



**INSIGHTSIAS**

SIMPLIFYING IAS EXAM PREPARATION

# INSTA 75 DAYS REVISION PLAN FOR UPSC CSE PRELIMS 2023

## **INSTA TEST: DAY - 3**

Subject: Economy



1. Which of the following are components of Current Account?

1. Net investment income
2. Transfer payments
3. Foreign Institutional Investments (FIIs)
4. Trade in goods and services

Select the correct answer using the code given below:

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

2. Which of the following factors can affect the Exchange Rates?

1. Inflation Rates
2. Interest Rates
3. Income levels

Which of the statements given above is/are correct?

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

3. Real Effective Exchange Rate (REER) is

- (a) The relative price of foreign goods in terms of domestic goods.
- (b) The number of units of domestic currency one must give up to get a unit of foreign currency, the price of foreign currency in terms of domestic currency.
- (c) Weighted average of one country's currency that is needed to purchase a foreign currency.
- (d) The nominal effective exchange rate divided by a price deflator or index of costs.

4. Person's resident in India are free to buy or sell foreign exchange for any current account transaction except for

1. Remittance out of lottery winnings
2. Remittance of income from racing/riding, etc. or any other hobby
3. Remittance for purchase of lottery tickets
4. Remittance of interest income on funds held in Non-Resident Special Rupee (Account) Scheme

Select the correct answer using the code given

below:

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

5. Consider the following statements regarding International Trade Settlement in Indian Rupees (INR)

1. This will reduce the dependence on hard currency.
2. Special Rupee Vostro Account (SRVA) and Rupee Vostro Account are the instruments used for transaction.
3. Both Rupee Vostro account and SRVA requires prior approval of RBI before opening.

Which of the statements given above are correct?

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

6. Consider the following statements regarding UPI-PayNow Linkage

1. It is a payment mechanism to do the cross-border remittance transactions.
2. There is a daily transaction limit of ₹60,000 in a day.
3. Presently, only Person to Person (P2P) remittances for the purposes of "Maintenance of Relatives Abroad" is allowed.
4. The prescribed limit under Liberalized Remittance Scheme (LRS) would be applicable for these transactions.

Which of the statements given above is/are correct?

- (a) Only one statement is correct
- (b) Only two statement is correct
- (c) Only three statements are correct
- (d) All statements are correct

7. Consider the following statements regarding Government Security (G-Sec)

1. A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments.
2. In India, the Central Government and State Governments issues both, treasury bills and bonds or dated securities.

3. G-Secs can also be used as collateral to borrow funds in the repo market.

Which of the statements given above is/are correct?

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

8. Consider the following statements regarding Separate Trading of Registered Interest and Principal of Securities (STRIPS)

1. STRIPS are the securities created by way of separating the cash flows associated with a regular G-Sec i.e., each semi-annual coupon payment and the final principal payment to be received from the issuer, into separate securities.
2. They are Zero-Coupon Bonds (ZCBs).
3. They are created out of existing securities only and like other securities, are issued through auctions.
4. STRIPS are not eligible for SLR.

Which of the statements given above is/are correct?

- (a) Only one statement is correct
- (b) Only two statements are correct
- (c) Only three statements are correct
- (d) All statements are correct

9. Consider the following statements regarding Commercial Paper (CP)

1. Commercial Paper (CP) is a negotiable money market instrument and issued in dematerialized form, for funds deposited at a bank or other eligible financial institution for a specified time period.
2. A CP is issued in minimum denomination of ₹5 lakh and its multiples.
3. They are issued at a discount on the face value.

Which of the statements given above is/are correct?

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

10. Which of the following are the instruments of Organised Money Market?

1. Repos and Reverse Repos
2. Treasury Bills (TBs)
3. Chit funds
4. Commercial Bill (CB)

Select the correct answer using the code given below:

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

11. Consider the following statements regarding Exchange Traded Funds (ETFs)

1. An ETF is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.
2. Unlike regular mutual funds, an ETF trades like a common stock on a stock exchange.
3. An investor in an ETF want the fund managers to decide on which stocks to buy/sell/ hold.

Which of the statements given above are correct?

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

12. Consider the following statements regarding Spot Exchanges

1. Spot Exchanges refer to electronic trading platforms which facilitate purchase and sale of specified commodities by providing spot delivery contracts in these commodities.
2. Spot exchange has been defined under Companies Act, 1956.
3. All contracts on the exchange are compulsory deliver contracts.
4. This market segment functions like the equity segment in the main stock exchanges.

Select the correct answer using the code given below:

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

13. Consider the following statements regarding Derivatives

1. Derivative is a product whose value is derived from the value of one or more basic variables.
2. The underlying asset can be equity, forex, commodity or any other asset.
3. Derivatives are securities under the Securities Contracts (Regulation) Act and are allowed to be traded on the floors of the stock exchanges.

Which of the statements given above is/are correct?

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

14. Consider the following statements regarding Participatory Notes

1. P-Notes are Offshore Derivative Investments (ODIs) with equity shares or debt securities as underlying assets.
2. The overseas investor has to register themselves with the Securities and Exchange Board of India (SEBI), to invest in P-Notes.

Which of the statements given above is/are correct?

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

15. Consider the following statements regarding Financial Stability and Development Council (FSDC)

1. The idea to create such a regulatory body was first mooted by the Rangarajan committee on financial inclusion.
2. The Chairman of the Council is the finance minister.
3. The FSDC Sub-committee has also been set up under the chairmanship of Secretary, Ministry of Finance.

Which of the statements given above are correct?

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

16. Consider the following statements regarding Biotechnology Industry Research Assistance Council (BIRAC)

It is a not profit organisation

It is an interface agency to strengthen and empower strategic research and innovation, addressing nationally relevant product development needs.

Which of the statements given above is/are correct?

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

17. Consider the following statements regarding Primary Agriculture Credit Society (PACS)

PACS are registered under the Co-operative Societies Act and regulated by the RBI.

A primary agricultural credit society can be formed by a group of ten or more people from a village.

Members of the society have limited liability

Which of the statements given above is/are correct?

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

18. 4R Strategy, sometime seen in the news, is related to

Recycling of E-waste

Re-capitalization of the banks

New strategic initiative to curb the rise of China in Indo-Pacific region

Regulation of MSME's.

19. Consider the following statements regarding Agni IV

1. It is an intermediate ballistic missile.

2. It has a range of 4000 kms

3. It is fuelled by liquid propellants

Which of the statements given above are correct?

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

20. Consider the following statements regarding ABHYAS

1. It is developed by ISRO.

2. It is an unmanned aerial vehicle based on mi-

cro electro-mechanical systems (MEMS) navigation system.

Which of the statements given above is/are correct?

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

21. HIMARS, sometime seen in the news, is related to

Long range mobile artillery system.

Torpedo launcher

Satellite Mission by NASA

Anti-Tank Weapon

22. Consider the following statements regarding The Missile Technology Control Regime (MTCR)

1. It is an informal political understanding among 35 member states that seek to limit the proliferation of missiles and missile technology.
2. The regime was formed in 1987 by the G-7 industrialized countries.
3. MTCR places particular focus on rockets and unmanned aerial vehicles capable of delivering a payload of at least 500 kilograms.

Which of the statements given above are correct?

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

23. India is **not** a member of which of the following organisations/groups?

Nuclear Supplier Group

Australia Group

Missile Technology Control Regime

Wassenaar Arrangement

24. Which of the following rights is/are ensured/guaranteed to coastal state under Exclusive Economic Zone?

Explore and exploit, conserve and manage the natural resources (living or non-living).

Protect and preserve the marine environment.

Establish and use artificial islands, structures and installations.

Which of the statements given above is/are correct?

1 and 2 only

3 only

1, 2 and 3

2 and 3 only

25. The Colistin is often seen in the news, is Antibiotic

Cryptocurrency

Herbicide

None of the above

Passage 1

Having turned a blind eye to its responsibilities and duties, a large portion of the media is busy poisoning the minds of people. It is leaving no stone unturned in creating rioters instead of responsible citizens. It is an era when the difference between a journalist and a spokesperson of a party or the government has faded away. Communalism brews in news studios round the clock. The issues of the public are different from what is reflected in the media.

1) Which of the following is the most logical, accurate and critical inference that can be drawn from the passage?

- (a) Media can do great good and also cause great harm
- (b) The fourth pillar of democracy is not in good shape
- (c) Corporatization of media is the reason behind its falling standards
- (d) Media holds great say in a democracy

2) The ratio of Rate of filling of two Pipes I and J is 3:4. If together they can fill a Tank  $\frac{2}{3}$  rd of Tank in 16 minutes. Then in how many does J alone can fill the Tank?

- (a) 42 minutes
- (b) 56 minutes
- (c) 28 minutes
- (d) 14 minutes

3) A and B can do a piece of work in 7 days. With the help of C they finish the work in 5 days. C alone can do that piece of work in?

- (a) 12 days
- (b) 17.5 days

- (c) 19 days
- (d) 25 days

4) 100 Men were employed to finish a work in 180 days. After 60 days it was found that only  $\frac{1}{5}$  of the work was done. How many more men must be employed to finish the work in the stipulated time ?

- A) 100
- B) 200
- C) 300
- D) 150

5) Two pipes A and B can fill a tank in 24 hours and 30 hours separately. In the event that both the channel are opened all the while in the empty tank, the amount of the time taken by them to fill the tank?

- (a) 12 hrs 10 min
- (b) 13 hrs 20 min
- (c) 12 hrs 20 min
- (d) 11 hrs 20 min

## Answer Sheet

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**INSTRUCTION FOR MARKING**

- Use Black/Blue Pen Only
- Mark Only one choice for each question as indicated below.

**CORRECT METHOD**

● ○ ○ ○ ○

**WRONG METHOD**

⊗ ⊘ ⊙ ⊚

- Since, you cannot erase and change the answer, please make sure you are confident about the answer, before marking your choice.

Q.No	ANSWER	Q.No	ANSWER	Q.No	ANSWER	Q.No	ANSWER
1.	○ ○ ○ ○	41.	○ ○ ○ ○	81.	○ ○ ○ ○	121.	○ ○ ○ ○
2.	○ ○ ○ ○	42.	○ ○ ○ ○	82.	○ ○ ○ ○	122.	○ ○ ○ ○
3.	○ ○ ○ ○	43.	○ ○ ○ ○	83.	○ ○ ○ ○	123.	○ ○ ○ ○
4.	○ ○ ○ ○	44.	○ ○ ○ ○	84.	○ ○ ○ ○	124.	○ ○ ○ ○
5.	○ ○ ○ ○	45.	○ ○ ○ ○	85.	○ ○ ○ ○	125.	○ ○ ○ ○
6.	○ ○ ○ ○	46.	○ ○ ○ ○	86.	○ ○ ○ ○	126.	○ ○ ○ ○
7.	○ ○ ○ ○	47.	○ ○ ○ ○	87.	○ ○ ○ ○	127.	○ ○ ○ ○
8.	○ ○ ○ ○	48.	○ ○ ○ ○	88.	○ ○ ○ ○	128.	○ ○ ○ ○
9.	○ ○ ○ ○	49.	○ ○ ○ ○	89.	○ ○ ○ ○	129.	○ ○ ○ ○
10.	○ ○ ○ ○	50.	○ ○ ○ ○	90.	○ ○ ○ ○	130.	○ ○ ○ ○
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15.	○ ○ ○ ○	55.	○ ○ ○ ○	95.	○ ○ ○ ○	135.	○ ○ ○ ○
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29.	○ ○ ○ ○	69.	○ ○ ○ ○	109.	○ ○ ○ ○	149.	○ ○ ○ ○
30.	○ ○ ○ ○	70.	○ ○ ○ ○	110.	○ ○ ○ ○	150.	○ ○ ○ ○
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32.	○ ○ ○ ○	72.	○ ○ ○ ○	112.	○ ○ ○ ○	152.	○ ○ ○ ○
33.	○ ○ ○ ○	73.	○ ○ ○ ○	113.	○ ○ ○ ○	153.	○ ○ ○ ○
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40.	○ ○ ○ ○	80.	○ ○ ○ ○	120.	○ ○ ○ ○	160.	○ ○ ○ ○

**STUDENT SIGNATURE**

**INVIGILATOR SIGNATURE**

**Total Attempts:**

**Time Taken:**

**Marks Scored:**

**Correct Answers:**

**Wrong Answers:**

**Accuracy Rate:**

**Mistakes I Committed in this INSTA Test:**

**Lessons Learnt from this INSTA Test:**

## 1. Solution: B

Foreign Institutional Investments (FIIs) is a component of Capital account. Hence, statement 3 is incorrect.

## 2. Solution: D

Common Factors Affecting Exchange Rates

- Inflation Rates

Changes in inflation cause changes in currency exchange rates. Generally speaking, a country with a comparatively lower rate of inflation will see an appreciation in the value of its currency. The price of goods and services increases at a slower rate when inflation is low. Countries with a continually low inflation rate exhibit an increasing currency value, whereas a country with higher inflation typically experiences depreciation of its currency and this is usually accompanied by higher interest rates.

- Interest Rates and the Exchange Rate

In the short run, another factor that is important in determining exchange rate movements is the interest rate differential i.e., the difference between interest rates between countries.

- Income and the Exchange Rate

When income increases, consumer spending increases. Spending on imported goods is also likely to increase. When imports increase, the demand curve for foreign exchange shifts to the right. There is a depreciation of the domestic currency.

## 3. Solution: D

Real exchange rate: The relative price of foreign goods in terms of domestic goods.

Nominal exchange rate: The number of units of domestic currency one must give up to get a unit of foreign currency; the price of foreign currency in terms of domestic currency.

Nominal Effective Exchange Rate (NEER)

The NEER may be defined as a weighted average of one country's currency that is needed to

purchase a foreign currency. The weight of trading is higher for countries with whom the home country (India) trades more.

Real Effective Exchange Rate (REER)

- Real effective exchange rate is the nominal effective exchange rate (a measure of the value of a currency against a weighted average of several foreign currencies) divided by a price deflator or index of costs.
- The Real Effective Exchange Rate (REER) can be defined as the NEER that is price- or cost-adjusted exchange rate against the inflation differentials in the two economies, i.e., the home country and its trading partner. It is a fundamental concept in a country's economic status.

## 4. Solution: D

The legal framework for administration of foreign exchange transactions in India is provided by the Foreign Exchange Management Act, 1999. Under the Foreign Exchange Management Act, 1999 (FEMA), which came into force with effect from June 1, 2000, all transactions involving foreign exchange have been classified either as capital or current account transactions.

In terms of Section 5 of the FEMA, persons resident in India are free to buy or sell foreign exchange for any current account transaction except for those transactions for which drawal of foreign exchange has been prohibited by Central Government, such as remittance out of lottery winnings; remittance of income from racing/riding, etc. or any other hobby; remittance for purchase of lottery tickets, banned / proscribed magazines, football pools, sweepstakes, etc.; remittance of dividend by any company to which the requirement of dividend balancing is applicable; payment of commission on exports under Rupee State Credit Route except commission up to 10% of invoice value of exports of tea and tobacco; payment of commission on exports made towards equity investment in Joint Ventures / Wholly Owned Subsidiaries abroad of Indian companies; remittance of interest income on funds held in Non-Resident Special

Rupee (Account) Scheme and payment related to “call back services” of telephones.

should have good correspondent relationships with banks in partner countries.

## 5. Solution: B

International Trade Settlement in Indian Rupees (INR)

In order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, it has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR.

This would ease India’s hard currency outflow substantially. Reduce the Dependency on US dollar requirements and Strengthen Rupee. This mechanism also may Reduce Cost of Conversion Charges of Exporters and Importers.

Q 1: How is the Special Rupee Vostro Account (SRVA) different from the already existing Rupee Vostro Account provided for under Foreign Exchange Management (Deposit) Regulations, 2016?

Answer: The settlement of international trade through Indian Rupees (INR) is an additional arrangement to the existing system of settlement. SRVA requires prior approval before opening unlike Rupee Vostro account. Hence, statement 3 is incorrect.

Q 2: What is new in this arrangement?

Answer: The settlement through Indian Rupees (INR) is an additional arrangement to the existing system that uses freely convertible currencies and will work as a complimentary system. This will reduce dependence on hard (freely convertible) currency.

Q 3: Whether RBI approval is required for opening such Special Rupee Vostro Accounts?

Answer: Yes, for opening of Special Rupee Vostro Account, prior approval of RBI would be required. The bank willing to open Special Rupee Vostro Account for bank of the partner country should have a good level of business resilience and financial health. Second, they need to have experience in facilitating trade/ investment transactions and capability to provide other financial services. Third, AD banks

## 6. Solution: C

UPI-PayNow Linkage

Who can undertake remittance transactions between India and Singapore through the UPI-PayNow linkage?

Account-holders of the participating banks and financial institutions in India and Singapore can do the cross-border remittance transactions through the UPI-PayNow linkage.

Is there any transaction limit for doing cross-border remittance transactions through the UPI-PayNow linkage?

There is a daily transaction limit of ₹60,000 in a day (equivalent to around SGD 1,000) for undertaking cross-border remittance transactions through the UPI-PayNow linkage.

For what purposes can the remittances be sent or received from the either side?

Presently, only Person to Person (P2P) remittances for the purposes of “Maintenance of Relatives Abroad” & “Gift” are allowed. Hence, statement 3 is incorrect.

How would the limits under the Liberalised Remittance Scheme (LRS) apply to this linkage while sending remittances from India?

In the UPI-PayNow linkage transactions, only person to person (P2P) remittances towards the purpose of “Maintenance of Relatives Abroad” & “Gift” under the Liberalised Remittance Scheme (LRS) are allowed, and the prescribed LRS limits would be applicable.

## 7. Solution: C

What is a Government Security (G-Sec)?

A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments. It acknowledges the Government’s debt obligation. Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term (usually called Government

bonds or dated securities with original maturity of one year or more). In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs). Hence, statement 2 is incorrect. G-Secs carry practically no risk of default and, hence, are called risk-free gilt-edged instruments.

- G-Secs are available in a wide range of maturities from 91 days to as long as 40 years to suit the duration of varied liability structure of various institutions.
- G-Secs can be sold easily in the secondary market to meet cash requirements.
- G-Secs can also be used as collateral to borrow funds in the repo market.

## 8. Solution: B

STRIPS – Separate Trading of Registered Interest and Principal of Securities. - STRIPS are the securities created by way of separating the cash flows associated with a regular G-Sec i.e. each semi-annual coupon payment and the final principal payment to be received from the issuer, into separate securities. They are essentially Zero-Coupon Bonds (ZCBs). However, they are created out of existing securities only and unlike other securities, are not issued through auctions. Hence, statement 3 is incorrect.

Stripped securities represent future cash flows (periodic interest and principal repayment) of an underlying coupon bearing bond. Being G-Secs, STRIPS are eligible for SLR. Hence, statement 4 is incorrect.

All fixed coupon securities issued by Government of India, irrespective of the year of maturity, are eligible for Stripping/Reconstitution, provided that the securities are reckoned as eligible investment for the purpose of Statutory Liquidity Ratio (SLR) and the securities are transferable.

## 9. Solution: B

Commercial Paper (CP)

Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note and held in a dematerialized form through any of the depositories approved by and registered with SEBI. Hence, statement 1 is incorrect.

A CP is issued in minimum denomination of ₹5 lakh and multiples thereof and shall be issued at a discount to face value.

- Companies, including NBFCs and AIFs, other entities like co-operative societies, government entities, trusts, limited liability partnerships and any other body corporate having presence in India with net worth of ₹100 cr or higher and any other entities specifically permitted by RBI are eligible to issue Commercial papers subject to conditions specified by RBI.
- All residents, and non-residents permitted to invest in CPs under Foreign Exchange Management Act (FEMA), 1999 are eligible to invest in CPs; however, no person can invest in CPs issued by related parties either in the primary or secondary market.

Certificate of Deposit (CD)

Certificate of Deposit (CD) is a negotiable money market instrument and issued in dematerialised form or as a Usance Promissory Note, for funds deposited at a bank or other eligible financial institution for a specified time period. Hence, statement 1 is incorrect.

Banks can issue CDs for maturities from 7 days to one year whereas eligible FIs can issue for maturities from 1 year to 3 years.

## 10. Solution: C

Today, money market in India is not an integrated unit and has two segments—Unorganised Money Market and Organised Money Market.

The unorganised money market in India may be divided into three differing categories:

- Unregulated Non-Bank Financial Intermediaries: Unregulated Non-Banking Financial Intermediaries are functioning in the form of chit funds, nidhis and loan companies. Hence,

statement 3 is incorrect.

- (ii) Indigenous Bankers
- (iii) Money Lenders

Organised Money Market

- Treasury Bills (TBs)
- Certificate of Deposit (CD)
- Commercial Paper (CP)
- Commercial Bill (CB)
- Call Money Market (CMM)
- Repos and Reverse Repos

## 11. Solution: B

Exchange Traded Funds (ETFs)

An ETF, or exchange traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.

Unlike regular mutual funds, an ETF trades like a common stock on a stock exchange. The traded price of an ETF changes throughout the day like any other stock, as it is bought and sold on the stock exchange. The trading value of an ETF is based on the net asset value of the underlying stocks that an ETF represents. ETFs typically have higher daily liquidity and lower fees than mutual fund schemes, making them an attractive alternative for individual investors.

Passive Management

ETFs are passively managed. The purpose of an ETF is to match a particular market index, leading to a fund management style known as passive management. Essentially, passive management means the fund manager makes only minor, periodic adjustments to keep the fund in line with its index. An investor in an ETF do not want fund managers to manage their money i.e., decide which stocks to buy/sell/ hold), but simply want the returns to mimic those from the benchmark index. Hence, statement 3 is incorrect.

Since buying all scrips that are part of say, the Nifty (which has 50 scrips) is not possible, one could invest in an ETF that tracks Nifty.

## 12. Solution: C

SPOT EXCHANGES

In India, Spot Exchanges refer to electronic trading platforms which facilitate purchase and sale of specified commodities, including agricultural commodities, metals and bullion by providing spot delivery contracts in these commodities.

This market segment functions like the equity segment in the main stock exchanges. Alternatively, this can be considered as a guaranteed direct marketing by sellers of the commodities. Spot Exchanges leverage on the latest technology available in the stock exchange framework for the trading of goods.

Spot exchange has been defined by the Warehousing Development and Regulatory Authority (Electronic Warehouse Receipts) Regulations, 2011 as “a body corporate incorporated under the Companies Act, 1956 and engaged in assisting, regulating or controlling the business of trading in electronic warehouse receipts.” Hence, statement 2 is incorrect.

However, present day spot exchange deals not just with warehouse receipts—this is an electronic market where a farmer or a trader can discover the prices of commodities on a national level and can buy or sell goods immediately (i.e., on the ‘spot’) to anyone across the country. All contracts on the exchange are compulsory deliver contracts—it means that all outstanding positions at the end of the day are marked for delivery, which implies that seller has to give delivery and buyer has to take the delivery.

## 13. Solution: D

Derivatives

Derivative is a product whose value is derived from the value of one or more basic variables, called bases (underlying asset, index or reference rate), in a contractual manner. The underlying asset can be equity, forex, commodity or any other asset.

In the Indian context the Securities Contracts (Regulation) Act, 1956 [SC(R)A] defines derivative to include:

- A security derived from a debt instrument,

share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security.

- A contract, which derives its value from the prices, or index of prices, of underlying securities.

Derivatives are securities under the Securities Contracts (Regulation) Act and hence the trading of derivatives is governed by the regulatory framework under the Securities Contracts (Regulation) Act and are allowed to be traded on the floors of the stock exchanges.

## 14. Solution: A

What are Participatory Notes?

Participatory Notes or P-Notes (PNs) are financial instruments issued by a registered foreign institutional investor (FII) to an overseas investor who wishes to invest in Indian stock markets without registering themselves with the market regulator, the Securities and Exchange Board of India (SEBI). Hence, statement 2 is incorrect.

Key points:

1. P-Notes are Offshore Derivative Investments (ODIs) with equity shares or debt securities as underlying assets.
2. They provide liquidity to the investors as they can transfer the ownership by endorsement and delivery.
3. While the FIIs have to report all such investments each quarter to SEBI, they need not disclose the identity of the actual investors.

## 15. Solution: D

Financial Stability and Development Council (FSDC):

- With a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in De-

ember 2010.

- It also focuses on financial literacy and financial inclusion.
- The idea to create such a super regulatory body was first mooted by the Raghuram Rajan Committee in 2008. Hence, statement 1 is incorrect.
- The Chairman of the Council is the finance minister and its members include the heads of financial sector Regulators (RBI, SEBI, PFRDA, IRDA & FMC) Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and Chief Economic Adviser.

FSDC Sub-Committee:

- The FSDC Sub-committee has also been set up under the chairmanship of Governor, RBI. It meets more often than the full Council. All the members of the FSDC are also the members of the Sub-committee.

## 16. Solution: B

Biotechnology Industry Research Assistance Council (BIRAC)

It is a not-for-profit, Public-Sector Enterprise, set up by Department of Biotechnology (DBT), Government of India as an Interface Agency to strengthen and empower the emerging Biotech enterprise to undertake strategic research and innovation, addressing nationally relevant product

development needs

BIRAC is a industry-academia interface and implements its mandate

through a wide range of impact initiatives, be it providing access to risk capital through targeted funding, technology transfer, IP management and handholding schemes that help bring innovation excellence to the biotech firms and make them globally competitive.

## 17. Solution: A

Primary Agriculture Credit Society (PACS)

PACS are the ground-level cooperative credit institutions that provide short-term, and medium-term agricultural loans to the farmers for the various agricultural and farming activities. It works at the grassroots gram Panchayat and village level. PACS are registered under the Co-operative Societies Act and also regulated by the RBI.

They are governed by the “Banking regulation Act-1949” and Banking Laws (Co-operative societies) Act 1965. A primary agricultural credit society can be formed by a group of ten or more people from a village. The society’s management is overseen by an elected body.

The membership fee is low enough that even the poorest agriculturist can join. Members of the society have unlimited liability.

PACS typically offer the following services to their members: Input facilities in the form of a monetary or in-kind component, Agriculture implements for hire and Storage space.

## 18. Solution: B

4R Strategy is started in 2015. It is a strategy of Recognising NPAs transparently, Resolution and recovery, Recapitalizing PSBs and Reforms in the financial ecosystem and PSBs.

It led to a common PSB Reforms Agenda for Enhanced Access and Service Excellence (EASE) in 2018.

## 19. Solution: B

AGNI-4

Agni-4 is an Intermediate Range Ballistic Missile with a range of around 4,000 km. It is developed by DRDO, it can carry a 1,000-kg payload and can go as high as 900 km.

## 20. Solution: B

ABHYAS is a High-speed Expendable Aerial Target (HEAT) which is designed and developed by Aeronautical Development Establishment under DRDO.

It is an unmanned aerial vehicle based on micro electro-mechanical systems (MEMS) navigation system.

It uses indigenously developed MEMS-based navigation system for its navigation and guidance. It was successfully flight-tested by DRDO from Integrated Test Range (ITR), Chandipur off the coast of Bay of Bengal in Odisha

## 21. Solution: A

High Mobility Artillery Rocket System (HIMARS)

HIMARS is a long-range, mobile, precision artillery system developed by Lockheed Martin. As part of its support to Ukraine, USA has announced sending its advanced missile systems HIMARS to Ukraine.

<https://www.defensenews.com/pentagon/2023/02/07/us-clears-poland-to-buy-himars-and-ammo-worth-10-billion/>

## 22. Solution: D

The Missile Technology Control Regime (MTCR) is a multilateral export control regime. It is an informal political understanding among 35 member states that seek to limit the proliferation of missiles and missile technology. The regime was formed in 1987 by the G-7 industrialized countries.

The MTCR seeks to limit the risks of proliferation of weapons of mass destruction (WMD) by controlling exports of goods and technologies that could make a contribution to delivery systems (other than manned aircraft) for such weapons.

In this context, the MTCR places particular focus on rockets and unmanned aerial vehicles capable of delivering a payload of at least 500 kilograms (1,100 lb) to a range of at least 300

kilometres (190 mi) and on equipment, software, and technology for such systems.

The MTCR is not a treaty and does not impose any legally binding obligations on Partners (members). Rather, it is an informal political understanding among states that seek to limit the proliferation of missiles and missile technology.

[https://en.wikipedia.org/wiki/Missile\\_Technology\\_Control\\_Regime](https://en.wikipedia.org/wiki/Missile_Technology_Control_Regime)

### 23. Solution: A

India is now a member of the three of the Non-Proliferation Regimes. It is a member country of the Australia Group, Wassenaar Arrangement, and Missile Technology Control Regime. The Nuclear Suppliers Group and Comprehensive Test Ban Treaty are yet to be signed by India.

<https://www.thehindu.com/news/national/india-admitted-to-australia-group/article22475433.ece>

### 24. Solution: C

Exclusive Economic Zone (EEZ)

The 1982 United Nations Convention on the Law of the Sea (UNCLOS) defined the EEZ as a zone in the sea over which a sovereign nation has certain special rights with respect to the exploration and usage of marine resources, which includes the generation of energy from wind and water, and also oil and natural gas extraction.

The coastal state has the rights to:

1. Explore and exploit, conserve and manage the natural resources (living or non-living).
2. Produce energy from wind, currents and water.
3. Establish and use artificial islands, structures and installations.
4. Conduct marine scientific research.
5. Protect and preserve the marine environment.

<https://oceanservice.noaa.gov/facts/eez.html>

### 25. Solution: A

Manufacture, sale and distribution of colistin and its formulations for food-producing animals, poultry, aqua farming and animal feed supplements have been prohibited in an order issued by Ministry of Health and Family Welfare.

- Colistin is a valuable, last-resort antibiotic that saves human lives in critical care units.
- Indiscriminate use of colistin has led to rise of anti-microbial resistance in the country.

### 1) Ans. B)

The fourth pillar of democracy is not in good shape  
The passage is a general commentary on the state of the media. The passage is not focussed on explaining the reason behind the fall in media standards, hence c is wrong. D is a generalist statement not conveying the sense of the passage. B is more accurate as compared to A because it is specific about the situation being highlighted in the passage.

### 2) Correct Answer: A) 42 minutes

Explanation:

2/3 of tank in 16 minutes

full in tank in 24 minutes

$$(1/4x + 1/3x) = 1/24$$

$$x = 14 \text{ J} = 3x = 14 * 3 = 42 \text{ minutes}$$

### 3) Solution: B) 17.5 days

Work done by A, B and C together in one day =  $1/5$

Work done by A and B in one day =  $1/7$

Therefore, work done by C alone in one day =  $1/5 - 1/7 = 2/35$

**Therefore, total time taken by C alone to complete the work =  $35/2$  days or 17.5 days.**

### 4) Correct Option: A) 100

By product constancy

$$(M1 \times D1) / W1 = (M2 \times D2) / W2$$

$$(100 \times 60) / (1/5) = (a \times 120) / (1 - 1/5)$$

$$\Rightarrow a = 200$$

$$\Rightarrow \text{Total workers} = 200$$

$$\Rightarrow \text{Extra men required} = 200 - 100 = 100$$

Hence, option A is correct.

### 5) Solution: B) 13 hrs 20 min

Part filled by A in 1 hour =  $1/24$ , part filled by B in 1 hour =  $1/30$

Part filled by (A+B) in 1 hour =  $(1/24 + 1/30) = 9/120 = 3/40$

Time taken by both to fill the tank =  $40/3$  hrs = 13 hrs 20 min.

**Hence, option (b) is correct.**