100+ Economy Questions for NDA & CDS 2023

Q1. Consider the following statements
1. Factory Price' is the 'input cost' the producer has to incur in the process of producing something.
2. 'Market cost' is derived after deducting the indirect taxes to the factor cost of the product.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q2. Consider the following statements regarding N K Singh committee
1. The combined debt-to-GDP ratio of the centre and states should be brought down to 80 per cent by 2023.
2. The Committee advocated Fiscal Deficit as the operating target to bring down public debt.
3. The Committee also recommends that centre reduce its revenue deficit steadily by 0.5% GDP points each year.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) 2 and 3 only
(d) 1, 2 and 3

Q3. Consider the following statements
1. The money market fulfils the requirements of funds for the period up to 364 days.
2. The capital market fulfils the requirements of funds for the period above 364 days.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q4. In money market, trading is done on a rate known as discount rate which is determined by?
(a) Repo rate
(b) Open Market Operations
(c) Marginal Standing Facility
(d) Statutory liquidity ratio

Q5. Which of the following committees underlined the need and laid foundations for money market development in India?
(a) Chakravarthy Committee & Vahul Committee
(b) Narasimhan Committee & Vahul Committee
(c) Narasimhan Committee & Chakravarthy Committee
(d) Narasimhan Committee & Shome Committee

Q6. Marwari Kayas and Chettiars" terms are associated with which of the following?
(a) Stock brokers
(b) Indigenous bankers
(c) Stock market protectors
(d) Mint production agents

Q7. Which of the following treasury bills is/are discontinued from money market?
1. 14-day treasury bills
2. 91-day treasury bills
3. 182-day treasury bills
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 and 3 only
(c) 3 only
(d) 1, 2 and 3

Q8. Consider the following statements regarding Cash Management Bills
1. It is a short-term instrument issued by government to meet the temporary cash flow mismatches.
2. These are issued for maturities less than 91 days.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q9. The Herfindahl-Hirschman Index (HHI) is associated with which of the following?
(a) Market concentration
(b) Foreign trade
(c) Insurance Index
(d) Financial Institutions Performance

Q10. Consider the following statements regarding Market Stabilization Scheme (MSS):
1. It is a tool used by commercial banks to reduce the liquidity and bringing the money market under control.
2. It was initiated by Raghuram Rajan after financial crisis of 2008.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q11. Consider the following statements
1. Capital redemption insurance involves the payment of a sum of money on a specific date by the insurer after the beneficiary pays premiums periodically
2. Under annuity certain insurance, the insurer pays the beneficiary over a period of time.
3. Capital redemption and annuity certain businesses are currently regulated under General Insurance Business (Nationalisation) Amendment Act, 2021.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q12. The minimum interest rate of a bank, below which it is not allowed to lend, is known as
(a) Repo Rate
(b) Marginal Cost Lending Rate (MCLR)
(c) Bank Rate
(d) Prime Lending Rate

Q13. __________ is a method of budgeting that provides the purpose and objectives for which funds are needed, costs of programs and related activities proposed to accomplish those objectives and outputs to be produced or services to be rendered under each program
(a) Outcome budgeting
(b) Performance budgeting
(c) Outlay budgeting
(d) Cash flow budgeting

Q14. Consider the following statements
1. National Bank for Agricultural and Rural Development (NABARD) is empowered to conduct an inspection of Cooperative Banks.
2. Some cooperative societies are outside the purview of the Banking Regulation Act and therefore not regulated by the RBI.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q15. Consider the following statements regarding Primary Agricultural Co-operative Societies
1. The working capital of the PACS derived mainly from borrowings from Central Co-operative Banks (CCBs)
2. The work of PACS is limited to its village only
3. PACS provide the loan only for medium and short term purpose
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q16. Falling rupee can escalate domestic inflation by-
1. Decreasing the cost of imported raw material
2. Increasing the demand for domestic goods
which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q17. Which of the following are the elements of the Current account of India
1. Investing in Mutual funds in a USA based stock trading company
2. Remittances sent by Indians working abroad
3. A Japanese firm importing software from India based company
Select the correct code from below:
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q18. Global Multi-Dimensional Poverty Index (MPI) 2020 Report was prepared by
(a) United Nations Social and Economic Council (UN ECOSOC)
(b) World Economic Forum (WEF) and United Nations Development Programme (UNDP)
(c) Oxfam International and WEF
(d) UNDP and the Oxford Poverty and Human Development Initiative

Q19. Consider the following statements regarding the Real Estate (Regulation and Development) Act, 2016,
1. Promoters cannot offer real estate projects for sale without first registering them with a State Real Estate Regulatory Authority.
2. The Act has provisions that prevent the diversion of funds from a real estate project for other purposes and thus helps to curb black money.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q20. Nairobi package, sometimes seen in the news, is associated with
(a) United Nations Environment Programme
(b) World Trade Organization (WTO)
(c) ASEAN Free trade agreement
(d) International Monetary Fund (IMF)

Q21. Consider the following statements regarding the Index of Eight Core Industries (ICI):
1. It is a monthly production volume index.
2. It is released by Office of Economic Adviser, Department for Promotion of Industry and Internal Trade.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q22. Consider the following statements regarding the Purchasing Managers' Index (PMI):
1. It is an indicator of business activity based exclusively on the value of change in production volume.
2. PMI value above 50 denotes expansion in business activity.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q23. Which of the following program(s) provide impetus to mobile phone manufacturing in India?
1. Production Linked Incentive Scheme (PLI)
2. Phased Manufacturing Programme (PMP)
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q24. Which of the following organization conducts the Annual Survey of Industries (ASI)?
(a) National Statistical Office
(b) Labour Bureau
(c) Federation of Indian Chambers of Commerce & Industry
(d) Confederation of Indian Industry

Q25. Which of the following statements correctly defines the term 'Regulatory Sandbox'?
(a) Live testing of new products or services in a controlled regulatory environment
(b) Regulatory framework for sand mining in India
(c) Regulatory body exclusive for internet-based entities
(d) Regulatory mechanism for globally operating entities

Q26. Consider the following statements
1. Eight Core Industries comprise more than half of the weight of items included in the Index of Industrial Production (IIP).
2. Refinery Products has the highest weightage in the Index of Eight Core Industries.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q27. Consider the following statements regarding Social stock exchange
1. Social Stock Exchange (SSE) will boost social and & environmental impact investment via a new platform to fund social-sector organizations, enabling direct listing through a new class of securities
2. The minimum corpse requirement of creating social venture funds under this is 20 crore
3. France was the first in the world to launch SSE
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 and 3
(c) 1 and 3
(d) 1, 2 and 3

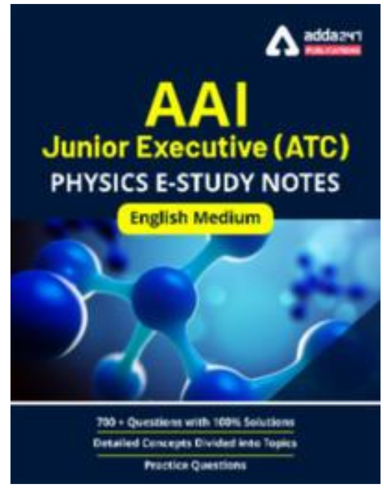
Q28. Consider the following statements regarding Quantitative easing
1. It is a monetary policy whereby a central bank sells government bonds or other financial assets
2. It can't be used by the central bank if inflation in the economy is running negative.
3. Quantitative easing does not help to bring the economy out of recession
Which of the statements given above is/are correct?
(a) 2 and 3
(b) 1 and 3
(c) 1, 2 and 3
(d) None

Q29. What is a Sunrise Industry?
(a) Industry with potential for substantial and rapid growth
(b) Industry having major big capital investment on solar power
(c) Industry heavily reliant on foreign capital
(d) Industry completely reliant on domestic capital

Q30. Consider the following statements
1. The Reserve Bank of India (RBI) has mandated that all prepaid payment instruments (PPIs) or wallets that are fully KYC-compliant be made interoperable by March 31, 2024
2. Interoperability allows PPI Issuers, System Providers, and System Participants in different systems to undertake, clear and settle payment transactions across systems without participating in multiple systems.
3. Recently RBI has increased the monthly maximum limit from prepaid instrument to 2 lacs
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 3 only
(d) 1, 2,3

Q31. Which of the following statements regarding Remission of Duties and Taxes on Exported Products (RoDTEP) scheme is incorrect?
(a) The scheme was announced as a replacement of the Merchandise Exports from India Scheme (MEIS).
(b) It was announced by the Ministry of Finance
(c) The scheme would refund to exporters the embedded central, state and local duties or taxes that were so far not being rebated or refunded
(d) All of the above are correct

Q32. If a bank is established in International Financial Service Centre (IFSC) in a special economic zone then-



1. They are subject to CRR or SLR stipulations of RBI
2. Deposits will not be covered by deposit insurance and RBI shall not provide liquidity or Lender of Last Resort support.
3. The provisioning norms of 90 days' Income Recognition Asset Classification will not be applied

Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q33. Consider the following statements regarding Public Debt Management Agency (PDMA)
1. It is an advisory body within Budget Division, Ministry of Finance
2. B.N Srikrishna Committee recommended the creation of Public Debt Management Agency (PDMA)

Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q34. Consider the following statements
1. Primary revenue balance denotes revenue deficit minus interest payment
2. The gross fiscal deficit (GFD) is the excess of total expenditure over revenue receipts excluding external grants)

Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q35. Consider the following statements regarding the wage rate index
1. The wage rate index is compiled by the national statistical office.
2. The new series of WRI with base 2016 will replace the old series with base 1963-65
3. The new WRI series would be compiled twice a year on a point-to-point half-yearly basis.

Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1,2 and 3
(d) 1 and 3

Q36. .In the value-added method of calculating nation income which of the following are not included-
1. the output which is produced for self-consumption
2. sale of second-hand goods
3. Commission paid to the broker for sale and purchase second hand good
4. Services of housewife
Select the correct code from below:
(a) 1,2 and 3
(b) 1 and 3
(c) 2,3 and 4
(d) 1,2,3 and 4

Q37. The World Inequality Report is released by which of the following?
(a) International Monetary Fund
(b) World Bank
(c) United Nations Development Programme
(d) None of the above

Q38. Consider the following statements
1. The cotton textile mills, mainly dominated by Indians, were located in the central parts of the country during the british era
2. There was hardly any capital goods industry to help promote further industrialization in India during the british era.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q39. Recently RBI has framed guidelines for new umbrella entities (NUEs). The new umbrella entities are supposed to regulate-
(a) Green Channel banking
(b) Para Banking
(c) Mutual funds
(d) Retail Payments sector

Q40. Consider the following statements regarding new umbrella entities (NUEs)
1. This is an idea floated by the Reserve Bank of India to create an alternate mechanism to the existing National Payments Corporation of India (NPCI).
2. foreign investment is prohibited in NUEs
3. The umbrella entity shall be a Company authorized by the Reserve Bank of India (RBI) under the RBI act 1934
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q41. Consider the following statements regarding Geographical Indications (GI) Tags
1. Like Intellectual Property Rights (IPRs), GI also guarantees the protection of the individual interest of the product developer.
2. The registration of a geographical indication is valid for a period of 10 years.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q42. Consider the following statements
1. 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)
2. Treasury bills are zero-coupon securities and pay no interest.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q43. International Spillover Index is part of which of the following reports?
(a) World investment report
(b) Sustainable Development solutions Network (SDSN).
(c) world economic forum report
(d) world economic Outlook report

Q44. Consider the following statements regarding World Investment Report 2022:
1. This report was released by WTO
2. Singapore was the largest recipient of FDI in 2021.
3. India Current ranks 7^{th} in terms of FDI inflows
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q45. Consider the following statements regarding Instrument in Support of Trade Exchanges (INSTEX).
1. It is the new Chinese payment mechanism.
2. Its mission is to facilitate non-USD and non-SWIFT transactions
Which of the statements given above is/are correct?
(a) 1 only
(b) 2only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q46. Temasek-like model is seen in the news in the context of-
(a) Resolving Stressed Bank Assets
(b) Universal Basic Income
(c) Disinvestment schemes
(d) Promoting Green Infrastructure

Q47. Recently launched EASE4.0 reforms are associated with-
(a) Pupil-Teacher-centric digital transformation of online learning
(b) Enhancing transparency in the bidding process for auctioning of coal blocks
(c) Promoting exports by launching tax incentives based on sales performance
(d) customer-centric digital transformation and embed digital and data in Public sector banks

Q48. Consider the following statements regarding digital services tax (DST)
1. The levy is on revenues generated from digital services offered in India, including digital advertising and digital content sales.
2. The digital services tax is discriminatory towards the US eCommerce companies like Google, Amazon Etc.
3. The digital services tax and Equalization tax is the same as those imposed by the Indian govt.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1 only

Q49. Consider the following statements
1. The leverage ratio measures a bank's core capital to its total assets.
2. An increase in the leverage ratio for banks helps them boost their lending activities.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q50. Consider the following statements regarding GST compensation
1. The Goods and Services Tax (Compensation to States) Act, 2017 provides for 100% compensation to the states for a period of only three years for the loss of revenue arising on account of the implementation of GST
2. States' tax revenue as of FY 2016 is considered as the base year for the calculation of this 14 percent growth
Which of the statements given above is/are correct?
(a) 1 only
(b) 2only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q51. Consider the following statements regarding Electronic Negotiable Warehouse Receipt (e-NWR)
1. The negotiable warehouse receipt (NWR) system was launched in 2011 allowing the transfer of ownership of a commodity stored in a warehouse without having to deliver it physically.
2. e-NWR's are issued in negotiable form, making them eligible as collateral.
3. The Reserve Bank of India regulates the entire operation under NWR.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q52. Consider the following statements regarding Pig iron
1. Pig iron is an intermediate product of the iron industry in the production of steel which is obtained by smelting iron ore in a blast furnace.
2. It has a very high carbon content and is brittle in nature.
3. India ranks seventh in the iron ore resources in the world
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q53. Consider the following statements
1. From the Second Five-Year Plan, there was a determined thrust towards substitution of basic and capital good industries.
2. The Fourth Five-Year Plan adopted the objective of correcting the earlier trend of increased concentration of wealth and economic power
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q54. State of Food and Agriculture report 2022 is released by
(a) UNDP
(b) UNEP
(c) IUCN
(d) FAO

Q55. Consider the following statements regarding National Small Industries Corporation:
1. It is a Mini Ratna government agency.
2. It falls under the Ministry of Commerce and Industry
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q56. Recently, which one of the following has conducted India's First Floating Financial Literacy Camp with an initiative called 'Niveshak Didi' to promote Financial Literacy in India?
(a) RBI
(b) NITI
(c) SEBI
(d) IPPB

Q57. Consider the following statements regarding World Gold Council
1. The World Gold Council is the market development organization for the gold industry.
2. It is headquartered in London, United Kingdom.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q58. Consider the following statements regarding Self-Reliant India Fund (SRIF)
1. Self-Reliant India Fund (SRIF) is Category II Alternative Investment Fund (AIF).
2. It was launched in 2017 to provide growth capital to micro, small and medium enterprises (MSMEs
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q59. Consider the following statements regarding National Financial Reporting Authority (NFRA):
1. It was created in 2018 under the Finance Act, 2016.
2. It monitors the compliance and quality of auditing standards.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q60. Global Offshore Wind Alliance (GOWA) initiated by the
(a) AIIB
(b) WBG
(c) NDB
(d) none of the above

Q61. Consider the following statements regarding Zero-based budgeting
1. This concept emphasizes identification of a task and funding of costs irrespective of the current structure of expenditure. This form of budgeting puts pressure on
2. spenders to justify expenses each time, and reduce costs
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q62. Which among the following is/are considered as the asset of Reserve Bank of India (RBI)?
1. Loan given to the banks
2. Bankers deposit to RBI
3. Government Securities
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q63. The primary objective of monetary
1. policy is to maintain price stability while keeping in mind the objective of growth. The Reserve Bank of India is vested with
2. the responsibility for the implementation of the fl exible Inflation targeting framework with a statutory basis. If the RBI fails to keep Inflation within
3. 2-6 per cent in any
Q6uarter, it has to write to the government to justify the reasons for it
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q64. Consider the following statements regarding Micro ATMs:
1. These are card swipe machines through which banks can remotely connect to their core banking system.
2. It has connectivity through Global System for Mobile (GSM) communication; hence it can travel from village to village.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q65. Which of the following statements regarding call money rate. is correct
(a) It is the rate at which short term and long term funds are borrowed and lent in the money market.
(b) A tight li
Q6uidity condition leads to a fall in call money rate.
(c) It has maturity period of 1 day only
(d) All are correct

Q66. Consider the following statements regarding Capital Ade
Q6uacy Ratio (CAR)
1. It is the ratio of a bank's total capital to its total risk weighted assets and current liabilities.
2. Tier I capital consists mainly of share capital and disclosed reserves and it is a bank's highest
Q6uality capital because it is fully available to cover losses.
3. The re
Q6uirement of CAR in India is aligned to the Basel III norms.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q67. Consider the following statements
1. The primary markets are used by companies for the purpose of setting up new ventures or for expanding existing business.
2. Other than shares and debentures, a company can raise capital through the primary market in the form of loans and deposits
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q68. Which of the following statements correctly differentiate between Money market and Capital market?
(a) The investment in money markets generally yields a higher return for investors than the capital markets.
(b) Investment in capital market instruments re
Q6uires huge sums of money as compared to the money market.
(c) Unlike money market, capital market securities are not considered li
Q6uid investments.
(d) The capital market deals in medium and long term securities while Money market can have tenure of one day

Q69. Consider the following statements
1. Fiscal drag is a result of falling aggregate demand caused by increased taxation.
2. Fiscal drag allows for increased government taxation without actually increasing tax rates.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q70. Which of the following are the examples of Revenue Expenditure of Government?
1. Salaries and pension of employees Grants given to state governments even
2. if some of them may be used for the creation of capital assets Interest payment on loans taken by the
3. government
4. Repayment of loans
Which of the statements given above is/are correct?
(a) 3 and 4
(b) 1 and 4
(c) 1, 2 and 3
(d) 2, 3 and 4

Q71. Consider the following statements
1. The Monetary Policy Committee (MPC) is a committee constituted by the Reserve Bank of India and led by the Governor of RBI.
2. Monetary Policy Committee was formed with the mission of fixing the benchmark policy interest rate (repo rate) to restrain inflation within the particular target level.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q72. Consider the following statements
1. Repo Rate is when the RBI borrows money from banks when there is excess liquidity in the market.
2. Reverse Repo Rate is the rate at which the central bank of a country (Reserve Bank of India in case of India)
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q73. Consider the following statements
1. Fiscal Policy deals with the revenue and expenditure policy of the Govt
2. Fiscal policy is the means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q74. Consider the following statements
1. The tools of Monetary policy is taxation and fiscal policy is Interest rates
2. The monetary policy is having effect on budget deficit and fiscal policy on cost of borrowings
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q75. Consider the following statements
1. Quantitative tool are not directed towards the quality of credit or the use of the credit.
2. Qualitative tool are related to the Quantity or Volume of the money
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q76. Consider the following statements regarding SEBI
1. It regulates the business of the stock market and other securities market.
2. It prohibits insider trading in securities market.
3. It promotes awareness among investors and training of intermediaries about safety of market.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q77. Special Drawing Right (SDR) basket of IMF consists of
1. US dollar
2. Indian Rupee
3. Chinese renminbi
4. Japanese yen
5. British pound sterling
Which of the statements given above is/are correct?
(a) 1, 2, 3, 4 and 5
(b) 1, 3, 4 and 5
(c) 1, 3 and 4
(d) 2 and 5

Q78. Which of the following forms part of the non-debt receipts (NDR) of the Central Government? 1. Receipts from spectrum auction
2. Proceeds from disinvestment in public sector enterprises
3. Recovery of loans given to foreign governments.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q79. Which of the following factor show that GDP of a country cannot be taken as a true index of the welfare of the people of the country?
(a) Negative Externalities
(b) Non-Monetary exchange
(c) Non-uniform distribution of GDP among the people
(d) All of the above

Q80. Consider the following statements regarding the characteristic of a Liquidity trap
1. The interest rate is high
2. Fluctuations in the money supply that fails to translate into fluctuations in price levels.
3. The savings rate is high
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

Q81. Consider the following statements
1. In a market economy, market provides the goods and services it produce well while the government takes care of essential goods and services.
2. Distribution under socialism is based on what people need and not on what they can afford.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q82. Consider the following statements
1. Negative-yield bonds attract investments during times of stress and uncertainty as investors look to protect their capital from significant erosion.
2. For the bond yields to go negative, the interest rate must be set below zero. W
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q83. Consider the following statements
1. Primary Agricultural Credit Societies (PACS), the lowest tier of the Co-operative sector in India, are not regulated by the Reserve Bank of India directly.
2. National Bank for Agricultural and Rural Development has been delegated the powers to conduct inspection of State and Central Cooperative Banks.
3. Only Central Cooperative Banks, and not the State Cooperative Banks, are regulated by Banking Regulation Act, 1949.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q84. Which of the following statements is incorrect?
(a) Narsimhan committee report I recommended setting up of Asset Reconstruction fund to take over a portion of the loan portfolio of banks whose recovery has become difficult
(b) Narsimhan committee report II recommended 'Narrow Banking Concept' where weak banks will be allowed to place their funds only in the short term and risk-free assets. 3
(c) PJ Nayak committee recommended that each Indian resident, above the age of 18 years would have an individual, safe and secure electronic bank account
(d) All are correct

Q85. Consider the following statements regarding Special liquidity scheme
1. It aims to improve liquidity position of NBFCs and Housing finance companies.
2. It is administered by the Department of Financial Services
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q86. Consider the following statements
1. Big Corporations with considerable financial strength and ratings can issue the Commercial Papers.
2. The maturity period of Certificates of Deposits cannot be more than a year.
3. Repurchase Agreements are a formal agreement between two parties, where one party sells a security to another, with the promise of buying it back at a later date from the buyer.
Which of the statements given above is/are correct?
(a) 1 and 2
(b) 2 and 3
(c) 1 and 3
(d) 1,2 and 3

Q87. Consider the following statements regarding Asset reconstruction companies
1. These are specialized financial institution that buys the Non-Performing Assets (NPAs) from banks and financial institutions. Recovery of Debt Due to Banks and
2. Financial Institutions Act, 1993 (DRT Act) provides the legal basis for the setting up of ARCs in India
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q88. Which of the following are the instruments of Monetary Policy?
1. Open Market Operations
2. Lending by the Scheduled Bank
3. Interest Rat
4. Reserve requirement
Which of the statements given above is/are correct?
(a) 1, 2 and 4
(b) 2 and 3
(c) 2, 3 and 4
(d) 1, 2, 3 and 4

Q89. Consider the following statements regarding Central bank digital currency

1. CBDC is a digital fiat currency that can be used to settle a public or private debt or meet a financial obligation.
2. They must be based on distributed ledger technology.
3. India recently launched e-RUPI as its 3. first CBDC

Which of the statements given above is/are correct?

(a) 1 and 2

(b) 2 and 3

(c) 1 only

(d) 1,2 and 3

Q90. Which of the following statement regarding Non-Banking Financial Companies (NBFCs) is incorrect?

(a) They can lend and make investments but 1. cannot accept demand deposits. Deposit insurance facility of Deposit

(b) Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs.

(c) All the NBFCs are regulated by the RBI 3. Act, 1934.

(d) All are correct

Q91. Which one of the following best describes the term "Prepaid Payment Instruments" sometimes seen in the news?

(a) The charge to a merchant by a bank for accepting payments from his customers through the bank's debit cards.

(b) The incentive given by the Government to merchants for promoting digital payments by their customers through Point of Sale (PoS) machines and debit cards.

(c) The incentive given by a bank to a merchant for accepting payments through debit cards pertaining to that bank.

(d) Instruments that facilitate the purchase of goods and services, inclusive of transfer of funds by using the value stored on such instruments.

Q92. Consider the following statements regarding MSF

1. The MSF is a tool used by the banks to borrow money from the RBI on an overnight basis.
2. The mechanism is similar to the Repo transaction.
3. Under the MSF, the banks use the G- Secs, which are part of the SLR to borrow money from the RBI.

Which of the statements given above is/are correct?

(a) 2 and 3 only

(b) 1 and 3 only

(c) 1 and 2 only

(d) 1, 2 and 3

Q93. Consider the following statements regarding Pradhan Mantri Matsya Sampada Yojana (PMMSY)

1. The Pradhan Mantri Matsya Sampada Yojana (PMMSY) is a flagship scheme for focused and sustainable development of the fisheries sector in the country.
2. The PMMSY aims at enhancing fish production by an additional 7,00,000 lakh tonne by 2024-25.

Which of the statements given above is/are correct?

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

Q94. Consider the following statements

1. The Pradhan Mantri Adarsh Gram Yojana is a scheme of the Ministry of Rural Development.
2. The VISVAS Scheme aims to provide interest subvention for the scheduled castes and the scheduled tribes.

Which of the statements given above is/are correct?

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

Q95. Consider the following statements regarding Global Value Chains (GVCs)

1. The Global Value Chains (GVCs) refer to the international fragmentation of the production process.
2. Participation in the Global Value Chains (GVCs) can lead to increased job creation and economic growth.

Which of the statements given above is/are correct?

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

Q96. Consider the following statements regarding Gopalakrishnan Committee

1. The Gopalakrishnan Committee is a Committee of Experts on the Non- Personal Data Governance Framework.
2. It has recommended in its report, among other things, making privately held non-personal data "open".

Which of the statements given above is/are correct?

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

Q97. The Vulture Funds, sometimes seen in the news, are:
(a) Funds which invest in the conservation of the vultures.
(b) Funds which invest in the management of the municipal wastes in the urban areas.
(c) Funds which buy the bonds of the distressed firms to make profits.
(d) Funds which are used to take over the profit-making start-up companies.

Q98. With reference to the Viability Gap Funding (VGF) Scheme, consider the following statements:
1. It provides financial support only to the financially viable PPP projects.
2. The nature of financial assistance is in the form of loans at cheaper rates of interest.
3. The Scheme is implemented by the Ministry of Finance.
Which of the statements given above is/are correct?
(a) 1 and 2 only
(b) 1 and 3 only
(c) 2 and 3 only
(d) 3 only

Q99. With reference to the Central Road and Infrastructure Fund (CRIF), consider the following statements:
1. The proceeds of the Fund can be used to finance both commercial and social infrastructures.
2. The Fund is under the administrative control of the Ministry of Road Transport and Highways.
Which of the statements given above is/are correct?
(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Q100. Consider the following statements regarding Revenue Deficit
1. Revenue Deficit is the excess of its total revenue expenditure to its total revenue receipts.
2. A Revenue Deficit indicates that the government does not have sufficient revenue for the normal functioning of the government departments.
3. In the case of Revenue Deficit, the government usually tries to curtail its expenses or increase its tax and non-tax receipts.
Which of the statements given above is/are correct?
(a) 1 and 2 only
(b) 1 and 3 only
(c) 2 and 3 only
(d) 1, 2 and 3

Solutions

S1. Ans.(a)

Sol. Basically, 'factor cost' is the 'input cost' the producer has to incur in the process of producing something (such as cost of capital, i.e., interest on loans, raw materials, labour, rent, power, etc.). This is also termed as 'factory price' or 'production cost/price'. This is nothing but 'price' of the commodity from the producer's side. While the 'market cost' is derived after adding the indirect taxes to the factor cost of the product, it means the cost at which the goods reach the market, i.e., showrooms (these are the cenvat/central excise and the CST which are paid by the producers to the central government in India).

S2. Ans.(b)

Sol. The FRBM Review Committee headed by former Revenue Secretary, NK Singh was appointed by the government to review the implementation of FRBM. In its report submitted in January 2017, titled, 'The Committee in its Responsible Growth: A Debt and Fiscal Framework for 21st Century India', the Committee suggested that a rule based fiscal policy by limiting government debt, fiscal deficit and revenue deficits to certain targets is good for fiscal consolidation in India. Following are the main recommendations of the NK Singh Committee. Public debt to GDP ratio should be considered as a medium-term anchor for fiscal policy in India. The combined debt-to-GDP ratio of the centre and states should be brought down to 60 per cent by 2023 (comprising of 40 per cent for the Centre and 20% for states) as against the existing 49.4 per cent, and 21per cent respectively. Fiscal deficit as the operating target: The Committee advocated fiscal deficit as the operating target to bring down public debt. For fiscal consolidation, the centre should reduce its fiscal deficit from the current 3.5% (2017) to 2.5% by 2023. Revenue deficit target: The Committee also recommends that the central government should reduce its revenue deficit steadily by 0.25 percentage (of GDP) points each year, to reach 0.8% by 2023, from a projected value of 2.3% in 2017. Formation of Fiscal Council to advice the government: The Committee advocated formation of institutions to ensure fiscal prudence in accordance with the FRBM spirit. It recommended setting up an independent Fiscal Council. The Council will provide several advisory functions. Escape Clause to accommodate counter cyclical issues.

S3. Ans.(c)

Sol. Financial markets in every economy are having two separate segments today, one catering to the requirements of short-term funds and the other to the requirements of long-term funds. The short-term financial market is known as the money market, while the long-term financial market is known as the capital market. The money market fulfils the requirements of funds for the period upto 364 days (i.e., short term) while the capital market does the same for the period above 364 days (i.e., long term).

S4. Ans.(a)

Sol. Money market is the short-term financial market of an economy. In this market, money is traded between individuals or groups (i.e., financial institutions, banks, government, companies, etc.), who are either cash-surplus or cash-scarce. Trading is done on a rate known as discount rate which is determined by the market and guided by the availability of and demand for the cash in the day-to-day trading. The 'repo rate' of the time (announced by the RBI) works as the guiding rate for the current 'discount rate'.

S5. Ans.(a)

Sol. The organised form of money market in India is just close to three decades old. However, its presence has been there, but restricted to the government only. It was the Chakravarthy Committee (1985) which, for the first time, underlined the need of an organised money market in the country and the Vahul Committee (1987) laid the blue print for its development.

S6. Ans.(b)
Sol. Indigenous bankers receive deposits and lend money in the capacity of an individual or private firm. There are, basically, four such bankers in the country functioning as non-homogenous groups: Gujarati Shroffs: They operate in Mumbai, Kolkata as well as in industrial, trading and port cities in the region. Multani or Shikarpuri Shroffs: They operate in Mumbai, Kolkata, Assam tea gardens and North Eastern India. Marwari Kayas: They operate mainly in Gujarat with a little bit of presence in Mumbai and Kolkata. Chettiars: They are active in Chennai and at the ports of southern India.

S7. Ans.(a)
Sol. Treasury Bills (TBs): This instrument of the money market though present since Independence got organised only in 1986. They are used by the Central Government to fulfill its short-term liquidity requirement up-to the period of 364 days. There developed five types of the TBs in due course of time: 14-day (Intermediate TBs) 14-day (Actionable TBs) 91-day TBs 182-day TBs 364-day TBs Out of the above five variants of the TBs, at present only the 91-day TBs, 182-day TBs and the 364-day TBs are issued by the government. The other two variants were discontinued in 2001.

S8. Ans.(d)
Sol. The Government of India, in consultation with the RBI, decided to issue a new short-term instrument, known as Cash Management Bills, since August 2009 to meet the temporary cash flow mismatches of the government. The Cash Management Bills are non-standard and discounted instruments issued for maturities less than 91 days. The CMBs have the generic character of Treasury Bills (issued at discount to the face value); are tradable and qualify for ready forward facility; investment in it is considered as an eligible investment in government securities by banks for SLR.

S9. Ans.(a)
Sol. The Herfindahl-Hirschman Index (HHI) is a common measure of market concentration and is used to determine market competitiveness, often pre- and post-Merger & Acquisition transactions. It is calculated by squaring the market share of each firm competing in a market and then summing the resulting numbers. It can range from close to zero to 10,000. Regulators use the HHI Index using the 50 largest companies in a particular industry to determine if that industry should be considered competitive or as close to being a monopoly.

S10. Ans.(d)
Sol. Market Stabilisation Scheme or MSS is a tool used by the Reserve Bank of India to suck out excess liquidity from the market through issue of securities like Treasury Bills, Dated Securities etc. on behalf of the government. The money raised under MSS is kept in a separate account called MSS Account and not parked in the government account or utilized to fund its expenditures. The Reserve Bank under Governor YV Reddy initiated the MSS scheme in 2004, to control the surge of US dollars in the Indian market; RBI started buying US dollars while pumping in rupee. This eventually led to over-supply of the domestic currency raising inflationary expectations. MSS was introduced to mop up this excess liquidity.

S11. Ans.(a)
Sol. The General Insurance Business (Nationalisation) Amendment Act, 2021 defines a general insurance business as fire, marine, or miscellaneous insurance business. It excludes capital redemption and annuity certain businesses from the definition. Capital redemption insurance involves the payment of a sum of money on a specific date by the insurer after the beneficiary pays premiums periodically. Under annuity certain insurance, the insurer pays the beneficiary over a period of time. The Bill removes this definition and instead, refers to the definition provided by the Insurance Act, 1938. Under the Insurance Act, capital redemption and annuity certain are included within the general insurance business.
Source: https://prsindia.org/billtrack/the-general-insurance-business-nationalisation-amendment-bill-2021

S12. Ans.(b)

Sol. MCLR is the lowest rate at which a bank can lend to its customer. It is determined by the individual banks, based on RBI guidelines.
Note that :
Benchmark Prime lending rate has been abolished, so option D is incorrect.

S13. Ans.(b)

Sol. Performance budgeting is a method of budgeting that provides the purpose and objectives for which funds are needed, costs of programs, and related activities proposed to accomplish those objectives and outputs to be produced or services to be rendered under each program Performance budgeting is not new in India. Since 1968, Government departments had been preparing performance budgets trying to link financial aspects to physical results. However, this remained a supplementary device without any perceptible impact on resource allocation. Acknowledging its drawbacks, the Government introduced a revised version called 'Outcome Budget' in 2005.

S14. Ans.(c)

Sol. The rural cooperative credit system comprises short-term and long-term cooperative credit structures. The short-term co-operative credit structure operates with a three-tier system - Primary Agricultural Credit Societies (PACS) at the village level, Central Cooperative Banks (CCBs) at the district level, and State Cooperative Banks (StCBs) at the State level. PACS are outside the purview of the Banking Regulation Act, 1949 and hence not regulated by the Reserve Bank of India. StCBs/DCCBs are registered under the provisions of the State Cooperative Societies Act of the State concerned and are regulated by the Reserve Bank. Powers have been delegated to NABARD under the Banking Regulation Act (As Applicable to Cooperative Societies) to conduct an inspection of State and Central Cooperative Banks.

S15. Ans.(d)

Sol. A co-operative credit society, commonly known as Primary Agricultural Co-operative Society (PACS) may be stated with 10 or more persons, normally belonging to a village.
The working capital of the PACS is derived mainly from borrowings from Central Co-operative Banks (CCBs) and the small proportion from owned funds and deposits
These are registered under the Co-operative Societies Act and also regulated by the RBI. They are governed by the " Banking regulation Act-1949" and Banking Laws (Co-operative Societies) Act 1965
Objectives of Pacs
1. For the membership of co-operatives credit society members should belong to located at the village of co-operative societies.
2. The work of PACS should be limited to its village only.
3. The liability of PACS should be unlimited.
4. PACS is liable for the deposits and loans on its account.
5. PACS provides loans to its members only.
6. Loans repayment schedule can be decided by the co-operative society as per the significant purpose of the loans.
7. PACS provide the loan only for medium and short term purpose
Source: **https://globaljournals.org/GJMBR_Volume17/4-Role-of-Primary-Agricultural.pdf**

S16. Ans.(b)

Sol. With the rupee falling, the country's imports become more expensive and exports cheaper. The reason is simple. It takes more rupees to pay for the same quantum of imports and fewer dollars for a buyer to pay for the same quantity of exports. More expensive imports are likely to drive inflation upward, especially in India where input products constitute a large part of our imports. In addition, a depreciating rupee also impacts the oil import bill since it costs more rupees per barrel of oil, which plays its own part in pushing inflation up.

There is a reduction in household consumption as there is now reduced demand for imported items, so there is more money to buy domestic goods. Alternatively, people prefer buying domestic goods, rather than more expensive imported goods, which pushes up their demand and thus inflation.

S17. Ans.(b)

Sol. The basic structure of the Balance of Payments (BOP) of India mainly consists of (i) Current account: exports and imports of goods, services, income (both investment income and compensation of employees) and current transfers; (ii) Capital account: assets and liabilities covering direct investment, portfolio investment, loans, banking capital and other capital: The capital account records all international purchases and sales of assets such as money, stocks, bonds, etc.

Hence any of the nature of investments either from India or into India and therefore part of the capital account, not current account. Statement 1 is incorrect.

Statement 3 is a part of the trade-in invisible, which is a part of the current account.

Statement 2 Is correct as remittances are part of the current account.

S18. Ans.(d)

Sol. On 16 July 2020, Global Multidimensional Poverty Index (MPI) 2020 data and publication "Charting pathways out of multidimensional poverty: Achieving the SDGs was released by the Oxford Poverty and Human Development Initiative at the University of Oxford and therefore the Human Development Report Office of the United Nations Development Programme.

S19. Ans.(c)

Sol. The core objective of this transformative legislation is to ensure regulation and promotion of the real estate sector in an efficient and transparent manner and to protect the interest of home buyers. The Real Estate Act makes it mandatory for each state and union territory, to form its own regulator and frame the rules to govern the functioning of the regulator.

1. Real estate projects need to be registered with State Real Estate Regulatory Authority. Promoters cannot book or offer these projects for sale without registering them. Real Estate Agents dealing in these projects also need to register with Real Estate Regulatory Authorities.

2. 70% of the collected amount from buyers must be deposited in an escrow bank account for construction of that project only and the withdrawals have to be certified by Architects, CA, and Project Engineers.

S20. Ans.(b)

Sol. "Nairobi Package" is a series of six Ministerial Decisions on agriculture, cotton, and issues related to least-developed countries (LDCs). These include a commitment to abolish export subsidies for farm exports". As per this package: Developed countries such as the United States will need to eliminate the farm export subsidies immediately, except on a handful of agriculture products. The developing countries were allowed to end these export subsidies by 2018. The Developing countries were given the flexibility to cover marketing and transport costs for agriculture exports until the end of 2023. Additional time was given to the poorest and food-importing countries. This simply implied that India will not be able to offer export subsidies for sugar and other farm products after eight years. No final decision was taken on public stock-holding as well as Special Safeguard Mechanisms (SSM).

S21. Ans.(c)

Sol. Statement 1 is correct. The monthly Index of Eight Core Industries (ICI) is a production volume index, measuring monthly changes in the output of industry. ICI measures collective and individual performance of production in selected eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. Statement 2 is correct. It is compiled and released by Office of the Economic Adviser (OEA), Department of Industrial Policy & Promotion (DIPP), and Ministry of Commerce & Industry. # The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). # India's eight core industrial sectors contracted by 8.5% in August compared to Au-gust 2019, marking the sixth month in a row of shrinking output.

S22. Ans.(b)

Sol. Statement1 is incorrect. The purchasing managers' index (PMI) is an economic indicator that surveys purchasing managers at businesses that make up a given sector. The most common PMI surveys are the manufacturing PMI and the services PMI. It is a survey-based measure that asks the respondents about changes in their perception of some key business variables from the month before. The most common elements include: New orders, Factory output, Employment, Suppliers' delivery times and Stocks of purchases. The most common answers include: Improvement, No change and Deterioration.

Statement 2 is correct. A figure above 50 denotes expansion in business activity. Anything below 50 denotes contraction. Higher the difference from this mid-point greater is the expansion or contraction.

S23. Ans.(c)

Sol. Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing offers a production linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units.

The Ministry of Electronics and Information Technology had notified 'Phased Manufacturing Programme for cellular mobile handsets and sub-assemblies/ parts thereof' with the objective of substantially increasing the domestic value addition for establishment of a robust Cellular mobile handsets manufacturing eco-system in India. It promotes domestic production of mobile phones by providing tax relief and other incentives on components and accessories used for the devices.

S24. Ans.(a)

Sol. Annual Survey of Industries (ASI) is conducted by National Statistical Office (NSO), Ministry of Statistics & Programme Implementation. ASI is principal source of industrial statistics in India. The Annual Survey of Industries (ASI) is the principal source of industrial statistics in India. It provides statistical information to assess and evaluate, objectively and realistically, the changes in the growth, composition and structure of organized manufacturing sector comprising activities related to manufacturing processes, repair services, gas and water supply and cold storage. From ASI 2010-11 onwards, the survey is being conducted annually under the statutory provisions of the Collection of Statistics (COS) Act, 2008.

S25. Ans.(a)

Sol. A regulatory sandbox (RS) usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain regulatory relaxations for the limited purpose of the testing. It allows the regulator, the innovators, the financial service providers (as potential deplorers of the technology) and the customers (as final users) to conduct field tests to collect evidence on the benefits and risks of new financial innovations, while carefully monitoring and containing their risks.

S26. Ans.(b)

Sol. The monthly Index of Eight Core Industries (ICI) is a production volume index. ICI measures collective and individual performance of production in selected eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. It is compiled and released by Office of the Economic Adviser (OEA), Department of Industrial Policy & Promotion (DIPP), and Ministry of Commerce & Industry. The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). Refinery Products has highest weightage in Index of Eight Core Industries (ICI).

S27. Ans.(a)

Sol. SSE is an initiative of SEBI and will be regulated By SEBI. The Securities and Exchange Board of India's initiative to create a Social Stock Exchange (SSE) will boost social and & environmental impact investing in India by creating a new platform to fund social-sector organizations, enabling direct listing through a new class of securities, and establish a standardized framework for measuring and reporting social impact for both donors and investors.

The first SSE was launched in the United Kingdom.

SSE does not permit equity trading.

Under the new framework, social venture funds will be renamed to social impact funds under SEBI AIF (Alternate Investment Funds) regulations with a minimum corpus requirement reduced to Rs 5 crore from Rs 20 crore earlier.

S28. Ans.(d)

Sol. Quantitative easing (QE) is a monetary policy whereby a central bank purchases predetermined amounts of government bonds or other financial assets (i.e. municipal bonds, corporate bonds, stocks, etc.) in order to inject money into the economy to expand economic activity.

Quantitative easing is considered to be an unconventional form of monetary policy, which is usually used when inflation is very low or negative, and when standard monetary policy instruments have become ineffective.

Central banks usually resort to quantitative easing when their nominal interest rate target approaches or reaches zero. Very low interest rates induce a liquidity trap, a situation where people prefer to hold cash or very liquid assets, given the low returns on other financial assets. This makes it difficult for interest rates to go below zero; monetary authorities may then use quantitative easing to further stimulate the economy rather than trying to lower the interest rate further. Quantitative easing can help bring the economy out of recession and help ensure that inflation does not fall below the central bank's inflation target

S29. Ans.(a)

Sol. Emerging industry that is gaining favour with investors and is expected to be an engine of future economic growth through steadily rising generation of employment and profits is referred colloquially as Sunrise Industry. A sunrise industry is a new business or business sector showing potential for substantial and rapid growth. Notable characteristics of sunrise industries include high-growth rates and a lot of start-ups and venture capital funding.

S30. Ans.(b)

Sol. The Reserve Bank of India (RBI) has mandated that all prepaid payment instruments (PPIs) or wallets that are fully KYC-compliant be made interoperable by March 31, 2022.

The notification also laid down the rules for enabling cash withdrawal from full-KYC PPIs issued by non-banks. There will be a maximum limit of Rs 2,000 per transaction with an overall limit of Rs 10,000 per month per PPI. All cash withdrawal transactions performed using a card or wallet shall be authenticated by an additional factor of authentication (AFA) or PIN. Issuers offering withdrawals shall put in place proper customer redressed mechanisms.

The cash withdrawal limit from points of sale (PoS) terminals using debit cards and open system prepaid cards issued by banks has also been rationalized to Rs 2,000 per transaction within an overall monthly limit of Rs 10,000 across all locations. Earlier, withdrawals via this mode were capped at Rs 1,000 for tier I and II centers and Rs 2,000 for other centers

has also increased the limit of outstanding balance PPIs from Rs 1 lakh to Rs 2 lakh

S31. Ans.(b)

Sol. The scheme was announced in 2020 as a replacement for the Merchandise Export from India Scheme (MEIS), which was not compliant with the rules of the World Trade Organization. The scheme would refund to exporters the embedded central, state and local duties or taxes that were so far not being rebated or refunded and were, therefore, placing India's exports at a disadvantage. It was announced by the Ministry of Commerce & Industry.

S32. Ans.(b)

Sol. Section 18 and Section 55 of India's Special Economic Zone Act, 2005 provides for the establishment of an International Financial Services Centre in India within an SEZ in India and enables the Central Government to regulate IFSC activities.

A bank in IFSC is not subject to CRR or SLR stipulations of RBI. For most purposes, the IFSC Banking Units (IBU) will be treated on par with a foreign branch of an Indian bank, as the application of prudential norms, the 90 days' Income Recognition Asset Classification and Provisioning norms, adoption of liquidity and interest rate risk management policies. Deposits will not be covered by deposit insurance and RBI shall not provide liquidity or Lender of Last Resort support. Funds may be raised only from entities not resident in India, though the deployment may also be with entities resident in India (except individuals including retail customers and HNI's), subject to FEMA, 1999.

All transactions of these banks are to be in currency other than INR,

S33. Ans.(b)

Sol. 1. The government has decided to set up a statutory Public Debt Management Agency (PDMA) to bring both, India's external and domestic debt under one roof. But currently, it has not been set up. So statement 1 is wrong.

2. The first step towards creating a Dedicated agency to manage debt in this direction was the establishment of a Public Debt Management Cell (PDMC) in 2016, as an advisory body within the Budget Division, Ministry of Finance in 2016.it is an interim arrangement.

3. Justice B. N. Srikrishna chaired FSLRC or Financial Sector Legislative Reforms Commission report (2013) recommended setting up the independent "Public Debt Management Agency (PDMA) at the earliest.

S34. Ans.(a)
Sol. The gross fiscal deficit (GFD) is the excess of total expenditure including loans net of recovery over revenue receipts (including external grants) and non-debt capital receipts.
Primary revenue balance denotes revenue deficit minus interest payments.

S35. Ans.(b)
Sol. Ministry of Labour recently released a new series of Wage Rate Index (WRI) with the base year 2016, is compiled and maintained by the Labour Bureau, an attached office of the ministry.
The new WRI series would be compiled twice a year on a point-to-point half-yearly basis, as on January 1 and July 1 of every year.
The new series of WRI with base 2016=100 will replace the old series with base 1963-65,
The government periodically revises the base year for major economic indicators to reflect the changes in the economy and to capture the wage pattern of workers.
Thus, as per the recommendations of the International Labour Organization, National Statistical Commission, etc, the base year of WRI numbers has been revised from 1963-65 to 2016 by the Labour Bureau to enhance the coverage and to make the index more representative.

S36. Ans.(b)
Sol. The following precautions are necessary while estimating national income by production method or value-added method
(i) Production for self-consumption: That output that is produced for self-consumption and whose value can be estimated, must be included in the estimates of production because it is a part of the production of the current year.
(ii) Sale of secondhand goods: The sale of secondhand goods should not be included in national income because the value of these goods had already been included earlier.
(iii) Commission paid to the broker for sale and purchase of secondhand goods should be included because it is payment made for the services provided in the current year.
(iv) Value of intermediate goods should not be included because it leads to double counting. (v) Services of housewives should not be included because it is very difficult to evaluate them

S37. Ans.(d)
Sol. India has emerged as a poor and "very unequal" country, according to the latest report released by the World Inequality Lab. The bottom half of the Indian population owns "almost nothing" of the national wealth, claimed the report.
It also said that In 2021, the top one percent of the country's population earned more than one-fifth of the 'total national income'

S38. Ans.(b)
Sol. The cotton textile mills, mainly dominated by Indians, were located in the western parts of the country, namely, Maharashtra and Gujarat, while the jute mills dominated by the foreigners were mainly concentrated in Bengal.
However, there was hardly any capital goods industry to help promote further industrialization in India. Capital goods industry means industries that can produce machine tools that are, in turn, used for producing articles for current consumption

S39. Ans.(d)

Sol. What are NUEs?

As envisaged by the RBI, an NUE will be a non-profit entity that will set up, manage and operate new payment systems, especially in the retail space such as ATMs, white-label PoS; Aadhaar-based payments and remittance services. In addition to this, they will develop new payment methods, standards, and technologies as well as operate clearing and settlement systems

S40. Ans.(a)

Sol. This is an idea floated by the Reserve Bank of India to create an alternate mechanism to the existing National Payments Corporation of India (NPCI) and to diminish the monopoly of NPCI in the retail payment sector. The RBI has set a deadline of March 31 for firms to submit their applications for setting up NUE

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Which players are planning to set up NUEs?

Only those entities that are owned and controlled by Indian citizens with at least three years of experience in the payments segment can become promoters of NUEs. Also, foreign investment is allowed in NUEs as long as they comply with the existing guidelines

The umbrella entity shall be a Company authorized by the Reserve Bank of India (RBI) under Section 4 of the PSS Act, 2007. It shall be governed by the provisions of the PSS Act and other relevant statutes and directives, prudential regulations, and other guidelines/instructions.

S41. Ans.(b)

Sol. What is a Geographical Indication?

- It is an indication
- It originates from a definite geographical territory.
- It is used to identify agricultural, natural or manufactured goods
- The manufactured goods should be produced or processed, or prepared in that territory.
- It should have a special quality or reputation or other characteristics A trademark is a sign which is used in the course of trade and it distinguishes the goods or services of one enterprise from those of other enterprises. Whereas a geographical indication is an indication used to identify goods having special characteristics originating from a definite geographical territory. The law of Geographical Indications (GIs) is linked to terroir, that is the quality of a product is essentially attributable to the territory where the product originates. GIs support local production and are an important economic tool for the uplift of rural and tribal communities. Unlike other Intellectual Property Rights (IPRs) which guarantee the protection of individual interest, GI is a collective right.

S42. Ans.(c)

Sol. A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Government. 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 an 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. 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

S43. Ans.(b)
Sol. The 2022 International Spillover Index is included in the sustainable development Goals report 2022.It reveals that rich countries generate negative socioeconomic and environmental spillovers, including through unsustainable trade, consumption, and supply chains. Sustainable Development solutions Network (SDSN).
What is it?
In an increasingly interdependent world, countries' actions can have positive or negative effects on other countries ability to achieve the SDGs. Such international "spillovers" are pervasive and have been growing fast as a result of globalization and growth in trade, exceeding the growth in production and in world gross domestic product Rapid population growth, political instability, and weak institutions in some regions of the world have also contributed to the growth in spillover effects (e.g. trade in illicit arms exports). These spillovers have been classified into four broad types: trade, people, finance, and biophysical

S44. Ans.(b)
Sol. Foreign direct investment (FDI) flows to developing countries in Asia increased 19% to a record $619 billion in 2021, shows UNCTAD's World Investment Report 2022
South Asia was the only sub-region in Asia that saw a fall in FDI inflows in 2021/
Singapore, a Southeast Asian country, was the largest recipient of FDI.
India jumped one position to 7th among the top recipients of foreign direct investment (FDI) in the last calendar year (2021) despite FDI inflows into the country

S45. Ans.(b)
Sol. The Instrument in Support of Trade Exchanges (INSTEX) is a European special-purpose vehicle (SPV) established in January 2019. Its mission is to facilitate non-USD and non-SWIFT transactions with Iran to avoid breaking U.S. sanctions. Five EU nations declared in a joint statement on November 29 2019 will join the INSTEX mechanism for trade with Iran, these countries are Belgium, Denmark, Netherlands, Finland, and Sweden.

S46. Ans.(c)
Sol. The Economic Survey 2019-20 backed the government's move to aggressively privatize central public sector enterprises (CPSEs) through divestment of government stake, which will have a multiplier effect on improving the efficiency and profitability of the divested company while unlocking capital that can be used for building public infrastructure.
The Survey cited the case of Temasek Holdings Company in Singapore, a model which it said can be adopted for successful maximization of government stake in CPSEs.
In the model, the government can transfer its stake in the listed CPSEs to a separate corporate entity which would be managed by an independent board and would be mandated to divest the government stake in these CPSEs over a period of time. "This will lend professionalism and autonomy to the disinvestment program which, in turn, would improve the economic performance of the CPSEs,"

S47. Ans.(d)
Sol. Finance Minister Nirmala Sitharaman has recently unveiled a set of reforms for public sector banks (PSBs) called EASE 4.0 (Enhanced Access and Service Excellence). These reforms have been rolled out by the government to further the agenda of customer-centric digital transformation and embed digital and data into PSBs' way of working

S48. Ans.(d)

Sol. India was the first country to introduce a digital tax called 'Equalisation Levy' in 2016 at the rate of 6%. EL 1.0 was payable by Indian residents on online advertisement services purchased from non-resident companies.

The two conditions are necessary to be met for the equalization levy:

- The payment should be made to a non-resident service provider;
- The annual payment made to one service provider exceeds Rs. 1,00,000 in one financial year

So If any eCommerce site which is has a domestic service provider or who is an Indian resident This equalization levy will not be liable.

From 1 April 2020, the scope of equalization levy has been expanded in the form of digital services tax to include a 2% levy on eCommerce sites dealing with online sales of goods or services into India by non-resident e-commerce operators with a turnover of over Rs 2 crore, effectively expanding the scope of equalization levy that, which was earlier only applied to digital advertising services.

So DST and equalization levy are not the same but similar.

The Digital services tax is not discriminatory towards USA companies as it will be levied for every non-resident e-commerce operator, not the Just USA.

S49. Ans.(a)

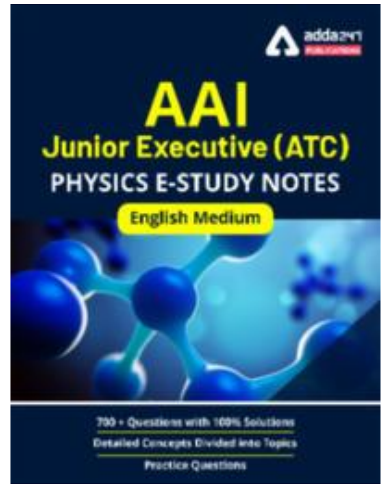
Sol. The leverage ratio is defined as the capital measure divided by the exposure measure, expressed as a percentage. The capital measure is tier 1 capital and the exposure measure includes both on-balance sheet exposure and off-balance sheet items. The leverage ratio measures a bank's core capital to its total assets. The ratio uses tier 1 capital to judge how leveraged a bank is in relation to its consolidated assets. Tier 1 assets are ones that can be easily liquidated if a bank needs capital in the event of a financial crisis. So, it is basically a ratio to measure a bank's financial health. The higher the tier 1 leverage ratio, the higher the likelihood of the bank withstanding negative shocks to its balance sheet. The leverage ratio is used as a tool by central monetary authorities to ensure the capital adequacy of banks and place constraints on the degree to which a financial company can leverage its capital base.

S50. Ans.(b)

Sol. Goods and Services Tax (Compensation to States) Act, 2017 provide for compensation to the States for the loss of revenue arising on account of implementation of the goods and services tax in pursuance of the provisions of the Constitution (One Hundred and First Amendment) Act, 2016. Compensation cess was introduced as relief for States for the loss of revenues arising from the implementation of GST. States, in lieu of giving up their powers to collect taxes on goods and services after local levies were subsumed under the GST, were guaranteed a 14 percent tax revenue growth in the first five years after GST implementation by the Central government. States' tax revenue as of FY 2016 is considered as the base year for the calculation of this 14 per cent growth. Any shortfall against it is supposed to be compensated by the Centre using the funds specifically collected as compensation cess.

S51. Ans.(a)

Sol. Electronic Negotiable Warehouse Receipt (e-NWR): The negotiable warehouse receipt (NWR) system was launched in 2011 allowing the transfer of ownership of a commodity stored in a warehouse without having to deliver it physically. These receipts are issued in negotiable form, making them eligible as collateral. This has been enabled by enabling the financing of warehouse receipts through the Warehouse (Development and Regulation) Act, 2007. The Warehousing Development and Regulatory Authority (WDRA) regulates the entire operation under NWR



S52. Ans.(d)

Sol. Data from the Steel Ministry, show that 84 per cent of Pig Iron came from Russia. This is significant amid calls by countries to limit trade with Russia. Pig iron, also known as crude iron, is an intermediate product of the iron industry in the production of steel which is obtained by smelting iron ore in a blast furnace. It has a very high carbon content and is brittle and therefore needs further refining. Low-grade ores comprised 92% of India's total iron ore exports (mostly to China). India ranks seventh in the iron ore resources, in the world

S53. Ans.(b)

Sol. the 2nd FYP was influenced by the Nehru-Mahalanobis plan leaning towards heavy industries. So, there was no substitution (rather emphasis) of capital goods and basic industries.

The preface to the 4th FYP says :A sense of involvement, of participation by the people as a whole, is vital for the success of any plan of rapid economic growth. This can only be evoked by securing social justice, by reducing disparities of income and wealth, and by redessing regional imbalances."……" The Fourth Plan thus provides a necessary corrective to the earlier trend which helped particularly the stronger sections in agriculture as well as in industry to enable them rapidly to enlarge and diversify the production base. In the long run, the full potential of growth cannot be realised unless the energies of all our people are put to profitable use."

S54. Ans.(d)

Sol. The recently released FAO'S State of Food and Agriculture report 2022 looked at how agricultural automation (which includes anything from tractors to artificial intelligence) in our agri-food systems can contribute to achieving sustainable development goals.

S55. Ans.(a)

Sol. National Small Industries Corporation Limited is a Mini Ratna government agency established by the Ministry of Micro, Small and Medium Enterprises, Government of India in 1955 It falls under Ministry of Micro, Small & Medium Enterprises of India.

Recently a review meeting for the scheme was conducted by the Union Minister of MSME The scheme aims to support SC/ST entrepreneurs by mandating 4% procurement by the CPSE from them, providing credit-linked capital subsidy, Special marketing assistance etc. It is being implemented by National Small Industries Corporation (NSIC), under the Ministry of MSME

S56. Ans.(d)

Sol. India Post Payments Bank (IPPB), conducted India's First Floating Financial Literacy Camp with an initiative called 'Niveshak Didi' to promote Financial Literacy. 'Niveshak Didi' initiative is based on the ideology of women for women as rural area women feel more comfortable sharing their queries with a female itself. The Floating Financial Literacy Camp was conducted among the local residents around the world-famous Dal Lake of Srinagar, J&K

S57. Ans.(c)

Sol. The World Gold Council is the market development organisation for the gold industry. It works across all parts of the industry, from gold mining to investment, with the aim of stimulating and sustaining demand for gold. Headquartered in London, United Kingdom, they have offices in India, China, Singapore and the United States

S58. Ans.(a)

Sol. SRI is Category II Alternative Investment Fund (AIF) launched in 2020 to provide growth capital to MSMEs based on

S59. Ans.(b)

Sol. NFRA was created in 2018 under the Companies Act 2013 and recommends accounting and auditing policies to be adopted by companies. It also monitors the compliance and quality of auditing standards

S60. Ans.(d)

Sol. Nine new countries have joined the Global Offshore Wind Alliance (GOWA), pledging to a rapid ramp-up of offshore wind in order to tackle the climate and energy security crises. The alliance, initiated by the International Renewable Energy Agency (IRENA), Denmark and the Global Wind Energy Council, will bring together governments, the private sector, international organisations and other stakeholders to accelerate the deployment of offshore wind power

S61. Ans.(c)

Sol. As the name suggests, zero-based Budget refers to planning and preparing the Budget from scratch or 'zero base'. It is different from a traditional Budget that is based on previous Budgets. The process of zero-based budgeting involves review and justification of each and every ministry's expenditure in order to receive funding at the beginning of each financial year.

In zero-based Budget, no balances are carried forward, or there are no pre-committed expenses. Simply put, it is a procedure for preparing a Budget with zero prior bases. This concept emphasizes identification of a task and funding of costs irrespective of the current structure of expenditure.

Zero-based Budget is built around what is needed for the upcoming period, regardless of whether each Budget is higher or lower than the previous one.

Under zero-based Budget, all budgeting begins from a 'zero base' every year; that is, expenses must be justified afresh each year, no matter what was spent in the year before. While traditional budgeting calls for incremental increases over the previous year and tends to perpetuate waste, this form of budgeting puts pressure on spenders to justify expenses each time, and reduce costs. Zero-based budgeting in India

In India, the ZBB was adopted by the department of science and technology in 1983. In 1986, the Indian government implemented ZBB as a system for determining Expenditure Budget. The government made it compulsory for all ministries to review their activities and programmes and prepare their expenditure estimations based on the concept of ZBB.

In the seventh Five-Year Plan, the ZBB system was promoted. However, not much progress could take place later

S62. Ans.(c)
Sol. Statement 2 is incorrect:
Bankers deposits to RBI are RBI's liabilities.
- Asset of RBI
- Gold
- Foreign Exchange Reserve
- Government Securities
- Loans given to banks Liabilities of RBI
- Currencies in circulation
- Bankers deposit to RBI
- Government's deposit to RBI

S63. Ans.(c)
Sol. The Reserve Bank of India (RBI) is vested with the responsibility of conducting monetary policy. This responsibility is explicitly mandated under the Reserve Bank of India Act, 1934.
The primary objective of monetary policy is to maintain price stability while keeping in mind the objective of growth. Price stability is a necessary precondition to sustainable growth. In May 2016, the Reserve Bank of India (RBI) Act, 1934 was amended to provide a statutory basis for the implementation of the flexible Inflation targeting framework.
The amended RBI Act also provides for the Inflation target to be set by the Government of India, in consultation with the Reserve Bank, once in every five years. Accordingly, the Central Government has notified in the Official Gazette 4 per cent Consumer Price Index (CPI) Inflation as the target with the upper tolerance limit of 6 per cent and the lower tolerance limit of 2 per cent.
According to the mandate, if the RBI fails to keep Inflation within 2-6 per cent for three consecutive quarters, it has to write to the government to justify the reasons for it. However, 2020 was taken as an exception because of the pandemic and extra accommodations needed to tide over it. Inflation remained above the target range for most of

S64. Ans.(c)
Sol. Micro ATMs
Micro ATMs are card swipe machines through which banks can remotely connect to their core banking system.
This machine comes with a fingerprint scanner attached to it. In other words, micro ATMs are the handheld point of sale terminals used to disburse cash in remote locations where bank branches cannot reach.
Micro ATMs are similar to point of sale (PoS) terminals and are a doorstep mobile banking arrangement cum-mobile ATM device.
How is it more convenient?
According to bankers, the cost of deployment of a micro ATM is lesser than that of an ordinary ATM. ATMs need at least 80-100 transactions a day to be viable as they cost several lakhs. Micro ATM costs less than Rs 20,000.
It is portable.
Micro ATM has connectivity through GSM; hence it can travel from village to village.
How does the micro ATM work?
Bank will assign a correspondent who will sign up customers in remote areas after verifying their identity (fingerprint can be used as an authentication tool for rural people). The fingerprint and personal details may also be linked to the Aadhaar Card, which will then serve as the ID proof required withdrawing money

S65. Ans.(c)
Sol. Statement 1 is incorrect: It is the rate at which only short term funds are borrowed and lent in the money market.
Statement 2 is incorrect: A tight liquidity condition leads to a rise in call money rate

S66. Ans.(a)
Sol. Statement 3 is incorrect:
The requirement of CAR in India is more than the Basel III norms.
Capital Adequacy Ratio (CAR)
Capital Adequacy Ratio (CAR) is the ratio of a bank's capital in relation to its risk weighted assets and current liabilities. It is decided by central banks and bank regulators to prevent commercial banks from taking excess leverage and becoming insolvent in the process. It is measured as: Capital Adequacy Ratio = (Tier I + Tier II (Capital funds)) /Risk weighted assets.
Tier I capital consists mainly of share capital and disclosed reserves and it is a bank's highest quality capital because it is fully available to cover losses.
Tier II capital; on the other hand, consists of certain reserves and certain types of subordinated debt. The loss absorption capacity of Tier II capital is lower than that of Tier I capital. When returns of the investors of the capital issues are counter guaranteed by the bank, such investments will not be considered as Tier I/II regulatory capital for the purpose of capital adequacy.
The risk weighted assets take into account credit risk, market risk and operational risk. The Basel III norms stipulated a capital to risk weighted assets of 8%. However, as per RBI norms, Indian scheduled commercial banks are required to maintain a CAR of 9% while Indian public sector banks are emphasized to maintain a CAR of 12%

S67. Ans.(c)
Sol. The primary market is also known as the new issues market. It deals with new securities being issued for the first time. The essential function of a primary market is to facilitate the transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or to expand existing ones through the issue of securities for the first time. The investors in this market are banks, financial institutions, insurance companies, mutual funds, and individuals. A company can raise capital through the primary market in the form of equity shares, preference shares, debentures, loans, and deposits. Funds raised may be for setting up new projects, expansion, diversification, modernization of existing projects, mergers and takeovers

S68. Ans.(d)
Sol. The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills reports, commercial paper and certificates of deposit

S69. Ans.(c)
Sol. All statements are correct
Fiscal Drag:
It is an economic term whereby inflation or income growth moves taxpayers into higher tax brackets. This in effect increases government tax revenue without actually increasing tax rates. The increase in taxes reduces aggregate demand and consumer spending from taxpayers as a larger share of their income now goes to taxes, which leads to deflationary policies, or drag, on the economy. Fiscal drag can be seen as an automatic fiscal stabilizer as it controls a rapidly expanding economy from overheating

S70. Ans.(c)

Sol. Option (c) is correct: Repayment of loan is a capital expenditure. Supplementary notes: Revenue expenditure

- Revenue Expenditure is that part of government expenditure that does not result in the creation of assets.
- Generally, expenditure incurred on normal running of the government departments and maintenance of services is treated as revenue expenditure.
- Examples of revenue expenditure are salaries of government employees, interest payment on loans taken by the government, pensions, subsidies, grants, rural development, education and health services, etc.
- All grants given to state governments and Union territories are also treated as revenue expenditure, even if some of these grants may be used for the creation of capital assets .
- In India, the payment of subsidies is also included in revenue expenditure. The central government pays subsidy under three major heads – food subsidy, fertilizer subsidy and fuel subsidy. Repayment of loan is a capital expenditure because it reduces liability. These expenditures are met out of capital receipts of the government

S71. Ans.(c)

Sol. Both the statements are correct regarding Monetary Policy Committee

S72. Ans.(d)

Sol. Both the statements are reversed.

- Reverse Repo Rate is a mechanism to absorb the liquidity in the market, thus restricting the borrowing power of investors. Reverse Repo Rate is when the RBI borrows money from banks when there is excess liquidity in the market. The banks benefit out of it by receiving interest for their holdings with the central bank

S73. Ans.(c)

Sol. Both the statements are correct

- Fiscal policy is the means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy. It is the sister strategy to monetary policy through which a central bank influences a nation's money supply.
- Fiscal Policy deals with the revenue and expenditure policy of the Govt.
- The word fiscal has been derived from the word 'fisk' which means public treasury or Govt funds.
- Tools of fiscal policy:- a. Taxation b. Public expenditure c. Public debt d. Plan and Non-Plan Expenditure
- Public Debt means debt on the Govt -It is accumulated borrowing of the Govt

S74. Ans.(d)

Sol.

- In economics and political science, fiscal policy is the use of government revenue collection and expenditure to influence a country's economy.
- Monetary policy the policy adopted by the monetary authority of a nation to control either the interest rate payable for very short-term borrowing (borrowing by banks from each other to meet their short-term needs) or the money supply, often as an attempt to reduce inflation or the interest rate to ensure price stability and general trust of the value and stability of the nation's currency.

	Monetary Policy	Fiscal Policy
Tool	Interest rates	Tax and government spending
Effect	Cost of borrowing/mortgages	Budget deficit
Distribution	Higher interest rates hit homeowners but benefit savers	Depends which taxes you raise.
Exchange rate	Higher interest rates cause appreciation	No effect on exchange rate
Supply-side	Limited impact	Higher taxes may affect incentives to work
Politics	Monetary policy set by independent Central Bank	Changing tax and government spending highly political.
Liquidity trap	Cuts in interest rates may not work in liquidity trap	Fiscal policy advised in very deep recessions

S75. Ans.(d)

Sol. Both the statements are reversed. • The Quantitative Instruments are also known as the General Tools of monetary policy. These tools are related to the Quantity or Volume of the money. The Quantitative Tools of credit control are also called as General Tools for credit control. • The Qualitative Instruments are also known as the Selective Tools of monetary policy. These tools are not directed towards the quality of credit or the use of the credit. They are used for discriminating between different uses of credit

S76. Ans.(d)

Sol. All the statements are correct

S77. Ans.(b)

Sol. The value of the SDR is based on a basket of five major currencies—the US dollar, the euro, the Chinese renminbi (RMB), the Japanese yen, and the British pound sterling. Hence, option (b) is correct.

S78. Ans.(d)

Sol. All the statements are correct

S79. Ans.(d)

Sol. All the statements are correct

S80. Ans.(b)

Sol. A liquidity trap is a situation in which prevailing interest rates are low and saving rates are high making monetary policy ineffective.

It creates a fluctuation in the money supply that fails to translate into fluctuations in price levels.

S81. Ans.(b)

Sol. Statement 1 is incorrect: In a mixed economy, market provides the goods and services it produce well while the government takes care of essential goods and services. Market economy or capitalism produces only those goods that are on demand.

Types of Economic Systems
Economic systems can be classified on the basis of what goods and services are produced in the country; how these goods and services are produced and how these goods and services are distributed among people.
In a market economy, also called capitalism, only those consumer goods will be produced that are in demand, i.e., goods that can be sold profitably either in the domestic or in the foreign markets. In a capitalist society the goods produced are distributed among people not on the basis of what people need but on the basis of Purchasing Power—the ability to buy goods and services.
In a socialist society the government decides what goods are to be produced in accordance with the needs of society. The government decides how goods are to be produced and how they should be distributed. In principle, distribution under socialism is supposed to be based on what people need and not on what they can afford to purchase.
In a mixed economy, the market will provide whatever goods and services it can produce well, and the government will provide essential goods and services which the market fails to do. C

S82. Ans.(a)
Sol. Negative yield bonds
These are debt instruments that offer to pay the investor a maturity amount lower than the purchase price of the bond. These are generally issued by central banks or governments, and investors pay interest to the borrower to keep their money with them. Negative-yield bonds attract investments during times of stress and uncertainty as investors look to protect their capital from significant erosion.
Increasing demand (which depends on many factors, other than the interest rates) for bonds also raises the price and lowers the yields.

S83. Ans.(a)
Sol. Both StCBs/ DCCBs are registered under the provisions of State Cooperative Societies Act of the State concerned and are regulated by the Reserve Bank through Banking Regulation Act, 1949/
Co-operative Banking in India
The rural co-operative credit system in India is primarily mandated to ensure flow of credit to the agriculture sector. It comprises short-term and long-term cooperative credit structures. The short-term co-operative credit structure operates with a three-tier system - Primary Agricultural Credit Societies (PACS) at the village level, Central Cooperative Banks (CCBs) at the district level and State Cooperative Banks (StCBs) at the State level.
PACS are outside the purview of the Banking Regulation Act, 1949 and hence not regulated by the Reserve Bank of India directly. PACs are a village-level institution which directly deals with the rural people. It encourages savings among the agriculturists, accepts deposits from them, gives loans to the needy borrowers and collects repayments.
StCBs/DCCBs are registered under the provisions of State Cooperative Societies Act of the State concerned and are regulated by the Reserve Bank through Banking Regulation Act, 1949 and Banking Laws (Co-operative Societies) Act, 1955.
State cooperative banks are the apex institutions in the three-tier cooperative credit structure, operating at the state level. Every state has a state cooperative bank.
Powers have been delegated to National Bank for Agricultural and Rural Development (NABARD) under Sec 35 (6) of the Banking Regulation Act (As Applicable to Cooperative Societies) to conduct inspection of State and Central Cooperative Banks

S84. Ans.(c)

Sol. Nachiket Mor recommended that each Indian resident, above the age of 18 years would have an individual, safe and secure electronic bank account

S85. Ans.(c)

Sol. Both statements are correct

Special liquidity scheme

In the Budget Speech of 2020-21, it was announced that a mechanism would be devised to provide additional liquidity facility to NBFCs/HFCs over that provided through the Partial Credit Guarantee Scheme (PCGS).

HFCs are specialized NBFCs. Recently, the Reserve Bank of India (RBI) came up with the new definition of HFC. To qualify as HFCs, a NBFC must have 50% assets as housing loans and 75% of which should be for individual homebuyers and HFCs are regulated by RBI.

The Scheme will be administered by the Department of Financial Services (Ministry of Finance)

Under the scheme a Special Purpose Vehicle (SPV) would be set up to manage a Stressed Asset Fund (SAF) of the NBFCs/ HFCs.

The SPV will issue securities, which would be guaranteed by the Government of India and purchased by the Reserve Bank of India (RBI) only.

The proceeds of sale of such securities would be used by the SPV to acquire short-term debt of NBFCs/HFCs

S86. Ans.(c)

Sol. Statement 2 is incorrect: The maturity period of Certificates of Deposits can be more than a year if it is issued by All-India Financial Institutions.

Money market instruments

Commercial Paper Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note. Big corporations with good credit rating issue commercial paper as a promissory note. There is no collateral support for CPs. Hence, only large firms with considerable financial strength can issue the instrument.

Certificate of Deposits It is a negotiable money market instrument. It is like a promissory note. Rates, terms, and amounts vary from institution to institution. The Certificate of Deposit (CD) is an agreement between the depositor and the bank where a predetermined amount of money is fixed for a specific time period The maturity period of Certificates of Deposits ranges from 7 days to 1 year, if issued by banks. The FIs can issue CDs for a period not less than 1 year and not exceeding 3 years from the date of issue .

Repurchase Agreements Also known as repos or buybacks, Repurchase Agreements are a formal agreement between two parties, where one party sells a security to another, with the promise of buying it back at a later date from the buyer. It is also called a Sell-Buy transaction

S87. Ans.(a)

Sol. Statement 2 is incorrect: The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 provides the legal basis for the setting up of ARCs in India

Non-performing assets

ARC is a specialized financial institution that buys the Non-Performing Assets (NPAs) from banks and financial institutions so that they can clean up their balance sheets. This helps banks to concentrate on normal banking activities.

The asset reconstruction companies or ARCs are registered under the RBI. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 provides the legal basis for the setting up of ARCs in India.
Setting up of NARCL, the proposed bad bank for taking over stressed assets of lenders was announced in the Budget for 2021-22.

S88. Ans.(c)
Sol. Instruments of monetary policy
The instruments of monetary policy used by the Central Bank depend on the level of development of the economy, especially its financial sector. The commonly used instruments are discussed below: Reserve Requirement: The Central Bank may require Deposit Money Banks to hold a fraction (or a combination) of their deposit liabilities (reserves) as vault cash and or deposits with it Open Market Operations: The Central Bank buys or sells ((on behalf of the Fiscal Authorities (the Treasury)) securities to the banking and non-banking public (that is in the open market). Lending by the Central Bank: The Central Bank sometimes provide credit to Deposit Money Banks, thus affecting the level of reserves and hence the monetary base. Interest Rate: The Central Bank lends to financially sound Deposit Money Banks at a most favorable rate of interest. Moral Suasion: The Central Bank issues licenses or operating permit to Deposit Money Banks and also regulates the operation of the banking system.

S89. Ans.(c)
Sol. Central Bank Digital Currencies (CBDC)
A Central Bank Digital Currency (CBDC) is the digital form of a central bank's fiat currency that is also a claim on the central bank.
Instead of printing money, the central bank issues electronic coins backed by the full faith and credit of the government
In contrast to cryptocurrencies, a central bank digital currency would be centrally controlled (even if it was on a distributed database), and therefore, a blockchain or other distributed ledger would likely not be required or useful.
e-RUPI comes close to Central Bank Digital Currencies as they are paid for by the government but is not a CBDC as it is a digital token based on blockchain technology

S90. Ans.(c)
Sol. Housing Finance Companies, Merchant Banking Companies, Stock Exchanges, Companies engaged in the business of stock-broking/sub-broking, Venture Capital Fund Companies, Nidhi Companies, Insurance companies and Chit Fund Companies are NBFCs but they have been exempted from the requirement of registration under Section 45-IA of the RBI Act, 1934 subject to certain conditions
Non-Banking Financial Companies (NBFCs)
It is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/ purchase / construction of immovable property.
Though their activities are akin to that of banks, there are a few differences between banks and NBFCs: NBFC can lend and make investments but cannot accept demand deposits They do not form part of the payment and settlement system and thus cannot issue cheques drawn on itself Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs
Under Section 45-IA of the RBI Act, 1934, no Non-banking Financial company can commence or carry on business of a nonbanking fi nancial institution without a) obtaining a certi fi cate of registration from the RBI. However certain categories of NBFCs have been exempted from the requirement of registration under Section 45-IA of the RBI Act, 1934 subject to certain conditions.

S91. Ans.(d)

Sol. Prepaid payment instruments (PPIs)

- PPIs are methods that facilitate the purchase of goods and services against the value stored on such instruments. The value stored on such instruments represents the value paid for by the holder, by cash, by debit to a bank account, or by credit card.
- The prepaid instruments can be issued as smart cards, magnetic stripe cards, internet accounts, online wallets, mobile accounts, mobile wallets, paper vouchers, and any such instruments used to access the prepaid amount.
- Reserve Bank of India has released the guidelines for interoperability between prepaid payment instruments (PPIs) Interoperability allows compatibility between payment systems and once implemented, a user will be able to transfer funds between wallets and also from their wallets to bank accounts.
- The rules on interoperability of prepaid payment instruments (PPIs) do not force PPIs such as wallets to permit such transfers; instead, these guidelines are for "participating PPI issuers, who choose to adopt interoperability".
- In cases where PPIs are issued in the form of wallets, interoperability across PPIs shall be enabled through a unified payments interface (UPI). Where PPIs are issued in the form of cards, the cards shall be affiliated to the authorized card networks.

S92. Ans.(d)

Sol. The Marginal Standing Facility (MSF) is a window for the banks to borrow from the Reserve Bank of India (RBI) in an emergency when inter-bank liquidity dries up completely. It is used on an overnight basis. The mechanism is similar to the Repo transaction. In the case of Repo, the banks use Government Security (G-Sec), which is not part of the SLR. However, under the MSF, the banks use the G- Secs, which are part of the SLR to borrow money from the RBI. The MSF is typically
used when the banks do not have enough G-Secs outside the SLR.

S93. Ans.(a)

Sol. The Pradhan Mantri Matsya Sampada Yojana (PMMSY) is designed to address critical gaps in fish production and productivity, quality, technology, post-harvest infrastructure and management, modernization, and strengthening of the value chain, traceability, establishing a robust fisheries management framework and the fishers' welfare. While aiming to consolidate the achievements of the Blue Revolution Scheme, the PMMSY envisages many new interventions, such as fishing vessel insurance, support for new/up-gradation of fishing vessels/boats, etc.

The PMMSY primarily focuses on adopting the 'cluster or area-based approaches' and the creation of the fisheries clusters through backward and forward linkages. Special focus will be given for the employment generation activities, such as seaweed and ornamental fish cultivation. It emphasizes the interventions for quality brood, seed, and feed, special focus on species diversification, critical infrastructure, marketing networks, etc.

The PMMSY aims at enhancing fish production by an additional 70 lakh tonne by 2024-25.

S94. Ans.(d)

Sol. The Pradhan Mantri Adarsh Gram Yojana: It is a scheme of the Ministry of Social Justice and Empowerment. The VISVAS Scheme: "Vanchit Ikai Samooh aur Vargon ki Aarthik Sahayta Yojana (The VISVAS Yojana)" is for the benefit of the scheduled castes and the OBC Self Help Groups/individual member with annual family income up to

Rs. 3 lakh.

- Under the scheme, the SCs, and the OBC Self Help Groups and the individuals will be able to avail interest subvention on bank loans at 5%.
- The VISVAS Scheme will be implemented by the National Scheduled Castes and Finance Development Corporation (NSFDC) and the National Backward Classes Finance and Development Corporation (NBCFDC).
- The Scheme will significantly help to expand the outreach to the OBC and the SC members, and reduce the interest burden in these times of pandemic. It is a scheme under the Ministry of Social Justice and Empowerment.

S95. Ans.(c)

Sol. The Global Value Chains (GVCs) refer to international production sharing, a phenomenon where the production is broken into activities and tasks carried out in different countries. It refers to the international fragmentation of production. Participation in the Global Value Chains (GVCs) can lead to increased job creation and economic growth.

The World Bank Group is helping the developing countries catch the GVC wave and realize the benefits the GVCs can deliver.

S96. Ans.(c)

Sol. The Gopalakrishnan Committee is a Committee of Experts on the Non- Personal Data Governance Framework. It has recommended in its report, among other things, making privately held non-personal data "open".

The objective is to make such data available for general use, though the Committee does lay down conditions for such data transfers. This has raised concerns about state interference in the private data ecosystem.

S97. Ans.(c)

Sol. The Vulture Funds are the hedge funds that typically buy the bonds issued by the financially distressed firms and countries in the secondary market at discounted prices and later on, recover a much higher amount than the price at which they had bought the bonds.

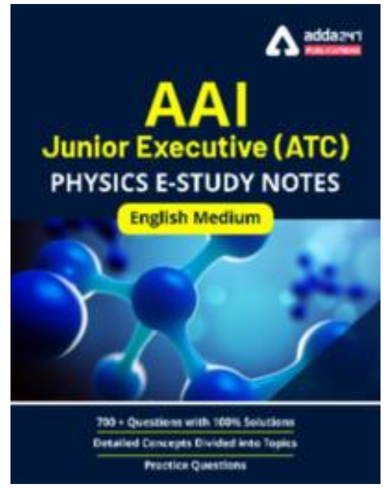
S98. Ans.(d)

Sol. The Viability Gap Funding (VGF) Scheme aims at supporting infrastructure projects that are economically justified, but may not be financially viable (for example, the construction of a highway between two cities with lower traffic volume).

The Scheme provides Viability Gap Funding in the form of a "grant" (not in terms of the loan) up to 20% of the Total Project Cost (TPC). The state government or the government entity that owns the project may provide additional grants out of its budget up to a further 20% of the TPC.

Recently, as part of the Aatma Nirbhar Bharat Package, the Finance Minister has announced that in order to boost the social infrastructure, the government will enhance the quantum of the Viability Gap Funding (VGF) up to 30% each of the Total Project Cost as VGF by the center and state/statutory bodies. For other sectors, VGF existing support of 20% each from the Government of India and states/statutory bodies shall continue.

S99. Ans.(a)



Sol. The Central Road and Infrastructure Fund (CRIF) is earmarked for various infrastructure sectors, such as Transport (Road and Bridges; Ports; Shipyards; Inland Waterways; Airports; Railways; and Urban Public Transport); Energy; Water and Sanitation; Communication; and Social and Commercial Infrastructure, etc.

The administrative control of the Central Road and Infrastructure Fund (CRIF) is under the Department of Economic Affairs (DEA), Finance Ministry. Earlier, it was under the domain of the Ministry of Road Transport and Highways.

S100. Ans.(d)

Sol. Revenue Deficit is the excess of its total revenue expenditure to its total revenue receipts. Revenue Deficit is only related to the revenue expenditure and the revenue receipts of the government. The difference between the total revenue expenditure to the total revenue receipts is Revenue Deficit.

A Revenue Deficit indicates that the government does not have sufficient revenue for the normal functioning of the government departments. In other words, when the government starts spending more than it earns, it results in Revenue Deficit. Revenue Deficit forces the government to disinvest or cover the shortage by borrowings.

In the case of Revenue Deficit, the government usually tries to curtail its expenses or increase its tax and non-tax receipts. This can be done by introducing new taxes or increasing the tax on the people in the higher-earning slabs.