MCQ PRACTICE

CURRENT AFFAIRS

ECONOMICS

Week 105

THE TUTORS ACADEMY

QUESTION 1

With reference to the Pradhan Mantri Mudra Yojana (PMMY), consider the following statements:

1. The scheme was first launched in 2015 to provide collateral-free credit to micro-entrepreneurs, boosting self-employment and financial inclusion.
2. Women account for more than half of the beneficiaries under the PMMY.
3. Gujarat has received the largest disbursement among states under PMMY.
4. Chandigarh had the highest loan disbursement among Union Territories.

How many of the statements given above are correct?

(a) Only one
(b) Only two
(c) Only three
(d) All four

QUESTION 2

With reference to renewable electricity generation, consider the following statements:

1. In India, clean sources accounted for approximately 50 per cent of the electricity generation.
2. India became the world's largest producer of electricity from wind and solar energy in 2024.

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

The term ‘Stagflation’ is described as:

(a) increase in the prices of goods and services in an economy over a period of time.

(b) slowing down the inflation rate, but not necessarily a negative price decline.

(c) significant and prolonged downturn in economic activity, typically measured by two consecutive quarters of negative GDP growth.

(d) economic situation characterised by slow economic growth typically accompanied by an increase in unemployment, and inflation, meaning a persistent rise in the general price level.

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QUESTION 4

Which of the following statements with reference to the repo rate is/are correct?

1. The interest rate that the RBI charges when commercial banks borrow money from it is called the repo rate.
2. When the RBI wants to encourage economic activity in the economy, it increases the repo rates.
3. When the RBI wants to control inflation, it decreases the repo rate.

Select the correct answer using the codes given below:

(a) 1 and 2 only

(b) 1 only

(c) 2 only

(d) 2 and 3 only

QUESTION 5

Vizhinjam International Seaport was recently in the news. It is situated in:

(a) Tamil Nadu
(b) Odisha
(c) Kerala
(d) Gujarat

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Answers and Explanations

QUESTION 1

With reference to the Pradhan Mantri Mudra Yojana (PMMY), consider the following statements:

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2. Women account for more than half of the beneficiaries under the PMMY.
3. Gujarat has received the largest disbursement among states under PMMY.
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How many of the statements given above are correct?

(a) Only one
(b) Only two
(c) Only three
(d) All four

1.Explanation

- ✓ On April 8, 2025, the Pradhan Mantri MUDRA Yojana (PMMY) had its 10-year anniversary. The initiative was first introduced in April 2015 to give collateral-free financing to micro-entrepreneurs, hence increasing self-employment and financial inclusion. Hence, statement 1 is correct.
- ✓ The PMMY provides collateral-free loans of up to Rs 10 lakh to non-corporate, non-farm small and micro enterprises to support a wide range of income-generating activities in a variety of industries, including manufacturing, trading, and services, as well as allied agricultural ventures such as dairy, poultry, and beekeeping.
- ✓ According to the recent PIB press release, the Pradhan Mantri Mudra Yojana (PMMY) has sanctioned nearly 52 crore loans totalling ₹32.61 lakh crore. Women account for 68% of all Mudra borrowers. Hence, statement 2 is correct.

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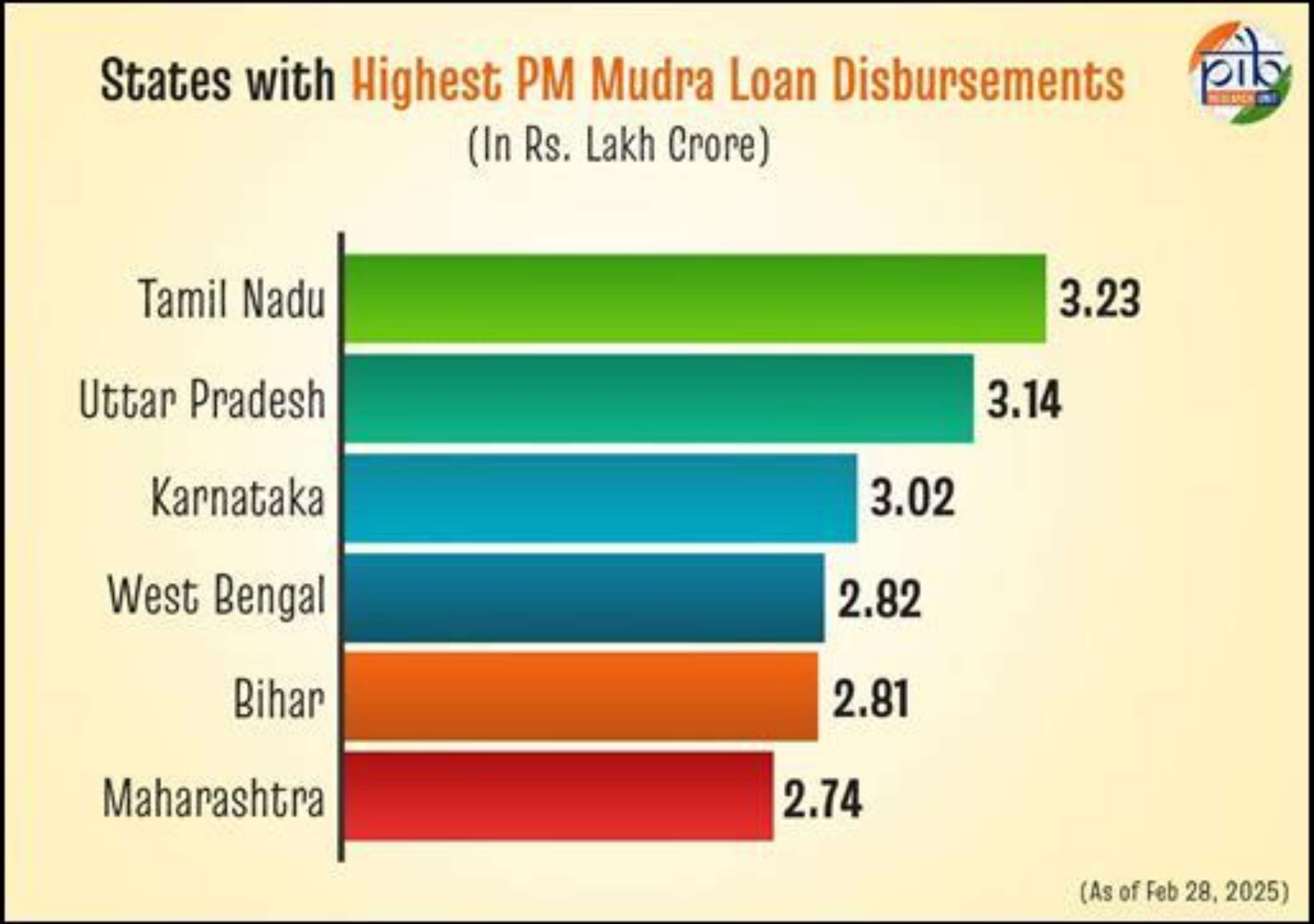

THE TUTORS ACADEMY

- ✓ Since the Pradhan Mantri Mudra Yojana began in 2015, Tamil Nadu has received the most disbursement among states (₹3,23,647.76 crore as of February 28, 2025). Uttar Pradesh follows with ₹3,14,360.86 crore, while Karnataka ranks third with ₹3,02,146.41 crore. Hence, statement 3 is not correct.
- ✓ Jammu and Kashmir had the biggest loan disbursement among Union Territories, at ₹45,815.92 crore across 21,33,342 accounts. Hence, statement 4 is not correct.
- ✓ Therefore, option (b) is the correct answer.

QUESTION 2

With reference to renewable electricity generation, consider the following statements:

1. In India, clean sources accounted for approximately 50 per cent of the electricity generation.
2. India became the world's largest producer of electricity from wind and solar energy in 2024.

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

- ✓ According to new research, India will surpass Germany as the world's third-largest generator of electricity from wind and solar energy by 2024. Hence, statement 2 is not correct.
- ✓ According to the sixth edition of global energy think tank Ember's Global Electricity Review, wind and solar together generated 15% of global electricity in 2018. India's stake stood at 10%.
- ✓ According to the analysis, low-carbon sources, such as renewables and nuclear power, will account for 40.9% of global electricity generation in 2024. This is the first time the 40% mark has been surpassed since the 1940s. In India, clean sources contributed for 22% of total power generation. Hydropower contributed the most (8%), while wind and solar together accounted for 10%. Hence, statement 1 is not correct.
- ✓ Therefore, option (d) is the correct answer.

QUESTION 3

The term ‘Stagflation’ is described as:

(a) increase in the prices of goods and services in an economy over a period of time.

(b) slowing down the inflation rate, but not necessarily a negative price decline.

(c) significant and prolonged downturn in economic activity, typically measured by two consecutive quarters of negative GDP growth.

(d) economic situation characterised by slow economic growth typically accompanied by an increase in unemployment, and inflation, meaning a persistent rise in the general price level.

3.Explanation

- ✓ US Federal Reserve Chairman Jerome Powell expressed fear that President Donald Trump's "Liberation Day" tariffs could lead to stagflation.
- ✓ Powell told a business conference in Virginia that the outlook for the US economy is still highly uncertain, with "elevated risks of both higher unemployment and higher inflation."
- ✓ What is stagflation?
- ✓ It means stagnation plus inflation. Stagflation is described as an economic situation characterised by economic stagnation, meaning slow economic growth typically accompanied by an increase in unemployment, and inflation, meaning a persistent rise in the general price level.
- ✓ Stagflation is a challenge for policymakers because policies addressing one of these issues may exacerbate the other. An increase in unemployment with a slowing of economic growth is accompanied by a sluggish rise in incomes, making sense of rising prices. This puts them under multiple pressures while also reducing their purchasing power.
- ✓ Therefore, option (d) is the correct answer.

QUESTION 4

Which of the following statements with reference to the repo rate is/are correct?

1. The interest rate that the RBI charges when commercial banks borrow money from it is called the repo rate.
2. When the RBI wants to encourage economic activity in the economy, it increases the repo rates.
3. When the RBI wants to control inflation, it decreases the repo rate.

Select the correct answer using the codes given below:

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

4.Explanation

- ✓ The Reserve Bank of India's (RBI's) six-member Monetary Policy Committee (MPC) decided to cut the repo rate by 25 basis points to 6%.
- ✓ The interest rate that the RBI charges when commercial banks borrow money from it is called the repo rate. The interest rate the central bank pays commercial banks when they park their excess cash is called the reverse repo rate. Hence, statement 1 is correct.
- ✓ When the RBI wishes to boost economic activity, it lowers repo rates. This allows commercial banks to reduce both the interest rates they charge (on loans) and the interest rates they pay on deposits. This, in turn, encourages people to spend money because keeping their savings in the bank now pays back a bit less, while businesses are encouraged to take out new loans for new investments because new loans now cost a little less. Hence, statement 2 is not correct.

- ✓ When the RBI seeks to limit inflation, it raises the repo rate. Banks must thus pay more interest to borrow from the RBI, resulting in higher interest rates for their borrowers. Hence, statement 3 is not correct.
- ✓ Therefore, option (b) is the correct answer.

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QUESTION 5

Vizhinjam International Seaport was recently in the news. It is situated in:

(a) Tamil Nadu

(b) Odisha

(c) Kerala

(d) Gujarat

5.Explanation

- ✓ MSC Türkiye, one of the world's largest and most fuel-efficient container ships, has moored at Vizhinjam International Seaport, marking a significant milestone in the development of India's first deepwater transshipment port.
- ✓ Kerala Minister for Ports V N Vasavan hailed it as a watershed moment in the country's maritime history, stating that it is the first time the large container ship has docked in an Indian port and in South Asia.
- ✓ Vizhinjam, located in Thiruvananthapuram, is the first international deepwater transhipment port in the Indian subcontinent. It has a natural depth of more than 18 m and may be expanded to 20 m.
- ✓ Therefore, option (c) is the correct answer.