

CURRENT AFFAIRS



MCQ PRACTICE



ECONOMICS

# Week 111

## QUESTION 1

With reference to the Least Developed Countries, consider the following statements:

1. They are low-income countries confronting severe structural impediments to sustainable development.
2. The Least Developed Countries (LDCs) are reviewed every five years by the Committee for Development (CDP).
3. They are less vulnerable to economic and environmental shocks.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

## QUESTION 2

With reference to the Suez Canal, which of the following statements is/are correct?

1. Nearly 30 per cent of global container traffic flowed through the Suez Canal before the Houthi attacks began.
2. In 2024-25, the Suez Canal's daily transit trade increased compared to 2023-24.
3. It accounts for 8-9 per cent of global energy flows.
4. The shipping costs in the Suez Canal region soared to almost double.

Select the correct answer using the codes given below:

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

### QUESTION 3

With reference to the Amrit Bharat Station Scheme, consider the following statements:

1. It is a long-term plan to improve railway stations across India.
2. The scheme focuses on upgrading the station buildings, connecting both sides of the city through the station, and linking stations with other transport options like buses and metros.

Which of the statements given above is/are correct?

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

## QUESTION 4

The condition of a high fiscal deficit is reflected by:

1. Government borrowing
2. Higher interest rates
3. Inefficient spending by the government

Select the correct answer using the codes given below:

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

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## Answers and Explanations

## QUESTION 1

With reference to the Least Developed Countries, consider the following statements:

1. They are low-income countries confronting severe structural impediments to sustainable development.
2. The Least Developed Countries (LDCs) are reviewed every five years by the Committee for Development (CDP).
3. They are less vulnerable to economic and environmental shocks.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

## 1.Explanation

- ✓ With Bangladesh set to graduate from the United Nations' Least Developed Country (LDC) category in November 2026, ending duty-free access to export markets such as the European Union and posing new challenges, the country has begun a sharp economic pivot away from New Delhi and towards Beijing, straining trade ties with India.
- ✓ Least developed countries (LDCs) are low-income countries that face significant structural barriers to sustainable development. Hence, statement 1 is correct.
- ✓ They are extremely sensitive to economic and environmental shocks, with low levels of human capital. Hence, statement 3 is not correct.
- ✓ The Committee for Development (CDP) reviews the list of LDCs every three years and currently includes 44 nations. Hence, statement 2 is not correct.
- ✓ LDCs have unique access to certain international support measures, particularly those related to development assistance and trade.
- ✓ Therefore, option (a) is the correct answer.

## QUESTION 2

With reference to the Suez Canal, which of the following statements is/are correct?

1. Nearly 30 per cent of global container traffic flowed through the Suez Canal before the Houthi attacks began.
2. In 2024-25, the Suez Canal's daily transit trade increased compared to 2023-24.
3. It accounts for 8-9 per cent of global energy flows.
4. The shipping costs in the Suez Canal region soared to almost double.

Select the correct answer using the codes given below:

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

## 2.Explanation

- ✓ Egypt's Suez Canal Authority (SCA) is offering a 15 per cent discount on transit fee to cargo ships of minimum 130,000 mt capacity, underscoring the impact that the Red Sea security crisis has had on the waterway critical to the shortest maritime route to the Mediterranean Sea and beyond from the Arab Peninsula, North-East Africa, and the Arabian Sea.
- ✓ According to IMF data, the Suez Canal accounts for approximately 12-15% of global trade. Prior to the Houthi strikes, the Suez Canal handled about 30% of all worldwide container traffic. It is also a critical route for 8-9 percent of world energy flows. Hence, statements 1 and 3 are correct.
- ✓ According to data from PortWatch, a live conflict tracker maintained by the IMF and Oxford University, the Suez Canal's daily transit trade volume (TTV) was 484,137 mt on May 11, 2025, compared to 1,349,086 mt the previous year. TTV refers to the total volume of goods transported along a shipping route. Hence, statement 2 is not correct.

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- ✓ Shipping prices in the Suez Canal region increased by 180 percent over the time under review. India, like many other countries, relied primarily on the Red Sea shipping route for exports to Europe, with the Suez Canal handling approximately 80% of the quantities. Hence, statement 4 is correct.
- ✓ The movement of trade flows from the Red Sea to the route around Africa has clearly impacted Indian exporters, reducing margins since they now have to fight with increased freight charges for exports to Europe and elsewhere.
- ✓ Therefore, option (d) is the correct answer.

### QUESTION 3

With reference to the Amrit Bharat Station Scheme, consider the following statements:

1. It is a long-term plan to improve railway stations across India.
2. The scheme focuses on upgrading the station buildings, connecting both sides of the city through the station, and linking stations with other transport options like buses and metros.

Which of the statements given above is/are correct?

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

### 3.Explanation

- ✓ Under the Amrit Bharat Station Scheme, Prime Minister Narendra Modi inaugurated 103 refurbished railway stations in 86 districts across 18 states and union territories. He also launched a new weekly train between Bandra Terminus in Mumbai and Bikaner Station in Rajasthan.
- ✓ The Amrit Bharat Station Scheme is a long-term initiative that would gradually renovate railway stations across India. Under this method, precise blueprints are created for each station, and construction is completed in stages based on what each station requires. Hence, statement 1 is correct.
- ✓ The goal is to make the stations cleaner, more pleasant, and easier to use. This involves improving access and departure locations, waiting areas, restrooms, platforms, and roofing. Lifts, escalators, and free Wi-Fi are introduced as needed.



- ✓ The Amrit Bharat Mission program also focusses on station construction upgrades, connecting both sides of the city via the station, and connecting stations to other modes of transportation such as buses and metros. Hence, statement 2 is correct.
- ✓ The Amrit Bharat Stations program dates back to 2021, when Gandhinagar became the first railway station to undergo modernisation, complete with all modern amenities and a five-star hotel. Later that year, Rani Kamalapati Railway Station, formerly known as Habibganj, received a new look.
- ✓ Therefore, option (c) is the correct answer.

## QUESTION 4

The condition of a high fiscal deficit is reflected by:

1. Government borrowing
2. Higher interest rates
3. Inefficient spending by the government

Select the correct answer using the codes given below:

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

## 4.Explanation

- ✓ A significant fiscal deficit can indicate inefficient government expenditure, which can lead to inflationary pressure in the economy. A large fiscal deficit causes the government to borrow more from the market, increasing demand for credit and potentially raising interest rates.
- ✓ Higher interest rates, in turn, raise firms' borrowing costs, limiting their investments and decreasing overall economic growth. Furthermore, increased debt might limit a government's budget in the long run, jeopardising many growth-related initiatives. As a result, governments must be careful in monitoring their fiscal deficits.
- ✓ Therefore, option (d) is the correct answer.