JAIIB IE & IFS Practice Questions(Set-1)

Q1. Which of the following statements correctly describe the characteristics and operational mechanisms of Real Estate Investment Trusts (REITs)?

i. REITs are required to distribute at least 90% of their taxable income to shareholders in the form of dividends to qualify for special tax treatment, such as avoiding corporate income taxes.

ii. REITs are primarily involved in the direct management of real estate properties, including maintenance and leasing activities, which often results in higher operational costs compared to traditional real estate investments.

iii. REITs can be publicly traded on major stock exchanges, providing investors with liquidity and the ability to buy and s[redacted]

(a) i and ii

(b) ii and iii

(c) i and iii

(d) i, ii, and i[redacted]

Q2. In the [redacted] **statements accurately d**[redacted]

i. Firms have [redacted] **utput levels since they fa**[redacted]

ii. Products [redacted] **ue features, allowing co**[redacted]

iii. The mark[redacted] **re, resulting in no single** [redacted]

iv. Barriers t[redacted] **ogy, make it difficult for** [redacted] **profitability without the** [redacted]

(a) i and ii

(b) ii and iv

(c) iii and iv

(d) i and iv

Q3. Which of the following statements accurately describe the characteristics and significance of the sunrise sectors in the economy?

1. Sunrise sectors are characterized by their focus on emerging technologies and innovations that have the potential to revolutionize industries and create new market opportunities. These sectors often include areas such as artificial intelligence, biotechnology, renewable energy, and advanced manufacturing, which are expected to drive future economic growth and technological advancement.

2. Sunrise sectors typically exhibit high growth potential due to their early-stage development and the increasing demand for cutting-edge solutions. They are attractive to investors and venture capitalists seeking high returns, as these sectors offer opportunities for substantial capital gains and can attract significant funding to support their expansion and innovation.

3. The development of sunrise sectors has a substantial socio-economic impact by generating employment opportunities, driving regional development, and fostering skill development. These sectors often create high-value jobs and contribute to improving the overall standard of living by addressing key societal challenges and promoting sustainable development.
(a) 2 only
(b) 3 only
(c) 1 only
(d) All of the above

Q4. Which of the following statements accurately describe the roles and functions of NITI Aayog in India's economic planning and development?
1. **Policy Formulation and Implementation: NITI Aayog plays a pivotal role in formulating and impleme [redacted] nd inclusive economi [redacted] sizes a more decentra [redacted] process and encourag [redacted]**
2. **Monitori [redacted] ss of various developr [redacted] rograms and provides [redacted] eir intended objective [redacted]**
3. **Knowled [redacted] conducting research [redacted] analytics to guide po [redacted] ts evidence-based pl [redacted]**

(a) 1, and 2 [redacted]
(b) 2, and 3 [redacted]
(c) 1, and 3 [redacted]
(d) All of the [redacted]

Q5. Which o [redacted] and Up India initiative?
1. **The Sta [redacted] nalized and underrep [redacted] Tribes (STs). It provid [redacted] h are newly establish [redacted]**
2. **The initiative is designed not only to foster new business ventures but also to create job opportunities and enhance skill development. By encouraging start-ups and small enterprises, it seeks to contribute to job creation in local communities and support the development of entrepreneurial skills among beneficiaries.**
3. **Stand Up India offers a combination of financial and non-financial support mechanisms. This includes providing loans with a credit facility of up to ₹1 crore per borrower, along with support services such as business planning, mentorship, and market linkages to help entrepreneurs successfully establish and grow their businesses.**

(a) 1 and 2 only
(b) 2, and 3 only
(c) 1, and 3 only
(d) All of the above

Q6. Which of the following statements accurately reflect key aspects of economic development?

1. Economic development is characterized by a fundamental shift from an agrarian-based economy to a more industrialized and service-oriented economy, which typically includes a decline in the share of agriculture in GDP, urbanization, and a significant reallocation of labor toward higher-productivity sectors such as manufacturing and services.

2. True economic development requires not only an increase in national income or GDP but also equitable distribution of wealth, reducing income inequality, improving access to essential services like healthcare, education, and social security, and ensuring that marginalized groups benefit from economic progress. Simply achieving high GDP growth rates without addressing these inequalities cannot be considered genuine dev[redacted]

3. Economic[redacted]**at create a conducive e**[redacted]**perty rights, enforce co**[redacted]**ure market competitio**[redacted]**and efficient resource all**[redacted]

(a) 1 and 2 o[redacted]

(b) 1 and 3 o[redacted]

(c) 2 and 3 o[redacted]

(d) All of the[redacted]

Q7. Which[redacted]**equences of protectionis**[redacted]

1. Protectio[redacted]**by reducing access to ch**[redacted]**ition.**

2. Countries[redacted]**restrictions, potentially e**[redacted]**tional trade volumes.**

3. By shelt[redacted]**protectionist policies can encourage a more diverse industrial base, enabling long-term domestic economic growth and self-sufficiency.**

4. Excessive protectionism can undermine investor confidence by creating uncertainty about future trade relations and market access, potentially leading to significant capital outflows from the domestic economy.

(a) 1, 2, and 3

(b) 1, 2, and 4

(c) 2, 3, and 4

(d) 1, 3, and 4

Q8. Which of the following statements is incorrect regarding competition reforms in the Indian banking sector?

A) The government extended operational autonomy to Public Sector Banks (PSBs) and allowed them to raise capital from the stock market up to 49% of their paid-up capital.

B) Only Indian private banks are allowed to operate in India, with no provision for foreign or joint-venture banks.

C) Reforms included the introduction of transparent norms for the entry of private, foreign, and joint-venture banks, and insurance companies.

D) Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) were permitted in the financial sector to pro [redacted]

(a) A only [redacted]

(b) C only [redacted]

(c) D only [redacted]

(d) B only [redacted]

Q9. Which o [redacted] **t rega** [redacted]

1. FDI occurs [redacted] **n one co** [redacted] **ness located in another c** [redacted]

2. FDI is typi [redacted] **mpa** [redacted] **For** [redacted] **hich involves short-term i** [redacted]

3. FDI only [redacted] **y and does not incl** [redacted] **tra-company loans.**

4. FDI can c [redacted] **to the host country.**

(a) 1 only [redacted]

(b) 2 only [redacted]

(c) 3 only [redacted]

(d) 4 only [redacted]

Q10. Which [redacted] **s)?**

1. FTAs prim [redacted] **participating countries.**

2. FTAs are only limited to the trade of goods and do not cover services or investments.

3. FTAs can lead to increased competition and access to larger markets for businesses in the participating countries.

4. FTAs may sometimes include clauses related to intellectual property rights, government procurement, and environmental standards.

(a) 1, 2, and 3 only

(b) 2, 3, and 4 only

(c) 1, 3, and 4 only

(d) 1, 2, and 4 only

Q11. Which of the following statements is/are correct regarding Corporate Social Responsibility (CSR) activities?
1. CSR activities are mandatory for all companies, regardless of their size or profit margins.
2. CSR activities can include initiatives related to environmental sustainability, education, health, and poverty alleviation.
3. Companies in India are required to spend at least 2% of their average net profits from the last three financial years on CSR activities, under the Companies Act, 2013.
4. CSR activities are solely focused on charitable donations and cannot be linked to the company's business strategy or operations.
(a) 1 and 4 only
(b) 2 and 3 o [redacted]
(c) 1 and 3 o [redacted]
(d) 3 and 4 o [redacted]

Q12. Which [redacted] employment
and the solu [redacted]
1. The shift [redacted] pared to the
labour-inten [redacted]
2. Infrastruc [redacted] ges between
the agricultu [redacted]
3. Reformin [redacted] ion methods
in a country [redacted]
4. Promotin [redacted] ship through
programmes [redacted]
(a) 1, 2, and [redacted]
(b) 2, 3, and [redacted]
(c) 1, 3, and [redacted]
(d) All of the [redacted]

Q13. Which [redacted]
1. GDP meas [redacted] ecific period, providing an indicator of economic performance.
2. A high unemployment rate indicates that the economy is performing well, as more people are actively seeking jobs.
3. Inflation refers to the general increase in price levels of goods and services in an economy, which can erode purchasing power.
4. Central banks use tools like interest rates and open market operations to influence the money supply and stabilize the economy.
(a) Statement 1
(b) Statement 2
(c) Statement 3
(d) Statement 4

Q14. Which of the following statements accurately describe the forces behind the supply curve?

1. A decrease in the prices of production inputs, such as labor or raw materials, will shift the supply curve to the right, indicating an increase in supply.

2. Advances in technology can improve production efficiency, leading to an increase in supply and a rightward shift of the supply curve.

3. Taxes and regulations can affect production costs. An increase in taxes or stricter regulations will typically shift the supply curve to the right.

4. An increase in the number of sellers in the market usually leads to a rightward shift in the supply curve due to the higher overall production.

(a) Only [redacted]

(b) Only [redacted]

(c) Only [redacted]

(d) All [redacted]

Q15. Which [redacted]

1. Cost-push [redacted] level of
goods and [redacted]

2. An [redacted]

3. Cost-push [redacted] leading
to higher [redacted]

4. A supply [redacted] trigger cost-
push [redacted]

(a) Only [redacted]

(b) Only [redacted]

(c) Only [redacted]

(d) All [redacted]

Q16. Which [redacted] Theory of Interest?

1. According to Keynes, interest is not a reward for saving but a reward for parting with liquidity or cash balances.

2. Keynes argued that investment is more dependent on the marginal efficiency of capital and future expectations rather than the rate of interest, especially during economic slowdowns.

3. Keynes believed that both savings and investment are highly interest elastic, as people adjust their savings based on interest rate changes.

(a) Only statements 1 and 2 are correct.

(b) Only statements 2. and 3 are correct

(c) Only statements 1 and 3 are correct

(d) None of the above

Q17. Which of the following statements accurately describe characteristics of the boom phase of a business cycle?

i) The boom phase is characterized by high levels of consumer and business confidence, leading to increased investment and spending.

ii) During the boom phase, unemployment rates are generally low, and wages tend to rise as businesses expand and hire more workers.

iii) Inflationary pressures are typically absent during the boom phase due to balanced supply and demand conditions in the economy.

(a) Only statement i is correct.

(b) Only state [redacted]

(c) Only state [redacted]

(d) All statem [redacted]

Q18. Which [redacted] ed by central banks like th [redacted]

1. **Open M [redacted] in the open market t [redacted]**
2. **Cash Res [redacted] ld in reserve as cash v [redacted]**
3. **Statutor [redacted] that must be maintain [redacted]**
4. **Fiscal De [redacted] policies like adjusting [redacted]**

(a) Only state [redacted]

(b) Only state [redacted]

(c) Only state [redacted]

(d) All statem [redacted]

Q19. Which [redacted] uct (GDP) as an economi [redacted]

i) GDP measures the total monetary value of all goods and services produced within a country's borders over a specific period, providing a snapshot of a nation's economic performance.

ii) GDP is used to compare the economic performance of different countries and assess the standard of living by looking at GDP per capita.

iii) A rising GDP always reflects an improvement in the well-being of a country's citizens, as it directly correlates with better quality of life and income distribution.

(a) Only statement i is correct.

(b) Only statements i and ii are correct.

(c) Only statement iii is correct.

(d) All statements are correct

Q20. Which of the following statements accurately describe the concept and implications of fiscal deficit?

1. Fiscal deficit occurs when the government's total expenditure exceeds its total receipts, excluding borrowings.

2. A high fiscal deficit can lead to inflation if it is financed by borrowing from the central bank, which increases the money supply in the economy.

3. A lower fiscal deficit is always a positive indicator of a country's economic health, as it signifies reduced government spending.

4. A fiscal deficit is often financed through market borrowings, external loans, and the sale of government assets.

(a) Only statements 1 and 2 are correct.

(b) Only state [illegible]

(c) Only state [illegible]

(d) All statem [illegible]

Q21. Which [illegible] Narasimham Committee – [illegible]

1. The Comm [illegible] trong b [illegible] dle domestic liquidity and [illegible] t of Curren [illegible]

2. The Comm [illegible] Narr [illegible] Ban [illegible] y restricting their investm [illegible] asse [illegible] to h [illegible]).

3. It suggest [illegible] Ratio (CAR) to 9% [illegible] s capacity to absorb losse [illegible] al stability.

4. The Comm [illegible] d to ensure stricter man [illegible]

(a) Only state [illegible] 2, a [illegible]

(b) Only state [illegible] 3 [illegible] ct

(c) Only state [illegible] is correct

(d) All statem [illegible]

Q22. Accord [illegible] sactions are prohibited f [illegible]

A) RBI is prohibited from engaging in trade or having a direct interest in any commercial, industrial, or other undertaking.

B) RBI is allowed to purchase the shares of any banking company or any other company, and grant loans upon the security of such shares.

C) RBI is not permitted to advance money on the mortgage of immovable property or become the owner of immovable property, except when necessary for its business premises and residences for its officers and employees.

(a) Only statement A is correct.

(b) Only statements A and C are correct.

(c) Only statement B is correct.

(d) All statements are correct.

Q23. Which of the following statements accurately describe the financial and advisory activities of IFCI?
A) Project financing is the core business of IFCI, which provides medium or long-term credit for new projects, expansions, modernisation, and balancing schemes, including rupee and foreign currency loans.
B) IFCI offers both fund-based and fee-based financial services, including equipment finance, working capital loans, leasing, guarantees, and letters of credit.
C) IFCI's corporate advisory services include areas such as project finance, corporate restructuring, disinvestment, and facilitating foreign direct investment (FDI).
D) IFCI exclusively focuses on providing loans and does not engage in advisory or consultancy services for infrastructure sectors like electricity, telecom, and insurance.
(a) A, and B [redacted]
(b) B, C, and [redacted]
(c) A, B, and [redacted]
(d) A, B, and [redacted]

Q24. Based [redacted] which of the following st[redacted]
1. An Asset [redacted] ractors, and machinery, [redacted]
2. A Loan [redacted] any activity, excluding fi[redacted]
3. Asset Fina[redacted] ess activities and income [redacted]
4. An AFC ca[redacted] aintains the principal bu[redacted]
(a) Statemen[redacted]
(b) Statemen[redacted]
(c) Statemen[redacted]
(d) Statemen[redacted]

Q25. The Res[redacted] mic stability and ensuring [redacted] ts accurately describe these objectives?
1. To maintain monetary stability such that the business and economic life of the country can deliver the welfare gains of a mixed economy.
2. To maintain financial stability and ensure sound financial institutions so that economic units can conduct their business with confidence.
3. To maintain stable payment systems so that financial transactions can be safely and efficiently executed.
(a) Statement 1 and Statement 2 only
(b) Statement 2 and Statement 3 only
(c) Statement 1, Statement 2, and Statement 3
(d) Statement 1 only

Q26. In June 2022, the Indian government launched EASE 5.0, the latest initiative under the EASENext program, aimed at transforming Public Sector Banks (PSBs). This initiative emphasizes enhancing digital customer experiences and fostering inclusive banking, particularly for small businesses and agriculture. PSBs are also required to develop individual strategic roadmaps addressing business growth, profitability, risk management, customer service, and operational improvements.
Which of the following statements best encapsulates the objectives and focus areas of the EASE 5.0 initiative launched for PSBs in June 2022?

(a) EASE 5.0 is primarily focused on restructuring the financial capital of PSBs, with the key emphasis on investment in long-term government securities and minimizing exposure to digital banking to avoid over-reliance on technological advances.

(b) The EASE [illegible] experiences, and driving [illegible] ring PSBs to develop a un[illegible]

(c) Under EA[illegible] focus solely on traditiona[illegible] nt strategies as a core co[illegible]

(d) The centr[illegible] dicating the need for ba[illegible] ensure risk-averse banki[illegible]

Q27. A com[illegible] eeds supply, prices rise a[illegible] ds demand, prices fall, f[illegible] re balanced, the market [illegible] rely on price discovery m[illegible] ch dynamic environmen[illegible]
Which of th[illegible] d, and price discovery in [illegible]

(a) When su[illegible] are willing to pay a premi[illegible] inishes.

(b) Price dis[illegible] ing whether buyers or se[illegible] brium state.

(c) In a mark[illegible] suring prices remain stable and unaffected by external factors such as scarcity or market speculation, which could otherwise disrupt fair trade.

(d) When demand exceeds supply, prices fall because buyers lose interest in bidding up the value of scarce assets, preferring to wait until supply catches up, thus creating a surplus that drives prices down.

Q28. Demutualisation refers to the transformation of a stock exchange from a mutually owned association to a shareholder-owned corporation. In a mutual exchange, brokers serve as owners, traders, and managers. Post-demutualisation, these roles are segregated, with ownership, management, and trading handled independently. This separation aims to enhance governance and reduce conflicts of interest. Indian exchanges like the BSE, NSE, and OTCEI have undergone this process, corporatising and demutualising their operations to better align with global standards.

Which of the following is NOT a characteristic of a demutualised stock exchange as explained in the demutualisation process?

(a) A demutualised exchange ensures that ownership, management, and trading functions are separated into distinct entities, reducing conflicts of interest and providing a more transparent governance structure for the exchange.

(b) In a mutual exchange, the ownership, management, and trading functions are concentrated within a single group, where broker members serve as both owners and traders, also taking on management responsibilities.

(c) Demutualisation allows broker members to retain their roles as owners and traders while delegating management responsibilities to independent third parties, ensuring that trading practices remain under the control of th [redacted]

(d) Exchange [redacted] corporatised entities with [redacted] ck exchange governance.

Q29. The For [redacted] in the Indian forex market [redacted] ith advisory services, tra [redacted] ate, foreign, and co-oper [redacted] to stabilize markets. In [redacted] benchmarks for Indian R [redacted]

Which of th [redacted] ia (FEDAI) is incorrect?

(a) FEDAI, es [redacted] ge market in India, assisti [redacted]

(b) FEDAI's r [redacted] t through its collaboratio [redacted] Derivatives Association [redacted]

(c) In March [redacted] d the Indian Banks' Assoc [redacted] e.

(d) FEDAI exclusively comprises foreign banks and financial institutions and does not include public sector or private sector banks among its members.

Q30. A large public company issued shares worth ₹600 crores, exceeding the SEBI threshold of ₹500 crores. As per SEBI guidelines, the company appointed a financial institution as a Monitoring Agency. The agency's role was to ensure that the proceeds were used for the stated project, monitor project costs, track any revisions, and report any delays or deviations to SEBI. The company also ensured compliance with statutory approvals. The Monitoring Agency submitted half-yearly reports to SEBI, detailing fund utilization and any surplus management. Which of the following is NOT a responsibility of a Monitoring Agency as per SEBI guidelines when the issue size exceeds ₹500 crores?

(a) Submitting half-yearly reports on fund utilization to SEBI, including surplus fund management, even if the project is completed ahead of schedule and under budget.
(b) Ensuring the company has obtained all relevant government/statutory approvals related to the project, as outlined in the offer document, and immediately reporting any failure to comply.
(c) Monitoring any deviation in the use of funds compared to the purpose outlined in the offer document, and submitting a revised report directly to the shareholders before reporting to SEBI.
(d) Ensuring that any revisions in the project cost are financed through pre-approved sources and reporting any deviations from the cost as mentioned in the original offer document to SEBI.

Q31. XYZ Electronics, a small MSME, supplies electronic components to large corporations, including government departments and public sector undertakings (PSUs). Due to delayed payments from these large buyers, XYZ faces difficulties in managing its working capital. To resolve this, the company signs up for TReDS, a [redacted] ubmitting its invoices on [redacted] receivables, improving it [redacted] proves XYZ's cash flow an [redacted] transactions and their be [redacted]
(a) MSMEs r [redacted]
(b) The finan [redacted] default risks.
(c) MSMEs c [redacted] ible if buyers fail to pay.
(d) TReDS su [redacted] ing process.

Q32. ABC In [redacted] ive markets. To hedge its [redacted] tives due to the transpa [redacted] ct amounts. ABC is assu [redacted] guarantees transactions [redacted] d risk, it also faces less fle [redacted] for tailored strategies.
What is a pr [redacted] ments?
(a) The abili [redacted] structuring deals.
(b) Greater [redacted] lved and not to regulator [redacted]
(c) Full trans [redacted] ee from the clearinghouse through margin deposits.
(d) The absence of margin requirements, allowing firms to operate with lower upfront capital commitments compared to OTC markets.

Q33. The Planning Commission's five-year planning model faced challenges in aligning with India's evolving development strategy. Initially crucial for channeling limited resources into infrastructure post-independence, the framework struggled to adapt after the 1991 economic reforms. Budget constraints and shifting political dynamics, especially the rise of coalition governments, further undermined centralized planning. This misalignment between federal resource allocation and state developmental roles questioned the Commission's relevance in a changing economic landscape. Which of the following best describes the challenges posed by the Planning Commission's traditional five-year planning model in the context of India's post-1991 economic reforms?

(a) The Planning Commission's rigid adherence to a centralized resource allocation model led to inefficiencies in addressing regional disparities. This was particularly evident as states with strong regional parties began demanding more autonomy, causing delays in infrastructure projects and widening economic inequalities between states.
(b) The Planning Commission's failure to integrate market mechanisms into its planning process post-1991 resulted in a mismatch between the allocation of resources and the actual needs of the economy. This caused an over-reliance on public sector investments, leaving the private sector underutilized, which hampered economic growth.
(c) The conflict between centralized planning and the federal structure of governance led to a dilution of the states' developmental roles. This, combined with the fiscal constraints imposed by coalition governments, reduced the [redacted] direct investment [redacted]
(d) The [redacted] market environment [redacted] the political [redacted] stunted long-term [redacted]

Q34. The [redacted] to buy at various [redacted] to right, indicating [redacted] of _____ describes [redacted]
Fill in the [redacted]
(a) Demand; [redacted]
(b) Supply; [redacted]
(c) Supply; [redacted]
(d) Demand; [redacted]

Q35. i. A [redacted] growth, while [redacted]
ii. The [redacted] into higher income tax brackets, increasing the government's revenue without altering tax rates.
iii. A central bank cuts interest rates to lower borrowing costs for businesses and consumers, aiming to boost investment and consumption.
iv. A government implements a temporary tax cut to provide immediate relief to households during a recession, with the intention to restore the original tax rates once the economy recovers.
Which of the following scenarios best illustrates the concept of "fiscal drag" in a fiscal policy context?
(a) ii only
(b) iii only
(c) iv only
(d) i, ii, and iii

Q36. Which of the following statements accurately describes the difference between American and European options?

(a) An American option can be exercised only on the expiration date, while a European option can be exercised anytime between the day of purchase and the expiration date.

(b) An American option can be exercised anytime between the day of purchase and the expiration date, while a European option can only be exercised on the expiration date.

(c) Both American and European options can be exercised at any time before the expiration date.

(d) None of the above

Q37. The nation of Agraria experienced a severe economic depression that lasted for three years. During this period, unemployment rates soared, consumer spending plummeted, and many businesses shut down. Howe[redacted]ous stimulus measures to[redacted]e, were now willing to w[redacted] depression, started to sp[redacted]erves, began to offer loa[redacted] encouraged businesses t[redacted]tors is most likely to initi[redacted]

(a) Continue[redacted]

(b) Banks ma[redacted]

(c) Increased[redacted]

(d) Businesse[redacted]

Q38. GreenF[redacted]ntegrate ESG (Environmen[redacted]uced several initiatives, i[redacted]rgy sources, implementin[redacted]d enhancing corporate go[redacted]h a new line of green fin[redacted]inesses. The bank believe[redacted]r solidify its reputation a[redacted]ial challenge GreenFuture[redacted]

(a) The bank[redacted]

(b) Tradition[redacted]n short-term profits.

(c) The bank's commitment to reducing its carbon footprint may lead to a decrease in customer satisfaction.

(d) Implementing human rights policies may reduce the bank's ability to comply with regulatory requirements.

Q39. Which of the following statements is true regarding the issuance of Commercial Papers (CPs) by a company?

(a) The aggregate amount of CP issued by a company is solely determined by the Credit Rating Agency.

(b) A company can issue CPs without any limit as long as they have board approval.

(c) The aggregate amount of CPs issued must be within the limit approved by the company's Board of Directors or the limit indicated by the Credit Rating Agency, whichever is lower.

(d) Financial Institutions (FIs) can issue CPs without any restrictions, regardless of RBI guidelines.

Q40. Bright Future Technologies, a startup specializing in renewable energy solutions, decides to raise funds for its expansion plans. The company plans to issue new shares in the financial market to attract investors. The initial public offering (IPO) is highly anticipated due to the company's innovative approach and potential for growth. As the shares are listed on the stock exchange, the financial market starts its price determination function. The prices of the shares are set by the market forces of demand and supply, reflecting investor sentiment and market conditions. Investors are drawn to BrightFuture Technologies due to the potential high returns, determined by the required rate of return for their investments. As trading begins, investors who initially bought the shares can sell them at any time during market hours, providing liquidity. This liquidity ensures that investors can convert their shares to cash without having to wait for the company to buy them back or for other specific conditions to arise.

Which of th[illegible] the ability of investors to [illegible]

(a) Price dete[illegible]

(b) Funds mo[illegible]

(c) Liquidity [illegible]

(d) Risk shari[illegible]

Q41. In 2023 [illegible] nomic gro[illegible] ant increase. The governm[illegible] uptio[illegible] in bo[illegible] f goods and services. Ho[illegible] bout[illegible] g in[illegible] undermine economic st[illegible]

To assess the [illegible] tional Statistics Offic[illegible] he quarterly GDP deflato[illegible] ated a [illegible] se in p[illegible] d goods and services ove[illegible] ase, and the Wholesale P[illegible] (W[illegible] ed [illegible] ise[illegible]

Given the s[illegible] which [illegible] the fol[illegible] wing b[illegible] st expla[illegible] the [illegible] ow a higher inflation rate [illegible] re[illegible] t[illegible] CP[illegible] d WP[illegible]

(a) The GDP [illegible] r includes [illegible] e prices of all do[illegible] mesticall[illegible] roduce[illegible] s a[illegible] ser[illegible] CPI and WPI cover only sp[illegible]

(b) The GDP [illegible] nsumer and wholesale go[illegible]

(c) The GDP [illegible]

(d) The GDP deflator excludes changes in consumption and investment patterns, whereas CPI and WPI include these changes.

Q42. 1. Coupon bonds pay interest at pre-determined intervals, usually twice a year.

2. Zero-coupon bonds pay periodic interest at fixed intervals.

3. Convertible bonds allow the investor to convert the bond into equity at a fixed conversion price.

Which of the following statements is true regarding different types of bonds?

(a) Statements 1 and 3 are true.

(b) Only statement 1 is true.

(c) Only statement 2 is true.

(d) Statements 1, 2, and 3 are true.

Q43. Imagine a group of countries in Asia facing severe foreign exchange shortages and high transfer costs for intra-regional trade. These countries are struggling with settlement difficulties due to resource constraints and the complexity of bilateral trade and payments agreements. To address these issues, they consider forming a payment arrangement that allows them to settle payments for intra-regional transactions on a net multilateral basis.
Which of the following best describes the solution these countries are considering, and how does it help address their foreign exchange constraints and settlement difficulties?
(a) The countries are considering forming a bilateral trade agreement to directly exchange goods and services without using foreign currency, thereby eliminating the need for foreign exchange reserves.
(b) The countries are considering establishing a multilateral payments arrangement, such as the Asian Clearing Union (ACU), which allows them to offset debits and credits periodically, reducing the need for foreign excha[redacted]
(c) The count[redacted]y completely removing th[redacted]
(d) The coun[redacted]onal loans to cover their i[redacted]

Q44. Accord[redacted]irements of a Monitorin[redacted]
(a) A Monito[redacted]sponsible for ensuring co[redacted]
(b) The role [redacted]l statements of the compa[redacted]
(c) Monitori[redacted]sponsible for monitoring [redacted]
(d) The issue[redacted]res, and the agency must[redacted]o SEBI.

Q45. i) Expo[redacted]he nature of goods and p[redacted]
ii) Exporter [redacted]
iii) Exim Ban[redacted]nal forfaiter.
iv) The forfa[redacted]porter.
Which of the[redacted]h Exim Bank in India?
(a) i only
(b) ii only
(c) iii only
(d) iv only

Q46. Which of the following statements is true regarding the legal implications of lease financing and hire purchase agreements in India?
ABC Manufacturing Ltd. decides to enter into a lease agreement for the new machinery. They sign a lease contract with XYZ Leasing Co., which allows them to use the machinery for five years. The lease agreement specifies that XYZ Leasing Co. will remain the owner of the machinery throughout the lease term. ABC Manufacturing Ltd. is responsible for maintaining the machinery and ensuring it is returned in good condition at the end of the lease period.

Meanwhile, XYZ Trading Co., another business enterprise, opts for a hire purchase agreement to acquire a similar type of machinery. Under the hire purchase agreement with DEF Finance Co., XYZ Trading Co. will make monthly payments over three years. At the end of the hire purchase term, XYZ Trading Co. will own the machinery after making the final payment.**

(a) Lease agreements in India are governed by the Hire Purchase Act, 1972.

(b) Lease financing agreements are governed by the Indian Contract Act and considered contracts of bailment.

(c) Hire purchase agreements are akin to contracts of bailment and are governed by the Indian Contract Act.

(d) Both lease financing and hire purchase agreements are governed by a specific statute in India.

Q47. i) Credit scoring is a statistical analysis used by lenders to determine the creditworthiness of an individual ar [redacted]
ii) Credit sco [redacted] **redit ratings are used for** [redacted]
iii) In India, [redacted] **e concept of credit burea** [redacted]
Which of the [redacted]

(a) i only [redacted]

(b) ii only [redacted]

(c) iii only [redacted]

(d) i and iii o [redacted]

Q48. Interva [redacted] **ing specified transaction** [redacted] **there should be at least a** [redacted] **tures of both open-ended** [redacted] **ervals during the fund te** [redacted] **unit holders during these** [redacted]
Fill in the bl [redacted]

(a) two; 10 [redacted]

(b) two; 15 [redacted]

(c) three; 15 [redacted]

(d) three; 10 [redacted]

Q49. Which of the following statements is incorrect regarding the All-Citizens Model of the National Pension System (NPS)?

(a) The All-Citizens Model allows all Indian citizens, including non-residents, aged between 18-70 years, to join NPS on a voluntary basis.

(b) NPS is designed on a Defined Contribution basis, meaning the benefit at exit is pre-determined and guaranteed by the government.

(c) Both individual contributions and potential employer co-contributions are part of the NPS framework for social security and welfare.

(d) The accumulated wealth in an NPS account depends on contributions, investment income, the duration of accumulation, and the charges deducted.

Q50. Rajesh is an economic planner working for the Indian government. He is tasked with developing a new five-year plan that focuses on the primary goals of planning in India. To achieve this, he must consider various objectives such as economic growth, poverty alleviation, employment generation, social justice, reducing inequalities, achieving a self-reliant economy, and modernizing the economy. Rajesh understands that each goal is crucial for India's overall development.
While formulating the plan, Rajesh faces a scenario where he needs to prioritize certain objectives due to limited resources. He decides to focus on sectors that can simultaneously address multiple goals. However, he encounters a dilemma when addressing social justice and reducing inequalities. Rajesh realizes that achieving social justice requires significant investment in education and healthcare, which could strain the available resources. To balance this, he plans to implement targeted programs that focus on the most vulnerable [redacted]
Which of [redacted] poverty alleviation, [redacted]
(a) [redacted]
(b) [redacted]
(c) Financial [redacted]
(d) Real [redacted]

Q51. 1.The [redacted] only after agriculture.
2. The [redacted] agricultural [redacted]
Consider [redacted] the below statements [redacted]
(a) Only 1
(b) Only 2
(c) Both 1 [redacted]
(d) Neither [redacted]

Q52. Which [redacted] the British colonial rule[redacted]
(a) Dividends to East India Company shareholders
(b) Interest on loans raised by the Government of India in England
(c) Expenditure on British army stationed in India
(d) Revenue from taxes collected within India

Q53. Due to10 percent fall in the price of X, its demand rises from 100 units to 120 units. How much percentage will its demand fall due to10 percent rise in its price?
(a) 20%
(b) 30%
(c) 15%
(d) 25%

Q54. Calculate the LRR if the initial deposit of rupees500 crore leads to the establishment of the total deposit of rupees 4,000 crore.
(a) 0.155
(b) 0.1
(c) 0.125
(d) 0.2

Q55. Calculate the value of the money multiplier and the total deposit created if the initial amount is rupees 700 crore and the LRR is 10%.
(a) 6500 cro [redacted]
(b) 7000 cro [redacted]
(c) 6200 cro [redacted]
(d) 7100 cro [redacted]

Q56. [redacted]
Transfer Pay [redacted]
Interest Inco [redacted]
Depreciation [redacted]
Wages (W) [redacted]
Gross Private [redacted]
Business Pro [redacted]
Indirect Busi [redacted]
Rental Incom [redacted]
Net Exports [redacted]
Net Foreign [redacted]
Government [redacted]
Household C [redacted]
Calculate GD [redacted]
(a) 602
(b) 698
(c) 765
(d) 876

Q57. In 2023, GlobalTraders Ltd., an export-oriented company based in India, faced significant challenges due to fluctuating foreign exchange rates. To better manage its foreign exchange transactions and mitigate risks, the company decided to consult with its bank, which is a member of the Foreign Exchange Dealers' Association of India (FEDAI). With the bank's guidance, supported by FEDAI's regulations and benchmarks, GlobalTraders Ltd. was able to navigate the volatile forex market more efficiently. The company adopted better hedging strategies to protect against adverse currency movements, thereby stabilizing its revenue and reducing financial risks. This collaboration also enhanced the company's confidence in dealing with international clients and expanding its global footprint. Which of the following is a key role of the Foreign Exchange Dealers' Association of India (FEDAI) in the forex market?

(a) Setting rules and charges for the foreign exchange business, and assisting member banks with training and accreditation.
(b) Managing the foreign exchange reserves of India.
(c) Conducting foreign exchange transactions on behalf of the government.
(d) Providing direct loans to exporters and importers.

Q58. Which of the following regulations is NOT specified for Exempted Funds that substitute the Employees' Provident Fund Organisation (EPFO) according to the guidelines?
(a) 25% of assets must be invested in central government bonds.
(b) 15% of assets must be invested in state government bonds or bonds of public sector enterprises guaranteed [redacted]
(c) 30% of as[redacted]
(d) 30% of [redacted]ublic sector enterprises.

Q59. What is [redacted] and equity-related instr[redacted]
(a) 50%
(b) 55%
(c) 60%
(d) 65%

Q60.
Particulars [redacted]
(i) NDP at M[redacted]
(ii) Net Facto[redacted]
(iii) Deprecia[redacted]
(iv) Subsidies[redacted]
(v) Indirect T[redacted]
Calculate GN[redacted]
(a) 75920
(b) 76289
(c) 74321
(d) 76549

Q61. As a result of a 10% fall in the price of a good, its demand rises from 100 units to 120 units. Find out the price elasticity of demand.
(a) 1
(b) 2
(c) -2
(d) -1

Q62. In a bailment arrangement, the __________ transfers possession of an item to the __________ for a specific purpose, with the expectation that the item will be returned once the purpose is fulfilled.
Fill in the blanks:
(a) bailor; bailee
(b) bailee; bailor
(c) owner; recipient
(d) borrower; lender

Q63. i. Venture capital investments are low-risk and aimed at modest profits.
ii. Venture capital investments are typically made in start-ups with growth potential.
iii. Venture c[redacted]
iv. Venture c[redacted]
Which of the[redacted]**s?**
(a) i and ii
(b) ii and iii
(c) i and iv
(d) iii and iv

Q64. Which [redacted]
(a) State Dev[redacted]ditures.
(b) SDLs are [redacted]
(c) SDLs pay [redacted]
(d) SDLs pay [redacted]

Q65. Statem[redacted]**nce that may not meet co**[redacted]**stments.**
Statement I[redacted]**edium-term deposits and** [redacted]
Statement I[redacted] **substantial social benefi**[redacted]
Which of the[redacted]**ect?**
(a) Only Statement I is correct.
(b) Statements I and II are correct, but Statement III is incorrect.
(c) All Statements I, II, and III are correct.
(d) Statements I and III are correct, but Statement II is incorrect.

Q66. Statement 1: The Insurance Act, 1938 was enacted to protect the interests of the insuring public and to provide detailed and effective control over insurers' activities.
Statement 2: The Insurance Act, 1938 established an insurance wing that was initially attached to the Ministry of Commerce and later to the Ministry of Finance.
Statement 3: The actuarial and operational matters related to insurance were overseen by the Insurance Regulatory and Development Authority (IRDAI).

Which of the following statements about the Insurance Act, 1938 is/are correct?

(a) Statements 1 and 2 are correct, but Statement 3 is incorrect.

(b) Statements 1 and 3 are correct, but Statement 2 is incorrect.

(c) Only Statement 1 is correct.

(d) All Statements 1, 2, and 3 are correct.

Q67. Statement 1: Micro-finance institutions (MFIs), primarily consisting of NBFCs, are instrumental in catering to the financial needs of the unbanked masses in rural and semi-urban areas, creating livelihood sources, and serving this segment effectively.

Statement 2: NBFCs are primarily focused on retail financing and have minimal impact on stimulating financial inclusion or contributing to economic development.

Which of the [redacted] **ls) and Non-Banking Fina** [redacted]

(a) Both Stat [redacted]

(b) Both Stat [redacted]

(c) Statemen [redacted]

(d) Statemen [redacted]

Q68. i. To s [redacted] **culture, and internationa** [redacted]

ii. To mainta [redacted]

iii. To foster [redacted] **pportunities as well as hi** [redacted]

iv. To develo [redacted]

Which of the [redacted]

(a) iii only

(b) i only

(c) iv only

(d) ii only

Q69. Based [redacted] **the Central Government** [redacted]

The Central [redacted] **eserve Bank of India (RBI), decided to introduce new currency notes of the denomination Rs 2,000 to address the need for higher value notes. However, after a few years, it was observed that the high denomination notes were being used extensively for illegal activities.**

(a) The Central Government can introduce Rs 2,000 currency notes without any recommendation from the Central Board of RBI.

(b) The Central Government can introduce and later discontinue the Rs 2,000 currency notes based on the recommendation of the Central Board of RBI.

(c) The Central Government can introduce Rs 2,000 currency notes but cannot discontinue them once they are in circulation.

(d) The Central Government can introduce and discontinue Rs 2,000 currency notes without any involvement from the Central Board of RBI.

Q70. i. Internal benchmarks have not effectively transmitted monetary policy.
ii. External benchmarks include RBI policy repo rate and Government of India Treasury Bill yields.
iii. The transition to external benchmarks was recommended for all types of loans, including corporate loans.
Based on the recommendations of the Internal Study Group (ISG) led by Dr. Janak Raj, why did the Reserve Bank of India (RBI) advocate for a transition from internal benchmarks like Base Rate/MCLR to external benchmarks for floating rate loans, and what are the approved benchmarks for such loans effective from October 1, 2019?
(a) i and ii
(b) ii and iii
(c) i and iii
(d) i, ii, and [redacted]

Q71. i. The [redacted]
commercial [redacted]
ii. The MSF [redacted]
iii. Changes [redacted]
Which of the [redacted]
(MSF) rate?
(a) i and ii [redacted]
(b) i and iii [redacted]
(c) ii and iii [redacted]
(d) i, ii, and [redacted]

Q72. Calcula[redacted]
Notes in circ[redacted]
Cash Reserv[redacted]
Circulation o[redacted]
Demand dep[redacted]
Other depos[redacted]
Cash on han[redacted]
Circulation o[redacted]
Circulation of coins greater than rupee coins Rs 1970 crores
(a) Rs. 14,670 crores
(b) Rs. 67,560 crores
(c) Rs. 87,870 cores
(d) Rs. 96,480 crores

Q73. 1. Equilibrium occurs where quantity demanded equals quantity supplied at a specific price level.
2. A surplus occurs when quantity demanded exceeds quantity supplied at a given price.
3. An increase in demand, with no change in supply, will always lead to an increase in equilibrium price.
Consider the following statements regarding the equilibrium of demand and supply. Which of the following is correct?

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

Q74. 1. Consumer preferences and tastes can shift the demand curve for a product.
2. Increasing consumer income always shifts the demand curve for inferior goods to the right.
3. The prices of related goods, such as substitutes and complements, can influence the demand for a product.
Consider the following statements regarding the forces behind the demand curve. Which of the following statements i[redacted]
(a) 1 and 2 o[redacted]
(b) 1 and 3 o[redacted]
(c) 2 and 3 o[redacted]
(d) 1, 2, and [redacted]

Q75. I. Clim[redacted]**vironmental events, whic**[redacted]
II. The migra[redacted]**better living standards a**[redacted]
III. Promotin[redacted]**ng non-farm sector jobs**[redacted]
Consider the[redacted]**he following statements i**[redacted]
(a) I only
(b) I and II o[redacted]
(c) II and III [redacted]
(d) All of the[redacted]

Q76. I. IBRD[redacted]**arily to low-income nati**[redacted]
II. IBRD offers loans, guarantees, risk management solutions, and consulting services to middle-income and creditworthy low-income nations.
III. IBRD collaborates closely with only public sectors in developing countries to eliminate poverty and achieve shared prosperity.
Consider the following statements regarding the International Bank for Reconstruction and Development (IBRD). Which of the statements is/are correct?
(a) I only
(b) II only
(c) I and II only
(d) II and III only

Q77. i. The IMF conducts surveillance over members' economic policies to ensure they are consistent with the IMF's goals and has the authority to review the economic situations of nearly every country regularly.
ii. The IMF provides loans to member countries during a temporary balance of payments crisis to help them implement corrective measures and mobilize external funding.
iii. The IMF offers concessional loans to low-income countries to support their efforts to reduce poverty, often in collaboration with the World Bank and other international economic institutions.
Which of the following statements accurately describes the functions of the International Monetary Fund (IMF)?
(a) i and ii only
(b) ii and iii only
(c) i and iii only
(d) i, ii, and i [redacted]

Q78. 1. Econ [redacted] **levelopment focuses on t** [redacted]
2. Economic [redacted] **le economic developmen** [redacted] **of the living standards of** [redacted]
3. Economic [redacted] **he _____ of economic de** [redacted]
Fill in the bl [redacted] **en Economic Growth and** [redacted]
(a) distributi [redacted]
(b) allocation [redacted]
(c) distributi [redacted]
(d) allocation [redacted]

Q79. Which [redacted] **Brownfield FDI?**
(a) Greenfiel [redacted] operations in the host cou [redacted]
(b) Greenfiel [redacted] ownfield FDI involves buil [redacted]
(c) Greenfiel [redacted] e Brownfield FDI focuses [redacted]
(d) Greenfield FDI is when a company partners with a local firm to start a joint venture, while Brownfield FDI is when a company invests through franchising or licensing agreements.

Q80. i. Acceptance of Family Welfare services is voluntary.
ii. The programme provides integrated Maternal and Child Health (MCH) and family planning services.
iii. Effective Information Education & Communication (IEC) is provided to improve awareness.
iv. Family Welfare services are available at a nominal cost.
Which of the following statements are fundamental premises of the Family Welfare Programme in India?
(a) i and ii
(b) i, ii, and iii
(c) ii and iv
(d) i, iii, and iv

Q81. i. NEP 2022 replaces the National Education Policy 1986.
ii. The new framework under NEP 2022 includes a 5+3+3+4 structure, incorporating 12 years of education.
iii. The pillars of NEP 2022 are accessibility, equity, quality, and accountability.
Which statements accurately describe the National Education Policy 2022 (NEP 2022)?
(a) i only
(b) i and ii
(c) ii and iii
(d) i, ii, and iii

Q82. 1. Prim [redacted] subsidies to
promote ent [redacted]
2. The sche [redacted] n organizing
traditional i [redacted]
3. A Scheme [redacted] ms to create
new jobs an [redacted]
Which state [redacted]
(a) 1 and 2
(b) 1 and 3
(c) 2 and 3
(d) 1, 2, and [redacted]

Q83. 1. Indiv [redacted] rore.
2. The schem [redacted]
3. CGTMSE w [redacted]
Which state [redacted]
(a) 1 only
(b) 1 and 3
(c) 1 and 2
(d) 1, 2, and [redacted]

Q84. Statement [redacted] on Cabinet to replace the Planning Commission.
Statement 2: NITI Aayog serves as the Government of India's top policy "Think Tank," offering both directional and policy suggestions.
Statement 3: The creation of NITI Aayog focuses on two hubs: Team India and the Knowledge and Innovation Hub.
Choose the correct option in the context of the following statements.
(a) Statements 1 and 2 are true, but statement 3 is false.
(b) Statements 1 and 3 are true, but statement 2 is false.
(c) Statements 2 and 3 are true, but statement 1 is false.
(d) All statements 1, 2, and 3 are true.

Q85. Which of the following statements about NABARD's supervisory functions is NOT true?
(a) NABARD conducts statutory inspections of commercial banks operating in urban areas to assess their compliance with the Banking Regulation Act, 1949.
(b) NABARD's inspections are aimed at providing financial support and focus on regulatory compliance or operational efficiency of rural financial institutions.
(c) NABARD undertakes voluntary inspections of SCARDBs in the LTCCS, Apex Level Cooperative Societies, and Federations to ensure their operational and regulatory efficiency.
(d) The findings from NABARD's inspections are used to provide feedback to the RBI about the financial health and compliance of rural financial institutions.

Q86. Fill in t[redacted]
_________ d[redacted]. During this phase, ____[redacted] Meanwhile, _________ [redacted]crease their consumptio[redacted]re favorable conditions a[redacted]on rises, the previously a[redacted]
(a) Economi[redacted]ortunities
(b) Depressi[redacted] goods
(c) Recession[redacted]ket stability
(d) Boom p[redacted]ly, resource availability

Q87. Arrang[redacted]
1. Formation[redacted]
2. Formation[redacted]
3. Formation[redacted]
4. Formation[redacted]
(a) 1,2,3,4
(b) 2,1,4,3
(c) 1,4,2,3
(d) 3,4,1,2

Q88. What does a 3 × 6 FRA (Forward Rate Agreement) mean?
(a) The agreement is for a 3-month borrowing or lending commitment starting 3 months from now and ending 6 months from now.
(b) The agreement is for a 6-month borrowing or lending commitment starting 3 months from now and ending 6 months from now.
(c) The agreement is for a 3-month borrowing or lending commitment starting 6 months from now and ending 9 months from now.
(d) The agreement is for a 6-month borrowing or lending commitment starting 6 months from now and ending 9 months from now.

Q89. If the price is $45, what is the quantity demanded in the market?

Price	Quantity Demanded	Quantity Supplied
$10	100	20
$20	80	40
$30	60	60
$40	40	80
$50	20	100

(a) 20 units
(b) 30 units
(c) 40 units
(d) 50 units

Q90. Consid [redacted] **2018, what would be th** [redacted]
Consider the [redacted]

Year	CPI
2018	100
2019	105
2020	110

(Take 2018 as base year)

(a) $115
(b) $110
(c) $106
(d) $121

Q91. Digital [redacted] **echnologies, data analyti** [redacted] **and services are develope** [redacted] **formation in Insurance co** [redacted]
1. Digital tec [redacted] **olicyholders. Online porta** [redacted] **make claims, and access information easily.**
2. Advanced data analytics and artificial intelligence (AI) are used to assess risks more accurately during underwriting. Insurers analyze vast amounts of data to make informed decisions about policy pricing and coverage.
3. Insurers use customer data to tailor insurance products to individual needs. Personalized offers, discounts, and coverage options enhance customer satisfaction and retention.
4. AI-powered chatbots provide instant customer support and assistance, improving response times and enhancing customer interactions.
5. Blockchain is being explored for secure and transparent record-keeping in insurance. It can facilitate fraud prevention, improve data sharing among stakeholders, and streamline processes like policy issuance and claims settlement.

Which of the above is/are correct?

(a) 1,2,3,4

(b) 1,2,3,5

(c) 2,3,4,5

(d) 1,2,3,4,5

Q92. Match the following in context to the Monetary Policy:

Terms	Description
1. Policy Repo Rate	A. rate at which the RBI lends funds to banks against certain approved securities
2. Reverse Repo Rate	B. rate at which banks can borrow overnight funds from the RBI against approved government securities.
3. Bank Rate	C. By changing this rate, the RBI influences the cost of borrowing for banks, which in turn affects lending rates for consumers and businesses.
4. Marginal Standing Facility	D. Changes in this rate impact the returns banks receive on their surplus funds, affecting their lending decisions.

(a) 1-D, 2-C, [redacted]

(b) 1-C, 2-D, [redacted]

(c) 1-C, 2-D, [redacted]

(d) 1-D, 2-C, [redacted]

Q93. Consid[redacted]

1. Open Mar[redacted] the Reserve Bank of Indi[redacted]

2. OMOs inv[redacted]arket.

3. The goal [redacted]st rates, and achieve the central bank's monetary policy objectives.

4. Open Market Sale (OMO Sale) is an operation, in which the central bank buys government securities from commercial banks and financial institutions. The payment for the securities increases the reserves of the banks, leading to an increase in the money supply in the economy. As a result, banks have more funds available to lend, which can lead to lower interest rates and increased borrowing and spending by consumers and businesses.

5. Open Market Purchase (OMO Purchase) is an operation, in which the central bank sells government securities to commercial banks and financial institutions. The payment for the securities reduces the reserves of the banks, leading to a decrease in the money supply. This can result in higher interest rates as banks have fewer funds available for lending, which can help curb inflationary pressures.

6. When the central bank buys government securities through OMOs, it injects money into the banking system, increasing the liquidity available to banks. As banks receive the payment for the securities, their reserves increase, allowing them to lend more money to businesses and individuals. The increased lending capacity of banks can lead to lower interest rates, making borrowing more attractive and stimulating economic activity.

Which of the above statement is/are incorrect?

(a) 1,4
(b) 2,6
(c) 4,5
(d) 3,6

Q94. Match [redacted]rresponding descriptions[redacted]

Column A	Column B
1. Acquiring Non-Performing Assets (NPAs)	A. ARCs work towards resolving stressed assets by formulating and implementing turnaround strategies for companies facing financial difficulties.
2. Resolving Stressed Assets	B. ARCs help enhance liquidity in the financial system by converting illiquid NPAs into liquid assets, thereby facilitating the flow of funds.
3. Maximizing Recovery	C. ARCs purchase NPAs from banks and financial institutions, relieving them of the burden of managing and recovering these distressed assets.
4. Enhancing Liquidity	D. ARCs engage in debt restructuring to help distressed borrowers manage their financial obligations and improve their repayment capacity.
5. Restructuring Debt	E. ARCs focus on maximizing recovery from acquired distressed assets, which involves efforts to recover as much value as possible from the assets.

(a) 1-E, 2-B, 3-C, 4-A, 5-D
(b) 1-A, 2-C, 3-B, 4-D, 5-E
(c) 1-A, 2-B, 3-C, 4-D, 5-E
(d) 1-C, 2-A, 3-E, 4-B, 5-D

Q95. "Increasing quantity of money in the hands of the people increases the aggregate demand for goods and services, and if aggregate supply does not follow suit, prices rise".

The above example relates to the:

1. Demand-Pull Inflation

2. Cost Push Inflation

3. Demand side Inflation
4. Supply Side Inflation
(a) (3)
(b) (1) and (2)
(c) (2) and (4)
(d) (1)

Q96. Choose the correct option for the following to match the column

Term	
(I). GDP_{FC}	1. GDP_{MP} + NFIA (Net Factor Income from Abroad)
(II). NDP_{MP}	2. NDP_{MP} - Net Product Taxes - Net Production Taxes
(III). NDP_{FC}	3 GNP_{MP} - Net Product Taxes - Net Production taxes
(IV). GNP_{MP}	4. GDP_{MP} - Dep
(V). GNP_{FC}	5. GDP_{MP} -NIT

(a) I-3, II-4, II[redacted]
(b) I-4, II-3, I[redacted]
(c) I-5, II-1, II[redacted]
(d) I-5, II-4, I[redacted]

Q97. Consid[redacted]CB.
1. Lending to[redacted] be required to frame, wi[redacted]. This policy, including th[redacted] part of the overall credi[redacted]
2. SHGs are s[redacted]bers. These savings are [redacted] other hand, JLG is an inf[redacted] loans either singly or through the group mechanism against mutual guarantee in order to engage in similar types of economic activities.
3. The SHG would normally consist of 10 to 20 members whereas a JLG would normally have between 4 and 10 members. Membership matters are governed by the bylaws adopted by the bank and provisions of respective State Co-operative Societies Acts or the Multi-State Co-operative Societies Act, 2003.
4. The maximum amount of loan to SHGs should not exceed four times the savings of the group. The limit may be exceeded in the case of well-managed SHGs subject to a ceiling of ten times of savings of the group. The groups may be rated on the basis of certain objective parameters such as proven track record, savings pattern, recovery rate, housekeeping, etc. JLGs are not obliged to keep deposits with the bank and hence the amount of loan granted to JLGs would be based on the credit needs of the JLG and the bank's assessment of the credit requirement.

Which of the above statements is/are incorrect?
(a) (2)
(b) (3)
(c) (1)
(d) (4)

Q98. Consider the following Act in the context of the regulation of Insurance Companies in India.
1. Insurance Regulatory and Development Authority Act, 1999 (IRDA Act): This act established the Insurance Regulatory and Development Authority of India (IRDAI) as the regulatory body for the insurance sector. The IRDAI is responsible for regulating and promoting t[redacted]
interests of [redacted]
2. Insurance [redacted] provides the legal frame[redacted] conducting insurance bu[redacted]s.
3. Foreign E[redacted]ransactions, including th[redacted]e sector and outlines the [redacted]
4. Insurance[redacted]n Insurance Companies) [redacted]censing, and operation o[redacted]nse, capital requirement[redacted]
Which of the[redacted]
(a) 1
(b) 2
(c) 3
(d) 4

Q99. Conside[redacted]tched-

Expenditure	Type
1. Coverage of operations of local bodies and autonomous institutions has been improved, with around 60% of grants/transfers paid to these organizations covered.	A. Revenue expenditure
2. Loans to Public Enterprises	B. Capital expenditure
3. Subsidies (fertilizer/food/petroleum)	C. Capital expenditure
4. Loans to Foreign Governments	D. Revenue expenditure
5. Defence	E. Capital expenditure

(a) 1-A, 2-B, 3-C, 4-D, 5-E
(b) 1-A, 2-B, 3-C, 5-E
(c) 2-B, 3-C, 4-D, 5-E
(d) 1-A, 2-B, 5-E

Q100. Which of the following statements incorrectly describe the characteristics and functions of merchant banking?
i. Merchant banks primarily provide services related to corporate finance, such as underwriting, advisory services on mergers and acquisitions, and arranging syndicates for large-scale financing.
ii. Merchant banks are mainly involved in retail banking activities, including providing savings accounts, personal loans, and mortgages to individual customers.
iii. Merchant banks often assist companies in issuing securities in the capital markets and may also offer customized financial solutions for high-net-worth individuals and corporations.
(a) iii only
(b) ii only
(c) All statements are incorrect
(d) None of t [redacted]

Solutions

S1. Ans.(c)
Sol. Real Esta [redacted] :
- **i. REITs'** [redacted] distribute at least 90% [redacted] id corporate income t [redacted] s.
- **iii. Publi** [redacted] ich provides liquidity [redacted] t advantage, as it allov [redacted]

S2. Ans.(c)
Sol. In a perf [redacted]
- **iii. Nume** [redacted] demand and supply si [redacted] hey are price takers—[redacted] y the overall interactio [redacted]
- **iv. No sig** [redacted] r or exit the market [redacted] government regulatio [redacted] as new firms will enter the market if supernormal profits are being earned, driving profits down.

S3. Ans.(d)
Sol.
1. **Emerging Technologies and Innovations**: Sunrise sectors are distinguished by their focus on advanced technologies and innovative solutions that promise to transform industries. This includes fields like AI, biotech, and renewable energy, which are seen as crucial for future economic growth and technological progress.
2. **High Growth Potential and Investment Attractiveness**: These sectors are known for their potential for rapid growth and high returns on investment. Due to their novel nature and expanding market needs, they attract substantial investment from venture capitalists and other investors seeking significant capital appreciation.

3. **Socio-Economic Impact**: Sunrise sectors contribute significantly to socio-economic development by creating new job opportunities, supporting regional growth, and enhancing skill development. They address important societal needs and promote sustainable practices, thereby improving living standards and contributing to overall economic well-being.

S4. Ans.(d)
Sol.
1. **Policy Formulation and Implementation**: NITI Aayog focuses on developing and executing national policies while promoting cooperative federalism. It encourages states to participate actively in policy-making, in contrast to the centralized approach of the former Planning Commission.
2. **Monitoring and Evaluation**: The organization monitors the progress of development programs and evaluates [redacted] actionable recomme[redacted] development goals.
3. **Knowled**[redacted] analytics to inform p[redacted] to support evidence[redacted]

S5. Ans.(d)
Sol.
1. **Promoti**[redacted] lized groups, including[redacted] rprises. This initiative[redacted] on of loans.
2. **Employm**[redacted] the initiative aims to [redacted] tart-ups, the initiative[redacted]
3. **Access to**[redacted] port package that inclu[redacted] as business planning,[redacted] s overcome challenge[redacted]

All three sta[redacted] multifaceted approach to [redacted]

S6. Ans.(d)
Sol.
1. **Structural Transformation**: A key feature of economic development is the transformation from a predominantly agrarian economy to one dominated by industry and services. This process involves urbanization and labor shifts to higher-productivity sectors, contributing to sustained economic growth and improved living standards.
2. **Inclusive Growth**: Economic development is incomplete without addressing inequality and ensuring that growth is inclusive. Redistribution of wealth, access to public services, and opportunities for all segments of society are essential for long-term sustainable development. High GDP growth without inclusivity may lead to social instability and limit true development.

3. **Institutional Framework**: Robust institutions play a critical role in economic development by ensuring the rule of law, protecting property rights, and creating an environment where businesses can thrive. Well-functioning institutions reduce uncertainty, encourage investment, and foster innovation, all of which are crucial for sustained development.

S7. Ans.(b)

Sol. Protectionist policies often lead to **domestic price inflation** by limiting cheaper imports and raising prices for local goods. They may trigger **retaliatory trade actions**, where affected countries impose their own tariffs, reducing trade and escalating tensions. **Capital flight** can occur as investors withdraw due to uncertainty in market access and potential long-term growth. However, **industrial diversification** is less guaranteed, as protectionism often shields inefficient industries rather than fostering innovation and competitiveness.

S8. Ans.(d)

Sol.

1. **Statemer** [redacted] raise capital from the [redacted]
2. **Statemer** [redacted] te in India to increase [redacted]
3. **Statemer** [redacted] sector banks, foreign b [redacted]
4. **Statemer** [redacted] products and promote [redacted]

S9. Ans.(c)

Sol.

1. Statemer [redacted] s in another country, [redacted]
2. Statemer [redacted] ysical assets and busi [redacted]
3. Statemer [redacted] gs and intra-company [redacted]
4. Statemer [redacted] ertise to the host cou [redacted]

S10. Ans.(c)

Sol.

1. Statement 1 is correct: FTAs are agreements between countries to reduce or eliminate tariffs and trade barriers to encourage free trade.
2. Statement 2 is incorrect: FTAs are not limited to goods; they often cover services, investments, and other areas like intellectual property rights.
3. Statement 3 is correct: FTAs provide businesses with access to larger markets, leading to increased competition and potential growth opportunities.
4. Statement 4 is correct: Modern FTAs often include provisions beyond trade in goods, such as intellectual property rights, environmental protection, and government procurement.

S11. Ans.(b)
Sol.
1. Statement 1 is incorrect: CSR obligations apply to companies meeting specific criteria, such as a net worth of ₹500 crore or more, turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more.
2. Statement 2 is correct: CSR activities can cover a wide range of initiatives, including environmental, educational, health, and social welfare projects.
3. Statement 3 is correct: The Companies Act, 2013 mandates that eligible companies must spend at least 2% of their average net profits over the last three financial years on CSR activities.
4. Statement 4 is incorrect: CSR can be integrated into a company's core business strategy, focusing on sustainable development and creating long-term value for the community and the business.

S12. Ans.(d)
Sol.
1. [redacted] services
is [redacted]
2. [redacted] job creation.
3. [redacted]
methods [redacted]
4. [redacted] industries
such [redacted]

S13. Ans.(b)
Sol.
1. [redacted] within
a [redacted]
2. [redacted] not
[redacted] of
[redacted]
3. [redacted] services,
[redacted]
4. [redacted] rates and
[redacted]

S14. Ans.(a)
Sol.
1. **Statement 1** is correct. A decrease in input prices lowers production costs, leading to an increase in supply, which shifts the supply curve to the right.
2. **Statement 2** is correct. Technological advancements increase production efficiency, allowing more goods to be produced at lower costs, which shifts the supply curve to the right.
3. **Statement 3** is incorrect. **Government policies** such as higher taxes or stricter regulations typically increase production costs, leading to a leftward shift in the supply curve, not a rightward shift.
4. **Statement 4** is correct. An increase in the number of sellers in the market increases the overall supply of goods, causing a rightward shift in the supply curve.

S15. Ans.(a)
Sol.
1. **Statement 1** is correct. **Cost-push inflation** occurs when rising costs of production (like wages and raw materials) lead to higher prices for goods and services, regardless of demand.
2. **Statement 2** is correct. Key drivers of cost-push inflation include rising wages, higher raw material costs, and increased energy costs.
3. **Statement 3** is incorrect. This statement describes **demand-pull inflation**, which happens when demand exceeds supply, pushing prices up. Cost-push inflation is driven by rising costs rather than excess demand.
4. **Statement 4** is correct. A supply shock, such as a sudden increase in oil prices, can trigger cost-push inflation by increasing production costs across various sectors.

S16. Ans.(a)
Sol.
1. **Stateme**[redacted] holding cash balances [redacted]
2. **Stateme**[redacted]he **marginal efficienc**[redacted] especially in periods c[redacted]
3. **Stateme**[redacted]e **not highly interest** [redacted] changes in interest r[redacted]

S17. Ans.(b)
Sol.
1. **Stateme**[redacted]dence, which leads to h[redacted]
2. **Stateme**[redacted] increase as businesse[redacted]
3. **Stateme**[redacted] because the demand [redacted]

S18. Ans.(c)
Sol.
1. **Statement 1** is correct. **Open Market Operations (OMO)** involve the buying and selling of government securities by the central bank (like RBI) to either inject or absorb liquidity from the market. For example, when inflation is high, RBI might sell government securities to reduce the money supply.
2. **Statement 2** is correct. The **Cash Reserve Ratio (CRR)** is a key monetary tool, where banks are required to hold a portion of their deposits as reserves with the central bank. This reduces or increases the money available for lending, helping control liquidity.
3. **Statement 3** is correct. **Statutory Liquidity Ratio (SLR)** ensures that banks maintain a portion of their deposits in safe and liquid assets like government securities, which helps in managing both liquidity and the solvency of the banking system.
4. **Statement 4** is incorrect. **Fiscal Deficit Financing** is not a tool of monetary policy but part of **fiscal policy**. It deals with government spending and revenue, not the central bank's direct control over the money supply or banking liquidity.

S19. Ans.(b)
Sol.
1. **Statement i** is correct because GDP measures the total value of goods and services produced in a country over a given period, helping assess economic performance.
2. **Statement ii** is correct, as GDP per capita (GDP divided by population) is commonly used to compare economic performance across countries and assess living standards.
3. **Statement iii** is incorrect. While a rising GDP indicates economic growth, it does not always reflect improvements in citizens' well-being. It may not account for income inequality, environmental degradation, or distribution of wealth, meaning quality of life might not improve in proportion to GDP growth.

S20. Ans.(b)
Sol.
1. [redacted]
2. [redacted]
3. [redacted]
4. [redacted]

S21. Ans.(a)
Sol.
1. [redacted]
2. [redacted]
3. [redacted]
4. **Statement 4** is incorrect. The Committee recommended reducing government control over banks to increase autonomy and professionalism in management, not increasing government control.

S22. Ans.(b)
Sol.
1. **Statement A** is correct as the RBI is explicitly prohibited from engaging in trade or holding direct interests in commercial, industrial, or other undertakings.
2. **Statement B** is incorrect because the RBI is not allowed to purchase shares of any banking company or any other company, nor can it grant loans against the security of such shares.
3. **Statement C** is correct because the RBI cannot advance money on the mortgage of immovable property or become the owner of such property, except as necessary for its own business premises and the accommodation of its officers and employees.

S23. Ans.(d)
Sol.
1. **Statement A** is correct as IFCI's core business is project financing, providing long-term credit for new projects and modernization through rupee and foreign currency loans.
2. **Statement B** is correct because IFCI provides fund-based services such as equipment finance, working capital loans, and fee-based services like guarantees and letters of credit.
3. **Statement C** is correct as IFCI offers advisory services in various areas like corporate restructuring, investment banking, and facilitating FDIs, along with policy-related consultancy for infrastructure sectors.
4. **Statement D** is incorrect because, contrary to this, IFCI provides a wide range of consultancy services in sectors such as electricity, telecom, oil and gas, and insurance.

S24. Ans.(a) [redacted]
Sol.
1. **Asset Fi**[redacted]g economic activities[redacted]ome derived from suc[redacted]
2. **Loan Co**[redacted]us activities, excluding[redacted]ncing within their prir[redacted]
3. **Classifica**[redacted]eir principal business[redacted]pecific about AFCs and[redacted]
4. **Scope of**[redacted]ssets and still maintain[redacted]y focused on physical [redacted]

S25. Ans.(c) [redacted]
Sol. The Rese[redacted]
1. **Monetar**[redacted] allowing for the effec[redacted]
2. **Financial**[redacted]l institutions are soun[redacted]
3. **Stable P**[redacted]ilitating safe executio[redacted]

S26. Ans.(b)
Sol. Option (b) accurately captures the essence of EASE 5.0 by highlighting its dual focus on common reform initiatives and enhancing digital customer experiences. It emphasizes the initiative's commitment to inclusive banking, especially for small businesses and agriculture, while mandating that each Public Sector Bank (PSB) develop a tailored 3-year strategic roadmap for various aspects of their operations and growth.

S27. Ans.(b)
Sol. Option (b) correctly explains that price discovery mechanisms help traders determine whether buyers or sellers dominate, thereby affecting the commodity's price. Option (a) is incorrect because prices typically fall, not rise, when supply exceeds demand. Option (c) misinterprets price equilibrium by ignoring external factors, while option (d) contradicts basic supply-demand principles, where demand exceeding supply increases prices, not decreases.

S28. Ans.(c)
Sol. Option (c) is incorrect because demutualisation involves the complete segregation of ownership, management, and trading functions. Broker members do not retain control over both ownership and trading; instead, these roles are separated to ensure transparency and prevent conflicts of interest. In contrast, option (c) suggests a partial separation, which contradicts the core purpose of demutualisation.

S29. Ans.(d)
Sol. Option (d) is incorrect because FEDAI's membership includes public sector, private sector, foreign, and co-operative banks, as well as financial institutions like IFCI and SIDBI. The association is not limited to foreign banks and financial institutions only. The other options accurately describe FEDAI's role and collaborations.

S30. Ans.(c)
Sol. Option ([redacted] use of funds to SEBI, not [redacted]ing Agency's responsibili[redacted]th the offer document a[redacted]

S31. Ans.(c)
Sol. TReDS a[redacted]at once the invoices are [redacted]MEs like XYZ Electronics [redacted]are incorrect because TR[redacted]the MSMEs, initiate reve[redacted]

S32. Ans.(c)
Sol. In exch[redacted]fined terms, ensuring co[redacted]earinghouse, which guara[redacted]This process minimizes c[redacted]rty defaults, enhancing o[redacted]

S33. Ans.(d)
Sol. Option D accurately captures the challenges faced by the Planning Commission in the context of India's post-1991 economic reforms. The five-year planning model, which was originally designed for a closed, centrally planned economy, struggled to adjust to a liberalized market environment. The rise of coalition governments and political decentralization further complicated centralized planning, leading to misallocation of resources and reduced investment in critical sectors, ultimately hindering long-term economic growth.

S34. Ans.(d)
Sol. The **demand** of a good or service refers to the quantity that consumers are willing and able to buy at various prices during a given period. The **demand** curve generally slopes downward from left to right, indicating that as the price decreases, the quantity demanded **increases** and vice versa. The concept of **elasticity** describes the change in quantity demanded in response to a change in price.

S35. Ans.(a)
Sol. Fiscal Drag occurs when inflation or rising incomes push taxpayers into higher income tax brackets, thereby increasing the government's revenue without any change in the tax rates themselves. This phenomenon effectively reduces the real disposable income of taxpayers and can lead to higher tax burdens even if nominal tax rates have not changed.

S36. Ans.(b)
Sol.
1. **American Option:** This type of option provides the holder with the flexibility to exercise the option at any time between the purchase date and the expiration date. This feature allows the option holder to potentially take advantage of favorable movements in the underlying asset's price at any point before expiratio [redacted]
2. **Europea** [redacted] te itself. The holder d [redacted] dless of how favorable [redacted]

S37. Ans.(c)
Sol. Increase [redacted] nd sustaining the recovery [redacted] loyment and higher incom [redacted] ive feedback loop that acc [redacted]

S38. Ans.(b)
Sol. Traditio [redacted] n short-term profits. Thes [redacted] e energy and community [redacted] erns among investors wh [redacted] ion between different inve [redacted]

S39. Ans.(c)
Sol. Accordi [redacted] to the lower of two limits [redacted] Credit Rating Agency for t [redacted] t exceed the company's a [redacted]

S40. Ans.(c)
Sol. Liquidity is demonstrated by the ability of investors to sell their shares at any time during market hours, readily converting them into cash. This feature of financial markets ensures that investors are not forced to hold onto their securities until maturity or favorable conditions arise, thereby providing flexibility and ease in managing their investment portfolios.

S41. Ans.(a)
Sol. The GDP deflator is more comprehensive as it measures the price level of all domestically produced goods and services, reflecting changes in consumption and investment patterns. This broad coverage can capture price changes that CPI and WPI might miss, as they are based on fixed baskets of specific goods and services.

S42. Ans.(a)
Sol. Statement 1 is true because coupon bonds pay interest at pre-determined intervals, typically twice a year. Statement 2 is false because zero-coupon bonds do not pay periodic interest; instead, they are issued at a discount and repay the face value at maturity, with the return represented by the difference between the issue price and the redemption price. Statement 3 is true because convertible bonds give the investor the option to convert the bond into equity at a fixed conversion price.

S43. Ans.(b)
Sol. The scenario describes a situation where countries are dealing with foreign exchange shortages and settlement difficulties due to the complexity of bilateral agreements. The correct solution, as described in option B, involves forming a multilateral payment arrangement like the Asian Clearing Union (ACU). This arrangement [redacted] multilateral basis. By per[redacted]nge reserves and minimiz[redacted] among the participating[redacted]

S44. Ans.(d)
Sol. Accordi[redacted]ding Rs. 500 crores. The p[redacted]tation of the project and e[redacted]oring Agency must submit[redacted]ccountability in the use of[redacted]

S45. Ans.(c)
Sol. In a typi[redacted]
1. **Negotiat**[redacted]nporter.
2. **Approac**[redacted]e from Exim Bank.
3. **Exim Bar**[redacted]an indicative quote, w[redacted]

S46. Ans.(b)
Sol. Lease fi[redacted]ed contracts of bailment [redacted]s, the lessor (bailor) allows the lessee (bailee) to use the asset while retaining ownership. On the other hand, hire purchase agreements are not contracts of sale but contracts of bailment where the hirer (bailee) has the option to purchase the asset after fulfilling the terms of the agreement. The Hire Purchase Act, 1972 governs hire purchase agreements in India.

S47. Ans.(b)
Sol. Credit scoring is indeed a statistical analysis used by lenders to determine the creditworthiness of individuals, and it impacts various financial transactions, including home loans, auto loans, credit cards, and personal loans. Credit ratings apply to corporations and governments, whereas credit scoring specifically applies to individuals, making statement ii incorrect. In India, Credit Information Companies (CICs) evaluate and monitor credit scores, and the concept of credit bureaus originated in the USA, where consumer credit has been established for a long time.

S48. Ans.(b)
Sol. Interval funds are listed as closed-end funds that allow purchase and redemption during specified transaction periods. The transaction period has to be for a minimum of **two** days and there should be at least a**15 -day** gap between two transaction periods. These funds have the features of both open-ended and closed-end funds, as they are opened for repurchase of shares at different intervals during the fund tenure. The fund management company offers to repurchase units from existing unit holders during these intervals.

S49. Ans.(b)
Sol. While the National Pension System (NPS) operates on a Defined Contribution basis, the exit benefit is not pre-determined or guaranteed by the government. Instead, the final pension amount depends on the total contrib [illegible] duration for which the fu [illegible]

S50. Ans.(b)
Sol. The agr [illegible] Modernizing agriculture [illegible] s significant employment [illegible] alleviation. Modern farm [illegible] Additionally, the agricultu [illegible] all economic growth. In co [illegible] not directly address the [illegible] eneration to the same ext [illegible]

S51. Ans.(a)
Sol. Stateme [illegible] ment sector, following ag [illegible] ities and its importance t [illegible]
Statement 2 [illegible] mary drivers of expansion [illegible] evelopment, and people's [illegible]

S52. Ans.(d)
Sol. The "H [illegible] m, including dividends to [illegible] of India in England, expenditure on the British army stationed in India and bringing them to India, pensions and annuities of retired British officers, payment of guaranteed interest to railway companies, and salaries of the secretary of state for India and his staff. However, revenue from taxes collected within India was not a component of the "Home Charges" but rather part of the internal financial administration of British India.

S53. Ans.(a)
Sol. Given, percentage change in price=(−)10%
Q=100units;Q1=120units;△Q=Q1=Q=(120−100)units=20units
Percentage change in quantity demanded=△Q/Q×100 = 20/100×100=20%.
Elasticity of demand (Ed)=Percentage change in quantity demanded/ percentage change in price
=(−)20%/−10%=2

When price rises by10%:
Ed=2
Elasticity of demand (Ed)=Percentage change in quantity demanded/ percentage change in price
2=(−)Percentage change in quantity demanded/10%
Percentage change in quantity demanded=(−)20%
Elasticity of demand = 2.
Percentage fall in demand=20%.

S54. Ans.(c)
Sol. Money multiplier = Total deposits/Initial deposits
= 4,000/500 = 8
Thus, money
8 = 1/LRR
LRR = 0.125

S55. Ans.(b)
Sol. Value of [illegible] s equa
Initial deposi
Thus, the tot
Initial deposi
= 700 × 10
= 7,000 crore

S56. Ans.(a)
Sol. NI =$67 [illegible] 0 +
NI = $492
GDP = NI + I [illegible]
GDP = $492 [illegible]
GDP = $602

S57. Ans.(a)
Sol. FEDAI plays a crucial role in the forex market by setting rules and charges related to the foreign exchange business. It assists member banks, which include public sector, private sector, foreign, and cooperative banks, as well as financial institutions like IFCI and SIDBI. FEDAI provides advisory services and training to bank personnel, helping them manage forex transactions effectively. It also collaborates with other organizations to set benchmarks for Indian Rupee interest rates and foreign exchange, thereby stabilizing the market. This scenario demonstrates how FEDAI's guidance can help companies like GlobalTraders Ltd. navigate the complexities of the forex market.

S58. Ans.(c)
Sol. The regulations for Exempted Funds require that 25% of assets be invested in central government bonds, 15% in state government bonds or bonds of public sector enterprises guaranteed by the central or state governments, and 30% in bonds of public financial institutions or public sector enterprises. There is no requirement for investment in equities of private sector companies; in fact, such investments would be inconsistent with the specified regulatory guidelines, which emphasize investments in government and public sector bonds.

S59. Ans.(d)
Sol. A Mid Cap Fund is an open-ended equity scheme that predominantly invests in mid cap stocks. The minimum in[redacted]ies is 65% of the total ass[redacted]

S60. Ans.(a)
Sol. GNP at F[redacted]
Tax + Subsidi[redacted]
= 80000 + 49[redacted]
= 75920.

S61. Ans.(b)
Sol.
Percentage change in price = (–)10%

$$\text{Percentage change in quantity demanded} = \frac{\Delta Q}{Q} \times 100 = \frac{120-100}{100} \times 100$$
$$= \frac{20}{100} \times 100 = 20\%$$

$$\text{Price elasticity of demand } (E_d) = (-)\,\frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in price}}$$
$$= (-)\frac{20\%}{-10\%} = 2$$

S62. Ans.(a)
Sol. In a bailment arrangement, the **bailor** is the person who transfers possession of the item, while the **bailee** is the person who receives the item for a specific purpose. The item is expected to be returned to the bailor once the purpose of the bailment is fulfilled.

S63. Ans.(b)
Sol. Statements ii and iii correctly describe features of venture capital investments. Venture capital investments are typically made in start-ups that have the potential to grow (ii), and the investment is generally done by buying equity shares in the start-up company (iii). Statements i and iv are incorrect because venture capital investments are high risk and aim for high profits (not low risk with modest profits), and they are based on long-term goals rather than seeking quick returns.

S64. Ans.(d)
Sol. State Development Loans (SDLs) pay interest semi-annually, meaning that interest payments are made twice a year. This schedule helps to provide regular income to investors and aligns with the standard practice for many government securities, ensuring consistent returns over the life of the loan.

S65. Ans.(d)
Sol. Statement I is correct. DFIs finance infrastructure projects that are of national importance and often provide long-term credit for capital-intensive investments, which may not conform to commercial return standards.
Statement II is incorrect. DFIs are different from commercial banks because they do not primarily mobilize short- to me [redacted] al banks do. Instead, DFIs [redacted] ods.
Statement I [redacted] e long-term investments [redacted] on systems.

S66. Ans.(a)
Sol. Stateme [redacted] erests of the insuring pub [redacted]
Statement 2 [redacted] attached to the Ministry [redacted]
Statement 3 [redacted] ere overseen by the Contr [redacted] I). The IRDAI was establish [redacted]

S67. Ans.(b)
Sol. Stateme [redacted] BFCs do play a significant [redacted] resence that they create [redacted] ive financial inclusion. Ad [redacted] sectors.
Statement 2 [redacted] es, including infrastructure and retail financing, and play a significant role in stimulating financial inclusion and contributing to economic development. NBFCs do have an impact on financial inclusion by reaching under-served regions and enhancing competition in the financial sector.

S68. Ans.(d)
Sol. The objectives of development banks typically include:
- **i.** To serve as an agent of development in various sectors, such as industry, agriculture, and international trade.
- **iii.** To foster rapid industrialization, particularly in the private sector, to provide employment opportunities as well as higher production.
- **iv.** To develop entrepreneurial skills.

S69. Ans.(b)

Sol. Section 24 of the RBI Act allows the Central Government to specify the denomination of currency notes, up to a maximum of Rs 10,000, based on the recommendation of the Central Board of the RBI. It also permits the Central Government to direct the non-issue or discontinuance of currency notes of certain denominations, again on the recommendation of the Central Board. Therefore, the Central Government's actions to introduce and later discontinue the Rs 2,000 currency notes, based on the recommendations from the Central Board of RBI, are consistent with the provisions of Section 24 of the RBI Act.

S70. Ans.(a)

Sol. The RBI advocated for a transition to external benchmarks for floating rate loans because internal benchmarks [illegible] changes to borrowers. [illegible] r. Janak Raj. Consequentl [illegible] housing and vehicle loans [illegible] the following external ben [illegible]

- The Rese [illegible]
- The Gove [illegible] yield, [illegible] India Private Ltd (FBIL) [illegible]
- The Gove [illegible] Bill yield, p [illegible]
- Any othe [illegible] published by [illegible]

S71. Ans.(a)

Sol.

1. **Stateme** [illegible] discount bills of exchan [illegible]
2. **Stateme** [illegible] bank rate, [illegible] MSF [illegible] uire banks to furnish s [illegible]
3. **Stateme** [illegible] untry as they are used [illegible] control [illegible] supply [illegible]

S72. Ans.(d)

Sol. M1 = (C [illegible] ationof coins greater than [illegible] th RBI

= Rs. 680 crores + Rs 940 crores + Rs 1970 crores + Rs. 53050 crores + Rs. 39170 crores +Rs. 670 crores

= Rs. 96,480 crores

S73. Ans.(b)

Sol.

1. **Equilibrium occurs where quantity demanded equals quantity supplied at a specific price level.**
   - **True.** This is the basic definition of market equilibrium in economics. At this price level, the market clears, meaning there is no surplus or shortage.
2. **A surplus occurs when quantity demanded exceeds quantity supplied at a given price.**
   - **False.** A surplus occurs when**quantity supplied exceeds quantity demanded**at a given price. This typically happens when the price is set above the equilibrium price.

3. **An increase in demand, with no change in supply, will always lead to an increase in equilibrium price.**
   - **True.** When demand increases and supply remains constant, the demand curve shifts to the right, leading to a higher equilibrium price and quantity. This is a fundamental concept of supply and demand dynamics.

S74. Ans.(b)
Sol.
1. **Statement 1**: Correct. Consumer preferences and tastes can indeed shift the demand curve. If a product becomes more popular, the demand curve shifts to the right; if it falls out of favor, the demand curve shifts to the left.
2. **Statement 2**: Incorrect. An increase in consumer income does not always shift the demand curve for inferior g [redacted] and curve to the left, a [redacted]
3. **Stateme** [redacted] a substitute (like tea [redacted] he price of a complem [redacted]

S75. Ans.(d)
Sol.
1. **Stateme** [redacted] l events like droughts [redacted] lly in middle-income c [redacted]
2. **Stateme** [redacted] better living standard [redacted]
3. **Stateme** [redacted] on pressures by creati [redacted] residents to migrate t [redacted]

S76. Ans.(b)
Sol.
1. **Stateme** [redacted] creditworthy low-inco [redacted]
2. **Statement II is correct:** IBRD offers loans, guarantees, risk management solutions, and consulting services to middle-income and creditworthy low-income nations.
3. **Statement III is incorrect:** IBRD collaborates closely with both public and private sectors in developing countries, not only with the public sector.

S77. Ans.(d)
Sol. All three statements accurately describe the functions of the International Monetary Fund (IMF):
- **Statement i** is correct. The IMF conducts surveillance over its members' economic policies to ensure they align with the organization's goals. This involves reviewing the economic situations of nearly every country on a regular basis, providing guidance and oversight to promote financial stability and sound economic policies.

- **Statement ii** is correct. The IMF provides financial assistance to member countries facing a temporary balance of payments crisis. These loans help countries implement necessary corrective measures in an orderly manner, preventing disruptive adjustments and mobilizing additional external funding.
- **Statement iii** is correct. The IMF offers concessional loans to low-income countries to support their poverty reduction efforts. This function is often carried out in collaboration with the World Bank and other international economic institutions, aiming to promote sustainable economic development and reduce poverty.

S78. Ans.(a)
Sol. 1. Economic growth focuses on the production of goods and services, while economic development focuses on the **distribution** of resources.
2. Economic [redacted] ile economic
developmen [redacted] ng standards
of the peopl [redacted]
3. Economic [redacted] of economic
developmen [redacted]

S79. Ans.(a) [redacted]
Sol. The key [redacted] stment:
- **Greenfie** [redacted] host country
from the [redacted] tting up new
factories. [redacted] anies started
new ope [redacted]
- **Brownfie** [redacted] uilding new
operatio [redacted] mple is the
acquisitio [redacted]

S80. Ans.(b) [redacted]
Sol. Stateme [redacted] t acceptance
of its service [redacted]
Statement ii: [redacted] mily planning
services.
Statement iii: True. Effective Information Education & Communication (IEC) is provided under the Family Welfare Programme to enhance awareness.
Statement iv: False. Family Welfare services in India are generally provided free of cost, not at a nominal cost.

S81. Ans.(d)
Sol. Statement i: True. The National Education Policy 2022 replaces the National Education Policy 1986, marking a significant overhaul in India's educational framework.
Statement ii: True. NEP 2022 introduces a 5+3+3+4 structure, which includes 12 years of education and integrates early childhood education (Anganwadi/pre-school) into the formal education system.
Statement iii: True. The pillars of NEP 2022 are accessibility, equity, quality, and accountability, highlighting its focus on improving various aspects of education across the country.

S82. Ans.(d)
Sol. Statement 1: True. The Prime Minister Employment Generation Programme (PMEGP) is indeed a credit-linked subsidy programme aimed at promoting entrepreneurship by providing financial assistance for setting up micro-enterprises.
Statement 2: True. The Scheme of Fund for Regeneration of Traditional Industries (SFURTI) organizes traditional industries and artisans into clusters to improve their marketability and equip them with enhanced skills.
Statement 3: True. A Scheme for Promotion of Innovation, Rural Industries & Entrepreneurship (ASPIRE) focuses on promoting entrepreneurship culture, creating new jobs, and facilitating innovative business solutions to reduce unemployment.

S83. Ans.(b)
Sol. Stateme [redacted] nterprises to
apply for col [redacted]
Statement 2 [redacted] Finance) and
the Small Inc [redacted]
Statement 3 [redacted] he COVID-19
pandemic by [redacted]

S84. Ans.(d)
Sol. Stateme [redacted] nion Cabinet
to replace th [redacted]
Statement 2 [redacted] ," providing
directional a [redacted]
Statement 3 [redacted] e Knowledge
and Innovati [redacted] nnovation in
governance.

S85. Ans.(a)
Sol. The state [redacted] ting in urban
areas is NOT [redacted] uch as State
Cooperative [redacted] ks (RRBs), as
well as volur [redacted] Federations.
These inspections aim to assess compliance with the Banking Regulation Act, 1949, improve operational efficiency, and ensure the financial health of these institutions. NABARD's role is primarily targeted towards the supervision of rural financial sectors rather than urban commercial banks, which falls under the purview of the Reserve Bank of India (RBI).

S86. Ans.(b)
Sol. Depression phase does not persist forever. It inherently possesses **the seeds of recovery** which leads to recovery. During this phase, **idle workers** seek employment even at reduced wages due to the lower cost of living. Meanwhile, **consumers** who had delayed purchases in anticipation of further price drops begin to increase their consumption. Concurrently, **banks** with surplus liquidity start offering credit under more favorable conditions and at lower interest rates, which, in turn, stimulates **demand**. As consumption rises, the previously ample **stocks of goods** start to dwindle.

S87. Ans.(c)
Sol. GIC :1972
NABARD: 1982
RRB : 1975
IRDAI : 1999

S88. Ans.(a)
Sol. The agreement is for a 3-month borrowing or lending commitment starting 3 months from now and ending 6 months from now.
A 3 × 6 FRA means that the corporate has to borrow or lend for a period of 3 months, beginning three months from now an [redacted]

S89. Ans.(b) [redacted]
Sol. 30 units [redacted]
At a price of [redacted]
At a price of [redacted]
Using the fo [redacted] y demanded at $45:
y1 = 40 (qua [redacted]
x1 = 40 (pric [redacted]
y2 = 20 (qua [redacted]
x2 = 50 (pric [redacted]
x = 45 (price [redacted]
m = (y2-y1)/([redacted]
Substituting [redacted]
y - 40 = -2(x [redacted]
y - 40 = -2(45 [redacted]
y - 40 = -10
y = 30 units [redacted]

S90. Ans.(b) [redacted]
Sol. We can [redacted] basket = (CPI / 100) x Base year cost. Plugging in the numbers for 2020, we get Cost of basket = (110 / 100) x $100 = $110.

S91. Ans.(d)
Sol. 1. Digital technologies enable insurers to provide a seamless and user-friendly experience to policyholders. Online portals, mobile apps, and self-service options empower customers to manage policies, make claims, and access information easily.
2. Advanced data analytics and artificial intelligence (AI) are used to assess risks more accurately during underwriting. Insurers analyze vast amounts of data to make informed decisions about policy pricing and coverage.
3. Insurers use customer data to tailor insurance products to individual needs. Personalized offers, discounts, and coverage options enhance customer satisfaction and retention.

4. AI-powered chatbots provide instant customer support and assistance, improving response times and enhancing customer interactions.
5. Blockchain is being explored for secure and transparent record-keeping in insurance. It can facilitate fraud prevention, improve data sharing among stakeholders, and streamline processes like policy issuance and claims settlement.

S92. Ans.(c)
Sol. 1-C, 2-D, 3-A, 4-B
Policy rate - by changing this rate RBI influences the cost of borrowing for banks.
Reverse Repo rate - changes in this rate impact the return banks receive on their surplus funds.
Bank Rate - A rate at which RBI lends funds to banks against some securities
Marginal Standing facility - rate at which banks can borrow funds overnight from RBI against approved securities

S93. Ans.(c)
Sol. 1. Open [redacted] ncluding the
Reserve Ban [redacted]
2. OMOs inv [redacted] ket.
3. The goal [redacted] st rates, and
achieve the [redacted] ves.
4. **Open Mar** [redacted] nt securities
from comme [redacted] e reserves of
the banks, le [redacted] more funds
available to l [redacted] y consumers
and business [redacted]
5. **Open Mar** [redacted] nt securities
to commerci [redacted] serves of the
banks, leadi [redacted] s have fewer
funds availab [redacted]
6. When the [redacted] the banking
system, incre [redacted] urities, their
reserves inc [redacted] ased lending
capacity of [redacted] stimulating
economic ac [redacted]

S94. Ans.(d)
Sol.
1. **NPAs:** Non-Performing Assets are loans where the borrower has stopped making interest or principal repayments for 90 days.
2. **Resolving Stressed Assets:** Strategies to address financially distressed loans, including restructuring, recovery through insolvency proceedings, or selling to asset reconstruction companies.
3. **Maximizing Recovery:** Efforts to recover the maximum possible amount from defaulted loans through legal actions, settlements, or asset sales.
4. **Enhancing Liquidity:** Improving the availability of cash or liquid assets in a financial system to ensure smooth operations and meet obligations.
5. **Restructuring Debts:** Modifying the terms of a loan agreement, such as extending repayment periods or reducing interest rates, to aid borrower repayment.

S95. Ans.(d)
Sol. Demand-Pull Inflation
It is a rise in general prices caused by increasing aggregate demand for goods and services.
Increasing the quantity of money in the hands of the people increases the aggregate demand for goods and services; if aggregate supply does not follow suit, prices rise.

S96. Ans.(d)
Sol. I-5, II-4, III-2, IV-1, V-3

(I). GDP_{FC}	1. GDP_{MP} -NIT
(II). NDP_{MP}	2. GDP_{MP} - Dep
(III). NDP_{FC}	3. NDP_{MP} - Net Product Taxes - Net Production Taxes
(IV). GNP_{MP}	4. GDP_{MP} + NFIA (Net Factor Income from Abroad)
(V). GNP_{FC}	5. GNP_{MP} - Net Product Taxes - Net Production taxes

S97. Ans.(b) [redacted]
Sol. 1. Lendi [redacted] UCBs will be required to f [redacted] s / JLGs. This policy, incluc [redacted] form part of the overall c [redacted]
2. SHGs are [redacted] nbers. These savings are t [redacted] er hand, JLG is an informa [redacted] ther singly or through the [redacted] of economic activities.
3. The SHG w [redacted] tween 4 and 10 members [redacted] provisions of respective St [redacted] 2.
4. The maxim [redacted] up. The limit may be exceeded in the case of well-managed SHGs subject to a ceiling of ten times of savings of the group. The groups may be rated on the basis of certain objective parameters such as proven track record, savings pattern, recovery rate, housekeeping, etc. JLGs are not obliged to keep deposits with the bank and hence the amount of loan granted to JLGs would be based on the credit needs of the JLG and the bank's assessment of the credit requirement.

S98. Ans.(b)
Sol. 1. Insurance Regulatory and Development Authority Act, 1999 (IRDA Act): This act established the Insurance Regulatory and Development Authority of India (IRDAI) as the regulatory body for the insurance sector. The IRDAI is responsible for regulating and promoting the insurance industry's growth while safeguarding the interests of policyholders.

2. **Insurance Act, 1938:** This is one of the foundational acts for regulating insurance in India. It provides the legal framework for the functioning of insurance companies and outlines the rules for conducting insurance business, including provisions related to licensing, solvency, investments, and claims.

3. Foreign Exchange Management Act, 1999 (FEMA): FEMA regulates foreign exchange transactions, including those related to insurance companies. It governs foreign investment in the insurance sector and outlines the rules for repatriation of funds.

4. Insurance Regulatory and Development Authority of India (IRDAI) (Registration of Indian Insurance Companies) Regulations, 2002: These regulations provide guidelines for the registration, licensing, and operation of Indian insurance companies. They outline the criteria for obtaining a license, capital requirements, and other operational aspects.

5. Insurance [redacted] Insurers) Regulations, [redacted] companies, ensuring tha[redacted] policyholder interests.

6. The Paym[redacted]ct mandates employers, i[redacted]ter a certain period of ser[redacted]

S99. Ans.(d) [redacted]

Sol. 1-A, 2-B,[redacted]

Revenue Exp[redacted]

1. Interest P[redacted]
2. Defence
3. **Subsidies**
4. Grants to [redacted]
5. Pensions
6. Police
7. Assistance [redacted]
8. Economic [redacted]nology, etc.)
9. Other Ge[redacted]
10. Social Se[redacted]
11. Postal Deficit
12. Expenditure of Union Territories without Legislature
13. Amount met from National Calamity Contingency Fund
14. Grants to Foreign Governments

Capital Expenditure

1. Defence
2. Other Non-plan Capital Outlay
3. Loans to Public Enterprises
4. Loans to State and U.T. Governments
5. **Loans to Foreign Governments**
6. Others Non-plan Expenditure: Revenue Non-Plan Expenditure + Capital Non-Plan Expenditure.

S100. Ans.(b)
Sol. The incorrect statement:
- **ii. Retail banking activities:** Merchant banks do not engage in typical retail banking services such as savings accounts, personal loans, or mortgages. These services are typically provided by commercial banks or retail banks, not merchant banks.

Thus, **ii** is the incorrect statement about merchant banking