

Target Prelims 2021

Indian Economy based Current Affairs: 2

Q1. Consider the following regarding Anti-profiteering provisions:

1. India is the first country in the world to have such provisions.
2. Consumer welfare fund has been set up at central and state level.

Choose the correct option:

- a) Only 1 is true
- b) Only 2 is true
- c) Both are true
- d) Both are false

Q2. Consider the following regarding taxpayer charter:

1. This has been introduced with amendment in the IT act 1961.
2. The taxpayer charter has listed 14 commitments by tax officials and six obligations of the taxpayers.

Choose the correct option:

- a) Only 1 is true
- b) Only 2 is true
- c) Both are true
- d) Both are false

Q3. Consider the following regarding equalisation levy:

1. It is a direct tax.
2. It is imposed on all the e-commerce companies.

Choose the correct option:

- a) Only 1 is true
- b) Only 2 is true
- c) Both are true
- d) Both are false

Q4. The term 'green tax' often appearing in newspaper refers to:

- Tax imposed on consumption of non-renewable energy.
- Tax imposed on imports of crude oil.
- Tax imposed on older vehicles.
- None of the above.

Q5. Consider the following regarding CESS:

- Every cess collected has to be approved by the parliament.
- Article 270 of the Constitution allows cess to be excluded from the purview of the divisible pool of taxes.

Choose the correct option:

- Only 1 is true
- Only 2 is true
- Both are true
- Both are false

Q6. Consider the following statements regarding recapitalization bonds:

- All of these bonds issued by the centre carry certain interest rate.
- These bonds are issued by the govt to any investor in the market for raising funds to recapitalize the banks.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Q7. Consider the following statements regarding Forex Reserves:

- Section 17 of RBI dictates, where these can be invested.
- Majority of the forex reserves are in the form of gold.

Which of the statements given above is/are correct?

- Only 1
- Only 2
- Both 1 and 2
- Neither 1 nor 2

Q8. Consider the following statements regarding Forex Reserves:

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Which of the statements given above is/are correct?

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

2. Foreign Exchange Reserves

Item	As on August 20, 2021		Variation over					
			Week		End-March 2021		Year	
	₹Cr.	US\$ Mn.	₹Cr.	US\$ Mn.	₹Cr.	US\$ Mn.	₹Cr.	US\$ Mn.
	1	2	3	4	5	6	7	8
1 Total Reserves	4588475	616895	-10917	-2470	369522	39911	565115	79348
1.1 Foreign Currency Assets	4261979	573009	-18145	-3365	337811	36316	563311	78841
1.2 Gold	277056	37249	7225	913	29333	3369	-1851	-15
1.3 SDRs	11461	1541	-3	-3	598	55	376	60
1.4 Reserve Position in the IMF	37979	5096	6	-15	1781	172	3279	462

* Difference, if any, is due to rounding off

2. Foreign Exchange Reserves

Item	As on August 27, 2021		Variation over					
			Week		End-March 2021		Year	
	₹Cr.	US\$ Mn.	₹Cr.	US\$ Mn.	₹Cr.	US\$ Mn.	₹Cr.	US\$ Mn.
	1	2	3	4	5	6	7	8
1 Total Reserves	4669426	633558	80951	16663	450473	56574	695692	92127
1.1 Foreign Currency Assets	4212584	571600	-49394	-1409	288416	34907	556901	73507
1.2 Gold	275932	37441	-1124	192	28209	3561	2907	241
1.3 SDRs	143028	19407	131566	17866	132164	17921	132160	17926
1.4 Reserve Position in the IMF	37883	5110	-97	14	1685	185	3725	453

* Difference, if any, is due to rounding off

Q9. Arrange the following components in decreasing order of their value in forex reserves:

1. Foreign currency assets
2. Gold holdings
3. Reserve position at IMF
4. SDRs

Choose the correct option:

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

Q10. Consider the following statements regarding Banking Regulation Amendment 2020:

- 1. It is applicable to all the three tiers of cooperative banks.
- 2. Under this central government is empowered to take over the management of the co-operative banks in case of mismanagement.

Which of the statements given above is/are correct?

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

Q11. Consider the following statements regarding the DICGC:

- 1. The deposit insurance coverage has been increased to up to ₹ 5 lakh.
- 2. The insurance premium paid for by the banks is transferred to the depositors.
- 3. With the hike in insurance coverage more than 98% of the bank deposits by value will be covered.

Which of the statements given above is/are correct?

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

Q12. Consider the following statements regarding SLTRO:

- 1. Commercial banks, payment banks and SFBs are eligible to borrow under this.
- 2. Loans taken under this can be used for lending to corporate/retail borrowers.

Which of the statements given above is/are correct?

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

Q13. Consider the following statements regarding Retail Direct Gilt:

1. Retail investors can use this account to buy only the bonds issued by the central government.
2. Once purchased the investors must hold these bonds up to the maturity period.

Which of the statements given above is/are correct?

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

Q14. Consider the following statements regarding CAPITAL CONSERVATION BUFFER:

1. It is additional capital to be maintained by the banks to absorb losses.
2. It is to be maintained at 2.5% of the total deposits.

Which of the statements given above is/are correct?

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

Q15. Consider the following statements regarding Basel III:

1. The deadline for the implementation of norms has been postponed to January 2023.
2. Under this RBI has decided to have CAR of 12% uniformly for all the scheduled commercial banks in India.

Which of the statements given above is/are correct?

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

Q16. The term 'Net Stable Funding Ratio – (NSFR)' means:

1. It is part of basel III guidelines.
2. RBI has mandated the NFSR of at least 100%

Choose the correct option:

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

Q17. Consider the following statements regarding PCA:

1. The banks to be placed under it are assessed on three parameters - Capital ratio, Asset Quality and Profitability.
2. This was introduced by RBI in 2002.

Which of the statements given above is/are correct?

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

Q18. Consider the following statements:

1. NEFT, RTGS are part of centralized Payment Systems.
2. These are owned by RBI.
3. Only the banks are allowed to use this system.

Which of the above statement/s is/are correct:

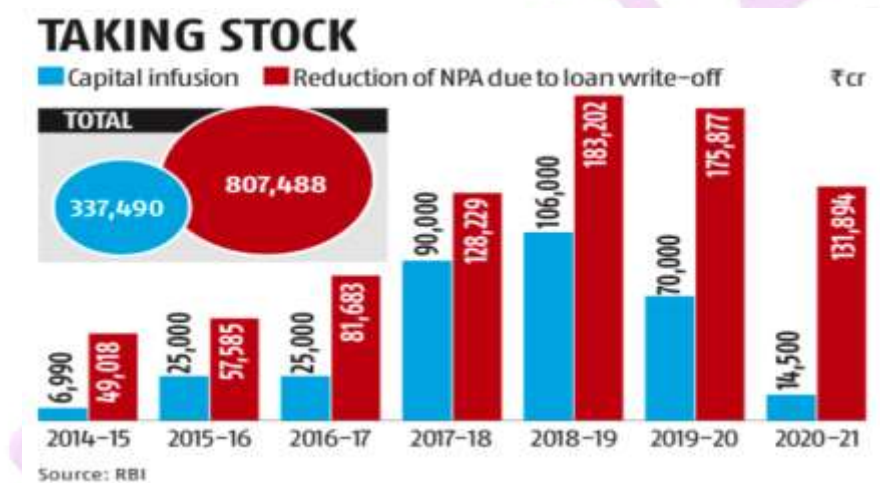
- a) Only 1
- b) 1 and 2
- c) 2 and 3
- d) 1, 2 and 3

Q20. Consider the following statements:

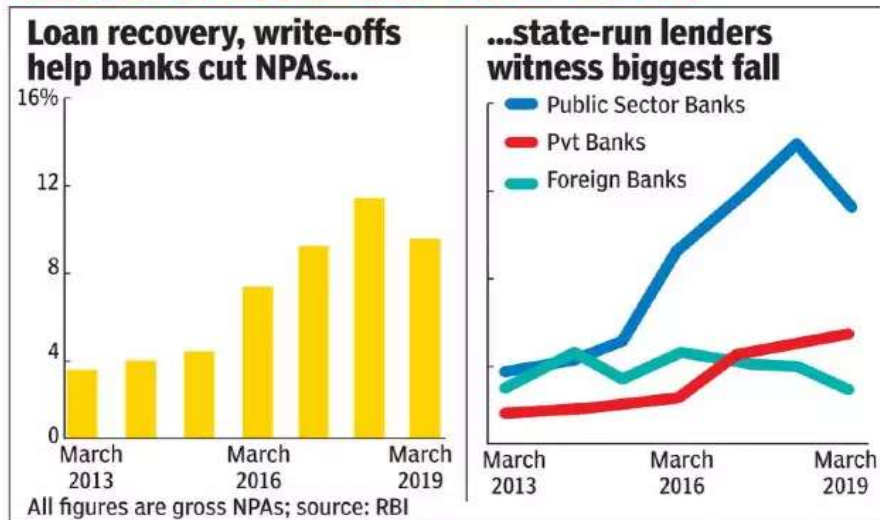
1. The NPAs in the banking sector have been consistently increasing in the last five years.
2. The capital infusion in the banking sector has been consistently increasing in the last five years.
3. The write-offs in the banking sector have been consistently increasing in the last five years.

Which of the statements given above is/are incorrect?

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



GOOD NEWS ON BAD DEBT



Q21. Consider the following statements regarding NaBFID:

1. For setting up of private DFI, the license has to be sought from RBI.
2. The ownership of NaBFID will be between central and state governments in the ratio of 51:49

Which of the statements given above is/are correct?

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

Q22. Consider the following statements regarding G-SAP:

1. This is being done to ensure smooth evolution of yield curve.
2. Under this RBI purchases a predetermined value of corporate bonds form the market.

Which of the statements given above is/are correct?

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

Q23. Consider the following statements regarding CTS:

1. All the bank branches have been brought under this by 31st March 2021.
2. It promotes faster and smoother cheque clearances in the country.

Which of the statements given above is/are correct?

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

Q24. Consider the following statements regarding ARCs:

1. ARCs are governed by the SARFAESI Act.
2. ARCs are allowed to act as resolution applicants under IBC.

Which of the statements given above is/are correct?

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

Q25. Consider the following statements regarding PSL:

1. The coverage has been expanded to cover startups, renewable energy sector.
2. PSL targets for SCBs, payment banks, SFBs are same.

Which of the statements given above is/are correct?

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

Q26. Consider the following statements regarding SDL (STATE DEVELOPMENT LOANS):

1. SDLs are treasury and dated securities which are issued by the state government.
2. SDLs qualify for the SLR held by the banks.

Which of the statements given above is/are correct?

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

Q27. Consider the following statement regarding Digital Payment Infrastructure Fund:

1. The objective of the fund is to promote digital payment infrastructure in metro cities and tier 1 cities.
2. There will be special focus to develop such infrastructure in north eastern states under this fund.

Which of the statements given above is/are correct?

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

Q28. Which of the following statement are correct:

- 1. The highest tenure of the government bonds is 40 years.
- 2. Such bonds were first issued in 2015.

Which of the statements given above is/are correct?

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

Q29. Consider the following statement regarding MDR:

- 1. MDR is a charge paid by the merchants to banks and payment service providers.
- 2. Govt has scrapped the MDR for all RuPay and UPI transactions.

Which of the statements given above is/are correct?

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

Q30. Consider the following statement regarding D-SIB framework:

- 1. Banks under this framework may expect the government assistance in times of financial distress.
- 2. D-SIBs are subjected to higher levels of supervision to prevent disruption in the financial services.

Which of the statements given above is/are correct?

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

Q31. Consider the following statement regarding PPIs:

1. PPI issuers are financial institutions that are registered under the banking regulation act 1949.
2. Mobile wallets are closed system PPIs.

Which of the statements given above is/are correct?

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

Q32. Consider the following statement regarding Payment banks:

1. Setting up of such banks was recommended by Nachiket Mor committee.
2. The maximum balance to be held in the payments banks is ₹ 1 lakh.

Which of the statements given above is/are correct?

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

Q33. Which of the following statement/s is/are correct:

1. Most of the foreign banks in India operate as branches or representative offices of the parent bank.
2. Such branches of foreign banks are different from locally incorporated subsidiary of a foreign bank.

Which of the statements given above is/are correct?

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

Q34. Consider the following statement regarding Interchange fees:

1. Interchange fees is the charge paid by the bank that issues the card to the bank where it is used to conduct transaction.
2. Such charges are same for financial and non-financial transactions.

Which of the statements given above is/are correct?

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

Q28. Consider the following statements regarding FSDC:

- 1. FSDC is a constitutional body.
- 2. It is chaired by the Prime Minister.

Which of the statements given above is/are correct?

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

Q29. Consider the following statements:

- 1. India's overall external debt has been consistently increasing in the last five years.
- 2. India's overall external debt as a percentage of GDP has been consistently increasing in the last five years.

Which of the statements given above is/are correct?

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

2016	484.8	23.4	8.8
2017	471.0	19.8	8.3
2018	529.3	20.1	7.5
2019 R	543.1	19.9	6.4
2020 PR	558.4	20.6	6.5
2021 P	570.0	21.1	8.2

Q30. Consider the following statements regarding public debt:

1. Out of the general government debt, maximum is accounted by states.
2. In case of central government debt, maximum is in the form of long-term debt.

Which of the statements given above is/are correct?

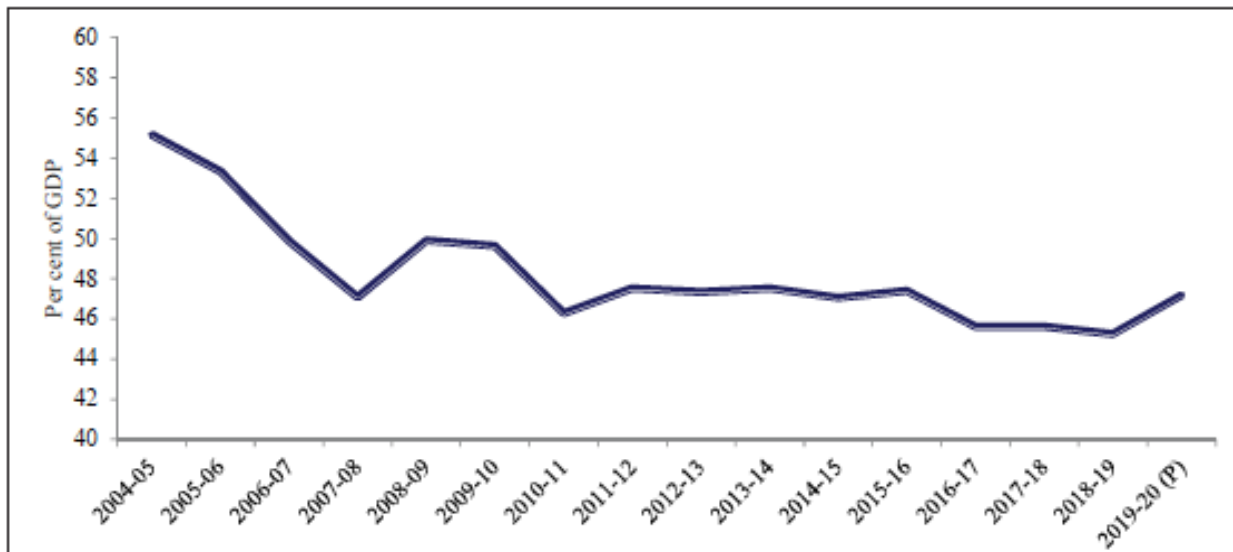
- a) Only 1
- b) Only 2
- c) Both 1 and 2
- d) Neither 1 nor 2

Table 11: Debt Position of the Central Government (in ₹ Lakh crore)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 P
A. Public Debt (A1+A2)	51.05	57.11	61.50	68.84	75.88	86.05
A1. Internal Debt (a+b)	47.38	53.05	57.42	64.01	70.75	80.20
a. Marketable Securities	43.09	47.28	50.49	55.10	59.69	65.60
b. Non-marketable Securities	4.29	5.77	6.93	8.91	11.06	14.60
A2. External Debt*	3.66	4.07	4.08	4.83	5.13	5.85
B. Public Account - Other Liabilities	7.62	8.16	8.57	9.15	9.96	9.89
C. Extra-Budgetary Resources	0.00	0.00	0.09	0.24	0.88	1.10
D. Total Liabilities (A+B+C)	58.66	65.27	70.16	78.23	86.72	97.05

Source: Various issues of Status Paper on Government Debt and Quarterly Report on Public Debt; P: Provisional

Figure 14: Trend in Centre's Debt-GDP ratio



Source: Various issues of Status Paper on Government Debt; PA:Provisional

Figure 19: Composition of General Government public debt

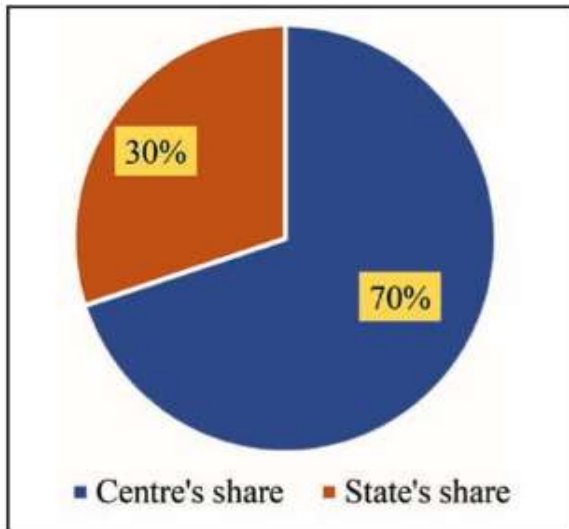


Figure 20: Composition of Central Govt. debt

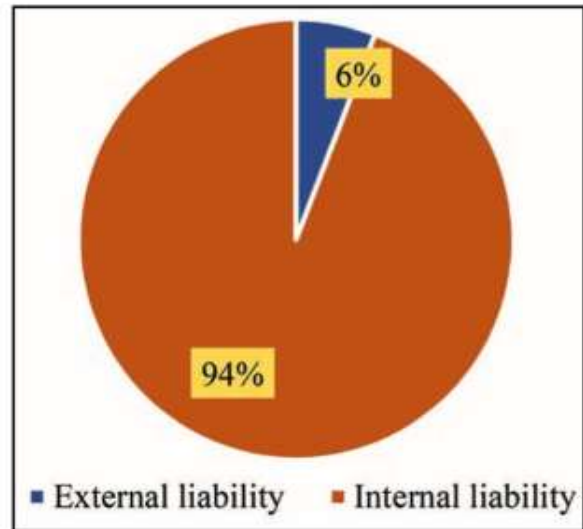


Figure 21: Maturity Profile of dated Central Government securities (per cent of total)

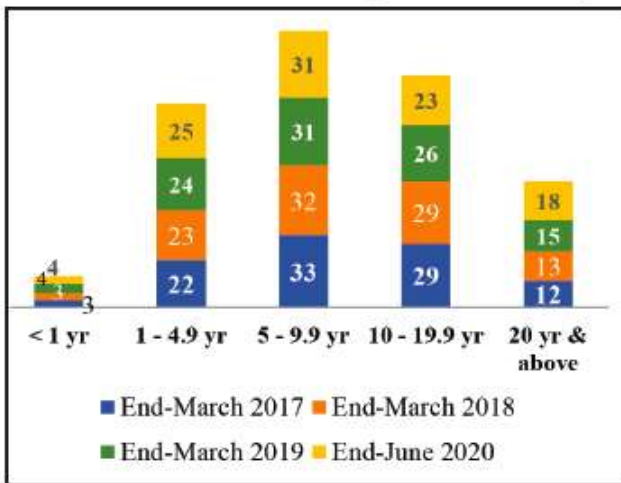
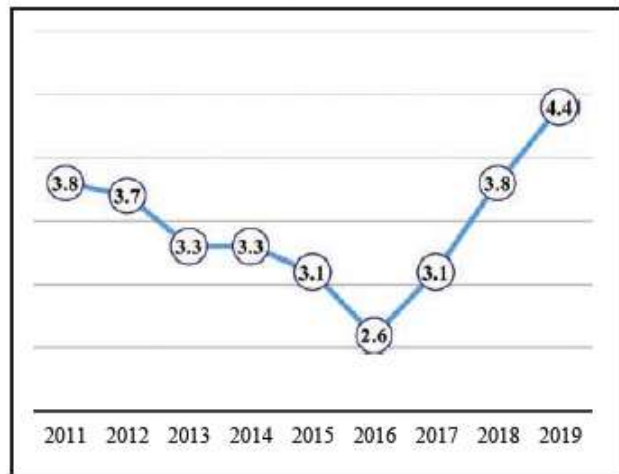


Figure 22: Total floating rate debt of Central Government as a per cent of Public debt



Source: Quarterly Report on Public Debt Management and Status Paper on Government Debt, Department of Economic Affairs, Ministry of Finance.

Q31. Which of the following are the departments under the ministry of finance:

1. DIPAM
2. DEA
3. DFS
4. DPE
5. Department of Budgeting

Choose the correct option:

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

Q32. Consider the following statements:

- 1. The centre has mandated all the states to set up a Single Nodal Agency (SNA) for each of the CSS.
- 2. 15 of the 30 umbrella CSS account for 90% of the total allocations made under the CSS.

Which of the statements given above is/are correct?

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

Q33. Consider the following statements:

- 1. The fiscal deficit of the union government as a percentage of GDP has consistently declined in the last five years.
- 2. The effective revenue deficit of the union government as a percentage of GDP has consistently declined in the last five years.

Which of the statements given above is/are correct?

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



Union Budget 2021-22

Trends in Deficit

% of GDP

