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# PRE-Mix

*(Compilations of the Multiple Choice Questions)*

*For*

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# Economy

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1. Consider the following statements about the criteria of Navratna Companies:

1. The company must have 'Miniratna Category - I' status along with a Schedule 'A' listing.
2. Along with the above, it should also have a composite score of 70 or above out of possible 100 marks in the 7 selected performance parameters.

Choose the correct statement/(s):

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

Answer: A

## Explanation

- The criteria of becoming a Navratna Company:
- The company must have 'Miniratna Category - I' status along with a Schedule 'A' listing.
- It should have at least 3 'Excellent' or 'Very Good' Memorandum of Understanding (MoU) during the last five years.
- Along with the above, it should also have a composite score of 60 or above out of possible 100 marks in the 6 selected performance parameters:-

- ✓ Net Profit to Net Worth (Maximum: 25)
- ✓ Manpower cost to cost of production or services (Maximum: 15)
- ✓ Gross margin as capital employed (Maximum: 15)
- ✓ Gross profit as Turnover (Maximum: 15)
- ✓ Earnings per Share (Maximum: 10)
- ✓ Inter-Sectoral comparison based on Net profit to net worth (Maximum: 20)

- There are 16 Navratna CPSEs in the country.

2. Consider the following statements regarding payment banks:

1. They can open demand and time deposit accounts both.
2. They are set up as differentiated banks.
3. They cannot act as Business Correspondents for other banks.
4. They will provide payments / remittance services to migrant labour workforce and small businesses.

Which of the above statements is/are correct?

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

D. 1, 2, 3 and 4

**Answer: B**

**Explanation**

- The objectives of setting up of payments banks is to promote financial inclusion by providing small savings accounts and payments/remittance services to migrant labour workforce, low income households, small businesses, other unorganized sector entities and other users.
- The following will be the scope of activities for payment banks:
  - ✓ Acceptance of demand deposits (savings or current) up to Rs. 2 lakh only but no time deposits.
  - ✓ No lending activity
  - ✓ Issuance of ATM/debit cards but not credit cards
  - ✓ Payments and remittance services through various channels.
- Acting as Banking Correspondent (BC) of another bank Distribution of simple financial products like mutual funds/ insurance products, etc.
- This makes the public deposit in payment banks safe.
- Payment banks will be required to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). The total deposits of the public must be invested in government securities and/ or deposited in other commercial banks (i.e. no lending is allowed).

3. Consider the following statements with reference to **Ubharte Sitaare Alternative Investment Fund**?

1. The fund has been set up by RBI.
2. 'Ubharte Sitaare' Alternative Investment Fund has been launched to give a push to the start-ups.

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

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

**Answer: D**

**Explanation**

- The fund has been set up jointly by Exim Bank and SIDBI (Small Industries Development Bank of India) which will invest in the fund by way of equity and equity-like products in export-oriented units, in both manufacturing and services sectors.
- The Ministry of Finance has launched 'Ubharte Sitaare' Alternative Investment Fund to facilitate debt and equity funding to export-oriented MSMEs (Micro Small and medium Enterprises).
- The fund is expected to identify Indian enterprises with potential advantages, but which are currently underperforming or unable to tap their latent potential to grow.

- Under the scheme, an identified company is supported even if it is currently underperforming or may be unable to tap its latent potential to grow.
- The scheme diagnoses such challenges and provides support through a mix of structured support covering equity, debt and technical assistance.

**4. Which of the following sector has the most weight in the Index of Industrial Production?**

- A. Steel
- B. Electricity
- C. Refinery Products
- D. Coal

**Answer: C**

**Explanation**

- The Eight Core Industries comprise 40.27% of the weight of items included in the Index of Industrial Production (IIP). All the sectors of the Index of Industrial Production (IIP) has a weight; used in the calculation of index. The weight of all these sectors is as follows;
  - ✓ Coal: 10.33%.
  - ✓ Crude oil: 8.98%.
  - ✓ Natural gas: 6.88%.
  - ✓ Refinery Product: 28.04%.
  - ✓ Steel: 17.92%.
  - ✓ Cement: 5.37%.
  - ✓ Fertilizer: 2.63%.
  - ✓ Power: 19.85%.

**5. Which of the following statement with reference to Financial Inclusion Index is incorrect?**

- A. It will be published annually in July every year.
- B. The base year is 2017-18.
- C. It comprises three broad parameters viz., Access , Usage, and Quality.
- D. None of the above

**Answer: B**

**Explanation**

- Recently, the Reserve Bank of India (RBI) has unveiled the first composite Financial Inclusion Index (FI-Index).
- The annual FI-Index for the financial year ended March 2021 crossed the halfway mark to 53.9, as compared to 43.4 for the year ended March 2017.
- The index has been conceptualized as a comprehensive index incorporating details of banking, investments, insurance, postal as well as the pension sector in consultation with the government and respective sectoral regulators.
- It has been constructed without any 'base year' and as such it reflects cumulative efforts of all stakeholders over the years towards financial inclusion.
- It captures information on various aspects of financial inclusion in a single value ranging between 0 and 100, where 0 represents complete financial exclusion and 100 indicates full financial inclusion.

- It comprises three broad parameters (weights indicated in brackets) viz., Access (35%), Usage (45%), and Quality (20%) with each of these consisting of various dimensions, which are computed based on a number of indicators.
- The index is responsive to ease of access, availability and usage of services, and quality of services for all 97 indicators.