



## UPSC CURRENT AFFAIRS MCQS 03-03-2024

**Q1:**

**Consider the following statements in respect of digital money:**

- 1. Digital currencies like Bitcoin operate independently of central banks.**
- 2. Mobile wallets can facilitate contactless payments through near-field communication (NFC).**
- 3. Digital money transactions are generally irreversible, unlike credit card purchases.**
- 4. The use of digital money can enhance financial inclusion for unbanked populations.**

**How many of the statements given above are correct?**

- A: Only one**
- B: Only two**
- C: All three**
- D: None**

**Answer: C**

**Explanation:**

Bitcoin and many other cryptocurrencies operate independently of central banks.

Mobile wallets with NFC technology enable contactless payments.

While some digital transactions might be irreversible, many blockchain-based systems allow for dispute resolution and potential reversal mechanisms.

Digital payments can increase financial inclusion by providing access to financial services for the unbanked population

Hence, only statement 3 is not correct.



**Q2:**

**Consider the following statements about new monetary aggregates in India:**

- 1. TRePS (Time Deposits with Repo Facility) is a new category introduced to capture deposits mobilized through repo transactions.**
- 2. Liquidity Coverage Ratio (LCR) is a regulatory measure aimed at ensuring banks hold sufficient highly liquid assets to meet short-term obligations.**

**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

**Answer:** C

**Explanation:**

TRePS is a new category introduced by the RBI to capture deposits mobilized through repo transactions.

LCR is a regulatory measure requiring banks to hold sufficient highly liquid assets to meet short-term obligations.

Hence, both statements are correct.

**Q3:**

**Consider the following instruments:**

- 1. Open market operations (OMOs)**
- 2. Repo rate adjustments**
- 3. Cash reserve ratio (CRR)**
- 4. Bank rate**
- 5. Moral suasion**

**How many of the above-mentioned instruments are used by the Reserve Bank of India (RBI) for monetary policy?**



**A:** Only two

**B:** Only three

**C:** Only Four

**D:** All Five

**Answer:** D

**Explanation:**

Open market operations (OMOs): Buying or selling government securities to influence money supply.

Repo rate adjustments: Changing the rate at which banks borrow from the RBI, impacting lending rates and credit availability.

Cash reserve ratio (CRR): Adjusting the portion of bank deposits that must be held as reserves, affecting money supply and bank lending capacity.

Bank rate: The rate at which RBI lends to commercial banks, influencing overall interest rates in the economy.

Moral suasion: Using informal guidance and communication to influence banks' lending behavior and achieve policy objectives.

Hence, all statements are correct.

**Q4:**

**Which of the following parameters are included in the calculation of Human Development Index (HDI)?**

- 1. Per Capita Income**
- 2. Women empowerment**
- 3. Level of education**
- 4. Life expectancy**

**Select the correct answer using the code given below:**

**A:** 1 and 3 only

**B:** 1, 2 and 3 only

**C:** 1, 2 and 4 only



**D:** 1, 3 and 4 only

**Answer:** D

**Explanation:**

The Human Development Index (HDI) is a composite statistic of life expectancy, education, and per capita income indicators, which are used to rank countries into four tiers of human development.

A country scores higher HDI when the lifespan is higher, the education level is higher, the GDP per capita is higher, the fertility rate is lower, and the inflation rate is lower.

The HDI was developed by the Pakistani economist MahbubulHaq working alongside Indian economist Amartya Sen, often framed in terms of whether people are able to "be" and "do" desirable things in their life, and was published by the United Nations Development Programme.

Hence, option (d) is correct

**Q5:**

**Which of the following factors can lead to cyclical slowdown in the Indian Economy?**

- 1. Over-investment in capital assets and in inventory.**
- 2. The production of final goods is not absorbed leading to lower prices and lower economic activity.**
- 3. Changing demographics and change in consumer behaviour.**

**How many of the above statements are correct?**

**A:** Only one

**B:** Only two

**C:** All three

**D:** None

**Answer:** B

**Explanation:**



Typically, a cyclical slowdown is caused by an excess of investment demand—over-investment in capital assets (residential and non-residential) and in inventory. The production of final goods generated by excess investment is not absorbed, leading to inventory reduction, lower prices, lower economic activity, and some loss in employment. When this is accompanied by excess debt, the cyclical slowdown can be prolonged or it may become structural.

A structural slowdown, on the other hand, is a more deep-rooted phenomenon that occurs due to a one-off shift from an existing paradigm. The changes, which last over a long-term, are driven by disruptive technologies, changing demographics, and/or change in consumer behavior. Hence, option (b) is correct.