1. Correct answer: (b) 2 only

Statement 1: "As the consumer's income decreases, the demand for inferior goods also decreases." This is **incorrect**. Inferior goods are defined as goods for which demand **increases** when consumer income **decreases**. A common example might be instant noodles or public transport — when people have less income, they might switch to cheaper alternatives.

Statement 2: "Demand for Giffen goods is heavily influenced by a lack of close substitutes and income pressures."

- This is **correct**. Giffen goods are a special type of inferior goods where demand increases as the price increases, due to the strong **income effect outweighing the substitution effect**. This situation generally arises when:
  - The good is a staple (like bread or rice).
  - There are **no close substitutes**.
  - Consumers have **low incomes**, so they can't afford more expensive alternatives.

2. Correct answer: (a) 1 only

Statement 1: "The base year of calculating the National Accounts was revised from 2004–05 to 2011–12."

- In January 2015, the Central Statistics Office (CSO) released a new series of national accounts with 2011–12 as the base year, replacing the previous base year of 2004–05. This revision aimed to provide a more accurate reflection of the economy's structure and was done in accordance with the recommendation of the National Statistical Commission (NSC).

Statement 2: "The headline growth rate is measured by Gross Domestic Product (GDP) at GDP at factor cost."

- The headline growth rate is measured by Gross Domestic Product (GDP) at market prices, not at factor cost. GDP at market prices includes taxes and subsidies on products, whereas GDP at factor cost excludes them. The revised series now uses Gross Value Added (GVA) at basic prices for industry-wise estimates, and GDP at market prices for overall national income.

3. Correct answer: (b) 2 only

Statement 1: "It is launched by the Ministry of Finance to develop a Green Finance Ecosystem (GFS) in India."

- The Green Deposits Framework was issued by the **Reserve Bank of India (RBI)**, not the Ministry of Finance. Its primary objective is to foster and develop a green finance ecosystem in the country by encouraging regulated entities to offer green deposits to customers.

Statement 2: "The framework is not applicable to Regional Rural Banks, Local Area Banks, and Payments Banks."

- The provisions of the Green Deposits Framework are applicable to:
  - Scheduled Commercial Banks, including Small Finance Banks.
  - All deposit-taking Non-Banking Financial Companies (NBFCs), including Housing Finance Companies.
  - **Excluding** Regional Rural Banks, Local Area Banks, and Payments Banks.

4. **Correct answer: (d) Limitation of the negative impact of capital inflows and outflows on the economy**

- Sterilization refers to the **monetary policy operations** conducted by the RBI to **neutralize the impact of foreign capital flows** (inflows or outflows) on the domestic **money supply**.
- For example, when there's a **large inflow of foreign currency** (e.g., due to FIIs), the RBI may buy the foreign currency (to keep the rupee from appreciating), which increases the domestic money supply. To **"sterilize"** this effect, the RBI will **suck out the excess rupee liquidity** — typically through instruments like **Open Market Operations (OMOs)**, **Market Stabilization Scheme (MSS)**, or increasing the **Cash Reserve Ratio (CRR)**.

(a) Prohibition on the issuance of new currency for financing of the fiscal deficit.

- This relates to fiscal policy and government borrowing, not sterilization.

(b) Increase in Foreign Institutional Investments (FIIs) in India.

- Sterilization is a **reaction** to capital flows, not a **cause** of them.

(c) Increase in the reserves of the commercial banks through repurchase agreements.

- That's more aligned with liquidity infusion, not sterilization which usually **removes** liquidity.

(d) Limitation of the negative impact of capital inflows and outflows on the economy.

This is the **primary goal** of sterilization — to limit the inflationary or deflationary effects of volatile capital flows and maintain monetary stability.

5. **Correct answer: (b) 2 only**

Statement 1: "It states that higher tax rates initially increase revenue but after a point cause revenue to fall."

- This describes the **Laffer Curve**, **not the Phillips Curve**.
  - The **Laffer Curve** is about the relationship between tax rates and tax revenue.
  - The **Phillips Curve** deals with inflation and unemployment, not taxation.

Statement 2: "As per the curve, there is an inverse relationship between inflation and unemployment."

- . This is the central idea of the **Phillips Curve**:
  - In the short run, **as inflation increases, unemployment tends to decrease**, and vice versa.
  - The idea is that when unemployment is low, wages rise, leading to higher inflation; and when unemployment is high, inflation tends to be low due to weaker demand.

6. **Correct answer: (a) a practice of purchasing a security based on advance non-public information**

(a) a practice of purchasing a security based on advance non-public information

Front running is an **unethical or illegal** practice where a broker or trader **uses advance knowledge of pending orders** (usually from clients) to place their own trades **ahead** of those orders to benefit from the expected price movement.

For example, if a broker knows a client is about to place a large buy order that will drive the price up, the broker may **buy shares beforehand** and sell them after the price rises.

(b) Short-term trading by foreign investors is **not front running**, it's just **portfolio investment activity**.

- **(c)** Government buying shares to stabilize the market is **market intervention**, not front running.
- **(d)** Buying stakes in a start-up before listing is **pre-IPO investment** or **venture capital**, not front running.

7. **Correct answer: (a) 1 only**

Statement 1: "It is the difference between the government's total expenditure and its total receipts excluding borrowing."

- Fiscal Deficit = **Total Expenditure** – (**Total Receipts – Borrowings**)
- So, **it excludes borrowings** from the receipts side — hence, this is the **correct definition** of fiscal deficit.

Statement 2: "It always leads to inflation as it increases the supply of money in the economy."

- While **fiscal deficits can be inflationary**, especially when financed by **printing money** (monetization), they **don't always cause inflation**.
- If the economy is operating **below capacity** (e.g., during a recession), a fiscal deficit might **stimulate demand** without causing inflation.
- Also, if the deficit is funded through **market borrowing**, it may not increase money supply directly.

8. Correct answer: **(d) Treaty Shopping**

(d) Treaty Shopping

- **Treaty Shopping** refers to the practice where an entity **routes its investments through a third country** that has a favorable **Double Taxation Avoidance Agreement (DTAA)** with the target country, **even though the entity has no real economic activity in the third country**.
- The goal is to **exploit tax benefits** (like reduced withholding taxes) available under that treaty.
- **(a) Round Tripping**: Involves **routing domestic money through foreign countries** and bringing it back as foreign investment.
- **(b) Profit Shifting**: Involves **moving profits to low-tax jurisdictions** to avoid tax — part of **Base Erosion and Profit Shifting (BEPS)**.
- **(c) Transfer Mispricing**: Involves **manipulating prices of transactions between related entities** to shift profits and reduce tax liability.

9. Correct answer: (c) 3 only

1. Increasing corporate tax

- This is **not effective** for boosting foreign exchange reserves.
- In fact, **higher corporate tax** may **reduce foreign investment**, worsen the business climate, and could **negatively affect exports**.

2. Increasing export duty

- This would **discourage exports**, leading to **lower foreign currency inflows**, which would further **worsen** the foreign exchange reserves.
- So this step is **counterproductive**.

3. Ease of doing business measures

- This is the **only effective option** here.
- Improving the **ease of doing business** can attract **foreign direct investment (FDI)**, boost **exports**, and generally **enhance foreign**

exchange inflows, helping to stabilize or improve reserves.

10. **Correct answer: (c) Both 1 and 2**

Statement 1: "It was founded as the successor organization to the General Agreement on Trade and Tariff (GATT)."

- The **WTO** was established in **1995** as the **successor to GATT**, which had been in place since 1948.
- While **GATT** was only a **provisional agreement focused on trade in goods**, the WTO became a **permanent international organization** with a much **broader scope**.
- The WTO **incorporates GATT** as part of its legal framework.

- **Statement 2: "Its agreements cover trade in goods as well as services through the removal of tariff as well as non-tariff barriers."**
- The WTO oversees several agreements:
  - **GATT**: Trade in **goods**.
  - **GATS** (General Agreement on Trade in Services): Trade in **services**.
  - **TRIPS**: Intellectual property rights.
- It aims to **promote free trade** by encouraging the **removal of both tariff barriers** (like customs duties) and **non-tariff barriers** (like quotas, licensing rules, and regulatory restrictions).

11. Correct answer: (a) 1 only

Statement 1: "They are individual investors who invest in startup businesses in exchange for equity."

- **Venture Capitalists (VCs)** are typically **institutional investors** or **individuals** (sometimes part of a VC firm) who **invest in early-stage companies** or **startups** with high growth potential in exchange for **equity** (ownership in the company).
- While some VCs are individuals, most VC funds are run by firms that pool money from various investors.

Statement 2: "They do not get involved in the decision-making of the invested companies."

- **Venture Capitalists** often take an **active role in the companies** they invest in.
- They usually provide not just **funding** but also **guidance**, **strategic direction**, and **mentorship** to startups. Many VCs take **board positions** and are involved in key **decision-making** processes.
- Their involvement can help the startup scale and grow successfully.

12. Correct answer: (c) Both 1 and 2

Statement 1: "The Mines and Minerals (Development and Regulation) Amendment Act, 2015 provides for the establishment of the District Mineral Foundation (DMF)."

- The **MMDR Amendment Act, 2015** introduced the **District Mineral Foundation (DMF)**.
- The DMF was established to utilize funds for the welfare of persons and areas affected by mining operations.
- The Act mandates that holders of mining leases contribute up to **one-third of the royalty** to the DMF .

Statement 2: "The Mines and Minerals (Development & Regulation) Amendment Bill, 2023 empowers the Central Government to exclusively auction mining leases for all critical minerals."

- The **MMDR Amendment Bill, 2023** empowers the **Central Government** to exclusively auction mining leases and composite exploration licenses for certain critical minerals.
- These minerals include **gold, silver, platinum, copper**, and others.
- The Bill also allows the private sector to mine certain atomic minerals, such as **lithium, beryllium, niobium, titanium, tantalum, and zirconium**, which were previously reserved for government entities .

13. Correct answer: (c) Both 1 and 2

Statement 1: "It is based on the Lakdawala Committee methodology adopted by the erstwhile Planning Commission."

- **The Lakdawala Committee (1993)** recommended a methodology for estimating poverty in India, which was used by the **Planning Commission** to define the **poverty line**.
- This methodology used **per capita monthly consumption expenditure** as a measure and defined a specific threshold below which people were considered to be living in poverty.

Statement 2: "Poverty line estimation in India has been based on the monthly per capita consumption expenditure."

- The poverty line in India has been based on **per capita monthly consumption expenditure** (MPCE).
- The **Planning Commission** and other subsequent committees, including the **Tendulkar Committee (2009)**, used this method to determine the poverty line by considering consumption expenditure on essential goods and services.

14. Correct answer: (b) Only two

1. On-call workers

Gig worker.

- On-call workers are those who work when required, typically for a short duration. Their employment is often flexible and temporary, fitting the **gig economy** model.

2. Online platform workers

Gig worker.

- These are individuals who work via online platforms (like Uber, TaskRabbit, or freelance marketplaces). Their work is temporary and task-based, making them **gig workers**.

3. Self-employed people

- **Not necessarily gig workers**.
  - Self-employed individuals can work independently but may not always be involved in **temporary or short-term gigs**. Their work may be long-term or based on their own business, which distinguishes them from the typical **gig economy**.

4. Freelancers

- **Gig worker**.
  - Freelancers work on a project-by-project basis, often through contracts or digital platforms, making them a clear example of **gig workers**.

15. Correct answer: (b) Tribal Cooperative Marketing Development Federation of India (TRIFED)

(b) Tribal Cooperative Marketing Development Federation of India (TRIFED)

- **TRIFED** plays a key role in determining the MSP for **Minor Forest Produce (MFP)**, which includes a wide range of forest products collected by tribal communities.
- TRIFED, under the Ministry of Tribal Affairs, works to ensure that these forest products are sold at a fair price and supports the tribal communities in earning better income from these resources.

(a) Commission for Agricultural Costs & Prices (CACP): This body sets MSPs for **crops**, not for Minor Forest Produce.

(c) Ministry of Agriculture & Farmers Welfare: They deal with agricultural products but not **Minor Forest Produce**.

(d) Ministry of Finance: This ministry deals with financial matters, not setting MSP for forest products.

16. **Correct answer: (a) 1, 3 and 5 only**

1. Bajra (Pearl Millet)

- **Millet crop**.
  - Bajra is one of the **major millets** and is widely grown in India, particularly in dry and semi-arid regions.

2. Kakum

- **Not a millet**.
  - **Kakum** is not a recognized millet crop. It does not fall under the category of **major millets**.

3. Ragi (Finger Millet)

- **Millet crop**.
  - **Ragi** is another important **millet** and is a staple food in parts of South India and other dry regions.

4. Kodo

- **Millet crop**.
  - **Kodo millet** is a lesser-known but significant millet grown in parts of India. It is a **minor millet**, often used for food and fodder.

5. Jowar (Sorghum)

- **Millet crop**.
  - **Jowar** is another **major millet** grown in India, primarily in regions with dry climates.

17. **Correct answer: (d) All four**

GFCF refers to the **net investment in fixed assets** within an economy during a period. It includes investments in:

- **Physical assets** (like buildings, roads, and machinery)
- **Intellectual property products**
- **Cultivated biological resources** (that are used repeatedly or continuously for production)

1. Intellectual Property Product

- **Included**
  - This includes R&D, software, databases, mineral exploration, etc.
  - It is part of **non-tangible fixed assets**, hence **included in GFCF**.

2. Cultivable Biological Resources

- **Included**
  - These refer to resources like trees, livestock, etc., that are used for production **over more than one year**.
  - They are considered part of fixed capital in GFCF.

3. Machinery and Equipment

- **Included**
  - Classic example of **fixed capital**.
  - Definitely part of GFCF.

4. Dwellings, Other Buildings and Structures

- **Included**
  - This includes residential buildings, commercial buildings, infrastructure — all form **a major component** of GFCF.

18. Correct answer: (b) 2 only

Statement 1: "Unlike real GDP, nominal GDP is inflation adjusted."

- This statement is **reversed**.
- **Real GDP** is **inflation-adjusted**, meaning it reflects the actual quantity of goods and services produced, factoring out price changes.
- **Nominal GDP** is **not adjusted for inflation** — it measures the value of goods and services at current market prices.
- So, **nominal GDP includes inflation**, while **real GDP excludes it**.

Statement 2: "Increase in nominal GDP does not necessarily translate to increased production."

A rise in **nominal GDP** can occur due to **higher prices (inflation)**, even if the actual output or **production hasn't increased**.

19. Correct answer: (d) Statement–I is incorrect, but Statement–II is correct

The **Cash Reserve Ratio (CRR)** is the **percentage of a bank's total deposits that must be held in reserve with the Reserve Bank of India (RBI)**.

When the CRR is **decreased**, banks are **required to keep less money with the RBI**, freeing up **more funds for lending**.

Statement-I: "A decrease in the CRR results in an increase in the borrowing cost of funds for businesses and investors."

- A **decrease in CRR** makes **more money available for banks to lend**, which typically leads to **lower interest rates**, i.e., **borrowing becomes cheaper**, not costlier.
- So, the **borrowing cost actually decreases**, not increases.

Statement-II: "A decrease in the CRR by the Reserve Bank of India (RBI) increases the lendable resources of the commercial banks."

When CRR is reduced, banks have **more funds available to lend**, which means their **lendable resources increase**.

20. The correct answer is: **(d) World Economic Forum (WEF)**

The initiative **"AI for Agriculture Innovation"** (AI4AI) is associated with the **World Economic Forum (WEF)**. Launched by WEF's Centre for the Fourth Industrial Revolution (C4IR) India, in collaboration with India's Ministry of Agriculture and the state of Telangana, the AI4AI initiative aims to harness artificial intelligence and emerging technologies to transform agriculture, particularly benefiting smallholder farmers.

The initiative has been implemented in the Khammam district of Telangana, where over 7,000 farmers have participated in pilot programs offering AI-based advisories, soil testing, produce quality testing, and e-commerce services.

21. **Correct answer: (d) 1, 2 and 3**

Statement 1: "Like mutual funds, the PEF pools money from the investors and makes investments on their behalf."

- Just like mutual funds, **Private Equity Funds (PEFs) pool capital** from multiple investors.
- However, unlike mutual funds that invest in **public markets**, PEFs usually invest in **private companies** or take over public companies to delist them.

Statement 2: "It is a closed-end fund that is not listed on public exchanges."

- **PEFs are closed-end funds**, meaning investors commit their capital for a fixed term (usually 7–10 years).
- These funds are **not traded on public exchanges**, and liquidity is limited until the fund exits its investments.

Statement 3: "Venture capital fund is a type of PEF." **Venture Capital Funds** are a **subcategory of Private Equity Funds**, specifically targeting **early-stage or startup companies** with high growth potential.

22. Correct answer: (a) Only one

Only **interest rate hikes** are appropriate to curb **demand-pull inflation**.

Demand-Pull Inflation: This occurs when aggregate demand exceeds supply**, causing prices to rise. To control it, the** Reserve Bank of India (RBI) **would adopt a** tight (contractionary) monetary policy**, which** reduces money supply and borrowing**, thereby reducing demand.**

1. Interest Rate Hikes

- Raising interest rates makes borrowing costlier, discourages spending and investment, and **helps curb demand-pull inflation**.

2. Quantitative Easing

- Quantitative easing is an **expansionary policy** where the central bank increases money supply to stimulate demand — this would **worsen** demand-pull inflation.

3. Dovish Monetary Policy

- A **dovish policy** is accommodative and focuses on **lower interest rates** and **increasing liquidity**, which also fuels demand — **not suitable** for controlling inflation.

4. Reducing Reverse Repo Rate

- Reducing the **reverse repo rate** means banks earn less by parking funds with the RBI, pushing them to **lend more**, which **increases liquidity** and **fuels demand**, thus **worsening inflation**.

23. **(d) It is the practice of traders to fraudulently avail input tax credit by issuing fake invoices**

Explanation:

- **Circular trading** is a fraudulent activity where a group of businesses **issues fake invoices** to each other **without actual supply of goods or services**.
- The goal is to **artificially inflate turnover** and **illegally claim Input Tax Credit (ITC)** under **GST**.
- This creates a **cycle of bogus transactions** and leads to **tax evasion**.

(a) Describes **insider trading**, not circular trading.

(b) Refers to **unregistered traders**, which is not what circular trading means.

(c) Is a vague reference to tax evasion but does **not capture the core idea** of circular trading.

24. Correct answer: (d) 1, 2, 3 and 4

1. They can be pledged as security for a loan in the money market.

- G-Secs are **highly secure** and **liquid instruments**.
- They can be used as **collateral** to obtain loans from banks or in **repo** transactions in the money market.

2. They are available in a wide range of maturities.

- G-Secs come in varying maturities — **short-term (T-bills)**, **medium-term**, and **long-term bonds** (up to 40 years), which helps investors align with their investment horizons.

3. They can be easily sold on the secondary market.

- G-Secs are **highly liquid** and traded actively on the **secondary market** through exchanges and the RBI Retail Direct platform.

4. They are readily available due to transparent price dissemination mechanisms.

- The price and yield data of G-Secs are **transparently published** by RBI and other market platforms, ensuring **price discovery** and market efficiency.

25. Correct answer: (a) (Current Account + Capital Account Total Receipts) is greater than (Current Account + Capital Account Total Payments)

BoP Surplus **means:**

The total **inflows (receipts)** from the **current account + capital account** are **greater than** the total **outflows (payments)**.

(a) *(Current Account + Capital Account Total Receipts) is greater than (Current Account + Capital Account Total Payments)*

- This is the **definition** of a BoP **surplus**.

(b) Total Capital Account receipts equals Total Current Account receipts

- No such equality is required or implied by a BoP surplus

(c) (Current Account + Capital Account Total Receipts) is less than (Current Account + Capital Account Total Payments)

. This would describe a **BoP deficit**, not a surplus.

(d) (Total Capital Account + Total Current Account) is less than Zero

That would also imply a *deficit****.***

26. **Correct answer: (c) Both 1 and 2**

Both statements accurately describe the **mechanism** and **benefits** of currency swaps.

Statement 1: "It is a foreign exchange contract in which two parties agree to exchange the principal and interest of a loan in one currency."

- In a **currency swap**, two parties **exchange principal and interest payments** in **different currencies**.
- For example, a country might swap dollars for yen, with agreed repayment terms.

Statement 2: "It allows the countries to get a loan at a lower rate of interest than the foreign markets."

- Through a currency swap with a friendly country or central bank (e.g., RBI with another country's central bank), a country might get access to **foreign currency liquidity at concessional or more favorable rates** than those available in international debt markets.

27. Correct answer: (a) Only one

Statement 1: "It calculates and maintains the credit history of both individuals and business corporations."

- CIBIL maintains credit records for both individuals and businesses. For individuals, it provides a **CIBIL Score** ranging from 300 to 900, reflecting their creditworthiness. For businesses, it offers a **Company Credit Report (CCR)** and assigns a **CIBIL Rank** ranging from 1 to 10, indicating the company's credit health.

Statement 2: "It takes into account credit profiles of the borrowers for the previous five years."

CIBIL considers credit histories for a period of **36 months (3 years)**, not five years. This timeframe allows lenders to assess recent credit behavior and repayment patterns.

Statement 3: "The decision to lend money is solely dependent on the CIBIL." While CIBIL provides credit reports and scores, the final lending decision rests with the individual financial institutions. They consider various factors, including CIBIL scores, income levels, employment status, and other credit policies, before approving loans.

28. Correct answer: (b) Economic growth model emphasizing on Investment and Saving.

Explanation: The **Harrod-Domar Model** is an **economic growth model** that focuses on the relationship between **investment**, **saving**, and **economic growth**.

According to this model, **investment** is the key to economic growth, and the level of **saving** must be high enough to maintain sufficient investment for growth.

The model suggests that the growth rate of an economy depends on the level of investment and the **savings rate**, with the formula:

Growth Rate=InvestmentCapital-Output Ratio−Savings Rate\text{Growth Rate} = \frac{\text{Investment}}{\text{Capital-Output Ratio}} - \text{Savings Rate}Growth Rate=Capital-Output RatioInvestment−Savings Rate

(a) Disinvestment from PSUs is not the focus of the Harrod-Domar model.

(c) The **Insolvency resolution process** is unrelated to this model.

(d) The **Theory of Comparative Advantage** is associated with **international trade**, not economic growth models.

29. Correct answer: (c) Both 1 and 2

Statement 1: "It occurs mainly when the share of the working-age population is larger than the non-working-age share of the population."

- The **Demographic Dividend** refers to the economic benefit that occurs when a country has a **larger proportion of working-age people (typically 15-64 years)** relative to the non-working-age population (children and elderly).
- This **favorable age structure** allows for increased productivity, savings, and economic growth, as more people are in the workforce and fewer are dependent on others.

Statement 2: "Smaller numbers of children per household generally lead to larger investments per child."

- When there are fewer children in a household, families tend to allocate more resources (education, healthcare, etc.) to each child. This can enhance **human capital** and potentially lead to better economic outcomes for the next generation.
- It also means that there is **more disposable income** for each child, leading to **higher investments** in their development.

30. Correct answer: (a) 1 only

Statement 1: "It is aimed at creating a National Database of Unorganized Workers (NDUW), which will be seeded with Aadhaar."

- The **e-SHRAM portal** was launched by the Ministry of Labour and Employment to create a **National Database of Unorganized Workers (NDUW)**. This database is **seeded with Aadhaar** to ensure accurate identification and facilitate the delivery of social security benefits.

Statement 2: "Agricultural laborers and landless farmers are not eligible for registration in the e-SHRAM portal."

- **Agricultural laborers and landless farmers are eligible** to register on the e-SHRAM portal. The portal is designed to include all unorganized workers, which encompasses agricultural laborers and landless farmers.

31. Correct answer: (b) Only three

- **Scheduled Commercial Banks**:
  - NABARD provides short-term refinance facilities to **Scheduled Commercial Banks** to meet the agricultural and rural credit requirements. These include public sector, private sector, and foreign commercial banks.
- **State Cooperative Agriculture and Rural Development Banks**:
  - These banks play a key role in financing agricultural activities and rural development. They can receive short-term refinance under NABARD.
- **District Central Cooperative Banks**:
  - These banks, which function at the district level, can also avail of short-term refinance from NABARD to support rural credit needs.

- **Non-Banking Financial Company (NBFC)**:
  - Generally, **NBFCs** are **not eligible** for short-term refinance under NABARD for agricultural activities. They can access finance for specific activities, but **NABARD's primary focus** for short-term refinance is on cooperative and commercial banks.
- **Regional Rural Banks (RRBs)**:
  - NABARD also provides refinance to **Regional Rural Banks (RRBs)**, which play a critical role in providing credit to rural areas, particularly for agriculture and allied sectors.

32. Correct answer: (b) 2 only

Statement 1: "It is developed by the Global Resilience Partnership in collaboration with UNDP." The **B-READY Index** is developed by the **World Bank**, not the Global Resilience Partnership or UNDP. It serves as a successor to the **Ease of Doing Business** rankings, which were discontinued in 2021 due to ethical concerns. The B-READY Index assesses the business and investment climates of economies based on three main pillars: **Regulatory Framework**, **Public Services**, and **Operational Efficiency**.

Statement 2: "It replaces the World Bank's Ease of Doing Business rankings." The B-READY Index replaces the **Ease of Doing Business** rankings, which were discontinued in 2021 due to ethical irregularities. The new index aims to provide a more comprehensive and transparent assessment of business environments, focusing on factors like regulatory quality, public services, and operational efficiency.

Statement 3: "B-READY assessment currently includes 50 economies including India." The inaugural **B-READY 2024 report** assessed **50 economies**, but **India was not included** in this initial assessment. The report plans to expand its coverage to 110 economies in 2025 and 180 economies by 2026.

33. Correct answer: (a)

It is the price at which the Government makes food grains available for beneficiaries of the National Food Security Act, 2013.

Option (a): "It is the price at which the Government makes food grains available for beneficiaries of the National Food Security Act, 2013."

- The **Central Issue Price (CIP)** refers to the price at which the government makes food grains available to beneficiaries under the **Public Distribution System (PDS)**, which is part of the **National Food Security Act (NFSA), 2013**. It is subsidized to ensure food security for the poor.

Option (b): "It is the reserve price paid by the Government to farmers to meet any unforeseen emergencies."

- This describes something more akin to **minimum support price (MSP)**, which is a price at which the government purchases crops from farmers to support them in times of low prices or emergencies. However, the Central Issue Price does not serve this function.

Option (c): "It is the price at which the Government procures certain crops from farmers to insure them against any sharp fall in prices."

- This is more aligned with **minimum support price (MSP)**, which is the price the government offers to farmers for crops to protect them from sharp price drops. The Central Issue Price pertains to food distribution under the PDS, not procurement from farmers.

Option (d): "It is the reserve price set by the Government to prevent hoarding of food grains and essential commodities."

- This describes a regulatory or market control measure but does not directly relate to the concept of **Central Issue Price**. The CIP deals with the distribution of food grains to the poor, not hoarding prevention.

34. **Correct answer: (b) International Monetary Fund (IMF)**

The **Global Financial Stability Report (GFSR)** is released by the **International Monetary Fund (IMF)**.

The report assesses the stability of the global financial system and identifies key risks to financial stability. It provides insights into the health of the global financial system and highlights challenges that may pose risks to the stability of international financial markets.

35. Correct answer: (b) Only two

Statement 1: "Narrow money includes all demand deposits and other liquid assets held by the Central Bank."

Narrow money (M1) includes **currency in circulation** (coins and notes), **demand deposits** with the **commercial banks**, and **other liquid assets** like **traveler's checks**, but it does not include assets held by the **Central Bank**. The Central Bank holds the reserves but does not define **narrow money** in this context. So this statement is incorrect.

Statement 2: "M2 is the measure of money supply that includes Post Office bank savings."

M2 is a measure of the money supply that includes **M1** (currency in circulation + demand deposits) plus **savings deposits** held with **Post Offices** and **small time deposits**. Therefore, M2 indeed includes Post Office bank savings.

Statement 3: "M3 is the measure of money supply that has the highest liquidity compared to other measures of money supply."

M3 is the broadest measure of the money supply and includes **M2** (currency in circulation, demand deposits, and savings deposits) plus **large time deposits** with banks. While **M3** includes more types of money, it is not the most liquid measure. **M1** is the most liquid because it includes only the most liquid forms of money, like cash and demand deposits.

36. Correct answer: (a) A conflict between a country's need to meet global demand for its currency and maintaining domestic monetary policy.

(a) A conflict between a country's need to meet global demand for its currency and maintaining domestic monetary policy.

Explanation: The **Triffin Dilemma** arises when a country whose currency serves as a global reserve currency (like the U.S. dollar) faces a conflict between the domestic economic policies (such as controlling inflation and maintaining a stable domestic economy) and the international demand for that currency.

- In order to maintain the global reserve status, the country must run trade deficits to supply the world with its currency, but these deficits can undermine its own economy, particularly by creating inflation or weakening the currency.
- This dilemma was first identified by **Robert Triffin**, a Belgian-American economist, in the 1960s when the U.S. dollar was the world's reserve currency under the Bretton Woods system.

37. Correct answer: (b) 1, 3 and 4 only

1. Working capital for maintenance of farm assets

- The KCC scheme is designed to provide working capital to farmers, which includes money for maintaining farm assets like irrigation systems, equipment, etc.

2. Purchase of combine harvesters, tractors, and mini trucks

- The KCC scheme can also be used to purchase agricultural machinery like tractors, mini trucks, and other farm equipment, although these are typically seen as medium-term loans for capital investment.

3. Consumption requirements of farm households

- The KCC scheme also covers consumption requirements, helping farmers meet their household expenses, especially during the off-season.

4. Post-harvest expenses

- Post-harvest expenses, including storage, transportation, and other related costs, are covered under the KCC.

5. Construction of family house and setting up of village cold storage facility

- The KCC is primarily intended for agricultural and related purposes. Construction of a family house and setting up of cold storage facilities typically falls outside its scope, as these are long-term capital investments.

38. Correct answer: (c) Both 1 and 2

Statement 1: "It represents the value of assets that have been used by the company."

- Depreciation is a method used to allocate the cost of a tangible asset over its useful life. It reflects the usage and wear-and-tear of assets over time, like machinery, vehicles, buildings, etc.

Statement 2: "Unexpected destruction of capital is not taken into account under depreciation."

- Depreciation refers to the regular, systematic allocation of an asset's cost over time, based on its expected usage and lifespan. **Unexpected destruction or damage** (such as through accidents or natural disasters) is usually accounted for separately as an impairment loss, not as part of regular depreciation. Depreciation assumes that assets will lose value gradually and in a predictable manner.

39. Correct answer: (a) 1 only

Statement 1: "Unlike market price, factor cost is the total value of inputs used in the manufacture of a product."

- **Factor cost** refers to the cost of all the factors of production (such as labor, capital, and raw materials) used in the production of goods and services. It represents the cost of inputs before adding indirect taxes (like sales tax, VAT) and excluding subsidies.
- **Market price**, on the other hand, includes indirect taxes like sales taxes or VAT, which are added to the factor cost.

Statement 2: "Unlike factor cost, market price does not include indirect taxes and subsidies."

- **Market price** actually **includes** indirect taxes (such as GST, excise duties) but does **not include** subsidies. The market price reflects the price consumers pay for the goods or services, which includes indirect taxes but excludes any subsidies provided to producers.
- **Factor cost** excludes both indirect taxes and subsidies. Therefore, the statement about market price not including indirect taxes is incorrect.

40. (a) High coal import dependence of India is on account of low calorific value of coal in India.

India has significant domestic coal production, but much of it has a relatively low calorific value compared to higher-grade coal imported from countries like Indonesia and Australia. This lower quality of domestic coal often leads to the need for imports, especially for sectors requiring higher quality coal.

(b) Coal India Limited contributes majority of country's indigenous coal production and supply **Coal India Limited (CIL)** is the **largest coal producer in India** and accounts for about **80-85%** of the country's total coal production. It plays a dominant role in the supply of indigenous coal

(c) India has allowed 100% FDI in coal mining under automatic route. **India has allowed 100% Foreign Direct Investment (FDI)** in coal mining under the **automatic route** for **commercial coal mining**. This policy was introduced to attract private sector participation and foreign investments in the coal sector.

(d) India is the largest consumer of coal in the world. **China** is the largest consumer of coal in the world, followed by India. While India is one of the top consumers of coal globally, it is not the largest.

41. Correct answer: (c) 1 and 3

Statement 1: "It is a short-term financial market where banks and financial institutions lend and borrow funds."

The **Call Money Market** is a **short-term** market where banks and financial institutions lend and borrow funds typically for **overnight** periods (ranging from one day to a few days). The funds in the call money market are borrowed or lent at very short-term rates, usually for one day.

Statement 2: "The call money market is primarily used for long-term loans exceeding one year."

- The **Call Money Market** is specifically for **short-term loans**. It is **not** used for long-term loans exceeding one year. Long-term financing falls under other types of financial markets, such as the **term money market**.

Statement 3: "The RBI regulates the call money market in India."

- The **Reserve Bank of India (RBI)** regulates the **Call Money Market** in India. The RBI monitors the market to ensure stability and liquidity and sets guidelines for the operations of banks and financial institutions in the call money market.

42. Correct answer: (c) Credit ratings assigned to financial instruments or entities.

Explanation: Credit ratings are assigned to financial instruments or entities (such as corporations, governments, or financial products) to assess the creditworthiness or the risk of default.

These grades are provided by credit rating agencies like **Standard & Poor's**, **Moody's**, and **Fitch**. **AAA** represents the highest rating, indicating the lowest risk of default.

BBB is considered an investment-grade rating, but it indicates a higher level of risk compared to **AAA**.

D indicates that the entity has defaulted or is likely to default.

43. Correct answer: (a) The amount of borrowed funds used to increase the potential returns from an investment.

Explanation:

- **Leverage** allows an investor to control a large position with a relatively small amount of capital. In derivatives trading, leverage magnifies both potential returns and potential risks.

For example, an investor may use leverage to control a larger position in the market by borrowing money to invest, rather than using only their own capital.

- This can significantly increase the potential profit (or loss) on an investment, as the returns are based on the full value of the position rather than just the initial investment.

44. Correct answer: (b) 2 only

Statement 1: "It reflects a country's inability to obtain low-interest rates from its lenders."

- A **sovereign debt crisis** typically arises when a country is unable to **repay its debt** or when it faces the risk of default due to financial mismanagement, economic challenges, or external factors.
- While **high-interest rates** may make it harder for a country to manage its debt, the crisis itself is more about **defaulting** on debt obligations rather than the inability to obtain low-interest rates.

Statement 2: "The governments can issue their own currency to meet sovereign debt."

- Countries that have their own **sovereign currency** (like the **U.S. dollar** in the U.S. or the **Indian rupee** in India) **can issue more of their own currency** to meet their debt obligations, although this could lead to **inflation** and **devaluation** if done excessively.
- However, this option is generally not available to countries that do not control their own currency, like those in the **Eurozone**, which cannot print euros and instead rely on borrowing from international markets.

45. the correct answer is: **(b) 2 and 4 only**

Revenue receipts are those receipts that do not create a liability and are not related to the acquisition of assets. They include taxes and non-tax revenue, which are part of the government's income.

Recovery of loans and advances: Not a revenue receipt . The **recovery of loans and advances** is a **capital receipt** because it involves the return of loans previously given, which does not add to the regular income of the government.

2. Dividend income from Public Sector Units:

- **Dividend income** from **Public Sector Units (PSUs)** is a non-tax revenue and is part of **revenue receipts**, as it is regular income received by the government from its investment in PSUs.

3. Issuance of securities to public-sector banks:

- **Not a revenue receipt.**
- The **issuance of securities** (such as government bonds) is a **capital receipt** because it involves borrowing from the public sector, which results in a future liability and is not a part of the regular revenue.

4. Revenue from Estate Duty:

- **Revenue from Estate Duty** is considered a **tax receipt** and is part of **revenue receipts** as it involves income from taxes on the estate left behind after a person's death.

5. Public investments in National Savings Certificate:

- **Not a revenue receipt.**
- **Public investments** in **National Savings Certificates (NSC)** involve the **collection of funds from the public** by the government, which is a **capital receipt**, not part of regular income.

46. **Correct answer: (d) None**

Explanation:

- All three statements are **incorrect**.
- PSL target is 40% for SCBs, not 50%.
- Large-scale farmers are **not** included under PSL.
- SFBs and LABs are **included** in PSL regulations.

Statement 1: ***"It is mandatory for all Scheduled Commercial Banks to lend 50% of the adjusted net bank credit to the priority sector."***

- The current PSL target for **Scheduled Commercial Banks (SCBs)** is **40%** of **Adjusted Net Bank Credit (ANBC)**.
- For **Small Finance Banks (SFBs)**, the target is **75%**, but **50% is not mandated** for any bank.

Statement 2: ***"Loans to large-scale farmers qualify for classification under PSL."***

- PSL focuses on **small and marginal farmers**, agricultural laborers, tenant farmers, etc.
- Loans to **large-scale farmers** do **not** qualify for PSL unless they fall under specific sub-targets or criteria (e.g., loans for allied activities under prescribed limits).

Statement 3: ***"Small Finance Banks and Local Area Banks are outside the purview of the PSL rules."***

- **Small Finance Banks (SFBs)** and **Local Area Banks (LABs)** are **very much under the PSL norms**.
  - In fact, SFBs are required to allocate **75%** of their **ANBC** to the priority sector.

47. The correct answer is: **(a) Crop**

According to the National Statistical Office's (NSO) 'Statistical Report on Value of Output from Agriculture and Allied Sectors (2011–12 to

2022–23)', the contribution of the **crop sub-sector** has gradually declined during this period.

- **Crop Sub-sector**: Its share in the gross value of output (GVO) of agriculture and allied sectors decreased from **62.4% in 2011–12** to **54.3% in 2022–23**. **Livestock Sub-sector**: In contrast, its share increased from **25.6% in 2011–12** to **30.9% in 2022–23**. **Fishing and Aquaculture**: This sub-sector's share rose from **4.2% in 2011–12** to **6.9% in 2022–23**. **Forestry and Logging**: Its contribution remained relatively stable, increasing slightly from **7.8% in 2011–12** to **7.9% in 2022–23**.

48. Correct answer: (b) 2 only

Expansionist Monetary Policy

- Its goal is to **increase the money supply**, **reduce interest rates**, and **stimulate economic growth**, especially during a slowdown or recession.

1. Cut and optimize the Statutory Liquidity Ratio (SLR)

- **Yes**, this **supports** expansionist policy.
- Lowering SLR means banks can lend more, thereby increasing liquidity in the market.

So, **RBI *would* do this**, meaning it is **not** what it would *avoid*.

2. Increase the Marginal Standing Facility (MSF) Rate

- **This is contractionary** in nature.
- Raising the MSF rate makes borrowing costlier for banks and **reduces liquidity**, which goes **against** an expansionist stance.

So, **RBI *would not* do this** under expansionist policy.

3. Cut the Bank Rate and Repo Rate

- **This is exactly what RBI would do**.
- Reducing these rates **lowers the cost of borrowing**, encouraging spending and investment.

So, RBI **would do** this as part of expansionist policy.

Only Statement 2 – increasing the MSF rate – goes against an expansionist stance.

49. **Correct Answer: (a) 1 only**

Explanation:

- Statement 1 is correct: acquiring new technology is a capital expenditure.
- Statement 2 is incorrect: financing methods are not classified as capital/revenue expenditure.

Statement 1: "Acquiring new technology is capital expenditure."

- **Capital expenditure** involves spending on acquiring or upgrading physical assets like equipment, technology, buildings, etc.
- Acquiring **new technology** improves long-term operational capacity and is **classified as capital expenditure**.

Statement 2: "Debt financing is considered capital expenditure, while equity financing is considered revenue expenditure."

- **Debt financing** and **equity financing** are **sources of funds**, **not expenditures**.
- Capital and revenue expenditures are about how the money is **used**, not how it's **raised**.
- Neither **debt financing** nor **equity financing** is categorized as **capital or revenue expenditure**.

50. **Correct Answer: (a) 1 and 2**

Explanation: FCCBs and GDRs, when converted into equity, **qualify as FDI**.

Cryptocurrency investments **do not qualify** under current Indian FDI policies.

1. Foreign Currency Convertible Bonds (FCCBs)

- FCCBs are **debt instruments** issued by Indian companies to raise money abroad, which can be **converted into equity shares**.
- When converted into equity, they are treated as **FDI**.

2. Global Depository Receipts (GDRs)

GDRs are instruments issued by Indian companies to raise funds in foreign markets.

When GDR holders convert them into shares of the issuing company, it qualifies as **FDI**.

3. Cryptocurrency Investments

- The Government of India and RBI do **not recognize cryptocurrency** as a legal investment under FDI norms.
- Cryptocurrency is **not regulated under FEMA**, and investments made through it are **not counted as FDI**.

51. **Correct Answer: (d) 1, 2 and 3**

1. The Fourth Plan adopted the twin objectives of "Growth with stability" and "Progressive achievement of self-reliance"

- The **Fourth Five Year Plan (1969–1974)** focused on:
  - **Growth with stability**
  - **Progressive achievement of self-reliance**
- It aimed to reduce dependency on foreign aid and ensure steady economic growth.

2. The Fifth Plan introduced the Minimum Needs Programme to ensure provision of basic needs to people

- The **Fifth Five Year Plan (1974–1979)** introduced the **Minimum Needs Programme (MNP)**.
- It aimed to provide basic minimum services such as **education, health, water supply, rural roads, and housing** to underprivileged populations.

3. NABARD was established during the Sixth Plan

The **Sixth Five Year Plan (1980–1985)** witnessed the establishment of **NABARD (National Bank for Agriculture and Rural Development)** in **1982**.

NABARD was created to oversee **credit and development activities in rural India**.

52. The correct answer is: **(b) Real Effective Exchange Rate (REER)**

Explanation: Real Effective Exchange Rate (REER)**:**

- REER is the **weighted average of a country's currency relative to a basket of other major currencies**, adjusted for **inflation differentials**.
- It gives a **comprehensive picture** of a country's **price competitiveness** in international trade.
- If the REER appreciates, the country's exports become more expensive and less competitive; if it depreciates, exports become cheaper and more competitive.

(a) *Nominal Exchange Rate:*

- It shows the exchange rate **without adjusting for inflation**.
- It doesn't account for relative price levels, making it **less accurate for trade competitiveness**.

(c) *Net International Investment Position (NIIP):*

- Reflects the difference between a country's **external financial assets and liabilities**.
- It indicates a country's **net creditor or debtor status**, **not trade competitiveness**.

(d) *Total Inward Remittances:*

- Represents money sent by migrants to their home country.
- While important for **foreign exchange reserves**, it does **not reflect trade competitiveness**.

53. Correct Answer: (c) All three

Revised MSME Classification (2020):

The classification now uses **both investment and turnover** criteria, and the **same criteria apply** to both **manufacturing and services**.

Type	**Investment in Plant & Machinery/Equipment**	**Annual Turnover**
Micro	Up to ₹1 crore	Up to ₹5 crore
Small	Up to ₹10 crore	Up to ₹50 crore
Medium	Up to ₹50 crore	Up to ₹250 crore

1. "An enterprise is classified as a Micro enterprise if its annual turnover is less than 5 crore rupees."

2. "An enterprise with investments in plant and machinery of up to Rs 50 crore is classified as a medium enterprise."

3. "The annual turnover and investment criteria for both manufacturing sectors and service sectors in case of MSMEs is the same."

54. The correct answer is: **(b) electrical goods for domestic use**

Explanation: In the context of the **Indian economy** (and globally), **"white goods"** refer to:

- **Large electrical appliances** used in households.
- Typically include:
  - **Refrigerators**
  - **Washing machines**
  - **Air conditioners**
  - **Microwave ovens**
  - **Dishwashers**
- Originally termed “white goods” because these appliances were traditionally **white in color**.

(a) Goods under the Essential Commodities Act
These are essential items like food grains, pulses, fuel—not electrical appliances.

(c) Machineries with the least carbon footprint
That might refer to **green technology**, not white goods.

(d) Software applications that require manufacturing licence
Software is not a physical good and does not fall under this category.

55. The correct answer is: **(d) Neither 1 nor 2**

Explanation: *1. "The inventory-based model allows 100% FDI under the automatic route."*

- The **inventory-based model** of e-commerce refers to situations where the e-commerce entity owns the inventory of goods and services and sells them directly to consumers.
- **100% Foreign Direct Investment (FDI)** is **not permitted** in this model under the automatic route.

- **100% FDI under the automatic route** is allowed only in the **marketplace-based model**, where the e-commerce entity provides an information technology platform to facilitate transactions between buyers and sellers without owning the inventory.

2. "FDI is not permitted in the marketplace-based model to protect the unorganized retail sector."

- The **marketplace-based model** of e-commerce allows foreign investment.
- **100% FDI under the automatic route** is permitted in this model, subject to certain conditions, such as:
  - The e-commerce entity must not own the inventory.
  - The entity must not influence the sale price of goods or services.
  - It must maintain a level playing field among sellers.

56. The correct answer is: **(a) Cabinet Committee on Economic Affairs**

Explanation: Fair and Remunerative Price (FRP) of sugarcane is the minimum price that sugar mills are required to pay to sugarcane farmers for the delivery of sugarcane.

- **FRP is approved by the Cabinet Committee on Economic Affairs (CCEA)**, which is responsible for approving the prices of important agricultural commodities like sugarcane.
- The **Commission for Agricultural Costs and Prices (CACP)** makes recommendations to the government regarding the minimum support prices (MSP) for various crops, but the FRP for sugarcane is specifically determined and approved by the CCEA.

57. The correct answer is: **(a) 1 only**

Explanation: **Statement 1:** A **multi-bagger stock** is one that gives a return of **100% or more**. This means that the stock has the potential to double the investor's money (or more) over a period of time. For example, if an investor buys a stock at ₹100, and its value increases to ₹200 or more, it is considered a multi-bagger stock.

Statement 2: The second statement is **incorrect** because a multi-bagger stock is **not necessarily overvalued** and does not depend on the price-to-earnings (P/E) ratio. Multi-bagger stocks could be undervalued or fairly valued at the time of purchase, and the return comes from long-term growth, rather than from speculation on overvaluation. These stocks typically represent companies with strong growth potential, rather than simply being cheap based on financial metrics like P/E ratio.

58. The correct answer is: **(b) Kolkata port is the only major riverine port in India.**

Explanation: Vadhavan port, once operational, will be the largest natural port of India. While Vadhavan port is being developed and is expected to be a major port, it will not be the largest natural port in India. **Mumbai port** is often considered to have the largest natural harbor in India due to its location.

Kolkata port is the only major riverine port in India. **Kolkata port** is the only major riverine port in India, situated on the Hooghly River, making it a unique port in terms of its location.

Mumbai port is the largest artificial port in India. **Mumbai port** is an artificial harbor, but the title of the largest artificial port goes to **Jawaharlal Nehru Port (JNPT)**, which is situated near Mumbai.

Kamarajar port is India's second corporatized port registered as a company. This is **incorrect**. Kamarajar port is indeed a corporatized port, but it is not the second. The first corporatized port in India was **Mumbai Port**, followed by **Jawaharlal Nehru Port**.

59. The correct answer is **(c) Only three**.

Explanation: Qualitative tools of monetary policy are those tools that influence the direction of credit flow, rather than the quantity of credit. These tools primarily aim to guide or control how credit is allocated among various sectors of the economy.

1. **Rationing of Credit**: This is a **qualitative tool** because it involves controlling or restricting the amount of credit allocated to specific sectors or purposes. For example, the central bank may limit the amount of credit banks can extend to certain sectors like housing or consumer goods.
2. **Regulation of Credit for Consumption Purposes**: This is also a **qualitative tool**, as it regulates the credit that can be extended for consumption (like personal loans, credit card loans, etc.), influencing the consumption pattern in the economy.
3. **Moral Suasion**: This is a **qualitative tool**, where the central bank uses persuasion to influence the behavior of commercial banks and financial institutions regarding credit policies without the use of direct legal authority.

4. **Cash Reserve Ratio (CRR)**: This is a **quantitative tool**, as it dictates the percentage of a bank's total deposits that must be kept as reserves with the central bank. It directly affects the liquidity and lending capacity of commercial banks, hence influencing the supply of money.

60. Correct answer: **(b) 1, 2 and 3**

The **Digital Agriculture Mission (DAM)** was launched by the Government of India in 2021 with the aim to support and accelerate projects using modern technologies like AI, blockchain, remote sensing, GIS, drones, and data analytics in agriculture.

1. **Provide real-time information on weather patterns** – one of the objectives is to use technology to give timely and accurate data including weather, which helps in decision-making for farmers.
2. **Issuance of 'Farmer IDs'** – unique farmer IDs are part of the initiative to integrate various farmer-related data and services.
3. **Provide Geo-referenced village maps** – geo-referencing is part of building digital infrastructure to improve precision farming and land record linkage.
4. **Provide an online discussion forum to farmers for clearing doubts** – a specific objective of the Digital Agriculture Mission (though such platforms might exist through other schemes or apps, it's not a core component of DAM).

61. Correct Answer: **(c) Statement-I is correct, but Statement-II is incorrect.**

Statement-I: ***"Rupee Internationalisation benefits the economy by reducing the vulnerability of domestic currency."***

When a domestic currency like the rupee is used more widely in international trade and finance, it reduces dependence on foreign currencies (like the US dollar). This can **reduce exchange rate volatility**, and mitigate risks from global currency fluctuations — hence reducing **vulnerability**.

Statement-II: ***"It strengthens resilience against external economic shocks and increases the necessity for holding forex reserves."***

- rupee internationalisation can **strengthen resilience** by making the country less exposed to foreign exchange risks and global monetary shifts.
- **But**, it does **not increase the necessity** for holding forex reserves — in fact, it can **reduce** the need to maintain large reserves in foreign currencies, since more international trade and debt is settled in rupees.

62. Correct Answer: **(a) a mutual desire for each other's goods or services** . **Two parties each hold something the other wants**, so they can directly exchange goods or services **without using money**.

(a) a mutual desire for each other's goods or services This is the textbook definition of double coincidence of wants.

(b) agreed to restrict the total supply of goods in the market to increase its price

(c) equal bargaining power in a market transaction

(d) agreed to sell homogenous goods in the market at mutually agreed price That's more about price fixing or commodity markets.

63. Final Answer: **(a) Only one** (Only Statement 2 is partially acceptable, but even that is not fully accurate).

Statement 1: ***"It is the ratio of the total household consumption to the country's total money supply."***

The **velocity of money** is defined as: **Velocity = GDP / Money Supply (M1 or M2)** It measures how many times a unit of money is used to purchase goods and services in a given period. It's **not limited to household consumption**.

Statement 2: ***"The high velocity of money circulation in a country indicates a high degree of inflation."***

A **high velocity** can **indicate increased economic activity**, which **may lead to inflation** if demand exceeds supply. But it's not a direct or guaranteed indicator of inflation. Other factors like productivity, supply constraints, and monetary policy play roles.

Statement 3: ***"It is generally lower in expanding economies and higher in contracting economies."*** In **expanding economies**, people and businesses **spend more**, increasing money velocity. In **contracting economies**, **spending slows**, so money turns over less frequently velocity falls.

64. **Correct Answer: (c) Both 1 and 2**

Statement 1: "The Central Statistics Office releases both annual and quarterly Gross Domestic Product (GDP) estimates."

The **Central Statistics Office (CSO)**, now known as the **National Statistical Office (NSO)** under the Ministry of Statistics and Programme Implementation (MoSPI), is responsible for compiling and releasing both annual and quarterly GDP estimates for India. These estimates are published with a two-month lag after each quarter, and the annual GDP report is typically released on May 31 each year.

Statement 2: "Currently, the data from the Annual Survey of Industries (ASI) is used for estimating manufacturing sector growth."

The **Annual Survey of Industries (ASI)** is the principal source of industrial statistics in India, specifically focusing on the organized manufacturing sector. The ASI provides comprehensive data on various aspects such as output, employment, wages, and capital formation within the manufacturing sector. This data is utilized by the NSO to estimate the contribution of the manufacturing sector to the national income and to analyze its growth trends.

Both statements accurately describe the roles of the NSO and the ASI in compiling and estimating national income statistics, particularly concerning GDP and the manufacturing sector.

65. Correct Answer: (b) 2 and 3 only

1. **Cash-based services offered by individuals** Informal cash-based remittance services offered by individuals are **not regulated** and often fall under **hawala-type systems**, which are illegal and unmonitored. Therefore, this is **not a legitimate or recognized channel** for remittance transfer in India.
2. **Services from specialised global money transfer operators** India allows inward remittances through regulated **money transfer operators** like **Western Union**, **MoneyGram**, etc., under the **RBI's Money Transfer Service Scheme (MTSS)**. These are legitimate and widely used channels.
3. **Services offered by credit/debit card schemes** Remittances can be made using **banking channels** involving **credit/debit card networks** such as Visa and Mastercard, usually in partnership with banks or remittance platforms. These are **legal and regulated**.

66. Correct Answer: (d) All four

1. **Gold** , gold held by the **Reserve Bank of India (RBI)** is a recognized component of forex reserves.
2. **Special Drawing Rights SDRs** are international reserve assets allocated by the **International Monetary Fund (IMF)**, and they form part of the forex reserves.
3. **Reserve Tranche Position (RTP) RTP** is the portion of India's quota with the **IMF** that can be accessed without conditions. It is included in the official forex reserves.
4. **Foreign Currency Assets (FCA) FCA** is the largest component of forex reserves and includes foreign currencies, government bonds, treasury bills, etc.

67. **Answer: (b) Only five** crops are included under the Minimum Support Price (MSP).

(b) Only five crops are included under the Minimum Support Price (MSP).

Paddy – MSP of ₹2,300 per quintal for Common variety and ₹2,320 for Grade A .

Bajra (Pearl Millet) – MSP of ₹2,625 per quintal .

Groundnut – MSP of ₹6,783 per quintal **.**

Soybean (Yellow) – MSP of ₹4,892 per quintal **.**

Nigerseed – MSP of ₹8,717 per quintal .

Jute – Not listed under MSP for Kharif crops **Safflower** – Not listed under MSP for Kharif crops

68. **Correct answer: (a) 1 and 2 only**.

The **real sector** of the economy refers to the part that is concerned with **producing goods and services**, as opposed to the **financial sector**, which deals with financial transactions, instruments, and markets.

1. **Farmers harvesting their crops** – this is a productive activity in the real economy (agriculture).
2. **Textile mills converting raw cotton into fabrics** – Also part of the real economy (manufacturing).
3. **A commercial bank lending money to a trading company** – This is a **financial sector** activity.
4. **A corporate body issuing Rupee Denominated Bonds overseas** – This is also a financial activity, related to raising capital, not producing goods or services.

69. The correct answer is: **(c) Decreased money circulation helps in controlling the inflation**

Explanation: Inflation refers to a general rise in prices, and one of the key ways to control it is by **reducing the money supply** in the economy. When there's **less money circulating**, people have **less to spend**, which can **reduce demand**, and in turn **bring down prices**.

(a) *"Controlling inflation is the responsibility of the Government of India only"* – Incorrect. The **RBI (Reserve Bank of India)** plays a **primary role** in controlling inflation through **monetary policy**, especially using tools like **repo rate**, **CRR**, and **OMOs**. **(b)** *"The RBI has no role..."* – Also incorrect. RBI is the main **monetary authority** responsible for **inflation targeting** in India. **(d)** *"Increased money circulation helps..."* – Opposite of what's true; increasing money supply often leads to **higher inflation**, not less.

70. Final Answer: **(a) Only one** (Only Statement 3 is correct) **Statement 1: "Each member country at the IMF has one vote irrespective of that country's relative economic position."** Voting power in the IMF is **not equal for all countries**. It is **based on a quota system**, which reflects a country's relative size in the global economy. Larger economies have more influence and more votes. **Statement 2: "Countries must first join the World Bank to be eligible to join the IMF."** It's actually the **other way around**. Countries must **first join the IMF** before they can become members of the World Bank. **Statement 3: "IMF members can voluntarily exchange Special Drawing Rights (SDRs) for currencies among themselves."** Member countries can **voluntarily exchange SDRs** for freely usable currencies (like USD, EUR, etc.) among themselves, typically with facilitation from the IMF.

71. The correct answer is: **(b) Change in the demographics with respect to economic development** **Explanation:** The **Theory of Demographic Transition** explains how **population growth and demographic patterns change** over time as a country **develops economically**. It typically involves **four or five stages**

1. **High birth and death rates** (slow population growth)
2. **Declining death rates** (population begins to grow rapidly)
3. **Declining birth rates** (growth slows down)
4. **Low birth and death rates** (stable or shrinking population)
5. **Very low birth rates** leading to population decline

It's **directly linked to economic and social development**—improvements in healthcare, education, urbanization, etc. Other options: **(a)** Transition from feudal to modern society – Not demographic specific. **(c)** Increase due to migration – Migration isn't the focus of this theory.**(d)** Migration due to tech – Also unrelated.

72. Final Answer: **(d) 1, 2 and 3** □ **It is mandatory that at least 20% of the sugar be compulsorily packed in jute bags.** Under the Jute Packaging Material (JPM) Act, 1987, the government mandates that **20% of sugar** must be packed in jute bags. This policy aims to support the traditional jute industry and the livelihoods of millions of farmers and workers. □ **The National Jute Board is a nodal agency to undertake Price Support Operations for Jute.** The **National Jute Board (NJB)** is the central agency responsible for implementing various schemes to promote the jute sector, including price support operations. These operations help stabilize jute prices and support farmers during periods of price volatility. The **ICARE (Improved Cultivation and Advanced Retting Exercise)** programme, initiated by the NJB in collaboration with other agencies, aims to promote mechanization in jute farming. It focuses on enhancing productivity and quality through the use of certified seeds, mechanized sowing, and improved retting techniques.

73. Final Answer: **(d) to leave it unchanged**

Explanation: **Money supply** in the economy includes **currency held by the public + demand deposits** (i.e., bank balances that can be withdrawn anytime). When you withdraw ₹1,00,000 **from your demand deposit account**, you are **converting deposit money into currency**. **Currency with the public increases** by ₹1,00,000 **Demand deposits decrease** by ₹1,00,000 **Net effect on money supply: Zero**

74. Answer: **(b) 1, 2 and 3**

Explanation: **Providing real-time information on weather patterns**: The mission integrates data from remote sensing, weather stations, and satellite imagery to offer timely weather updates, aiding farmers in making informed decisions about sowing, irrigation, and harvesting.

1. **Issuance of 'Farmer IDs'**:
   Under the AgriStack initiative, a digital identity system is being developed for farmers. These 'Farmer IDs' will link to various data points such as land records, crop details, and benefits availed, facilitating streamlined access to government schemes and services.
2. **Providing geo-referenced village maps**:
   Geo-referenced village maps are part of the AgriStack framework. These maps integrate geographic information with land records, assisting in accurate land management and planning.
3. **Providing an online discussion forum to farmers for clearing doubts**:
   While the mission focuses on digital infrastructure and data services, the establishment of an online discussion forum is not explicitly mentioned as a primary objective.

75. Answer: **(a) Only one** Only the **third statement** .

1. Public investments in gold and real estate increase

- When people invest more in **gold and real estate**, they often divert money **away from financial instruments** like deposits or mutual funds.
- It may lead to **lower liquidity in banks**, reducing their ability to lend.
- Also, these are relatively **non-productive assets**, so increased investment here **does not encourage borrowing for business expansion** or productive use.

2. The Reserve Bank of India increases the policy repo rate

- A higher **repo rate** means it becomes **more expensive for banks to borrow from the RBI**.
- This leads banks to increase interest rates on loans, making borrowing **costlier for businesses and individuals**, thereby **reducing credit demand**.

4. Fall in Government bonds' yields .

- Lower yields on government bonds make them **less attractive for investors**, encouraging them to look for **higher returns** in the private sector.
- Banks and investors might shift focus from government securities to **corporate lending** or other credit markets.
- This can **boost credit availability** and spur **credit growth**.

76. The correct answer is: **(b) Only three** The MVI is calculated using the **inflation rate**, **current account deficit**, and **fiscal deficit**, totaling three parameters.

Explanation:

The **Macroeconomic Vulnerability Index (MVI)** is a composite index introduced in India's Economic Survey 2014–15. It aims to assess a country's exposure to macroeconomic shocks by aggregating key indicators. Specifically, the MVI combines:

1. **Inflation Rate**: Reflects the general price level in the economy.
2. **Current Account Deficit (CAD)**: Indicates the shortfall between a country's savings and investment, highlighting external vulnerability.
3. **Fiscal Deficit**: Represents the government's borrowing requirements, signaling fiscal health.
   These three indicators are summed to compute the MVI, which helps in comparing a country's macroeconomic stability over time and against other nations.

Other Parameters:

- **Unemployment Rate**: While important for assessing labor market conditions, it is not included in the MVI.
- **Retail Inflation**: The MVI uses the general inflation rate, not specifically retail inflation.
- **Total Foreign Exchange Reserves**: This is a measure of a country's external liquidity but is not part of the MVI.

77. Answer: (c) All three statements are correct regarding NITI Aayog.

Explanation:

1. **It was established by an executive resolution of the Government of India.**

NITI Aayog was established on January 1, 2015, through a Union Cabinet resolution, replacing the Planning Commission. It is neither a statutory nor a constitutional body. **It is chaired by the Prime Minister of India.**

The Prime Minister of India serves as the ex-officio Chairperson of NITI Aayog.

2. **Its Governing Council includes Chief Ministers of all the States and Union Territories with Legislatures.**

The Governing Council comprises the Chief Ministers of all states and Union Territories with legislatures, as well as the Lieutenant Governors of other Union Territories.

78. Answer: (b) Only two Explanation: The National Multidimensional Poverty Index (MPI), developed by NITI Aayog, assesses poverty beyond income by considering deprivations in health, education, and standard of living. A household is classified as deprived if it lacks access to at least one-third of the 12 indicators across these dimensions. Specifically:

1. **Undernourishment among women aged 15–49 years**:
   - **Deprivation Indicator**: Nutrition
2. **Criteria**: A household is considered deprived if any woman (aged 15–49 years) is undernourished.
3. **No member aged 10 or older has completed six years of schooling**:
   - **Deprivation Indicator**: Education
   - **Criteria**: A household is considered deprived if no member aged 10 years or older has completed at least six years of schooling.
4. **Primary cooking fuel is dung, charcoal, or wood**:
   - **Deprivation Indicator**: Standard of Living
5. **Criteria**: A household is considered deprived if its primary source of cooking fuel is dung, agricultural crops, shrubs, wood, charcoal, or coal.
6. **No member files an Income Tax Return**:
   - **Not a Deprivation Indicator**: Income tax filing is not included as an indicator in the MPI.

79. **Final Answer: (b)** (a) The Indian rupee was devalued against major foreign currencies.

In July 1991, the Government of India **devalued the rupee** to boost exports and address the balance of payments crisis.

(b) Industrial licensing regime was abolished for all product categories.

While the **industrial licensing system was largely dismantled**, it was **not abolished for all product categories**.

Some sectors like **defense, hazardous chemicals, and strategic industries** continued to require licenses.

Hence, this statement is **not entirely correct** and is the correct choice for the question.

(c) Liberalisation of the trade and investment regime was initiated.

One of the cornerstones of the 1991 reforms was to **liberalize trade** and open the economy to **foreign direct investment (FDI)**.

(d) Quantitative restrictions on imports of agricultural products were fully removed.

Correct (but became fully effective later) – Though not immediate in 1991, India **eventually removed quantitative restrictions** on imports as part of WTO commitments in the late 1990s and early 2000s. For the context of **post-1991 reforms**, this is considered correct.

80. **Answer: (d) 1, 2 and 3**

Explanation:

All three instruments listed are **classified as money market instruments** in India. These are short-term debt instruments used by governments, financial institutions, and corporations to raise funds for a period typically **less than one year**.

1. Certificates of Deposit (CDs)

- Issued by banks and financial institutions to individuals, corporations, and other institutions.
- They are **negotiable** and have a short maturity (7 days to 1 year for banks).

Money market instrument

2. Treasury Bills (T-bills)

- Issued by the **Government of India** to meet short-term liquidity needs.
- They come with maturities of **91, 182, and 364 days**.

Money market instrument

3. Commercial Papers (CPs)

- Unsecured, short-term promissory notes issued by **corporates**, primary dealers, and financial institutions.
- Used to meet **short-term working capital needs**.

Money market instrument

81. Answer: **(b) assisting the financial institutions with regulatory compliance and provide technical tools for supervisory authorities to improve their oversight.**

Explanation:

RegTech (Regulatory Technology) and **SupTech** (Supervisory Technology) are terms used in the **financial sector**, particularly in the context of digital transformation and innovation in regulatory and supervisory processes.

Definitions:

- **RegTech**:
  - Refers to the use of technology by **financial institutions** to help them **comply with regulations** efficiently and cost-effectively.
  - It involves tools for **reporting, monitoring, and analytics** that streamline compliance.
- **SupTech**:
  - Refers to the use of technology by **regulators and supervisory authorities** (like RBI, SEBI) to enhance **oversight, supervision, and monitoring** of financial institutions.
  - It supports activities such as **data collection, risk analysis, and early warning systems**.

82. Answer: **(b) Labour Bureau Consumer Price Index (CPI) for Agricultural Labourers (CPI-AL)** is **compiled and released by the Labour Bureau**, which functions under the **Ministry of Labour and Employment**.

(a) National Statistical Office (NSO) – Compiles CPI for **Urban (CPI-U)** and **Rural (CPI-R)**, and combined CPI (CPI-C).

(c) Office of Chief Economic Advisor – Compiles the **Wholesale Price Index (WPI)**.

(d) NITI Aayog – Think tank, not responsible for compiling price indices.

83. **Answer: (a) Only one**

Only **National Income** is a **flow variable**; the rest are **stock variables**.

Explanation: Understanding Flow vs. Stock Variables

Variable	Type	Reason
1. Unemployment level	**Stock**	Measures the number of unemployed **at a point in time**
2. Total money supply	**Stock**	Represents the amount of money **available at a specific time**
3. National Income	**Flow**	It is measured **over a period of time** (e.g., annual income)
4. Capital	**Stock**	Refers to physical or financial assets **at a given time**

84. The correct answer is: **(a) Both Statement–I and Statement–II are correct and Statement–II explains Statement–I**

Statement-I: "At full employment, excess demand does not have any impact on production output."

At **full employment**, the economy is already producing at its **maximum capacity**. There are **no idle resources** left to increase output. So, any **excess demand** at this point cannot lead to **higher production**, but rather causes **inflationary pressure**.

Statement-II: "At full employment, the economy utilizes all its resources."

By definition, **full employment** means that all **available resources (labor, capital, etc.)** are being used efficiently. There is **no cyclical unemployment**.

Statement-II directly explains why Statement-I is true.

Since all resources are already fully utilized, **increased demand cannot increase output**, only prices — hence, excess demand **has no impact on output**.

85. **Answer: (c) Statement–I is correct, but Statement–II is incorrect**

Statement-I: "A decrease in the price of sugar is likely to increase the demand for tea."

Sugar is a **complementary good** to tea. When sugar becomes cheaper, people may be more inclined to consume tea, especially if they typically take it with sugar. Hence, a **fall in sugar prices can boost the demand for tea**.

Statement-II: "Sugar and tea are substitute goods."

Sugar and tea are **not substitutes**. They are **complementary goods** when consumed together.

Substitutes would be like **tea and coffee** — where one can replace the other.

86. **Answer: (c) 1 and 3 only**

Statements **1 and 3** are correct; **statement 2 is incorrect** because TRIMS **does not cover trade in services**.

Explanation:

The **Trade-Related Investment Measures (TRIMS)** Agreement is part of the **World Trade Organization (WTO)** framework. It sets rules on investment measures that can affect trade in **goods**.

1. Quantitative restrictions on imports by foreign investors are prohibited.

TRIMS prohibits measures that are **inconsistent with basic WTO principles**, such as **national treatment** and the **elimination of quantitative restrictions**.

This includes prohibitions on:

- Local content requirements
- Trade-balancing requirements
- Restrictions on import/export linked to investment

So yes, **quantitative restrictions affecting trade by foreign investors** are **not allowed**.

2. They apply to investment measures related to trade in both goods and services.

TRIMS only applies to **trade in goods**, **not services**.

Trade-related measures for **services** are governed separately under **GATS** (General Agreement on Trade in Services).

3. They are not concerned with the regulation of foreign investment.

TRIMS is **not about regulating foreign investment per se**, but **only those aspects of investment that affect trade in goods**.

It doesn't restrict countries from **regulating FDI** in general, such as ownership limits or sector restrictions — as long as they don't violate trade rules.

87. **Final Answer: (c) Both 1 and 2**

- Full-reserve banking requires 100% reserves.
- Fractional-reserve banking allows lending from demand deposits.

Statement 1: "Under full-reserve banking, banks are mandated to hold all money that they receive as demand deposits from customers in their vaults at all times."

Under **full-reserve banking**, banks are required to keep **100% of the deposits** in reserve, i.e., they cannot lend out any of the demand deposits they receive. The money is held in the bank's vaults and not used for loans or investments. This ensures that all customer deposits are available for withdrawal at any time.

Statement 2: "Under fractional-reserve banking, banks can give loans from demand deposits."

In the **fractional-reserve banking** system, banks are required to keep only a **fraction** of their demand deposits in reserve (as per the reserve requirement ratio set by the central bank). The remaining deposits can be **lent out** to borrowers, creating new money in the economy. This is the most common banking practice worldwide.

88. **Answer: (a) 1 only** **Purchase of Treasury Bills** by the RBI injects liquidity, while **sale of foreign exchange** tightens liquidity.

Explanation:

1. Purchase of Treasury Bills by the RBI

When the **Reserve Bank of India (RBI)** purchases **Treasury Bills (T-Bills)**, it injects liquidity into the economy.

- The RBI buys T-Bills from the market, **increasing the money supply** by crediting the banks' reserves. This action effectively **injects liquidity** into the banking system, making more funds available for lending and other economic activities.

2. The sale of foreign exchange by the RBI

When the RBI **sells foreign exchange** (currency or assets), it **withdraws domestic currency** from the market, which leads to **reduction in liquidity**.

- The RBI buys foreign currency, which **decreases the supply of domestic currency** in the economy, thereby **tightening liquidity**.

89. Answer: **(c) 1 and 3**

1. **The Ministry of Labour and Employment is the nodal ministry for the implementation of UPS.**
   The **Ministry of Finance** is the nodal ministry responsible for the implementation of the Unified Pension Scheme (UPS) .
2. **Employees opting for UPS can later switch back to the National Pension System (NPS) if they choose to.**
   Once employees opt for the UPS, they **cannot switch back to the NPS**. The choice is **final** .
3. **Under UPS, a retired NPS employee or their legally wedded spouse can also opt-in.**
   Retired employees who were previously under the NPS and their **legally wedded spouses** are eligible to opt for the UPS .

90. Answer: (a) 1 and 2 only
Only statements **1 and 2 are correct**; **statement 3 is incorrect** because:
- PMI is not published by the government.
- CSO no longer exists (it was merged into NSO).

1. Purchasing Managers' Index (PMI) is a widely used economic indicator that assesses the health of a country's manufacturing or services sector.

The **PMI** is a survey-based indicator of business activity. It reflects whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting in sectors like **manufacturing** and **services**.
- A PMI above 50 indicates **expansion**, while below 50 suggests **contraction**.

2. Index of Industrial Production (IIP) is an index which shows the growth rates in different industry groups.
The **IIP** measures the **volume of production** of industrial products during a given period. It reflects growth in:
- **Mining**
- **Manufacturing**
- **Electricity sectors**

It is released **monthly** by the **National Statistical Office (NSO)** (formerly under CSO).

3. Both PMI and IIP are published by the Central Statistical Organisation (CSO) on a monthly basis.
- **IIP** is published by the **National Statistical Office (NSO)**, not CSO anymore (CSO has been merged into NSO).
- **PMI** is **not published by any government body**. It is compiled by **private firms**, like **HSBC**, **S&P Global**, or **IHS Markit**, based on surveys of purchasing managers.

91. Answer: (b) Only two Statements **1 and 2 are correct**; **statement 3 is incorrect** because **SEZs are not eligible** for RoDTEP benefits.

1. The Special Economic Zones (SEZs) are delineated duty-free areas which are deemed as a foreign territory for the purpose of trade operations.

SEZs in India are considered **foreign territory** for the purpose of **customs, duties, and trade operations**.
- Goods entering an SEZ from the **Domestic Tariff Area (DTA)** are treated as **exports**, and vice versa.
- SEZs are designed to promote **exports**, with relaxed norms and **duty-free** access.

2. Both SEZs and Domestic Tariff Area (DTA) units can be set up anywhere in the country both SEZs and DTA units can be **established across India**, subject to **regulatory approvals**.
- SEZs need approval from the **Board of Approval** under the SEZ Act and require a **notified area**.
- DTA units are regular businesses and can operate in any **non-SEZ** area.

3. Both SEZs and DTA units are eligible for Remission of Duties and Taxes on Exported Products (RoDTEP) benefits.

SEZ units are currently not eligible for RoDTEP benefits.
- The **RoDTEP scheme** (launched in 2021) provides refunds on taxes and duties **not refunded** under any other scheme for **exports**.
- However, **SEZs and EOUs (Export Oriented Units)** are **excluded** from the RoDTEP benefit as per current policy.

92. Answer: (a) 1 and 3 Statements **1 and 3 are incorrect**, and only **statement 2 is correct**.

1. Green Revolution started in India in the early 1950s.

The **Green Revolution** in India **officially began in the mid-1960s**, particularly **1965–66**, with the introduction of **High-Yielding Variety (HYV) seeds**, chemical fertilizers, and improved irrigation techniques in states like Punjab, Haryana, and western Uttar Pradesh.

2. It was marked by an increase in the use of High-Yielding Variety (HYV) seeds.

The Green Revolution was **characterized by the widespread use of HYV seeds**, especially for **wheat and rice**, leading to **increased agricultural productivity**.

3. The HYV seeds significantly lowered the use of irrigation in India.

HYV seeds required more irrigation They are **input-intensive**, demanding **more water**, **fertilizers**, and **pesticides** to achieve the desired productivity.

So, the **use of irrigation increased** significantly in Green Revolution areas.

93. **Answer: (c) Both 1 and 2**

Both statements are correct:

- Statement 1 defines the GDP deflator.
- Statement 2 explains how the weighting of goods varies based on actual production levels.

1. It is the ratio of the nominal GDP to the real GDP.

GDP Deflator=Nominal GDPReal GDP×100\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100GDP Deflator=Real GDPNominal GDP×100

- **Nominal GDP** is calculated at current prices.
- **Real GDP** is calculated at constant prices (adjusted for inflation).
- The **GDP Deflator** reflects the overall change in prices of all goods and services in the economy.

2. The weights of goods used in calculating GDP deflator differ according to their production level.

Unlike consumer price indices (like **CPI**), which use **fixed weights** based on a basket of goods, the **GDP deflator uses variable weights** that change according to the **current production/output structure** of the economy. So if more of a good is produced in a given year, it will have **more weight** in that year's GDP calculation.

94. **Answer: (a) 1 and 3 only**

Explanation:

- **Life Insurance Corporation of India (LIC)** and **General Insurance Corporation of India (GIC Re)** are identified as D-SIIs.
- **Max Life Insurance Company Limited** is not identified as a D-SII.
- **New India Assurance Company Limited** is identified as a D-SII.

Explanation:

Domestic Systemically Important Insurers (D-SIIs) are insurance companies whose distress or failure could cause significant disruption to the domestic financial system. The Insurance Regulatory and Development Authority of India (IRDAI) identifies such insurers annually based on their size, market importance, and interconnectedness. As of the latest available information, the following insurers have been identified as D-SIIs:

1. **Life Insurance Corporation of India (LIC)** – The largest life insurer in India.
2. **General Insurance Corporation of India (GIC Re)** – The sole Indian reinsurer.
3. **New India Assurance Company Limited** – A leading general insurance company

These three insurers have been consistently identified as D-SIIs, including for the year 2023–24 . **Regarding the options:**

Option (a) 1 and 3 only: This is correct because LIC and GIC Re are identified as D-SIIs. Max Life Insurance Company Limited is not mentioned in the list of D-SIIs. **Option (b) Only 1**: Incorrect, as GIC Re and New India Assurance are also identified as D-SIIs.

- **Option (c) 1, 3, and 4 only**: Incorrect, as Max Life Insurance Company Limited is not identified as a D-SII.
- **Option (d) None**: Incorrect, as LIC and GIC Re are identified as D-SIIs.

95. The correct answer is **(a) 1 and 3 only**. According to the Insurance Regulatory and Development Authority of India (IRDAI), the following insurers have been identified as Domestic Systemically Important Insurers (D-SIIs) for the year 2022-23:

1. **Life Insurance Corporation of India (LIC)**
2. **General Insurance Corporation of India (GIC Re)**
3. **New India Assurance Company Limited** These insurers are considered "too big or too important to fail," and their continued functioning is critical for the uninterrupted availability of insurance services to the national economy. As such, they are subjected to enhanced regulatory supervision to address systemic risks and moral hazard issues .
4. **Max Life Insurance Company Limited** is not listed among the D-SIIs for 2022-23.

96. The correct answer is **(c) a monetary stimulus strategy to spur inflation and economic output**.

Explanation:

Helicopter money is an unconventional monetary policy tool that involves central banks creating large sums of money and distributing it directly to the public to stimulate economic activity, particularly during periods of low inflation or economic stagnation. The term was first coined by economist Milton Friedman in 1969 to illustrate the effects of monetary expansion. In this metaphor, a helicopter drops money from the sky, symbolizing an unexpected increase in the money supply to boost demand and economic output. Unlike traditional monetary policies, such as quantitative easing, which involve central banks purchasing government securities to increase the money supply, helicopter money entails direct transfers to individuals or households. This approach aims to directly increase consumer spending and inflation expectations.

While helicopter money can provide a quick boost to the economy, it carries risks, including potential inflation and challenges in reversing the policy once implemented. Therefore, it is generally considered a measure of last resort when other monetary and fiscal policies have been exhausted.

Other Options:

(a) the recovery of unpaid taxes from tax havens and using the same for government expenses: This refers to efforts to combat tax evasion and increase government revenue, not a monetary stimulus strategy.

(b) the abrupt increase in government subsidies to give a boost to ailing sectors in an economy: This describes fiscal stimulus measures, such as subsidies or direct spending, rather than a monetary policy like helicopter money. **(d) a situation in which the revenue income of a government in a given financial year is more than the estimated amount:** This refers to a budget surplus, not a monetary stimulus strategy.

97. The correct answer is **(d) It is a scenario of combination of high inflation and low growth**.

Explanation:

Stagflation is an economic condition characterized by the simultaneous occurrence of high inflation, stagnant economic growth, and high unemployment. This combination presents a challenging scenario for policymakers, as the usual tools to combat inflation—such as raising interest rates—can exacerbate unemployment, while measures to reduce unemployment—like lowering interest rates—can worsen inflation. The term "stagflation" was popularized during the 1970s, notably during the oil crisis, when economies experienced rising prices and slowing growth.

Analysis of Other Options:

(a) It occurs when the price of commodities remain stagnant over a period of one year: This describes a period of low or no inflation, not stagflation. **(b) It occurs when wages press prices up and prices pull wages up:** This refers to a wage-price spiral, which is a potential cause of inflation but not synonymous with stagflation.

(c) It is a situation in an economy when inflation is caused due to full employment: This describes a scenario where inflation results from demand-pull factors in a fully employed economy, not stagflation.

98. The correct answer is **(b) 1 and 3 only**.

Explanation:

Under the **Startup India** initiative, the Department for Promotion of Industry and Internal Trade (DPIIT) has outlined specific eligibility criteria for an entity to be recognized as a startup. These criteria are as follows:

1. **Age of the Entity**: The entity must be incorporated as a private limited company, a registered partnership firm, or a limited liability partnership (LLP). It should not have been formed by splitting up or reconstructing an existing business. Additionally, the entity must have been in operation for less than 10 years from the date of incorporation.

2. **Annual Turnover**: The entity's annual turnover should not exceed INR 100 crore in any of the previous financial years.
3. **Innovation and Scalability**: The entity should be working towards innovation, development, or improvement of products, processes, or services, or have a scalable business model with high potential for employment generation or wealth creation. **Analysis of the Statements:**

- **Statement 1**: "The entity shall be considered a startup up to 10 years from the date of its incorporation." This is correct. An entity is considered a startup for up to 10 years from its date of incorporation **Statement 2**: "It must be a private limited company only." This is incorrect. The entity can also be a registered partnership firm or an LLP, not just a private limited company. **Statement 3**: "Turnover should be less than INR 10 crores in any of the previous financial years." This is incorrect. The turnover should be less than INR 100 crore, not INR 10 crore.

99. The correct answer is **(b) A platform designed to centralize and streamline the entrepreneurial ecosystem**.

Explanation:

The **BHASKAR** initiative, formally known as the **Bharat Startup Knowledge Access Registry**, is a digital platform launched by the **Department for Promotion of Industry and Internal Trade (DPIIT)** under the **Startup India** program. Its primary objective is to centralize and streamline collaboration among key stakeholders in India's entrepreneurial ecosystem, including startups, investors, mentors, service providers, and government bodies. By serving as a comprehensive digital registry, BHASKAR aims to facilitate seamless interaction, enhance discoverability, and provide personalized engagement through unique BHASKAR IDs for each stakeholder. This initiative aligns with the government's vision to transform India into a global leader in innovation and entrepreneurship.

Analysis of Other Options:

(a) Promote solar energy adoption in rural areas: This refers to initiatives focused on renewable energy, which is not the primary goal of BHASKAR.

(c) Develop a comprehensive framework for biodiversity conservation: This pertains to environmental conservation efforts, unrelated to the objectives of the BHASKAR platform.

(d) Enhance research and innovation in harnessing biomass energy: This is specific to energy research and does not align with the BHASKAR initiative's focus on the startup ecosystem.

100. The correct answer is **(d) 1, 2, 3 and 4**.

Explanation:

In India, **Reserve Money (M0)**, also known as the monetary base or high-powered money, is the total of a country's currency in circulation and the reserves held by commercial banks with the central bank. It is a critical component of the money supply and serves as the foundation for creating broader measures of money supply. The components of Reserve Money (M0) in India include:

1. **Currency in Circulation**: This encompasses all the currency notes and coins in the economy, excluding those held by the Reserve Bank of India (RBI) and commercial banks.
2. **Bankers' Deposits with the RBI**: These are the balances maintained by commercial banks with the RBI, primarily to meet the Cash Reserve Ratio (CRR) requirements and for settlement purposes.

3. **Other Deposits with the RBI**: This category includes deposits from various entities such as foreign central banks, international organizations like the International Monetary Fund (IMF), and other financial institutions. **Net RBI Credit to the Government**: This refers to the loans and advances provided by the RBI to the central and state governments, including holdings of government securities, treasury bills, and ways and means advances.
4. **Analysis of the Statements:**

- **Statement 1**: Balances in the accounts of foreign central banks and governments are included under 'Other Deposits with the RBI' and thus form part of Reserve Money.
- **Statement 2**: Bankers' deposits with the RBI are a direct component of Reserve Money.
- **Statement 3**: Accounts of international agencies such as the IMF are included under 'Other Deposits with the RBI' and are part of Reserve Money.
- **Statement 4**: Net RBI credit to the Government is a fundamental component of Reserve Money.