

CURRENT AFFAIRS



MCQ PRACTICE



ECONOMICS

Week 98

QUESTION 1

With reference to the Cooperative Banks, consider the following statements:

1. These banks, till 1996, were allowed to lend money only for non-agricultural purposes.
2. The RBI can impose restrictions on the cooperative banks due to concerns over their financial stability.
3. The RBI does not have the power to supersede the bank's board of directors.

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 deposit insurance, consider the following statements:

1. The objective of the Deposit Insurance and Credit Guarantee Corporation (DICGC) is to protect “small depositors” from the risk of losing their savings in case of a bank failure.
2. The insurance cover of Rs 2 lakh per depositor is for all accounts held by the depositor in all branches of the insured bank.
3. The DICGC insures only commercial banks including branches of foreign banks functioning in India and does not insure regional rural banks.
4. Only savings account deposits are insured by the DICGC.

How many of the statements given above are correct?

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

QUESTION 3

Consider the following statements about green bonds:

1. These are debt instruments issued by corporations and multilateral banks.
2. These bonds raise funds for projects that reduce emissions or enhance climate resilience.
3. Investors in green bonds often seek unstable and short-term returns.

Which of the statements given above is/are correct?

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

QUESTION 4

With reference to the makhana (fox nut), consider the following statements:

1. It is the dried edible seed of the prickly water lily.
2. It can grow in both freshwater ponds and salty water ponds.
3. In 2022, 'Mithila Makhana' was conferred a Geographical Indication (GI) tag.
4. A Makhana Board will be established in Telangana announced during the Union Budget 2025-26.

How many of the statements given above are correct?

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

QUESTION 5

Which of the following have been identified as the areas of focus under the Make in India initiative?

1. Enhancing ease and cost of doing business
2. Manufacturing quality products
3. Availability of technology
4. Vibrant and dynamic MSME sector

Select the correct answer using the codes given below:

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

CURRENT AFFAIRS



MCQ PRACTICE



ECONOMICS

Week 98

Answers and Explanations

QUESTION 1

With reference to the Cooperative Banks, consider the following statements:

1. These banks, till 1996, were allowed to lend money only for non-agricultural purposes.
2. The RBI can impose restrictions on the cooperative banks due to concerns over their financial stability.
3. The RBI does not have the power to supersede the bank's board of directors.

How many of the statements given above are correct?

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

1.Explanation

- ✓ Hitesh Mehta, former general manager and head of accounting of the city-based New India Cooperative Bank, was detained last week by the Mumbai Police's Economic Offence Wing (EOW) for allegedly syphoning Rs 122 crore from the safe.
- ✓ The Reserve Bank of India (RBI) then banned withdrawals from the bank, resulting in depositors queuing for their money.
- ✓ The FIR was filed under Sections 316(5) (criminal breach of trust by a public officer or banker, merchant, broker, attorney, or agent) and 61(2) (criminal conspiracy) of the Bharatiya Nyaya Sanhita (BNS).
- ✓ The RBI imposed limitations on the bank because of worries about its financial stability. These limits include forbidding the bank from making new loans, making investments, borrowing funds, or permitting withdrawals for six months, beginning at the close of business on February 13. Hence, statement 2 is correct.

MCQ PRACTICE

CURRENT AFFAIRS



ECONOMICS

- ✓ Additionally, the RBI has superseded the bank's board of directors for a 12-month period due to "poor governance standards." Hence, statement 3 is not correct.
- ✓ Urban Co-operative Banks (UCBs), while not technically defined, are primary cooperative banks located in urban and semi-urban areas. Until 1996, these banks were only allowed to lend money for non-agricultural reasons. Hence, statement 1 is correct.
- ✓ Therefore, option (b) is the correct answer.

QUESTION 2

With reference to the deposit insurance, consider the following statements:

1. The objective of the Deposit Insurance and Credit Guarantee Corporation (DICGC) is to protect “small depositors” from the risk of losing their savings in case of a bank failure.
2. The insurance cover of Rs 2 lakh per depositor is for all accounts held by the depositor in all branches of the insured bank.
3. The DICGC insures only commercial banks including branches of foreign banks functioning in India and does not insure regional rural banks.
4. Only savings account deposits are insured by the DICGC.

How many of the statements given above are correct?

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

2.Explanation

- ✓ The government is mulling raising the insurance protection for bank accounts above the present maximum of Rs 5 lakh, according to Financial Services Secretary M Nagaraju.
- ✓ Deposit insurance is provided by the Deposit Insurance and Credit Guarantee Corporation (DICGC), a specialised branch of the Reserve Bank of India.
- ✓ About DICGC
- ✓ The DICGC aims to safeguard “small depositors” from the risk of losing their savings in the event of a bank failure. Hence, statement 1 is correct.
- ✓ The insurance cover of Rs 5 lakh per depositor applies to all accounts held by the depositor at all branches of the insured bank. Hence, statement 2 is not correct.
- ✓ The DICGC insures all commercial banks, including foreign bank branches in India, local area banks, regional rural banks, and cooperative banks. However, the DICGC does not cover primary cooperative societies. Hence, statement 3 is not correct.

MCQ PRACTICE

CURRENT AFFAIRS



ECONOMICS

- ✓ Savings, fixed, current, and recurring deposits are all protected. The DICGC does not insure deposits made by foreign, central, or state governments, as well as interbank deposits. Hence, statement 4 is not correct.
- ✓ Therefore, option (a) is the correct answer.

QUESTION 3

Consider the following statements about green bonds:

1. These are debt instruments issued by corporations and multilateral banks.
2. These bonds raise funds for projects that reduce emissions or enhance climate resilience.
3. Investors in green bonds often seek unstable and short-term returns.

Which of the statements given above is/are correct?

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

3.Explanation

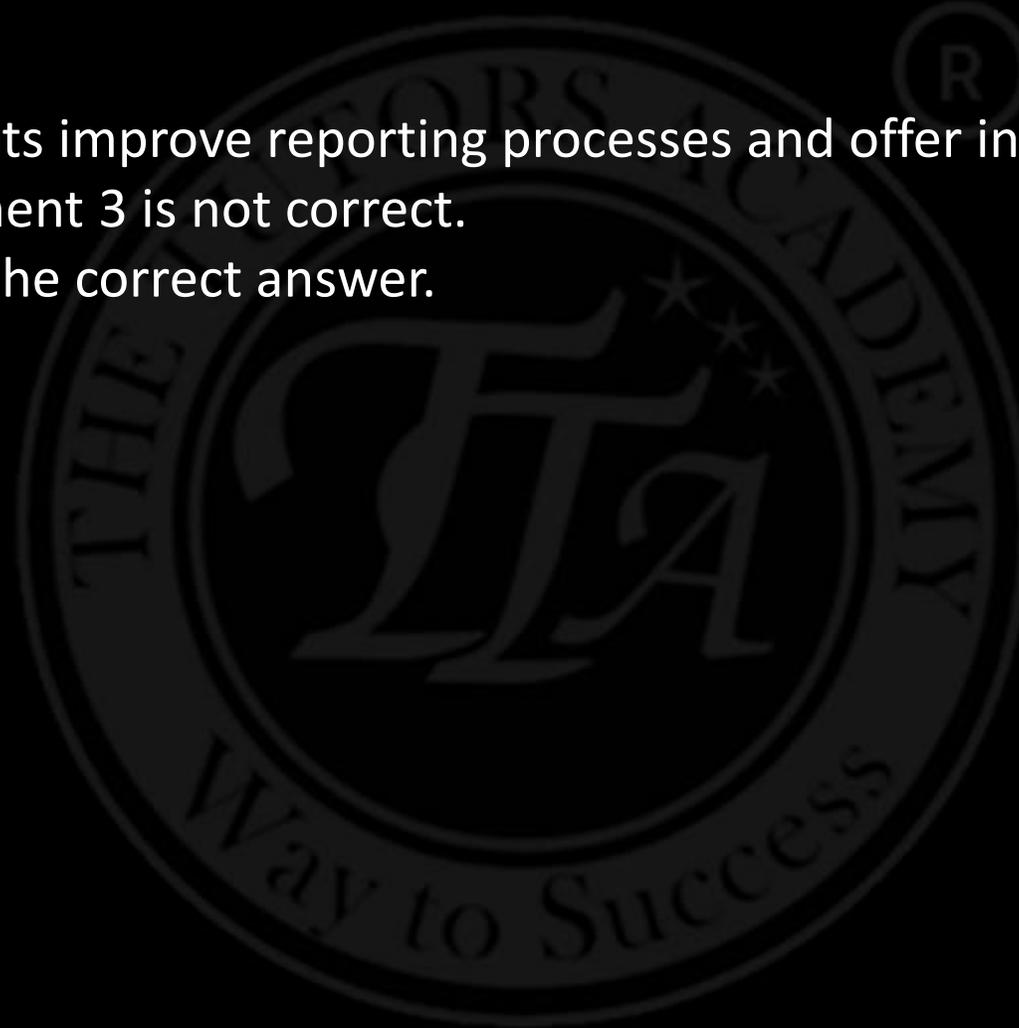
- ✓ Green bonds are debt instruments issued by governments, corporations, and multilateral banks to raise funds for projects that reduce emissions or enhance climate resilience. Hence, statements 1 and 2 are correct.
- ✓ Issuers typically offer green bonds at lower yields than conventional bonds, assuring investors that the proceeds will be used exclusively for green investments.
- ✓ The cost advantage of green bonds is determined by the difference in yield, often known as the green premium or greenium. A higher greenium helps issuers to raise capital at a lower cost, making green ventures more appealing.
- ✓ Investors in green bonds frequently want stable, long-term returns and may have internal or external mandates to devote a portion of their money to green financing. Despite their potential, green bonds make up a modest portion of the debt market and overall climate

MCQ PRACTICE



ECONOMICS

- ✓ financing, as governments improve reporting processes and offer incentives to entice investors. Hence, statement 3 is not correct.
- ✓ Therefore, option (b) is the correct answer.



QUESTION 4

With reference to the makhana (fox nut), consider the following statements:

1. It is the dried edible seed of the prickly water lily.
2. It can grow in both freshwater ponds and salty water ponds.
3. In 2022, 'Mithila Makhana' was conferred a Geographical Indication (GI) tag.
4. A Makhana Board will be established in Telangana announced during the Union Budget 2025-26.

How many of the statements given above are correct?

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

4.Explanation

- ✓ Union Finance Minister Nirmala Sitharaman announced during the presentation of the Union Budget that a “Makhana Board” would be established in Bihar. Hence, statement 4 is not correct.
- ✓ In 2022, ‘Mithila Makhana’ received a Geographical Indication (GI) tag, which indicates that a product can only be grown in a specific geographical place. Hence, statement 3 is correct.
- ✓ However, due to low productivity, a lack of food processing equipment, and the delayed emergence of effective marketing channels, Bihar, India’s largest producer of makhana, has been unable to capitalise on rising local and worldwide demand.
- ✓ Makhana, also known as fox nut, is the dried edible seed of the prickly water lily or gorgon plant (*Euryale ferox*), a species found in freshwater ponds throughout South and East Asia. Hence, statement 1 is correct and statement 2 is not correct.
- ✓ The plant is distinguished by its violet and white blooms, as well as its huge, spherical and thorny leaves, which can reach more than a metre in width.

MCQ PRACTICE

CURRENT AFFAIRS



ECONOMICS

- ✓ Bihar supplies around 90% of India's makhana output. According to a 2020 article published by the Indian Council of Agricultural Research, the makhana crop is farmed on over 15,000 hectares in Bihar, producing nearly 10,000 tonnes of popped makhana.
- ✓ Therefore, option (b) is the correct answer.

QUESTION 5

Which of the following have been identified as the areas of focus under the Make in India initiative?

1. Enhancing ease and cost of doing business
2. Manufacturing quality products
3. Availability of technology
4. Vibrant and dynamic MSME sector

Select the correct answer using the codes given below:

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

5.Explanation

- ✓ While presenting the Union Budget, Finance Minister Nirmala Sitharaman stated that ‘Make in India’ is one of the government’s ten key areas of concentration for the coming year.
- ✓ ‘Make in India’ was launched in 2014 with the sole purpose of increasing indigenous production. According to their website, the purpose is to “facilitate investment, foster innovation, enhance skill development, protect intellectual property, and build best-in-class manufacturing infrastructure”.
- ✓ These goals will be fulfilled by “entering new processes, building new infrastructure, entering new manufacturing sectors, and providing a new ‘mindset’ of public-private partnership” .
- ✓ The mission has identified the following areas of focus:
 - ✓ (i) Enhancing ease and cost of doing business;
 - ✓ (ii) Building a future-ready workforce for in-demand jobs;
 - ✓ (iii) A vibrant and dynamic MSME sector;

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CURRENT AFFAIRS



ECONOMICS

- ✓ (iv) Ensuring availability of technology; and
- ✓ (v) Manufacturing quality products.
- ✓ Therefore, option (d) is the correct answer.

