



Drishiti IAS Presents...



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Detailed
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1. Ans: B

Exp:

- The **Regional Rural Banks (RRBs)** were established in **1975** under the provisions of the Ordinance promulgated on 26th September 1975 and **Regional Rural Banks Act, 1976**. Hence, **statement 1 is not correct**.
- **The main objectives of RRBs are:**
 - ◆ To provide credit and other facilities to the small and marginal farmers, agricultural laborers, artisans and small entrepreneurs in rural areas.
 - ◆ To check the outflow of rural deposits to urban areas and reduce regional imbalances and increase rural employment generation.
- The **RRBs are required to provide 75% of their total credit as priority sector lending**. Hence, **statement 2 is correct**.

2. Ans: A

Exp:

- **Gold Exchange Traded Funds (ETFs)** are simple investment products that combine the **flexibility of stock investment** and the simplicity of gold investments.
- **Gold ETF**, which aims to track the **domestic physical gold price**, are passive investment instruments that are based on **gold prices and invest in gold bullion**. Hence, **statement 1 is correct**.
- **Gold ETFs** are units representing **physical gold** which may be in **paper or dematerialised form**.
- **One gold ETF unit** is equivalent to **one gram of gold** and is backed by exceptionally **pure physical gold**. Hence, **statement 2 is not correct**.

3. Ans: D

Exp:

- A **Non-Banking Financial Company (NBFC)** 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**.
 - ◆ Hence, **statement 1 is not correct**.
- Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs.
- NBFC cannot accept demand deposits.
 - ◆ Hence, **statement 2 is not correct**.
- Hence, **option D is correct**.

4. Ans: D

Exp:

- CBDCs are a digital form of a paper currency and unlike cryptocurrencies that operate in a regulatory vacuum, these are legal tenders issued and backed by a central bank.
- It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency.
 - ◆ The digital fiat currency or CBDC **can be transacted using wallets backed by blockchain**.
 - ◆ Hence, **statement 1 is not correct**.
- **Bahamas has been the first economy to launch its nationwide CBDC — Sand Dollar**.
 - ◆ Nigeria is another country to have rolled out eNaira in 2020.
 - ◆ China became the world's first major economy to pilot a digital currency e-CNY in April 2020.
 - ◆ Hence, **statement 2 is not correct**.
- Hence, **option D is correct**.

5. Ans: D

Exp:

- **Benami transactions** refer to those transactions in which the **real beneficiary of the transaction and the person in whose name the transaction is made are different**, specifically transactions relating to properties. Hence, **statement 1 is not correct**.
- The property is owned by one person, while the person who is responsible for paying for it is another.
- **Section 5:**
 - ◆ It said that “**any benami property** shall be liable to be **confiscated** by the **Central Government**”. Hence, **statement 2 is not correct**.
 - ◆ The court held that this **confiscation provision cannot be applied retrospectively**.

6. Ans: D

Exp:

UIDAI

- The UIDAI is a statutory authority established on 12th July 2016 by the Government of India under the jurisdiction of the Ministry of Electronics and Information Technology, following the provisions of the **Aadhaar Act 2016**.
- The UIDAI was initially set up by the Government of India in January 2009, as an attached office under the aegis of the **Planning Commission**.
- Aadhaar has facilitated opening of bank accounts by providing a verifiable identity to the poor, it has distracted the financial inclusion agenda by claiming to be a ‘fix-all’ solution. Hence, **statement 1 is correct**.



Nationalization of Banks:

- **Nationalization of banks helped in branch expansion** and thereby reaching a greater number of people. Besides, credit to agriculture, small scale industries and allied sectors has also increased. **Hence statement 2 is correct.**

Regional Rural Banks (RRBs):

- RRBs were set up as government-sponsored, region-based rural lending institutions under the Regional Rural Banks Act, 1976. RRBs were configured as hybrid micro banking institutions, combining the local orientation and small-scale lending culture of the cooperatives and the business culture of commercial banks.

7. Ans: A

Exp:

- The Non-performing Assets refers to a classification for **loans or advances that are in default or are in arrears on scheduled payments of principal or interest. Hence, statement 1 is correct.**
- In most cases, debt is classified as non-performing, when the loan **payments have not been made for a minimum period of 90 days and not for 30 days, Hence, statement 2 is not correct.**

8. Ans: A

Exp:

- Period poverty is when those on low incomes can't afford, or access, suitable period products (tampons, sanitary pads, etc.). **Hence, statement 1 is correct.**
- **Scotland has become the first nation** in the world to legally protect the **right to access free period products** and have made **period products free for all** by passing the **Period Products Act. Hence statement 2 is not correct.**
- **The Shuchi Scheme** aims aimed at **instilling awareness about menstrual hygiene** among adolescent girls and it does not provide free period products.
- It was started in 2013-14 initially as a **Centrally-sponsored one.** However, the **Centre asked States to take over the scheme from 2015-16. Hence, statement 3 is not correct.**

9. Ans: C

Exp:

- Digital currency is a form of currency that is available **only in digital or electronic form.** It is also called digital money, electronic money, electronic currency, or cybercash.
 - ◆ Digital currencies can be **centralized or decentralized. Hence, statement 1 is not correct.**

- **Fiat currency**, which exists in physical form, is a centralized system of production and distribution by a **central bank and government agencies. Prominent cryptocurrencies**, such as **Bitcoin** and **Ethereum**, are examples of **decentralized digital currency systems. Hence, statement 2 is correct.**

- Central bank digital currencies (CBDCs) are regulated digital currencies **issued by the central bank of a country.**

- A CBDC can be a supplement or a replacement to traditional fiat currency.

- Unlike fiat currency, which exists in both physical and digital form, a CBDC exists purely in digital form.

England, Sweden, and Uruguay are a few of the nations that are considering plans to launch a digital version of their native fiat currencies.

10. Ans: A

Exp:

- **The Financial Inclusion Index** is a comprehensive index incorporating details of banking, investments, insurance, postal as well as the pension sector in consultation with the government and respective sectoral regulators.

- ◆ It is issued by the Reserve Bank of India.

- **WPI** tracks inflation at the producer level and CPI captures changes in prices levels at the consumer level.

- ◆ WPI does not capture changes in the prices of services, which CPI does.

- ◆ It is issued by the **Office of Economic Advisor under the Ministry of Commerce and Industry.**

- The **CPI** calculates the difference in the price of commodities and services such as food, medical care, education, electronics etc, which Indian consumers buy for use.

- ◆ Four types of CPI are as follows:

- ◆ CPI for Industrial Workers (IW).

- ◆ CPI for Agricultural Labourer (AL).

- ◆ CPI for Rural Labourer (RL).

- ◆ CPI (Rural/Urban/Combined).

- ◆ Of these, the **first three are compiled by the Labour Bureau in the Ministry of Labour and Employment. Fourth is compiled by the National Statistical Office** in the Ministry of Statistics and Programme Implementation.

- **Hence, option A is correct.**

11. Ans: B

Exp:

- In the **XXI Phase** of the sale, **State Bank of India (SBI)** has been granted permission to issue and encash



electoral bonds through its 29 authorized branches. **These bonds can only be issued by the State Bank of India. Hence, statement 1 is not correct.**

- Only the Political Parties registered under **Section 29A** of the **Representation of the People Act, 1951** and which secured **not less than one percent of the votes** polled in the last General Election to the **House of the People** or the **Legislative Assembly of the State**, shall be eligible to receive the **Electoral Bonds**.
- The **Electoral Bonds are valid for fifteen calendar days starting on the day of issuance. Hence statement 2 is correct.**
- The Electoral Bond is deposited after the validity period has passed; no payment will be made to any payee Political Party.

12. Ans: C

Exp:

- The **Ministry of Home Affairs (MHA)** has been ranked first under the Central Ministries Portal, and the Digital Police portal ranked second in a **National E-Governance Service Delivery Assessment (NeSDA)** of websites of central government ministries.
- **National E-Governance service delivery assessment (NeSDA)** was conducted by the **Department of Administrative Reforms and Public Grievances (DARPG)** in association with its knowledge partners **NASSCOM** and **KPMG** in 2021. **Hence, statement 1 is correct.**
- There were four main parameters of assessment:
 - ◆ Accessibility.
 - ◆ Content Availability.
 - ◆ Ease of Use and Information Security.
 - ◆ Privacy for Central Ministry Portals. **Hence statement 2 is correct.**
- **An additional three parameters were also used for the Central Ministry Services Portals -**
 - ◆ End Service Delivery.
 - ◆ Integrated Service Delivery.
 - ◆ Status and Request tracking.

13. Ans: D

Exp:

- The GST Council is a joint forum of the Centre and the states. It was set up by the **President as per Article 279A (1)** of the amended Constitution. **Hence, statement 1 is correct.**
- The members of the Council include the **Union Finance Minister (chairperson)**, the Union Minister of State (Finance) from the Centre. **Hence, statement 2 is correct.**

- **Each state can nominate a minister in-charge** of finance or taxation or any other minister as a member. **Hence, statement 3 is correct.**

● **Functions:**

- ◆ The Council, according to Article 279, is meant to “make recommendations to the Union and the states on important issues related to GST, like the goods and services that may be subjected or exempted from GST, model GST Laws”.
- ◆ It also decides on various rate slabs of GST.
 - For instance, an interim report by a panel of ministers has suggested imposing 28 % GST on casinos, online gaming and horse racing.

14. Ans: C

Exp:

- The **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**, also known as **Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS)** is legislation enacted on 25th August 2005.
 - ◆ The Nodal Agency for implementation of NREGS is the Ministry of Rural Development. **Hence, statement 1 is not correct.**
- It provides a legal guarantee for **100 days of employment in a financial year** to adult members of any rural household willing to do public work-related **unskilled manual work** at the statutory minimum wage. **Hence, statement 2 is not correct.**
- This act was introduced with an **aim of improving the purchasing power of the rural people**, primarily semi or unskilled work to people living below poverty line in rural India. It attempts to bridge the gap between the rich and poor in the country. **Hence, statement 3 is correct.**

15. Ans: C

Exp:

Consumer Welfare Fund (CWF):

- It was set up under the **Central Goods and Services Tax (CGST) Act, 2017**. The consumer welfare fund rules of 1992 have been subsumed under the CGST rules, 2017. **Hence, statement 1 is correct.**
- The Fund has been set up by the Department of Revenue (Ministry of Finance) and is **being operated by the Department of Consumer Affairs** (Ministry of Consumer Affairs, Food & Public Distribution). **Hence, statement 2 is correct.**
- Its objective is to promote and protect the welfare of the consumers. **Few Examples:**

- ◆ Creation of **Consumer Law Chairs/ Centres of Excellence in Institutions/Universities** of repute to foster research and training on consumer related issues.
- ◆ Projects for **spreading consumer literacy and awareness**.

16. Ans: C

Exp:

Anti-Dumping Duty:

- **Dumping** is said to occur **when the goods are exported by a country to another country at a price lower than the price it normally charges in its own home market.**
- **Different from Countervailing Duties:**
 - ◆ **ADD** is a customs duty on imports providing a protection **against the dumping of goods at prices substantially lower than the normal value** whereas **Countervailing duty** is a customs duty on goods that have received government subsidies in the originating or exporting country. Hence **statement 1 is not correct.**
- **WTO's Provisions Related to Anti-Dumping Duty:** An anti-dumping duty is valid for a period of five years from the date of imposition unless revoked earlier.
 - ◆ **Directorate General of Trade Remedies under the Ministry of Commerce and Industry** for administering **all trade remedial measures including anti-dumping, countervailing duties and safeguard measures.** Hence **Statement 2 is not correct.**
 - ◆ It is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.
 - ◆ The use of anti-dumping measures as an instrument of fair competition is permitted by the World Trade Organisation.

17. Ans: D

Exp:

- **The Government e-Marketplace (GeM)** was launched in 2016 to bring transparency and efficiency in the government buying process.
- **Ministry of Commerce and Industry** is its Nodal Ministry.
- It's a one-stop National Public Procurement Portal to facilitate online procurement of common use Goods & Services required by various Central and State Government Departments/Organizations/Public Sector Undertakings (PSUs). Hence, **statement 1 is correct.**

- The procurement of goods and services by Ministries and the Central Public Sector Enterprises (CPSEs) is **mandatory** for goods and services available on GeM. Hence, **statement 2 is correct.**
- Hence, **option D is correct.**

18. Ans: A

Exp:

- According to the Ministry of Ports, Shipping and Waterways, around 95% of India's trading by volume and 68% by value is done through maritime transport. It is serviced by **13 major ports (12 Government-owned and one private).**
- **Vadhavan Port will be the 13th major port in India.** The port will be developed on the **landlord model.** Hence **statement 1 is correct.**
 - ◆ A special purpose vehicle (SPV) will be formed with Jawaharlal Nehru Port Trust (JNPT) as the lead partner, with equity participation equal to or more than 50% to implement the project.
 - ◆ Currently, India has 12 major ports at Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), VO Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia). Vadhavan Port will be the 13th major port.
- **Kamarajar Port Limited, formerly Ennore Port, is located on the Coromandel Coast, Chennai about 18 km north of Chennai Port at the coast of Tamil Nadu.** The Kamarajar Port Limited is the **only corporatised major port and is registered as a company.** Hence **statement 2 is not correct.**

19. Ans: C

Exp:

- **The 17th Confederation of Indian Industry (CII) Exim Bank Conclave on India-Africa Growth Partnership,** India has emphasized upon the need for a **trade and investment agreement between India and Africa.**
- It was launched in the year 2005 with the support of the **Ministry of External Affairs and the Ministry of Commerce & Industry.** Hence, **statement 1 is correct.**
- The **International Solar Alliance** is a notable platform that has promoted the rapid development of **clean energy technologies.**
- This conclave has encouraged companies looking for business opportunities beyond Government of India's **Lines of Credit.** Hence, **statement 2 is correct.**



20. Ans: C

Exp:

- Cryptocurrency, sometimes called crypto-currency or crypto, is any form of currency that exists digitally or virtually and uses cryptography to secure transactions. Cryptocurrencies don't have central issuing or regulating authority, instead using a decentralized system to record transactions and issue new units.
- It is supported by a decentralized peer-to-peer network called the blockchain. Hence, statement 1 is correct.
- Citing 'destabilising effects' for the country's monetary and fiscal health, the Reserve Bank of India (RBI) has recommended a ban on cryptocurrencies. Hence, statement 2 is correct.

21. Ans: D

Exp:

- The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. Hence, statement 1 is correct.
- Banks are required to maintain a portion of their demand and time liabilities as cash reserves with the Reserve Bank. For this purpose, they need to maintain their current account with the Reserve Bank. The current accounts of the banks are opened by the Banking Departments of the Reserve Bank's Regional offices. Hence, statement 2 is correct.
- Under the Reserve Bank of India, Act, 1934 (RBI Act, 1934) (as amended in 2016), RBI is entrusted with the responsibility of conducting monetary policy in India with the primary objective of maintaining price stability while keeping in mind the objective of growth. Hence, statement 3 is correct.
- Hence, option D is correct.

22. Ans: B

Exp:

- A Maritime Partnership Exercise (MPX) was conducted between Japan Maritime Self Defense Force and Indian Navy in the Andaman Sea. Hence, statement 1 is not correct.
- The exercises were aimed at enhancing interoperability and streamlining seamanship and communication procedures.
- This exercise is part of the ongoing efforts between the two navies towards ensuring safe and secure international shipping and trade in the Indian Ocean Region (IOR). Hence, statement 2 is correct.
- The two countries have been carrying out regular exercises in IOR towards reinforcing maritime association.

23. Ans: C

Exp:

- **Eight Core Sectors:**
 - ◆ Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizer, Steel, Cement, Electricity.
- **The eight core sector industries in decreasing order of their weightage:**
 - ◆ Refinery Products > Electricity > Steel > Coal > Crude Oil > Natural Gas > Cement > Fertilizers.
- Hence, option C is correct.

24. Ans: C

Exp:

- The goal of the Bank of International Settlements (BIS) is to serve as a bank for central banks and to assist in central banks' efforts to achieve monetary and financial stability through global collaboration. Hence, statement 1 is correct.
- **Mission of BIS:**
 - ◆ BIS delivers value through excellence in performance.
 - ◆ Committed to continuous improvement and innovation.
 - ◆ It acts with integrity.
 - ◆ BIS fosters a culture of diversity, inclusion, sustainability and social responsibility.
- The **Basel Committee on Bank Supervision (BCBS)** is a committee within the **Bank for International Settlements**. Hence, statement 2 is correct.
- The BIS is owned by 63 central banks, representing countries from around the world that together account for about 95% of world GDP.
- Its head office is in Basel, Switzerland.

25. Ans: C

Exp:

- A **windfall tax** is a **higher tax rate** imposed on a certain business or sector in the circumstances of unexpected large profits. Hence, statement 1 is correct.
- The Indian government has cut the recently imposed cesses and levies on diesel and aviation turbine fuel (ATF) and **removed the cess on exports of petrol amid fears of a global recession**. Hence, statement 2 is correct.
- Additional excise duties equal to **Rs 6 per litre** on exports of petrol have been removed.



26. Ans: A

Exp:

Digital Bank:

- It will be defined in the **Banking Regulation Act, 1949**, and **shall have its own balance sheet and legal existence. Hence, statement 1 and 2 are correct.**
- It will be different from the 75 Digital Banking Units (DBUs) – announced by Finance Minister in Union Budget 2022-23 – which are being set up to push digital payments, banking and fintech innovations in underserved areas.
- A DBU is a specialised fixed point business unit or hub housing certain minimum digital infrastructure for delivering digital banking products and services as well as servicing existing financial products and services digitally in self-service mode at any time.
- Digital banks **will be subject to prudential and liquidity norms on a par with existing commercial banks. Hence, statement 3 is not correct.**

27. Ans: B

Exp:

- M S Swaminathan report had recommended that the MSP should be calculated by including all actual farm costs as C2 along with an additional 50% margin i.e C2+50 percent formula. **Hence, statement 1 is not correct.**
- The C2+50 method performs MSP calculations involving a wider range of inputs.
- This includes, in addition to the factors used to calculate A2, the economic value of the efforts of family members working on the farm, and the value of other expenses, including rent and other assets (C2). **Hence, statement 2 is correct.**

28. Ans: B

Exp:

Beed Model of Pradhan Mantri Fasal Bima Yojana:

- Recently, the **Maharashtra Government** asked the Prime Minister for state-wide **implementation of the 'Beed model'** of the crop insurance scheme Pradhan Mantri Fasal Bima Yojna (PMFBY). **Hence option B is correct.**

About Beed Model:

- Beed is a district of Maharashtra located in the drought-prone Marathwada region.
- This model is also called 80-110 Formula.
- Under this plan, the **insurer's potential losses are restricted.**
- The **insurance firm does not have to entertain claims above 110% of the gross premium.** The state

government has to bear the cost of compensation above 110% of the premium collected to insulate the insurer from losses (bridge amount).

- However, **if the compensation is less than the premium collected**, the insurance company would keep **20% of the amount as handling charges and reimburse the rest to the state government (premium surplus).**

Pradhan Mantri Fasal Bima Yojana: 2016.

- It provides comprehensive **insurance cover against failure of the crop** thus helping in stabilising the income of the farmers.
- **Scope: All food & oilseed crops and annual commercial/horticultural crops for which past yield data is available.**
- **Premium:** The prescribed **premium is 2% to be paid by farmers for all Kharif crops and 1.5% for all rabi crops.** In the case of **annual commercial and horticultural crops, the premium is 5%.**

29. Ans: C

Exp:

Public-Private Partnership:

- PPP is an **arrangement between government and private sector** for the provision of **public assets and/or public services.**
- Public-private partnerships allow **large-scale government projects**, such as roads, bridges, or hospitals, to be completed with private funding.
- In this type of partnership, **investments are undertaken by the private sector entity**, for a specified period of time.
- These partnerships **work well when private sector technology and innovation combine with public sector incentives** to complete work on time and within budget.

Build-Operate-Transfer (BOT) Model:

- Under the BOT model, a **private player is granted a concession** to finance, **build and operate** a project for a **specified period of time** (20- or 30-year concession period), with the **developer recouping the investments by way of user charges or tolls charged** from customers using the facility, and thereby taking on a certain amount of financial risk.
- It is a **conventional Public-Private Partnership** model in which a private partner is responsible for **designing, building, operating** (during the contracted period) and **transfer back** the facility to the public sector.
- The private sector partner has to **bring the finance for the project and take the responsibility** to construct and maintain it.



Build-Own-Operate-Transfer (BOOT):

- It has **four provisions like Build, Own, Operate and Transfer.**
- In this variant of BOT, after the negotiated period of time, the project is transferred to the government or to the private operator.
- The concession from the **state provides the concessionaire to own, or at least possess, the assets that are to be built and to operate them for a period of time:** the life of the concession. The concession agreement between the **state and the concessionaire will define the extent to which ownership,** and its associated attributes of possession and control, **of the assets lies with the concessionaire.**
- Hence **statement 1 is correct.**

Swiss Challenges:

- Swiss challenge method is a method of bidding, often used in public projects, in which an interested party initiates a proposal for a contract or the bid for a project.
- The government then puts the details of the project out to the public and invites proposals from others interested in executing it.
- On the receipt of these bids, the original proposer gets an opportunity to match the best bid. In case the original proposer fails to match the bid, the project is awarded to the proposer of the best bid. **Hence statement 2 is correct.**

30. Ans: A**Exp:****Central Consumer Protection Authority (CCPA):**

- The **Consumer Protection Act, 2019 established the Central Consumer Protection Authority (CCPA) as a statutory body** (not a constitutional body). **Hence statement 1 is not correct.**
 - ◆ It is empowered to regulate abuses of consumer rights, unfair trade practises, and false or misleading marketing that are detrimental to the public's interest.
- The Consumer Protection Act, 2019 promulgates a **three-tier quasi-judicial mechanism for redressal of consumer disputes** namely **district commissions, state commissions and national commission.**
- **The new pecuniary jurisdiction,** subject to other provisions of the Act, **shall be** as under:
 - ◆ **District Commissions** shall have jurisdiction to entertain **complaints** where the value of the goods or services paid as consideration **does not exceed 50 lakh rupees.**

- ◆ **State Commissions** shall have jurisdiction to entertain complaints where value of the goods or services paid as **consideration exceeds 50 lakh rupees but does not exceed 2 crore rupees.**
- ◆ **The National Commission** shall have jurisdiction to **entertain complaints** where value of the goods or services paid as consideration **exceeds 2 crore rupees. Hence statement 2 is correct.**

- **To facilitate consumers in filing their complaint online,** the Central Government has **set up the E-Daakhil Portal.**

- The **Ministry of Consumer Affairs, Food, and Public Distribution notified** and made effective the provisions of the **Consumer Protection (E-Commerce) Rules, 2020 under the Consumer Protection Act, 2019. Hence statement 3 is correct.**
- To safeguard consumer rights while shopping online, **CCPA has also issued an Advisory to all marketplace e-commerce entities** to ensure that details of sellers as mandated **under sub-rule (5) of rule 6 of the Consumer Protection (E-commerce) Rules, 2020** including name and contact number of the grievance officer are provided in a clear and accessible manner, displayed prominently to users on the platform.

31. Ans: B**Exp:**

- National Food Security Act (NFSA) **provide for food and nutritional security in the human life cycle approach,** by ensuring access to adequate quantities of quality food at affordable prices to people to live a life with dignity.
- **It covers 75% of the rural population and upto 50% of the urban population** for receiving subsidized foodgrains under Targeted Public Distribution System (TPDS). **Hence, statement 1 is not correct.**
- **It provides for Meal and maternity benefit of not less than Rs. 6,000 to pregnant women** and lactating mothers during pregnancy and six months after the child birth. **Hence, statement 2 is correct.**

32. Ans: A**Exp:**

- The Kisan Credit Card (KCC) scheme was **introduced in 1998 for providing adequate and timely credit support** from the banking system, under a single window with the flexible and simplified procedure to the farmers for their cultivation and other needs like the purchase of agriculture inputs such as seeds, fertilizers, pesticides, etc. and draw cash for their production needs. **Hence, statement 1 is correct.**



- It is **Implemented by the Agencies like Commercial Banks, Regional Rural Banks (RRBs), Small Finance Banks, and Cooperative Banks. Hence, statement 2 is not correct.**

33. Ans: B

Exp:

Foreign Contribution (Regulation) Act (FCRA):

- Recently, the Ministry of Home Affairs amended certain provisions of the Foreign Contribution (Regulation) Act (FCRA). **Hence statement 1 is not correct.**
 - ◆ The **Ministry of Home Affairs** had made the **FCRA rules tougher in November 2020**, making it clear that **NGOs (Non-Government Organizations)** which may not be directly linked to a political party but engage in political action like bandhs, strike or road blockades **will be considered of political nature if they participate in active politics or party politics.**
 - ◆ According to the law, all NGOs receiving funds have to register under the FCRA.
- The Ministry of Home Affairs as told Delhi High Court that all non-government organisations (NGOs), except one, have been granted permission to open bank accounts with the State Bank of India (SBI) in New Delhi under the amended Foreign Contribution Regulation Act (FCRA), 2020. **Hence statement 2 is correct.**
- The FCRA was enacted **during the Emergency in 1976** in an atmosphere of apprehension that foreign powers were interfering in India's affairs by pumping in funds through independent organisations.
- These **concerns had been expressed in Parliament as early as 1969.**
- The law sought to **regulate foreign donations** to individuals and associations so that they functioned **"in a manner consistent with the values of a sovereign democratic republic".**

34. Ans: D

Exp:

Financial Services Institutions Bureau (FSIB)

- Recently, the **Cabinet Appointments Committee (ACC)** has passed a government resolution to establish the **Financial Services Institutions Bureau (FSIB) in place of the Banks Board Bureau (BBB).** Hence, **statement 1 is not correct.**
 - ◆ The new framework was proposed by the **Department of Financial Service, Ministry of Finance.**
 - ◆ The FSIB will **select the chiefs of public sector banks and insurance companies.**

- The FSIB will have the clear mandate to issue guidelines and select general managers and directors of state-run non-life insurers, general insurers and Financial Institutions.

- ◆ FSIB will be the single entity for making recommendations for appointments of WTD (Whole-time Director) and NEC (Non-executive Chairman) in Public Sector Banks, India Private Limited company and Financial Institutions.

- **Jurisdiction of FSIB will be larger than BBB. Hence, statement 2 is not correct.**

- The ACC has approved the **appointment of Bhanu Pratap Sharma as Initial chairperson of FSIB for two years.** He was the former Chairman of BBB.

35. Ans: C

Exp:

- The **Fiscal Responsibility and Budget Management (FRBM) Act** is a law in India that was enacted in 2003.
- Its goal is to ensure **fiscal discipline** and **financial stability.**
- The act establishes targets for **fiscal deficits, debt-to-GDP ratios**, and other **fiscal indicators**, and requires the government to take steps to achieve these targets and to report on its progress in doing so. **Hence, statement 1 is correct.**
- The act also establishes an independent **Fiscal Responsibility and Budget Management Council** to monitor compliance with the act and to make recommendations for **fiscal policy.**
- In **2018**, the Indian government amended the FRBM Act to include a new fiscal deficit target with a provision for deviation of **0.5% in case of "natural calamities"** or other **"extraordinary events."** Hence, **statement 2 is correct.**

36. Ans: C

Exp:

Sugarcane:

- **About:**
- **The sugar industry** is an important **agro-based industry** that impacts the rural livelihood of about **50 million sugarcane farmers** and around 5 lakh workers directly employed in sugar mills.
 - ◆ In **(Oct-Sep) 2021-22** India emerges as the **world's largest producer** and consumer of sugar and the world's **2nd largest exporter of sugar.** Hence, **statement 1 is not correct.**
 - ◆ **Geographical Conditions for the Growth of Sugar:**



- **Temperature:** Between 21-27°C with a hot and humid climate. **Hence, statement 2 is correct.**
- **Rainfall:** Around 75-100 cm.
- **Soil Type:** Deep rich loamy soil.
- **Top Sugarcane Producing States:** Maharashtra, Uttar Pradesh, Karnataka. **Hence, statement 3 is correct.**

37. Ans: A

Exp:

- A **Geographical Indication (GI)** is a sign used on products that have a **specific geographical origin** and possess qualities or a reputation that are due to that origin. **Hence, statement 1 is correct.**
- **GI tags** are issued as per the **Geographical Indications of Goods (Registration and Protection) Act, 1999.**
- This tag is issued by the **Geographical Indication Registry** under the **Department of Industry Promotion and Internal Trade, Ministry of Commerce and Industry.** **Hence, statement 2 is not correct.**

38. Ans: D

Exp:

- Gig workers are typically self-employed and work on a project-by-project basis, which means that temporary, flexible jobs are commonplace in a gig economy and companies tend to hire independent contractors and freelancers instead of full-time employees.
- Gig work is associated with work performed by people who are paid on a project-by-project basis, and independent contractors are self-employed workers who provide services to businesses.
- In summary, gig workers are self-employed, work on a project-by-project basis, and are not eligible for benefits or job security. They are not salaried employees as they are not part of a traditional employment structure and are not paid a regular salary. **Hence, option D is correct.**

39. Ans: D

Exp:

- CBDCs are a digital form of a paper currency and unlike cryptocurrencies that operate in a regulatory vacuum, these are legal tenders issued and backed by a central bank. **Hence, statement 1 is not correct.**
- It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. **Hence, statement 2 is correct.**
- The digital fiat currency or CBDC can be transacted using wallets backed by blockchain. **Hence, statement 3 is correct.**

- **Bahamas** has been the first economy to launch its nationwide CBDC — **Sand Dollar.** **Hence, statement 4 is correct.**

40. Ans: C

Exp:

- **Stock exchanges, depositories and clearing houses** are all Market Infrastructure Institutions and constitute a key part of the nation's vital economic infrastructure.
- According to a panel set up (in 2010) under the chairmanship of former Reserve Bank of India Governor Bimal Jalan, the term 'market infrastructure' denotes such fundamental facilities and systems serving this capital market.
 - ◆ The primary purpose of the securities /capital market is to enable allocation/reallocation of capital/financial resources.
- **MIIs** helps in **optimal use of money in the economy and fostered economic development.** **Hence, statement 1 is correct.**
 - ◆ They constitute the nucleus of the capital allocation system and are indispensable for economic growth and have a net positive effect on society like any other infrastructure institution.
- Recently, Securities and Exchange Board of India (SEBI) noted that the **National Stock Exchange (NSE)**, the country's largest equities and derivatives exchange is a **systemically important market infrastructure institution (MII).** **Hence, statement 2 is correct.**

41. Ans: C

Exp:

- Recently, Securities and Exchange Board of India (SEBI) has launched Saarthi – a mobile app on investor education.
- It aims to create awareness among investors about the basic concepts of the securities market.
- The app will also explain about KYC process, trading and settlement, Mutual Funds (MF), recent market developments, investor grievances redressal mechanism, etc.
- **Hence, option C is correct.**

42. Ans: C

Exp:

- When **demand for goods or services** rises faster than the **supply of those goods and services**, the result is **demand-pull inflation.** **Demand-pull inflation** is when there is an increase in aggregate demand, and the **supply remains the same or decreases.** **Hence, statement 1 is correct.**



- **Stagflation** is a combination of **low economic growth** and **high inflation**. A decline in **aggregate demand** can lead to **stagflation** by reducing **economic growth** and **increasing unemployment**, while at the same time, **high inflation** can erode the **purchasing power** of consumers and further **decrease their ability to spend**. Hence, **statement 2 is correct**.

43. Ans: C

Exp:

- The **World Bank** has announced that it has launched the **world's first wildlife conservation bond (WCB)**. Hence, **statement 1 is correct**.
- **Rhino Bond** is a **financial instrument** that **channels investments** to achieve specific conservation outcomes measured in this case by an increase in **black rhino populations**.
- The "**Rhino Bond**," is also known as the the **Wildlife Conservation Bond (WCB)** is a five-yearly **sustainable development bond**, which will contribute to protecting and increasing **black rhino populations** in two protected areas in South Africa. Hence, **statement 2 is correct**.

44. Ans: D

Exp:

- **Corporation tax** is a direct tax placed on a company's net income or profit from its operations. Hence, **statement 1 is not correct**.
- The tax is imposed on the **net profits of the corporation**, which is calculated by **subtracting allowable expenses** such as the **cost of goods sold, operating expenses, and depreciation** from the **corporation's total revenue**.
- **Corporation tax** is payable by both **public and private companies** registered in India under the **Companies Act 1956**. Hence, **statement 2 is not correct**.

45. Ans: B

Exp:

- Recently, the government of India has launched the ambitious Gati Shakti scheme or National Master Plan for multi-modal connectivity plan, with the aim of coordinated planning and execution of infrastructure projects to bring down logistics costs.
- **About the Scheme:**
 - ◆ **Aim:** To ensure integrated planning and implementation of infrastructure projects in the next four years, with a focus on expediting works on the ground, saving costs and creating jobs. Hence, **statement 1 is correct**.
- Besides cutting logistics costs, the scheme is also aimed at increasing cargo handling capacity and reducing the turnaround time at ports to boost trade. Hence, **statement 2 is not correct**.

- It will include all the existing and planned initiatives of various Ministries and Departments with one centralized portal. Each and every Department will now have visibility of each other's activities providing critical data while planning & executing projects in a comprehensive manner. Hence, **statement 3 is not correct**.

46. Ans: D

Exp:

- Launched in 2014, **Make in India** aims to transform the country into a leading global manufacturing and investment destination.
 - ◆ It is being led by the **Department for Promotion of Industry and Internal Trade (DPIIT)**, Ministry of Commerce and Industry, Government of India.
- To **attract foreign investment for new industrialisation** and develop the already existing industry base in India to surpass that of China. Hence, **statement 1 is correct**.
 - ◆ Target of an increase in manufacturing sector growth to 12-14% per annum over the medium term
- To **increase the share of the manufacturing sector in the country's Gross Domestic Product** from 16% to 25% by 2022. Hence, **statement 2 is correct**.
 - ◆ To **create 100 million additional jobs by 2022**.
- To **promote export-led growth**. Hence, **statement 3 is correct**.

47. Ans: C

Exp:

Special Drawings Rights (SDR):

- The SDR is an **international reserve asset**, created by the IMF in 1969 to supplement its member countries' official reserves. Hence, **statement 1 is correct**.
- The SDR is neither a currency nor a claim on the IMF. Rather, it is a **potential claim on the freely usable currencies of IMF members**. SDRs can be exchanged for these currencies. Hence, **statement 2 is correct**.
- The value of the **SDR is calculated** from a weighted basket of major currencies, **including the US dollar, the euro, the Japanese yen, the Chinese yuan, and the British pound**.
- The interest rate on SDRs or (SDRi) is the interest **paid to members on their SDR holdings**.

48. Ans: D

Exp:

Various Instruments of Monetary Policy

- **Liquidity Adjustment Facility (LAF):**
 - ◆ The LAF consists of **overnight as well as term repo auctions**.



- ◆ The aim of term repo is to help develop the **interbank term money market**, which in turn can set market based benchmarks for pricing of loans and deposits, and hence improve transmission of monetary policy.
- ◆ The RBI also conducts variable interest rate reverse repo auctions, as necessitated under the market conditions.
- ◆ **Repo Rate:**
 - The interest rate at which the Reserve Bank provides overnight liquidity to banks against the collateral of government and other approved securities under the liquidity adjustment facility (LAF).
- ◆ **Reverse Repo Rate:**
 - The interest rate at which the Reserve Bank absorbs liquidity, on an overnight basis, from banks against the collateral of eligible government securities under the LAF.
- **Marginal Standing Facility (MSF):**
 - ◆ A facility under which scheduled commercial banks can borrow additional amount of overnight money from the Reserve Bank by dipping into their **Statutory Liquidity Ratio (SLR)** portfolio up to a limit at a penal rate of interest.
 - ◆ This provides a safety valve against unanticipated liquidity shocks to the banking system.
- **Open Market Operations (OMOs):**
 - ◆ These include both, outright purchase and sale of government securities, for injection and absorption of durable liquidity, respectively.
- **Market Stabilisation Scheme (MSS):**
 - ◆ This instrument for monetary management was introduced in 2004.
 - ◆ Surplus liquidity of a more enduring nature arising from large capital inflows is absorbed through sale of short-dated government securities and treasury bills.
 - ◆ The cash so mobilised is held in a separate government account with the RBI.
- Hence, option D is correct.

49. Ans: B

Exp:

Defence Acquisition Procedure (DAP) 2020:

- It enables the notification of a List of Weapons or Platforms that will be banned for import.
 - ◆ It focuses on Foreign Direct Investment (FDI) in defence manufacturing and indigenization of the manufacturing prices.

- It also introduces several new ideas such as the need to incorporate artificial intelligence in platforms and systems, use of indigenous software in defence equipment and 'innovation' by Start-ups and MSMEs (Micro, Small and Medium Enterprises) as a new category of defence acquisition.
- It includes following procurement categories: Buy (Indian – Indigenously Designed Developed and Manufactured), Buy (Indian), Buy and Make (Indian), Buy (Global - Manufacture in India) and Buy (Global). Hence, statement 1 is not correct.
- It increases the Indigenous Content (IC) requirement for all projects from 40% to 50% earlier, depending on the category, to 50% to 60%. Hence, statement 2 is correct.
- Only under procurement through Buy (Global), foreign vendors can have 30% IC from Indian companies.

50. Ans: B

Exp:

- Repo rate is the rate at which RBI lends money to all commercial banks which includes schedule as well as other related banks. Hence, statement 1 is not correct.
- The repo rate is given to banks that are looking to meet their short-term financial needs. While, the MSF is meant for lending overnight to banks. Hence, statement 2 is correct.

51. Ans: C

Exp:

- **National Land Monetization Corporation (NLMC)** will undertake surplus land asset monetisation as an agency function, and assist and provide technical advice to the Centre in this regard.
 - ◆ NLMC will undertake monetization of surplus land and building assets of **Central Public Sector Enterprises (CPSEs)** and other Government agencies. Hence, statement 2 is correct.
 - ◆ NLMC will also advise and support other Government entities (including CPSEs) in identifying their surplus non-core assets and monetizing them in a professional and efficient manner to generate maximum value realisation.
 - ◆ NLMC has been announced with an initial authorised share capital of Rs 5000 crore and paid-up share capital of Rs 150 crore.
- The Board of Directors of NLMC will comprise senior Central Government officers and eminent experts to enable professional operations and management of the company.

- ◆ The Chairman, non-Government Directors of the NLMC will be appointed through a merit-based selection process.
- The new company, which **will be set up under the administrative jurisdiction of the finance ministry. Hence, statement 1 is correct.**

52. Ans: D

Exp:

- **Foreign exchange reserves** are assets held on reserve by a **central bank in foreign currencies**, which can include bonds, treasury bills and other government securities.
 - ◆ It needs to be noted that most foreign exchange reserves are held in US dollars.
- India's Forex Reserve include:
 - ◆ **Foreign Currency Assets**
 - ◆ **Gold reserves**
 - ◆ **Special Drawing Rights**
 - ◆ Reserve position with the International Monetary Fund (IMF).
- **Therefore, option D is correct.**

53. Ans: B

Exp:

Liquidity Management Initiative:

- The "liquidity management" of a central bank is defined as the framework, set of instruments and especially the rules the central bank follows in steering the amount of bank reserves in order to control their price (i.e. short term interest rates) consistently with its ultimate goals (e.g. price stability).
 - ◆ Bank reserves are the cash minimums that financial institutions must have on hand in order to meet central bank requirements
- **Liquidity Management Initiative** is a tool used in **monetary policy by the RBI**, that allows **banks to borrow money through repurchase agreements (repos)** or for banks to **make loans to the RBI through reverse repo agreements. Hence, statement 1 is not correct.**
- Various Instruments under this framework are:
 - ◆ Repo/reverse repo auction
 - ◆ **Marginal Standing Facility (MSF)**
 - ◆ **Forex Swaps. Hence, statement 2 is correct.**

54. Ans: C

Exp:

- The current account measures the flow of **goods, services, and investments** into and out of the country. It represents a country's foreign transactions and, like the capital account, is a **component of a country's Balance of Payments (BOP).**

- There is a deficit in Current Account if the value of the goods and services imported exceeds the value of those exported.
- A country with rising CAD shows that it has become uncompetitive, and investors may not be willing to invest there. **Hence, statement 1 is correct.**
- Current Account Deficit and Fiscal Deficit (also known as "budget deficit" is a situation when a nation's expenditure exceeds its revenues) are **together known as twin deficits and both often reinforce each other, i.e., a high fiscal deficit leads to higher CAD and vice versa. Hence, statement 2 is correct.**

55. Ans: D

Exp:

- The Repo rate is the interest rate at which the Reserve Bank provides overnight liquidity to banks against the collateral of government and other approved securities under the liquidity adjustment facility (LAF), **Hence, statement 1 is correct.**
- Bank rate is the rate at which the RBI is ready to buy or rediscount bills of exchange or other commercial papers. The Bank Rate is published under Section 49 of the RBI Act, 1934. **Hence, statement 2 is correct.**
- Cash reserve ratio is the average daily balance that a bank is required to maintain with the Reserve Bank as a share of such per cent of its Net demand and time liabilities (NDTL) that the Reserve Bank may notify from time to time in the Gazette of India. **Hence, statement 3 is correct.**

56. Ans: A

Exp:

- The **Leather industry in India accounts for around 13% of the world's leather production** of hides/skins and handles a robust annual production of about 3 bn sq. ft. of leather.
 - ◆ It is an **employment intensive industry** providing jobs to more than 4 million people, mostly from the weaker sections of the society.
- The major production centers of leather and footwear products in India are located in **Tamil Nadu, Andhra Pradesh, West Bengal, Uttar Pradesh, Maharashtra, Punjab, Haryana and Delhi. Hence, statement 1 is correct.**
- **USA is the largest importer of leather and leather products from India** and accounted for **25.19% of the country's total leather exports** during April-August 2022. **Hence, statement 2 is not correct.**



57. Ans: D

Exp:

- **Non-Performing Asset (NPA)** refers to a classification for loans or advances that are in default or are in arrears on scheduled payments of principal or interest.
- In most cases, debt is classified as non-performing, when the **loan payments have not been made for a minimum period of 90 days. Hence, statement 1 is not correct.**
- **Gross non-performing assets** are the sum of all the loans that have been defaulted by the individuals who have acquired loans from the financial institution.
- **Net non-performing assets** are the amount that is realised after provision amount has been deducted from the gross non-performing assets.
 - ◆ **Hence, statement 2 is not correct.**

58. Ans: C

Exp:

- According to the CMIE, the labor force consists of people **who are 15 years or older**, and belong to either of the following two categories:
 - ◆ Are Employed
 - ◆ Are unemployed and are willing to work and are actively looking for a job. **Hence, statement 1 is correct.**
- These two categories have people **“demanding” jobs**. This demand is what LFPR refers to.
- Thus, the LFPR essentially is the percentage of the **working-age (15 years or older) population that is asking for a job.**
- In India, the LFPR is not only lower than in the rest of the world but also falling.
 - ◆ In India, it has been sliding over the **last 10 years and has shrunk from 47% in 2016 to just 40% as of December 2021. Hence, statement 2 is correct.**

59. Ans: A

Exp:

- **Purse-seine fishing** in open water is considered to be an efficient form of fishing. It has **no contact with the seabed** and can have low levels of by catch.
 - ◆ The technique has been widely deployed on India's western coasts. **Hence, statement 1 is correct.**
- It is used in the open ocean to target dense schools of **single-species pelagic (midwater) fish** like tuna and mackerel.
- Currently, **bans on purse seine fishing are implemented in the territorial waters of Tamil Nadu, Kerala, Puducherry, Odisha, Dadra and Nagar Haveli and Daman and Diu, and the Andaman and Nicobar Islands up to 12 nautical miles. Hence, statement 2 is not correct.**

60. Ans: C

Exp:

- **Statutory Liquidity Ratio (SLR)** is the minimum percentage of deposits (ie. Net Demand and Time Liabilities (NDTL) that a commercial bank must keep with itself. **Hence, statement 1 is correct.**
- This asset can be in the form of the following:
 - ◆ Cash
 - ◆ Gold valued at a price not exceeding the current price
 - ◆ Government securities and Treasury Bills
- The **Cash Reserve Ratio (CRR)** is the **minimum percentage of total deposits** that a commercial bank is required to retain as cash reserves with the RBI. **Hence, statement 2 is correct.**

61. Ans: B

Exp:

- India is currently ranked 54th in **World Economic Forum's Travel & Tourism Development Index (2021). Hence, statement 1 is not correct.**
 - ◆ The **World Travel and Tourism Council's 2019** report ranks India's tourism at **10th in terms of its contribution to World GDP** (Gross Domestic Product).
- India has **40 sites listed on the UNESCO World Heritage List** (32 cultural, 7 natural, and 1 mixed) as of 2021.
 - ◆ **Dholavira and Ramappa Temple** are the latest ones. **Hence, statement 2 is correct.**

62. Ans: C

Exp;

- The **GNPA ratio** is calculated by dividing the total value of **non-performing assets** by the **total value of all assets** held by the bank or financial institution. **Hence, statement 1 is correct.**
- If the bank or financial institution has a **high GNPA ratio**, it may need to set aside additional funds to cover potential losses from these **non-performing assets.**
- A **high GNPA ratio** can also damage the institution's reputation and make it more difficult for it to **raise capital or attract investors. Hence, statement 2 is correct.**

63. Ans: D

Exp:

Eight Core Sectors:

- Coal, Crude Oil, Natural Gas, Refinery Products, Fertiliser, Steel, Cement, Electricity
- These comprise **40.27% of the weight of items included in the Index of Industrial Production (IIP).**



- The eight core sector industries in decreasing order of their weightage:
 - ◆ Refinery Products > Electricity > Steel > Coal > Crude Oil > Natural Gas > Cement > Fertilizers.

● Hence, option D is correct.

64. Ans: C

Exp:

- Venture capital is a type of financing provided by wealthy individuals or firms to small, early-stage startups in exchange for an ownership stake in the company.

65. Ans: B

Exp:

- The Fiscal Responsibility and Budget Management (FRBM) Act is a law passed by the Indian government in 2003 with the **goal of promoting fiscal discipline and responsible budget management**. The act sets targets for reducing the government's fiscal deficit, which is the difference between its revenues and expenditures.
- The act also establishes a framework for the preparation and presentation of the government's annual budget and requires the government to publish regular reports on its compliance with the act's provisions.
- The main objective of the FRBM act is to ensure that the Central Government's financial management is transparent, predictable and accountable.
- Hence, option B is correct.

66. Ans: D

Exp:

Money Supply:

- The **total stock of money in circulation** among the public at a particular point of time is called money supply.
 - ◆ It needs to be noted that **total stock of money is different from total supply of money**. Hence, **statement 1 is correct**.
 - ◆ Supply of money is **only that part of total stock of money** which is held by the public at a particular point of time.
- The **circulating money involves** the currency, printed notes, money in the deposit accounts and in the form of other liquid assets.
- RBI publishes figures for four alternative measures of money supply, viz. **M1, M2, M3 and M4**.
 - ◆ $M1 = CU + DD$
 - ◆ $M2 = M1 + \text{Savings deposits with Post Office savings banks}$
 - ◆ $M3 = M1 + \text{Net time deposits of commercial banks}$
 - ◆ $M4 = M3 + \text{Total deposits with Post Office savings organisations (excluding National Savings Certificates)}$

- CU is currency (notes plus coins) held by the public and DD is net demand deposits held by commercial banks.

- The word 'net' implies that only deposits of the public held by the banks are to be included in money supply.

- ◆ The **interbank deposits**, which a commercial bank holds in other commercial banks, **are not to be regarded as part of money supply**. Hence, **statement 3 is correct**.

- **M1 and M2** are known as **narrow money**. **M3 and M4** are known as **broad money**. Hence, **statement 2 is correct**.

- These gradations are in decreasing order of liquidity.

- ◆ **M1 is most liquid and easiest for transactions** whereas M4 is least liquid of all.

- ◆ **M3 is the most commonly used** measure of money supply. It is also known as aggregate monetary resources.

67. Ans: A

Exp:

- Both the Purchasing Managers Index (PMI) and Index of Industrial Production (IIP) are in an upward growth trajectory since July 2021. Hence, **statement 1 is correct**.
- It is projected that **headline inflation** will be 6.8 per cent in FY23, which is outside the target range set by the RBI. Hence, **statement 2 is not correct**.

68. Ans: B

Exp:

- **About Production Linked Incentive (PLI) scheme:**
- The **Indian government's introduction of the PLI scheme in 14 key manufacturing sectors** is a significant step towards achieving its strategic vision for the manufacturing industry. Hence, **statement 1 is not correct**.
 - ◆ With a budget of ₹1.97 lakh crore, the **scheme is well-designed to encourage growth and sustainability in the targeted industry** through various **incentives and support measures**.
 - ◆ Launched in March 2020, the scheme initially targeted **three industries**:
 - Mobile and allied Component Manufacturing
 - Electrical Component Manufacturing and
 - Medical Devices
- **Targeted Sectors:**
 - ◆ The 14 sectors are **mobile manufacturing**, manufacturing of medical devices, automobiles and **auto components**, pharmaceuticals, drugs, specialty steel, telecom & networking products, electronic products, **white goods (ACs and LEDs)**,



food products, textile products, solar PV modules, advanced chemistry cell (ACC) battery, and **drones and drone components**.

- **Incentives Under the Scheme:**
- The incentives given, are calculated on the **basis of incremental sales**.
- In some sectors such as advanced chemistry cell batteries, textile products and the drone industry, the **incentive to be given will be calculated on the basis of sales**, performance and local value addition done over the period of five years. **Hence, statement 2 is correct.**
 - ◆ The **emphasis on R&D investment** will also help the industry keep up with global trends and remain competitive in the international market.

69. Ans: B

Exp:

- Recently, **India Post Payments Bank (IPPB)** conducted India's First **Floating Financial Literacy Camp**, **Hence, Statement 1 is not correct.**
- It is based on the ideology of **women for women**, as in rural areas, women feel more comfortable sharing their queries with a female herself. **Hence, Statement 2 is correct.**

70. Ans: A

Exp:

- The **C-295** is a transport aircraft of 5-10 tonne capacity with contemporary technology. **Hence, statement 1 is correct.**
- It is a versatile and efficient tactical transport aircraft which can perform a number of different missions.
- It can routinely operate day as well as night combat missions from desert to maritime environments. **Hence, statement 2 is not correct.**
- It is a versatile and efficient tactical transport aircraft which can perform a number of different missions.

71. Ans: D

Exp:

Union Budget 2023-24

- A key theme of Union Budget 2023-24 is the focus on inclusive development - **Sabka Sath, Sabka Vikas** which specifically covers;
 - ◆ Farmers, Women, Youth, Scheduled Castes, Scheduled Tribes, Other Backward Classes (OBCs), Divyangjan (PwDs) and Economically Weaker Sections (EWS),
 - ◆ Overall priority for the underprivileged (vanchiton ko varyata),
 - ◆ There has also been a sustained focus on UTs of J&K and Ladakh and the Northeast Region (NER).

- The Budget is along the lines of the **two-pronged growth strategy** first unveiled in 2019:

- ◆ Incentivising the private sector thus creating jobs and pushing growth.
- ◆ 'Minimum Government, Maximum Governance'; increasing capex and raising more revenues via **disinvestment**. **Hence, statement 1 is correct.**

- **Key Takeaways of the Budget:**

- ◆ Changes in the **new income tax regime** (in rebate limit and in tax slabs).
- ◆ A **33% increase in capital investment outlay** has been proposed, raising it to Rs 10 lakh crore (the **biggest in the past decade**). **Hence, statement 3 is correct.**
- ◆ **Changes in customs duty; reduced on** import of certain inputs for mobile phone manufacturing, shrimp feed etc. and **increased on** cigarettes, gold articles, compounded rubber etc.
- ◆ **Capital outlay for the railways increased to the highest ever** – Rs 2.40 lakh crore. **Hence, statement 2 is correct.**

72. Ans: D

Exp:

- **About Fiscal Deficit:**

- ◆ A fiscal deficit is a difference between **the government's total expenditure and its total revenue (excluding borrowings)**.
- ◆ It is an indicator of the extent to which the **government must borrow in order to finance its operations** and is expressed as a percentage of the country's **Gross Domestic Product (GDP)**.
- ◆ A **high fiscal deficit can lead to inflation, devaluation of the currency** and an increase in the debt burden. **Hence, statement 1 is not correct.**
- ◆ While a **lower fiscal deficit is seen as a positive sign** of fiscal discipline and a healthy economy. **Hence, statement 2 is not correct.**

73. Ans: B

Exp:

- Under the Reserve Bank of India, Act,1934 (RBI Act,1934) (as amended in 2016), RBI is entrusted with the responsibility of conducting monetary policy in India with the primary objective of maintaining price stability while keeping in mind the objective of growth.
- There are several direct and indirect instruments that are used for implementing monetary policy.
 - ◆ **Repo Rate:** The interest rate at which the Reserve Bank provides liquidity under the liquidity



adjustment facility (LAF) to all LAF participants against the collateral of government and other approved securities.

- Repo rate is directly linked to loan rates offered by lenders so an increase in the repo will increase the borrowing cost and vice-versa.
 - ◆ The Monetary Policy Committee decides repo rate. **Hence, statement 1 is not correct.**
- In the last meeting for the current fiscal (2022-23), the **Monetary Policy Committee (MPC)** projected the real **GDP growth at 6.4%** (for FY 23-24).
- Repo Rate is the rate at which the RBI lends money to commercial banks by purchasing securities. Hence, statement 2 is correct.
- Reserve Bank of India has prescribed statutory returns i.e., Form A Return (for CRR) under Section 42(2) of the Reserve Bank of India (RBI) Act, 1934 and Form VIII Return (for SLR) under Section 24 of the Banking Regulation Act, 1949. Both SLR and CRR decided by the parliament and RBI and not by MPC.

74. Ans: B

Exp:

- **Primary Agricultural Credit Societies (PACS)** are outside the purview of the **Banking Regulation Act, 1949** and hence not regulated by the **Reserve Bank of India**. **Hence, statement 1 is not correct.**
- **PACS** are **cooperative societies** and are owned by their members, who do not hold shares in the traditional sense.
- **Primary Agricultural Credit Societies (PACS)** are not authorized to issue shares, nor are they allowed to invest in shares. **Hence, statement 2 is correct.**

75. Ans: C

Exp:

- An **Initial Public Offering (IPO)** is a process by which a privately held company becomes publicly traded on a stock exchange. **Hence, statement 1 is correct.**
- An IPO is usually underwritten by one or more investment banks, which are responsible for facilitating the sale of shares and ensuring that the IPO is successful.
- The **price of shares** in an IPO is determined by **supply and demand**. The company and its underwriters will set an initial price for the shares, but the price can fluctuate after the IPO based on market conditions and the performance of the company. **Hence, statement 2 is correct.**
- Investing in an IPO is considered a high-risk investment, as the company's financial performance and stock price can be volatile in the short term.

Ans: B

Exp:

- The value of farm exports in April-December 2022 was 7.9% higher (USD 39 Billion) than the USD 36.2 bn for the corresponding period of the previous year.
- However, imports have grown 15.4% (USD 27.8 bn) in Apr-Dec 2022, over the USD 24.1 bn for Apr-Dec 2021.
- As a result, there has been a further shrinking of the surplus on the farm trade account.
- The two big contributors to India's agri-export growth have been Rice and Sugar. **Hence, statement 1 is not correct.**
- India has turned from a net exporter to a net importer of cotton. **Hence, statement 2 is correct.**

77. Ans: D

Exp:

- Employees' State Insurance Corporation (ESIC) presented an initiative named as 'Nirman Se Shakti' to modernize infrastructure.
- It includes, upgradation/modernization of ESI Scheme (ESIS) hospitals and dispensaries in a phased manner, formulation of standard design for 100/200/500 bedded hospitals with better modern facilities, online real-time dashboard for project monitoring/supervision, adoption of new building technologies to ensure quality of construction, elimination of delays, cost overrun, digitalization of land/property documents etc. **Hence, Option D is correct.**

78. Ans: D

Exp:

- **About:**
 - ◆ Current account deficit (CAD) is when the value of a country's imports of goods and services is greater than its exports.
 - ◆ CAD and fiscal deficit together make up twin deficits that can impact the stock market and investors.
- **Ways to Moderate Current Account Deficit:**
 - ◆ Encourage Exports: Increasing exports is one of the most effective ways to reduce CAD.
 - ◆ Promote Import Substitution: Encouraging domestic production of goods that are currently being imported can help to reduce the trade deficit.
 - ◆ Improve Productivity and Competitiveness: Improving the productivity and competitiveness of the domestic economy can help to increase exports and reduce the trade deficit.
- **Hence, option D is correct.**



79. Ans: A

Exp:

- A payment gateway is a **software application that connects an online store or merchant to a payment processor**, allowing the merchant to accept payment from a customer. **Hence, statement 2 is correct.**
- Payment aggregators, on the other hand, are **intermediaries that provide a single platform to connect multiple merchants and customers** to different payment processors. **Hence, statement 1 is correct.**
- The main difference between a payment aggregator and payment gateway is that the **former handles funds while the latter provides technology.**
- However, Payment aggregators can offer a payment gateway. **Hence, statement 3 is not correct.**

80. Ans: A

Exp:

- A G-Sec is a tradable instrument issued by the Central Government or the State Governments. **Hence, statement 1 is not correct.**
- A G-Sec is a type of debt instrument issued by the government to borrow money from the public to finance its Fiscal Deficit.
- A debt instrument is a financial instrument that represents a contractual obligation by the issuer to pay the holder a fixed amount of money, known as principal or face value, on a specified date.
- It acknowledges the Government's debt obligation. Such securities are short term (usually called treasury bills, with original maturities of less than one year- presently issued in three tenors, namely, 91-day, 182 day and 364 day) or long term (usually called Government bonds or dated securities with original maturity of one year or more). **Hence, statement 2 is not correct.**
- 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.** **Hence, statement 3 is correct.**
- Gilt-edged securities are high-grade investment bonds offered by governments and large corporations as a means of borrowing funds.

81. Ans: D

Exp:

- Stock markets are venues where buyers and sellers meet to exchange equity shares of public corporations.

- Stock markets are components of a Free-Market economy because they enable democratized access to investor trading and exchange of capital.

● **Laws for Regulation:**

- ◆ Securities and Exchange Board of India Act, 1992 (SEBI Act)
- ◆ Securities Contracts (Regulation) Act, 1956 (SCRA)
- ◆ Companies Act, 2013
- ◆ Depositories Act, 1996
- ◆ Insider Trading Regulations, 2015

● **Hence, option D is correct.**

82. Ans: B

Exp:

- A **vostro account is an account that domestic banks hold for foreign banks** in the former's domestic currency. Domestic banks use it to provide international banking services to their clients who have global banking needs.
 - ◆ A **Nostro account is an account held by a bank in another bank.** It allows the customers to deposit money in the bank's account in another bank. It is often used **if a bank has no branches in a foreign country.** **Hence, statement 1 is not correct.**
- The authorized domestic bank would seek approval from the apex banking regulator providing details of the arrangement when banks from partner countries approach opening vostro account.
 - ◆ Domestic banks are responsible to ensure that the correspondent bank is not from a country mentioned in the Financial Action Task Force (FATF)'s list of High Risk & Non-Co-operative jurisdictions.
 - ◆ Authorized banks **can open multiple vostro accounts for different banks** from the same country. **Hence, statement 2 is correct.**

83. Ans: C

Exp:

- As per the Economic Survey 2022-23, 65% of India's population lives in the rural areas and **47% of the population is dependent on agriculture for livelihood.** **Hence, Statement 2 is correct.**
- Contrary to the common perception about predominance of agriculture in the rural economy, about **two thirds of rural income is now generated in nonagricultural activities.** **Hence, Statement 1 is correct.**
- According to the Economic Survey, the agriculture sector has grown at an average annual growth rate of 4.6% in the past six years. However, agriculture and **rural incomes are under stress for several reasons.**



84. Ans: B

Exp:

- **About UPI-Paynow Integration:**
 - ◆ Recently, India's **Unified Payments Interface (UPI)** and **Singapore's PayNow** have been integrated to **enable faster Remittances between the two countries. Hence, statement 1 is not correct.**
 - ◆ Singapore has become the first country with which **cross-border Person to Person (P2P) payment facilities have been launched.**
 - ◆ The UPI-PayNow partnership marks the **world's first to feature cloud-based infrastructure** and participation by non-bank financial institutions.
 - ◆ **UPI:**
 - UPI is India's **mobile-based fast payment system**, which facilitates customers to make round-the-clock payments instantly, using a **Virtual Payment Address (VPA)** created by the customer.
 - **VPA is a unique identifier** assigned to an individual to facilitate the transfer of funds through a digital payments system. It is a user-created identifier that can be used **instead of providing sensitive bank account details** while making payments.
 - ◆ It eliminates the **risk of sharing bank account details by the remitter.** UPI supports both Person-to-Person (P2P) and Person-to-Merchant (P2M) payments and it also enables a user to send or receive money. **Hence, statement 2 is correct.**
 - ◆ **PayNow:**
 - ◆ PayNow is a fast payment system in Singapore. It enables **peer-to-peer funds transfer service**, available to retail customers through participating banks and Non-Bank Financial Institutions (NFIs) in Singapore.
 - ◆ It allows users to send and **receive instant funds from one bank or e-wallet account to another in Singapore** by using just their mobile number, Singapore National Registration Identity Card (NRIC)/Foreign Identification Number (FIN), or VPA.
 - ◆ **Linkage:**
 - With this facility, funds held in bank accounts or **e-wallets** can be transferred to/from India using just the UPI ID, mobile number, or VPA.
 - This facility will **eliminate the need for entering the details of beneficiaries**, such as bank account numbers, bank codes etc.

85. Ans: C

Exp:

- **Creative economy** is an economic system in which value is based on the use of creative imagination rather than the traditional factors of **land, capital and labor**. The concept was given by **John Howkins in 2001. Hence, Statement 1 is correct.**
- This form of economy occurs only when the creativity of the person becomes a major source of value and main cause of transaction.
- **India's creative economy** comprising the **arts and crafts, audio and video arts and design**, among others, accounted for **exports of goods and services worth \$121 billion in 2019**, according to a paper by the **Exim Bank of India.**
 - ◆ India's Creative Economy includes both **Creative Goods and Creative Services. Hence, statement 2 is correct.**
- India's total exports of creative goods and services stood close to **\$121 billion** in 2019, of which exports of creative services accounted for almost **\$100 billion.**

86. Ans: B

Exp:

- It is a composite indicator that measures the growth rate of industry groups classified under:
 - ◆ Broad sectors namely **Mining, Manufacturing, and Electricity. Hence, statement 1 is not correct.**
 - ◆ Use-based sectors, namely Basic Goods, Capital Goods, and Intermediate Goods.
- Base Year used for **Index of Industrial Production is 2011-2012.**
- It is compiled and published monthly by the **National Statistical Office (NSO), Ministry of Statistics and Programme Implementation. Hence, statement 2 is correct.**
- **IIP** remains extremely relevant for the calculation of the **quarterly and advanced GDP (Gross Domestic Product).**

87. Ans: A

Exp:

- **Windfall taxes** are levied by the government on **specific industries** that achieve **above-average profits** as a result of **economic circumstances. Hence, statement 1 is correct.**
- The tax was imposed after the companies were seen to be making **abnormal profits** with oil prices shooting up in global markets due to geopolitical turmoil.
- **Windfall taxes** can be **imposed retrospectively** and are often influenced by unexpected events, they can bring uncertainty in the market about future taxes. **Hence, statement 2 is not correct.**



88. Ans: B

Exp:

- The **Central Board of Direct Taxes** is a **statutory authority** functioning under the **Central Board of Revenue Act, 1963**.
 - ◆ Hence, **statement 1 is correct**.
- The officials of the Board in their ex-officio capacity **also function as a Division of the Ministry dealing with matters relating to levy and collection of direct taxes**.
- **Historical Background:**
 - ◆ The **Central Board of Revenue** as the apex body of the Department, charged with the administration of taxes, **came into existence as a result of the Central Board of Revenue Act, 1924**.
 - ◆ Initially the Board was in charge of both direct and indirect taxes. However, when the **administration of taxes became too unwieldy** for one Board to handle, the Board was **split up into two, namely the Central Board of Direct Taxes and Central Board of Excise and Customs with effect from 1.1.1964**.
 - Hence, **statement 2 is not correct**.
 - ◆ This bifurcation was brought about by constitution of two Boards u/s 3 of the Central Board of Revenue Act, 1963.
 - ◆ The Central Board of Direct Taxes consists of a **chairman and six members**.
 - Hence, **statement 3 is correct**.
- Hence, **option B is correct**.

89. Ans: B

Exp:

- The **Central Board of Direct Taxes** is a **statutory authority** functioning under the **Central Board of Revenue Act, 1963**.
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 - Hence, **statement 3 is correct**.
- Hence, **option B is correct**.

90. Ans: C

Exp:

- The CAR is a **measure of a bank's available capital** expressed as a **percentage of a bank's risk-weighted credit exposures**.
- The Capital Adequacy Ratio, **also known as capital-to-risk weighted assets ratio (CRAR)**, is used to protect **depositors and promote the stability and efficiency of financial systems around the world**.
 - ◆ Hence, **statement 1 is correct**.
- CAR is the measurement ratio that **assesses the ability of banks to absorb losses**.
 - ◆ Hence, **statement 2 is correct**.

91. Ans: B

Exp:

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- The officials of the Board in their ex-officio capacity **also function as a Division of the Ministry dealing with matters relating to levy and collection of direct taxes**.
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 - Hence, **statement 2 is not correct**.



- ◆ This bifurcation was brought about by constitution of two Boards u/s 3 of the Central Board of Revenue Act, 1963.
- ◆ The Central Board of Direct Taxes consists of a **chairman and six members**.
- Hence, **statement 3 is correct**.

● Hence, **option B is correct**.

92. Ans: C

Exp:

- **Federation of Indian Chambers of Commerce & Industry (FICCI) is a non-government, not-for-profit organisation. Hence, statement 1 is correct.**
- Established in 1927, it is the **largest and oldest apex business organisation in India**. Its history is closely interwoven with India's struggle for independence. **Hence, statement 2 is correct.**
- It influences policy to encourage debate, and by engaging with policymakers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies.
- It provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policymakers and the international business community.

93. Ans: A

Exp:

Monetary Policy Committee

- It is a statutory and institutionalized framework under the Reserve Bank of India Act, 1934, for maintaining price stability, while keeping in mind the objective of growth.
- The **Governor of RBI is ex-officio Chairman** of the committee. **Hence, statement 1 is correct.**
- The MPC determines the policy interest rate (repo rate) required to achieve the inflation target (4%).
- An **RBI-appointed committee led by the then deputy governor Urjit Patel** in 2014 recommended the establishment of the Monetary Policy Committee. **Hence, statement 2 is not correct.**

94. Ans: C

Exp:

Purchasing Managers Index:

- It is a survey-based measure that asks the respondents about changes in their perception of key business variables as compared with the previous month. It is an index of the prevailing direction of **economic trends in the manufacturing and service sectors. Hence statement 1 is correct.**

- The purpose of the PMI is to provide information about current and future business conditions to company decision makers, analysts, and investors.
- It is calculated separately for the manufacturing and services sectors and then a composite index is also constructed.
- It is usually released at the start of every month. It is, therefore, considered a good leading indicator of economic activity.
- **It is compiled by IHS Markit** for more than 40 economies worldwide. **Hence statement 2 is correct.**
 - ◆ IHS Markit is a global leader in information, analytics and solutions for the major industries and markets that drive economies worldwide. IHS Markit is **part of S&P Global**.

95. Ans: B

Exp:

- **Financial Stability and Development Council is a non-statutory apex council under the Ministry of Finance constituted by the Executive Order in 2010.**
 - ◆ Hence, **statement 1 is not correct.**
- **The Raghuram Rajan committee (2008)** on financial sector reforms first proposed the creation of FSDC.
 - ◆ Hence, **statement 2 is correct.**
- **Composition:**
 - ◆ It is chaired by the finance minister and its members include the heads of all Financial Sector Regulators (RBI, SEBI, PFRDA & IRDA), Finance Secretary, Secretary of Department of Economic Affairs (DEA), Secretary of Department of Financial Services (DFS), and Chief Economic Adviser.
 - ◆ In 2018, the government reconstituted FSDC to include the Minister of State responsible for the Department of Economic Affairs (DEA), Secretary of Department of Electronics and Information Technology, Chairperson of the Insolvency and Bankruptcy Board of India (IBBI) and the Revenue Secretary.
 - ◆ FSDC sub-committee is headed by the Governor of RBI.
 - ◆ The Council can invite experts to its meeting if required.

96. Ans: A

Exp:

- The unified ombudsman scheme will **provide redress of customer complaints involving deficiency** in services rendered by RBI regulated entities viz. **All banks, NBFCs (Non-banking Financial Companies) and pre-paid**



instrument players if the grievance is not resolved to the satisfaction of the customers or not replied to within a period of 30 days by the regulated entity. **Hence, statement 1 is not correct.**

- The scheme was **launched for resolving customer grievances in relation to services provided by entities regulated by RBI** in an expeditious and cost-effective manner.
 - ◆ It amalgamates **three ombudsman schemes of RBI - banking ombudsman scheme of 2006, ombudsman scheme for NBFCs of 2018 and ombudsman scheme of digital transactions of 2019.**Hence, **statement 2 is correct.**

97. Ans: A

Exp:

Indian Civil Aviation Market:

- India's Civil Aviation is among the fastest-growing aviation markets globally and will be a major growth engine to make India a USD 5 trillion economy by 2024.
 - ◆ 3rd largest aviation market by domestic air passenger traffic which stood at 274.05 million in FY20. It **grew at a Compound Annual Growth Rate (CAGR) of 12.91%** during FY16-FY20. **Hence, statement 1 is correct.**
- 75 airports opened in 75 years of Civil Aviation in India while under the aegis of Ude Desh Ka Aam Naagrik (UDAN), within a span of 3 years, work has been initiated to provide scheduled connectivity to 76 unserved / 20 underserved airports, 31 heliports and 10 water aerodromes.
- **100% Foreign Direct Investment (FDI) allowed under Automatic route** for Ground Handling Services and Maintenance Repair and Overhaul Services (MRO) and **for both green and brownfield projects.** **Hence, statement 2 is not correct.**
 - ◆ The Indian civil Aviation MRO market, at present, stands at around USD 900 million and is anticipated to grow to USD 4.33 billion by 2025 increasing at a CAGR of about 14- 15%.

98. Ans: D

Exp:

- The Supreme Court in a judgement held that a **state legislature has the right to impose tax on lotteries conducted by other States within its jurisdiction.** **Hence, statement 1 is correct.**
- The court observed that **'lotteries' is a "species of gambling activity"**.
 - ◆ 'Betting and gambling' is part of the **State List in the Seventh Schedule of the Constitution.**

- ◆ The power to tax is on all activities which are in the nature of **'betting and gambling' including lotteries.**

- ◆ **Betting and gambling is a genus and includes several types or species** of activities such as horse racing, wheeling and other local variations/forms of 'betting and gambling' activity.

- The court observed that since, there is **no dispute that lotteries, irrespective of whether it is conducted or organised** by the Government of India or the Government of State or is authorised by the State or conducted by an agency or instrumentality of State government or Central government or any private player, is **'betting and gambling'**, State legislatures have the power to tax lotteries under **Entry 62 of the State List.** **Hence, statement 2 is correct.**

- ◆ This is because the **taxation contemplated under the said Entry is** on 'betting and gambling' activities which also includes lotteries, irrespective of the entity conducting the same.

- In 2020, the Supreme Court held that **lottery, gambling and betting are taxable under the Goods and Services Tax (GST) Act, 2017.** **Hence, statement 3 is correct.**

99. Ans: A

Exp:

- Shrinkflation is the practice of **reducing the size of a product while maintaining its sticker price.**
 - ◆ It is **a form of hidden inflation.**
- Shrinkflation is also referred to as package downsizing in business and academic research.
- Raising the price per given amount is a strategy employed by companies, mainly in the food and beverage industries, **to stealthily boost profit margins or maintain them in the face of rising input costs.**
- Large **producers in the European and North American markets rely on this strategy** to maintain the competitive prices of their products without significantly reducing their profits.
- At the same time, shrinkflation can frequently lead to customer frustration and deteriorating consumer sentiment regarding the producer's brand.
- **Hence, option A is correct.**

100. Ans: D

Exp:

- Foreign portfolio investment (FPI) consists of securities and other financial assets passively held by foreign investors. It does not provide the investor with direct ownership of financial assets and is relatively liquid depending on the volatility of the market. **Hence, statement 1 is correct.**



- Examples of FPIs include stocks, bonds, mutual funds, exchange traded funds, American Depository Receipts (ADRs), and Global Depository Receipts (GDRs).
- FPI is part of a country's capital account and is shown on its **Balance of Payments (BOP)**.
- The BOP measures the amount of money flowing from one country to other countries over one monetary year.
- **The Securities and Exchange Board of India (SEBI)** brought new FPI Regulations, 2019, replacing the erstwhile FPI Regulations of 2014.
- FPI is often referred to as "hot money" because of its tendency to flee at the first signs of trouble in an economy. FPI is more liquid, volatile, and therefore riskier than FDI. **Hence, statement 2 is correct.**

101. Ans: A

Exp:

- The **Indian Financial System Code (IFSC)**, is a unique **11-digit alphanumeric code that is used for online fund transfer transactions** done via NEFT, RTGS and IMPS. **Hence, statement 1 is correct.**
- The Reserve Bank of India (RBI) assigns the IFSC codes to the bank. **Hence, statement 2 is not correct.**
- In case you are using net banking to transfer money, it is mandatory for the IFSC to be entered to initiate the transfer.
 - ◆ Every bank branch will have a unique code and no two branches (even of the same bank) will ever be the same.
 - ◆ Unless there is a merger, banks do not modify or change the IFSC code.
- **IFSC code format:** The first 4 digits of the IFSC represent the bank and the last 6 characters represent the branch. The 5th character is zero.

102. Ans: C

Exp:

- For preparing Balance of Payment accounts, economic transactions between a country and the rest of the world are grouped under - **Current account, Capital account and Errors and Omissions. It also shows changes in Foreign Exchange Reserves.**
- **Current Account:** It shows the export and import of **visibles (also called merchandise or goods - represent trade balance) and invisibles (also called non-merchandise)**.
 - ◆ Invisibles include services, transfers and income.
- **Capital Account:** It shows a capital expenditure and income for a country.
 - ◆ It gives a summary of the net flow of both private and public investment into an economy.

- ◆ **External Commercial Borrowing (ECB), Foreign Direct Investment, Foreign Portfolio Investment, etc** form a part of the capital account.

- **Errors and Omissions:** Sometimes the balance of payments does not balance. This imbalance is shown in the BoP as errors and omissions. It reflects the country's inability to record all international transactions accurately.
- **Changes in Foreign Exchange Reserves:** Movements in the reserves comprises changes in the foreign currency assets held by the **Reserve Bank of India (RBI) and also in Special Drawing Rights (SDR) balances.**
- **Hence, option C is correct.**

103. Ans: D

Exp:

- Recently, the Union Cabinet approved the "**Raising and Accelerating MSME Performance**" (RAMP) scheme which would commence in FY 2022-23. **Hence, statement 1 is correct.**
- It is **in line with the recommendations made by U K Sinha Committee, KV Kamath Committee and Economic Advisory Council to the Prime Minister (PMEAC).** **Hence, statement 2 is correct.**
 - ◆ The Reserve Bank of India had constituted an 'Expert Committee on Micro, Small and Medium Enterprises' under the Chairmanship of Shri U K Sinha in 2019 to suggest long-term measures for the economic and financial sustainability of the MSME sector.
- **It is a World Bank assisted Central Sector Scheme, supporting various CoronaVirus Disease 2019 (Covid) Resilience and Recovery Interventions of the Ministry of Micro, Small and Medium Enterprises (MoMSME).** **Hence, statement 3 is correct.**

104. Ans: C

Exp:

- A Vostro account is an account that a domestic bank holds for a foreign bank in the domestic bank's currency — which, in the case of India, is the rupee. The RBI allowed nine such accounts, including IndusInd Bank and Uco Bank.
 - ◆ Vostro accounts enable **domestic banks to provide international banking services** to their clients who have global banking needs.
 - ◆ Vostro account services include executing wire transfers, performing foreign exchange transactions, enabling deposits and withdrawals, and expediting international trade. **Hence, statement 1 is correct.**



- The **Reserve Bank of India (RBI)** has allowed the opening of nine special Vostro accounts in two Indian Banks (UCO Bank and IndusInd Bank) for the settlement of payments in rupees for trade between India and Russia.
- Russia's two largest banks — Sberbank and VTB Bank — are the first foreign lenders to have received approval from the RBI towards settling international trade transactions in rupee. **Hence, statement 2 is correct.**

105. Ans: C

Exp:

Pension Fund Regulatory and Development Authority (PFRDA):

- **About:**
 - ◆ It is the **statutory authority** established by an enactment of the Parliament, to regulate, promote and ensure orderly growth of the National Pension System (NPS).
 - The Pension Fund Regulatory & Development Authority Act was passed on 19th September 2013.
 - ◆ It works under the **Department of Financial Services** under the **Ministry of Finance**. **Hence, statement 1 is correct.**
- **Functions:**
 - ◆ PFRDA is **regulating NPS**, subscribed by employees of Govt. of India, State Governments and by **employees of private institutions/organisations & unorganised sectors**. **Hence, statement 2 is correct.**
 - ◆ It performs the function of appointing various intermediate agencies like Pension Fund Managers, Central Record Keeping Agency (CRA) etc.
 - ◆ It develops, promotes and regulates the pension industry under the NPS and also administers the APY (Atal Pension Yojana).

106. Ans: D

Exp:

Electoral Bonds:

- These bonds are **issued in multiples of Rs. 1,000, Rs. 10,000, Rs. 1 lakh, Rs. 10 lakh and Rs. 1 crore without any maximum limit**. **Hence statement 1 is not correct.**
- **State Bank of India is authorised** to issue and encash these bonds, which are valid for fifteen days from the date of issuance. **Hence statement 2 is not correct.**
- These bonds are **only redeemable in the designated account of a registered political party**.
- The bonds are **available for purchase by any citizen of India** for a period of ten days each in the months of January, April, July and October as may be specified by the Central Government.

- A person being an individual **can buy bonds, either singly or jointly** with other individuals.
- The **donor's name is not mentioned** on the bond.
 - ◆ Donors who contribute less than Rs. 20,000 to political parties through purchase of electoral bonds need not provide their identity details such as PAN, etc.
- The central idea behind the electoral bonds scheme was **to bring about transparency in electoral funding in India**.
 - ◆ The government had described the scheme as an "electoral reform" in a country **moving towards a "cashless-digital economy"**.

107. Ans: C

Exp:

Bond Market:

- The bond market broadly describes a **marketplace where investors buy debt securities** that are brought to the market by either governmental entities or corporations.
 - ◆ National governments generally use the proceeds from bonds to finance infrastructural improvements and pay down debts. **Hence, statement 3 is correct.**
- **Bonds:**
 - ◆ Bonds are units of corporate debt **issued by companies and securitized as tradeable assets**. **Hence, statement 1 is correct.**
 - ◆ A bond is referred to as a **fixed-income instrument since bonds traditionally paid a fixed interest rate (coupon) to debtholders**.
 - ◆ Variable or floating interest rates are also now quite common.
 - ◆ Bond prices are inversely correlated with interest rates: when rates go up, bond prices fall and vice-versa. **Hence, statement 2 is not correct.**

108. Ans: A

Exp:

- Friendshoring is a strategy where **a country sources the raw materials, components and even manufactured goods from countries that share its values**. The dependence on the countries considered a "threat" to the stability of the supply chains is slowly reduced.
 - ◆ It is also called **"allyshoring"**. **Hence, statement 1 is correct.**
- Friendshoring may push the world towards a **more isolated place for trade and reverse the gains of globalization**. It is a part of the **"deglobalisation" process**. **Hence, statement 2 is not correct.**



109. Ans: A

Exp:

- NIIF is a **government-backed entity established to provide long-term capital to the country's infrastructure sector. Hence, statement 1 is correct.**
- The **Indian government has a 49% stake in NIIF with the rest held by foreign and domestic investors. Hence, statement 2 is not correct**
- With the Centre's significant stake, NIIF is considered India's quasi-sovereign wealth fund.
- It was set up in December 2015 as a Category-II Alternate Investment Fund.
- Across its three funds, it manages over USD 4.3 billion of capital.
- Its registered office is in New Delhi.

110. Ans: D

Exp:

- In 2019 the **Reserve Bank of India (RBI)** launched the **Complaint Management System (CMS)** in order to improve the customer experience in the **grievance redressal process of banking services. Hence, statement 1 is correct.**
- The Scheme **defines 'deficiency in service' as the ground for filing a complaint**, with a specified list of exclusions.
 - ◆ Therefore, the complaints would no longer be rejected simply on account of "not covered under the grounds listed in the scheme". **Hence, statement 2 is correct.**
- The scheme is jurisdiction neutral and a **centralised receipt and processing centre has been set up in Chandigarh** for the initial handling of complaints in any language. **Hence, statement 3 is correct.**

111. Ans: B

Exp:

- Credit rating agencies are registered under the **Security and Exchange Board of India (SEBI). Hence, statement 1 is not correct.**
- There are six credit rating agencies registered under **SEBI** namely, **CRISIL, ICRA, CARE, SMERA, Fitch India and Brickwork Ratings.**
- With credit rating, lenders get an idea about the **credit worthiness** of an individual or company (who is borrowing the money) and the risk factor attached with them. By evaluating this, they can make a **better investment decision. Hence, statement 2 is correct.**

112. Ans: C

Exp:

- The **National Statistical Office (NSO)** released the **Periodic Labour Force Survey (PLFS). Hence, statement 1 is correct.**
- The working age population refers to people aged **15 to 64.**
- The **labor force participation rate** is calculated as the labor force divided by the total working-age population. **Hence, statement 2 is correct.**
- The **LFPR** among men was **73.4%** and **21.7%** among women (**73.5% and 19.9%, in July-September 2021**).

113. Ans: C

Exp:

- **Remission of Duties and Taxes on Export Products (RoDTEP) scheme:**
 - ◆ The RoDTEP scheme would refund to exporters the embedded central, state and local duties or taxes that were so far not been rebated or refunded and were, therefore, placing India's exports at a disadvantage.
 - ◆ The rebate under the scheme would not be available in respect of duties and taxes already exempted or remitted or credited.
- **Launch:**
 - ◆ It was **started in January 2021 as a replacement for the Merchandise Export from India Scheme (MEIS)**, which was not compliant with the rules of the World Trade Organisation. **Hence, statement 1 is correct.**
 - ◆ For garment exporters, the Rebate of State and Central Levies and Taxes (RoSCTL) Scheme has been notified separately.
- Recently, the **government had left out sectors such as iron and steel, chemicals and pharmaceuticals**, from the Remission of Duties and Taxes on Export Products (RoDTEP) scheme.

- ◆ These sectors were omitted from the scheme, as iron and steel were 'already booming' and the pharma industry's business had also increased during the pandemic. **Hence, statement 2 is correct.**

114. Ans: B

Exp:

- The Ministry of Micro, Small & Medium Enterprises envisions a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries.



- The **Micro, Small and Medium Enterprises Development (MSMED) Act** was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. Hence, **statement 1 is not correct.**
- **Interest Subvention Scheme for Incremental Credit to MSMEs** was introduced by the Reserve Bank of India wherein relief is provided upto 2% of interest to all the legal MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity. Hence, **statement 2 is correct.**

115. Ans: B

Exp:

- **Corporation tax** is a **direct tax** placed on a company's **net income or profit** from its operations. Hence, **statement 1 is not correct.**
- Corporation tax is **payable by both public and private companies** registered in India under the **Companies Act 1956.** Hence, **statement 2 is correct.**
- Corporate tax is a tax imposed on the net income of the company, whereas income tax is a type of tax imposed on an individual's income, such as wages and salaries.

116. Ans: D

Exp:

- UPI or Unified Payments Interface is an **instant real time payment system** that helps in transferring the funds between the two bank accounts through a mobile platform.
- It is a concept that **allows multiple bank accounts to get into a single mobile application.** Hence, **statement 1 is correct.**
- UPI was developed by the **National Payments Corporation of India.** Hence, **statement 2 is correct.**
- It is **regulated by the Reserve Bank of India (RBI), which comes under the Ministry of Finance.** Hence, **statement 3 is correct.**
- It offers interoperability between banks and is directly linked to an account (no credit/debit card information is shared as the bank acts as the primary gateway for payment).
- Also, most banks enrolled in the UPI system offer almost nil or zero transaction cost, otherwise levied by mobile wallets which acts as intermediary between banks and the merchant.

117. Ans: B

Exp:

- Recently, the **India Post Payments Bank (IPPB)** launched the **Fincluvation Platform** to promote innovative

solutions in collaboration with fintech startups to accelerate financial inclusion among the underserved and unserved population.

- Fincluvation will be a **permanent platform of IPPB** to co-create **inclusive financial solutions with participating start-ups.** Hence, **statement 1 and statement 2 are correct.**
- It is an Industry first initiative to create a powerful platform to mobilise the start-up community towards building meaningful financial products aimed at financial inclusion.
- Startups are **encouraged to develop solutions aligned with any of the following tracks:**

- ◆ **Creditization** - Develop Innovative & Inclusive credit products aligned with the use cases of target customers and take them to their doorsteps through Postal network.
- ◆ **Digitization** - Bring convenience through convergence of traditional services with Digital Payment Technologies such as making the traditional Money Order service as Interoperable Banking service.
- ◆ **Market Led Solution-** Any Market-led solutions that can help solve any other problem relevant to IPPB and/or DoP in serving the target customers. Hence, **statement 3 is not correct.**

118. Ans: A

Exp:

- A **Special Purpose Acquisition Company (SPAC)** is a corporation formed for the sole purpose of raising investment capital through an **Initial Public Offering (IPO).** Hence, **statement 1 is correct.**
- ◆ At the time of their IPOs, **SPACs have no existing business operations** or even stated targets for acquisition. Hence, **statement 2 is not correct.**
- Such a business structure allows investors to contribute money towards a fund, which is then used to acquire one or more unspecified businesses to be identified after the IPO.
 - ◆ Therefore, this sort of shell firm structure is often called a **"blank-check company"** in popular media.
- Once the money is **raised from the public**, it is kept in an escrow account, which can be accessed while making the acquisition.
 - ◆ If the **acquisition is not made within two years of the IPO**, the SPAC is delisted, and the money is returned to the investors.



119. Ans: D

Exp:

Types of Unemployment:

- **Disguised Unemployment:** It is a phenomenon wherein **more people are employed than actually needed.**
 - ◆ It is primarily traced to the agricultural and unorganized sectors of India. **Hence, statement 2 is not correct.**
- **Structural Unemployment:** It is a category of unemployment arising from the **mismatch between the jobs available in the market and the skills of the available workers** in the market.
 - ◆ Many people in India do not get jobs due to lack of requisite skills and due to poor education level, it becomes difficult to train them. **Hence, statement 1 is not correct.**
- **Cyclical Unemployment:** It is a result of the **business cycle, where unemployment rises during recessions and declines** with economic growth.
 - ◆ Cyclical unemployment figures in India are negligible. It is a phenomenon that is mostly found in capitalist economies.
- **Technological Unemployment:** It is the **loss of jobs due to changes in technology.**
 - ◆ In 2016, World Bank data predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.
- **Frictional Unemployment:** Frictional Unemployment, also called Search Unemployment, refers to the **time lag between the jobs when an individual is searching for a new job** or is switching between jobs.
- **Vulnerable Employment:** This means people working informally, **without proper job contracts and thus lacking any legal protection.**
 - ◆ These people are deemed 'unemployed' since records of their work are never maintained.
 - ◆ It is one of the main types of unemployment in India.

120. Ans: C

Exp:

Palm Oil:

- Palm oil is an edible vegetable oil derived from the **mesocarp** (reddish pulp) of the fruit of the oil palms. **Hence statement 1 is correct.**
- It is used as cooking oil, and in everything from **cosmetics, processed foods, cakes, chocolates, spreads, soaps, shampoo,** and cleaning products to biofuel.
- The use of crude palm oil in making **biodiesel** is being branded as **'green diesel'**.

- Indonesia and Malaysia together account for almost **90% of the global palm oil production**, with Indonesia producing the largest quantity at over 45 million Tonnes in 2021. **Hence statement 2 is correct.**
- The oil palm industry has come under criticism for what are unsustainable production practices leading to **deforestation, and exploitative labor practices** carried forward from the colonial era.
- However, **palm oil** is preferred by many as it is **inexpensive**; oil palms produce more oil per hectare than some other vegetable oil plants **like soybean.**

121. Ans: D

Exp:

- Retail prices of petrol and diesel are made up of mainly 3 components:
 - ◆ **Base price (reflecting cost of international oil)**
 - ◆ **Central Excise Duty**
 - ◆ **State Tax (VAT)**
- Central and state taxes form a major chunk of the price of petrol and diesel in India.
- Excise duty is constant all over India, state taxes (sales tax and value-added tax) vary depending upon the rates levied by different state governments.
- These taxes make fuel even more costly for consumers.
- **Hence, Option D is correct.**

122. Ans: C

Exp:

MSME Sustainable (ZED) Certification Scheme:

- This Scheme is **an extensive drive to enable and facilitate MSMEs adopt ZED practices** and motivate and incentivize them for ZED (Zero Defect Zero Effect) Certification while also encouraging them to become MSME Champions. **Hence statement 1 is correct.**
- MSME Sustainable (ZED) Certification can be attained in Three Levels after registering and taking the ZED Pledge:
 - Certification Level 1: BRONZE
 - Certification Level 2: SILVER
 - Certification Level 3: GOLD. **Hence statement 2 is correct.**
- After taking the ZED Pledge, the MSME can apply for any Certification Level if it feels that it can fulfil the requirements mentioned in each level.
- The intent of taking a **ZED Pledge is to take a "pre-commitment" or a solemn promise by MSMEs to uphold the values of Zero Defect Zero Effect** in their practices and to urge them to move ahead on the journey of ZED.



123. Ans: A

Exp:

- The Indian Constitution has made elaborate provisions, relating to the distribution of the taxes as well as non-tax revenues and the power of borrowing, supplemented by provisions for grants-in-aid by the Union to the States.
- **Article 268** provides for the **duties levied by the union but collected and appropriated by the states.**
 - ◆ It includes **stamp duties** on bills of exchange, cheques, etc.
 - ◆ **Hence, statement 1 is correct.**
- **Article 269** provides for **taxes Levied as well as Collected by the Union but Assigned to the States.**
 - ◆ These include **taxes on the sale and purchase of goods (other than newspapers) in the course of inter-state trade or commerce** or the taxes on the consignment of goods in the course of inter-state trade or commerce.
 - ◆ **Hence, statement 2 is not correct.**

124. Ans: D

Exp:

Forex reserves:

- **Forex reserves** are assets held on reserve by a central bank in foreign currencies, which can include **bonds, treasury bills** and other government securities. **Hence, statement 1 is correct.**
 - ◆ Most foreign exchange reserves are held in US dollars.
 - ◆ **Components:**
 - Foreign Currency Assets
 - Gold reserves
 - Special Drawing Rights
 - Reserve position with the International Monetary Fund (IMF)
 - **Hence, statement 2 is correct.**
 - ◆ **Significance:**
 - Supporting and maintaining confidence in the policies for monetary and exchange rate management. **Hence, statement 3 is correct.**
 - Provides the capacity to intervene in support of the national or union currency.
 - Limits external vulnerability by maintaining foreign currency liquidity to absorb shocks during times of crisis or when access to borrowing is curtailed.

125. Ans: C

Exp:

Economic Survey:

- The Economic Survey of India is an annual document released by the **Ministry of Finance**. It is usually presented in **Parliament the day before the Union Budget**. **Hence, statement 1 is correct.**
 - ◆ It is prepared by the **Economics Division of the Department of Economic Affairs (DEA)** under the guidance of the **Chief Economic Advisor**.
 - ◆ It reviews the developments in the Indian economy over the previous 12 months and presents the economic outlook for the current fiscal year.
- It also presents the **current state of the Indian economy**, including data on **the gross domestic product (GDP), inflation, employment, and trade**. **Hence, statement 2 is correct.**
- The **first Economic Survey in India was presented in the year 1950-51.**
 - ◆ Up to 1964, it was presented along with the Union Budget. From 1964 onwards, it has been delinked from the Budget.

126. Ans: D

Exp:

- The **Special Drawing Rights (SDR)** is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies.
- The SDR basket of currencies includes the **US dollar, Euro, Japanese yen, pound sterling and the Chinese renminbi**. **Chinese renminbi is the currency which is included in the SDR basket in 2016**. **Hence statement 1 is not correct**
- The SDR currency value is calculated daily (except on IMF holidays or whenever the IMF is closed for business) and the valuation basket is reviewed and adjusted every five years. **Hence statement 2 is not correct.**

127. Ans: A

Exp:

- **Free Trade Agreement** are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate **customs tariff and non-tariff barriers** on substantial trade between them. **Hence, statement 1 is correct.**
- **FTAs** normally cover **trade in goods** (such as agricultural or industrial products) or **trade in services** (such as banking, construction, trading etc.).



- The **principles of trade protectionism and economic isolationism** are diametrically opposed by the **Free Trade Agreement**. Hence, **statement 2 is not correct**.

128. Ans: B

Exp:

- The Union and State legislatures have **“equal, simultaneous and unique powers”** to make laws on Goods and Services Tax (GST). Hence **statement 1 is correct**.
- The recommendations of the GST Council are the product of a collaborative dialogue involving the Union and the states. They are recommendatory in nature. Recommendations of the GST Council are **not binding on them**. Hence **statement 2 is not correct**.
- The Supreme Court in a recent judgement has held that GST on ocean freight paid in case of import of goods is **unconstitutional**. Hence **statement 3 is not correct**.

129. Ans: A

Exp:

- The Competition Commission of India (CCI) is a statutory body of the Government of India responsible for enforcing the Competition Act, 2002, it was duly constituted in March 2009. Hence, **statement 1 is correct**.
- The Commission consists of **one Chairperson and six Members** who shall be appointed by the Central Government. Hence, **statement 2 is not correct**.

130. Ans: C

Exp:

- **InFinity Forum** is the **International Financial Services Centres Authority (IFSCA)**'s flagship financial technology event, uniting the world's leading minds in policy, business, and technology to explore and advance the biggest ideas in FinTech, and to develop those ideas into global solutions and opportunities. Hence, **statement 1 is correct**.
- Big techs include companies such as **Alibaba, Amazon, Facebook, Google, and Tencent**.
- This leadership forum on financial technology is co-hosted by **Bloomberg and the Gift City regulator IFSCA**. Hence, **statement 2 is correct**.
- Fintech investments by Big Techs Companies act as a barrier to fair competition, which is required to foster innovation in the financial sector. Hence, **statement 2 is correct**.

131. Ans: C

Exp:

Prevention of Money Laundering Act (PMLA) 2002:

- It is a criminal law enacted to prevent money laundering and to provide for confiscation of property derived from, or involved in, money-laundering and related matters.
- It forms the core of the legal framework put in place by India to combat Money Laundering.
- The provisions of this act are applicable to all financial institutions, banks (Including RBI), mutual funds, insurance companies, and their financial intermediaries. Hence statement 1 is correct.
- **ED has been given the responsibility to enforce the provisions of the PMLA** by conducting investigation to trace the assets derived from proceeds of crime, to provisionally attach the property and to ensure prosecution of the offenders and confiscation of the property by the Special court. Hence **statement 2 is correct**.

● **PMLA (Amendment) Act, 2012:**

- ◆ Adds the concept of 'reporting entity' which would include a banking company, financial institution, intermediary etc.
- ◆ PMLA, 2002 levied a fine up to Rs 5 lakh, but the amendment act has removed this upper limit.
- ◆ It has provided for provisional attachment and confiscation of property of any person involved in such activities.

132. Ans: A

Exp:

Regional Rural Banks (RRBs):

- **RRBs are financial institutions** which ensure adequate credit for agriculture and other rural sectors.
 - ◆ Regional Rural Banks were set up on the basis of the **recommendations of the Narasimham Working Group (1975)**, and after the legislation of the **Regional Rural Banks Act, 1976**. Hence, **statement 1 is correct**.
 - ◆ The first Regional Rural Bank "Prathama Grameen Bank" was set up on 2nd October 1975.
 - ◆ The RRBs are required to provide 75% of their total credit as priority sector lending.
- The equity of a regional rural bank is held by the **Central Government, concerned State Government and the Sponsor Bank** in the proportion of **50:15:35**. Hence, **statement 2 is not correct**.



- RRBs aim to:
 - ◆ provide **credit and other facilities to the small and marginal farmers, agricultural labourers**, artisans and small entrepreneurs in rural areas.
 - ◆ check the outflow of rural deposits to urban areas and reduce regional imbalances and increase rural employment generation.

133. Ans: A

Exp:

- The Institute for Energy Economics and Financial Analysis (IEEFA) is a non-profit research organization that provides analysis and commentary on energy markets, policies, and investments.
- The organization focuses on the financial and economic aspects of the energy transition to a low-carbon future, with a particular emphasis on the electricity sector.
- IEEFA conducts research, produces reports, and engages in advocacy efforts aimed at promoting sustainable energy policies and investments. **Hence, option A is correct.**

134. Ans: B

Exp:

- **About QCVM:**
 - ◆ QCVM is a cashless coin dispensation machine **which would dispense coins against debit to the customer's bank account using UPI (Unified Payment Interface). Hence, statement 1 is not correct.**
 - Customers would be endowed with the option of withdrawing coins in required quantities and denominations.
 - It will **ease accessibility to coins.**
 - ◆ Unlike a cash-based traditional Coin Vending Machine, the QCVM would **eliminate the need for physical tendering of banknotes** and their authentication. **Hence, statement 1 is correct.**

135. Ans: A

Exp:

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- ◆ check the outflow of rural deposits to urban areas and reduce regional imbalances and increase rural employment generation.

136. Ans: D

Exp:

- The term "bank run" refers to a circumstance in which banks run out of funds due to depositors withdrawing all of their money for fear of losing it. Following are the ways commonly used to prevent or mitigate bank runs:
 - ◆ To increase cash availability, banks may sell assets.
 - ◆ Banks may impose withdrawal limitations or prohibit withdrawals entirely.
 - ◆ Banks may borrow money from other banks, financial institutions, or the central bank to prevent bankruptcy. **Hence, point 3 is correct.**
 - ◆ If a bank run is imminent, banks may temporarily close to **prevent further withdrawals. Hence, point 2 is correct.**
 - ◆ **Deposit insurance provides a safety net** for depositors in case of bank failure and can limit the catastrophic impact of bank runs. **Hence, point 1 is correct.**

137. Ans: B

Exp:

- **Balance of Payment (BoP)** of a country can be defined as a systematic statement of all economic transactions of a country with the rest of the world during a specific period usually one year.
- The **BoP** is going to be strong on the back of significant improvement in exports and a fall in imports. **Hence, statement 1 is not correct.**
- **Balance of Payment (BoP)** can be used as an indicator to determine whether the country's currency value is appreciating or depreciating. **Hence, statement 2 is correct.**
- For preparing **BoP** accounts, economic transactions between a country and the rest of the world are grouped under, **Current account, Capital account and Errors and Omissions.** It also shows changes in **Foreign Exchange Reserves.**

138. Ans: B

Exp:

- Recently, the head of a political party asked the central government to put pictures of Goddess Lakshmi and Lord Ganesh on currency notes in order to bring “prosperity” to the country.
- **The Reserve Bank of India (RBI) and the Central Government** decide the changes in the design and form of bank notes and coins.
 - ◆ Any change in design of a currency note **has to be approved by the RBI’s Central Board** and the central government.
 - ◆ Hence, **statement 1 is not correct.**
- **The Coinage Act, 2011** gives the central government the power to design and mint coins in various denominations.
 - ◆ The role of the RBI is **limited to the distribution of coins** that are supplied by the central government.
 - ◆ Hence, **statement 2 is correct.**

139. Ans: A

Exp:

- Recently, the Financial Action Task Force (FATF), the international watchdog on terror financing and money laundering, has removed Pakistan from the list of countries under “increased monitoring” (Grey List).
- FATF is the **global money laundering and terrorist financing watchdog**. It also aims to **counter the financing of proliferation of weapons of mass destruction**.
- It was set up in **1989 out of a G-7 meeting of developed nations in Paris**.
 - ◆ Hence, **statement 1 is correct.**
- Its Secretariat is located at the **Organisation for Economic Cooperation and Development (OECD) headquarters in Paris**.
 - ◆ Hence, **statement 2 is not correct.**
- As of October 2022, it is a 39-member body with 37 countries and two regional organisations: the European Commission, and the Gulf Cooperation Council.
- **Indonesia is the only observer country** of FATF.
- India joined with ‘observer’ status in **2006 and became a full member of FATF in 2010**.
- India is also a member of its regional partners, the **Asia Pacific Group (APG) and the Eurasian Group (EAG)**.

140. Ans: B

Exp:

- MPI is a **key international resource** that measures **acute multidimensional poverty** across more than 100 developing countries.

- It was first launched in 2010 by the **Oxford Poverty and Human Development Initiative (OPHI) and the Human Development Report Office of the UNDP**.
- The MPI monitors deprivations in 10 indicators spanning **health, education and standard of living and includes both incidence as well as intensity of poverty**.
- It is released by the **United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI)**.
 - ◆ Hence, **statement 1 is not correct.**
- As per MPI 2022, India has by far the **largest number of poor people worldwide** at 22.8 crore, followed by Nigeria at 9.6 crore.
 - ◆ Two-thirds of these people live in a household in which at least one person is deprived of nutrition.
 - ◆ Hence, **statement 2 is correct.**

141. Ans: B

Exp:

- **Electoral bonds** are purchased anonymously by donors and are valid for 15 days from the date of issue.
 - ◆ As debt instruments, these can be **bought by donors from a bank, and the political party can then encash them**.
- These can be redeemed **only by an eligible party by depositing the same in its designated account** maintained with a bank.
- The bonds are issued by SBI in denominations of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh and Rs 1 crore.
- The bonds are available for purchase by any citizen of India for a period of ten days each in the months of January, April, July and October as may be specified by the Central Government.
- **Only State Bank of India** is authorised to issue and encash these bonds.
 - ◆ Hence, **statement 1 is not correct.**
- Only the **political parties registered under Section 29A of the Representation of the People Act, 1951** and have secured **not less than 1% of the votes polled** in the last general election to the House of the People or the Legislative Assembly, are eligible to receive electoral bonds.
 - ◆ Hence, **statement 2 is correct.**

142. Ans: C

Exp:

- **Central Bank Digital Currency (CBDC):**
 - ◆ CBDCs are a digital form of a paper currency and unlike cryptocurrencies that operate in a regulatory vacuum, **these are legal tenders issued and backed by a central bank**. Hence, **statement 1 is correct.**



- ◆ It is the **same as a fiat currency and is exchangeable one-to-one with the fiat currency. Hence, statement 2 is correct.**

- A fiat currency is a national currency that is not pegged to the price of a commodity such as gold or silver.

- ◆ The digital fiat currency or CBDC can be transacted using wallets backed by blockchain.
- ◆ Though the concept of CBDCs was directly inspired by Bitcoin, it is different from decentralised virtual currencies and crypto assets, which are not issued by the state and lack the 'legal tender' status.

143. Ans: B

Exp:

- The **Logistics Performance Index (LPI)**, developed by the **World Bank Group**, is an interactive benchmarking tool created to help countries identify the **challenges and opportunities they face in their performance on trade logistics** and what they can do to improve their performance.

- ◆ Hence, **statement 1 is not correct.**

- LPI is the **weighted average of the country's scores on the six key dimensions:**

- ◆ **Efficiency of the clearance process** (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs.

- ◆ **Quality of trade and transport related infrastructure** (e.g., ports, railroads, roads, information technology).

- ◆ **Ease of arranging competitively priced shipments.**

- ◆ **Competence and quality of logistics services** (e.g., transport operators, customs brokers).

- ◆ **Ability to track and trace consignments.**

- ◆ **Timeliness of shipments** in reaching destinations within the scheduled or expected delivery time.

- ◆ Hence, **statement 2 is correct.**

- India ranked **44th on the LPI in 2018**. As of 2022 **no new data has been published.**

- ◆ Hence, **statement 3 is not correct.**

144. Ans: B

Exp:

Foreign Direct Investment (FDI):

- It is an investment made by a **firm or individual in one country into business interests located in another country. Hence, statement 1 is correct.**

- ◆ FDI lets an investor **purchase a direct business interest in a foreign country.**

- Investors can make FDI in a number of ways.

- ◆ Some common ones include establishing a subsidiary in another country, acquiring or merging with an existing foreign company, or starting a joint venture partnership with a foreign company.

- Apart from being a critical driver of economic growth, FDI has been a **major non-debt financial resource for the economic development of India. Hence, statement 2 is correct.**

- It is different from Foreign Portfolio Investment where the foreign entity merely buys stocks and bonds of a company.

- ◆ FPI **does not provide the investor with control over the business. Hence, statement 3 is not correct.**

145. Ans: A

Exp:

- Free Trade Agreements (FTAs) are **arrangements between two or more countries or trading blocs** that primarily agree to **reduce or eliminate customs tariff and non-tariff barriers** on substantial trade between them. **Hence, statement 1 is not correct.**

- FTAs normally cover trade in goods (such as agricultural or industrial products) or trade in services (such as banking, construction, trading etc.).

- ◆ FTAs can also cover other areas such as **intellectual property rights (IPRs)**, investment, government procurement and competition policy etc. **Hence, statement 2 is correct.**

- **India has negotiated FTA with many countries e.g., Sri Lanka** and various trading blocs as well e.g., **ASEAN.**

- ◆ FTAs can be categorised as Preferential Trade Agreement, Comprehensive Economic Cooperation Agreement, Comprehensive Economic Partnership Agreement (CEPA).

146. Ans: C

Exp:

- Recently, the Ministry of Finance has announced that the **National Asset Reconstruction Company (NARCL)** along with the India Debt Resolution Company (IDRCL) will take over the first set of **bad loans/NPA from banks** and try to resolve them. These two will act as Bad banks. **Hence, statement 1 is correct.**

- ◆ The aim of setting up a bad bank is to help ease the burden on banks by taking bad loans off their balance sheets and get them to lend again to customers without constraints.



- An NPA refers to a classification for loans or advances that are in default or are in arrears on scheduled payments of principal or interest.

- ◆ Debt of the bank is classified as non-performing asset, when the loan payments have not been made for a minimum period of 90 days. **Hence, statement 2 is correct.**

147. Ans: B

Exp:

- The **Reserve Bank of India has set up a Regulations Review Authority (RRA 2.0)**. **Hence, statement 1 is not correct.**
- RRA 2.0 will reduce the compliance burden of the entities under regulations. The RRA 2.0 will achieve this by simplifying procedures and reducing reporting requirements wherever possible. **Hence, statement 2 is correct.**
- Regulated Entity is subject under law to any of the laws, rules or regulations respecting the financial, organizational or rate regulation of electric companies, public utilities, or public utility holding companies. **Commercial banks, urban co-operative banks, non-banking financial companies come under regulated entities.** **Hence, statement 3 is correct.**
- RRA examines and suggests the changes required in dissemination process of RBI circulars/instructions (this would entail suggestions on the areas where the manner of issuing circulars, updating and website linkages). **Hence, statement 4 is correct.**

148. Ans: B

Exp:

Types of Unemployment in India

- **Disguised Unemployment:** It is a phenomenon wherein **more people are employed than actually needed**.
 - ◆ It is primarily traced in the agricultural and unorganised sectors of India.
- **Seasonal Unemployment:** It is unemployment that **occurs during certain seasons of the year**.
 - ◆ Agricultural labourers in India rarely have worked throughout the year.
- **Structural Unemployment:** It is a category of unemployment arising from the **mismatch between the jobs available in the market and the skills of the available workers** in the market.
- **Frictional Unemployment:** Frictional Unemployment, also called Search Unemployment, refers to the **time lag between the jobs when an individual is searching for a new job or is switching between the jobs**.
- **Hence, Option B is correct.**

149. Ans: B

Exp:

- **Degradation of land in arid, semi-arid and dry sub-humid areas is called desertification.** It is caused primarily by human activities and climatic variations.
 - ◆ **It does not refer to the expansion of existing deserts.** It occurs because dryland ecosystems - which cover over one third of the world's land area, are extremely vulnerable to overexploitation and inappropriate land use. **Hence, statement 1 is not correct.**
- **World Day to Combat Desertification and Drought** is observed every year on 17th of June.
 - ◆ On this day, the Ministry of Environment, Forest and Climate Change (MoEF&CC) organized **Desertification and Drought Day**.
 - ◆ This Year's Theme: **"Rising up from drought together."** **Hence statement 2 is correct.**
 - It emphasizes the need for early action to avoid disastrous consequences for humanity and the planetary ecosystems.

150. Ans: B

Exp:

- **WTO's Ministerial Conference** is the top decision-making body of the World Trade Organization.
 - ◆ All members of the WTO are involved in the MC and they can take decisions on all matters covered under any multilateral trade agreements.
- **WTOMC meets once every 2 years and can take decisions on any** multilateral trade agreement. **Hence, statement 1 is not correct.**
- Securing agreements on **relaxing patent regulations to achieve global vaccine equity; ensuring food security**, according subsidies to the fisheries sector and continuing moratoriums relevant to e-commerce were some of the focus points of the conference among others. **Hence, statement 2 is correct.**
- Member countries **agreed to extend** the current moratorium on not imposing customs duties on electronic transmission (ET) until MC13 — scheduled to take place in December 2023. 105 countries, including the U.S, the U.K, Australia, China and Japan among others, had sought an extension of the moratorium, with India and South Africa being in opposition. **Hence, statement 3 is correct.**



151. Ans: D

Exp:

Current Account Deficit (CAD):

- The **current account measures the flow of goods, services, and investments** into and out of the country. It represents a country's foreign transactions and, like the capital account, is a **component of a country's Balance of Payments (BOP)**. Hence, **statement 1 is correct**.
- There is a deficit in Current Account **if the value of the goods and services imported exceeds** the value of those exported.
- A nation's current account maintains a record of the country's transactions with other nations, that includes net income, including interest and dividends, and transfers, like foreign aid. **It comprises of following components:**
 - ◆ Trade of goods,
 - ◆ Services, and
 - ◆ Net earnings on overseas investments and net transfer of payments over a period of time, such as **remittances**.
- A country with rising CAD shows that **it has become uncompetitive**, and investors may not be willing to invest there. Hence, **statement 2 is correct**.
- **CAD and Fiscal Deficit** (also known as "budget deficit" is a situation when a nation's expenditure exceeds its revenues) are together known as **twin deficits** and both often reinforce each other, i.e., a high fiscal deficit leads to higher CAD and vice versa. Hence, **statement 3 is correct**.

152. Ans: B

Exp:

- International MSME Day is observed every year on 27th June all over the world to highlight the significance of MSMEs and how they play a crucial role in being the backbone of the country's economy.
- Micro-Small and Medium-Sized Enterprises are the organizations that do not usually employ more than 250 employees. Hence, **statement 1 is not correct**.
 - ◆ Despite being small in number of employees per enterprise, MSMEs are responsible for creating more than two-thirds of all jobs globally.
 - Hence, **statement 2 is correct**.

- Revised MSME Criteria is as follows:

- ◆ MICRO: Investment < 1 Crore and Turnover < 5 Crore
- ◆ SMALL: Investment < 10 Crore and Turnover < 50 Crore
- ◆ MEDIUM: Investment < 20 Crore and Turnover < 100 Crore
- Hence, **statement 3 is not correct**.

153. Ans: D

Exp:

- Foreign portfolio investment (FPI) consists of securities and other financial assets passively held by foreign investors.
 - ◆ It **does not provide the investor with direct ownership of financial assets** and is relatively liquid depending on the volatility of the market. Hence, **statement 1 is correct**.
- FPI is part of a **country's capital account** and is shown on its **Balance of Payments (BOP)**. Hence, **statement 2 is correct**.
 - ◆ The BOP measures the amount of money flowing from one country to another country over one monetary year.
- FPI is often **referred to as "hot money"** because of its tendency to flee at the first signs of trouble in an economy. FPI is **more liquid, volatile and therefore riskier** than Foreign Direct Investment (FDI). Hence, **statement 3 is correct**.

154. Ans: D

Exp:

- A neobank is a kind of **digital bank without any branches**. Rather than being physically present at a specific location, neobanking is entirely online.
 - ◆ Neobanks are **financial institutions** that give customers a cheaper alternative to traditional banks.
 - ◆ They **leverage technology and artificial intelligence** to offer personalised services to customers while minimising operating costs.
- Neobanks **work independently or in partnership with traditional banks**. Neobanks partner with regulated banks/NBFCs and offer financial services without any physical branches. Hence, **statement 1 is not correct**.
- **PayPal is not a Neobank**. It's an electronic commerce company that facilitates payments between parties through online transfers. Hence, **statement 2 is not correct**.

155. Ans: C

Exp:

- **National Payments Corporation of India (NPCI)**, an umbrella organisation for **operating retail payments and settlement systems** in India. **Hence, statement 2 is correct.**
- It is an initiative of **Reserve Bank of India (RBI)** and **Indian Banks' Association (IBA)** under the provisions of the **Payment and Settlement Systems Act, 2007.**
- It is a **"Not for Profit"** Company under the provisions of **Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013)**, with an intention to provide infrastructure to the entire Banking system in India for **physical** as well as **electronic** payment and settlement systems. **Hence, statement 1 is correct.**

156. Ans: D

Exp:

- **Recommendations of Different Committees:**
 - ◆ Many committees had proposed bringing down the government stake in public banks below 51%:
 - The Narasimham Committee proposed to bring down the government stake in public sector banks below 33%. **Hence statement 1 is not correct.**
 - The P J Nayak Committee suggested that to bring down the government stake in public sector banks below 50%.
- An **RBI Working Group** recently suggested the **entry of business houses into the banking sector**. **Hence statement 2 is not correct.**

