UPSC CURRENT AFFAIRS MCQS 25-02-2024

Q1:

Consider the following statements about money:

1. It facilitates transactions by acting as a medium of exchange.

2. It preserves wealth over time by acting as a store of value.

3. It enables comparisons of prices by serving as a unit of account.

How many of the above statements are correct?

A: Only one

B: Only two

C: All three

D: None

Answer: C

Explanation:

Money is:

Medium of exchange: It simplifies transactions by eliminating barter and allowing exchange of goods and services using a common medium.

Store of value: It holds its purchasing power over time, enabling saving and wealth accumulation.

Unit of account: It provides a common reference point for pricing and valuing goods and services, facilitating comparisons.

Hence, all statements are correct.

Q2:

Which of the following statement(s) is/are incorrect regarding the e-way bill system?

1. Transporters of the goods can generate the e-way bill.

2. The e-way bill is required for the transportation of all goods except for handicraft goods.

3. Its validity depends upon the distance the goods have to be transported.

Select the correct answer using the code given below:

A: Only 2

B: Only 3

C: Both 1 and 3

D: 1, 2 and 3

Answer: A

Explanation:

E-way Bill: It is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding fifty thousand rupees as mandated by the Government in terms of section 68 of the Goods and Services Tax (GST) Act. The consignor or consignee, as a registered person or a transporter of the goods, can generate the e-way bill. Hence, statement 1 is correct.

Movement of handicrafts goods for job-work purpose under specified circumstances also requires the e-way bill even if the value of consignment is less than fifty thousand rupees. Hence, statement 2 is incorrect.

The validity of the e-way bill depends upon the distance the goods have to be transported. Hence, statement 3 is also correct.

Q3:

Consider the following statements, with reference to the Certificate of Deposit (CD):

1. It is used by banks and issued to the depositors for a specified period ranging more than one year.

2. They are negotiable and tradable in the money market.

3. Financial institutions are allowed to issue CDs for the maturity periods above one year and upto three years.

Which of the statements given above are correct?

A: 1 and 3 only

B: 2 and 3 only

C: 1 and 3 only

D: 1, 2 and 3

Answer: B

Explanation:

Certificate of Deposit (CD) is organized in 1989, it is used by banks and issued to the depositors for a specified period ranging less than one year. Hence, statement 1 is incorrect.

They are negotiable and tradable in the money market. Since 1993, the RBI allowed the financial institutions to operate in it – IFCI, IDBI, IRBI and Exim Bank they can issue CDs for the maturity periods above one year and upto three years. Hence, statements 2 and 3 are correct

Q4:

With reference to measures of money supply in India, consider the following pairs:

1. M3 : Includes financial assets like time deposits and certain commercial paper.

2. M2 : Comprises M1 and savings deposits.

3. M1 : Consists of currency in circulation and demand deposits.

4. M0 : Refers to physical currency held by the public and deposits of commercial banks with RBI.

How many of the above pairs are correctly matched?

A: Only one pair

B: Only two pairs

C: Only three pairs

D: All four pairs

Answer: D

Explanation:

M3: Includes time deposits, certain commercial paper, and M2.

M2: Comprises M1 (currency and demand deposits) and savings deposits.

M1: Consists of physical currency in circulation and demand deposits with banks.

M0: Refers to the narrowest measure, including only physical currency held by the public and deposits of commercial banks with the Reserve Bank of India (RBI).

Hence, all pairs are correctly matched.

Q5:

Consider the following statements with reference to money supply in India:

1. M3 is a broader measure of money supply than M2.

2. M1 is the most liquid component of the money supply.

3. Time deposits are not included in M1.

4. Changes in M3 can significantly impact inflation.

How many of the above statements are correct?

A: Only one

B: Only two

C: Only three

D: All four

Answer: D

Explanation:

M3 is broader than M2: M3 includes M2 and additional financial assets, making it a broader measure.

M1 is the most liquid: Its components (currency and demand deposits) are readily accessible for immediate transactions.

Time deposits are not in M1: They are included in M2 but not M1 due to their lower liquidity.

Changes in M3 impact inflation: M3 represents a larger pool of potential spending power, so its fluctuation can significantly affect inflation.

Hence, all statements are correct.