

# Educrat IAS Academy

## UPSC Prelims Mock Test: 9

### Answer Key

#### **1. Consider the following statements regarding the Emergency Credit Line Guarantee Scheme (ECLGS):**

1. It provides fully guaranteed and collateral free credit to borrowers.
2. The Pradhan Mantri Mudra Yojana (PMMY) borrowers are also covered under the scheme.

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

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

**Correct Answer: C**

#### **Explanation:**

Both statements are correct.

The Emergency Credit Line Guarantee Scheme (ECLGS) was announced as part of the Aatma Nirbhar Bharat Package (ANBP).

A 100% guarantee would be provided by National Credit Guarantee Trustee Company (NCGTC) to Member Lending Institutions (MLIs), and which will be extended in the form of additional working capital term loan facility in case of Scheduled Commercial Banks (SCBs) and Financial Institutions (FIs), and additional term loan facility in case of Non-Banking Financial Companies (NBFCs), to eligible MSMEs/ Business Enterprises, individual borrowers in case of the original loan having been for own business and interested Pradhan Mantri Mudra Yojana (PMMY) borrowers.

# The Union Government has extended the Emergency Credit Line Guarantee Scheme (ECLGS) by one month till November 30th, 2020, or till such time that an amount of Rs. 3 lakh crore is sanctioned under the Scheme, whichever is earlier.

**2. Which of the following initiatives have been proposed in the National Education Policy 2020?**

1. National Research Foundation (NRF)
2. A Vedic Education Board
3. National Assessment Centre (PARAKH)

**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) All of the above

**Correct Answer: C**

**Explanation:**

Option 1 is correct. To build on these various elements in a synergistic manner, and to thereby truly grow and catalyze quality research in the nation, the NEP envisions the establishment of a National Research Foundation (NRF).

The overarching goal of the NRF will be to enable a culture of research to permeate through our universities. In particular, the NRF will provide a reliable base of merit-based but equitable peer-reviewed research funding, helping to develop a culture of research in the country through suitable incentives for and recognition of outstanding research, and by undertaking major initiatives to seed and grow research at State Universities and other public institutions where research capability is currently limited.

Option 2 is incorrect. No such proposal in the NEP 2020 document.

The policy does state that traditional Indian values and all basic human and Constitutional values (such as seva, ahimsa, swachchhata, satya, nishkam karma, shanti, etc.) will be developed in all students. Children will have the opportunity to read and learn from the original stories of the Panchatantra, Jataka, Hitopadesh, and other fun fables and inspiring tales from the Indian tradition and learn about their influences on global literature.

Option 3 is correct. It is proposed to set up a National Assessment Centre, PARAKH (Performance Assessment, Review, and Analysis of Knowledge for Holistic Development), as a standard-setting body under Education Ministry that fulfils the basic objectives of setting norms, standards, and guidelines for student assessment and evaluation for all recognized school boards of India

**3. Consider the following statements regarding the report ‘Banking on Climate Change 2020’:**

1. It has been released by Rainforest Action Network.
2. It notes that the total bank financing to fossil fuels industry has consistently reduced since the Paris Agreement of 2015.

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

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

**Correct Answer: A**

**Explanation:**

Statement 1 is correct. The 11th edition of the annual fossil fuel finance report, ‘Banking on Climate Change 2020’ has been released by the Rainforest Action Network. The report lays out banks’ support for fossil fuels in the four years after the Paris Agreement was adopted.

Statement 2 is incorrect. According to the 2020 report, after the Paris Agreement of 2015, where countries agreed to try to limit average global warming to well below 2oC, global banks continued to finance the fossil fuel industry with \$2.7 trillion. The report finds that big U.S. banks dominate this arena with JPMorgan Chase, Wells Fargo and Citi being the world’s top fossil fuel financiers.

**4. What is the objective of the recently launched ‘Nurturing Neighborhoods Challenge’?**

- a) Shaping cities for young children and their families
- b) Evaluate data ecosystems of cities
- c) An on-line training programme for City Data Officers
- d) All of the above

**Correct Answer: A**

**Explanation:**

The Nurturing Neighborhoods Challenge, a 3-year initiative launched by Ministry of Housing & Urban Affairs recently, will support cities to develop, pilot, and scale solutions that enhance the quality of life of young children, their caregivers and families in the public realm.

The challenge is conducted with the support of the Bernard van Leer Foundation, Netherlands with technical support from WRI India. Through the challenge, selected cities will receive technical assistance and capacity-building to reimagine parks and open spaces; improve access to early childhood facilities; adapt public spaces with early childhood-oriented amenities; and create accessible, safe, walkable streets for young children and families.

The challenge will be open to all Smart Cities, other cities with more than five lakh population, and capitals of States and UTs.

# MoHUA launched three initiatives recently, namely, the Nurturing Neighborhoods Challenge focusing on shaping cities for young children and their families; the Data Maturity Assessment Framework to evaluate data ecosystems of cities; and an on-line training programme for City Data Officers (CDOs) of 100 Smart Cities.

**5. Which of the following statements correctly defines ‘Avadhanam’?**

- a) A literary performance popular from ancient India
- b) A traditional fresco painting culture of rural Andhra Pradesh
- c) Livestock rearing practice in North-East India
- d) Dance performance in front of Rajputana kings

**Correct Answer: A**

**Explanation:**

Avadhanam is a literary performance popular from the very ancient days in India. Avadhānam originated as a Sanskrit literary process and is revived by poets in Telugu and Kannada in modern times. It involves the partial improvisation of poems using specific themes, metres, forms, or words.

# The ‘International ‘Satavadhanam’’ program was launched virtually by the Vice President recently. It was organized by Dr. Medasani Mohan under the auspices of Sri Krishnadevaraya Satsang in Tirupati.

**6. Which of the following protected area(s) is/are part of UNESCO’s World Network of Biosphere Reserves?**

- 1. Panna Biosphere Reserve
- 2. Great Nicobar Biosphere Reserve
- 3. Similipal Biosphere Reserve

**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) All of the above

**Correct Answer: D**

**Explanation:**

All of the above have been recognized as part of “World network of Biosphere Reserves”.

Panna Biosphere Reserve (Madhya Pradesh) is the latest inclusion in this list taking the total count from India to 12. The others are: Nilgiri, Gulf of Mannar, Sunderban, Nanda Devi, Nokrek, Pachmarhi, Similipal, Achanakmar – Amarkantak, Great Nicobar, Agasthyamala and Khangchendzonga Biosphere Reserve.

The Man and the Biosphere (MAB) programme is an intergovernmental scientific programme that aims to establish a scientific basis for enhancing the relationship between people and their environments.

**7. Consider the following statements regarding the ‘Integrated Govt. Online training’ (iGOT) program:**

1. It is a training module for the capacity building of frontline workers to handle the COVID-19 pandemic efficiently.
2. The iGOT module has been launched on the DIKSHA platform of Ministry of Education.

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

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

**Correct Answer: C**

**Explanation:**

Both statements are correct.

In April 2020 Government of India had launched a training module for management of COVID-19 named ‘Integrated Govt. Online training’ (iGOT) portal on Ministry of Education’s DIKSHA platform for the capacity building of frontline workers to handle the pandemic efficiently.

Courses on iGOT have been launched for Doctors, Nurses, Paramedics, Hygiene Workers, Technicians, Auxiliary Nursing Midwives (ANMs), State Government Officers, Civil Defence Officers, Various Police Organizations, National Cadet Corps (NCC), Nehru Yuva Kendra Sangathan (NYKS), National Service Scheme, Indian Red Cross Society, Bharat Scouts and Guides and other volunteers at the stage.

# Ministry of Health has said that uniquely designed Integrated Government Online training’- iGOT platform provides self-contained training material for COVID-19 warriors comprising 56 modules, 196 videos and 133 training documents.

**8. Consider the following statements regarding FDI in India in 2019-20.**

1. Singapore remained the top source of FDI followed by Mauritius.
2. Services sector attracted maximum foreign inflows during 2019-20.
3. In India Greenfield investment is more dominant than in the world.

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

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

**Correct Answer: A**

**Explanation:**

Sectors which attracted maximum foreign inflows during 2019-20 include services (\$7.85 billion), computer software and hardware (\$7.67 billion), telecommunications (\$4.44 billion), trading (\$4.57 billion), automobile (\$2.82 billion), construction (\$2 billion), and chemicals (\$one billion), the Department for Promotion of Industry and Internal Trade (DPIIT) data showed.

Foreign direct investment into India rose 13% to \$49.97 billion in FY20 from \$44.36 billion a year earlier.

Singapore remained the top source of FDI, accounting for \$14.67 billion, followed by Mauritius at \$8.24 billion

Among states, Maharashtra garnered the highest share of FDI at 30% with investments clocking \$7.26 billion. Karnataka and Delhi followed with 18% and 17% share, respectively.

In India Brownfield investment is more dominant than in the world. If investments tend to be in the form of mergers and acquisitions, it is known as brownfield investment.

**9. Arrange the following agreements between India and USA in its chronological order as they were signed.**

1. General Security of Military Information Agreement (GSOMIA)
2. Communications Compatibility and Security Agreement (COMCASA)
3. Logistics Exchange Memorandum of Agreement (LEMOA)
4. Basic Exchange and Cooperation Agreement (BECA)

**Select the correct answer code:**

- a) 1-2-3-4
- b) 1-3-2-4
- c) 2-1-3-4
- d) 2-3-1-4

**Correct Answer: B**

**Explanation:**

Recently India and USA signed Basic Exchange and Cooperation Agreement (BECA) during the third edition of the 2+2 dialogue.

The inking of the BECA completes finalisation of four key pacts between the two countries which were identified as crucial to significantly expand the strategic ties.

General Security of Military Information Agreement (GSOMIA) was signed by the two countries in 2002. The GSOMIA provides for specific measures to ensure security standards for safeguarding critical information shared by the U.S. with India.

The two countries inked the Logistics Exchange Memorandum of Agreement (LEMOA) in 2016 that allows their militaries use each other's bases for repair and replenishment of supplies as well as provide for deeper cooperation.

India and the U.S. signed another pact called COMCASA (Communications Compatibility and Security Agreement) in 2018 that provides for interoperability between the two militaries and provides for sale of high-end technology from the U.S. to India.



**10. The Shoolpaneshwar Wildlife Sanctuary, recently seen in news is located in**

- a) Gujarat
- b) Karnataka
- c) Tamil Nadu
- d) Kerala

**Correct Answer: A**

**Explanation:**

Shoolpaneshwar Wildlife Sanctuary is a protected area in Gujarat, located in the western Satpura Range south of the Narmada River. It shares a common boundary with Madhya Pradesh and Maharashtra. It encompasses mixed dry deciduous forest, riverine forest, few pockets of moist teak forest, agricultural fields and two water reservoirs.

**11. Sickle senna, sometimes seen in news is**

- a) A rare disease
- b) A new snake eel species discovered recently
- c) Edible weed
- d) Non-oxygen breathing animal

**Correct Answer: C**

**Explanation:**

The flowers of sickle senna (*Cassia tora*), an edible weed that fills nearly every vacant plot, roadside, wasteland and riverbank in one's neighbourhood as soon as the rains arrive, and grows profusely throughout the year.

Though many, particularly those in urban areas, consider it a weed and try to get rid of it, sickle senna is an excellent source of food and nutrition for several communities in Maharashtra, Gujarat, Karnataka, Tamil Nadu, Andhra Pradesh, Bihar, Jharkhand, Chhattisgarh and Goa, where it is known by names such as chakunda, chakwad, chakod, chakramarda saag, tagrai and soru-medelua.

**12. Gilgit-Baltistan, recently seen in news borders which of the following regions?**

1. Xinjiang region of China
2. Jammu and Kashmir
3. Ladakh
4. Aksai Chin

**Select the correct answer code:**

- a) 1, 2, 3
- b) 1, 3
- c) 1, 3, 4
- d) 1, 2, 3, 4

**Correct Answer: A**

**Explanation:**



Gilgit\_Baltistan

**13. Consider the following statements.**

1. Consumer Expenditure Survey is conducted by National Sample Survey Office (NSSO) to collect information on the consumption spending patterns of households across the country, both urban and rural.
2. There has been consistent increase in the devolution of taxes from the Centre to states during the 11th to 15th Finance Commission periods.

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

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

**Correct Answer: B**

**Explanation:**

The 12th Finance Commission raised the share of States in shareable Central taxes from 29.5 per cent to 30.5 per cent.

13th Finance Commission: The states' share in central taxes has been increased from 30.5 per cent (including the share of additional excise duties) to 32 per cent.

The 14th Finance Commission considerably increased the devolution of taxes from the centre to states from 32% to 42%.

15th Finance Commission has recommended 41% share for states from Centre's divisible pool.

**14. India is the largest emitter of Sulphur dioxide (SO<sub>2</sub>) in the world, contributing more than 15 per cent of global anthropogenic emissions, according to a new report by Greenpeace. The reasons for this is/are:**

1. Very high Sulphur content in Indian coal.
2. Vast majority of thermal power plants in India lack flue-gas desulfurization (FGD) technology.

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

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

**Correct Answer: B**

**Explanation:**

India is the largest emitter of sulphur dioxide (SO<sub>2</sub>) in the world, contributing more than 15 per cent of global anthropogenic emissions, according to a new report by Greenpeace released on August 19, 2019.

The primary reason for India's high emission output is the expansion of coal-based electricity generation over the past decade, the report added.

The greatest source of SO<sub>2</sub> in the atmosphere is the burning of fossil fuels in power plants and other industrial facilities. Other sources include industrial processes such as extracting metal from ore, natural sources such as volcanoes, and locomotives, ships and other vehicles and heavy equipment that burn fuel with high sulphur content.

The vast majority of plants in India lack flue-gas desulfurisation (FGD) technology to reduce air pollution, according to the report.

Studies show that the sulphur content in Indian coal is hardly 0.7%.

**15. According to recent estimates, the number of Asiatic lions in Gujarat has increased between 2015 and 2020 census years. In this context, consider the following statements.**

1. The increase in the number of Asiatic lions in Gir forest in Gujarat between 2015 and 2020 is the highest rise between two census years.
2. Asiatic lions are present only in the Protected Areas of Gir forest.
3. Asiatic Lions are listed as 'Endangered' under the IUCN Red List.

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

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

**Correct Answer: C**

**Explanation:**

The number of Asiatic lions in Gujarat's Gir forest has risen. It has grown by almost 29% over the last five years. The lion population now stands at 674, according to the State Forest Department. There has been a consistent increase in the population over the years.

Their distribution has also expanded from 22,000 sq. km in 2015 to 30,000 sq. km in 2020. Asiatic lions are present in Protected Areas and agro-pastoral landscapes of Saurashtra.

Asiatic Lions are listed as 'Endangered' under the IUCN Red List. Its population is restricted to the state of Gujarat in India.

**16. Consider the following statements regarding over-the-top (OTT) platforms.**

1. Over-the-top platforms, are audio and video hosting and streaming services offered directly to viewers via the Internet.
2. In India, OTT platforms are currently under the purview of the Ministry of Electronics and Information Technology.

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

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

**Correct Answer: A**

**Explanation:**

The government has brought video streaming over-the-top (OTT) platforms such as Netflix, Amazon's Prime Video, Hotstar, and others under the ambit of the Ministry of Information and Broadcasting.

OTT, or over-the-top platforms, are audio and video hosting and streaming services which started out as content hosting platforms, but soon branched out into the production and release of short movies, feature films, documentaries and web-series themselves.

These platforms offer a range of content and use artificial intelligence to suggest users the content they are likely to view based on their past viewership on the platform.

So far in India, there are no laws or rules regulating OTT platforms as it is a relatively new medium of entertainment. Unlike television, print or radio, which follow guidelines released by governments, OTT platforms, classified as digital media or social media, had little to no regulation on the choice of content they offered, the subscription rates, certification for adult movies and others.

**17. Consider the following statements regarding Purchasing Managers' Index.**

1. Manufacturing Purchasing Managers' Index (PMI) gives an indication of the economic health of the manufacturing sector.
2. Services sectors are not covered while calculating PMI.
3. PMI is released by Central Statistics Office (CSO).

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

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

**Correct Answer: A**

**Explanation:**

Purchasing Managers' Index is an economic indicator that is calculated from monthly surveys of purchasing managers and supply executives from specific companies. PMI Manufacturing gives an indication of the economic health of the manufacturing sector. The most followed PMI readings come from Markit and Institute of Supply Management.

It is calculated separately for the manufacturing and services sectors and then a composite index too is constructed.

A figure above 50 denotes an expansion while anything below 50 denotes a contraction in activity. The higher the difference from this mid-point of 50, greater the expansion or contraction.

Also, the rate of expansion can be judged by comparing the PMI with that of the previous month reading.

Even central banks use the PMI to take decisions on interest rates. Besides influencing equity market movements, PMI releases also impact bond and currency markets.

**18. Consider the following statements regarding space internet.**

1. Starlink network project of SpaceX is one of several ongoing efforts to start beaming data signals from space.
2. Usually, Geostationary orbit is used for placing satellites because satellites in this orbit complete one revolution of the Earth in the same time that the earth rotates once on its axis.

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

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

**Correct Answer: C**

**Explanation:**

Starlink is a satellite internet constellation being constructed by SpaceX providing satellite Internet access.

The aim is to provide low-cost and reliable space-based Internet services to the world.

Why use low earth orbit instead of geostationary?

Geostationary orbit is located at a height of 35,786 km over the Earth's surface, directly above the Equator. Satellites in this orbit move at speeds of about 11,000 km per hour, and complete one revolution of the Earth in the same time that the earth rotates once on its axis. To the observer on the ground, therefore, a satellite in geostationary orbit appears stationary.

Advantages: Signals from geostationary orbit can cover a very large part of the Earth. Signals from one satellite can cover roughly a third of the planet — and three to four satellites would be enough to cover the entire Earth. Also, because they appear to be stationary, it is easier to link to them.

Then what's the issue?

There is a time lag — called latency — between a user seeking data, and the server sending that data.

And because data transfers cannot happen faster than the speed of light (in reality, they take place at significantly lower speeds), the longer the distance that needs to be covered the greater is the time lag, or latency.

A transmission from a satellite in geostationary orbit has a latency of about 600 milliseconds.

A satellite in the lower orbit, 200-2,000 km from the Earth's surface, can bring the lag down to 20-30 milliseconds, roughly the time it takes for terrestrial systems to transfer data. But lower orbits have their own problem.



Owing to their lower height, their signals cover a relatively small area. As a result, many more satellites are needed in order to reach signals to every part of the planet.

**19. Consider the following statements regarding Genetically modified crops.**

1. Genetic engineering aims to introduce an alien gene which could be only from a plant, into the seeds to get the desired effects.
2. In India, the Genetic Engineering Appraisal Committee (GEAC) is the apex body that allows for commercial release of GM crops.
3. More than 95 per cent of India's cotton area is under Bt cotton.

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

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

**Correct Answer: C**

**Explanation:**

What are genetically modified seeds?

Conventional plant breeding involves crossing species of the same genus to provide the offspring with the desired traits of both parents. Genetic engineering aims to transcend the genus barrier by introducing an alien gene in the seeds to get the desired effects. The alien gene could be from a plant, an animal or even a soil bacterium.

Bt cotton, the only GM crop that is allowed in India, has two alien genes from the soil bacterium *Bacillus thuringiensis* (Bt) that allows the crop to develop a protein toxic to the common pest pink bollworm.

In India, the Genetic Engineering Appraisal Committee (GEAC) is the apex body that allows for commercial release of GM crops. In 2002, the GEAC had allowed the commercial release of Bt cotton. More than 95 per cent of the country's cotton area has since then come under Bt cotton. Use of the unapproved GM variant can attract a jail term of 5 years and fine of Rs 1 lakh under the Environmental Protection Act, 1986.

**20. Consider the following statements regarding BRICS grouping.**

1. Not all BRICS members are the members of G20.
2. Since 2009, the BRICS nations have met annually at formal summits.
3. New Development Bank (NDB) is a multilateral development bank operated by the BRICS countries with each country contributing equally to its equity.

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

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

**Correct Answer: B**

**Explanation:**

BRICS is the acronym coined for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa.

The BRICS members are known for their significant influence on regional affairs; all are members of G20. Since 2009, the BRICS nations have met annually at formal summits. The 12th BRICS summit was hosted virtually by Russian President Vladimir Putin.

The main achievement of BRICS is the New Development Bank, with each country contributing equally to its equity.

**21. e-Choupal, sometimes seen news is regarding**

- a) Procurement of agricultural products
- b) Tracking of sale of fertilizers at subsidized rates to farmers
- c) Providing subsidy on new solar-powered pumps
- d) Crop insurance scheme

**Correct Answer: A**

**Explanation:**

e-Choupal is an initiative of ITC Limited, a conglomerate in India, to link directly with rural farmers via the Internet for procurement of agricultural and aquaculture products like soybeans, wheat, coffee, and prawns. The programme installs computers with Internet access in rural areas of India to offer farmers up-to-date marketing and agricultural information.

**22. Consider the following statements regarding Production-Linked Incentive (PLI) scheme.**

1. The PLI scheme aims to boost domestic manufacturing and cut down on imports by providing cash incentives on incremental sales from products manufactured in India.
2. The Ministry of Electronics and Information Technology is the single nodal ministry for the implementation of the PLI scheme.
3. Adding any new sector for PLI scheme will require approval of the Union Cabinet.

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

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

**Correct Answer: B**

**Explanation:**

The Union Cabinet approved an expansion of the Production-Linked Incentive (PLI) scheme to include 10 more labour-intensive industry segments, including advance chemistry cell batteries, electronic and technology products, automobiles and auto components manufacturing, among others.

The scheme for these sectors will be in addition to the PLI schemes for mobile phones and allied equipment manufacturing, pharmaceutical ingredients and medical devices.

The PLI scheme aims to boost domestic manufacturing and cut down on imports by providing cash incentives on incremental sales from products manufactured in the country. Besides inviting foreign companies to set shop in India, the scheme aims to encourage local companies to set up, or expand, existing manufacturing units.

The new sectors included under the PLI scheme are mostly labour-intensive and will be implemented by the respective ministries. For instance, the Niti Aayog will implement the PLI scheme for the manufacture of advanced chemistry cell batteries. The Ministry of Electronics and Information Technology is the nodal ministry for the implementation of the PLI scheme for mobile phone manufacturing.

Any new sector for PLI will require fresh approval of the Union Cabinet.

**23. Consider the following statements regarding Van Dhan Scheme.**

1. The Van Dhan Scheme is an initiative of the Ministry of Development of North Eastern Region and TRIFED.
2. It seeks to improve tribal incomes through value addition of tribal products.
3. The aggregation of tribal produce would be done by SHGs.

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

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

**Correct Answer: B**

**Explanation:**

The Van Dhan Scheme is an initiative of the Ministry of Tribal Affairs and TRIFED. It was launched on 14th April, 2018 and seeks to improve tribal incomes through value addition of tribal products.

At State level, the State Nodal Agency for MFPs and the District collectors are envisaged to play a pivot role in scheme implementation at grassroot level. Locally the Kendras are proposed to be managed by a Managing Committee (an SHG) consisting of representatives of Van Dhan SHGs in the cluster.

At unit level, aggregation of produce would be done by SHGs having about 30 members each forming Van Dhan Vikas 'Samuh'. The SHGs would also undertake primary value addition of the MFPs.

**24. Disqualification from contesting the elections when a person is convicted under the Prevention of corruption act, 1988 is quite often in the news. Who among the following is empowered to remove the disqualification?**

- a) President of India
- b) Chief Election Commissioner alone
- c) Parliament for MPs / State Legislature Assembly for MLAs
- d) Election Commission of India

**Correct Answer: D**

**Explanation:**

Citing “legislative intent” of Section 11 of the RP Act, the ECI said: “The legislature has, in its wisdom, deemed it necessary to vest this Commission with this power with the understanding that socio-economic-political factors may, in certain peculiar circumstances, warrant that the general disqualification prescribed by statutory rule should be removed/reduced by exercising this extraordinary power.”

**25. Tristan da Cunha Islands, recently seen in news is located in**

- a) South China Sea
- b) Artic Ocean
- c) Atlantic Ocean
- d) Indian Ocean

**Correct Answer: C**

**Explanation:**

Tristan da Cunha, an island with 245 permanent residents, is creating a marine protection zone to safeguard endangered rockhopper penguins, yellow-nosed albatross and other wildlife in an area of the South Atlantic three times the size of the United Kingdom.

The sanctuary will be the biggest “no-take zone” in the Atlantic Ocean and the fourth biggest anywhere in the world.

**26. Consider the following statements regarding Alliance of Small Island States (AOSIS).**

1. Alliance of Small Island States (AOSIS) is an intergovernmental organization of low-lying coastal and small island countries.
2. The main purpose of the alliance is to consolidate the voices of Small Island Developing States (SIDS) to address global warming.
3. AOSIS partners with United Nations Development Programme (UNDP) to effectively influence climate negotiations.

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

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

**Correct Answer: D**

**Explanation:**

AOSIS is a coalition of 44 small island and low-lying coastal developing states, including five observers. As a voice for the vulnerable, its mandate is more than amplifying marginalised voices as it also advocates for these countries' interests. In terms of size, AOSIS closely resembles the countries it represents on the global stage, but often punches far above its weight, negotiating historic global commitments to cut greenhouse gas emissions, among other achievements.

To achieve its goals, AOSIS often draws on partnerships, including with the United Nations Development Programme (UNDP) and the European Commission, to bolster its capacity to effectively influence climate negotiations, some of the most complex and difficult in the world. AOSIS also makes vital contributions by helping its members to pool their resources and amplify their collective voice in climate talks. This goes beyond just speaking up to securing ambitious agreements with tangible benefits for vulnerable communities.

**27. Vivad se Vishwas scheme, sometimes seen in news is related to**

- a) Pension scheme for the Vyaparis
- b) Partial Credit Guarantee for NBFCs
- c) Direct tax dispute resolution
- d) Enhance loan availability for exporters

**Correct Answer: C**

**Explanation:**

The government recently notified extension of payment deadline for the direct tax legacy dispute resolution scheme (Vivad se Vishwas).

It is aimed to reduce pending income tax litigation, generate timely revenue for the government and benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process.



**28. Consider the following statements.**

1. India has become the first country in the world to have its independent regional navigation satellite system recognized by the International Maritime Organization (IMO).
2. The Indian Regional Navigation Satellite System (IRNSS) will be used to assist in the navigation of ships in ocean waters within the area of approximately 1,500 km from the Indian boundary.

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

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

**Correct Answer: B**

**Explanation:**

India became the fourth country in the world to have its independent regional navigation satellite system recognised by the International Maritime Organisation (IMO) as a part of the World Wide Radio Navigation System (WWRNS).

The IRNSS is an independent regional navigation satellite system developed by India. It is designed to provide accurate position information service to assist in the navigation of ships in the Indian Ocean waters. It could replace the US-owned Global Positioning System (GPS) in the Indian Ocean extending up to approximately 1500 km from the Indian boundary.

**29. Consider the following statements regarding Bru or Reang Community.**

1. Bru or Reang community is indigenous to Northeast India, living in Tripura, Mizoram, and Assam.
2. They are recognized as a Particularly Vulnerable Tribal Group (PVTG).

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

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

**Correct Answer: C**

**Explanation:**

The Bru or Reang are a community indigenous to Northeast India, living mostly in Tripura, Mizoram, and Assam. In Tripura, they are recognised as a Particularly Vulnerable Tribal Group (PVTG).

**30. A new mushrooms species, Roridomyces phyllostachydis which is bioluminescent was recently discovered in which state?**

- a) Karnataka
- b) Kerala
- c) Andaman and Nicobar
- d) Meghalaya

**Correct Answer: D**

**Explanation:**

The new species — named Roridomyces phyllostachydis — was first sighted on a wet August night near a stream in Meghalaya's Mawlynnong in East Khasi Hills district and later at Krang Shuri in West Jaintia Hills district.

**31. Special Drawing Rights (SDR) can be used to**

1. Supplementing IMF member countries' official reserves.
2. Settle Balance of Payment transactions
3. Bridge fiscal deficit and fund infrastructure projects

**Select the correct answer code:**

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

**Correct Answer:**

**Explanation: B**

The SDR is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies. It cannot be used to fund infrastructure projects as it is not a currency. Same goes for settling domestic financial bills of the government.

SDR allocations can play a role in providing liquidity and supplementing member countries' official reserves.

IMF member countries can borrow SDRs from its reserves at favorable interest rates, mostly to adjust their balance of payments to favorable positions.

**32. Consider the following statements regarding Singapore Convention on Mediation.**

1. It is the first UN treaty to be named after Singapore.
2. It settles disputes between the members at the Government level and does not involve corporate disputes.
3. India is a signatory to the Convention.

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

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

**Correct Answer: C**

**Explanation:**

The Singapore Convention on Mediation will provide a more effective way for enforcing mediated settlements of corporate disputes involving businesses in India and other countries that are signatories to the Convention.

Also known as the United Nations Convention on International Settlement Agreements Resulting from Mediation, this is also the first UN treaty to be named after Singapore.

With the Convention in force, businesses seeking enforcement of a mediated settlement agreement across borders can do so by applying directly to the courts of countries that have signed and ratified the treaty, instead of having to enforce the settlement agreement as a contract in accordance with each country's domestic process.

As on September 1, the Convention has 53 signatories, including India, China and the U.S.

**33. Teaser loan, sometimes seen in news means**

- a) Loans which charge lower rates of interest in the first few years after which the rates are increased.
- b) Loans provided to weaker sections of the society with interest rate below the repo rate.
- c) Loans provided to high-net-worth individuals.
- d) None of the above

**Correct Answer: A**

**Explanation:**

Teaser loans are those which charge comparatively lower rates of interest in the first few years after which the rates are increased.

**34. Consider the following statements.**

1. As trees grow, they incorporate information about the environmental conditions they are living in in their annual growth rings.
2. Tree rings grow wider in years when soil moisture is high.

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

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

**Correct Answer: C**

**Explanation:**

Tree rings grow wider in years when soil moisture is high. Indirectly, wider rings reflect more rainfall and higher river runoff.

As trees grow, they incorporate information about the environmental conditions they are living in in their annual growth rings. Trees in the region grow more and put on wide rings in wet monsoon years. Conversely in dry monsoon years (or droughts) they grow less and put on narrow rings.

**35. Edge computing enables data to be analyzed, processed, and transferred at the edge of a network. Here 'Edge' implies**

- a) Local
- b) Global
- c) Cloud computing
- d) Nodal

**Correct Answer: A**

**Explanation:**

According to a research, By 2025, companies will generate and process more than 75% of their data outside of traditional centralised data centres — that is, at the “edge” of the cloud.

As the use of Internet of Things (IoT) devices expands and the need to process IoT data quickly increases, many IT leaders are considering or beginning to employ edge computing options.

What is edge computing?

Edge computing enables data to be analysed, processed, and transferred at the edge of a network. Meaning, the data is analysed locally, closer to where it is stored, in real-time without latency, rather than send it far away to a centralised data centre.

It allows for quicker data processing and content delivery.

**36. Global Biodiversity Outlook report is published by**

- a) UN Environment Programme (UNEP)
- b) UN Convention of Biological Diversity (CBD)
- c) World Wide Fund for Nature (WWF)
- d) World Economic Forum

**Correct Answer: B**

**Explanation:**

The fifth edition of the UN's Global Biodiversity Outlook report, published recently by the UN Convention of Biological Diversity (CBD), provides an overview of the state of nature worldwide. The report notes the importance of biodiversity in addressing climate change and long-term food security, and that action to protect biodiversity is essential to prevent future pandemics.

**37. Consider the following statements regarding Negative-yield bonds.**

1. These are debt instruments that offer to pay the investor a maturity amount lower than the purchase price of the bond.
2. These are generally issued by central banks or governments.
3. Negative-yield bonds attract investments during times of stress and uncertainty as investors look to protect their capital from significant erosion.

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

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

**Correct Answer: D**

**Explanation:**

Recently China sold negative-yield debt for the first time, and this saw a high demand from investors across Europe. As yields in Europe are even lower, there was a huge demand for the 4-billion-euro bonds issued by China. China's 5-year bond was priced with a yield of – 0.152%, and the 10-year and 15-year securities with positive yields of 0.318% and 0.664%.

What are negative-yield bonds?

These are debt instruments that offer to pay the investor a maturity amount lower than the purchase price of the bond. These are generally issued by central banks or governments, and investors pay interest to the borrower to keep their money with them.

Why do investors buy them?

Negative-yield bonds attract investments during times of stress and uncertainty as investors look to protect their capital from significant erosion. At a time when the world is battling the Covid-19 pandemic and interest rates in developed markets across Europe are much lower, investors are looking for relatively better-yielding debt instruments to safeguard their interests.

**38. Tharu tribals, recently seen in news, primarily belongs to**

- a) Terai Lowlands
- b) Western Ghats
- c) North-eastern India
- d) Bastar region

**Correct Answer: A**

**Explanation:**

The Tharu community belongs to the Terai lowlands, amid the Shivaliks or lower Himalayas. The Tharus live in both India and Nepal. In the Indian terai, they live mostly in Uttarakhand, Uttar Pradesh, and Bihar. The word tharu is believed to be derived from sthavir, meaning followers of Theravada Buddhism.

The Uttar Pradesh government has recently embarked upon a scheme to take the unique culture of its ethnic Tharu tribe across the world. The intention is to put Tharu villages on the tourism map, and to create jobs and bring economic independence to the tribal population.

**39. Havana syndrome, recently seen in news is related to**

- a) Non-Communicable Diseases
- b) Neurological illness
- c) Tuberculosis
- d) Severe acute respiratory syndrome (SARS)

**Correct Answer: B**

**Explanation:**

Nearly four years after a mysterious neurological illness, referred to as “Havana syndrome”, started to afflict American diplomats and intelligence operatives in Cuba, China, and other countries, a report by the National Academies of Sciences (NAS) has found “directed” microwave radiation to be its “plausible” cause.

In late 2016, US diplomats and other employees stationed in Havana reported feeling ill after hearing strange sounds and experiencing odd physical sensations in their hotel rooms or homes. The symptoms included nausea, severe headaches, fatigue, dizziness, sleep problems, and hearing loss, which have since come to be known as “Havana Syndrome”.



**40. UN convention on the Rights of persons with disabilities includes which of these rights for the differently abled?**

1. Rights to accessibility including the information technology
2. Rights to live independently and be included in the community
3. Rights to habitation and rehabilitation

**Select the correct answer code:**

- a) 1, 3
- b) 2, 3
- c) 1, 2
- d) 1, 2, 3

**Correct Answer: D**

**Explanation:**

Rights specific to this convention include the rights to accessibility including the information technology, the rights to live independently and be included in the community (Article 19), to personal mobility (article 20), habilitation and rehabilitation (Article 26), and to participation in political and public life, and cultural life, recreation and sport (Articles 29 and 30).

Learning: Articles 33–39 govern reporting and monitoring of the convention by national human rights institutions (Article 33) and Committee on the Rights of Persons with Disabilities (Article 34).

41. Consider the following statements regarding Comprehensive Convention on International Terrorism.

1. It is a United Nations treaty which intends to criminalize all forms of international terrorism and deny terrorists, their financiers and supporters' access to funds, arms, and safe havens.
2. All the members of the United Nations General Assembly have signed the Convention.

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

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

**Correct Answer: D**

**Explanation:**

The Comprehensive Convention on International Terrorism is a proposed treaty which intends to criminalize all forms of international terrorism and deny terrorists, their financiers and supporters access to funds, arms, and safe havens.

The negotiations are currently deadlocked even after two decades of proposal i.e. through 1996 till 2016.

India proposed this convention in 1996 and has since demanded consistently, especially in the wake of the 2008 Mumbai attacks.

**42. APMC Model Act 2003 include which of the following features**

1. Facilitating contract farming model.
2. Special market for perishables
3. Allowing farmers and private persons to set up their own market.
4. APMC revenue to be used for improving market infrastructure.

**Select the correct answer code:**

- a) 1, 2, 3
- b) 1, 3, 4
- c) 2, 3, 4
- d) 1, 2, 3, 4

**Correct Answer: D**

**Explanation:**

Some of the salient features of the APMC Model Act 2003 include:

- Facilitating contract farming model.
- Special market for perishables
- Allowing farmers and private persons to set up their own market.
- Relaxation of licensing norms.
- Single market fee
- APMC revenue to be used for improving market infrastructure.

However, not all states have passed the bill. Some states have passed but neither framed rules nor notified it. Thus, inter-state barriers continue.

**43. Emissions Gap Report 2020, recently seen in news is released by**

- a) World Wide Fund for Nature
- b) United Nations Environment Programme (UNEP)
- c) World Economic Forum
- d) Germanwatch

**Correct Answer: B**

**Explanation:**

The United Nations Environment Programme (UNEP) released its annual Emissions Gap Report 2020.

The annual report from UNEP measures “the gap between anticipated emissions and levels consistent with the Paris Agreement goals of limiting global warming this century to well below 2°C and pursuing 1.5°C”.

**44. Consider the following statements regarding Himalayan serow, recently seen in news**

1. Himalayan serow is described as resembling a cross between a goat, a donkey, a cow, and a pig.
2. It is restricted to the Himalayan region.
3. It is listed under Schedule V of The Wildlife Protection Act, 1972.

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

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

**Correct Answer: A**

**Explanation:**

A Himalayan serow has been sighted for the first time in the Himalayan cold desert region. The animal was spotted by locals and wildlife officials at a riverside rocky wall near Hurling village in Spiti, Himachal Pradesh.

This is the first recorded human sighting of the serow in Himachal Pradesh. The animal has been spotted a few times earlier in the state, but that has always been through camera traps.

Spiti lies in the cold mountain desert region of the western Himalaya, and its valley floor has an average elevation of 4,270 metres above sea level.

Serows are generally not found at this altitude, and never before has a serow been seen in the Himalayan cold desert. Wildlife officials believe this particular animal may have strayed into the Spiti valley from the Rupri Bhaba Wildlife Sanctuary in adjoining Kinnaur.

A biologist has described a Himalayan serow as resembling a cross between a goat, a donkey, a cow, and a pig. It's a medium-sized mammal with a large head, thick neck, short limbs, long, mule-like ears, and a coat of dark hair.

There are several species of serows, and all of them are found in Asia. The Himalayan serow, or *Capricornis sumatraensis* thar, is restricted to the Himalayan region.

According to the International Union for Conservation of Nature (IUCN), Himalayan serows have experienced significant declines in population size, range size and habitat in the last decade, and this is expected to continue due to intensive human impact.

Previously assessed as 'near threatened', the Himalayan serow is now been categorised as 'vulnerable' in the IUCN Red List of Threatened Species.

It is listed under Schedule I of The Wildlife Protection Act, 1972, which provides absolute protection.

**45. Consider the following statements regarding ‘Zombie fires’ recently seen in news**

1. A zombie fire is a fire that continues to burn underground and then reignites on the surface after a period of time.
2. It burrows deep in organic soils such as peat lands.
3. There are evidences of zombie fires scattered across the Arctic region.

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

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

**Correct Answer: D**

**Explanation:**

Dormant “zombie fires” are scattered across the Arctic region. A zombie fire is a fire that continues to burn underground and then reignites on the surface after a period of time. Embers deep in organic soils such as peat lands can spark into flames weeks, months and even years later.

**46. The terms “Pratyush and Mihir” sometimes seen in the news are related to**

- a) Fuel cells that finds commercial applications
- b) High Performance Computing (HPC) Systems
- c) Quantum supercomputers of ISRO
- d) Quick Reaction Surface-to-Air missiles

**Correct Answer: B**

**Explanation:**

Pratyush and Mihir are the supercomputers established at Indian Institute of Tropical Meteorology (IITM), Pune and National Centre for Medium Range Weather Forecast (NCMRWF), Noida respectively.

Being a High-Performance Computing (HPC) facility, Pratyush and Mihir consists of several computers that can deliver a peak power of 6.8 PetaFlops. It is the first multi-PetaFlops supercomputer ever built in India.

Pratyush and Mihir are used in the fields of weather forecasting and climate monitoring in India. It helps the country to make better forecasts in terms of Monsoon, fishing, air quality, extreme events like Tsunami, cyclones, earthquakes, lightning and other natural calamities such as floods, droughts etc.

India is the fourth country in the world to have a High-Performance Computing facility dedicated for weather and climate research after Japan, the United States and the United Kingdom.

**47. What is e-Kuber?**

- a) The Core Banking Solution platform of RBI
- b) The Dematerialized account database of SEBI
- c) Foreign Exchange account of RBI
- d) State Government’s account with the RBI

**Correct Answer: A**

**Explanation:**

E-kuber is the core banking solution of the RBI that gives high degree of access to commercial banks and other institutions to their current account with the RBI. Several financial engagements like the auction of Government securities are done through e-kuber system.

Core Banking Solutions (CBS) is a facility or arrangement that helps banks to offer large number of customer-centric services on a 24×7 basis from a single location. The core banking solution can support retail as well as corporate banking activities.

It enables banks access with their current account at any time, everywhere across the country. The e-kuber is used by the RBI to execute various transactions with banks. Utility of e-kuber is that it is used to conduct exercises like auctioning of government securities.

**48. Which of the following institution has released the document ‘Vision 2035: Public Health Surveillance in India’?**

- a) NITI Aayog
- b) Indian Council for Medical Research
- c) National Center for Disease Control
- d) World Health Organisation

**Correct Answer: A**

**Explanation:**

NITI Aayog recently released a white paper Vision 2035 – Public Health Surveillance in India. The white paper lays out India’s vision for public health surveillance through the integration of the three-tiered public health system into Ayushman Bharat.

It also spells out the need for expanded referral networks and enhanced laboratory capacity. The building blocks for this vision are an interdependent federated system of governance between the Centre and states.

**49. Which of the following institution has released the report “Impact of the COVID-19 Pandemic on Trade and Development”?**

- a) World Trade Organisation
- b) United Nations Conference on Trade and Development (UNCTAD)
- c) Asian Development Bank (ADB)
- d) Organisation for Economic Co-operation and Development

**Correct Answer: B**

**Explanation:**

United Nations Conference on Trade and Development (UNCTAD) has released a report titled “Impact of the COVID-19 Pandemic on Trade and Development: Transitioning to a New Normal”.

It projects that the global economy would contract 4.3 per cent this year due to the pandemic. It warned the crisis could send an additional 130 million people into extreme poverty.

Further, the United Nations’ Sustainable Development Agenda 2030 could be derailed unless immediate policy actions are taken.

**50. Which of the following is/are correctly matched?**

1. S-400 Triumph – Russia
2. THAAD – United States of America

**Select the correct answer using the code given below:**

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

**Correct Answer: C**

**Explanation:**

Option 1 is correctly matched. The S-400 Triumph is an air defence missile system developed by Almaz Central Design Bureau of Russia. The new system replaced the S-300P and S-200 air defence systems of the Russian Army. The S-400 was developed as an upgrade of the S-300 series of surface-to-air missile systems.

In October 2018, Rosoboronexport signed a contract with India to deliver S-400 missile system. China and Turkey are other buyers of the system from Russia.

Option 2 is correctly matched. Terminal High Altitude Area Defense is a transportable, ground-based missile defense system. It has been designed and manufactured by the US company Lockheed Martin. Terminal High Altitude Area Defense is a transportable, ground-based missile defense system.



**51. Which of the following are part of capital receipts for the Government of India.**

1. Loans raised by Government from RBI and public
2. Dividend on investments made by Government
3. Disinvestment receipts
4. Borrowings by Government through sale of Treasury Bills

**Select the correct answer code:**

- a) 1, 3
- b) 1, 3, 4
- c) 2, 4
- d) 1, 2, 3, 4

**Correct Answer: B**

**Explanation:**

The capital receipts are loans raised by Government from public, called market loans, borrowings by Government from Reserve Bank and other parties through sale of Treasury Bills, loans received from foreign Governments and bodies, disinvestment receipts and recoveries of loans from State and Union Territory Governments and other parties.

Revenue Budget consists of the revenue receipts of Government (tax revenues and other revenues like interest and dividend on investments made by Government, fees, and other receipts for services rendered by Government) and the expenditure met from these revenues.

**52. Which of the following statement correctly defines the Core Inflation?**

- a) An Inflation measure excluding volatile and transitory price changes
- b) An inflation measure of short-term price changes
- c) Price changes in the core sector industries
- d) Inflation in the fuel and food commodities

**Correct Answer: A**

**Explanation:**

Core Inflation is a measure of inflation which excludes certain volatile and seasonal prices. It is the trend increase of the cost of factors of production that originates in the long-term expectations of inflation.

It excludes transitory or temporary price volatility as in the case of some commodities such as food and fuel. If temporary price shocks are taken into account, they may affect the estimated overall inflation numbers in such a way that they are different from actual inflation. To eliminate this possibility, core inflation is calculated to gauge the actual inflation apart from temporary shocks and volatility.

**53. Which of the following statements best describes ‘fiscal consolidation’?**

- a) Strategy of the government to disinvest public sector enterprises to meet deficit.
- b) Policies undertaken by Governments to reduce their deficits and accumulation of debt stock.
- c) Scheduled banks action plan to recover the loans from non-performing assets.
- d) Government agenda to reform loan disbursal mechanism of scheduled banks.

**Correct Answer: B**

**Explanation:**

Fiscal Consolidation refers to the policies undertaken by Governments (national and sub-national levels) to reduce their deficits and accumulation of debt stock.

FISCAL CONSOLIDATION is a process where government’s FISCAL health is getting improved and is indicated by reduced FISCAL deficit. Improved tax revenue realization and better aligned expenditure are the components of FISCAL CONSOLIDATION as the FISCAL deficit reaches at a manageable level.

**54. Consider the following statements regarding Recession.**

1. A recession is a macroeconomic term that refers to a significant decline in general economic activity in a designated region.
2. A significant fall in spending generally leads to a recession.
3. India had been into recession only once since independence i.e., before Liberalization.

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

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

**Correct Answer: A**

**Explanation:**

A recession is a macroeconomic term that refers to a significant decline in general economic activity in a designated region. It had been typically recognized as two consecutive quarters of economic decline, as reflected by GDP in conjunction with monthly indicators such as a rise in unemployment.

Governments usually respond to recessions by adopting expansionary macroeconomic policies, such as increasing money supply or increasing government spending and decreasing taxation.

India's fourth recession since independence, the first since liberalisation and perhaps the worst to date, is here, CRISIL said as it predicted the economy to shrink by 5 per cent in the current fiscal because of Covid-19 lockdown.

“The first quarter (April to June 2020) will suffer a staggering 25 per cent contraction,” it said in its assessment of India's GDP.

In the past 69 years, India has seen a recession only thrice – as per available data – in fiscals 1958, 1966 and 1980. The reason was the same each time – a monsoon shock that hit agriculture, then a sizeable part of the economy.

**55. Which of the following pairs is/are correctly matched?**

- `Index : Publishing agency
1. WPI : Office of Economic Advisor, Ministry of Commerce and Industry
  2. CPI-Rural : Labour Bureau
  3. GDP Deflator : Central Statistical Office (CSO)

**Select the correct answer using the code given below:**

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

**Correct Answer: B**

**Explanation:**

CSO ( of MoSPI) is responsible for:

- Compilation of national accounts.
- Conduct annual survey of industries.
- Conduct economic census.
- Compile IIP.
- Compile CPI(Rural+ Urban)
- Compile CPI for urban non manual employees.
- GDP deflator.

Economic advisor, DIPP( of M of Commerce) is responsible for:

- WPI

Labour bureau (of Labour ministry) is responsible for:

- CPI for industrial workers: CPI(IW)
- CPI for agricultural labourers: CPI(AL)
- CPI for rural labourers: CPI(RL)

**56. Which of the following is/are the advantages of a fully convertible rupee?**

1. Increased liquidity in financial markets
2. Development of onshore rupee market
3. Complete determination of currency exchange rate by the RBI
4. Easy access to foreign capital

**Select the correct answer using the code given below:**

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

**Correct Answer: B**

**Explanation:**

Statement 1 is correct: Full capital account convertibility opens up the country's markets to global players, including investors, businesses and trade partners. Capital for different businesses and sectors.

Statement 2 is correct: There is a development of offshore rupee markets in locations like Dubai London New York and Singapore. Due to existence of capital controls in local Indian markets the offshore centres are gaining the trading business. Making the rupee fully convertible will enable these traits to happen in India helping national market with improved liquidity better regulatory purview and reduce dependence and risk from offshore market participants.

Statement 3 is wrong: Full convertibility will mean the rupee exchange rate would be left to market factors without any regulatory intervention. There may be no it limit on inflow or outflow of capital.

Statement 4 is correct: Local businesses can benefit from easy access to foreign loans at comparatively lower cost.

**57. Apart from the Index of Industrial Production (IIP), which of the following is/are important sources of industrial statistics in India?**

1. Annual Survey of Industries
2. NSSO Survey of Unorganized sector
3. Census of registered SSI units

**Select the correct answer using the codes below:**

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

**Correct Answer: D**

**Explanation:**

Annual survey of industries is the principal source of industrial statistics in India. The NSSO surveys the unregistered sector at the national level and collect data from household enterprises as part of its multipurpose surveys. Office of the Development Commissioner of small scale industries under Ministry of MSME is the nodal agency for collecting data on SSI units which are not coming under other ministries department boards specialized agents.

**58. Which among the following correctly describes skewflation in an economy?**

- (a) It refers to a situation of inflation combined with a slow growth rate and a relatively high unemployment rate.
- (b) It refers to a sustained, across-the-board price increase in the market.
- (c) It refers a price rise in one or a small group of commodities over a sustained period of time along with decreasing prices in others.
- (d) None of the above

**Correct Answer: C**

**Explanation:**

Skewflation is defined as a price rise of one or a small group of commodities over a sustained period of time along with decreasing prices in others. Stagflation is a term used to define an economy that has inflation, a slow or stagnant economic growth rate and relatively high unemployment rate.

**59. Consider the following statements regarding Capital Markets:**

1. Investment in the capital market necessarily requires a huge financial outlay.
2. The main instruments traded in the capital market are short term debt instruments.

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

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

**Correct Answer: D**

**Explanation:**

Statement 1 is wrong: investment in the capital market does not necessarily require a huge financial outlay. The value of units of securities is generally low that is rupees 10 or rupees hundred or so. This helps individuals with small savings to subscribe to these securities. the capital market deals in medium- and long-term securities such as equity shares and debentures.

Statement 2 is wrong: the main instruments traded in the capital market are equity shares debentures bonds preference shares etc. Through which long term funds both debt and equity are raised and invested.

**60. Consider the following statements regarding Disguised Unemployment:**

1. It means that marginal productivity of workers is essentially zero.
2. In India, it is most seen in the agriculture sector.

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

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

**Correct Answer: C**

**Explanation:**

Disguised unemployment exist where part of the labour force is either left without work or is working in a redundant manner where worker productivity is essentially zero.

It is unemployment that does not affect aggregate output.an economy demonstrates disguised unemployment where productivity is low and where too many workers are filling too few jobs.

In India, it is most seen in the agriculture sector with more than 50% of employment and the contribution of about 19 % to the GDP.

**61. Which of the following is/are key difference(s) between fiscal stimulus and monetary expansionism?**

1. Fiscal stimulus is given by the government, whereas monetary expansion is done by the Central Bank of the country.
2. Fiscal stimulus necessarily leads to an increase in money supply, whereas monetary expansion generally leads to an increase in high powered money.

**Select the correct answer using the code given below:**

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

**Correct Answer: A**

**Explanation:**

Fiscal stimulus includes the government measures, normally involving increased public spending and lower taxation, aimed at giving a positive jolt to economic activity.

Monetary expansion involves lower policy rates and increasing the monetary base in the economy.

Money supply may not increase every time but enough liquidity is injected in the system following a monetary expansion. This is done by the Central Bank.

**62. Consider the following statements with reference to the 'Economically Active Population':**

1. It is the population in the age group of 15-59 years.
2. It has increased in the last two decades in India.

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

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

**Correct Answer: C**

**Explanation:**

According to National sample survey in India, the age bracket for economically active population is 15 to 59 years.

in India the proportion of economically active population has increased from 57.7% to 63.3 % during 1991 to 2013.



**63. Consider the following statements with respect to the worker population ratio in India:**

1. The worker population ratio in urban India is more than that in rural India.
2. The worker population ratio of urban women is greater than that of rural women.

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

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

**Correct Answer: D**

**Explanation:**

Worker population ratio is an indicator which is used for analyzing the employment situation in the country. This ratio is useful in knowing the proportion of the population that is actively contributing to the production of goods and services of a country.

For this we divide the total number of workers in India by the population in India and multiply it with 1000.

Statement 1 is wrong: National sample survey 2011-12 results indicate that the worker population ratio for rural India is greater than that of urban India.

Statement 2 is wrong: as per National sample survey 2011-12 the worker population ratio for females is higher in rural areas than urban areas.

**64. Which of the following correctly describes the concept of "inflationary gap"?**

- (a) It is the difference between current levels of real and nominal GDP
- (b) It is the difference between current level of real GDP and potential GDP when economy experiences full employment
- (c) It is the reduction in inflation caused due to low consumption expenditure
- (d) It is the minimum amount of inflation that is desired in economy to incentivize production of goods and services

**Correct Answer: B**

**Explanation:**

An inflationary gap is a macroeconomic concept that describes the difference between the current level of real GDP and the anticipated GDP that would be experienced when an economy is at full employment, also referred to as the potential GDP.

**65. Consider the following statements regarding Treasury Bills:**

1. They are issued at a price which is lower than their face value and repaid at par.
2. They are issued to meet short-term requirement of funds of central government.

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

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

**Correct Answer: C**

**Explanation:**

Statement 1 is correct: Treasury bills are issued at a price which is lower than their face value and repaid at par. The difference between the price at which the treasury bills are issued and the redemption value is the interest receivable on them and is called discount.

A treasury bill is basically an instrument of short term borrowing by the government of India maturing in less than one year. They are also known as zero compound bonds.

Statement 2 is correct: they are issued by the Reserve Bank of India on behalf of the central government to meet its short term requirement of funds. Treasury bills are issued in the form of a promissory note.

**66. Which of the following has a direct bearing on monetized deficit (that part of fiscal deficit which is financed by the RBI) in India?**

1. Fiscal Responsibility and Budget Management (FRBM) Act
2. Fiscal consolidation plans of government
3. Increase in tax base in India

**Select the correct answer using the codes below:**

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

**Correct Answer: D**

**Explanation:**

Monetized deficit refers to that part of fiscal deficit which is provided for (financed) by the RBI.

FRBM Act puts limitations on the government to borrow from RBI.

Fiscal consolidation refers to the shrinkage of fiscal deficit. Lesser is the fiscal deficit lesser will be the monetized deficit.

If tax base increases, the tax collection is likely to improve which will further reduce the need for monetized deficit.

**67. NIFTY-50 index, often seen in news, captures the movement in:**

- (a) Major financial products of India
- (b) Sovereign wealth funds of major developed nations
- (c) Net Banking Base Capital of India
- (d) Financial Stability rankings of India

**Correct Answer: A**

**Explanation:**

The Nifty 50 index is National Stock Exchange of India's benchmark stock market index for Indian equity market. Nifty is owned and managed by India Index Services and Products (IISL), which is a wholly owned subsidiary of the NSE Strategic Investment Corporation Limited. Nifty 50 is the world's most actively traded contract.

**68. With reference to Gross National Product (GNP), consider the following statements:**

1. It represents the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time.
2. It is always greater than Gross Domestic Product.

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

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

**Correct Answer: D**

**Explanation:**

GDP measures the aggregate production of final goods and services taken place within the domestic economy during a year.

GNP takes into account the economic activities performed by its citizens outside the geographic borders of the country also.

$GNP = GDP + \text{net factor income from abroad}$ .

GNP can be greater than, equal to or less than the GDP, depending on the magnitude of 'net income from abroad'.

**69. Which of the following policy statements are mandated under Fiscal Responsibility and Budget Management (FRBM) Act, 2003?**

1. Medium term fiscal policy statement
2. Fiscal policy strategy instrument
3. Macroeconomic framework statement
4. Gender budgeting

**Select the correct answer using the code given below:**

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

**Correct Answer: C**

**Explanation:**

Gender budgeting is not mandated under FRBM Act. Gender budgeting is an exercise to translate the stated gender commitments of the government into budgetary commitments, involving special initiatives for empowering women and examination of the utilization of resources allocated for women and the impact of public expenditure and policies of the government on women.

Along with the budget 3 policy statements are mandated by the fiscal responsibility and budget management act,2003

1. Medium term fiscal policy statement
2. Fiscal policy strategy statement
3. Macroeconomic framework statement

**70. Which of the following indicator(s) helps in assessing the health of both services and manufacturing sector?**

1. Wholesale Price Index
2. Purchasing Manager Index
3. Index of Industrial Production

**Select the correct answer using the code given below:**

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

**Correct Answer: B**

**Explanation:**

Wholesale Price Index (WPI) represents the price of goods at a wholesale stage. It may represent manufacturing activity but not of services, as it is concerned with price of selected goods which are part of its basket.

Purchasing Managers Index (PMI) is an indicator of business activity both in the manufacturing and service sectors. It is a survey-based measure that ask the respondents about changes in their perception of some key business variables from the month before.

Index of Industrial Production (IIP) details out the growth of sectors such as mining, electricity and manufacturing. However, it does not indicate about rise or fall in the service sector.

**71. With reference to the "value added method" for national income accounting, consider the following statements:**

1. Gross Value Added (GVA) at Factor Cost does not include any taxes.
2. GVA at Basic Prices excludes production taxes and includes production subsidies available on the commodity.

**Which of the statement given above is/are correct?**

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

**Correct Answer: A**

**Explanation:**

GVA at factor cost includes no taxes and it excludes no subsidies.

GVA ad basic prices =( GVA at factor cost)+(production taxes)-(production subsidies available on the commodity)

GDP at market prices= (GVA at basic prices)+(product taxes)-(product subsidies)

**72. Consider the following:**

1. Product method
2. Expenditure method
3. Export-Import method
4. Income method

**Which of the above are the methods of estimating national income of India?**

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

**Correct Answer: B**

**Explanation:**

The national income of a country can be estimated by three important methods:

1. **Product method:** national income is estimated as a flow of goods and services. We calculate money value of all final goods and services produced in an economy during a year.
2. **Income method:** income of all factors of production is added together. Income method is also termed as factor income method or factor share method.
3. **Expenditure method:** national income is the sum total of expenditures made by individuals on personal consumption, firms on private investments and government authorities on government purchases.

**73. With reference to Marginal Standing Facility (MSF), consider the following statements:**

1. It allows banks to borrow money from the RBI over and above what is available to them through the Liquidity Adjustment Facility (LAF).
2. It is a penal rate and is always kept above Repo Rate.
3. Under it, banks can avail funds only by pledging government securities.

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

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

**Correct Answer: D**

**Explanation:**

Marginal standing facility refers to the penal rate at which banks can borrow money from the central bank over and above what is available to them through the LAF window. MSF, being a penal rate is always fixed above the repo rate. The MSF would be the last resort for banks once they exhaust all borrowing options including the LAF by pledging government securities, where the rates are lower in comparison with the MSF. Banks can borrow funds under MSF by pledging government securities within the limits of SLR. The scheme has been introduced by RBI with the main aim of reducing volatility in the overnight lending rates in the interbank markets and to enable smooth monetary transmission in the financial system.

**74. Consider the following statements.**

1. The Reserve Bank of India functions as the custodian and manager of forex reserves.
2. Majority of India's foreign currency reserves are deposited in foreign central banks.
3. Under the Liberalized Remittances Scheme, individuals from India are allowed to remit up to \$25000 every year to another country for investment and expenditure.

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

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

**Correct Answer: C**

**Explanation:**

The Reserve Bank functions as the custodian and manager of forex reserves, and operates within the overall policy framework agreed upon with the government. The RBI allocates the dollars for specific purposes. For example, under the Liberalised Remittances Scheme, individuals are allowed to remit up to \$250,000 every year. The RBI uses its forex kitty for the orderly movement of the rupee. It sells the dollar when the rupee weakens and buys the dollar when the rupee strengthens. Of late, the RBI has been buying dollars from the market to shore up the forex reserves. When the RBI mops up dollars, it releases an equal amount in rupees. This excess liquidity is sterilised through issue of bonds and securities and LAF operations.

The RBI Act, 1934 provides the overarching legal framework for deployment of reserves in different foreign currency assets and gold within the broad parameters of currencies, instruments, issuers and counterparties. As much as 64 per cent of the foreign currency reserves are held in securities like Treasury bills of foreign countries, mainly the US, 28 per cent is deposited in foreign central banks and 7.4 per cent is also deposited in commercial banks abroad, according to the RBI data.

The return on India's forex reserves kept in foreign central banks and commercial banks is negligible. While the RBI has not divulged the return on forex investment, analysts say it could be around one per cent, or even less than that, considering the fall in interest rates in the US and Euro zone. There was a demand from some quarters that forex reserves should be used for infrastructure development in the country. However, the RBI had opposed the plan.

Another issue is the high ratio of volatile flows (portfolio flows and short-term debt) to reserves which is around 80 per cent. This money can exit at a fast pace.



## 75. The Capital account in the external sector consists of

1. External assistance
2. External Commercial Borrowings (ECBs)
3. Short-term debt
4. NRI deposit
5. Invisibles
6. Portfolio investment

Select the correct answer code:

- a) All except 2, 5 and 6
- b) All except 3 and 4
- c) All except 1 and 6
- d) All except 5

**Correct Answer: D**

**Explanation:**

	2009-10	2010-11	2011-12	2012-13 (PR)	2013-14 (P)	2013-14 HI (Apr.- Sept. 2013) (P)	2014-15 HI (Apr.- Sept. 2014) (P)
<b>I Current account</b>							
i. Exports	182442	256159	309774	306581	318607	155152	166974
ii. Imports	300644	383481	499533	502237	466216	238941	240188
iii. Trade balance	-118202	-127322	-189759	-195656	-147609	-83789	-73214
iv. Invisibles (Net)	80022	79269	111604	107493	115212	56830	55272
A. Services	36016	44081	64098	64915	72965	35239	36069
B. Transfer	52045	53140	63494	64034	65276	32744	32757
C. Income	-8038	-17952	-15988	-21455	-23028	-11153	-13554
Current account balance	-38181	-48053	-78155	-88163	-32397	-26959	-17942
<b>II Capital account</b>							
i. External assistance	2890	4941	2296	982	1032	130	606
ii. ECBs	2000	12160	10344	8485	11777	2455	3429
iii. Short-term debt	7558	12034	6668	21657	-5044	589	Ø
iv. Banking capital	2083	4962	16226	16570	25449	11487	-542
of which							
Non-resident deposits	2922	3238	11918	14842	38892	13700	6473
v. Foreign investment	50362	42127	39231	46710	26386	7762	38385
A. FDI	17966	11834	22061	19819	21564	14589	16183
B. Portfolio investment	32396	30293	17170	26891	4822	-6827	22202
vi. Other flows	-13259	-12484	-7008	-5105	-10813	-6619	-3407
Capital account balance	51634	63740	67755	89300	48787	15806	38539
<b>III Errors &amp; omissions</b>	-12	-2636	-2432	2689	-882	453	-2522
Capital account balance	51622	61104	65323	91989	47905	16259	36017

**76. Consider the following statements with respect to “Debt Recovery Tribunal (DRT)”:**

1. DRTs were created to facilitate the speedy recovery of debt payable to banks and other financial institutions by their customers.
2. DRTs were set up after the passing of SARFAESI Act, 2002.

**Which of the following codes below given is/are correct?**

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

**Correct Answer: A**

**Explanation:**

Statement 1 is correct: Debt Recovery Tribunals also known as DRTs were created to facilitate the speedy recovery of debt payable to banks and other financial institutions by their customers. The banks and financial institutions had been facing problems in recovery of loans advanced by them to individual people or business entities. Due to this, the banks and financial institutions started restraining themselves from advancing out loans. There was a need to have an effective system to recover the money from the borrower.

Statement 2 is incorrect: DRTs was set up after the passing of Recovery of Debts due to Banks and Financial Institutions Act (RDBBFI), 1993.

**77. Consider the following statements regarding “Insolvency and bankruptcy code”:**

1. It was introduced in 2016.
2. Under IBC, either the creditor (banks) or the loaner (defaulter) can initiate insolvency proceedings.

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

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

**Correct Answer: C**

**Explanation:**

Insolvency and bankruptcy code 2016 was introduced to resolve the bankruptcy crisis in corporate sector.

- Under IBC, either the creditor (banks) or the loaner (defaulter) can initiate insolvency proceedings.
- It is done by submitting a plea to the adjudicating authority, the National Companies Law Tribunal (NCLT).
- According to IBC, a financial creditor holds an important role in the corporate insolvency process.
- The Committee of Creditors (CoC) under IBC includes all financial creditors of a corporate debtor.
- The CoC will appoint and supervise the Insolvency Professional.
- It has the power to either approve or reject the resolution plan to revive the debtor, or to proceed to liquidate the debtor.

Source: Ramesh Singh

**78. The term “Side Pocketing” often seen in news is related to which of the following?**

- a) Non-Banking Finance Corporations
- b) Mutual Funds
- c) Insurance Sector
- d) Viability Gap Funding

**Correct Answer: B**

**Explanation:**

Simply put, side pocketing is a framework that allows mutual funds to segregate the bad assets in a separate portfolio within their debt schemes.

- The Securities and Exchange Board of India (SEBI) introduced the framework in December — primarily triggered by the IL&FS fiasco — after it emerged that many fund houses have huge exposure to the beleaguered entity and could potentially take a huge hit on their net asset value thereby affecting investor returns.
- If a debt instrument is downgraded to default rating by credit rating agencies, then the fund house has the option to create a side pocket so that good assets can be ring-fenced.
- Side pocketing segregates the bad assets from the good ones.
- All existing investors in the scheme are allotted equal number of units in the segregated portfolio as held in the main portfolio and no redemption or subscription is allowed in the segregated portfolio.
- Thereafter, the units have to be listed on a stock exchange within 10 days to facilitate exit of the unit holders.
- Effectively, this makes the price discovery of the bad assets a transparent procedure with investors having the freedom of either selling it at prevailing price or holding it if they expect the value to recover in future.

**79. Which of the following is/are part of “revenue expenditure”?**

1. Interest payments on loans raised by government.
2. Subsidies forwarded to all sectors by the government.
3. Grants given by the government to Indian states and foreign countries.

**Select the correct answer using the code given below:**

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

**Correct Answer: D**

**Explanation:**

All expenditures incurred by the government are either of revenue kind or current kind or compulsive kind. The basic identity of such expenditures is that they are of consumptive kind and do not involve creation of productive assets. They are either used in running of a productive process or running a government. A broad category of things that fall under such expenditures in India are:

- Interest payment by the government on the internal and external loans;
- Salaries, Pension and Provident Fund paid by the government to government employees;
- Subsidies forwarded to all sectors by the government;
- Defense expenditures by the government;
- Postal Deficits of the government;
- Law and order expenditures (i.e., police & paramilitary);
- Expenditures on social services (includes all social sector expenditures as education, health care, social security, poverty alleviation, etc.) and general services (tax collection, etc.);
- Grants given by the government to Indian states and foreign countries.

**80. Consider the following statements regarding “Effective Revenue Deficit” (ERD):**

1. It is the difference between revenue deficit and grants for creation of capital assets.
2. It is suggested by the Rangarajan Committee on Public Expenditure.
3. The ERD target for 2020-21 has been set under 1% of GDP.

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

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

**Correct Answer: B**

**Explanation:**

Effective Revenue Deficit is the difference between revenue deficit and grants for creation of capital assets.

- The concept of effective revenue deficit has been suggested by the Rangarajan Committee on Public Expenditure.
- It is aimed to deduct the money used out of borrowing to finance capital expenditure.
- The concept has been introduced to ascertain the actual deficit in the revenue account after adjusting for expenditure of capital nature.
- Focusing on this will help in reducing the consumptive component of revenue deficit and create space for increased capital spending.
- Though the Budget documents have given targets for revenue deficit, the amendments to the Fiscal Responsibility and Budget Management Act 2003 has proposed to substitute the definitions of “effective revenue deficit” and “revenue deficit” with those of “Central government debt” and “general government debt” respectively.

**81. Consider the following statements regarding the Index of Industrial Production (IIP):**

1. The all-India IIP is being released as a monthly series since 1950.
2. The base year of IIP is 2014-15.
3. There is a lag of three weeks in the publication of the IIP index data after the reference month ends.

**Which of the statements given above is/are NOT correct?**

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

**Correct Answer: C**

**Explanation:**

In India, the first official attempt to compute the Index of Industrial Production (IIP) was made much earlier than the first recommendation on the subject came at the international level.

- The Office of the Economic Advisor, Ministry of Commerce and Industry made the first attempt of compilation and release of IIP with base year 1937, covering 15 important industries, accounting for more than 90% of the total production of the selected industries.
- The all-India IIP is being released as a monthly series since 1950. With the inception of the Central Statistical Organization in 1951, the responsibility for compilation and publication of IIP was vested with the same.
- When the index was commenced in India, the base year adopted was 1937 and this was revised successively to 1946, 1951, 1956, 1960, 1970, 1980-81, 1993-94, 2004-05 and recently to 2011-12.
- The IIP number measures the industrial production for the period under review, usually a month, as against the reference period. IIP is a key economic indicator of the manufacturing sector of the economy. There is a lag of six weeks in the publication of the IIP index data after the reference month ends.

**82. Which of the following statement is correct about “Call money rate”?**

- a) Rate at which government borrow from central bank.
- b) Rate at which central bank borrow from foreign markets.
- c) Rate at which government borrow commercial banks.
- d) Rate at which banks borrow from other banks.

**Correct Answer: D**

**Explanation:**

Call money rate is the rate at which short term funds are borrowed and lent in the money market.

The duration of the call money loan is 1 day.

Banks resort to these type of loans to fill the asset liability mismatch, comply with the statutory CRR and SLR requirements and to meet the sudden demand of funds.

RBI, banks, primary dealers etc are the participants of the call money market.

Demand and supply of liquidity affect the call money rate.

A tight liquidity condition leads to a rise in call money rate and vice versa....

**83. The term “randomized controlled trials” is often seen in news is related to which of the following?**

- a) An experiment to test the effectiveness of various policy interventions to alleviate poverty.
- b) COVID – 19 test trials in different countries.
- c) Effective monitoring of endangered species in different countries.
- d) Monitoring tropical monsoon in different countries.

**Correct Answer: A**

**Explanation:**

The 2019 Nobel Prize in Economic Sciences was awarded to three economists on Monday for their pioneering research into the use of experimental approaches to fight global poverty.

The trio, based in the United States, includes Abhijit Banerjee and Esther Duflo, who currently work at the Massachusetts Institute of Technology, and Michael Kremer of Harvard University.

The Prize committee noted that these economists “introduced a new approach to obtaining reliable answers about the best ways to fight global poverty.”

The new Nobel laureates are considered to be instrumental in using randomized controlled trials to test the effectiveness of various policy interventions to alleviate poverty.



**84. Which of the following is/are NOT recommendation (s) of “N K Singh committee” to review the implementation of FRBM?**

1. The combined debt-to-GDP ratio of the Centre and states should be brought down to 50 per cent by 2023.
2. Primary Deficit as the operating target to bring down public debt.
3. Centre should reduce its revenue deficit steadily by 0.5% GDP points each year.

**Select the correct answer using the code given below:**

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

**Correct Answer: D**

**Explanation:**

The FRBM Review Committee headed by former Revenue Secretary, NK Singh was appointed by the government to review the implementation of FRBM.

In its report submitted in January 2017, titled, ‘The Committee in its Responsible Growth: A Debt and Fiscal Framework for 21st Century India’, the Committee suggested that a rule based fiscal policy by limiting government debt, fiscal deficit and revenue deficits to certain targets is good for fiscal consolidation in India.

Following are the main recommendations of the NK Singh Committee.

Public debt to GDP ratio should be considered as a medium-term anchor for fiscal policy in India. The combined debt-to-GDP ratio of the centre and states should be brought down to 60 per cent by 2023 (comprising of 40 per cent for the Centre and 20% for states) as against the existing 49.4 per cent, and 21per cent respectively.

Fiscal deficit as the operating target: The Committee advocated fiscal deficit as the operating target to bring down public debt. For fiscal consolidation, the centre should reduce its fiscal deficit from the current 3.5% (2017) to 2.5% by 2023.

Revenue deficit target: The Committee also recommends that the central government should reduce its revenue deficit steadily by 0.25 percentage (of GDP) points each year, to reach 0.8% by 2023, from a projected value of 2.3% in 2017.

Formation of Fiscal Council to advice the government: The Committee advocated formation of institutions to ensure fiscal prudence in accordance with the FRBM spirit. It recommended setting up an independent Fiscal Council. The Council will provide several advisory functions.

Escape Clause to accommodate counter cyclical issues.

**85. “Assets Reconstruction Companies (ARCs)” is the outcome of which of the following acts?**

- a) Recovery of Debts Due to Banks and Financial Institutions (RDDBFI Act), 1993.
- b) SARFAESI Act, 2002
- c) Financial Regulation Act, 2018.
- d) Banking Regulations Act, 1949.

**Correct Answer: B**

**Explanation:**

Assets Reconstruction Companies (ARCs) acquire non-performing assets (NPAs) from banks or financial institutions along with the underlying securities mortgaged and/or hypothecated by the borrowers to the lenders.

The ARCs then try and manage or resolve these NPAs acquired from banks. It can even infuse more funds in order to reconstruct the asset.

If reconstruction is not possible and the borrower is unwilling to repay the loan, the ARCs even sell the secured assets.

ARCs acquire NPAs by way of ‘true sale’, i.e., once an NPA has been sold, the seller has no further interest in that asset.

ARCs are a product of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

**86. Which one among the following items has maximum weight in wholesale price index (WPI)?**

- a) Raw materials
- b) Fuel and electricity
- c) Food items
- d) Manufactured products

**Correct Answer: D**

**Explanation:**

Wholesale Price Index (WPI) measures the average change in the prices of commodities for bulk sale at the level of early stage of transactions.

The index basket of the WPI covers commodities falling under the three major groups namely Primary Articles, Fuel and Power and Manufactured products. (The index basket of the present 2011-12 series has a total of 697 items including 117 items for Primary Articles, 16 items for Fuel & Power and 564 items for Manufactured Products.)

**87. The “Partial Credit Guarantee Scheme (PCGS)” is often seen in news is related to which of the following?**

- a) It allows public sector banks to purchase high-rated pooled assets from financially sound NBFCs and housing finance companies (HFCs).
- b) It provides low interest loans to Small and Medium Enterprises (SME’s).
- c) It provides low cost loans on the lines of Mudra Bank to Self-help groups.
- d) It provides low cost capital to start-ups.

**Correct Answer: A**

**Explanation:**

The Centre had announced the PCGS in July 2019, allowing public sector banks to purchase high-rated pooled assets from financially sound NBFCs and housing finance companies (HFCs).

As a part of its Aatmanirbhar initiative, finance minister had extended the scheme in May to cover primary market issuance of bonds by NBFCs, HFCs and micro finance institutions (MFIs) with low credit ratings.

The idea was to provide liquidity support to institutions with low credit ratings and ensure continuity of credit support to small businesses.

**88. Consider the following statements regarding the “gig economy”:**

1. It undermines the traditional economy of full-time workers who rarely change positions and instead focus on a lifetime career.
2. India is the 5th largest country for flexi-staffing.

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

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

**Correct Answer: C**

**Explanation:**

Gig economy can be defined as a work engagement where on one side, there is a service seeker i.e. a consumer with a demand for a specific task, and on the other side, and there is a service provider i.e. a gig worker who can perform that specific task.

A gig economy undermines the traditional economy of full-time workers who rarely change positions and instead focus on a lifetime career.

In this economy, tech-enabled platforms connect the consumer to the gig worker to hire services on a short-term basis.

Gig workers include self-employed, freelancers, independent contributors and part-time workers.

The digital gig economy generated a gross volume of approximately \$204 bn from worldwide customers in 2018.

Transportation-based services contributed to over 50% of this value. The size of the gig economy is projected to grow by a 17% CAGR and generate a gross volume of ~\$455 bn by 2023.

India has emerged as the 5th largest country for flexi-staffing after US, China, Brazil and Japan.

Haryana, Madhya Pradesh, Andhra Pradesh, Gujarat and Telangana have most opportunities in terms of growth for the flexi-workers.

**89. Which of the following is/are the reasons for the currency depreciation?**

1. reduced monetary policy interest rates.
2. A surge in exports.
3. Traders and speculators selling currencies on the market.

**Select the correct answer using the code given below:**

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

**Correct Answer: C**

**Explanation:**

Currency depreciation can occur for a variety of reasons. Broadly these include changes in inflation rates, political instability and other economic factors. More specifically, some of the leading causes of currency depreciation are:

- Lower export revenues
- A surge in imports
- Reduced monetary policy interest rates
- Central bank intervention
- Traders and speculators selling currencies on the market

**90. Consider the following statements.**

1. Regional Rural Banks (RRBs) were formed by an act of parliament, with an objective to provide credit and other facilities to small farmers, agricultural labourers, and artisans in rural areas.
2. As per RBI guidelines, the RRBs have to provide 90 per cent of their total credit under priority sector lending.
3. Co-operative Banks contributed the major share in agricultural and allied credit in India.

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

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

**Correct Answer: D**

**Explanation:**

Regional Rural Banks (RRBs) were formed under the RRB Act, 1976 with an objective to provide credit and other facilities to small farmers, agricultural labourers, and artisans in rural areas.

As per RBI guidelines, the RRBs have to provide 75 per cent of their total credit under priority sector lending. RRBs are primarily catering to the credit and banking requirements of agriculture sector and rural areas with a focus on small and marginal farmers, micro and small enterprises, rural artisans and weaker sections of the society.

In addition, RRBs also provide lending to micro/small enterprises and small entrepreneurs in rural areas.

Scheduled commercial banks contributed the major share in agricultural and allied credit.

**91. Consider the following statements:**

1. A cyclical slowdown is a period of lean economic activity that occurs at regular intervals.
2. A structural slowdown is a more deep-rooted phenomenon that occurs due to a one-off shift from an existing paradigm.

**Which of the statements given above is/are NOT correct?**

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

**Correct Answer: D**

**Explanation:**

A cyclical slowdown is a period of lean economic activity that occurs at regular intervals.

Such slowdowns last over the short-to-medium term, and are based on the changes in the business cycle.

Generally, interim fiscal and monetary measures, temporary re-capitalisation of credit markets, and need-based regulatory changes are required to revive the economy.

A structural slowdown, on the other hand, is a more deep-rooted phenomenon that occurs due to a one-off shift from an existing paradigm.

The changes, which last over a long-term, are driven by disruptive technologies, changing demographics, and/or change in consumer behaviour.

**92. Which of the following statement/s is/are correct about Central Public Sector Enterprise Exchange Traded Fund (CPSE ETF)?**

- a) It was launched by the government in March 2014 to help divest its stake in select public sector undertakings through the ETF route.
- b) It is based on the Nifty CPSE index that comprises 12 PSEs.
- c) Nippon Life India Asset Management is the manager of the fund.
- d) All of the above

**Correct Answer: D**

**Explanation:**

CPSE ETF, as the name suggests, is an exchange-traded fund (ETF) comprising public sector enterprises (PSEs).

The ETF was launched by the government in March 2014 to help divest its stake in select public sector undertakings through the ETF route.

The ETF is based on the Nifty CPSE index that comprises 12 PSEs such as ONGC, NTPC, Coal India, Indian Oil Corporation, REC, Power Finance Corporation, Bharat Electronics, Oil India, NBCC (India), NLC India and SJVN.

Nippon Life India Asset Management is the manager of the fund.



**93. Which of the following sector (s) is/are permitted 100% Foreign Direct Investment (FDI)?**

1. Coal sector
2. Contract Manufacturing sector
3. Digital Media sector

**Select the correct answer using the code given below:**

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

**Correct Answer: B**

**Explanation:**

The government on August 28, 2019 relaxed FDI rule for foreign single brand retailers and also permitted foreign investment in contract manufacturing and coal mining.

List of the important decisions on FDI by the Cabinet:

Allows 100% FDI under automatic route in coal mining and associated infrastructure

Allows 100% FDI in contract manufacturing under automatic route

Relaxes FDI rules for single brand retail; expands definition of 30% domestic sourcing

Allows online retailing under single-brand retail; relaxes rule of mandatory brick-and-mortar store

Approves 26% FDI in digital media

**94. Which of the following is/are NOT “mixed economy” characteristics?**

1. Co-existence of private and public sector
2. Private property is not allowed
3. Economic planning

**Select the correct answer using the code given below:**

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

**Correct Answer: B**

**Explanation:**

Mixed economy is a golden mixture of capitalism and socialism.

Under this system there is freedom of economic activities and government interferences for the social welfare. Hence it is a blend of both the economies.

The concept of mixed economy is of recent origin. The developing countries like India have adopted mixed economy to accelerate the pace of economic development.

Even the developed countries like UK, USA, etc. have also adopted ‘Mixed Capitalist System’.

Mixed economy has following main features:

- Co-existence of Private and Public Sector
- Personal Freedom
- Private Property is allowed
- Economic Planning
- Price Mechanism and Controlled Price
- Profit Motive and Social Welfare

**95. Consider the following statements regarding Open market operations.**

1. Open market operations are conducted by the Reserve Bank of India (RBI) with an objective to adjust the rupee liquidity conditions in the market on a durable basis.
2. These operations are conducted only on quarterly basis in a manner that balances inflation while helping banks continue to lend.
3. RBI carries out the Open market operations through commercial banks and does not directly deal with the public.

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

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

**Correct Answer: C**

**Explanation:**

What are open market operations?

They are conducted by the RBI by way of sale or purchase of government securities (g-secs) to adjust money supply conditions.

The central bank sells g-secs to suck out liquidity from the system and buys back g-secs to infuse liquidity into the system.

These operations are often conducted on a day-to-day basis in a manner that balances inflation while helping banks continue to lend.

The RBI uses OMO along with other monetary policy tools such as repo rate, cash reserve ratio and statutory liquidity ratio to adjust the quantum and price of money in the system.

When the RBI wants to increase the money supply in the economy, it purchases the government securities from the market and it sells government securities to suck out liquidity from the system.

RBI carries out the OMO through commercial banks and does not directly deal with the public.

**96. Consider the following statements regarding the Farmer Producer Organization (FPO):**

1. Farmers, Local representatives and other interested parties are the shareholders of FPO.
2. NABARD has dedicated funds to promote FPOs.

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

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

**Correct Answer: B**

**Explanation:**

An FPO, formed by a group of farm producers, is a registered body with producers as shareholders in the organization.

It deals with business activities related to the farm produce and it works for the benefit of the member producers.

Small Farmers' Agribusiness Consortium (SFAC) is providing support for promotion of FPOs.

NABARD has dedicated Funds like Producer Organisation Development Fund (PODF) and PRODUCE for promotion of FPOs.

Financing FPOs through NABARD's subsidiary NABKISAN Finance Ltd., digitisation of FPO data, development of performance measurement tool, etc. have also contributed to the ongoing efforts.

Besides, NABARD is running an awareness campaign on the role of FPOs in building resilience against climate change, increase in productivity and optimal efficiency in the agri value chain.

**97. Which of the following pair (s) is/are correctly matched?**

Index	: Base Year
1. Wholesale price index	: 2014-15
2. Consumer price index	: 2004-05
3. Gross Domestic Product	: 2011-12

**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

**Correct Answer: C**

**Explanation:**

Consumer Price Index or CPI as it is commonly called is an index measuring retail inflation in the economy by collecting the change in prices of most common goods and services used by consumers. Base Year for CPI is 2012.

Wholesale Price Index, or WPI, measures the changes in the prices of goods sold and traded in bulk by wholesale businesses to other businesses.

With an aim to align the index with the base year of other important economic indicators such as GDP and IIP, the base year was updated to 2011-12 from 2004-05 for the new series of Wholesale Price Index (WPI), effective from April 2017.

The present base year for gross domestic product is 2011-12.

**98. Which of the following is/are correctly matched?**

Committee/Panel	:	Significance
1. Ranga Rajan Committee	:	Balance of Payments
2. Vijay Kelkar Committee	:	Goods & Service Tax
3. Tarapore Committee	:	Currency Convertibility

**Select the correct answer using the codes given below:**

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

**Correct Answer: A**

**Explanation:**

Besides, economic reforms in various sectors, various Committees were set up from time to time (by the Government of India and by RBI) to discuss policy issues related to international trade and balance of payments.

Some of the important Committees were –

Committee on Export – Import Policies & Procedures (Alexander Committee, 1978),

Committee on Trade policy (Abid Hussain Committee, 1984),

High – level Committee on Balance of Payments (Rangarajan Committee 1993), and

Committee on Capital Account Convertibility (Tarapore Committee I 1997 & Tarapore Committee II 2006).

In 2003, the Vajpayee government forms a task force under Vijay Kelkar to recommend tax reforms. In 2004, Vijay Kelkar, then advisor to the Finance Ministry, recommends GST to replace the existing tax regime.

**99. Consider the following statements regarding the Essential Commodities Act (ECA), 1955:**

1. It was enacted to control the production, supply and distribution of, and trade and commerce in, certain goods considered as essential commodities.
2. The Act itself does lay out Rules and Regulations to issue Control Orders related to dealer licensing, regulate stock limits, restrict movement of goods and requirements of compulsory purchases.
3. Food and civil supply authorities in States execute the provisions of the Act.

**Which of the statements given above is/are NOT correct?**

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

**Correct Answer: D**

**Explanation:**

Essential Commodities Act (ECA), 1955 was enacted to control the production, supply and distribution of, and trade and commerce in, certain goods considered as essential commodities.

The Act itself does not lay out Rules and Regulations but allows the States to issue Control Orders related to dealer licensing, regulate stock limits, and restrict movement of goods and requirements of compulsory purchases under the system of levy.

The Act also provides for action to confiscate the stock seized; to suspend/ cancel licences, if any and impose punishments like imprisonment.

The Act also gives the power to fix price limits, and selling the particular commodities above the limit will attract penalties.

Most of the powers under the Act have been delegated by the Central Government to the State Governments with the direction that they shall exercise these powers.

Food and civil supply authorities in States execute the provisions of the Act.

**100. Participatory notes (P-notes) investments in the Indian market is allowed in which of the following instruments**

1. Equity
2. Debt
3. Hybrid securities
4. Derivatives

**Select the correct answer code:**

- a) 1, 2, 3
- b) 1, 3, 4
- c) 1, 2
- d) 1, 2, 3, 4

**Correct Answer: D**

**Explanation:**

P-notes are issued by registered FPIs to overseas investors who wish to be part of the Indian stock market without registering themselves directly. They, however, need to go through a due diligence process.

P-note investments in Indian markets – equity, debt, hybrid securities and derivatives.