

Pre-Mix – 5 MCQs for Prelims

Subject – Economy

Date – 25th February 2023

MCQs on Current Affairs

1. Which of the following statements is/are correct with respect to World Competitiveness Index, 2022?

1. India ranked first among Asian Economies.
2. 'Government Efficiency' is one of the parameter that is used to compute the index.

Select the correct code:

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

2. Consider the following statements with respect to Direct Seeding of Rice technique:

1. In DSR technique, time and water required for nursery preparation is reduced by half as compared to normal cultivation practice.
2. DSR technique should not be used in sandy and loamy sand soil.

Which of the above statements is/are incorrect?

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

3. Which one of the following statements is incorrect?

- A. Banks are required to include all 'Foreign Currency Non-Resident (Bank) [FCNR(B)]' deposits for computation of NDTL for maintenance of CRR and SLR.

B. ECBs are loans in India made by non-resident lenders in foreign currency to Indian borrowers.

C. Under Foreign Contribution (Regulation) Amendment Rules, 2022, non-resident relatives can send up to Rs 10 lakh annually to their relatives in India.

D. None of the above.

4. Recently launched "PARIMAN" portal is a system to

- A. Improve decentralized planning and management in NCR region.
- B. Be used as one stop solution for all the information on electric vehicles.
- C. Impart training and enhance knowledge and skills for capacity building.
- D. None of the above.

5. If the RBI decides to adopt an expansionist monetary policy, which of the following would it not do?

1. Cut and optimize the Statutory Liquidity Ratio
2. Increase the Marginal Standing Facility Rate
3. Cut the Bank Rate and Repo Rate

Select the correct answer using the code given below:

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

Answers with Explanations

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C. Both are Correct
D. None is Correct

Answer : B

Explanation

Context

- India jumps 6 places to 37th rank on the recently released IMD's World Competitiveness Index, 2022.

Detailed Information

- Denmark, Switzerland and Singapore are ranked first, second and third respectively.
- Others in the top 10 include Sweden at the fourth position, followed by Hong Kong SAR (5th), the Netherlands (6th), Taiwan (7th), Finland (8th), Norway (9th) and the USA (10th).
- The top-performing Asian economies are Singapore (3rd), Hong Kong (5th), Taiwan (7th) and China (17th).
- The most important trends found to be impacting businesses in 2022 are inflationary pressures (50%), geopolitical conflicts (49%) and supply chain bottlenecks (48%) with COVID being the fourth (43%).

Performance of India

On 4 parameters, India performed as

- Economic performance: It improved from 37th in 2021 to 28th in 2022.
- Government efficiency: It improved from 46th in 2021 to 45th in 2022.
- Business efficiency: It improved from 32nd rank in 2021 to 23rd in 2022.
- Infrastructure: No change in this and India stays at 49.

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Which of the above statements is/are incorrect?

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

Answer : A

Explanation

What is Direct Seeding of Rice (DSR)

- While in normal transplanting paddy, farmers prepare nurseries where the paddy seeds are first sown and raised into young plants.
- The nursery seed bed is 5-10% of the area to be transplanted.
- On other hand, in DSR, the pre-germinated seeds are directly drilled into the field by a tractor-powered machine.
- Thus, in DSR, there is no nursery preparation or transplantation.
- Here, farmers have to only level their land and give one pre-sowing irrigation.

Significance of Direct Seeding of Rice

- DSR technique can help save 15% to 20% water or even upto 22% to 23%.
- With DSR, 15-18 irrigation rounds are required against 25 to 27 irrigation rounds in traditional method.
- As area under Paddy in Punjab is around 3 million hectares, DSR can save 8100 to 1,0800 billion litres water every year if entire rice crop is brought under the technique.
- DSR can solve labour shortage problem because it does not require a paddy nursery or transplantation of 30 days old paddy nursery into the main puddled field (as done in traditional method).
- It can help in ground water recharge as it prevent the development of hard crust just beneath the plough layer.
- It also matures 7-10 days earlier than puddle transplanted crop.
- DSR has one to two quintals per acre higher than puddled transplanted rice.

3. Which one of the following statements is incorrect?

- A. Banks are required to include all 'Foreign Currency Non-Resident (Bank) [FCNR(B)]' deposits for computation of NDTL for maintenance of CRR and SLR.
- B. ECBs are loans in India made by non-resident lenders in foreign currency to Indian borrowers.
- C. Under Foreign Contribution (Regulation) Amendment Rules, 2022, non-resident relatives can send up to Rs 10 lakh annually to their relatives in India.
- D. None of the above.

Answer : A

Explanation

Recently, the new rules – Foreign Contribution (Regulation) Amendment Rules, 2022, under the FCRA Act were notified by the ministry of home affairs (MHA) through a gazette notification.

- Detailed Information
- New rules allow relatives to send up to Rs 10 lakh annually to their relatives in India from an earlier limit of Rs. 1 lakh.
- They also allow more time (45 days instead of 30 days) to the organisations to inform the government about opening of bank accounts for utilization of funds received under 'registration' or 'prior permission' category.
- A provision where an organisation/individual receiving foreign funds had to declare such contributions every quarter on its official website has been done away with.
- It made five more offences under the FCRA "compoundable", taking total to 12, instead of directly prosecuting the organisations or individuals.

Exemption from Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on Incremental FCNR(B) and NRE Term Deposits:

- At present, banks are required to include all 'Foreign Currency Non-Resident (Bank) [FCNR(B)]' and 'Non-Resident (External) Rupee (NRE)' deposits for computation of Net Demand and Time Liabilities (NDTL) for maintenance of CRR and SLR.
- RBI decided that from July 1, 2022, incremental FCNR(B) and NRE deposits will be exempt from the maintenance of CRR and SLR.
- Increase in Interest Rates on FCNR(B) and NRE Deposits:
- The RBI has allowed banks to give higher returns on foreign currency

deposits on which they will not have to maintain any reserves.

- This will attract more forex reserves into Indian banks.

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- A. Improve decentralized planning and management in NCR region.**
- B. Be used as one stop solution for all the information on electric vehicles.
- C. Impart training and enhance knowledge and skills for capacity building.
- D. None of the above.

Answer : A

Explanation

- Geo-Portal for NCR known as ‘PARIMAN’ was launched on 31.08.2021 and now in 2022, it has been opened to the public.
- For the purpose of effective utilization of Remote Sensing and GIS technology, a web geo-portal was developed in 2021 through National Informatics Centre (NIC) for use by NCR Participating states and the Office of NCRPB.
- This Geo-Portal will help to improve decentralized planning and management in NCR region.
- The portal contains data with respect to various sectors like Land Use, Transport, Industries, Water, Power, Health, Shelter, Heritage & Tourism, Disaster Management, etc.
- The Geo-Portal can be accessed through the NCRPB website <https://ncrpb.nic.in/> and also through the weblink <https://ncrpbgis.nic.in>

5. If the RBI decides to adopt an expansionist monetary policy, which of the following would it not do?

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Answer : B

Explanation

- Expansionary Monetary Policy: Lower interest rates decrease the cost of borrowing money, which encourages consumers to increase spending on goods and services and businesses to invest in new equipment.

Tool	Contractionary	Expansionary
CRR	Increase	Decrease
Repo Rate	Increase	Decrease
SLR	Increase	Decrease
MSFR	Increase	Decrease