAD) is a specialized agency of

- United Nations
- World Rural Forum Association
- Bioversity International
- International Co-operative Alliance

**Answer: A**

#### Explanation

#### What is climate finance?

- According to UNFCCC Climate finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.
- Only 1.7 per cent of climate finance — a fraction of what is needed — goes to small-scale farmers in developing countries despite their disproportionate vulnerability to the impacts of climate change, according to a recent report released by the UN's International Fund for Agricultural Development (IFAD) and Climate Policy Initiative (CPI).
- The report adds that small-scale agriculturists encounter a number of challenges in accessing the funds they need.
- India's governmental support for agriculture was estimated in the early 2010s at \$85 billion per year.

- There are around 21.6 crore small and marginal farmers (or 4.3 crore families) who actually are reeling under distress due to cycles of unseasonal rains and droughts.
- “Assessment of Climate Change over Indian Region” report published by the Ministry of Earth Sciences (MoES) mentions that since the middle of the twentieth century, India has witnessed a rise in average temperature; a decrease in monsoon precipitation; a rise in extreme temperature and rainfall events, droughts, and sea levels; and an increase in the intensity of severe cyclones, alongside other changes in the monsoon system.
- According to the Ministry of Environment, “India’s action on climate change is guided by the National Action Plan on Climate Change, which is operationalised through eight missions each having its own budget and action plan. Hence, a separate fund for climate action has not been found to be necessary”.

## What is Climate Finance?

5

- No internationally agreed definition
- Often understood as “new and additional” public financial assistance for developing countries
- Other financing sources, such as foreign direct investments and regular budgetary expenditures, are also included.



Source: CDKN. Further info: [WBI website](#)

One UN Training Service Platform on Climate Change: UN CC:Learn

Section 1: Introduction to Climate Change Finance

### Who we are

IFAD is a specialized United Nations agency and an International Financial Institution, established in 1977

Together with FAO and WFP, IFAD based its headquarters in Rome as a UN agency committed to ensure rural poverty reduction and **food security**

IFAD was created to form global alliances across geographic and ideological boundaries that bring people together for the shared goal of eradicating poverty and hunger

The Fund is a unique partnership of members of OPEC, other developing countries and members of the OECD



### 123. Global Bribery Risk Matrix is released by

- A. IMF
- B. LANCET
- C. TRACE
- D. OXFAM

**Answer: C**

#### Explanation

- India is at 77th position with a score of 45 in a global list that measures business bribery risks of 2020.
- The list by TRACE, an anti-bribery standard setting organisation, measures business bribery risk in 194 countries, territories, and autonomous and semi-autonomous regions.
- According to this year’s data, North Korea, Turkmenistan, South Sudan, Venezuela and Eritrea present the highest commercial bribery risk, while Denmark, Norway, Finland, Sweden and New Zealand present the lowest.
- In 2019, India’s rank stood 78 position with a score of 48 while in 2020 the country was ranked 77 with a score of 45, the data showed.



- The score is based on four factors: business interactions with government, anti-bribery deterrence and enforcement, government and civil service transparency, and capacity for civil society oversight, including the role of the media.
- India fared better than its neighbours – Pakistan, China, Nepal and Bangladesh. Bhutan, meanwhile, secured 48th rank with a score of 37.
- Apart from India, Peru, Jordan, North Macedonia, Colombia and Montenegro also have a score of 45 in the matrix.
- Somalia moved out of the bottom ranking, which it held from 2017 to 2019, and is now ranked 187th out of 194.
- The TRACE Bribery Risk Matrix measures the likelihood of bribe demands in 194 jurisdictions.
- It was originally published in 2014 to meet a need in the business community for more reliable, nuanced information about the risks of commercial bribery worldwide
- The matrix aggregates relevant data obtained from leading public interest and international organisations, including the United Nations, World Bank, V-Dem Institute at the University of Gothenburg and World Economic Forum.
- This data helps companies to assess the likely risk of bribe demands in each country and to design compliance and due diligence programs tailored to that risk, it said.

**124.Mission Purvodaya is launched by**

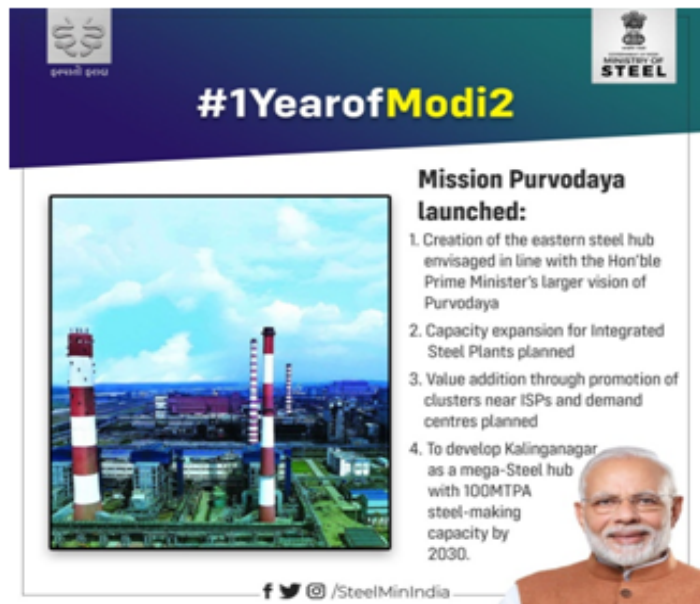
- A. Ministry of Agriculture & Farmers' Welfare
- B. Ministry of Home Affairs
- C. Ministry of Steel
- D. Ministry of Chemicals and Fertilizers

**Answer: C**

**Explanation**

- Mission Purvodaya will drive eastern India towards self-reliance and contribute to making of an Aatmanirbhar Bharat.
- Purvodaya-Accelerated Development of Eastern Region through an Integrated Steel hub, in line with Prime Minister's Vision for focused development of the Eastern States
- The proposed Integrated Steel Hub, encompassing Odisha, Jharkhand, Chhattisgarh, West Bengal and Northern Andhra Pradesh, would lead to comprehensive socio-economic growth of Eastern India.
- The objective of this hub would be to enable swift capacity addition and improve overall competitiveness of steel producers both in terms of cost and quality.
- In addition to increased steel capacity, this hub would also help enhance best-in- class value addition capabilities.
- The Integrated Steel Hub would focus on 3 key elements:

- ✓ Capacity addition through easing the setup of greenfield steel plants
  - ✓ Development of steel clusters near integrated steel plants as well as demand centres
  - ✓ Transformation of logistics and utilities infrastructure which would change the socio-economic landscape in the East
- These elements would be supported through additional enablers such as ensured availability of raw materials, presence of supporting industries such as capital goods and well-established avenues for skill development.



125. Which of the following statements are incorrect about Negative Yield Bond?

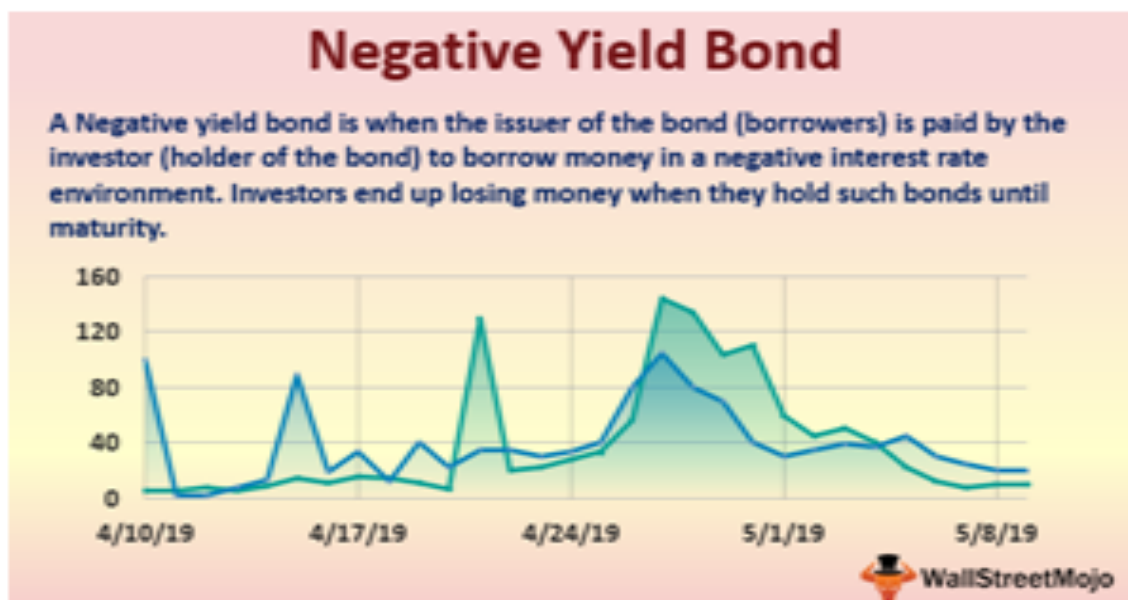
1. A negative bond yield is when an investor receives less money at the bond's maturity than the original purchase price for the bond.
  2. Even when factoring in the coupon rate or interest rate paid by the bond, a negative-yielding bond means the investor lost money at maturity.
  3. Negative-yielding debt issued by governments usually has no effect on other fixed-income securities.
- A. 2 only  
B. 2 and 3 only  
C. 1 and 2 only  
D. 3 only

**Answer: D**

**Explanation**

- Negative-yielding bonds are financial instruments that cause purchasers to lose money.
- They are usually issued by governments in countries with low or negative interest rates and bought by investors who want to keep money safe or avoid worse yields.

- Sub-zero debt is growing and corporate issuers are starting to issue bonds with negative yields as well.
- With negative-yielding bonds, investors won't receive enough in coupons or par value payments to make up for the cost of the bond.
- Negative-yielding debt is not new in Europe and Japan where these bonds are issued by European and Japanese governments.
- In Japan, the interest rate set by the government is below 0%.
- With a negative interest rate, the central bank charges banks for keeping deposits. This is a monetary policy that tries to encourage banks to lend out money and stimulate the economy. The same strategy has been used by the European Central Bank.
- Negative-yielding debt issued by governments also has a spillover effect on other fixed-income securities.



126. An index of the prevailing direction of economic trends in the manufacturing and service sectors, that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting is

- Market Index
- Price Index
- Fiscal Performance Index
- Purchasing Managers Index

**Answer: D**

**Explanation**

- The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

### Manufacturing PMI Eased To 56.3 In November 2020



- It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting.
- The purpose of the PMI is to provide information about current and future business conditions to company decision makers, analysts, and investors.
- The PMI dataset features a headline number, which indicates the overall health of an economy, and sub-indices, which provide insights into other key economic drivers such as GDP, inflation, exports, capacity utilization, employment and inventories.
- The PMI data are used by financial and corporate professionals to better understand where economies and markets are headed, and to uncover opportunities.
- Purchasing Managers' Index™ (PMI™) data are compiled by IHS Markit for more than 40 economies worldwide.
- Data released by the analytics firm IHS Markit showed India's PMI manufacturing dropped to 56.3 in November from an over 12-year high of 58.9 in October.
- Growth in the Indian manufacturing sector lost momentum in November with the Purchasing Managers' Index (PMI) falling to a three-month low.
- There were slower increases in factory orders, exports, buying levels and output while pandemic related restrictions caused a further drop in payroll numbers.
- Input costs and output charges rose at accelerated rates that nevertheless remained below their respective long-run averages.
- Softening of rates of expansion seen in the latest month does not represent a major setback, since these are down from over decade highs in October, a spike in covi-19 cases and the possibility of associated restrictions could undermine the recovery.

127. Which of the following pairs have been correctly matched?

1. The economy quickly recoups lost ground and gets back to the normal growth trend-line - V shaped recovery
2. The growth falls and rises, but falls again before recovering - L shaped Recovery.

3. The economy quickly rises after an economic crash – Z shaped recovery.
4. A bit of unrealistic scenario, in which growth rises sharply from the lows much higher than the trend-line and stays there – W shaped recovery.

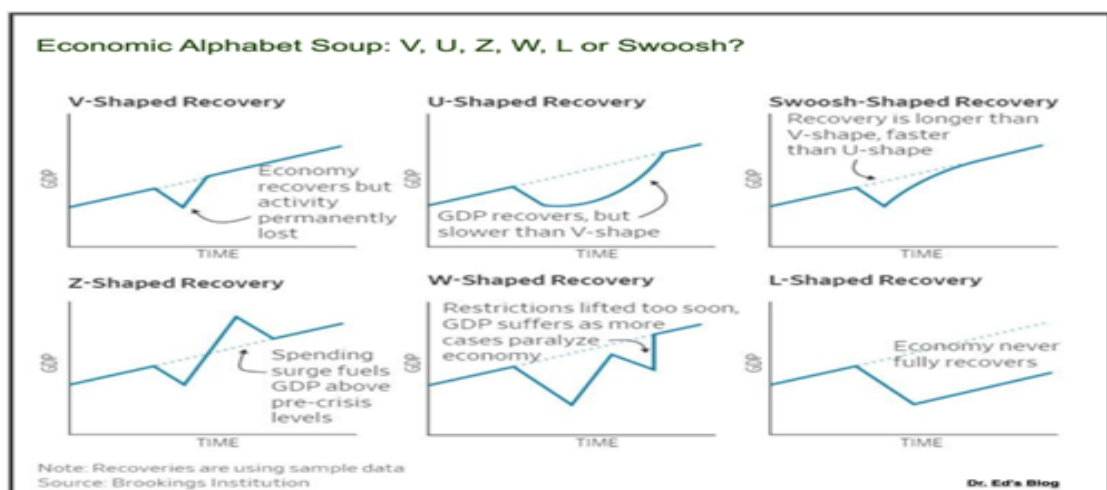
- A. 1 only
- B. 1 and 3 only
- C. 2 and 4 only
- D. 3 only

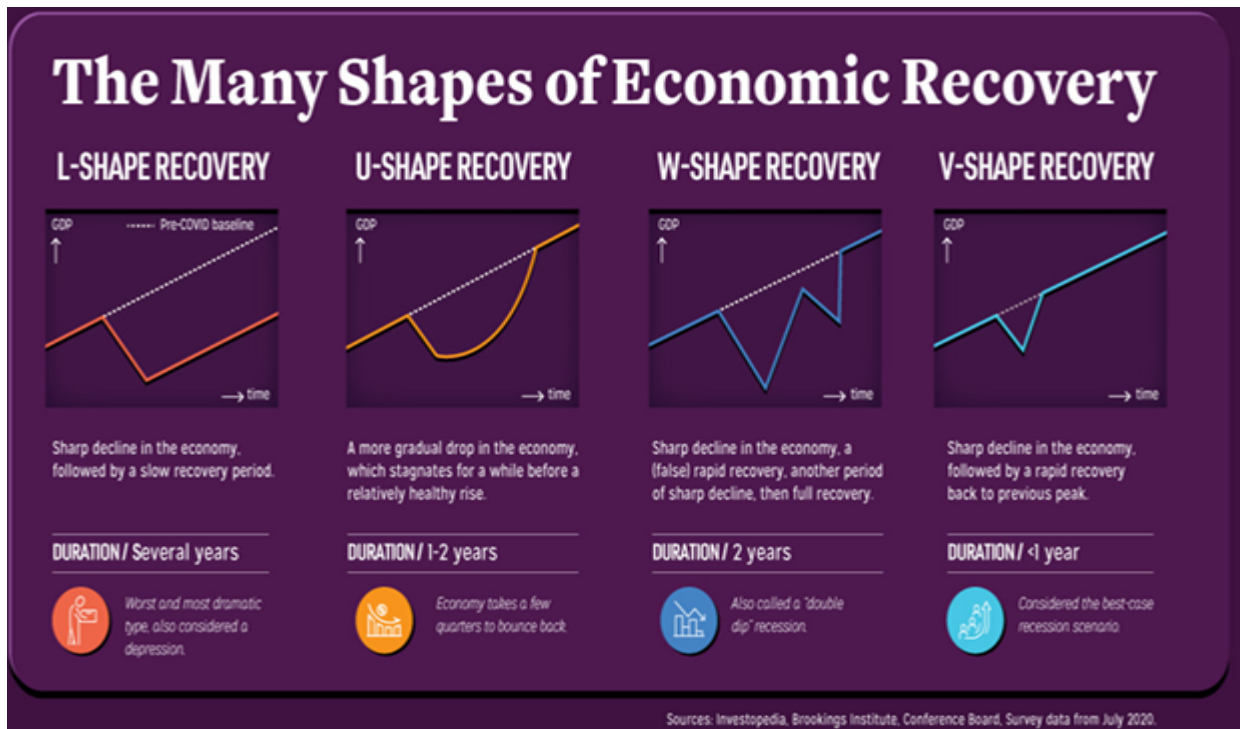
**Answer: B**

**Explanation**

**According to Ministry of Finance:**

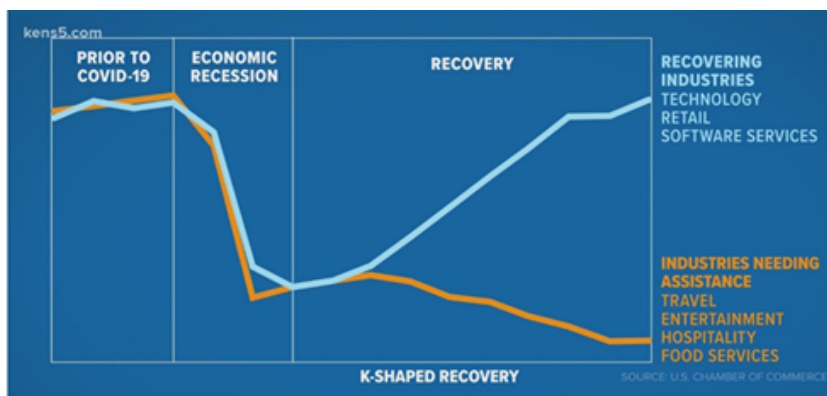
- India's economy is firmly on the path of a V-shaped recovery after the collapse in the first quarter. Further improvement is expected in the third quarter, 'notwithstanding some moderation' in November's indicators.
- The recovery is attributed to the unlocking process along with 'astute' stimulus measures.
- Z-shaped recovery the economy quickly rises like a phoenix after a crash. It more than makes up for lost ground before settling back to the normal trend-line, thus forming a Z-shaped chart.
- V-shaped recovery the economy quickly recoups lost ground and gets back to the normal growth trend-line.
- U-shaped recovery the economy, after falling, struggles and muddles around a low growth rate for some time, before rising gradually to usual levels.
- W-shaped recovery the economic growth falls and rises, but falls again before recovering yet again, thus forming a W-like chart.
- L-shaped recovery is the worst-case scenario, in which growth after falling, stagnates at low levels and does not recover for a long, long time.
- J-shaped recovery is a bit of unrealistic scenario, in which growth rises sharply from the lows much higher than the trend-line and stays there.





128. According to the following graph, which of the following statements are correct?

1. The K Curve depicts the inequality existing between different financial entities in terms of their



attributes that determine their future growth and profitability.

2. Widening of the arms of the 'K' would imply that the inequality is decreasing, while narrowing of the span of the 'K' would mean the opposite.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: A**

**Explanation**



- The K Curve depicts the inequality existing between different financial entities in terms of their attributes that determine their future growth and profitability.
- A K-shaped recovery occurs when, following a recession, different parts of the economy recover at different rates, times, or magnitudes.
- A K-shaped recovery leads to changes in the structure of the economy or the broader society as economic outcomes and relations are fundamentally changed before and after the recession.
- This type of recovery is called K-shaped because the path of different parts of the economy when charted together may diverge, resembling the two arms of the Roman letter "
- Widening of the arms of the 'K' would imply that the inequality is increasing, while narrowing of the span of the 'K' would mean the opposite.

### 129. Global Wage Report 2020 was recently released by

- Industrial Workers of the World (IWW)
- International Centre for Trade Union Rights
- International Labour Organization (ILO)
- World Bank

**Answer: C**

#### Explanation

#### According to the International Labour Organisation's (ILO) Global Wage Report 2020-2021:

- Women and lower-paid workers have disproportionately borne the brunt of the decrease in wages due to the COVID-19 crisis as their working hours were reduced.
- Global wage growth fluctuated between 1.6% and 2.2% in the four years preceding the pandemic, that is 2016 to 2019.
- The impact of the crisis had been different for women and men.
- Women workers in a selection of European countries would have faced an 8.1% reduction in wages between the first and second quarters of 2020, as opposed to 5.4% for men without payment of wage subsidies.
- Such a discrepancy was mainly caused by reduced working hours, more than by the difference in the number of lay-offs.
- The wage bill lost as a result of the drop in working hours was 6.9 per cent for women compared to 4.7 per cent for men.
- Lower-paid workers have also been disproportionately hit by the crisis, leading to an increase in inequality.
- The lowest-paid 50% of workers would have lost 17.3% of wages without wage subsidies, in comparison to 6.5% of all workers in selected European countries.

**130. Which of the following statements are incorrect about Ayush Export promotion Council?**

1. Ministry of Commerce and Industry and Ministry of AYUSH have decided to set up an AYUSH Export Promotion Council to boost AYUSH exports.
2. Ministry of AYUSH will work in collaboration with Bureau of Indian standards to develop international standards for AYUSH products as well as services.

- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: D**

**Explanation**

- Ministry of Commerce and Industry and Ministry of AYUSH have decided to set up an AYUSH Export Promotion Council to boost AYUSH exports.
- Both Ministries will work together for establishing an AYUSH Export Promotion Council (AEPC).
- The proposed AEPC can be housed at Ministry of AYUSH.
- Standardization of HS code for AYUSH will be expedited.
- Ministry of AYUSH will work in collaboration with Bureau of Indian standards to develop international standards for AYUSH products as well as services.
- AYUSH industry will work on ensuring quality and standards of AYUSH products as well as to become price-competitive.
- AYUSH will also figure in the Brand India activities.

**131. Which of the following statements are incorrect about Atmanirbhar Bharat Rojgar Yojana (ABRY)?**

1. It is to boost employment in formal sector under Atmanirbhar Bharat Package 3.0
2. If ESIC-registered establishments take in new employees without ESIC registration or those who lost jobs earlier, the Yojana will benefit these employees.
3. The scheme will be effective from October 1, 2020 and operational till 30th June 2021.


- A. 1 and 2 only  
B. 2 and 3 only  
C. 1 and 3 only  
D. 1, 2 and 3

**Answer: C**

**Explanation**



- The Union Cabinet recently has given its approval for Atmanirbhar Bharat Rojgar Yojana (ABRY).
- It is to boost employment in formal sector and incentivize creation of new employment opportunities during the Covid recovery phase under Atmanirbhar Bharat Package 3.0.




## ATMANIRBHAR BHARAT ROJGAR YOJANA

1/2

### Salient Features

- Subsidy for two years in respect of new employees engaged on or after 1st October, 2020 and upto 30th June, 2021
- Payment of both 12% employees' contribution and 12% employers' contribution in respect of new employees in establishments employing upto 1000 employees for two years
- Payment of only employees' share of EPF contribution i.e. 12% of wages in respect of new employees in establishments employing more than 1000 employees for two years
- Employee drawing monthly wage of less than Rs. 15000/- who was not working in any establishment registered with EPFO before 1st October, 2020, will be eligible for the benefit



## ATMANIRBHAR BHARAT ROJGAR YOJANA

2/2

### Salient Features

- Any EPF member possessing UAN drawing monthly wage of less than Rs. 15000/- who made exit from employment during COVID pandemic from 01.03.2020 to 30.09.2020, will also be eligible to avail benefit
- EPFO will credit the contribution in Aadhaar seeded account of members in electronic manner
- EPFO shall develop a software for the scheme and also develop a procedure which is transparent and accountable at their end
- EPFO shall work out modality to ensure that there is no overlapping of benefits provided under ABRY with any other scheme implemented by EPFO

132. Which of the following statements regarding the Bull Market are incorrect?

1. A bull market is the condition of a financial market in which prices are falling or are expected to fall.
2. They tend to happen in line with strong gross domestic product (GDP) and a drop in unemployment and will often coincide with a rise in corporate profits.

- A. 1 only  
B. 2 only  
C. Both 1 and 2

D. Neither 1 nor 2

**Answer: A**

**Explanation**

- A bull market is the condition of a financial market in which prices are rising or are expected to rise.
- The term "bull market" is most often used to refer to the stock market but can be applied to anything that is traded, such as bonds, real estate, currencies and commodities.
- Because prices of securities rise and fall essentially continuously during trading, the term "bull market" is typically reserved for extended periods in which a large portion of security prices are rising.
- Bull markets tend to last for months or even years.
- Bull markets generally take place when the economy is strengthening or when it is already strong.
- They tend to happen in line with strong gross domestic product (GDP) and a drop in unemployment and will often coincide with a rise in corporate profits.
- Investor confidence will also tend to climb throughout a bull market period.
- The overall demand for stocks will be positive, along with the overall tone of the market.
- In addition, there will be a general increase in the amount of IPO activity during bull markets.
- Supply and demand for securities will seesaw: supply will be weak while demand will be strong.
- Investors will be eager to buy securities, while few will be willing to sell.
- In a bull market, investors are more willing to take part in the (stock) market in order to gain profits.
- Investors who want to benefit from a bull market should buy early in order to take advantage of rising prices and sell them when they've reached their peak.



**133. Which of the following statements are correct about Better Than Cash Alliance?**

1. It was created in 2012 as a partnership of governments, companies and international organizations that accelerates the transition from cash to responsible digital payments.
2. The Alliance has 75 members which are committed to digitizing payments.
3. The United Nations (UN) Capital Development Fund serves as the secretariat.

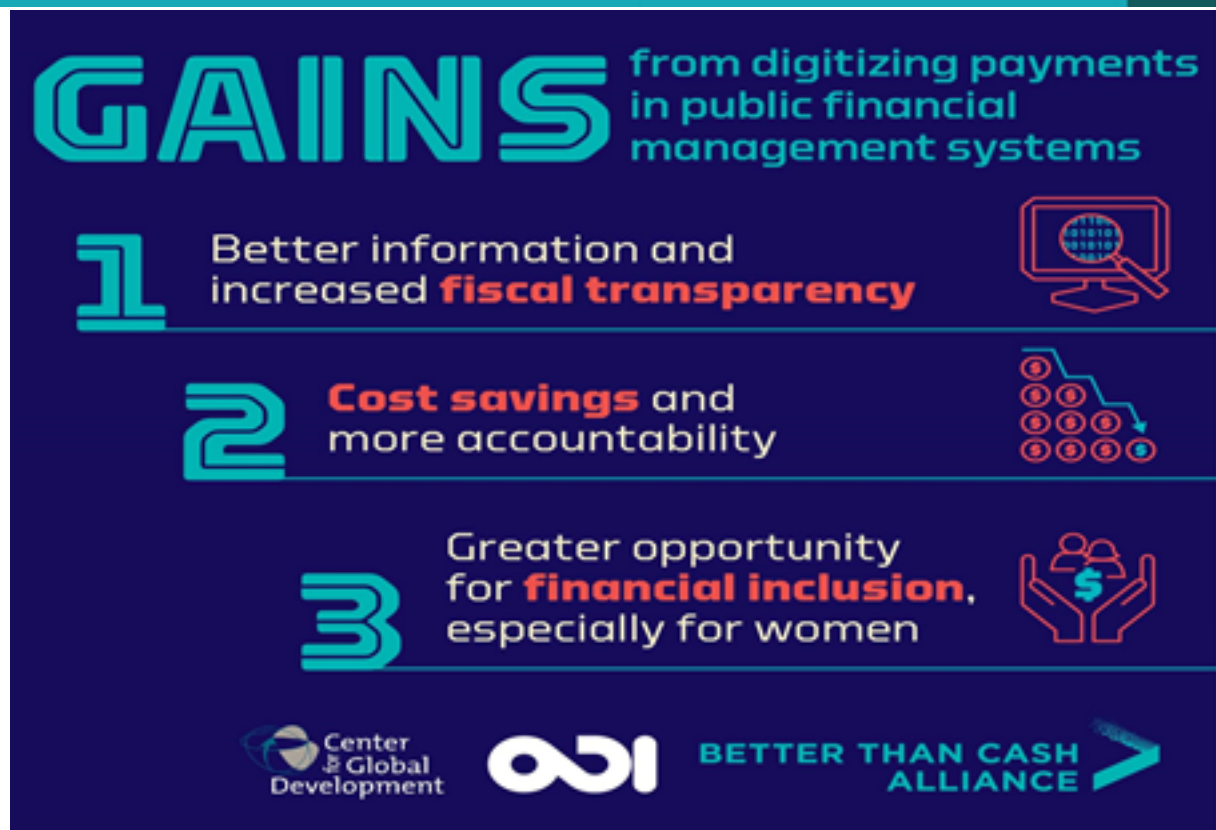
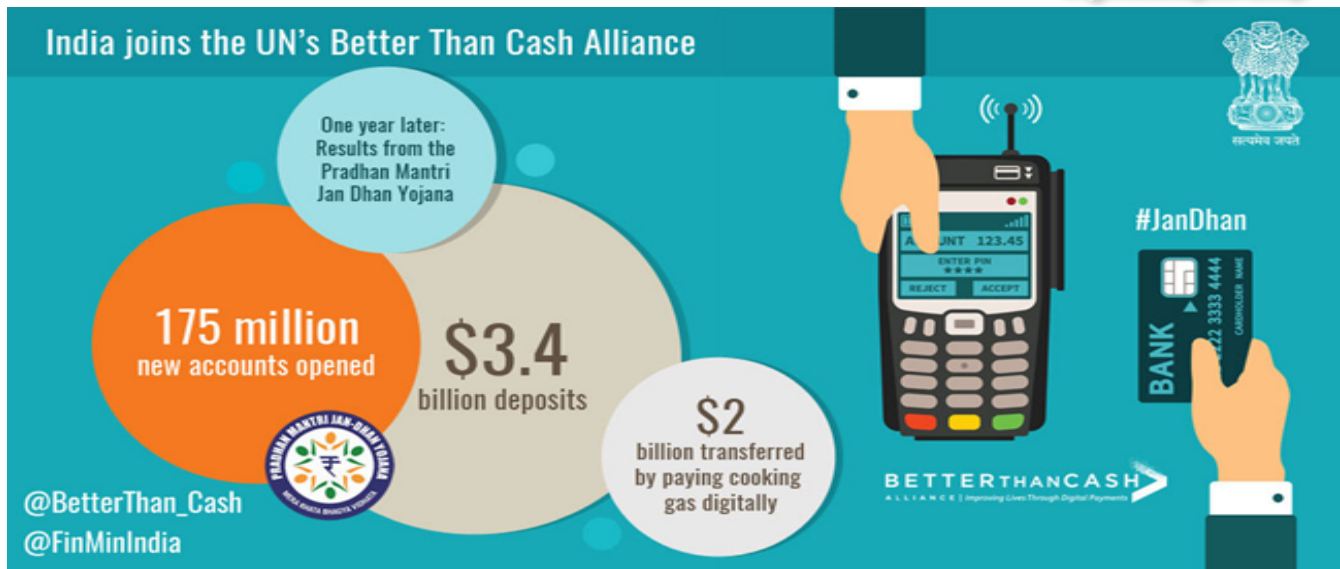
- A. 1 only
- B. 2 and 3
- C. 2 only
- D. 1, 2 and 3

**Answer: D**

### Explanation

- India and UN-Based Better Than Cash Alliance organized a joint Peer learning exchange on fintech solutions for responsible digital payments at the last mile.
- It was created in 2012 as a partnership of governments, companies and international organizations that accelerates the transition from cash to responsible digital payments to advance the Sustainable Development Goals.
- The Alliance has 75 members which are committed to digitizing payments.
- India became a member of the Better Than Cash Alliance in 2015 to digitize payments to achieve financial inclusion
- The Alliance Secretariat works with members on their journey to digitize payments by:
  - ✓ Providing advisory services based on their priorities.
  - ✓ Sharing action-oriented research and fostering peer learning on responsible practices.
  - ✓ Conducting advocacy at the national, regional and global level.
- The United Nations (UN) Capital Development Fund serves as the secretariat.





134. Which of the following statements are correct about VISVAS Scheme?

1. The scheme is launched by ministry of social justice and empowerment.
2. The scheme is launched to address the gender pay gap and boost women empowerment.
3. It is an interest subvention scheme.

- A. 1 and 3 only  
B. 2 and 3 only  
C. 3 only



D. 1 and 2 only

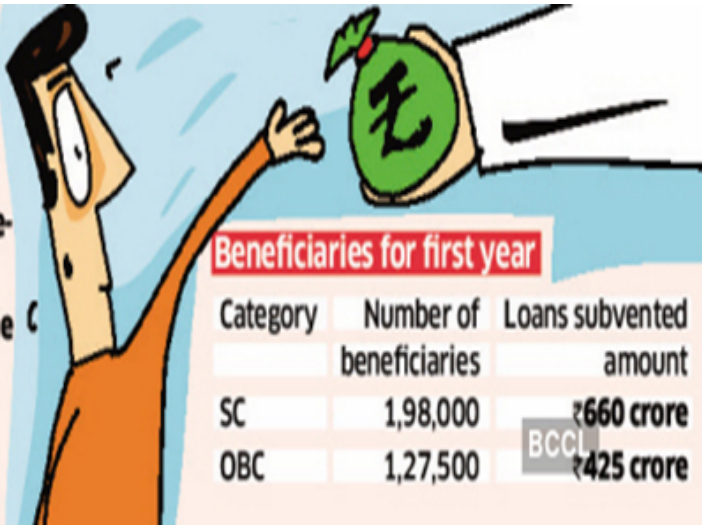
**Answer: A**

**Explanation**

- The ministry of social justice and empowerment has launched VISVAS or Vanchit Ikai Samooch aur Vargon ki Aarthik Sahayta scheme for self-help groups or SC and OBC households with an annual income of up to ₹3 lakh.
- The scheme aims to ensure more credit in the hands of the most-deprived households for productive and economic activities.
- With subvention of interest, banks too would be encouraged to lend to the disadvantaged sections.
- The Centre has already identified 3,28,500 beneficiaries for the first year.
- These include 1.98 lakh SC and 1.27 lakh OBC beneficiaries.
- Under the scheme, SC and OBC Self Help Groups (SHGs) and Individuals would be able to avail an interest subvention of 5% per annum on bank loans of up to ₹4 lakh per SHG and ₹2 lakh per individual.
- With this scheme, the government hopes to reduce interest burden on the underprivileged sections.
- The Centre is expected to infuse Rs 65 crore under the scheme which should enable provision of a 5% interest subvention to small loans extended to marginalised SCs and OBCs worth ₹1,075 crore.
- The scheme would help in immediate liquidity as it would entail direct beneficiary transfer mode of crediting the operational accounts of individuals and SHGs.
- Though approved for the first year 2020-21, it is expected that its continuation would benefit close to 22 lakh poor SC and OBC beneficiaries by enabling interest subvention on loans worth an anticipated ₹6,700 crore up to 2024-25.
- Recently The National Backward Classes Finance & Development Corporation (NBCFDC) and the National Scheduled Castes Finance and Development Corporation (NSFDC) have signed agreements with Central Bank of India regarding the same.

## Helping Hand

- **VISVAS** scheme to be introduced for most deprived SC & OBC households & self help groups
- It is an **interest subvention** scheme which would entail direct benefit transfer to eligible beneficiaries
- The scheme will be till 2024-25



Beneficiaries for first year		
Category	Number of beneficiaries	Loans subvented amount
SC	1,98,000	₹660 crore
OBC	1,27,500	₹425 crore

**135. Diem recently heard in news is a**


- A. GDP guidelines by IMF.
- B. A newly introduced banking software
- C. A Cryptocurrency
- D. Stock Exchange introduced in France.

**Answer: C**


**Explanation**

- Facebook's block-chain based payment system Libra, in its quest to get regulatory approval, is being rebranded as 'Diem'.
- The project was pushed back in April after regulatory banks raised concern that it would threaten financial institutions, monetary policy and privacy, is trying to show its organizational independence with this move of changing its name.
- Rebranding is a part of their move to lay focus on a simpler and revised structure.
- Libra' was associated with an early version of the project that was not received nicely by the regulators and hence they have revised their proposition.
- Libra, now Diem, was initially meant to be a single coin pegged to multiple currencies that could be traded in place of it.
- Later it was changed to multiple coins with each backed by a different currency.
- These crypto coins, however, will be a compliment and not a replacement of the domestic currency.
- Diem now proposes to launch a single dollar-backed digital currency.


## What is Cryptocurrency?



Cryptocurrency is digital money created from code.




The cryptocurrency economy is monitored by a peer-to-peer internet protocol.




Cryptocurrency is an encrypted string of data or a hash, encoded to signify one unit of currency.


## Examples of Cryptocurrency



**Bitcoin Market Cap**  
\$127,331,758,431



**Ethereum Market Cap**  
\$24,383,863,767



**XRP Market Cap**  
\$18,187,690,567

**136.A Market System that has only one buyer for a particular good or service, giving that buyer significant power in determining the price of the products produced is**

- A. Oligopoly
- B. Monopsony
- C. Monopoly
- D. Monopolistic Competition

**Answer: B**

**Explanation**

- A monopsony is a market condition in which there is only one buyer, the monopsonist.
- Like a monopoly, a monopsony also has imperfect market conditions.
- The difference between a monopoly and monopsony is primarily in the difference between the controlling entities.
- A single buyer dominates a monopsonized market while an individual seller controls a monopolized market.
- Monopsonists are common to areas where they supply most or all of the region's jobs.
- In a monopsony, a large buyer controls the market.
- Because of their unique position, monopsonies have a wealth of power.
- For example, being the primary or only supplier of jobs in an area, the monopsony has the power to set wages.
- In addition, they have bargaining power as they are able to negotiate prices and terms with their suppliers.

**137.Which of the following statements are correct about Exchange Traded Funds?**

1. An exchange traded fund (ETF) is a basket of securities that trade on an exchange, just like a stock.
  2. ETF share prices do not fluctuate all day just like mutual funds that trade once a day after the market closes.
- A. 1 only
  - B. 2 only
  - C. Both 1 and 2
  - D. Neither 1 nor 2

**Answer: A**

**Explanation**

- An exchange traded fund (ETF) is a type of security that involves a collection of securities—such as stocks—that often tracks an underlying index, although they can invest in any number of industry sectors or use various strategies.
- ETFs are in many ways similar to mutual funds; however, they are listed on exchanges and ETF shares trade throughout the day just like ordinary stock.

**DakPay App:**  
**Transforming Banking Experience At The Last Mile**

Department of Posts & India Post Payments Bank (IPPB) has unveiled its new digital payment services app 'DakPay'

The app is a suite of digital financial & assisted banking services provided by India Post & IPPB through the postal network across the nation

One can now send money domestically, Scan QR code & make payment for services digitally by debit cards & UPI

It will enable a cashless ecosystem, providing interoperable banking services of any bank (AePS) & Utility Bill Payment services

- ETF share prices fluctuate all day as the ETF is bought and sold; this is different from mutual funds that only trade once a day after the market closes.
- ETFs can contain all types of investments including stocks, commodities, or bonds
- ETFs offer low expense ratios and fewer broker commissions than buying the stocks individually.
- ETFs tend to be more cost-effective and more liquid when compared to mutual funds.
- The government is likely to launch the third tranche of Bharat Bond ETF.
- Bharat Bond ETF, which is a debt exchange traded fund (ETF), offered maturity options of 5 and 12 years in its second tranche, while in the first tranche, maturity options were for 3 and 10 years.
- The ETF currently invests only in 'AAA' rated bonds of public sector companies.

138. Which of the following statements regarding Dakpay are incorrect?

1. It is launched by India Post Payments Bank (IPPB).
  2. Through 'DakPay', customers can send money to others by implementing International Money Transfers, scanning QR code as well as and make payment for services/merchants digitally through virtual debit card and with UPI.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: B**



## Explanation

- India Post Payments Bank (IPPB) along with Department of Posts (DoP) launched digital payment application 'DakPay' to facilitate easy digital transactions and other banking services.
- The app's features include digital financial and assisted banking services provided by India Post & IPPB through the trusted Postal ('Dak') network.
- Here are major feature and points on the newly launched 'DakPay' app by IPPB:
  - ✓ Through 'DakPay', customers can send money to others by implementing Domestic Money Transfers – DMT, scanning QR code as well as and make payment for services/merchants digitally through virtual debit card and with UPI.
  - ✓ The app will help enabling cashless ecosystem through biometrics, providing interoperable banking services to the customers of any banks and Utility Bill Payment services.

Department of Post  
Ministry of Communications

**"THIS IS THE TIME TO ENSURE  
SOCIAL DISTANCING AND  
DIGITAL PAYMENTS HELP YOU DO THAT."**

– Narendra Modi  
Prime Minister of India

**India Post Launches  
DIGITAL PAYMENTS APP**

**DakPay**  
DakPay UPI App enables user to register & create UPI ID, create UPI PIN, add multiple bank accounts into single mobile application.  
This app facilitates banking features, fund transfer, merchant payments and offers postal products.

**Dak Pay Services IPPB**

- UPI** Fast and easy bank account to bank account payment transfers.
- VDC** Shop and make payments with digital form of a Debit Card powered by Rupay
- DMT** Instant Money Transfer to any bank account in the country .
- AAPS** Aadhaar enabled payment services empowers you avail banking services at your doorstep using biometric authentication.
- BILL PAYMENTS** Bill Payment Services: Now make Bill Payments to 470+ billers.
- POSTAL PRODUCTS** Postal Products: Customer can make payments for Postal Products like RD, PPF, Sukanya Samridhi Account etc.

Scan & Pay at any physical and online merchant websites.

/RaviShankarPrasadOfficial @rsprasad /RaviShankarPrasad /RaviShankarPrasadMP

139. In Economic terms, the total market value of the investments that a person or entity manages on behalf of clients and is only one aspect used in evaluating a company or investment is known as

- A. Advisement
- B. Custody

C. Committed Capital

D. Asset under management

**Answer: D**

**Explanation**

Extent of negative impact by parameters influencing NBFC AUM						AUM growth		
Segment	Share in NBFC AUM	Underlying asset sales	Competition from banks	Tighter underwriting	Funding access challenges	FY19	FY20 [E]	FY 21 [P]
Home loans	35-40%	High	High	Low	Medium	15%	5-7%	0-2%
Vehicle finance	15-20%	High	High	Medium	Medium	18%	5-7%	(3-5%)
Real estate and structured credit	15-20%	High	Low	High	High	11%	(8-10%)	(10-12%)
MSME finance*	10-15%	-	Medium	High	Medium	16%	3-5%	(3-5%)
Unsecured loans	~5%	High**	Medium	High	Medium	42%	25-30%	3-5%
Gold loans	~5%	-	Medium	Low	Low	15%	22-24%	14-16%
<b>Overall</b>						<b>15%</b>	<b>4-6%</b>	<b>(1-3%)</b>

Note: Figures in bracket represent de-growth for the segment; \*MSME – micro, small and medium enterprise: includes only Loans against property (LAP) and unsecured business loans; \*\*only for consumer durable financing. The negative impact by parameters influencing NBFC AUM represents the expected impact of factors which would pull down the AUM growth for NBFCs.

E: Estimated; P: Projected

Source: CRISIL Ratings

- Assets under management (AUM) are the total market value of the investments that a person or entity manages on behalf of clients.
- Assets under management definitions and formulas vary by company.
- In the calculation of AUM, some financial institutions include bank deposits, mutual funds, and cash in their calculations.
- Others limit it to funds under discretionary management, where the investor assigns authority to the company to trade on his behalf.
- Overall, AUM is only one aspect used in evaluating a company or investment.
- It is also usually considered in conjunction with management performance and management experience.
- However, investors often consider higher investment inflows and higher AUM comparisons as a positive indicator of quality and management experience.
- AUM fluctuates daily, reflecting the flow of money in and out of a particular fund and the price performance of the assets.
- Funds with larger AUM tend to be more easily traded.
- A fund's management fees and expenses are often calculated as a percentage of AUM.
- Heading for a contraction in the current fiscal, the first time in more than a decade, assets under management (AUM) of non-banking financial companies (NBFCs) are set to grow again at a relatively subdued 5-6% next fiscal.

**140. Based on the following statements identify the working body?**

1. It was constituted by an Executive Order of the Union Government as a non-statutory apex body under the Ministry of Finance in 2010.
2. The Finance Minister is its Chairman.
3. It deals with Macro-prudential and financial regularities in the entire financial sector of India.
4. It co-ordinates India's international interface with financial sector bodies like the Financial Action Task Force (FATF), Financial Stability Board (FSB) etc.

- A. Central Economic Intelligence Bureau
- B. Financial Stability and Development Council
- C. Enforcement Directorate
- D. Central Bureau of Narcotics Financial Intelligence Unit

**Answer: B**

#### **Explanation**

- The Financial Stability and Development Council (FSDC) was constituted by an Executive Order of the Union Government as a non-statutory apex body under the Ministry of Finance in 2010.
- The members of the FSDC are:
- The Finance Minister is the Chairman of the FSDC.
- Members of FSDC include Heads of the Financial Sector Regulators listed below:
  - ✓ Reserve Bank of India (RBI)
  - ✓ Insurance Regulatory and Development Authority (IRDA)
  - ✓ Securities and Exchange Board of India (SEBI)
  - ✓ Pension Fund Regulatory and Development Authority (PFRDA)
- Other members are Finance Secretary, Chief Economic Advisor and Secretary of the Department of Financial Services.
- The Financial Stability and Development Council was established as an autonomous body dealing with macroprudential and financial regularities in the entire financial sector of India.
- The body envisages to strengthen and institutionalize the mechanism of maintaining financial stability, financial sector development, inter-regulatory coordination along with monitoring macro-prudential regulation of the economy.
- No funds are separately allocated to the council for undertaking its activities.

#### **Responsibilities of FSDC**

- The FSDC's responsibilities are listed below:
  - ✓ Bringing about stability in the financial sector
  - ✓ Development of the Financial Sector



# 9 BITCOIN STORIES AND FUN FACTS

## 1 SATOSHI NAKAMOTO IS THE NAME

USED BY THE UNKNOWN PERSON OR PEOPLE WHO DESIGNED BITCOIN. TO DATE, THE IDENTITY OF NAKAMOTO REMAINS A MYSTERY.



## 2 IN THE EARLY DAYS OF BITCOIN,

SATOSHI NAKAMOTO MINED MILLIONS OF BITCOINS IN HIS WALLET THAT STILL REMAINS UNTOUCHED.



## 3 THE FBI HAS ONE OF THE WORLD'S LARGEST BITCOIN WALLETS (VALUED AT \$120 MILLION) FROM SHUTTING DOWN THE SILK ROAD, AN INTERNET BLACK MARKET, INADVERTENTLY BECOMING ONE OF THE WEALTHIEST BITCOIN OPERATORS IN THE WORLD.



## 4 LAMBORGHINI

IS THE FIRST CAR COMPANY THAT ACCEPTED THE USE OF BITCOINS.



## 5 NINE YEARS AGO, 10,000 BITCOINS WERE USED TO BUY \$25 WORTH OF PIZZA.



## 6 JAMES HOWELLS

MADE HEADLINES IN 2013 AFTER IT EMERGED HE HAD ACCIDENTALLY THROWN AWAY A COMPUTER HARD DRIVE CONTAINING 7,500 BITCOINS.



## 7 IN 2015,

ONLY 802 PEOPLE



TOLD THE IRS ABOUT THEIR BITCOIN INCOME. 🍀🍀🍀🍀

## 8 IN 2016,

A 3D BITCOIN MODEL WAS TIED TO A WEATHER BALLOON AND SENT INTO OUTER SPACE BY GENESIS



## 9 CHINA OWNS ABOUT 60%



OF BITCOIN'S HASH POWER, MEANING THEY MINE ABOUT 60% OF ALL NEW BITCOINS.

Summary (TL;DR): Hold onto your Bitcoin. Anything can happen.

✓ Coordination of Inter-Regulatory bodies

✓ Promoting financial literacy

✓ Ensuring financial inclusion

- Macroprudential supervision of the economy including the functioning of large financial conglomerates.
- Coordinating India's international interface with financial sector bodies like the Financial Action Task Force (FATF), Financial Stability Board (FSB) and any such body as may be decided by the Finance Minister from time to time.

- FSDC headed by Finance Minister discussed the additional measures that could be taken by the government in the next Budget to accelerate growth while maintaining financial stability.
- The 2021-22 Union Budget will spell out the road map for the growth strategy for the next financial year. As per various estimates, India is expected to record a growth of 8% in 2021-22.
- Due to the impact of the coronavirus pandemic, the economy contracted by 23.9% during the first quarter of the current financial year. However, the pace of contraction narrowed in the second quarter to 7.5%.
- The Council also discussed the challenges involved in smooth transition of London Interbank Offer Rate (LIBOR) based contracts and noted that a multi-pronged strategy involving relevant stakeholder institutions and departments is required in this regard.

**141. Which of the following statements are correct about International Organization of Securities Commissions (IOSCO)?**

1. It is the international organization that brings together the world's securities regulators, covering more than 95% of the world's securities markets, and is the global standard setter for the securities sector.
2. Its enforcement role extends to matters of interpretation of International Financial Reporting Standards (IFRS), where it maintains a (confidential) database of enforcement actions taken by member agencies.
3. The International Financial Services Centres Authority (IFSCA) is its associate member.

- A. 1 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

**Answer: D**

**Explanation**

- Context: The International Financial Services Centres Authority (IFSCA) has become an Associate Member of the International Organization of Securities Commissions (IOSCO).
- IFSC in India:
  - ✓ The first International Financial Services Centre (IFSC) in the country has been set up at the Gujarat International Finance Tec-City (GIFT) in Gandhinagar.
  - ✓ To regulate such institutions, the government established IFSCA with its head office in Gandhinagar.
  - ✓ Parliament passed a bill to set up a unified authority for regulating all financial activities at IFSCs in the country.
- About IOSCO:

- ✓ It is the international organization that brings together the world's securities regulators, covering more than 95% of the world's securities markets, and is the global standard setter for the securities sector.
- ✓ It works closely with the G20 (Group of Twenty) and the Financial Stability Board (FSB) in setting up the standards for strengthening the securities markets.
- ✓ The FSB is an international body that monitors and makes recommendations about the global financial system.
- ✓ The IOSCO Objectives and Principles of Securities Regulation have been endorsed by FSB as one of the key standards for sound financial systems.
- ✓ IOSCO's enforcement role extends to matters of interpretation of International Financial Reporting Standards (IFRS), where IOSCO maintains a (confidential) database of enforcement actions taken by member agencies.
- ✓ IFRS is an accounting standard that has been issued by the International Accounting Standards Board (IASB) with the objective of providing a common accounting language to increase transparency in the presentation of financial information.
- Members:
  - ✓ Founded: April 1983
  - ✓ Headquarters: Madrid, Spain
  - ✓ IOSCO Asia Pacific Hub is located in Kuala Lumpur, Malaysia.
  - ✓ Its membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions; securities regulators in emerging markets account for 75% of its ordinary membership.

**142.** It is the graph which suggests that there is an optimal level of government spending which maximises the rate of economic growth. Identify the same.

- A. Laffer Curve
- B. Phillips Curve
- C. Rahn Curve
- D. Kuznets Curve

**Answer: C**

**Explanation**

- The Rahn Curve suggests that there is an optimal level of government spending which maximises the rate of economic growth.
- Initially, higher government spending helps to improve economic performance.
- But, after exceeding a certain amount of government spending, government taxes and intervention diminishes economic performance and growth rates.

- Reasons moderate levels of government spending increase economic growth:

✓ Governments can spend on infrastructure ignored by free-market, e.g. road, railways. This helps to reduce the cost for business and improve productivity.

✓ Governments can support education which helps to increase labour productivity and economic growth

✓ Governments can spend money to provide law and order and help improve social and political stability which is necessary for economic growth.

- Why government spending can start to hold back rates of economic growth:

✓ Higher spending requires higher tax rates. Higher tax rates can create disincentives to work and disincentives for entrepreneurs to take risks.

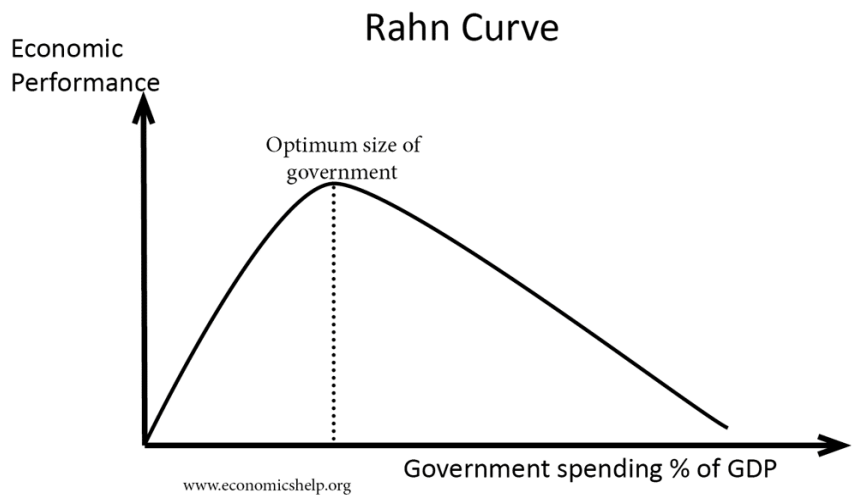
✓ Higher government spending may crowd out private sector spending. Private sector spending and investment is likely to be more efficient because of the profit incentive to be efficient, whereas government spending is more prone to inefficiency and misplaced spending due to poor information.

✓ Nationalisation of key industries can lead to greater inefficiency due to problems of government managing business.

✓ A generous welfare state can create disincentives to work.

✓ Government regulation of industry can create additional costs to business.

✓ Proponents of the Rahn curve tend to use it as a tool to argue that beyond a certain level – high levels of government spending hinders economic growth.



**143. Atanu Chakraborty taskforce is related to which of the following?**

- Money market in India
- Review of Income Tax rebates
- Unemployment and Public Welfare
- National infrastructure pipeline

**Answer: D**

**Explanation**

- Context: Finance minister reviewed the progress of 34 projects in the health and water resources sectors involving investments of Rs 3.6 lakh crore under the National Infrastructure Pipeline (NIP).
- While 24 of these projects worth Rs 80,915 crore are under the supervision of the health ministry, the department of water resources, rural development & Ganga rejuvenation oversees 10 large projects worth Rs 2,79,604 crore.
- With the economy battered by the pandemic, a government task force had in April firmed up a road map for capital investments of Rs 111 lakh crore in infrastructure under the NIP over six years through FY25, pledging 71 per cent of the expenditure for energy, roads, urban development and railways, and envisaging a key role for private investors.
- Important recommendations and observations made by Atanu Chakraborty taskforce:
  - ✓ Investment needed: ₹111 lakh crore over the next five years (2020-2025) to build infrastructure projects and drive economic growth.
  - ✓ Energy, roads, railways and urban projects are estimated to account for the bulk of projects (around 70%).
  - ✓ The centre (39 percent) and state (40 percent) are expected to have an almost equal share in implementing the projects, while the private sector has 21 percent share.
  - ✓ Aggressive push towards asset sales.
  - ✓ Monetisation of infrastructure assets.
  - ✓ Setting up of development finance institutions.
  - ✓ Strengthening the municipal bond market.

**144. Based on the following statements identify the type of instrument**

1. These are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued.
  2. If the company enters bankruptcy, its stockholders are entitled to be paid from company assets before common stockholders.
  3. There are four types of them - cumulative (guaranteed), non-cumulative, participating and convertible.
  4. These are ideal for risk-averse investors and they are callable
- A. Preference shares  
B. Equity shares  
C. Debentures  
D. Bonds

**Answer: A**

**Explanation**



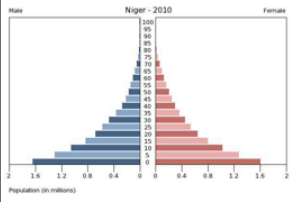
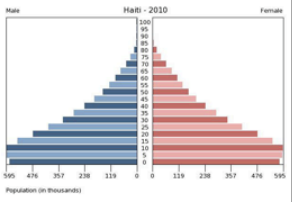
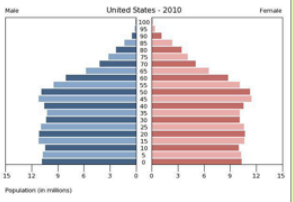
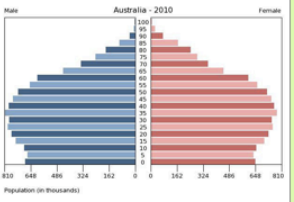
- Preference shares, more commonly referred to as preferred stock, are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued.
- If the company enters bankruptcy, preferred stockholders are entitled to be paid from company assets before common stockholders.
- Most preference shares have a fixed dividend, while common stocks generally do not.
- Preferred stock shareholders also typically do not hold any voting rights, but common shareholders usually do.
- Preference shares fall under four categories: cumulative preferred stock, non-cumulative preferred stock, participating preferred stock and convertible preferred stock.
- Preference shares are ideal for risk-averse investors and they are callable (the issuer can redeem them at any time).

#### 145. Stage 2 of a population pyramid depicts

- High Birth rate and low Death rate
- Low Birth rate and high Death rate
- Low Birth rate and low death rate
- High Birth rate and high Death rate

**Answer: A**

**Explanation**

			
<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Stage 4</b>
Expansive.	Expansive.	Stationary.	Contractive.
Concave sides.	Straight sides.	Convex sides.	Convex sides.
High birth rate.	Still high birth rate.	Declining birth rate.	Very low birth rate.
High death rate.	Falling death rate.	Low death rate.	Low death rate.
Short life expectancy.	Slightly longer life expectancy.	Long life expectancy.	Longer life expectancy.
Rapid fall in each upward age group due to high DR.	Fall in DR so more people living into middle age.	An increasing proportion of the population is in the 65+ age group.	Higher dependency ratio.
<b>Niger</b>	<b>Haiti</b>	<b>Morocco</b>	<b>Australia</b>

#### 146. Which of the following statements are correct about production linked incentive schemes is/are correct?

1. The Production Linked Incentive (PLI) Scheme is a Central Government scheme aimed for Large Scale Electronics Manufacturing.
  2. The scheme was initially launched for the import of Mobile Phones and Specified Electronic Components.
  3. The scheme was later rolled out for pharmaceutical ingredients and medical devices.
- A. 1 only  
B. 2 and 3 only  
C. 1, 2 and 3  
D. 1 and 3 only

**Answer: D**

**Explanation**

- Context: The government has given approval to drug firms including Aurobindo Pharma and Karnataka Antibiotics & Pharmaceuticals under the PLI scheme for promotion of domestic manufacturing of critical bulk drugs.
- The Production Linked Incentive (PLI) scheme aims at promotion of manufacturing of critical key starting materials (KSMs)/drug intermediates and APIs in the country.
- The Production Linked Incentive (PLI) Scheme is a Central Government scheme that was notified in April 2020 for Large Scale Electronics Manufacturing to provide financial incentives for domestic manufacturing of goods and also to attract large investments.
- The scheme was initially launched for domestic manufacturing of Mobile Phones and Specified Electronic Components and was later rolled out for pharmaceutical ingredients and medical devices.
- The PLI Scheme resonates with the ambitious Aatma Nirbhar Bharat campaign and Make in India initiative to make India a self-reliant nation.
- The Production Linked Incentive (PLI) Scheme provides 4% to 6% incentive on incremental sales (over base year, 2019-20) to eligible companies for manufacturing goods for 5 years period, subsequent to the base year.
- Companies that are registered in India and are involved in the manufacturing of goods covered under the Target Segments of the scheme can apply under the Scheme. The applicant can also operate existing or new manufacturing unit at one or more locations in the country.

**147. Which of the following statements is/are correct about Incremental Capital Output Ratio (ICOR)?**

- A. The higher the ICOR, the higher the productivity of capital.  
B. The higher the ICOR, the lower the productivity of capital.  
C. The lower the ICOR, the lower the productivity of capital.  
D. Neither of the above

**Answer: B**

### Explanation

- The Incremental Capital-Output Ratio (ICOR) is the ratio of investment to growth which is equal to the reciprocal of the marginal product of capital.
- The higher the ICOR, the lower the productivity of capital or the marginal efficiency of capital. The ICOR can be thought of as a measure of the inefficiency with which capital is used.
- If  $K$  is capital output ratio,  $Y$  is output (GDP), and  $I$  is net investment then the incremental capital output ratio can be computed by dividing the investment share in GDP by the rate of growth of GDP.
- If the level of investment (as a share of GDP) in a developing country had been 20% over a particular period, and if the growth rate of GDP had been 5% per year during the same period, then the ICOR would be  $20/5 = 4$ .

**148. Based on the following statements identify the working body?**

1. It is an inter-governmental body established in 1989 on the initiative of the G7.
2. Its Secretariat is housed at the OECD headquarters in Paris.
3. Initially it was established to examine and develop measures to combat money laundering
4. In April 2012, it added efforts to counter the financing of proliferation of weapons of mass destruction.

- A. Financial Action Task Force
- B. Interpol
- C. United Nations' Counter-Terrorism Committee Executive Directorate
- D. Organization for Security and Co-operation in Europe (OSCE)

**Answer: A**

### Explanation

- Context: Pakistan might be pushed into the Financial Action Task Force's (FATF) 'black list' next month as it continues to finance and tolerate terrorist organisations.
- According to a report, terrorist organisations, such as Jamaar-ud-Dawa (JuD) and Jaish-e-Muhammed (JeM), continue to operate with impunity in Pakistan.
- It is a list of countries that the intra-governmental organisation considers non-cooperative in the global effort to combat money laundering and the financing of terrorism.

### Background

- In October, the FATF decided that Pakistan will continue to be on its greylist and asked it to continue to work on implementing an action plan to address its strategic deficiencies.
- Pakistan is on the FATF's grey list since June 2018 and the government was given a final warning in February 2020 to complete the 27 action points by June in the same year.

- The FATF extended the June deadline to September due to the spread of coronavirus that disrupted the FATF plenary meetings.
- ✓ The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 on the initiative of the G7.
- ✓ It is a “policy-making body” which works to generate the necessary political will to bring about national legislative and regulatory reforms in various areas.
- ✓ The FATF Secretariat is housed at the OECD headquarters in Paris.
- Initially it was established to examine and develop measures to combat money laundering.
- In October 2001, the FATF expanded its mandate to incorporate efforts to combat terrorist financing, in addition to money laundering.
- In April 2012, it added efforts to counter the financing of proliferation of weapons of mass destruction.

**149. Real Estate (Regulation and Development) Act, 2016 was enacted by the central government under which of the following?**

- A. Union List
- B. State list
- C. Concurrent list
- D. None of the above

**Answer: C**

**Explanation**

- The RERA Act was enacted under Entry 6 and 7 (dealing with contracts and the transfer of property) of the Concurrent List of the Constitution of India.
- Enacted in March 2016, RERA came into effect from May 2017.

### What is the Real Estate (Regulation and Development) Act, 2016 (RERA)

The Act came into force from 1 May 2016 with 59 of 92 sections notified. Remaining provisions came into force from 1 May 2017.



**Can't advertise, market, book, sell or offer for sale any plot, apartment or building.**

1. Submit the original approved plans for their ongoing projects
2. The alterations that they made later.
3. details of revenue collected from allottees,
4. **How the funds were utilised,**
5. **the timeline for construction, completion, and delivery**
6. Certified by an Engineer/Architect/practicing CA
7. Developers can't ask more than 10% of property's cost as before signing a registered sale agreement.

Separate escrow account for each of their projects. 70 per cent of the money from investors and buyers

**Legal Authority for Implementation**

- **Regulatory Authority**
- **Appellate Tribunal**

All commercial and residential real estate projects where the land is over 500 square metres, or eight apartments, to register with the Real Estate Regulatory Authority (RERA)

Ministry of Housing & Urban Population (HUPA)

150. Which of the following statements regarding the composition of National Startup Advisory Council are incorrect?

1. The Council will be chaired by The Prime Minister.
  2. It will consist of the non-official members, to be nominated by Central Government, from various categories like founders of successful startups, veterans and persons capable of representing interests of incubators and accelerators etc.
  3. The term of the non-official members of the Startup Advisory Council will be for a period of four years.
- A. 1 only  
B. 2 only  
C. 1 and 3  
D. 2 and 3

**Answer: C**

#### **Explanation**

- Context: Centre appointed edu-tech platform respective founders of Byju's, Snapdeal, Ola and others as non-official members of National Startup Advisory Council.
- The NSAC will recommend steps to encourage innovation in various sectors among citizens across the country. Besides, it will assist in quick start, operation and exit for the startups.
- The NSAC's non-official panel will have stakeholders, including founders of successful startups and business tycoons.
- The Union Government notified the structure of the National Startup Advisory Council to advice on measures needed to build a strong ecosystem for nurturing innovation and startups in the country in Jan 2020.
- The Council will be chaired by Minister for Commerce & Industry.
  - ✓ It will consist of the non-official members, to be nominated by Central Government, from various categories like founders of successful startups, veterans and persons capable of representing interests of incubators and accelerators etc.
  - ✓ The term of the non-official members of the Startup Advisory Council will be for a period of two years.
  - ✓ The nominees of the concerned Ministries/Departments/Organisations, not below the rank of Joint Secretary to the Government of India, will be ex-officio members of the Council.
  - ✓ Joint Secretary, Department for Promotion of Industry and Internal Trade will be the Convener of the Council.

#### **Roles and functions**

- Suggest measures to foster a culture of innovation amongst citizens and students in particular, promote innovation in all sectors of economy across the country.

- Suggest measures to facilitate public organizations to assimilate innovation with a view to improving public service delivery, promote creation, protection and commercialization of intellectual property rights.
- Suggest making it easier to start, operate, grow and exit businesses by reducing regulatory compliances and costs, promote ease of access to capital for startups, and incentivize domestic capital for investments into startups.
- Mobilize global capital for investments in Indian startups, keep control of startups with original promoters and provide access to global markets for Indian startups.

**151.MITRA Scheme, recently in news, is meant for:**

- A. Automobile Sector
- B. Construction Sector
- C. Agriculture Sector
- D. None of the above

**Answer: D**

**Explanation**

- The Government has proposed a scheme of Mega Investment Textiles Parks (MITRA) to enable the textile industry to become globally competitive, attract large investments, boost employment generation and exports.
- In Union Budget 2021-22, Union Finance announced that this will create world class infrastructure with plug and play facilities to enable create global champions in exports.
- MITRA will be launched in addition to the Production Linked Incentive Scheme(PLI).



**Textile - Mega Investment Textiles Parks (MITRA)**

**Aims at making Textile Industry:**

1. Globally competitive
2. Attract large investments
3. Boost employment generation & exports

**Main features:**

- To create a world class infrastructure with plug and play facilities to enable create global champions in exports
- 7 Textile Parks will be established over 3 years

**152.Which of the following is correct in context of Development Financial Institutions (DFI):**

1. They provide long term finance for development.
2. NABARD, ICICI are DFIs.

- A. 1 only
- B. 2 only



- C. Both are correct
- D. None is correct

**Answer: A**

### Explanation

- A DFI is defined as 'an institution promoted or assisted by Government mainly to provide development finance to one or more sectors or sub-sectors of the economy'.
- A Development Financial Institution (DFI) is an institution that provides long-term finance for development.
- The DFIs played a very significant role in rapid industrialisation of the Continental Europe and Japan.
- The success of these institutions provided strong impetus for creation of DFIs in India after independence in the context of the felt need for raising the investment rate.
- RBI was entrusted with the task of developing an appropriate financial architecture through institution building so as to mobilise and direct resources to preferred sectors as per the plan priorities.
- While the reach of the banking system was expanded to mobilise resources and extend working capital finance on an ever-increasing scale to different sectors of the economy, DFIs were established mainly to cater to the demand for long-term finance by the industrial sector.
- DFIs can be broadly categorised as All-India or State / regional level institutions depending on their geographical coverage of operation.
- Functionally, All-India institutions can be classified as
  - ✓ Term-lending institutions (IFCI Ltd., IDBI, IDFC Ltd., IIBI Ltd.) extending long-term finance to different industrial sectors
  - ✓ Refinancing institutions (NABARD, SIDBI, NHB) extending refinance to banking as well as non-banking intermediaries for finance to agriculture, SSIs and housing sector, respectively
  - ✓ Sector-specific / specialised institutions (EXIM Bank, TFCI Ltd., REC Ltd., HUDCO Ltd., IREDA Ltd., PFC Ltd., IRFC Ltd.),

**Table 4: Subsidies in 2021-22 (Rs crore)**

	Actuals 2019-20	Budgeted 2020-21	Revised 2020-21	Budgeted 2021-22	Change (Annualised) (Actuals 2019-20 to BE 2021-22)
Food subsidy	1,08,688	1,15,570	4,22,618	2,42,836	49%
Fertiliser subsidy	81,124	71,309	1,33,947	79,530	-1%
Petroleum subsidy	38,529	40,915	39,055	14,073	-40%
Other subsidies	33,963	34,315	53,116	33,460	-1%
<b>Total</b>	<b>2,62,304</b>	<b>2,62,109</b>	<b>6,48,736</b>	<b>3,69,899</b>	<b>19%</b>

Sources: Expenditure Profile, Union Budget 2020-21; PRS.

✓ Investment institutions (LIC, UTI, GIC, IFCI Venture Capital Funds Ltd., ICICI Venture Funds Management Co Ltd.). State / regional level institutions are various SFCs, SIDCs and NEDFi Ltd.

- Narasimham Committee on Financial Sector Reforms in the 1990s noted that the DFIs may not be viable, since these institutions were raising funds at the current market rates and lending to businesses with long gestation and often high risk of failure with high credit cost.
- Accordingly, the committee recommended that the DFIs be converted either into banks or NBFCs and should be subject to the full rigour of RBI regulations as applicable to the respective categories. Consequently, both ICICI and IDBI were converted into commercial banks and IFCI into an NBFC.
- The New Development Bank (NDB) and Asian Infrastructure Investment Bank (AIIB), the world's youngest DFIs with participation from India, are a step in this direction.

**153. Asset Reconstruction Company Limited and Asset Management Company will be set up to:**

1. Consolidate existing stressed debt
  2. Take over existing stressed debt
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: C**

**Explanation**

- Asset Reconstruction Company Limited and Asset Management Company will be set up to consolidate and take over existing stressed debt, and manage and dispose assets.
- It is like a bad bank that will mop up all the NPAs of the public sector banks.

**154. In the year 2019-20, the highest proportion of subsidies has been allocated to:**

- A. Fertiliser  
B. Food  
C. Petroleum  
D. None of the above

**Answer: B**

**155. Which of the following is/are incorrect?**

1. Out of the total tax collections under GST, 84% is expected to come from central GST and 16% from the GST compensation cess.



2. In the year 2019-20 Corporation Tax was lower than Taxes on Income.

- A. 1 only
- B. 2 only
- C. Both are incorrect
- D. None is incorrect

**Answer: B**

**Explanation**

Table 2 : Break up of central government receipts in 2021-22 (Rs crore)

	Actuals 2019-20	Budgeted 2020-21	Revised 2020-21	Budgeted 2021-22	Change (Annualised) (Actuals 2019-20 to BE 2021-22)
<b>Gross Tax Revenue</b>	20,10,059	24,23,020	19,00,280	22,17,059	5%
<i>of which:</i>					
Corporation Tax	5,56,876	6,81,000	4,46,000	5,47,000	-1%
<b>Taxes on Income</b>	4,92,654	6,38,000	4,59,000	5,61,000	7%
Goods and Services Tax	5,98,750	6,90,500	5,15,100	6,30,000	3%
Customs	1,09,283	1,38,000	1,12,000	1,36,000	12%
Union Excise Duties	2,40,615	2,67,000	3,61,000	3,35,000	18%
Service Tax	6,029	1,020	1,400	1,000	-59%
<b>A. Centre's Net Tax Revenue</b>	<b>13,56,902</b>	<b>16,35,909</b>	<b>13,44,501</b>	<b>15,45,397</b>	7%

156.KAPILA recently heard in news is related to which of the following?

- A. Income tax
- B. Patents
- C. GST
- D. Spectrum auctions

**Answer: B**

**Explanation**

- Recently, the Union Minister of Education launched Kalam Program for Intellectual Property Literacy and Awareness Campaign (KAPILA).
- It is an intellectual property literacy campaign for creating patent awareness.
- The objectives of the scheme include:

- ✓ Creating awareness regarding Intellectual Property Rights (IPR) in Higher Education Institutions (HEIs);
  - ✓ Enabling of IP protection of inventions originating from faculty and students of HEIs;
  - ✓ Development of Credit Course on IPR;
  - ✓ Training program on IPR for faculty and students of HEIs; and
  - ✓ Sensitization and development of vibrant IP filing system
- Under this campaign, students pursuing education in higher educational institutions will get information about the correct system of application process for patenting their invention and they will be aware of their rights.
  - The government has insisted upon that it is necessary not only to invent for the self-sufficiency of the country, but also to patent the inventions.
  - India has a proud history of Nalanda and Takshila Universities and patent of inventions will lead India towards Self-Reliance.
  - The recognition of international standards of copyright protection and incentives for intellectual property have helped India jump eight places to 36th position on the International Intellectual Property (IP) Index 2018.

**157. Which of the following is incorrect about Limited Liability Partnership (LLP) Act?**

1. An LLP is a body corporate and legal entity separate from its partners.
2. LLP falls under the provisions of Indian Partnership Act, 1932.

- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: B**

**Explanation**

- A Limited Liability Partnership (LLP) is a partnership in which some or all partners have limited liability. It therefore exhibits elements of partnerships and corporations
- In an LLP, one partner is not responsible or liable for another partner's misconduct or negligence.
- An LLP is a body corporate and legal entity separate from its partners. It has perpetual succession.
- Being the separate legislation (i.e. LLP Act, 2008), the provisions of Indian Partnership Act, 1932 are not applicable to an LLP and it is regulated by the contractual agreement between the partners.
- Every Limited Liability Partnership shall use the words "Limited Liability Partnership" or its acronym "LLP" as the last words of its name.

- Every LLP shall have at least two designated partners being individuals, at least one of them being resident in India and all the partners shall be the agent of the Limited Liability Partnership but not of other partners.
- LLP format is an alternative corporate business vehicle that provides the benefits of limited liability of a company but allows its members the flexibility of organizing their internal management on the basis of a mutually arrived agreement, as is the case in a partnership firm.
- This format would be quite useful for small and medium enterprises in general and for the enterprises in services sector in particular.
- Internationally, LLPs are the preferred vehicle of business particularly for service industry or for activities involving professionals.
- Recently the Corporate Affairs Ministry has planned to decriminalise 12 offences as well as omit a provision entailing criminal liability under the Limited Liability Partnership (LLP) Act, 2008, for greater ease of doing business for law-abiding LLPs.

**158. Which of the following statements are correct about Atal Bimit Vyakti Kalyan Yojna?**

1. The payment of relief has been reduced to 25% of average of wages from earlier 50% of average wages payable upto maximum 90 days of unemployment.
2. Instead of the relief becoming payable 30 days after unemployment, it shall become due for payment after 90 days.

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

**Answer: D**

**Explanation**

● **ABVKY**

- ✓ It is a welfare measure being implemented by the Employee's State Insurance (ESI) Corporation.
- ✓ It offers cash compensation to insured persons when they are rendered unemployed.
- ✓ The Scheme was introduced in 2018.

● **The issue**

- ✓ It was brought to the notice of ESIC that in some cases employers have struck off their employees from the rolls few months after actually terminating them from service.
- ✓ During this period, ESI contribution was also not filed by the employers for these employees in the system.

- ✓ As the relief under Atal Beemit Vyakti Kalyan Yojana is available only in case of unemployment of the Insured Persons, such employees though terminated from service became ineligible for relief under this scheme.
- In 2020, eligibility criteria for availing the relief were relaxed, as under:
  - ✓ The payment of relief has been enhanced to 50% of average of wages from earlier 25% of average wages payable upto maximum 90 days of unemployment.
  - ✓ Instead of the relief becoming payable 90 days after unemployment, it shall become due for payment after 30 days.
  - ✓ The Insured Person can submit the claim directly to ESIC Branch Office instead of the claim being forwarded by the last employer and the payment shall be made directly in the bank account of IP.
  - ✓ The Insured Person should have been insurable employment for a minimum period of 2 years before his/her unemployment and should have contributed for not less than 78 days in the contribution period immediately preceding to unemployment and minimum 78 days in one of the remaining 3 contribution periods in 02 years prior to unemployment.
- Recently: Employee's State Insurance Corporation (ESIC) has decided that in cases where the employer has shown "Zero" contribution in respect of an employee for some months before exiting him from the system, the relief under ABVKY for such period of "Zero" contribution, shall also be allowed.

Enhancing quantum of relief  
being provided to eligible workers under

## Atal Bimit Vyakti Kalyan Yojana



**Enhanced benefit and relaxation in eligibility conditions  
under Atal Bimit Vyakti Kalyan Yojana (ABVKY)**

**Rate of relief enhanced from 25% to 50% of  
the average daily wages**

**Relief amount to be credited to the bank  
account of the Insured person directly**

**Scheme extended upto 30th June, 2021 with enhancement in relief  
and relaxation in eligibility conditions upto 31.12.2020**

**Insured Person can apply online and thereafter submit hard copy  
of their claim directly to their designated ESIC Branch Office**

For more information and claiming relief under the scheme,  
please visit [www.esic.in](http://www.esic.in)



Ministry of Labour & Employment  
Government of India



**Employees' State Insurance Corporation**

For more information please visit nearest /designated ESIC Branch Office or call toll free number 1800 11 2526

**159. The Neptune Declaration recently heard in news is related to which of the following?**

- A. Outer space treaty
- B. Intellectual property rights
- C. Cryptocurrency
- D. Maritime Vision

**Answer: D**

**Explanation**

- The Neptune Declaration was signed by more than 300 organizations.
- The declaration highlights the main actions that are required to be taken in order to resolve the crew change crisis.
- The daily lives and wellbeing of seafarers was highly impacted due to COVID-19 pandemic. It led to a humanitarian crisis at sea.
- This declaration has mentioned four main actions that is needful to address the crew change crisis:
  - ✓ To recognize the seafarers as the key workers and provide them priority access to Covid-19 vaccines.
  - ✓ To establish and implement the gold standard health protocols which are based on the existing best practice.
  - ✓ To increase the collaboration between the ship operators and charterers so as to facilitate the crew changes.
  - ✓ To ensure the air connectivity between the key maritime hubs for seafarers.
- The Marine Union of India is the oldest marine office.
  - ✓ It represents the Merchant Navy Officers who are its members.
  - ✓ The office is affiliated to the International Transport Workers' Federation (ITF), London, United Kingdom
  - ✓ It has around 700 unions that represents over 4.5 million transport workers from 150 countries.
  - ✓ The office is also affiliated to the Hind Mazdoor Sabha (HMS), New Delhi.
  - ✓ The office work with the primary objective of working for and ensuring the fairness of work and wage conditions for the members.
  - ✓ It also has Branch office in Kolkata, Chandigarh, Chennai, Visakhapatnam, and Tuticorin.
  - ✓ The office also looks after the implementation of the international regulations such as Maritime Labour Convention (MLC), 2006

Recently, the Maritime body MUI urged the government to take cognisance of Neptune Declaration on Seafarer Wellbeing and Crew Change in order to formulate the Maritime India Vision 2030.

- The "Maritime India Vision 2030" will be formulated by the Ministry of Ports, Shipping and Waterways of India.

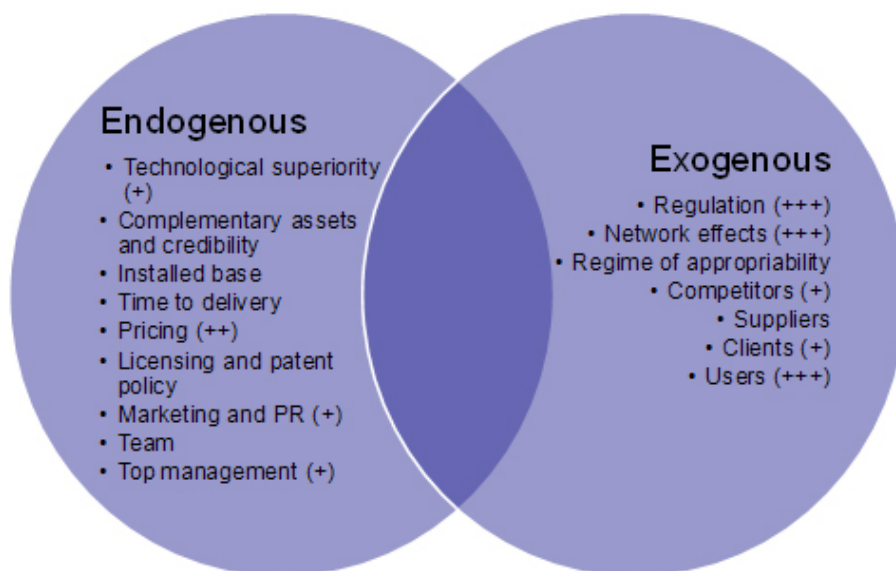
**160. The growth theory in which growth is fueled by technological progress independent of economic forces is known as:**

- A. Exogenous growth
- B. Endogenous growth
- C. Classical Growth Theory
- D. None of the above

**Answer: A**

**Explanation**

- Exogenous growth, a key tenet of neoclassical economic theory, states that growth is fueled by technological progress independent of economic forces.
- Both the exogenous growth and endogenous growth theories are part of the neoclassical growth models.
- The exogenous growth model factors in production, diminishing returns of capital, savings rates, and technological variables to determine economic growth.
- While both the exogenous and endogenous growth models stress the role of technological progress in achieving sustained economic growth, the former posits that this key variable is born outside the economic system, whereas the latter suggests that the activities within the economic system result in its creation.



**161. Which of the following statements regarding Open Market Operations are correct?**

1. These are directly conducted by RBI through public auctions to infuse liquidity in the monetary system.
  2. It is one of the qualitative monetary policy tools which is employed by the central bank of a country.
- A. 1 only

- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

**Answer: D**

**Explanation**

- Context: RBI announces ₹20,000 crore open market operations on February 10.
- Open market operations is the sale and purchase of government securities and treasury bills by RBI or the central bank of the country.
- The objective of OMO is to regulate the money supply in the economy.
- It is one of the quantitative monetary policy tools.
- RBI carries out the OMO through commercial banks and does not directly deal with the public.
- When the central bank wants to infuse liquidity into the monetary system, it will buy government securities in the open market. This way it provides commercial banks with liquidity.
- When it sells securities, it curbs liquidity.
- Thus, the central bank indirectly controls the money supply and influences short-term interest rates.
- RBI employs two kinds of OMOs:
  - ✓ Outright Purchase (PEMO) – this is permanent and involves the outright selling or buying of government securities.
  - ✓ Repurchase Agreement (REPO) – this is short-term and are subject to repurchase.

**162. Which of the following statements regarding National Safety Council are correct?**

1. Its work under Ministry of labour & Employment.
  2. The NSC is working on the safety rating of establishment based on their Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code, 2020) readiness and performance.
- A. 1 only
  - B. 2 only
  - C. Both 1 and 2
  - D. Neither 1 nor 2

**Answer: C**

**Explanation**

- Context: The CEO and Managing Director of L&T Ltd, SN Subrahmanyam has been appointed Chairman of the National Safety Council for a period of three years.



- National Safety Council has a major role to play to ensure safety in workplaces under the new Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code, 2020).
- The National Safety Council will assist Directorate General, Factory Advice and Labour Institutes (DGFASLI) in re-writing the regulations governing OSH in the country which have not been updated for over 50 years.
- The DGFASLI is an attached office of the Ministry of Labour & Employment, Government of India and serves as a technical arm to assist the Ministry in formulating national policies on occupational safety and health in factories and docks. It also advises factories on various problems concerning safety, health, efficiency and well - being of the persons at work places.
- The NSC will also be involved in framing the scheme for third party audit and certification under the OSH Code.
- The NSC is already working on the safety rating of establishments based on their OSH readiness and performance which can be extended through the country and linked to the inspection system.
- National Safety Council is a non-profit, self-financing apex body at the national level in India. Its Objective is to generate, develop and sustain a voluntary movement on Safety, Health, and Environment (SHE) at the national level. It is an autonomous body. Set was setup by Ministry of Labour and Employment in 1965.
- It was registered as a Society under the Societies Registration Act, 1860 and subsequently, as a Public Trust under the Bombay Public Trust Act, 1950.

**163. Which of the following statements regarding landlord port model are incorrect?**

1. In the landlord port model, the publicly governed port authority acts as a regulatory body and as landlord while private companies carry out port operations—mainly cargo-handling activities.
  2. It is a Hybrid Model of Port Governance.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: B**

**Explanation**

- In the landlord port model, the publicly governed port authority acts as a regulatory body and as landlord while private companies carry out port operations—mainly cargo-handling activities.
- Here, the port authority maintains ownership of the port while the infrastructure is leased to private firms that provide and maintain their own superstructure and install own equipment to handle cargo.
- In return, the landlord port gets a share of the revenue from the private entity.
- The role of the landlord port authority would be to carry out all public sector services and operations such as the award of bids for cargo terminals and dredging.



- Currently, most major port trusts in India carry out terminal operations as well, resulting in a hybrid model of port governance.
- The involvement of the port authorities in terminal operations leads to a conflict of interest and works against objectivity
- The neutrality of the landlord port authority is a basic requirement for fair competition between port service providers, particularly the terminal operators.

#### 164. Central banks and Governments engage in this type of monetary settlement.

1. It is done with foreign counterparts to meet short term foreign exchange liquidity requirements.
2. At times it is also done to ensure adequate foreign currency to avoid Balance of Payments (BOP) crisis till longer arrangements can be made.

It is known as:

- A. FX swaps
- B. Currency Swap
- C. Free Trade Agreement
- D. Devaluation

**Answer: B**

#### Explanation

- Context: The Reserve Bank of India has agreed to a USD 400 million currency swap facility for Sri Lanka till November 2022 to boost the foreign reserves and ensure the financial stability of the country.
- Currency Swaps are used to obtain foreign currency loans at a better interest rate than could be obtained by borrowing directly in a foreign market.
- Central banks and Governments engage in currency swaps with foreign counterparts to meet short term foreign exchange liquidity requirements or to ensure adequate foreign currency to avoid Balance of Payments (BOP) crisis till longer arrangements can be made.
- The word swap means exchange.
- A currency swap between the two countries is an agreement or contract to exchange currencies with predetermined terms and conditions.
- India and Japan in the year 2018 signed a bilateral currency swap agreement.
- RBI will get a certain amount of yen and the Bank of Japan will get an equivalent amount in Indian rupees on a decided swap rate.
- After a specified period, both the countries will repay the amount at the same swap rate.
- The decision comes five months after Sri Lankan Prime Minister Mahinda Rajapaksa had visited New Delhi and a recent bilateral discussion on rescheduling Colombo's outstanding debt repayment to India.

- Sri Lanka owes USD 960 million to India.

**165.** The penal rate at which banks can borrow money from the central bank over and above what is available to them through the Liquidity Adjustment Facility window is known as:

- A. Marginal Standing Facility
- B. Repo Rate
- C. Bank Rate
- D. Marginal Cost of Fund based Lending Rate

**Answer: A**

**Explanation**

- Marginal standing facility (MSF) is a window for banks to borrow from the Reserve Bank of India in an emergency when inter-bank liquidity dries up completely.
- The Marginal standing facility is a scheme launched by RBI while reforming the monetary policy in 2011-12.
- It is a penal rate at which banks can borrow money from RBI when they are completely exhausted of all borrowing assistance.
- The Marginal Standing facility allows banks to borrow money with an interest rate above the repo rate and can be termed as the Marginal standing facility rate.
- Banks borrow from the RBI by pledging government securities at a rate greater than the repo rate under LAF (liquidity adjustment facility).
- The MSF rate is pegged 100 basis points or a percentage point above the repo rate.  
Under MSF, banks can borrow funds up to one percent of their net demand and time liabilities (NDTL).
- The minimum amount for which RBI receives application is Rs.1 Crore, and afterward in multiples of Rs.1 Crore.

**166.** Consider the following statements:

1. Capital Adequacy Ratio (CAR) is the amount that banks have to maintain in the form of their own funds to offset any loss that banks incur if the account-holders fail to repay dues.
2. CAR is decided by each individual bank.

**Which of the statements given above is/are correct?**

- A. 1 only
- B. 2 only
- C. Both of the above
- D. None of the above

**Answer: A**

**Explanation**

- The Capital Adequacy Ratio (CAR) is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures.
- The Capital Adequacy Ratio, also known as capital-to-risk weighted assets ratio (CRAR), is used to protect depositors and promote the stability and efficiency of financial systems around the world.
- Two types of capital are measured:
  - ✓ Tier one capital, which can absorb losses without a bank being required to cease trading, and
  - ✓ Tier two capital, which can absorb losses in the event of a winding-up and so provides a lesser degree of protection to depositors.
- Currently, Basel III norms mandate 8% CRAR while RBI mandates minimum CRAR of 9%.

**167. WTO's Agreement on Agriculture (AoA) includes which of the following?**

1. Domestic Support Commitments
2. Sanitary and Phytosanitary Measures
3. Special Safeguard Provisions
4. Countervailing duties

**Select the correct answer using the code given below:**

- A. 1 and 3 only
- B. 1, 2 and 3 only
- C. 3 only
- D. All of the above

**Answer: B**

**Explanation**

- The WTO Agreement on Agriculture, which came into force in 1995, aims at reforming agricultural trade and making it fairer and more competitive.
- The WTO Agreement on Subsidies and Countervailing Measures disciplines the use of subsidies, and it regulates the actions countries can take to counter the effects of subsidies.
- Under the agreement, a country can use the WTO's dispute-settlement procedure to seek the withdrawal of the subsidy or the removal of its adverse effects. Or the country can launch its own investigation and ultimately charge extra duty ("countervailing duty") on subsidized imports that are found to be hurting domestic producers.
- Its provisions and rules also relate to Special Safeguard Provisions which is a protection measure allowed for developing countries to take contingency restrictions against agricultural imports that are causing injuries to domestic farmers.

- Its provisions and rules also relate to Sanitary and Phytosanitary Measures and it concerns with the application of food safety and animal and plant health regulations.

**168. Which of the following are about the situation of Liquidity Trap?**

1. Expansionary monetary policy does not stimulate economic growth.
2. Public would prefer to hold money in banks rather than in cash form.
3. Public would rush to buy more bonds to earn a fixed interest rate in such a situation of volatility.

Choose the correct codes given below.

- A. 1 only
- B. 2 and 3 only
- C. 1 and 2 only
- D. All of the above

**Answer: B**

**Explanation**

- A liquidity trap is a situation in which interest rates are low and savings rates are high, rendering monetary policy ineffective.
- In a liquidity trap, consumers choose to avoid bonds and keep their funds in savings because of the prevailing belief that interest rates will soon rise (which would push bond prices down).
- Because bonds have an inverse relationship to interest rates, many consumers do not want to hold an asset with a price that is expected to decline.

**169. Which of the following is/are the consequences that follow if there is an increase in the fixed investment in the economy?**

1. Growth in GDP
2. Decline in consumption
3. Improvement in investment outlook
4. Increase in the Interest rates

Select the correct answer using the codes given below.

- A. 1 and 2 only
- B. 2 and 4 only
- C. 1 and 3 only
- D. All of the above

**Answer: C**

### Explanation

- The last year's Economic Survey, describes the virtuous cycle of growth wherein an increase in the rate of fixed investment accelerates the growth of GDP that in turn induces a higher growth in consumption.
- Higher growth of consumption improves the investment outlook. This virtuous cycle of higher fixed investment-higher GDP growth-higher consumption growth generates economic development in the country.

**170. Which of the following is/are *incorrectly* matched**

1. Treasury Bills - Public Account of India
2. Kisan Vikas Patra - Consolidated Fund of India
3. Sukanya Samriddhi Account - Contingency fund of India
4. Public Provident Fund - Public Account of India

Select the correct answer using the code given below

- A. 1 only
- B. 1, 2, and 3 Only
- C. 2, 3 and 4 only
- D. All of the above

**Answer: B**

### Explanation

- Receipts under Public Account account mainly flow from the sale of Savings Certificates, contributions into General Provident Fund, Public Provident Fund, Security Deposits and Earnest Money Deposits (a kind of security deposits) received by the government.
- It also includes schemes like Kisan Vikas Patra, Sukanya Samridhi Scheme, etc.
- In respect of such deposits, the government is acting as a Banker or Trustee and refunds the money after the completion of the contract/ event.
- All government borrowings through Treasury bills and Dated securities go to the Consolidated Fund of India.

**171. Which of the following have MSP (Minimum Selling Price)?**

1. Wheat
2. Paddy
3. Sugar
4. Cotton

- A. 1, 2 & 3 only
- B. 2, 3 & 4 only
- C. 1 & 2 only
- D. All of the above

**Answer: D**

### **Explanation**

- Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices.  
The minimum support prices are announced by the Government of India at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).
- MSP is price fixed by Government of India to protect the producer - farmers - against excessive fall in price during bumper production years.  
The minimum support prices are a guarantee price for their produce from the Government.
- The major objectives are to support the farmers from distress sales and to procure food grains for public distribution.  
In case the market price for the commodity falls below the announced minimum price due to bumper production and glut in the market, government agencies purchase the entire quantity offered by the farmers at the announced minimum price.
- Government announces minimum support prices (MSPs) for 22 mandated crops and fair and remunerative price (FRP) for sugarcane. The mandated crops are 14 crops of the kharif season, 6 rabi crops and two other commercial crops. In addition, the MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed/mustard and copra, respectively.
- The list of crops are as follows.
  - ✓ Cereals (7) - paddy, wheat, barley, jowar, bajra, maize and ragi
  - ✓ Pulses (5) - gram, arhar/tur, moong, urad and lentil
  - ✓ Oilseeds (8) - groundnut, rapeseed/mustard, toria, soyabean, sunflower seed, sesamum, safflower seed and nigerseed
  - ✓ Raw cotton
  - ✓ Raw jute
  - ✓ Copra
  - ✓ De-husked coconut
  - ✓ Sugarcane (Fair and remunerative price)
  - ✓ Virginia flu cured (VFC) tobacco
- To control the constant slide in ex mill prices of sugar, the central government had in June 2018 specified the concept of MSP for sugar. Back then the MSP was fixed at Rs 2,850/- per quintal which was subsequently raised to Rs 3,100/- per quintal.

**172. Which of the following statements is/are correct about Anti-dumping Duty?**

1. It is imposed in order to counter the negative impact of import subsidies to protect domestic producers.
2. A country is allowed to impose tariffs on dumped products to provide a level-playing field to domestic manufacturers.

- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: B**

**Explanation**

**Context**

- The U.S. Department of Commerce is preparing to tax aluminium sheet exporters from 18 countries including India after determining that they had benefited from subsidies and dumping.
- The US International Trade Commission (ITC), an independent body, must approve the final decision to impose anti-dumping or countervailing duties.
- In international trade practise, dumping happens when a country or a firm exports an item at a price lower than the price of that product in its domestic market.
- Dumping impacts the price of that product in the importing country, hitting margins and profits of local manufacturing firms.
- Anti-dumping duty is imposed to rectify the situation arising out of the dumping of goods and its trade distortive effect.
- According to global trade norms, including the World Trade Organization (WTO) regime, a country is allowed to impose tariffs on such dumped products to provide a level-playing field to domestic manufacturers.
- Anti-dumping duty is different from countervailing duty. The latter is imposed in order to counter the negative impact of import subsidies to protect domestic producers.
- Countervailing Duties (CVDs) are tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country.
- CVDs are meant to level the playing field between domestic producers of a product and foreign producers of the same product who can afford to sell it at a lower price because of the subsidy they receive from their government.

**173. Which of the following statements are correct about Asian Infrastructure Investment Bank (AIIB)?**

1. It is a multilateral development bank with a mission to improve social and economic outcomes in Asia and beyond.



**2. The Bank has established an International Advisory Panel (IAP) to coordinate with World Bank and IMF on investment related projects worldwide and their impacts on Asian economy.**

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

**Answer: A**

### **Explanation**

#### **Context**

- Centre has signed \$304 million pact with AIIB for power transmission network in Assam.
- The fund will be utilised for the 'Assam Intra- State Transmission System Enhancement Project', aiming to improve reliability, capacity and security of the power transmission network in the state.
- Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank with a mission to improve social and economic outcomes in Asia and beyond.
- The Parties (57 founding members) to agreement comprise the Membership of the Bank.
- It is headquartered in Beijing.
- It commenced operations in January 2016.
- By investing in sustainable infrastructure and other productive sectors today, it aims to connect people, services and markets that over time will impact the lives of billions and build a better future.
- There are more than 100 members now
- Fourteen of the G-20 nations are AIIB members including France, Germany, Italy and the United Kingdom.
- China is the largest shareholder with 26.61 % voting shares in the bank followed by India (7.6%), Russia (6.01%) and Germany (4.2 %).
- The regional members hold 75% of the total voting power in the Bank.

#### **Various organs of AIIB**

- **Board of Governors:** The Board of Governors consists of one Governor and one Alternate Governor appointed by each member country. Governors and Alternate Governors serve at the pleasure of the appointing member.
- **Board of Directors:** Non-resident Board of Directors is responsible for the direction of the Bank's general operations, exercising all powers delegated to it by the Board of Governors.
- **International Advisory Panel:** The Bank has established an International Advisory Panel (IAP) to support the President and Senior Management on the Bank's strategies and policies as well as on general operational issues.

174. Based on the following statements identify the type of curve?

1. It plots interest rates of bonds of equal credit and different maturities.
2. The three key types include normal, inverted and flat.
3. Upward sloping curve is where longer-term bonds have higher yields than short-term ones.
4. While normal curves point to economic expansion, downward sloping (inverted) curves point to economic recession.

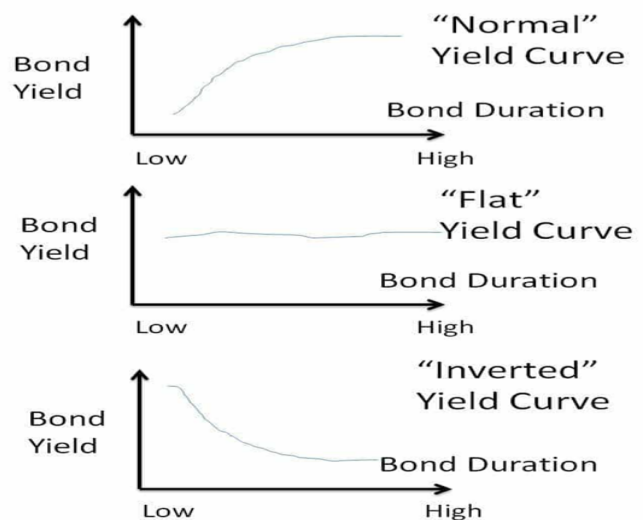
- A. Phillips Curve
- B. Rahn's Curve
- C. Wage Curve
- D. Yield Curve

**Answer: D**

**Explanation**

**Context**

- A yield curve is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates.
- The slope of the yield curve gives an idea of future interest rate changes and economic activity.
- There are three main types of yield curve shapes: normal (upward sloping curve), inverted (downward sloping curve) and flat.
- This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates, and it is used to predict changes in economic output and growth.



175. Which one of the following statements appropriately describes the "fiscal stimulus"? (UPSC- 2011)

- A. It is a massive investment by the Government in manufacturing sector to ensure the supply of goods to meet the demand surge caused by rapid economic growth
- B. It is an intense affirmative action of the Government to boost economic activity in the country
- C. It is Government's intensive action on financial institutions to ensure disbursement of loans to agriculture and allied sectors to promote greater food production and contain food inflation
- D. It is an extreme affirmative action by the Government to pursue its policy of financial inclusion.

**Answer: B**

## Explanation

### Context

- A 'stimulus' is an attempt by policymakers to kick-start a sluggish economy through a package of measures.
- A monetary stimulus will see the central bank expanding money supply or reducing the cost of money (interest rates), to spur consumer spending.
- A fiscal stimulus entails the Government spending more from its own coffers or slashing tax rates to put more money in the hands of consumers.
- With monetary policy, both conventional and unconventional, having reached the limits of its effectiveness in most of the advanced industrial countries, the only instrument left for boosting demand is fiscal policy.
- There are calls for a government stimulus package to revitalize the economy.

**176. In context of Flexible Inflation Targeting Framework, which of the following is/are correct:**

1. India has a flexible inflation targeting framework which came into after the 2016 amendment to the Reserve Bank of India (RBI) Act, 1934.
  2. The amended RBI Act provides for the inflation target to be set by the Government of India, in consultation with the Reserve Bank, once every five years.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None of the above

**Answer: C**

### Explanation

- Flexible Inflation Targeting Framework:
- Now there is a flexible inflation targeting framework in India (after the 2016 amendment to the Reserve Bank of India (RBI) Act, 1934).
- The amended RBI Act provides for the inflation target to be set by the Government of India, in consultation with the Reserve Bank, once every five years.
- The Central Government has notified 4 per cent Consumer Price Index (CPI) inflation as the target for the period from August 5, 2016, to March 31, 2021, with the upper tolerance limit of 6 per cent and the lower tolerance limit of 2 per cent.
- The Reserve Bank of India, in the Report on Currency and Finance for FY21, has said the current inflation target of 4% with a +/-2% tolerance band is appropriate for the next five years.

**177. Which of the following is/are correct about Vivad Se Vishwas scheme:**

1. It is an indirect tax dispute resolution scheme.
  2. It was enacted primarily with the objective to reduce pending GST litigations that arose after various indirect taxes were subsumed in the GST.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None is correct

**Answer: D**

**Explanation**

- The Income Tax Department extended the deadline for filing declarations and making payment under the direct tax dispute resolution scheme 'Vivad Se Vishwas' (VsV) till March 31 and April 30.
- The Direct Tax 'Vivad se Vishwas' Act, 2020 was enacted on March 17, 2020, with the objective to reduce pending income tax litigation, generate timely revenue for the government and to benefit taxpayers.
- The scheme aims to end litigation and legacy disputes under the direct taxes category as ₹9.32 lakh crore worth of revenue is blocked in approximately 4.8 lakh appeals pending at various income tax appellate forums.
- The entities who opt for the scheme have to pay a requisite tax following which all litigation against them are closed by the tax department and penal proceedings dropped.
- The response to the scheme gains significance given earlier schemes like Kar Vivad Samadhan Scheme, 1998 (KVSS) and Direct Tax Dispute Resolution Scheme, 2016 (DTDRS) did not yield much results.
- The scheme has reportedly received an overwhelming response with a settlement amount of over Rs 97,000 crore as of February.
- So far, over 1,25,144 of the 5,10,491 long-pending cases have been settled under the scheme.
- These comprise 24.5 per cent of the total number of such cases which were pending before the scheme was introduced.

**178. Which of the following is/are correct in context of Asia Economic Dialogue?**

1. Asia Economic Dialogue (AED) is the flagship geo-economics conference of the Indian Ministry of Finance and RBI.
  2. The dialogue focuses on trade and finance dynamics in Asia and its extended neighbourhood.
- A. 1 only  
B. 2 only

- C. Both are correct
- D. None is correct

**Answer: B**

**Explanation**

- The 5th edition of the Asia Economic Dialogue (AED) was held virtually.
- About Asia Economic Dialogue (AED)
- Asia Economic Dialogue (AED) is the flagship geo- economics conference of the Indian Ministry of External Affairs (MEA).
- The dialogue focuses on trade and finance dynamics in Asia and its extended neighbourhood.
- It is jointly organized by the Ministry of External Affairs (MEA) and Pune International Centre (PIC).
- Theme: “Post Covid-19 Global Trade and Finance Dynamics”.
- The dialogue focuses on the pandemic’s impact on trade and finance, on the world, and on Asia in particular.
- It also discusses strategies to deal with this impact.

**179. Which of the following statements regarding Bad Bank is/are correct?**

1. A bad bank is a bank set up to buy the bad loans and other illiquid holdings of another financial institution.
  2. The entity holding significant nonperforming assets will sell these holdings to the bad bank at market price.
  3. By transferring such assets to the bad bank, the original institution may clear its balance sheet without taking write-downs.
- A. 1 and 2 only
  - B. 2 and 3 only
  - C. 1 and 3 only
  - D. 1, 2 and 3

**Answer: A**

**Explanation**

- A bad bank is a bank set up to buy the bad loans and other illiquid holdings of another financial institution.
- The entity holding significant nonperforming assets will sell these holdings to the bad bank at market price.
- By transferring such assets to the bad bank, the original institution may clear its balance sheet— although it will still be forced to take write-downs.

- Indian banks' pile of bad loans is a huge drag on the economy.
- It's a drain on banks' profits. Because profits are eroded, public sector banks (PSBs), where the bulk of the bad loans reside, cannot raise enough capital to fund credit growth.
- Lack of credit growth, in turn, comes in the way of the economy's return to an 8% growth trajectory. Therefore, the bad loan problem requires effective resolution.
- The Indian Banks' Association (IBA) has begun identifying bad loans which can be transferred to the Centre's proposed bad bank.
- The IBA has written to banks asking them for a list of all bad loans worth Rs 500 crore and above to "identify magnitude of the problem" and "get clarity over initial capital required for the entity".
- Finance Minister had proposed setting up of a bad bank during her Union Budget 2021 speech on February 1.
- She said the proposed entity would take over stressed loans from banks to sell to alternative investment funds (AIF).

**180. Which of the following statements are correct about Fugitive economic offender?**

1. A person can be named an offender under the law if there is an arrest warrant against him or her for involvement in economic offences involving at least Rs. 1000 crore or more and has fled from India to escape legal action.
  2. The investigating agencies have to file an application in a Special Court under the Prevention of Money-Laundering Act containing details of the properties to be confiscated, and any information about the person's whereabouts.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: A**

**Explanation**

**Fugitive economic offender**

- A person can be named an offender under the law if there is an arrest warrant against him or her for involvement in economic offences involving at least Rs. 100 crore or more and has fled from India to escape legal action.
- The investigating agencies have to file an application in a Special Court under the Prevention of Money-Laundering Act containing details of the properties to be confiscated, and any information about the person's whereabouts.
- The Special Court will issue a notice for the person to appear at a specified place and date at least six weeks from the issue of notice.

- Proceedings will be terminated if the person appears.
- If not the person would be declared as a Fugitive Economic Offender based on the evidence filed by the investigating agencies.
- The person who is declared as a Fugitive Economic Offender can challenge the proclamation in the High Court within 30 days of such declaration according to the Fugitive Economic Offenders Act, 2018.

**181. Which of the following statements about “Volcano Bonds” are incorrect?**

1. They are issued in order to reduce volatility in market when the economy is experiencing stagflation.
  2. It is a type of Insurance Linked Subsidy.
- A. 1 only  
B. 2 only  
C. Both are correct  
D. None of the above is incorrect

**Answer: A**

**Explanation**

- The Danish Red Cross announced that it has launched first of its kind catastrophe bond for the volcano-related disasters in collaboration with the several financial firms.
- Volcano Bonds will enable the disaster relief agency to get the financial aid quickly to those who are suffering because of the eruption of 10 volcanoes namely Chile, Ecuador, Cameroon, Colombia, Mexico, Guatemala and Indonesia.
- The project’s partners aim to raise \$3 million with the launch of this bond.
- This money will be transferred to the Denmark’s branch of the Red Cross.
- The Initial investors in the bond are Plenum investments and Schroder Investment Management.
- The firm specializes in the insurance-linked securities.
- The pay-out of the bond is based on the quantitative model which predict about where the funds will be needed on the basis of the height of the ash cloud after the volcanic eruption and prevailing winds.
- The project has been in the making since the year November 2018 when it was started around a table in Zurich. The catastrophe bonds insure against the damage from natural disasters such as earthquakes and storms. Some of the bonds also include the volcanic eruptions in baskets of the covered perils.
- These bonds offer a high yield to the investors who are going through the risk of losing some or all of their investment during the disaster.
- These pandemic bonds, which were sold in the year 2017, started being criticised when they failed to pay out during the Ebola outbreak in 2019 and in the initial phases of coronavirus pandemic in 2020.



- These bonds also went into losses amid the Covid-19 crisis.

**182. The economic system aimed at eliminating waste and the continual use of resources by employing reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed-loop system, minimising the use of resource inputs and the creation of waste, pollution and carbon emissions is known as**

- A. Green Economy
- B. Sustainable Economy
- C. Circular Economy
- D. Linear Economy

**Answer: C**

**Explanation**

- The government has set up 11 committees which will be led by the concerned line ministries apart from officials from Ministry of Environment, Forest and Climate Change (MoEFCC) and NITI Aayog. The committee will expedite the transition India from a linear to a circular economy across the 11 focus areas.
- These committees will be preparing the comprehensive action plans to help in transitioning from the linear to the circular economy in the respective focus areas.
- The committee will also carry the necessary modalities which in turn will ensure the effective implementation of findings and recommendations.
- The government has selected 11 focus area to move from linear economy to the circular economy.
- The areas include: Municipal Solid Waste & Liquid Waste, Electronic Waste, Scrap Metal (Ferrous & Non- Ferrous), Solar Panels, Gypsum, Lithium-Ion Batteries, Agriculture Waste, Toxic Hazardous Industrial Waste, Used Oil Waste, Tyre and Rubber Recycling and End-of-life Vehicles (ELVs).
- Sustainable growth is the key element of the Aatma-Nirbhar Bharat initiative.
- So, India needs a development model for the optimum utilization of resources. Thus, in the light of climate change, growing population, rapid urbanization, and environmental pollution, there is a need to move towards the circular economy.



Image: Sustainable Global Resources Ltd.  
Recycling Council of Ontario

- Circular economy or circularity is an economic system which aims to eliminating the waste and continual use of resources.
- This system accounts for reuse, repair, refurbishment, remanufacturing, recycling and sharing in order to create a closed-loop system.
- Thus, it minimises the use of resource inputs. It also minimises the creation of pollution, waste and carbon emissions.
- If India adopts the circular economy path, it could bring in the substantial annual benefits. It will help in reducing the congestion and pollution.

**183. Which of the following statements about At-1 bonds are correct?**

1. AT1 bonds are the hybrid products which offer a fixed return which can be reset.
2. The bonds do not have fixed maturity.
3. These bonds have high liquidity because of which they are sold in market at high profits.

- A. 1 and 2 only
- B. 1 only
- C. 2 only
- D. 1, 2 and 3 only

**Answer: A**

**Explanation**

- Department of Financial Services (DFS), under finance ministry, has sent a memorandum to Securities and Exchange Board of India (Sebi) and has asked it to withdraw a rule treating AT1 bonds (perpetuals) which is having 100-year maturity.
- The circular was issued by SEBI regarding the AT1 bonds and this will take effect from April 1, 2021.
- This circulation has generated significant apprehension in mutual fund industry for which the losses would result from the consequential revaluation of AT1 bonds.
- AT1 bonds are the hybrid products which offer a fixed return which can be reset. These bonds are however risky as equities.
- These are unsecured instruments and are complex in nature. The investors are required to read the fine print before they put money in them.
- The bonds do not have fixed maturity.
- However, the banks which are issuing them can repay them at certain dates.
- These specified dates are regarded as the maturity dates historically.
- The AT1 bonds with the 100 years of maturity was being regarded as a risk.
- A change in the maturity to 100 years had the potential to increases the interest rate sensitivity of the portfolio of the fund.

- This, the investors were vulnerable to losses in case of even a small increase in interest rates.
- Thus, the mutual funds have expressed fears of increase in redemptions by investors because of fear of such losses.
- On the other side, the bonds are of relatively low liquidity because of which it is hard to sell them.

**184. Which of the following statements are incorrect about Participatory Notes?**

1. The participatory notes are also regarded as offshore derivative instruments as they are used by the investors abroad but not within India.
2. Participatory notes are non-transferable.

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

**Answer: B**

**Explanation**

- Participatory Notes which are also regarded as P-Notes (PNs) are the instruments issued by registered FIIs. The PNs are issued for the overseas investors who want to invest in the stock markets in India, without being registered under SEBI.
- In the year 2007, the percentage of participatory notes in FIIs were almost 50%.
- The participatory notes are also regarded as offshore derivative instruments as they are used by the investors abroad but not within India.
- They are used by the clients of Foreign Institutional Investors (FIIs) who do not wish to participate directly in the Indian stock market.
- Foreign Institutional investors (FIIs) are the entities established outside India that are responsible for making investment proposals in India.
- They play an important role in the economy of a country.
- During 1996-97, the following changes were made in the SEBI Regulations, 1995 to facilitate the inflow of foreign portfolio investment:
- Each of the Foreign Institutional investors can now invest up to 10% of the equity of any one company, subject to the overall limit of 24% on investments by all FIIs, NRIs and OCBs.
- The FIIs have been permitted to invest 100% of their portfolios in debt securities under the approval of SEBI.
- The FIIs that are eligible under SEBI are permitted to include the endowments, university funds, foundations, charitable trusts and societies registered with a statutory authority of their country and having a track record of 5 years.

### Advantages of participatory notes

- The participatory notes play an important role in the Indian Economy.
- About 45 % of the total investments are made through the participatory notes by the foreign instructional investors (FIIs).
- P-Notes also helps in keeping the investor's name anonymous along with reducing the transaction costs.
- Some of the major advantages of participatory notes are as follows:
- Any entity can invest in the participatory notes without registering under SEBI while registering under SEBI is compulsory for all FIIs. PNs also enable the large hedge funds to continue their operations without disclosing their identity.
- Participatory notes are transferable through endorsement and delivery making trading easy in the country.
- Some of the entities route their investment through participatory notes to take advantage of the tax laws of certain preferred countries.

**185. Which of the following statements about Enemy properties act are incorrect?**

1. The Tashkent Declaration of January 10, 1966 included a clause that said India and Pakistan would discuss the return of the property and assets taken over by either side in connection with the conflict
  2. Under the Defence of India Rules framed under The Defence of India Act, 1962, the Defence ministry notifies the enemy property rules allowing custodians to detect, preserve and control of such wealth.
- A. 1 only  
B. 2 only  
C. Both 1 and 2  
D. Neither 1 nor 2

**Answer: B**

### Explanation

- The Center has identified over 3,000 new enemy properties left behind by the Chinese and Pakistani nationals after the India-China war in 1962 and Indo-Pak wars in 1965 and 1971.
- The Home Ministry has notified the enemy property rules under the Enemy Property Act, 1968, allowing custodians to detect, preserve and control of such wealth.
- In the wake of the Chinese aggression in 1962, CEPI was called upon to take charge of the Chinese assets, with the aim of attaching the properties under the Defence of India Rules, 1962.
- In 1968, the Enemy Property Act was enacted to deal with such properties. The Act was further amended in 1977 and 2017.

- Uttar Pradesh tops the list of Pakistani enemy properties .
- West Bengal has the second-highest number of immovable enemy properties left behind by either Pakistani or Chinese nationals.
- Besides immovable properties, enemy properties also consist of shares, gold and silver ornaments.
- Under the Defence of India Rules framed under The Defence of India Act, 1962, the Government of India took over the properties and companies of those who took Pakistani nationality.
- Under the Defence of India Rules framed under The Defence of India Act, 1962, the Government of India took over the properties and companies of those who took Pakistani nationality.
- These “enemy properties” were vested by the central government in the Custodian of Enemy Property for India. The same was done for property left behind by those who went to China after the 1962 Sino-Indian war.
- The Tashkent Declaration of January 10, 1966 included a clause that said India and Pakistan would discuss the return of the property and assets taken over by either side in connection with the conflict.
- However, the Government of Pakistan disposed of all such properties in their country in the year 1971 itself.
- The Enemy Property Act, enacted in 1968, provided for the continuous vesting of enemy property in the Custodian of Enemy Property for India. Some movable properties too, are categorised as enemy properties.
- The 2017 amended Act expanded the definition of the term “enemy subject”, and “enemy firm” to include the legal heir and successor of an enemy, whether a citizen of India or a citizen of a country which is not an enemy; and the succeeding firm of an enemy firm, irrespective of the nationality of its members or partners.
- The amended law provided that enemy property shall continue to vest in the Custodian even if the enemy or enemy subject or enemy firm ceases to be an enemy due to death, extinction, winding up of business or change of nationality, or that the legal heir or successor is a citizen of India or a citizen of a country which is not an enemy.
- The Custodian, with prior approval of the central government, may dispose of enemy properties vested in him in accordance with the provisions of the Act, and the government may issue directions to the Custodian for this purpose.