

CURRENT AFFAIRS



MCQ PRACTICE



ECONOMICS

Week 108

QUESTION 1

With reference to the Debt-to-GDP Ratio, consider the following statements:

1. It is a metric that compares a country's public debt to its gross domestic product (GDP).
2. Sudan has the highest debt-to-GDP ratio in the world.
3. India has set a target to decline in the debt-to-GDP ratio to 50 ± 1 per cent by March 31, 2031.

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 green hydrogen certification scheme, consider the following statements:

1. It aims to boost India's green hydrogen exports and encourage energy-intensive sectors to adopt the emerging fuel.
2. The nodal agency for this scheme is the Ministry of Road, Transport & Highways.

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 3

Consider the following statements about Grameen Credit Score:

1. It was announced during the Union Budget 2022-23.
2. It is a framework to be developed by the public sector banks for the credit needs of the members of Self Help Groups (SHGs).
3. Marginal Farmers are not eligible for this credit.

Which of the statements given above is/are correct?

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

QUESTION 4

Consider the following countries:

1. United States
2. Germany
3. Italy
4. India

What is the correct chronological order (low to high) for the countries having the most gold reserves in 2024-25?

- (a) 4—3—2—1
- (b) 2—3—4—1
- (c) 3—4—2—1
- (d) 1—4—3—2

QUESTION 5

With reference to the '.bank.in' domain, consider the following statements:

1. The Reserve Bank of India (RBI) has launched '. bank.in' domain for banks to combat the increasing number of digital payment frauds.
2. It is mandatory for all banks in the country to have '.bank.in' as the domain name.

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

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Answers and Explanations

QUESTION 1

With reference to the Debt-to-GDP Ratio, consider the following statements:

1. It is a metric that compares a country's public debt to its gross domestic product (GDP).
2. Sudan has the highest debt-to-GDP ratio in the world.
3. India has set a target to decline in the debt-to-GDP ratio to 50 ± 1 per cent by March 31, 2031.

How many of the statements given above are correct?

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

1.Explanation

- ✓ According to recent forecasts from the International Monetary Fund (IMF), worldwide public debt may approach levels seen during the COVID-19 pandemic, which reached 98.9% of GDP in 2020.
- ✓ It predicts that worldwide public debt would reach nearly 100% (99.6%) of global GDP by the end of this decade (2030), owing to persistent economic and geopolitical uncertainty generated by the latest US tariff pronouncements, which have contributed to the acceleration of debt levels.
- ✓ The debt-to-GDP ratio compares a country's public debt to its GDP. It accurately assesses a country's ability to repay its debts by comparing what it owes to what it produces. The debt-to-GDP ratio is commonly expressed as a percentage, but it may alternatively be understood as the number of years required to service debt assuming all GDP is allocated to debt payments. Hence, statement 1 is correct.

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- ✓ Sudan, primarily due to prolonged conflict and significant economic challenges, surpassed Japan, having the highest debt-to-GDP ratio in the world, at 252 per cent. Hence, statement 2 is correct.
- ✓ China is ranked 21st, with a 96% public debt ratio, which is lower than that of other wealthy countries. India's debt-to-GDP ratio of 80 per cent ranks 31st internationally. The central government aims to reduce the ratio to 50 ± 1 per cent by March 31, 2031. Hence, statement 3 is correct.
- ✓ Therefore, option (c) is the correct answer.

QUESTION 2

With reference to the green hydrogen certification scheme, consider the following statements:

1. It aims to boost India's green hydrogen exports and encourage energy-intensive sectors to adopt the emerging fuel.
2. The nodal agency for this scheme is the Ministry of Road, Transport & Highways.

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

2.Explanation

- ✓ To increase India's green hydrogen exports and encourage energy-intensive sectors to use the developing fuel, the Centre established a certification mechanism under the National Green Hydrogen Mission and announced guidelines for claiming carbon offsets under the Carbon Credit Trading mechanism (CCTS). Hence, statement 1 is correct.
- ✓ "This will help ensure that hydrogen produced in India is really green. Greenwashing is common these days, which is why certification is so vital. "With the certification in place, our green hydrogen will carry a mark of quality and credibility, making it globally desirable and export-ready," Joshi said of the initiative.
- ✓ On April 27, the Bureau of Energy Efficiency (BEE), the nodal body for the Green Hydrogen Certification Scheme, unveiled an offset mechanism for hard-to-abate industries using green hydrogen under CCTS that will allow them to earn and trade credits. Hence, statement 2 is not correct.

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- ✓ While CCTS does not yet encompass industries such as steel, refineries, and shipping that have a use case for transitioning to green hydrogen, the updated recommendations will give business with better clarity on compliance before the scope of CCTS is expanded.
- ✓ Therefore, option (a) is the correct answer.



QUESTION 3

Consider the following statements about Grameen Credit Score:

1. It was announced during the Union Budget 2022-23.
2. It is a framework to be developed by the public sector banks for the credit needs of the members of Self Help Groups (SHGs).
3. Marginal Farmers are not eligible for this credit.

Which of the statements given above is/are correct?

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

3.Explanation

- ✓ During the Union Budget 2025-26, Finance Minister Nirmala Sitharaman introduced Grameen Credit Score, a framework that public sector banks will develop to meet the credit needs of members of Self Help Groups (SHGs) and individuals in rural areas. Hence, statement 1 is not correct and statement 2 is correct.
- ✓ The existing credit scoring mechanism utilised by Credit Information Companies (CICs) is, by definition, general to all individual borrowers, with no special consideration for the rural sector. A Grameen credit score suited to the credit assessment needs of SHG borrowers and the rural population would promote improved credit evaluation, enhancing access to formal finance not only for SHGs but also for the rural population, including farmers and marginalised people. Hence, statement 3 is not correct.
- ✓ This is critical to their economic growth and development. The government is consulting with stakeholders to determine the procedures and dimensions of the Grameen Credit Score.
- ✓ Therefore, option (b) is the correct answer.

QUESTION 4

Consider the following countries:

1. United States
2. Germany
3. Italy
4. India

What is the correct chronological order (low to high) for the countries having the most gold reserves in 2024-25?

- (a) 4—3—2—1
- (b) 2—3—4—1
- (c) 3—4—2—1
- (d) 1—4—3—2

4.Explanation

- ✓ Since the beginning of 2025, gold has been on a record-breaking run, with its price reaching a new all-time high. Its prices have risen by 23% this year, 50% in the previous year, and 100% in less than three years, according to the Financial Express.
- ✓ Gold is highly valued in Indian culture, frequently acquired over centuries. However, in line with global trends, India's central bank, the Reserve Bank of India (RBI), increased its gold holdings amid economic concerns and geopolitical tensions, adding approximately 72.60 tonnes to its reserves.
- ✓ India, Italy, Germany, and the United States are the countries with the largest gold reserves in 2024-25, in chronological order (low to high).
- ✓ Therefore, option (a) is the correct answer.

QUESTION 5

With reference to the '.bank.in' domain, consider the following statements:

1. The Reserve Bank of India (RBI) has launched '. bank.in' domain for banks to combat the increasing number of digital payment frauds.
2. It is mandatory for all banks in the country to have '.bank.in' as the domain name.

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

5.Explanation

- ✓ To address the growing number of digital payment frauds, the Reserve Bank of India (RBI) has chosen to activate the '.bank.in' domain for banks. A domain name is used to locate websites. It is a unique and easy-to-remember address for accessing internet websites. Hence, statement 1 is correct.
- ✓ The '.in' is India's Country Code Top Level Domain (ccTLD), which is a two-letter string (for example, that is put to the end of a domain name. A ccTLD serves as more than just a string in a web address. It is seen as a symbol of national identity on the worldwide internet.
- ✓ With the migration to the new domain, all banks in the country will use '.bank.in' as their domain name. Banks currently use a more generic domain name, such as '.com' or '.co.in'. Hence, statement 2 is correct.
- ✓ The RBI has given banks until October 31, 2025 to move to '.bank.in'. Banks are expected to retain both '.bank.in' and their old internet domains until they fully move to the new one. So, a consumer can go to their bank's website using the old internet name, which will redirect them to the bank's website using the '.bank.in' domain.
- ✓ Therefore, option (c) is the correct answer.