

Q1. Which of the following statements regarding the 'Digital Money' is incorrect?

- (a) I-money offers variable value redemptions into currency; it is thus an equity-like instrument.
- (b) Ethereum is a type of cryptocurrency.
- (c) Paytm in India and M-Pesa in East Africa are examples of E-money.
- (d) The validation technology of central bank digital currency can only be centralized, and it cannot offer interest.

Ans: (d)

Explanation:

- The most recognizable is central bank money in the form of cash—the notes and coins we have been carrying in our wallets for centuries. As discussed earlier, cash is an object-based means of payment. It is denominated in the local unit of account, is issued by the central bank, is settled in a decentralized fashion among transacting parties, and has a physical appearance.
- Its digital counterpart is currently being debated under the heading of “central bank digital currency,” or CBDC for short. Unlike cash, CBDC would likely not be anonymous, although it could protect users’ data from third parties. Its validation technology could be centralized or decentralized, and it could offer interest.
- **So, option (d) is incorrect.**

Q2. Who is the ex-officio chairperson of the 'National Startup Advisory Council'?

- (a) Minister of Commerce & Industry
- (b) Prime Minister of India
- (c) Finance Minister of India
- (d) Joint Secretary, Department for Promotion of Industry and Internal Trade

Ans: (a)

Explanation:

National Startup Advisory Council:

- The Department for Promotion of Industry and Internal Trade (DPIIT) constituted the National Startup Advisory Council to advise the Government on measures needed to build a strong ecosystem for nurturing innovation and startups in the country to drive sustainable economic growth and generate large-scale employment opportunities.
- Chairman: Minister for Commerce & Industry.
- **So, option (a) is correct.**

Q3. Consider the following statements regarding the SARFAESI Act, of 2002:

1. Banks utilize the Sarfaesi Act as an effective tool for bad loans (Non-Performing Asset) recovery for secured as well as unsecured loans.
2. This Act applies to only Scheduled Commercial Banks and not to Cooperative Banks.

Which of the above statements is/is are incorrect?

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

Ans: (c)

Explanation:

- **Statement 1 is incorrect:** The Sarfaesi Act is effective only against secured loans where banks can enforce the underlying security.
- **Statement 2 is incorrect:** The Supreme Court had previously held that Co-operative banks established under a State law and Multi-State Level Co-operative Societies come within the ambit of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Sarfaesi) Act of 2002.

Q4. Consider the following statements:

1. Tax buoyancy explains the relationship between the changes in government's tax revenue growth and the changes in GDP.
2. Tax elasticity is the responsiveness of tax revenue to changes in tax rate.

Which of the above statements is/are correct?

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

Ans: (c)

Explanation:

- **Statement 1 is correct:** Tax buoyancy explains the relationship between the changes in the government's tax revenue growth and the changes in GDP.
- **Statement 2 is correct:** Tax elasticity is the proportionate increase in the adjusted tax revenue, without any discretionary change, relative to GDP.

Q5. Consider the following statements regarding the "Regional Rural Banks":

1. RRBs are financial institutions which ensure adequate credit for agriculture and other rural sectors.
2. The equity of a regional rural bank is held by the Central Government, concerned State Government and the Sponsor Bank in the proportion of 50:35:15.
3. The RRBs are required to provide 75% of their total credit as priority sector lending.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All the three
- (d) None of the above

Ans: (b)

Explanation:

- **Statement 1 is correct:** To provide credit and other facilities to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in rural areas.
- **Statement 2 is incorrect:** The equity of a regional rural bank is held by the Central Government, the concerned State Government and the Sponsor Bank in the proportion of 50:15:35.
- **Statement 3 is correct:** The RRBs are required to provide 75% of their total credit as priority sector lending.

Q6. Consider the following statements regarding Capital and Current Account Convertibility in India:

1. Current account convertibility refers to the freedom to convert your rupees into other internationally accepted currencies and vice versa while Capital account convertibility means the freedom to conduct investment transactions without any constraints.
2. By implementing the recommendations of the Tarapore Committee, India is allowing full capital and current account convertibility.

Which of the above statements is/are correct?

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

Ans: (a)

Explanation:

- **Statement 1 is correct:** Capital Account Convertibility is widely regarded as the hallmark of developed countries. It is also seen as the major comfort factor for foreign investors since it allows them to reconvert local currency back into their currency and move out of India
- **Statement 2 is incorrect:** India has not implemented Tarapore committee recommendations and is allowing full current account convertibility and partial capital account convertibility.

Q7. Consider the following pairs:

WTO Conference	Importance of Conference
Singapore	First Ministerial Conference
Nairobi Package	Issues related to least-developed countries (LDCs)
Doha Ministerial Conference	Special and differential treatment for developing countries

How many of the above pairs is/are correctly matched?

- (a) Only one
- (b) Only two
- (c) All the three

(d) None of the above

Ans: (c)

Explanation:

- The First WTO Ministerial Conference was held in Singapore between 9 and 13 December 1996.
- It took place as the 10th Ministerial Conference of the WTO and culminated in the adoption of the “Nairobi Package”, a series of decisions on agriculture, cotton, and issues related to least-developed countries (LDCs).
- It was adopted in the 4th Ministerial Conference in 2001 to consolidate the position of the Developing Countries in articulating their interests to avail the full benefit of the Special and Differential Treatment principles of WTO.
- **So, option (c) is correct.**

Q8. Which of the following is not an attribute of a monopoly?

- (a) A single seller in the market
- (b) Consumer is benefitted
- (c) Minimal competition
- (d) Close substitute of a product is not available

Ans: (b)

Explanation:

- A monopoly is a market structure where a single seller or producer assumes a dominant position in an industry or a sector. Monopolies are discouraged in free-market economies as they stifle competition and limit substitutes for consumers.
- As a result, Consumers have no recourse if the market adopts exorbitant pricing of products or dishes out inferior quality products as the sole selling entity fears to consequences of being edged out of the market. Thus, it is not beneficial for Consumers.
- **So, option (b) is incorrect.**

Q9. Consider the following statements:

1. India is an example of the socialist economy.
2. In a socialist economy, the prices in the market are primarily regulated by the law of demand and supply.
3. In a capitalist economy, government holds the ownership of all the resources.

How many of the above statements is/are incorrect?

- (a) Only one
- (b) Only two
- (c) All the three

(d) None of the above

Ans: (b)

Explanation:

- **Statement 1 is correct:** India is a Welfare economy. It started off its initial journey as a Mixed Economy as per the Nehruvian vision, to adopt State Socialism. However, post 1991, Indian economy has opened up with the adoption of Liberalization- Privatization- Globalization policies and resembles a Capitalist structure briefly. Additionally, the term “Socialist” was added to the Preamble in 1976 via the 42nd Constitution Amendment Act. Indian economy showed Socialist trends even before that. Thus, the Constitutional mention of the term “Socialist” didn’t directly influence India’s economic orientation.
- **Statement 2 is incorrect:** A Socialist Economy is characterized by the Government holding ownership of all resources since there is a heavy State-presence in the economy.
- **Statement 3 is incorrect:** In a Capitalist Economy, the prices of commodities are regulated by market forces, i.e., the Law of Demand and Supply. This was what was referred to as the “Invisible Hand” by Liberal Economist Adam Smith.

Q10. Which of the following best describes changes in the money supply in an economy, causing redistribution of purchasing power among people, thereby leading to distortion in the relative prices of goods and services, and misallocation of scarce resources?

- (a) Cantillon Effect
- (b) Ricardian Effect
- (c) Pigou Effect
- (d) King Effect

Ans: (a)

Explanation:

- The Cantillon effect refers to the idea that changes in the money supply in an economy cause redistribution of purchasing power among people, disturbs the relative prices of goods and services and leads to the misallocation of scarce resources.
- The Cantillon effect is named after the 18th century French economist Richard Cantillon who published his ideas in the 1755 book Essay on the Nature of Trade in General.
- **So, option (a) is correct.**

Q11. Consider the following statements regarding ‘stablecoins’:

1. It is a cryptocurrency whose value is usually pegged to a ‘stable’ asset, such as gold or the U.S. dollar.
2. They are designed to be protected from the wild volatility that makes it difficult to use digital assets for payments or as a store of value.
3. The largest stablecoin today is Ethereum which recently launched a stablecoin pegged to the British pound.
4. Stablecoins make moving small amounts of money across borders efficient and inexpensive.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

Ans: (c)

Explanation:

- **Statement 1 is correct:** A stablecoin is a cryptocurrency whose value is usually pegged to a 'stable' asset, such as gold or the U.S. dollar.
- **Statement 2 is correct:** They are designed to be protected from the wild volatility that makes it difficult to use digital assets for payments or as a store of value
- **Statement 3 is incorrect:** The largest stablecoin today is Tether (USDT), whose market cap is close to \$66 billion, putting it below Ethereum, the second largest cryptocurrency. Tether also recently launched a stablecoin pegged to the British pound.
- **Statement 4 is correct:** Stablecoins makes moving small amounts of money across borders is often efficient and inexpensive.

Q12. Consider the following:

1. Government Bond Market
2. Call Money Market
3. Treasury Bill Market
4. Exchange Traded Funds

How many of the above are included in capital markets?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

Ans: (a)

Explanation:

- **Statement 1 is correct:** Government bonds are long-term debt securities issued by governments to finance their activities. The government bond market is a part of the capital market as it involves the trading of long-term debt securities.
- **Statement 2 is incorrect:** The call money market is a short-term market where funds are borrowed and lent for very short durations, usually overnight. It deals with short-term funds, and its transactions are not classified as part of the capital market.
- **Statement 3 is incorrect:** Treasury bills are short-term debt instruments issued by governments to finance their short-term cash flow requirements. The treasury bill market,

similar to the call money market, deals with short-term instruments and is not considered part of the capital market.

- **Statement 4 is incorrect:** An Exchange-Traded Fund (ETF) is a basket of securities that trades on an exchange just like a stock does. ETF share prices fluctuate all day as the ETF is bought and sold; this is different from mutual funds, which only trade once a day after the market closes.

Q13. Consider the following statements:

Statement I: In the post-pandemic recent past, many Central Banks worldwide had carried out interest rate hikes.

Statement II: Central Banks generally assume that they have the ability to counteract the rising consumer prices via monetary policy means.

Which of the following is correct in respect of the above statements?

- (a) Both Statement I and Statement II are correct and Statement II is the correct explanation for Statement-1
- (b) Both Statement I and Statement II are correct and Statement II is not the correct explanation for Statement 1
- (c) Statement I is correct but Statement II is incorrect
- (d) Statement I is incorrect but Statement II is correct

Ans: (a)

Explanation:

- Post-pandemic economies had witnessed unprecedented rise in inflation levels which became even more alarming with irregular trends in employment and supply chain efficiency.
- Thus, as a monetary policy option, Central Banks raised the interest rates to curb the money supply in the economy, which translates into cooling down of prices. For Example, the U.S. Federal Reserve (Fed) conducted more than ten rounds of interest rate hikes since March 2022.
- **So, Option (a) is the correct.**

Q14. Consider the following statements:

1. India has consistently maintained a net trade surplus in agricultural products over the years.
2. Marine products account for the largest proportion of India's agri-export items followed by non-basmati rice and basmati rice.

Which of the above statements is/are incorrect?

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

ANS: (b)

Explanation:

- **Statement 1 is correct:** India enjoys a Competitive Advantage in the global agricultural market where its exports have been consistently higher than its imports owing to boosted domestic production and competitive international prices.
- **Statement 2 is incorrect:** Boosted by efforts like PM Matsya Sampada Yojna, India's marine exports have assumed the top position among all constituent products in India's agricultural export basket.

Q15. Which one of the following best describes the concept of 'Small Farmer Large Field'?

- (a) Resettlement of a large number of people, uprooted from their countries due to war, by giving them a large cultivable land which they cultivate collectively and share the produce.
- (b) Many marginal farmers in an area organize themselves into groups and synchronize and harmonize selected agricultural operations.
- (c) Many marginal farmers in an area together make a contract with a corporate body and surrender their land to the corporate body for a fixed term for which the corporate body makes a payment of the agreed amount to the farmers.
- (d) A company extends loans, technical knowledge and material inputs to a number of small farmers in an area so that they produce the agricultural commodity required by the company for its manufacturing process and commercial production.

Ans: (b)

Explanation:

- The concept of "Small Farmer Large Field" refers to the idea that many marginal farmers in a particular area come together and organize themselves into groups. These groups work collectively to synchronize and harmonize selected agricultural operations.
- **So, Option (b) is correct.**

Q16. Consider the following pairs:

Name of the Board	Headquarters
1. Tea Board of India	Kolkata
2. Tobacco Board of India	Guntur
3. Cotton Council of India	Navi Mumbai

How many of the above pairs are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (c)

Explanation:

Name of the Board	Headquarters
1. Tea Board of India	Kolkata
2. Tobacco Board of India	Guntur
3. Cotton Council of India	Navi Mumbai

So, option (c) is correct.

Q17. Consider the following statements with reference to casual workers employed in India:

1. All casual workers are entitled to Employees Provident Fund coverage.
2. All casual workers are entitled to regular working hours and overtime payment.
3. The government can by a notification specify that an establishment or industry shall pay wages only through its bank account.

Which of the above statements is/are correct?

- (a) Only 1 and 2
- (b) Only 2 and 3
- (c) Only 1 and 3
- (d) All of the above

Ans: (d)

Explanation:

- **Statement 1 is correct:** A casual worker is a worker on a temporary employment contract with generally limited entitlements to benefits and little or no security of employment. Supreme Court has ruled that casual workers are also entitled to social security benefits under the Employees' Provident Funds and Miscellaneous Provisions Act.
- **Statement 2 is correct:** Casual workers (should) have all those rights that are enjoyed by regular workers since the definition of employee includes casual labour as per Supreme Court guidelines. Employees in India are entitled for regular working hours and overtime payment according to Minimum Wages Rules, 1950.
- **Statement 3 is correct:** The Payment of Wages (Amendment) Act 2017 provides that the Government may specify that the employer of any industrial or other establishment shall pay wages to every employee only by cheque or by crediting the wages in his bank account.

Q18. Consider the following pairs:

Anti-Competitive Practises	What they mean
1. Self-preferencing	Forcing consumers to buy their related services.
2. Bundling	Preventing business users from steering its customers to offers other than those provided by the platform.

3. Anti-steering	Providing a platform and competing in the same platform.
------------------	--

How many of the above pairs is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (d)

Explanation:

Anti-Competitive Practises	What they mean
1. Self-preferencing	Providing a platform and competing in the same platform
2. Bundling	Forcing consumers to buy their related services
3. Anti-steering	Preventing business users from steering its customers to offers other than those provided by the platform.

So, option (d) is correct.

Q19. With reference to the SDG India Index, consider the following statements:

- 1. It is the world's second Government-led subnational measure of SDG progress.
- 2. The first edition of the index was launched in December 2020.

Which of the statements given above is/are correct?

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

Ans: (d)

Explanation:

- **Statement 1 is incorrect:** The SDG India Index is the world's first Government-led subnational measure of SDG progress.
- **Statement 2 is incorrect:** The first edition of the index was launched in December 2018; the second came out on 30 December 2019; and the third edition was launched in June 2021

Q20. Rapid Financing Instrument" and "Rapid Credit Facility" are related to the provisions of lending by which of the following:

- (a) Asian Development Bank

- (b) International Monetary Fund
- (c) United Nations Environment Programme Finance Initiative
- (d) World Bank

Ans: (b)

Explanation:

- The Rapid Financing Instrument (RFI) provides prompt financial assistance to any IMF member country facing an urgent balance of payments. The RFI is one of the facilities under the General Resources Account (GRA) that provides financial support to countries, including in times of crisis.
- The Rapid Credit Facility (RCF) provides fast concessional financial assistance to low-income countries (LICs) facing an urgent balance of payments.
- **So, option (b) is correct.**

Q21. Consider the following projects:

1. Subansiri Project
2. Sivok-Rangpo and Agartala-Akhaura Rail Projects
3. Cable Cars in Gangtok and Aizawl

How many of the above projects is/are launched by the NITI Forum for North-East?

- (a) Only one
- (b) Only two
- (c) All three ★
- (d) None

Ans: (c)

Explanation:

- The NITI Forum for North-East was set up in February 2018 to address various challenges in the region and recommend requisite interventions to achieve sustainable economic growth.
- The various projects launched by NITI Forum for North-East are:
 - Cable Cars in Gangtok and Aizawl: The development of cable cars as public transport in Gangtok and Aizawl is to be done with support from the Centre and State Governments.
 - Subansiri Project: The North-East division has worked on rejuvenating the Subansiri HEP project. The authorities concerned were instructed to complete the work related to this project within two and a half years.
 - Sivok-Rangpo and Agartala-Akhaura Rail Projects: These two rail projects are of national and strategic importance. The State Governments and other stakeholders have been instructed to expedite the implementation of these projects.
 - **So, option (c) is correct.**

Q22. The campaign “Shoonya’, administered by NITI Aayog aims at which of the following?

- (a) To improve the female child mortality rate by accelerating policies and schemes.

- (b) To improve carbon emissions through emission trading schemes.
- (c) To improve air quality in India by accelerating the deployment of electric vehicles.
- (d) To reduce dowry cases by making laws more stringent.

Ans:(c)

Explanation:

- The "Shoonya — Zero-Pollution Mobility" campaign promotes the use of EVs for urban deliveries and ride-hailing. Shoonya implies the beginning and origination of possibilities. Inspired by this connotation, this campaign plans to revolutionise the transport sector with a radical and urgent transition to zero-emission vehicles.
- The Shoonya campaign brings together consumers and industry, to reduce emissions from the commercial passenger and urban freight sector by promoting EV adoption.
- The campaign is administered by NITI Aayog and RMI in partnership with leading industry players.
- The goal of the campaign is to raise awareness about EVs among consumers and recognise industry efforts through an integrated combination of corporate branding, impact assessment and consumer awareness.
- **So, option (c) is correct**

Q23. Consider the following statements:

1. The tight monetary policy of the US Federal Reserve could lead to capital flight.
2. Capital flight may increase the interest cost of firms with existing External Commercial Borrowings (ECBs).
3. Devaluation of domestic currency decreases the currency risk associated with ECBS.

Which of the statements given above are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (a)

Explanation:

- The Federal Reserve and other central banks use tight monetary policy to curb rapid economic expansion. When an economy grows too quickly or inflation—the rise in prices overall—becomes excessive, central banks implement tight monetary policy.
- **Statement 1 is correct:** To maintain constant and positive rates of inflation, unemployment, and economic growth, central banks implement monetary policy. Interest rates are raised and central banks take other contractionary measures to cool down an overheating economy. This might discourage investment and lower asset prices. Therefore, investors' capital flight could result from the US Federal Reserve's tight monetary policy.

- **Statement 2 is correct:** Because there is less money in the system, capital flight may result in higher interest rates. As a result, it would cause businesses that borrow money from outside sources to pay higher interest rates.
- **Statement 3 is incorrect:** Because external commercial borrowings are denominated in foreign currencies rather than domestic currency, they are unaffected by domestic currency devaluation.

Q24. Which among the following steps is most likely to be taken at the time of an economic recession?

- (a) Cut in tax rates accompanied by an increase in interest rate
- (b) Increase in expenditure on public projects
- (c) Increase in tax rates accompanied by reduction of interest rate
- (d) Reduction of expenditure on public projects

Ans: (b)

Explanation:

- An appreciable decrease in overall economic activity within a certain area is referred to as an economic recession. A rise in public project spending will multiply the impact on the nation's economic growth rate. The expansion of the national income, job possibilities, etc., is influenced by public expenditure.
- Large-scale investments by private investors are not possible for the many infrastructure projects, such as building roads, bridges, and dams, power plants, transportation and communications, etc. Such projects must be carried out by the government. Larger levels of economic development correspond with larger levels of public expenditure.

So, option (b) is correct.

Q25. Which among the following five-year plans is known as the Mahalanobis Plan?

- (a) First five-year plan
- (b) Third five-year plan
- (c) Second five-year plan
- (d) Fourth five-year plan

Ans:(c)

Explanation:

- India's second five-year plan (1956-61) was proposed by Professor Prasanta Chandra Mahalanobis and is known as the Mahalanobis Plan. This plan gave priority to investment goods, as they were crucial for the further economic growth of India.
- **So, option (c) is correct.**

Q26. Which one of the following links all the ATMs in India?

- (a) Indian banks' Association

- (b) National Securities Depository Limited
- (c) National Payments Corporation of India
- (d) Reserve Bank of India

Ans: (c)

Explanation:

Role of NPCI:

- It owns and operates the Unified Payments Interface (UPI) platform.
- It prescribes rules, regulations, guidelines, and the respective roles, responsibilities, and liabilities of the participants, concerning UPI. This also includes transaction processing and settlement, dispute management, and clearing cut-offs for settlement.
- It approves the participation of Issuer Banks, PSP Banks, Third Party Application Providers (TPAP), and Prepaid Payment Instrument issuers (PPIs) in UPI.
- It links all the ATMs in India.
- **So, option (c) is correct.**

Q27. Which five-year plan has Family Planning Programmes as its major target?

- (a) First five-year plan
- (b) Sixth five-year plan
- (c) Second five-year plan
- (d) Fourth five-year plan

Ans: (d)

Explanation:

- During Fourth five year plan, refusal of supply of essential equipments and raw materials from the allies during Indo Pak war resulted in twin objectives of “ growth with stability “ and “progressive achievement of self reliance “ .
 - Main emphasis was on growth rate of agriculture to enable other sectors to move forward. First two years of the plan saw record production. The last three years did not measure up due to poor monsoon.
 - Implementation of Family Planning Programmes were amongst major targets of the Plan.
 - Influx of Bangladeshi refugees before and after 1971 Indo-Pak war was an important issue along with price situation deteriorating to crisis proportions and the plan is considered as big failure. **So, option (d) is correct.**

Q28. Consider the following statements:

1. The Reserve Bank of India manages and services Government of India Securities but not any State Government Securities.
2. Treasury bills are issued by the Government of India and there are no treasury bills issued by the State Governments.
3. Treasury bills offered are issued at a discount from the par value.

Which of the statements given above is/are correct?

(a) 1 and 2 only

(b) 3 Only

(c) 2 and 3 only

(d) 1, 2 and 3

Ans: (c)

Explanation:

- **Statement 1 is incorrect:** The RBI is the debt manager for both the Central Government and the State Governments.
- **Statement 2 is 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.
- **Statement 3 is correct:** Government treasury bills can be procured by individuals at a discount to the face value of the security and are redeemed at their nominal value, thereby allowing investors to pocket the difference.

Q29. What is the purpose of setting up Small Finance Banks (SFBs) in India?

(1) To supply credit to small business units

(2) To supply credit to small and marginal farmers

(3) To encourage young entrepreneurs to set up businesses, particularly in rural areas.

Select the correct answer using the code given below:

(a) 1 and 2 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

Ans: (a)

Explanation:

- Small Finance Bank is a type of specialized bank that provides financial services, including loans, to micro-enterprises and low-income households. The main objective of Small Finance Banks is to provide affordable credit and other financial services to underserved and unserved sections of the population.
- Major purpose:
 - To supply credit to small business units
 - To supply credit to small and marginal farmers

So, option (a) is correct.

Q30. India has adopted the concept of a Five-year plan from which country?

- (a) Germany
- (b) USSR
- (c) USA
- (d) Australia

Ans:(b)

Explanation:

- India adopted the Five-Year Plans from the USSR. Five-Year Plans (FYPs) are regional development plans -centralized and implemented. In 1928, Joseph Stalin initiated the Soviet Union's first Five Year Strategy.

So, option (b) is correct.

Q31. Consider the following statements regarding the recently launched centrally sponsored scheme Pradhan Mantri Formalization of Food Processing Enterprises (PMFME):

1. It is launched under the umbrella of the Aatmanirbhar Bharat Abhiyan.
2. Its main aim is to empower and formalize the unorganized segment of the food processing industry.
3. It empowers tribal communities through sustainable utilization of minor forest produce in the tribal districts.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans:(c)

Explanation:

- **Statement 1 is correct:** The Pradhan Mantri Formalisation of Micro food Processing Enterprises (PM-FME) scheme was launched under the Aatmanirbhar Bharat Abhiyan. It is a centrally sponsored scheme.
- **Statement 2 is correct:** The scheme aims to enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote the formalization of the sector. It provides support to Farmer Producer Organizations, Self Help Groups, and Producers Cooperatives along their entire value chain
- **Statement 3 is correct:** The PM-FME scheme also has provisions to support the processing and value addition of minor forest produce (MFP) in tribal districts. This helps generate income for tribal communities and promotes sustainable use of forest resources.

Q32. Which of the following statements is/are correct regarding the Monetary Policy Committee (MPC)?

1. It decides the RBI's benchmark interest rates.

2. It is a 12-member body including the Governor of RBI and is reconstituted every year.
3. It functions under the chairmanship of the Union Finance Minister.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 1 and 2 only
- (c) 3 only
- (d) 2 and 3 only

Ans: (a)

Explanation:

- **Statement 1 is correct:** The MPC determines the policy repo rate required to achieve the inflation target. The MPC is required to meet at least four times a year.
- **Statement 2 is incorrect:** The committee comprises six members – three officials of the Reserve Bank of India and three external members nominated by the government of India.
- **Statement 3 is incorrect:** The governor of RBI is the ex-officio chairman of RBI.

Q33. Consider the following statement regarding the trends seen in the Indian economy after the 1991 economic reforms:

1. The GDP growth rate steadily increased.
2. Agriculture and allied sectors continuously show a positive growth rate.
3. Share of the public sector in total investment increased.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (d)

Explanation:

- **Statement 1 is incorrect:** Trend of GDP Growth rate of India between 1992 to 2014. it is clear from graph that GDP growth is not steadily increased.
- **Statement 2 is incorrect:** The growth rate of India's agriculture and allied sector in 2002-2003 was -5.2 per cent.
- **Statement 3 is incorrect:** One of the key features of the 1991 reforms was liberalization and privatization, leading to a decrease in the public sector's share of total investment. Private sector investments have significantly increased post-1991.

Q34. Consider the following statements with reference to the National Food Security Act (NFSA):

1. It covers fifty percent urban population of the country.

2. The Central government identifies the household and the state government implements the provisions of the act.
3. The eldest woman who is not less than eighteen years of age shall be head of the household for issue of ration cards.

How many of the statements given above is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans:(a)

Explanation:

- **Statement 1 is correct:** The National Food Security Act NFSA covers 75% of the rural population and 50% of the urban population. This percentage coverage of population under the NFSA has sought to revisit the goal of universalization of Public Distribution System (PDS).
- **Statement 2 is incorrect:** A framework of partnership between the Central Government and the State Governments is built into the legislation in which the Central Government shall determine the numbers, criteria and scheme, while the State Governments shall identify the households and implement the provisions of the Bill.
- **Statement 3 is correct:** The eldest woman who is not less than eighteen years of age, in every eligible household, shall be head of the household for the purpose of issue of ration cards.

Q35. India's ranking in the 'Ease of Doing Business Index' is sometimes seen in the news. Which of the following has declared that ranking?

- (a) Organization for Economic Cooperation and Development (OECD)
- (b) World Economic Forum
- (c) World Bank
- (d) World Trade Organization (WTO)

Ans: (c)

Explanation:

- Ease of doing business is an index published by the World Bank. It is an aggregate figure that includes different parameters that define the ease of doing business in a country. It is computed by aggregating the distance to frontier scores of different economies.
- **So, option (c) is correct.**

Q36. Consider the following statements:

1. Minimum Support Price for ball copra has been introduced in 1986

2. India is the largest coconut producer as per the Food Agriculture Organisation.

3. The Coconut Development Board also works as an Export Development Council for all coconut products in India.

How many of the statements given above is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans:(a)

Explanation:

- **Statement 1 is correct:** Minimum Support Price (MSP) for copra, both ball copra and milling copra, has been introduced since 1986 for ensuring a remunerative price to coconut farmers.
- **Statement 2 is incorrect:** Indonesia is largest coconut producer as per Food Agriculture Organisation (FAO) data with a production share of 28 percent, followed by Philippines (23.7%) and India (23%). Other notable producers of coconut are Brazil (3.7%) and Sri Lanka (3.6%). Top three producers of coconut account for about three-quarter of world coconut production.
- **Statement 3 is incorrect:** In April 2009, Coconut Development Board (CDB) was notified as an Export Development Council (EDC) for all coconut products other than those made from husk and fibre.

Q37. What is/are the purpose/ purposes of the Government's 'Sovereign Gold Bond Scheme' and 'Gold Monetization Scheme'?

- (1) To bring the idle gold lying with Indian households into the economy
- (2) To promote FDI in the gold and jewellery sector
- (3) To reduce India's dependence on gold imports

Select the correct answer using the code given below.

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (c)

Explanation:

- The key objective of the GMS or Gold Monetisation Scheme is to mobilize gold owned by institutions and households in the country to put gold into productive use. Reducing the

country's reliance on gold imports reduces the recent account deficit to suit the nation's domestic demand.

- Promoting FDI in the jewelry sector was not the core purpose of the Sovereign Gold Bond Scheme.
- **So, option (c) is correct.**

Q38. There has been a persistent deficit budget year after year. Which action/actions of the following can be taken by the Government to reduce the deficit?

1. Reducing revenue expenditure
2. Introducing new welfare schemes
3. Rationalizing subsidies
4. Reducing import duty

Select the correct answer using the code given below.

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2, 3 and 4

Ans: (c)

Explanation:

- When expenses surpass income, a state of financial health is referred to as a budget deficit. Closing the revenue expenditure will undoubtedly aid in closing the difference. Reducing the deficit would include streamlining subsidies, which are an expense.
- The introduction of new social programs will probably lead to more spending, as will the growth of sectors that need capital infusion.
- **So, option (c) is correct.**

Q39. Consider the following statements:

1. India is the second largest producer of fertilizer in the world.
2. PM-PRANAM, a scheme of the union government, intends to reduce the subsidy burden on chemical fertilizers.
3. Fertilisers are one of the core industries in the index of industrial production.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (b)

Explanation:

- **Statement 1 is incorrect:** India ranks third place in the world's overall fertilizer production, second in nitrogen fertilizers, and third in phosphate fertilizers. Moreover, about 25% of GDP market capitalization is from fertilizers.
- **Statement 2 is correct:** Recently, the Cabinet Committee on Economic Affairs (CCEA) approved the PM Programme for Restoration, Awareness, Generation, Nourishment and Amelioration of Mother Earth (PM-PRANAM) scheme. This scheme intends to reduce the subsidy burden on chemical fertilisers, which is expected to increase to Rs 2.25 lakh crore in 2022-2023, which is 39% higher than the previous year's figure of Rs 1.62 lakh crore.
- **Statement 3 is correct:** Eight core industries are: coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity. The eight core industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP).

Q40. With reference to the National Energy Data: Survey and Analysis 2021-22, Consider the following statements:

1. The report has been prepared by the Bureau of Energy Efficiency
2. The share of electrification has been increased on the consumption side.
3. Since 2016-17, the consumption of coal by the Power sector has been reduced.

How many of the statements given above are incorrect?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (a)

Explanation:

- **Statement 1 is correct:** The National Energy Data: Survey and Analysis 2021-22 report has been prepared by Ministry of Power through Bureau of Energy Efficiency in collaboration with NITI Aayog, various line Ministries and Departments, institutions, and other stakeholders.
- **Statement 2 is correct:** As per report, there is increased in share of electrification on consumption side to 20.9%.
- **Statement 3 is incorrect:** In 2016-17, 60% of total coal was consumed by power sector. This share increased to 65% in 2021-22.

Q41. Which of the following organisation publishes "the future of jobs report"?

- (a) World Bank
- (b) International Monetary Fund
- (c) World Economic Forum
- (d) International Labour Organization

Ans: (c)

Explanation:

- The Future of Jobs Report, published every two years by the World Economic Forum.
- The Future of Jobs Report 2023 explores how jobs and skills will evolve over the next five years.
- This fourth edition of the series continues the analysis of employer expectations to provide new insights on how socio-economic and technology trends will shape the workplace of the future.
- **So, option (c) is correct.**

Q42. Consider the following statements:

1. Aquaculture production in India is the second largest in the world.
2. In India 100% FDI is allowed in Pisciculture and Aquaculture through automatic route.
3. Aquaculture can mitigate the oceanic acidification caused by the absorption of carbon dioxide.
4. Pradhan Mantri Matsya Sampada Yojana (PMMSY) aims to double fish exports.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

Ans: (d)

Explanation:

- **Statement 1 is correct:** India is the 3rd largest fish-producing and 2nd largest aquaculture nation in the world after China. The Blue Revolution in India demonstrated importance of Fisheries and Aquaculture sector.
- **Statement 2 is correct:** 100% FDI allowed through automatic route in Pisciculture and Aquaculture.
- **Statement 3 is correct:** Responsibly managed aquaculture supports healthy ecosystems by filtering water and sequestering carbon. For instance, Seaweed farming can mitigate the acidification caused by the ocean's absorption of carbon dioxide.
- **Statement 4 is correct:** Pradhan Mantri Matsya Sampada Yojana (PMMSY): Launched in 2020, PMMSY is a flagship scheme of the Government of India that focuses on the sustainable development of the fisheries sector. It involves an estimated investment of INR 20,050 crores. This scheme aims to double fish exports and grow fish production to 22 MMT by 2024-25.

Q43. Consider the following statements regarding the Retail Direct Scheme:

1. It is a one-stop solution to facilitate investment in Government Securities by individual investors.

2. Under this scheme individual retail investors can open a Gilt Securities Account – “Retail Direct Gilt (RDG)” account with SBI.
3. Non-resident retail investors are not eligible to invest in Government Securities under this scheme.

How many of the statements given above is/are incorrect?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (b)

Explanation:

- **Statement 1 correct:** Retail Direct Scheme is a one-stop solution to facilitate investment in Government Securities by individual investors. It improves ease of access by retail investors through online access to the Government Securities Market – both primary and secondary - along with the facility to open their gilt securities account (Retail Direct) with the RBI.
- **Statement 2 incorrect:** Under this scheme individual retail investors can open a Gilt Securities Account – “Retail Direct Gilt (RDG)” account with RBI. Using this account, retail investors can buy and sell government securities through the online portal.
- **Statement 3 incorrect:** Non-resident retail investors are eligible to invest in Government Securities under the Foreign Exchange Management Act, 1999.

Q44. Consider the following statements regarding General Network Access (GNA):

1. It provides open and non-discriminatory access to the interstate transmission system of coal resources.
2. The NITI Aayog initiated the idea of GNA.

Which of the statements given above is/are correct?

- (a) Only 1
- (b) Only 2
- (c) Both 1 and 2
- (d) Neither 1 Nor 2

Ans: (d)

Explanation:

- **Statement 1 incorrect:** GNA Regulations provide non-discriminatory access to the central transmission network to all power producers. This is in keeping with the concept of “one nation, one grid”. The system does away with unnecessary contracts between power producers and the bulk consumers for the delivery of power. Any producer will have the right to access to any consumer as far as the quantum contracted is met.
- **Statement 2 incorrect:** Central Electricity Authority initiated the idea of GNA for:
 - Proper planning of transmission system
 - Assured recovery of transmission charges from the applicant.

Q45. Which of the following are funding sources for Development Financial Institutions (DFIs):

1. Government Grants
2. Borrowing from the Government and RBI
3. Loans from Multilateral Institutions such as the World Bank
4. Issuance of Bonds

Which of the statements given above is/are correct?

- (a) Only 1, 2 and 3
- (b) Only 1, 3 and 4
- (c) Only 1 and 4
- (d) 1, 2, 3 and 4

Ans: (d)

Explanation:

Development financial institutions provide medium to long term credit for capital-intensive investments spread over a long period and low yielding rates of return, such as urban infrastructure, mining and heavy industry, and irrigation systems. funding sources for Development Financial Institutions are:

- Government Grants,
- Borrowing from Government and RBI (e.g. DFIs use Long Term Operation),
- Loans from Multilateral Institutions such as the World Bank,
- Issuance of Bonds from DFIs (Banks can invest in them to meet SLR requirements). So, option (d) is correct.

Q46. Recently, the second edition of the National Multidimensional Poverty Index was released, consider the following statements in this regard:

1. Bihar witnessed the largest decline in the numbers of multidimensional poors.
2. NITI Aayog is the nodal agency for this index.
3. It is based on 10 indicators only.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans (a)

Explanation:

- **Statement 1 is incorrect:** Uttar Pradesh witnessed the largest decline in numbers of MPI poor, whereas Bihar saw the fastest reduction in MPI value in absolute terms.
- **Statement 2 is correct:** NITI Aayog is the nodal agency for MPI.
- **Statement 3 is incorrect:** National MPI model has 12 indicators.

Dimension	12 Indicators (Weight)	A Household is Considered Deprived If
Health (1/3)	Nutrition (1/6)	<ul style="list-style-type: none"> • A single member of the household is identified as undernourished. • Body Mass Index of a woman (15 to 49 years) or a man (15 to 54 years) is below 18.5 kg/m². • Any child between the ages of 0 to 59 months is found to be undernourished.
	Child & Adolescent Mortality (1/12)	<ul style="list-style-type: none"> • Any child or adolescent under 18 years of age has died in the household (5 year preceding the survey).
	Maternal Health (1/12)	<ul style="list-style-type: none"> • Any woman in the household who has given birth has not received at least 4 antenatal care visits (5 years preceding the survey).
Education	Years of Schooling (1/6)	<ul style="list-style-type: none"> • Not even one member of the household aged 10 years or older has completed 6 years of schooling.

(1/3)	School Attendance (1/6)	Any school-aged child is not attending school up to the age at which he/she would complete class 8.
-------	-------------------------	---

Q47. With reference to the Tax-to-gross domestic product (GDP) ratio, consider the following statement:

1. It is the ratio of the tax revenue of a country compared to the country's GDP.
2. A decrease in the Tax to GDP ratio of a country may indicate a slowing economic growth rate.

Which of the statements given above is/are correct?

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

Ans: (c)

Explanation:

- **Statement 1 is correct:** Tax-to-gross domestic product (GDP) ratio is the ratio of the tax revenue of a country compared to the country's GDP.
- It is a useful measure of a country's capacity to generate tax revenues with respect to the size of its economy.
- **Statement 2 is correct:** A decrease in Tax to GDP ratio of country may indicate a slowing economic growth rate.

Q48. Consider the following statements regarding Pradhan Mantri Gram Sadak Yojana (PMGSY):

1. It is launched by the Ministry of Rural Development (MoRD).
2. It is a Centrally Sponsored Scheme (CSS).

Which of the statements given above is/are correct?

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

Ans: (c)

Explanation:

- **Statement 1 is correct:** Ministry of Rural Development (MoRD) launched the first phase of PMGSY in 2000.
- **Statement 2 is correct:** It is a Centrally Sponsored Scheme (CSS). Centrally Sponsored Schemes (CSS) are schemes that are implemented by state governments of India but are largely funded by the central government with a defined state government share.
- For the non-beneficiary orientated sub-components/activities under CSS component to be implemented by the States/UTs, the entire project/unit cost will be shared between Centre and State as detailed below:
 - North Eastern & Himalayan States: 90% Central share and 10% State share.
 - Other States: 60% Central share and 40% State share.

Union Territories (with legislature and without legislature): 100% Central share.

Phases of PMGSY			
Particulars	PMGSY I	PMGSY II	PMGSY III
Launch	2000	2013	2019
Objectives	Enhanced Road Connectivity with access to all-season roads.	For upgradation of selected Through Routes and Major Rural Links (MRLs) with a target to upgrade 50,000 km in various states and Union Territories.	For consolidation of 125000 Km existing Rural Road Network by up-gradation of existing Through Routes and Major Rural Links that connect habitations to <ul style="list-style-type: none"> + Gramin Agricultural Markets (GrAMs) + Higher Secondary Schools + Hospitals
Timeline	September 2022	September 2022	March 2025

Q49. With reference to the Animal Husbandry Infrastructure Development Fund (AHIDF), consider the following statements:

1. It is a central-sector scheme.
2. It incentivizes investments by Farmer's Producers Organizations (FPOs) only.

Which of the statements given above is/are correct?

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

Ans: (a)

Explanation:

- **Statement 1 is correct:** It is a central-sector scheme established under the Atma Nirbhar Bharat Stimulus Package.
 - AtmaNirbhar Bharat Abhiyan stimulus package mentioned about setting up of Rs.15000 crore Animal Husbandry Infrastructure Development Fund (AHIDF).
 - **Statement 2 is incorrect:** It incentivizes investments by
 - individual entrepreneurs,
 - private companies,
 - MSME, Farmers Producers Organizations (FPOs)
- (i) The dairy processing and value addition infrastructure,
 - (ii) Meat processing and value addition infrastructure and
 - (iii) Animal Feed Plant.

Q50. Consider the following statements in relation to the 'Lakshmi Didi' scheme:

1. It is launched by the Ministry of Women and Child Development.
2. It aims to encourage women to start micro-enterprises.
3. Women would be trained in skills like plumbing, LED bulb making, and operating and repairing drones, among others.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans:(b)

Explanation:

- **Statement 1 is incorrect:** The Lakhpati SHG women initiative is launched by the Ministry of Rural Development.
- **Statement 2 is correct:** The Ministry of Rural Development launched the Lakhpati SHG women initiative. Lakhpati Didi Scheme enable rural SHG women to earn at least Rs.1 lakh per annum. It is based on a women-led development approach.
- **Statement 3 is correct:** Women would be trained in skills like plumbing, LED bulb making, and operating and repairing drones, among others.

Q51. In the context of the Balance of Payment, which of the following items comes under the Capital Account?

1. External assistance by India
2. Short-term trade credits
3. Non-Resident Indian (NRI) deposits
4. Foreign Direct Investment (FDI)
5. Portfolio Investment.

Select the correct answer using the code given below.

- (a) 1, 2, 3, 4 and 5
- (b) Only 1, 3 and 5
- (c) Only 2, 3 and 4
- (d) Only 1, 2 and 4

Ans: (a)

Explanation:

- The capital account, on a national level, represents the balance of payments for a country. The capital account keeps track of the net change in a nation's assets and liabilities during a year.
- The capital account's balance will inform economists whether the country is a net importer or net exporter of capital.
- Under the Capital Account of India, both equity and debt flows are covered:
 - ❖ **Debt flows comprise:**
 - Commercial borrowings, external assistance
 - Short-term trade credits
 - Non-Resident Indian (NRI) deposits
 - ❖ **Equity flows comprise:**
 - Foreign Direct Investment (FDI)
 - Portfolio Investment.

Q52. Which of the following organizations releases the report "International Debt Statistics"?

- (a) The World Bank
- (b) International Monetary Fund
- (c) European Central Bank
- (d) United Nations Conference on Trade and Development

Ans: (a)

Explanation:

- International Debt Statistics (IDS) is the World Bank's database on the external debt and financial flows (debt and equity) of 128 countries in the World Bank's debtor reporting system. More than 200 indicators are available. The database combines observations from 'Quarterly External Debt Statistics' and 'Quarterly Public Sector Debt' published by the World Bank. IDS was formerly known as 'Global Development Finance.'
- The IDS database is updated annually, with a narrative overview of trends, and tables summarising capital flows and debt statistics for reporting countries.
- **So, option (a) is the correct.**

Q 53. With reference to 'Financial Action Task Force (FATF)', consider the following:

1. India is not a full member of FATF but it has partial membership status.
2. All permanent members of the Security Council except China are members of FATF.

Which of the above statements is/are correct?

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

Ans. (d)

Explanation:

- **Statement 1 is incorrect:** India is a full-time member of the organization since June 2010. It had 'Observer' status till 2006.
- **Statement 2 is incorrect:** China is a member of FATF as well.

Q 54. Consider the following Reports:

1. Global Risks Report
2. Global Connectivity Report
3. Fostering Effective Energy Transition Report
4. Groundswell Report
5. Global Cyber Security Outlook

How many of the above is/are published by the World Economic Forum?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) All of the above

Ans. (b)

Explanation:

- Groundswell Report is published by the World Bank.
- Global Connectivity Report is published by United Nations International Telecommunication Union (UN-ITU). **Hence, Option (b) is the correct.**

Q55. Consider the following organizations:

1. International Bank for Rehabilitation and Development (IBRD)

2. International Finance Corporation (IFC)
 3. International Development Association (IDA)
 4. Multilateral Investment Guarantee Agency (MIGA)
 5. International Centre for the Settlement of Investment Disputes (ICSID) India is the member of how many of the above organisations?
- (a) Only two
- (b) Only three
- (c) Only four
- (d) All of the above

Ans. (c)

Explanation:

- India is not a member of the International Centre for the Settlement of Investment Disputes (ICSID). **So, option (c) is correct.**

Q 56. Consider the following statements about digital Banking Units':

1. The Union Budget of 2022-23 announced the setting up of 75 Digital Banking Units (DBUs) in 75 districts to commemorate the 75 years of independence.
2. Scheduled Commercial Banks with past digital banking experience are permitted to open DBUs in Tier 1 to Tier 6 centres, unless otherwise specifically restricted, without having the need to take permission from Reserve Bank of India in each case.
3. Regional Rural Banks, Payments Banks and Local Area Banks are not eligible to open Digital Banking Units.
4. The DBUs of the banks will be treated as Banking Outlets (BOs).

How many of the statements given above is/are correct?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All of the above

Ans. (d)

Explanation:

- Digital Banking Unit is a specialised point of business unit set up by scheduled commercial banks, hosting certain minimum digital infrastructure to deliver digital banking products and services in self-service mode at any time. **So, option (d) is correct.**

Q 57. Consider the following institutions:

1. National Securities Depository Ltd.
2. Central Depository Services Ltd.
3. Bombay Stock Exchange.
4. Metropolitan Exchange of India.

How many of the above institutions of India has/ have been tagged as systematically important Market Infrastructure Institutions (MIIs)?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All of the above

Ans. (d)

Explanation:

● Systematically important Market Infrastructure Institution tag is granted by the SEBI. Seven stock exchanges, two depositories, seven clearing houses have been tagged as systematically MIIs and all the above institutions fall under it. **So, Option (d) is the correct.**

Q 58. Consider the following:

1. Cash Reserve Ratio (CRR)
2. Statutory Liquidity Ratio (SLR)
3. Refinance Facilities
4. Repo rate
5. Reverse repo rate
6. Liquidity Adjustment Facility (LAF)
7. Open Market Operations

How many of the above are direct instruments of Monetary Policy?

- (a) Only three
- (b) Only four
- (c) Only five
- (d) Only six

Answer: (a)

Explanation:

● Instruments of monetary policy are the tools with the RBI that can be used to realize its set targets and objectives. The instruments are divided into direct and indirect depending upon the way they work to influence the targets set by the RBI.

● Direct instruments are those instruments of monetary policy that enable the RBI to hit the monetary policy target (money supply, liquidity) without significant policy action by others.

The direct instruments are:

- ✓ Cash Reserve Ratio (CRR),
- ✓ Statutory Liquidity Ratio (SLR) and
- ✓ Refinance Facilities

Q 59. Consider the following statements regarding Indian Bond Markets:

1. Indian government bonds were included in the JP Morgan Emerging Market Global Bond Index.
2. Inclusion in this index will help India to strengthen the rupee and attract foreign investment.
3. The 50-year sovereign bonds and 30-year sovereign green bonds was launched by the Government of India in 2021.

How many of the above statements is/are correct?

- (a) Only One
- (b) Only two
- (c) All the three
- (d) None of the above

Answer: (c)

Explanation:

- Indian government bonds were included in the JP Morgan Emerging Market Global Bond Index.
- This was followed by the Indian government announcing that it would issue 50-year sovereign bonds and -30-year sovereign green bonds, for the first time.

● All these three developments add to the growing importance of the bond markets in the Indian financial system.

● The move could attract more foreign investments into bonds, strengthen the rupee and improve the country's credit rating.

Q 60. Consider the following statements:

1. Household sector, government sector, and private sector contribute to the savings.

2. There is a macroeconomic theory that says saving leads to investment, which in turn leads to economic growth.

3. In India too, saving has led to economic growth.

4. In recent times, there has been a decline in household savings which has been matched by private sector.

How many of the above statements is/are correct?

(a) Only One

(b) Only two

(c) Only three

(d) All of the above

Ans: (d)

Explanation:

- The Reserve Bank of India (RBI) recently released data on household financial savings which created a stir in the markets.
- The data showed that household financial savings were at 5.1 percent of GDP, almost a 40-year low.
- Foundational courses on macroeconomics stress how savings lead to investments, which in turn leads to economic growth. This relationship can be seen in India's economic growth trajectory as well.
- India's savings and investments as a percentage of GDP increased steadily since 1950-51. We can also see that investments have been higher than savings, which implies that the economy was getting savings from abroad.
- The percentages jumped significantly during the 2000s when savings and investments touched a high of 37 percent and 40 percent of GDP, respectively. Since then, the share of savings and investments in GDP has declined to about 30 percent, levels last seen in the early 2000s.
- The share of households in total savings declined from the 1950s to the 1970s and then rose till the 2000s before declining again in the decade of 2010s.
- The decline in household savings was matched by an increase in savings by the public sector in the 1950s to the 1970s. The recent decline in household savings was matched by a rise in savings of private sector.
- Within household savings, we see that the share of financial savings rising (currency, bank deposits, shares, etc) steadily over the decades to become equal to physical savings (land, gold,

etc) in the 1980s. The share of financial savings was higher than physical savings in the 1990s and then it declined from the 2000s.

• The above data analysis leads us to make the following observations about the recent trend of savings in India.

- ✓ D First, savings as a percentage of GDP has declined.
- ✓ D Second, within savings, the share of household savings has declined.
- ✓ D Third, the share of financial savings in household savings has declined compared to physical savings.
- ✓ savings.

Q61. Which of the following best describes the term “Bank Run”?

- (a) A situation where bank is able to sell its long-term bond to other banks at a minimal rate of interest.
- (b) A situation where bank goes for the Initial Public Offering in the share market.
- (c) A situation where bank goes to the government to sell off its assets.
- (d) A situation where many customers withdraw all their money simultaneously from their deposit accounts with a banking institution for fear that the institution may be, or will become, insolvent.

Ans: (d)

Explanation:

- A traditional bank run occurs when too many customers withdraw all their money simultaneously from their deposit accounts with a banking institution for fear that the institution may be, or will become, insolvent.
- Although jurisdictions have deposit insurance schemes to cover depositors, the inability to use funds or a potential loss (beyond insurance coverage) may often outweigh the customer’s trust in their institutions. Hence, option (d) is the correct answer.

Q 62. Consider the following statements:

1. India has the 3rd largest start-up ecosystem in the world.
2. The term “Unicorn” describes the startups having valuation of more than 1 billion USD.
3. Start-up India scheme has been launched by the Ministry of Commerce and Industry in 2016.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All the three
- (d) None of the above

Answer: c.

Explanation:

- India has the 3rd largest start-up ecosystem in the world after USA and China.
- Around 98000 start-ups are there in 2023 as compared to 418 in 2016.
- As of May 2023, there are 108 Unicorns in India having valuation greater than 1billion USD.
- Start-up India was launched in 2016 by the Ministry of Commerce and Industry. So, option (c) is correct.

Q 63. Corporate Social Responsibility is applicable to companies with which of the following criteria?

1. Net profit of 5 crore or more
2. Net worth of 500 crore or more
3. Turnover of 1000 crore or more

How many of the above statements is/are correct?

- (a) Only One
- (b) Only two
- (c) All the three
- (d) None of the above

Answer: c.

Explanation:

- CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.
- It is a form of self-regulation that reflects a business's accountability and commitment to contributing to the well-being of communities and society.
- It is governed by Section 135 of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014 in India.
- It is applicable to companies with
 - ✓ Net profit of 5 crore or more.
 - ✓ Net worth of 500 crore or more.
 - ✓ Turnover of 1000 crore or more.

Q64. With respect to ports in India, consider the following statements:

1. Major ports in India fall under the Union List in the 7th Schedule of the Constitution.
2. Minor ports in India fall under the State List in the 7th Schedule of the Constitution.

3. Kolkata port is the only major riverine port in India.

How many of the above statements is/are correct?

- (a) Only One
- (b) Only two
- (c) All the three
- (d) None of the above

Answer: b.

Explanation:

- Recently, the Department-related Parliamentary Standing Committee on Transport, Tourism and Culture presented the 352nd Report on 'Functioning of Major Ports in the Country'.
- Ports in India are broadly categorised into two types based on traffic they handle.
 - ✓ Major Ports: They are under the direct administrative control of the Central Government and fall in the Union List in the 7th Schedule of the Constitution.
 - ✓ Minor Ports: They fall under the jurisdiction of the respective State Maritime Board and fall in the Concurrent List.
- There are 12 major ports and about 213 non-major ports.
- Kolkata port is the only major riverine port in India.

Q65. Offshore mining is the process of retrieving mineral deposits from the deep seabed at a depth of more than 200 meters. In this regard, consider the following:

1. Lime mud
2. Construction grade sand
3. Heavy mineral placer deposits
4. Phosphorite
5. Polymetallic Ferromanganese (Fe-Mn) nodules

How many of the above statements is/are related to offshore mining?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) All of the above

Answer: (c)

Explanation:

- Offshore Mineral Wealth of India Geographical Position- Its 7,517-km coastline is home to nine

coastal states, four Union territories, and 1,382 islands.

- India's EEZ is spread over 2 million sq. ft. of mineral resources (As per the Geological Survey of India)
- Lime mud is within the EEZ off Gujarat and Maharashtra coasts.
- Construction-grade sand off Kerala coast.
- Heavy mineral placer deposits in the inner-shelf and mid-shelf off Odisha, Andhra Pradesh, Kerala, Tamil Nadu and Maharashtra.
- Phosphorite in the Eastern and Western continental margins.
- Polymetallic Ferromanganese (Fe-Mn) nodules and crusts in the Andaman Sea and Lakshadweep Sea.

Q 66. Consider the following statements regarding FDI:

1. FDI is a long-term investment while FPI is a short-term investment.
2. FDI increases the physical assets of a country while FPI is done in the financial assets of the country.
3. FDI is a volatile form of investment while FPI is relatively stable investment.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All the three
- (d) None of the above

Answer: (b)

Explanation:

- A foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country.
- Foreign portfolio investment (FPI) refers to investments made in securities and other financial assets issued in another country.
- Both methods of foreign investment are crucial to global trade and development, however, FDI is often considered the preferred mode and is less volatile.
- Although FDI and FPI are similar in that they both involve foreign investment, there are some very fundamental differences between the two.

- ✓ The first difference arises in the degree of control exercised by the foreign investor. FDI investors typically take controlling positions in domestic firms or joint ventures and are

actively involved in their management. FPI investors, on the other hand, are generally passive investors who are not actively involved in the day-to-day operations and strategic plans of domestic companies even if they have a controlling interest in them.

- ✓ The second difference is that FDI investors perform have to take a long-term approach to their investments since it can take years from the planning stage to project implementation. On the other hand, FPI investors may profess to be in for the long haul but often have a much shorter investment horizon, especially when the local economy encounters some turbulence.
- ✓ This brings us to the final point. FDI investors cannot easily liquidate their assets and depart from a nation, since such assets may be very large and quite illiquid. FPI investors can exit a nation literally with a few mouse clicks, as financial assets are highly liquid and widely traded

Q67. Which of the following statements best describes “Wadi Model”?

- (a) A financial model for short-term selling in share market.
- (b) A literacy model for skill development.
- (c) A model for sustainable tribal livelihood.
- (d) None of the above.

Answer: (c)

Explanation:

- The National Bank for Agriculture and Rural Development (NABARD) has been supporting various welfare projects for Scheduled Tribes in the country under its Tribal Development Fund.
- The Wadi project is one such integrated tribal development initiative of NABARD. Wadi in Gujarati means an orchard. Under the project, a Wadi plot usually covers one acre per beneficiary who must be a marginal farmer not having more than 5 acres of land.
- Two or more crops are strategically selected for intercropping in the Wadi model to minimize climatic, biological, and marketing risks. In each acre, fruit trees like cashews, mangoes, litchis etc are planted with the crops.
- The main features of a Wadi model are economic upliftment of the farmers through sustainable agriculture, social empowerment, improvement in quality of life including health, and women empowerment in tribal-dominated areas of the country

Q 68. Consider the following statements:

1. A CD is issued by financial institutions and banks.
2. Commercial papers are issued by primary dealers, large corporations and All-India Financial Institutions.
3. Certificate of Deposit or CD is a fixed-income financial instrument governed under the Reserve Bank of India (RBI) and issued in a dematerialized form.

How many of the above statements is/are correct?

- (a) Only one

- (b) Only two
- (c) All the three
- (d) None of the above

Answer: (c)

Explanation:

- Certificate of Deposit or CD is a fixed-income financial instrument governed under the Reserve Bank of India (RBI) and issued in a dematerialized form.
 - ✓ The amount at payout is assured from the beginning.
- A CD can be issued by any All-India Financial Institution or Scheduled Commercial Bank. They are issued at a discount provided on face value.
- Here are some salient features of CDs and how they compare to other financial instruments:
 - ✓ CDs can be issued in India for a minimum deposit of Rs 1 lakh and in subsequent multiples of it.
 - ✓ Scheduled Commercial Banks (SCBs) and All-India Financial Institutions are eligible to issue a CD. Cooperative Banks and RRBs cannot issue a CD.
 - ✓ CDs issued by SCBs have term period anywhere between 3 months to a year.
 - ✓ CDs issued by financial institutions have a term period ranging from 1-3 years.
 - ✓ Similar to dematerialized securities, CDs in dematerialized forms are transferable through means of endorsement or delivery.
- There are two glaring differences between commercial paper and a CD.
 - ✓ The first is who can issue them. A CD is issued by financial institutions and banks. Commercial papers are issued by primary dealers, large corporations and All-India Financial Institutions.
 - ✓ The second difference is the minimum amount of deposit. A certificate of deposit requires a minimum investment of Rs 1 lakh and thereafter permits multiples of it. A commercial paper, on the other hand, is issued for investments of at least Rs 5 lakhs and in multiples of Rs 5 lakh, thereafter.

Q69. Which of the following statements best describe Project WAVE?

- (a) Under it, an electronic bank guarantee (e-BG) service has been introduced to ease traditional paper-based processes.
- (b) It is a platform for sharing disaster related information.
- (c) It is an ocean monitoring system.
- (d) It is a regional network of countries highly prone to earthquakes.

Answer: (a)

Explanation:

- Indian Bank has unveiled new services under its digital transformation initiative 'Project WAVE (World of Advance Virtual Experience)'.
- It has been introduced in collaboration with National E-Governance Services Ltd.
- Under it, an electronic bank guarantee (e-BG) service has been introduced to ease traditional paper-based processes.

Q70. Which of the following best explains the term “sterilisation”?

- (a) An action taken by government of a country to keep the inflation within a range.
- (b) A theory of international exchange which holds that the price of similar goods in different countries is the same.
- (c) An action to keep the money supply stable against external shocks such as an increase in foreign exchange inflow.
- (d) It refers to purchase or sales of government securities by the central bank from the general public

Ans: (c)

Explanation:

- **Sterilisation:**
 - Sterilisation is the intervention by the monetary authority of a country in the money market to keep the money supply stable against exogenous or sometimes external shocks such as an increase in foreign exchange inflow.
 - Sterilization most frequently involves the purchase or sale of financial assets by a central bank and is designed to offset the effect of foreign exchange intervention.
 - Usually, central banks modify classical sterilization by including fiscal policy measures in order to overcome problems like inflation.

Q71. With reference to the 2023 Nobel Prize in Economic Sciences, consider the following statements:

1. The prize has been received by American economist named Douglas Diamond.
2. The prize has been given for research on banks and the financial crisis.
3. No Indian citizen has received noble prize in economics yet.

How many of the statements given above is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (d)

Explanation

- **Statement 1 is incorrect:** U.S. economist Claudia Goldin received the 2023 Nobel Prize in Economic Sciences. Goldin is the third woman to have been awarded the Nobel Prize for Economics and the only woman to have been the sole winner of the prize. Ben Bernanke, Douglas Diamond, and Philip Dybvig have won the Nobel Prize in Economics for 2022.

- **Statement 2 is incorrect:** She received the prize for her research on the workplace gender gap. Her research uncovered the reasons for gender gaps in labour force participation and earnings.
- **Statement 3 is incorrect:** Amartya Sen has received the noble prize in the year 1998 for his contributions to welfare economics.

Q72. Recently, in November 2023, the Indian rupee reached its lifetime low depreciation against the US dollar. With reference to this, consider the following statements:

1. Rupee depreciation impacts inbound tourism negatively, and outbound tourism positively.
2. Import of crude oil in India will increase while export of refined petroleum would decrease due to depreciation.
3. The depreciation in the Indian rupee always has a positive impact on the remittances.

Which of the statements given above is/are correct?

- (a) Only 1 and 3
- (b) Only 3
- (c) 1, 2 and 3
- (d) None

Ans: (b)

Explanation:

- **Statement 1 is incorrect:** Inbound tourism is defined as comprising the activities of non-residents travelling to a given country. Outbound tourism comprises the activities of residents of a given country travelling to and staying in places outside their country of residence. When Rupee depreciates, the tourists coming to India can encash more for their dollars and hence Rupee depreciation will impact inbound tourism positively. On the other hand, those Indians going outside the country will have to pay more Rupee to receive dollars, will find negative impact on the outbound tourism.
- **Statement 2 is incorrect:** A depreciation of currency means that more local currency is needed to purchase imports and exporters get more local currency when they convert the export proceeds. India is a major importer of crude oil while one of the major exporters of refined petroleum. Therefore, import of crude oil will decrease and export of refined petroleum will increase for the period.
- **Statement 3 is correct:** The depreciation in the Indian rupee always has a positive impact on the remittances. This is because inward remittance would gain more local currency against their remitting money in the form of dollar to their homeland.

Q73. Consider the following statements:

1. India's Atmanirbhar Bharat Mission promotes 'import substitution' model.
2. India's import cover has decreased in the fiscal year 2022-23 in comparison to previous year.

3. Import licensing, import quotas and import tariffs are the tools that decrease India's import cover.

Which of the statements given above is/are correct?

- (a) Only 2 and 3
- (b) Only 1
- (c) 1, 2 and 3
- (d) None

Ans- (b)

Explanation

- **Statement 1 is correct:** The import substitution strategy is used to protect domestic producers from foreign competition. India's Atmanirbhar Bharat mission offers skill development programmes as well as formulates employment opportunities for unskilled labour. The mission replaces or substitutes imports with domestic production. For example, instead of importing vehicles made in a foreign country, Indian industries are encouraged to produce them within the country.
- **Statement 2 is incorrect:** Import Cover measures the number of months of imports that can be covered with foreign exchange reserves available with the central bank of the country. Over the last fiscal year, India's import cover increased. This cover improved in sync with rise in forex reserves. India's foreign exchange reserves were at \$532.9 billion in October 2022. The same has increased to \$615 billion by December 2023.
- **Statement 3 is incorrect:** Import licensing, import quotas and import tariffs reduces a country's import and thereby increases its forex.

Q74. In economics, which one of the following best describes The Laffer Curve?

- (a) Inequality in the distribution of incomes with respect to population.
- (b) Relationship between rates of taxation and the resulting levels of government revenue.
- (c) Inverse relationship between inflation and unemployment.
- (d) Inverse U-shaped relationship between income inequalities and economic growth.

Ans- (b)

Explanation

- In economics, the Laffer Curve is a graphic representation of the relationship between rates of taxation and the resulting levels of government revenue. As per this, when government increases tax rates then its revenue starts increasing, however, after a particular point, any further increase in taxes reduces government revenue as the tax base starts reducing. Thus, there exist an optimal tax rate beyond which tax revenues for an economy tend to fall. **So, option (b) is correct.**

Q75. The first seven five-year plans that were covered during the period 1950-1990, attempted to attain four goals. Which one of the following is not among the four goals?

- (a) Self-Reliance
- (b) Equity
- (c) Modernization
- (d) Forex

Ans: (d)

Explanation:

- The goals of the first seven five-year plans were: growth, modernisation, self-reliance and equity.
- Economic growth refers to increase in the country's capacity to produce the output of goods and services within the country.
- To increase the production of goods and services, the producers have to adopt new technology. This adoption of new technology is called modernisation.
- A nation can promote economic growth and modernisation by using its own resources or by using resources imported. The first seven five-year plans gave importance to self-reliance rather than import of substances.
- It is important to ensure that the benefits of economic prosperity not only confine to rich section of the society but also reaches the poor sections as well. So, in addition to growth, modernisation and self-reliance, equity is also important and was adopted as the fourth goal in the first seven five-year plans. **So, option (d) is correct.**

Q76. Consider the following statements about the Gross Domestic Product (GDP):

1. The Department of Economic Affairs under the Ministry of Finance (MoF) calculates the GDP data in India.
2. In terms of nominal GDP, currently USA is the world's largest economy followed by China in the world.
3. Profits earned by a branch of Microsoft (American International) in India will be included while calculating India's GDP count.

Which of the statements given above is/are correct?

- (a) Only 1
- (b) Only 2 and 3
- (c) Only 2
- (d) 1, 2 and 3

Ans- (b)

Explanation

- **Statement 1 is incorrect:** It is the Central Statistics Office under the Ministry of Statistics and Programme Implementation that evaluates GDP in India.

- **Statement 2 is correct:** In terms of Nominal GDP, the USA is ahead of China by \$9 trillion in 2023. USA is currently the world's largest economy followed by China in terms of nominal GDP.
- **Statement 3 is correct:** Yes, the profits earned by a branch of Microsoft (American International) in India will be included in India's GDP count because it has been produced within the domestic territory of India. Gross Domestic Product takes into account all the wealth produced by all the people living within the country i.e territorial boundary in a year.

Q77. With reference to Gini index or Gini co-efficient, consider the following statements:

1. Mathematically, the Gini coefficient is defined based on the Phillips curve.
2. A value of 1 in Gini index represents low inequality.

Which of the statements given above is/are correct?

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

Ans- (d)

Explanation

- **Statement 1 is incorrect:** Mathematically, the Gini coefficient is defined based on the Lorenz curve and not on Phillips curve. The Lorenz curve plots the percentiles of the population on the graph's horizontal axis according to income or wealth on vertical axis.
- **Statement 2 is incorrect:** The Gini coefficient is also called the Gini index or Gini ratio. It is the most commonly used measure of income distribution. Its range is between 0 to 1. While value 0 shows low inequality in income, the value 1 shows highest level of inequality.

Q78. Consider the following pairs of Index and India's rank globally in the same:

Index/Report	Rank
1. Global Innovation Index (GII) 2023-	40th Rank
2. Global Gender Gap Report 2023-	127th Rank
3. Global Hunger Index 2023-	111th Rank

How many of the above pairs is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans- (c)

Explanation

- **Pair 1 is correct:** India ranked 40th in The Global Innovation Index (GII) 2023. The Index is released by World Intellectual Property Organization (WIPO).
- **Pair 2 is correct:** India ranked 127 out of 146 countries in the latest Global Gender Gap report released by the World Economic Forum (WEF).
- **Pair 3 is correct:** In the Global Hunger Index 2023, India ranked 111th out of 125 countries.

Q79: Consider the following statements about the Gross National Product (GNP):

1. It is always greater than the gross domestic product in a closed economy.
2. It is equivalent to national income of a country.
3. It will always exceed gross domestic product if net factor payments from abroad are positive.

How many of the statements given above is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans- (a)

Explanation

- **Statement 1 is incorrect:** In a closed economy, gross domestic product is always equal to gross national product.
- **Statement 2 is incorrect:** National Income is defined as the net value of all economic goods and services produced within the domestic territory of a country in an accounting year plus the net factor income from abroad.
- **Statement 3 is correct:** $GNP = GDP + NR$ (Net factor payments from abroad). So, GNP will always exceed gross domestic product if net factor payments from abroad are positive.

Q80: Consider the following measures taken:

1. Reducing solar imports from China
2. Increasing crude oil imports from Russia and reducing from other sources
3. Import substitution

Which of the above steps adopted by the current Indian government helped to eliminate the country's trade deficit?

- (a) Only 2 and 3
- (b) Only 1 and 3
- (c) Only 1 and 2
- (d) 1, 2 and 3

Ans: (d)

Explanation

- A trade deficit occurs when a country imports more than it exports. While the global oil prices have risen, Russia has been selling oil at comparatively low prices. India saved roughly \$2.7 billion by importing discounted Russian oil in the first nine months of year 2023. India's domestic production of solar modules has witnessed a substantial increase, resulting in a sharp decline in solar panel imports from China. This has helped to reduce trade deficit. Import substitution technique to increase local production and reduce import has reduced trade deficit. **So, option (d) is correct.**

Q81. With reference to The United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2023, consider the following statements:

1. The investments in renewables have nearly tripled since 2015, with most of the money going to developing countries.
2. While FDI has decreased in developed countries in 2022, FDI in developing countries has shown an increase.
3. The greenfield investment projects have shown an increase in year 2022.

How many of the statements given above is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (b)

Explanation:

- **Statement 1 is incorrect:** As per The United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2023, though the investments in renewables have nearly tripled since 2015, but most of the money has gone to developed countries.
- **Statement 2 is correct:** The global FDI has fallen by 12% in 2022 to \$1.3 trillion, mainly due to the war in Ukraine, high food and energy prices, and soaring public debt. The decline was felt mostly in developed economies, where FDI fell by 37% to \$378 billion. On the other hand, FDI flows to developing countries grew by 4%.
- **Statement 3 is correct:** The greenfield investment project announcements were up 15% in 2022 compared to previous year.

Q82. Consider the following statements:

1. High-Powered Money is the total currency in the economy minus the bank reserves.
2. An increase in Cash Reserve Ratio also increases the money multiplier.

Which of the statements given above is/are correct?

- (a) Only 1

- (b) Only 2
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

Explanation:

- **Statement 1 is incorrect:** High-Powered Money include- bank reserves and currency held by the public. The currency issued by the central bank can be held by the public or by the commercial banks, and is called the 'high-powered money' or 'reserve money' or 'monetary base' as it acts as a basis for credit creation.
- **Statement 2 is incorrect:** The formula for the money multiplier is $1/r$ where r is the reserve ratio. An increase in a cash reserve ratio prevents the banks from lending more money and reduces the money multiplier.

Q83. As per The United Nations Conference on Trade and Development (UNCTAD) 2023 Report, which one of the following is the correct set of Foreign direct investment inflows in countries?

- (a) USA> China> India> Brazil
- (b) Singapore> Mauritius> China> USA
- (c) USA> China> Singapore> Brazil
- (d) Singapore> Mauritius> India> Brazil

Ans- (c)

Explanation

- As per The United Nations Conference on Trade and Development (UNCTAD) 2023 Report in 2022, the United States of America remained the largest host economy for FDI. It was followed by China, Singapore, Hong Kong (China), and Brazil. Nine of the top 20 host economies were developing economies. **So, option (c) is correct.**

Q84. Consider the following statements about the Marginal Standing Facility Rate:

1. This rate is lower than the reverse repo rate.
2. Borrowing at this rate is done against government securities as collateral.

Which of the statements given above is/are correct?

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

Ans -(b)

Explanation

- **Statement 1 is incorrect:** Marginal Standing Facility (MSF) is a provision made by the Reserve Bank of India through which scheduled commercial banks can obtain liquidity overnight, if inter-bank liquidity completely dries up. The Marginal Standing Facility Rates are typically 0.25% to 25 basis points higher than that of the repo rate. Reverse repo rate is lower than MSF Rate.
- **Statement 2 is correct:** Marginal Standing Facility (MSF) Rate allows RBI to lend funds overnight to scheduled banks, against government securities.

Q85. Which one of the following is the best way for the Reserve Bank of India (RBI) to create money supply in the market?

- (a) Increasing the rate of inflation
- (b) Purchasing government securities in open market.
- (c) Printing more banknotes of higher valuation.
- (d) Purchasing Special Drawing Rights (SDR) from international market

Ans: (b)

Explanation:

- RBI purchases government bonds or securities in the primary market to increase money supply in the market. This is best way of money creation in the domestic market. Selling treasury bills will reduce money supply in the market. Increase in inflation will reduce the value of available money in the market. Purchase and sale of SDR from the international market is not the best way for money creation in the domestic market. Printing money to increase money supply causes inflationary pressure. **So, option (b) is the correct.**

Q86. Which one of the following best describes the speculative motive for holding money?

- (a) The fear of loss of money due to investor-unfriendly atmosphere.
- (b) A tactic used by investors to hold cash so as to make the best use of any investment opportunity in future.
- (c) Discouraging debt and usage of the credit cards.
- (d) Source of money being illegal and so fear of taxation authorities

Ans: (b)

Explanation:

- Speculative motive for holding money is a tactic used by investors/ traders to hold cash so as to make the best use of any investment opportunity that arises later on. In other words, a desire to hold cash in order to be poised to exploit any attractive investment opportunity. **So, option (b) is correct.**

Q87. Consider the following statements about the Ways and Means Advances (WMA):

These are short-term interest-free loans given by the RBI to state governments.

These loans can be issued even without collateral securities and Over Draft (OD) facility is available for State governments under WMA.

Which of the statements given above is/are correct?

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

Ans: (b)

Explanation:

Statement 1 is incorrect: Under Section 17(5) of RBI Act, 1934, the RBI provides Ways and Means Advances (WMA) to the States. This helps RBI banking with them by helping them to meet temporary mismatches in the cash flow of their receipts and payments. Borrowings through WMA are to be repaid within three months and are usually offered at the repo rate and are not interest free.

Statement 2 is correct: There are two types of WMA – normal and special. While normal WMA are clean advances, special WMA are secured advances against Government of India dated securities. Normal WMA can be issued without any collateral. Any amount drawn by a State in excess of WMA is an overdraft. The interest rates on SDF, WMA and OD are linked to the policy rate of the Reserve Bank - the repo rate.

Q88. Consider the following statements:

1. India follows a Fix rate system where RBI fixes the exchange rate of a currency.
2. RBI through monetary policy and central government through fiscal policy can manipulate the value of the currency in the market.

Which of the statements given above is/are correct?

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

Ans: (b)

Explanation:

- **Statement 1 is incorrect:** The valuation of the Indian rupee went through two systems. First is Fix rate system, a system in which the government or RBI fixes the exchange rate of a currency. India followed this system till 1975 and partial controls were allowed till 1993.

However, after that we followed floating exchange rate system where the value of currency is determined by the market and not by the RBI.

- **Statement 2 is correct:** The Government and the higher authorities like RBI though do not have direct power over the valuation of the domestic currency but they do so by monetary and fiscal policies by impacting the supply and demand of the currency market.

Q89. Which one of the following is the correct order of foreign direct investment (FDI) equity inflows sector wise in India in Fiscal Year 2022-23?

- (a) Automobile industry> Drugs and pharmaceuticals> Computer hardware and software> Telecommunications
- (b) Services> Drugs & pharmaceuticals> Automobile industry> Telecommunications
- (c) Telecommunications> Computer hardware and software> Automobile industry> Services
- (d) Services> Computer hardware and software> Telecommunications > Automobile

Ans: (d)

Explanation:

- In India, the top 5 sectors receiving highest FDI Equity Inflow during FY 2022-23 are Services Sector (Finance, Banking, Insurance, Non-Fin/ Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other) (16%), Computer Software & Hardware (15%), Trading (6%), Telecommunications (6%) and Automobile Industry (5%). **So, option (d) is correct.**

Q90. As per a recent census conducted by the Reserve Bank of India (RBI), which country or region was the top source of foreign direct investment in India during the fiscal year 2022-23?

- (a) Mauritius
- (b) Cayman Islands
- (c) USA
- (d) Singapore

Ans: (c)

Explanation

- The United States of America (USA) emerged as the leading source of foreign direct investment (FDI) in India during the fiscal year 2023 (FY23), according to a recent census conducted by the Reserve Bank of India (RBI). It was followed by Mauritius, the United Kingdom and Singapore. **So, option (c) is correct.**

Q91. An increase in the Foreign Portfolio Investment (FPI) inflow in India would result in which of the following ways?

1. Transfer of technology
2. New management and marketing skills

3. Expands the host country's secondary market

Select the correct answer using the code given below:

- (a) Only 1 and 2
- (b) Only 3
- (c) Only 2 and 3
- (d) 1, 2 and 3

Ans: (b)

Explanation:

- Foreign portfolio investment (FPI) is securities and other assets passively held by foreign investors, allowing individuals to invest overseas. Unlike foreign direct investment (FDI), which involves long-term investments in physical assets, FPI involves the purchase of securities such as stocks, bonds, and mutual funds. Foreign portfolio investment (FPI) does not lead to transfer of technology or transfer of new management and marketing skills. It is FDI which actually increases them. Foreign portfolio investment (FPI), however, expands the host country's secondary or financial market. **So, option (b) is correct.**

Q92. Which one of the following best describes the term 'dirty float' in economics?

- (a) Stabilizing a country's currency by pegging it to basket of international currencies or against a single international currency.
- (b) Intervention by the central bank of a country in Forex markets in to change the direction of the currency's float.
- (c) Market forces determining currency exchange rates based on supply and demand.
- (d) IMF determining value of a country's currency to strengthen macroeconomic stability in the country.

Ans- (a)

Explanation

- A managed floating exchange rate is also known as 'dirty float'. It is an exchange rate regime in which the exchange rate is neither entirely free (or floating) nor fixed. Rather, the value of the currency is kept in a range against another currency (or against a basket of currencies) by central bank intervention. **So, option (a) is correct.**

Q93. Consider the following conditions:

1. Increase in the rate of savings
2. Increase in Foreign Direct Investment
3. Increase in government spending

Which of the above steps is/are most likely to result in 'demand pull' inflation?

- (a) Only 1
- (b) Only 2 and 3
- (c) Only 3
- (d) 1, 2 and 3

Ans: (c)

Explanation

- Demand-pull inflation is the upward pressure on prices that follows a shortage in supply. This happens when growing demand for goods or services meets insufficient supply. Inflation increases by increased expenditure and not by increased savings. Similarly, FDI has nothing to do with inflation, its main task is to increase foreign investment and bring new technologies and skills within the country. Increased government spending increases money supply in the market so can lead to demand pull inflation. **So, option (c) is correct.**

Q94. The Current Account of Balance of Payment (BoP) of a country includes which of the following items?

1. Transfer payments
2. Investment by a resident in foreign securities
3. Workers Remittances

Foreign Direct Investment in the country

Select the correct answer using the code given below:

- (a) Only 1 and 3
- (b) Only 2, 3 and 4
- (c) Only 1, 3 and 4
- (d) 1, 2, 3 and 4

Ans: (a)

Explanation

- The balance of payments includes both the current account and capital account. The current account includes a nation's net trade in goods and services, its net earnings on cross-border investments, and its net transfer payments.
- Compensation of employees is a component of income, while workers' remittances are a component of current transfers; both are part of the current account.
- Current transfers cover transfer payments like, donations, foreign aid, and grants to staff.
- The capital account consists of a nation's transactions in financial instruments and central bank reserves. So, investment by an Indian resident in foreign securities will be included in capital account. Capital account also comprises foreign direct investments, portfolio investments, etc. **So, option (a) is correct.**

Q95: The Reserve Bank of India (RBI) has recently decided to extend the 'prompt corrective action (PCA) framework to government owned non-banking financial companies (NBFCs)'. With reference to this, consider the following statements:

1. Prompt corrective action (PCA) is mainly taken by RBI for Domestic Systemically Important Banks (D-SIBs).
2. A Non-Banking Financial Company (NBFC) is registered under the Reserve Bank of India Act, 1934.

Which of the statements given above is/are correct?

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

Ans: (d)

Explanation

- **Statement 1 is incorrect:** PCA full form stands for Prompt Corrective Action. PCA is a system that the RBI imposes on banks showing signs of financial stress. Domestic Systemically Important Banks (D-SIBs) are banks that are generally considered as "too big to fail". When the regulator considers banks as unsafe as the banks fail to meet the standards on certain financial metrics then RBI takes Prompt Corrective Action (PCA) against the same.
- **Statement 2 is incorrect:** A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956. It engages in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities.

Q96. Consider the following:

1. White goods
2. Drone components
3. Medical devices
4. Speciality steel
5. Solar photovoltaic modules
6. Auto and auto components

How many of the above are covered under the Production Linked Incentive Scheme?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) Only five

Answer: c.

Explanation:

- Keeping in view India's vision of becoming 'Atmanirbhar', Production Linked Incentive (PLI) Schemes for 14 key sectors have been announced with an outlay of Rs. 1.97 lakh crore (over US\$26 billion) to enhance India's manufacturing capabilities and exports.

- The 14 sectors are:

- i. Mobile Manufacturing and Specified Electronic Components,
- ii. (Critical Key Starting Materials/Drug Intermediaries & Active Pharmaceutical Ingredients,
- iii. Manufacturing of Medical Devices,
- iv. Automobiles and Auto Components,
- v. Pharmaceuticals Drugs,
- vi. Specialty Steel,
- vii. Telecom & Networking Products,
- viii. Electronic/Technology Products,
- ix. White Goods (ACs and LEDs),
- x. Food Products,
- xi. Textile Products: MMF segment and technical textiles,
- xii. High efficiency solar PV modules,
- xiii. Advanced Chemistry Cell (ACC) Battery, and
- xiv. Drones and Drone Components.

- The purpose of the PLI Scheme is to attract investments in key sectors and cutting-edge technology; ensure efficiency and bring economies of size and scale in the manufacturing sector and make Indian companies and manufacturers globally competitive.

Q97. Consider the following with respect to fertilizer sector in India:

1. India is the 2nd largest fertilizer consuming country after USA.
2. India is the 3rd largest fertilizer producer in the world.
3. PM-PRANAM, announced in Budget 2023-24, to incentivize States/UTs to promote alternate fertilizers and balanced use of chemical fertilizers.
4. Introduction of sulphur coated urea (Urea Gold), for the first time, to address the sulphur deficiency of soil and save input costs for the farmers.

5. Urea Gold is more economical and efficient than the currently used Neem-coated urea.

How many of the above statements is/are correct?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) All of the above

Answer: c.

Explanation:

- India is the second largest fertilizer consuming country after China while India is also the 3rd largest producer of fertilizers in the world.
- PM Programme for Restoration, Awareness Generation, Nourishment and Amelioration of Mother – Earth (PM-PRANAM), announced in Budget 2023-24, to incentivize States/ UTs to promote alternate fertilizers and balanced use of chemical fertilizers.
- Introduction of sulphur coated urea (Urea Gold), for the first time, to address the sulphur deficiency of soil and save input costs for the farmers.
 - ✓ Urea Gold is more economical and efficient than the currently used Neem-coated urea. Urea Gold is created by infusing urea with sulfur, creating a composite fertilizer with %37 nitrogen (N) and %17 sulfur (S).
 - ✓ This nutrient blend serves two primary objectives: fulfilling sulfur requirements in the soils and enhancing nitrogen use efficiency (NUE). Normal urea contains 46% of a single plant nutrient: Nitrogen or N. Hence, option (c) is correct answer.

Q98. Consider the following statements:

1. RBI governor launched a Financial Inclusion Dashboard, named, Antardrishti.
2. It will provide the required insight to assess and monitor the progress of financial inclusion by capturing relevant parameters.
3. It will also enable to gauge the extent of financial exclusion at granular levels across the country so that such areas can be addressed.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All the three
- (d) None of the above

Answer: c.

Explanation:

- RBI Governor Shaktikanta Das recently launched a financial inclusion dashboard called 'Antardrishti', marking a significant step towards promoting financial inclusion in India.
- This innovative tool aims to provide valuable insights for assessing and monitoring the progress of financial inclusion by capturing relevant parameters.
- The primary objective of the Antardrishti dashboard is to evaluate and track the advancements made in financial inclusion across the country.
- By analyzing key metrics and indicators, it enables policymakers and stakeholders to gain a comprehensive understanding of the current state of financial inclusion.
- This real-time monitoring allows for targeted interventions and initiatives to address areas with limited access to financial services.
- Initially, the Antardrishti dashboard will be utilized for internal purposes within the Reserve Bank of India.

Q99. Consider the following statements regarding Philips curve:

1. It states the direct relation between the inflation and unemployment.
 2. Its implications are valid in long term.
 3. It has an impact on policies which meant to promote economic growth.
- How many of the statements given above is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Ans: (a)

Explanation:

- **Statement 1 is incorrect:** According to the Phillips curve, there is an inverse relationship between unemployment and inflation. Lower unemployment is linked to higher inflation and vice versa.
- **Statement 2 is incorrect:** It is valid in short term. As the trade-off between inflation and unemployment is only short term because once people come to expect higher inflation, they started demanding higher wages and thus unemployment will rise back to its natural rate.
- **Statement 3 is correct:** It has several advantages like it influences policies which meant to promote economic growth, aid the process of long-term growth, gives clarity about the employment status in the economy.

Q.100 Which of the measures can be taken to contain inflation?

1. Reduction in custom duties of goods like plastic
 2. Reduction in excise duties of petroleum
 3. Decreasing in interest rates of loans
- How many of the statement given above is/are correct?

- (a) Only one
(b) Only two
(c) All three
(d) None

Ans: (b)

Explanation:

- **Statement 1 is correct:** The import duty on import of raw materials used in the plastic industry can be reduced to lower the cost of domestic manufacturing. As per economic survey 2022-23, government reduced the duties on naphtha, propylene oxide and polymers of vinyl chloride from 2.5 per cent to 1 per cent, 5 per cent to 2.5 per cent and from 10 per cent to 7.5 per cent, respectively.
- **Statement 2 is correct:** The Central Government calibrates the excise duties on petrol and diesel. As per economic survey 2022-23, the government reduced excise duties by rupees 5 on petrol and rupees 10 on diesel and later reduced rupees 8 per litre on petrol and rupees 6 per litre on diesel.
- **Statement 3 is incorrect:** The Reserve Bank of India (RBI) uses a range of monetary policy tools to fight inflation. By raising interest rates, the RBI aims to make loans more costly and deter borrowers from taking out loans and making purchases. Hence contain inflation in the country.



