

GENERAL AWARENESS – INDIAN ECONOMY

Chapter: Indian Economy

Subject:	General Awareness – Indian Economy
Total Questions:	70 MCQs
Question Type:	Multiple Choice (Single Correct Answer)
Exam Relevance:	UPSC, SSC CGL/CHSL, IBPS, RRB NTPC, State PSC, NDA, CDS, Bank Exams, Defence Exams
Topics Covered:	GDP, Banking, Monetary Policy, Fiscal Policy, Agriculture, Industry, Trade, Planning, Poverty & Current Affairs
Based On:	Static GK + Latest Current Affairs 2023–2026 (Budget 2025, Forex, UPI, Unicorns, Finance Commission)

★ ■ MACRO ECONOMY & GDP ★

Q1. India is currently the _____ largest economy in the world by GDP (nominal) as of 2025.

- A) 3rd
- B) 4th
- C) 5th
- D) 6th

✓ **Correct Answer: C) 5th**

■ *Explanation: India is the world's 5th largest economy by nominal GDP (approximately \$3.9 trillion in 2024–25), after the USA, China, Germany, and Japan. By PPP (Purchasing Power Parity), India is already the 3rd largest economy. India's nominal GDP is expected to surpass Japan and Germany in the coming decade to become the 3rd largest by 2030.*

Q2. India's GDP growth rate in 2024–25 (as per the First Advance Estimate) was approximately:

- A) 5.4%
- B) 6.4%
- C) 7.2%
- D) 8.2%

✓ **Correct Answer: B) 6.4%**

■ *Explanation: India's GDP growth rate for 2024–25 was estimated at approximately 6.4% (First Advance Estimate by NSO, January 2025). This is lower than 8.2% in 2023–24 due to slower urban consumption and investment growth. India remains the world's fastest-growing major economy among G20 nations.*

Q3. GDP can be measured by three approaches. Which of the following is NOT one of them?

- A) Expenditure Approach
- B) Income Approach (Factor Cost)
- C) Output/Production Approach (Value Added)
- D) Trade Balance Approach

✓ **Correct Answer: D) Trade Balance Approach**

■ *Explanation: GDP is measured by three approaches: (1) Output/Production Approach — sum of value added by all sectors; (2) Expenditure Approach — $C + I + G + (X - M)$; (3) Income Approach — sum of all factor incomes (wages, profits, rents, interest). Trade Balance ($X - M$) is a component of the Expenditure approach, not a separate approach.*

Q4. What is the difference between GNP (Gross National Product) and GDP?

- A) GNP includes only manufacturing sector output
- B) $GNP = GDP + \text{Net Factor Income from Abroad (NFIA)}$
- C) GNP excludes government expenditure
- D) GNP is always larger than GDP for all countries

✓ **Correct Answer: B) $GNP = GDP + \text{Net Factor Income from Abroad (NFIA)}$**

■ *Explanation: GNP (Gross National Product) = $GDP + \text{Net Factor Income from Abroad (NFIA)}$. $NFIA$ = income earned by Indian residents abroad MINUS income earned by foreigners in India. If $NFIA$ is positive (more income from abroad), $GNP > GDP$. For India, $NFIA$ is generally positive due to large remittances from the diaspora.*

Q5. The base year for India's current GDP calculation (National Income Accounts) is:

- A) 2004–05
- B) 2010–11
- C) 2011–12
- D) 2017–18

✓ **Correct Answer: C) 2011–12**

■ *Explanation: India revised its GDP base year from 2004–05 to 2011–12 in January 2015, also switching from GDP at factor cost to GDP at market prices as the primary indicator. The CSO (now NSO — National Statistical Office) under MoSPI publishes national income data.*

Q6. Which sector contributes the most to India's GDP?

- A) Agriculture (Primary Sector)
- B) Industry (Secondary Sector)
- C) Services (Tertiary Sector)
- D) Mining and Quarrying

✓ **Correct Answer: C) Services (Tertiary Sector)**

■ *Explanation: India's Services sector (including trade, hotels, transport, communication, finance, real estate, public administration, and IT/BPO) contributes approximately 55–57% of GDP. Industry contributes ~25–27%; Agriculture ~15–17%. However, agriculture employs the most people (~45–47% of workforce), illustrating India's structural transformation challenge.*

Q7. The Economic Survey, published annually before the Union Budget, is prepared by which body?

- A) Reserve Bank of India
- B) NITI Aayog
- C) Ministry of Finance (Department of Economic Affairs)
- D) Planning Commission

✓ **Correct Answer: C) Ministry of Finance (Department of Economic Affairs)**

■ *Explanation: The Economic Survey is prepared by the Ministry of Finance (Department of Economic Affairs) under the guidance of the Chief Economic Adviser (CEA) to the Government of India. It reviews the economy's performance over the previous year and outlines the economic outlook. It is presented the day before the Union Budget.*

Q8. India's Union Budget 2025–26 presented by Finance Minister Nirmala Sitharaman recorded the fiscal deficit target at what percentage of GDP?

- A) 4.9%
- B) 4.5%
- C) 4.4%
- D) 4.8%

✓ **Correct Answer: C) 4.4%**

■ *Explanation: Union Budget 2025–26 (presented on 1 February 2025) set the fiscal deficit target at 4.4% of GDP for FY 2025–26 (revised from 4.9% in FY 2024–25). The government aims to bring fiscal deficit to 4.5% by 2025–26 under the FRBM consolidation path, though the 2025–26 target was set more ambitiously at 4.4%.*

Q9. The Reserve Bank of India (RBI) was established in which year and is headquartered in which city?

- A) 1935 – Mumbai
- B) 1947 – New Delhi
- C) 1935 – Kolkata
- D) 1950 – Mumbai

✓ **Correct Answer: A) 1935 – Mumbai**

■ *Explanation: The Reserve Bank of India (RBI) was established on 1 April 1935 under the Reserve Bank of India Act, 1934. It was originally headquartered in Kolkata but permanently moved to Mumbai (then Bombay) in 1937. RBI was nationalised in 1949. The RBI Governor (2024) is Sanjay Malhotra, who succeeded Shaktikanta Das.*

Q10. The Monetary Policy Committee (MPC) of RBI sets the Repo Rate. As of early 2025, the Repo Rate was cut to what level?

- A) 5.90%
- B) 6.25%
- C) 6.50%
- D) 6.75%

✓ **Correct Answer: B) 6.25%**

■ *Explanation: RBI's MPC cut the Repo Rate by 25 basis points to 6.25% in February 2025 — the first rate cut in nearly 5 years (since May 2020). This was decided at the first MPC meeting under new RBI Governor Sanjay Malhotra. The Repo Rate is the rate at which RBI lends short-term funds to commercial banks.*

Q11. The Pradhan Mantri Jan Dhan Yojana (PMJDY) has crossed 50 crore bank accounts. What unique feature distinguishes PMJDY accounts?

- A) Fixed deposit interest of 9%
- B) Zero-balance savings accounts with free RuPay debit card and overdraft facility
- C) Loan facility up to ₹5 lakh without collateral
- D) Monthly government subsidy of ₹1,000

✓ **Correct Answer: B) Zero-balance savings accounts with free RuPay debit card and overdraft facility**

■ *Explanation: PMJDY accounts are zero-minimum-balance savings accounts with: free RuPay debit card (with ₹2 lakh accident insurance), ₹10,000 overdraft facility (for Aadhaar-linked accounts), ₹30,000 life insurance cover, and direct benefit transfer (DBT). As of 2024, 53+ crore accounts have been opened under PMJDY with ₹2.3+ lakh crore deposits.*

Q12. MUDRA (Micro Units Development and Refinance Agency) provides loans to micro-enterprises under PM Mudra Yojana. The three loan categories under MUDRA are:

- A) Bronze, Silver, Gold
- B) Shishu, Kishor, Tarun
- C) Small, Medium, Large
- D) Basic, Standard, Premium

✓ **Correct Answer: B) Shishu, Kishor, Tarun**

■ *Explanation: PM Mudra Yojana (PMMY) under MUDRA Bank provides collateral-free loans under three categories: Shishu (up to ₹50,000 — for nascent businesses), Kishor (₹50,001 to ₹5 lakh — for growing businesses), and Tarun (₹5 lakh to ₹10 lakh — for well-established businesses). A 4th category 'Tarun Plus' (₹10–20 lakh) was added in Budget 2024.*

Q13. The Insolvency and Bankruptcy Code (IBC) 2016 was a landmark reform. Its primary objective is to:

- A) Provide tax exemptions to bankrupt companies
- B) Time-bound resolution of insolvency of companies and individuals (within 180 days, extendable to 270 days)
- C) Write off all NPA (Non-Performing Assets) of PSBs
- D) Convert debt into equity for failing companies

✓ **Correct Answer: B) Time-bound resolution of insolvency of companies and individuals (within 180 days, extendable to 270 days)**

■ *Explanation: The IBC 2016 consolidated and amended laws relating to insolvency and bankruptcy, providing a time-bound (180 days, extendable to 330 days) resolution process. It established the NCLT (National Company Law Tribunal) as the adjudicating authority and IBBI (Insolvency and Bankruptcy Board of India) as the regulator. IBC has recovered over ₹3.5 lakh crore for creditors since 2016.*

Q14. The RBI's Prompt Corrective Action (PCA) framework is applied to banks when:

- A) Banks introduce new financial products without RBI approval
- B) Banks breach certain threshold levels of capital adequacy, asset quality (NPA), and return on assets
- C) Banks fail to meet priority sector lending targets
- D) Banks expand abroad without RBI permission

✓ **Correct Answer: B) Banks breach certain threshold levels of capital adequacy, asset quality (NPA), and return on assets**

■ *Explanation: RBI's PCA (Prompt Corrective Action) framework is triggered when banks breach threshold levels of: Capital Adequacy Ratio (CAR/CRAR), Net NPA ratio, and Return on Assets (RoA). Banks under PCA face restrictions on branch expansion, dividend payment, and management compensation. PCA aims to prevent bank failures before they become systemic.*

★ ■ **GOVERNMENT BUDGET & FISCAL POLICY** ★

Q15. The FRBM (Fiscal Responsibility and Budget Management) Act 2003 was enacted to achieve what target?

- A) Eliminate revenue deficit and reduce fiscal deficit to 3% of GDP
- B) Achieve 8% GDP growth every year
- C) Reduce public debt to 30% of GDP
- D) Eliminate fiscal deficit completely by 2020

✓ **Correct Answer: A) Eliminate revenue deficit and reduce fiscal deficit to 3% of GDP**

■ *Explanation: The FRBM Act 2003 mandates the government to: eliminate revenue deficit and reduce fiscal deficit to 3% of GDP by a fixed target date. The NK Singh Committee (2016) recommended retaining the 3% fiscal deficit target as the anchor. The target has been repeatedly deferred due to economic shocks (COVID-19, global slowdown).*

Q16. India's Direct Tax to GDP ratio is relatively low (around 6%). Direct Taxes include which of the following?

- A) GST and Custom Duty
- B) Income Tax and Corporate Tax
- C) Excise Duty and Sales Tax
- D) Stamp Duty and Professional Tax

✓ **Correct Answer: B) Income Tax and Corporate Tax**

■ *Explanation: Direct Taxes are taxes levied directly on an individual's or entity's income/wealth: Income Tax (personal income tax), Corporate Tax (tax on company profits), Capital Gains Tax, and Securities Transaction Tax (STT). Indirect Taxes (GST, Customs Duty) are collected by intermediaries. Direct Tax to GDP ratio in India (~6%) is low compared to developed nations (~15%).*

Q17. Capital expenditure in the Union Budget refers to:

- A) Spending on salaries and pensions of government employees
- B) Spending that creates long-term assets or reduces government liabilities (infrastructure, equipment)
- C) Subsidies paid to farmers and the poor
- D) Interest payments on government debt

✓ **Correct Answer: B) Spending that creates long-term assets or reduces government liabilities (infrastructure, equipment)**

■ *Explanation: Capital Expenditure (Capex) creates long-term assets — roads, railways, ports, power plants, schools, hospitals, and defence equipment — or reduces liabilities (loan repayments). Revenue Expenditure covers routine operational expenses — salaries, pensions, subsidies, interest payments. The Union Budget 2025–26 allocated ■ 11.21 lakh crore for capital expenditure (3.4% of GDP).*

★ ■ **AGRICULTURE & RURAL ECONOMY** ★

Q18. The Minimum Support Price (MSP) for agricultural crops is recommended by which body?

- A) NABARD
- B) Commission for Agricultural Costs and Prices (CACP)
- C) Food Corporation of India (FCI)
- D) NITI Aayog

✓ **Correct Answer: B) Commission for Agricultural Costs and Prices (CACP)**

■ *Explanation: MSP (Minimum Support Price) is recommended by CACP (Commission for Agricultural Costs and Prices) — a statutory body under the Ministry of Agriculture. The Union Cabinet approves MSP for 23 major crops (14 Kharif + 6 Rabi + 4 other commercial crops). FCI procures wheat and rice at MSP; NAFED procures oilseeds and pulses.*

Q19. Operation Flood (1970–1996) transformed India into the world's largest milk producer. It was spearheaded by which person?

- A) M.S. Swaminathan
- B) Verghese Kurien
- C) Norman Borlaug
- D) C. Subramaniam

✓ **Correct Answer: B) Verghese Kurien**

■ *Explanation: Operation Flood — the world's largest dairy development programme — was led by Dr. Verghese Kurien (known as the 'Milkman of India' or 'Father of the White Revolution'). It was implemented through NDDB (National Dairy Development Board) and AMUL cooperative model, making India the world's largest milk producer.*

Q20. PM-KISAN (Pradhan Mantri Kisan Samman Nidhi) provides what financial support to farmers?

- A) ■3,000/year in 4 instalments
- B) ■6,000/year in 3 equal instalments of ■2,000 each
- C) ■10,000/year as single annual payment
- D) ■5,000/year linked to crop production

✓ **Correct Answer: B) ■6,000/year in 3 equal instalments of ■2,000 each**

■ *Explanation: PM-KISAN (launched February 2019) provides ■6,000 per year to all eligible farmer families in three equal instalments of ■2,000 each (every 4 months) directly through DBT (Direct Benefit Transfer). As of 2024, over 9 crore farmers benefit. Budget 2024 maintained PM-KISAN but did NOT increase the amount as demanded by farmers.*

Q21. The National Food Security Act (NFSA) 2013 provides subsidised food grains to what percentage of India's population?

- A) 50%
- B) 60%
- C) 67%
- D) 75%

✓ **Correct Answer: C) 67%**

■ *Explanation: The NFSA 2013 provides legal entitlement to subsidised food grains to 67% of India's population — 75% of rural and 50% of urban population. Under NFSA: Priority Households receive 5 kg/person/month of rice, wheat, or coarse grains at ₹3, ₹2, and ₹1/kg respectively. Antyodaya Anna Yojana (AAY) households receive 35 kg/month. Under PM Garib Kalyan Anna Yojana, food is provided free.*

Q22. E-NAM (National Agriculture Market) is an online trading platform for agricultural commodities. How many Agricultural Produce Market Committee (APMC) mandis have been integrated?

- A) 500 mandis
- B) 1,000 mandis
- C) 1,389 mandis
- D) 2,000 mandis

✓ **Correct Answer: C) 1,389 mandis**

■ *Explanation: E-NAM (National Agriculture Market), launched in April 2016 under the Ministry of Agriculture, is a pan-India electronic trading portal networking Agricultural Produce Market Committee (APMC) mandis. As of 2024, approximately 1,389 mandis across 23 states and 4 UTs are integrated on the e-NAM platform, facilitating price discovery and reducing intermediaries.*

★ ■ INDUSTRY & MANUFACTURING ★

Q23. Production-Linked Incentive (PLI) Scheme was launched to boost manufacturing in India. It covers how many sectors?

- A) 10 sectors
- B) 14 sectors
- C) 16 sectors
- D) 20 sectors

✓ **Correct Answer: B) 14 sectors**

■ *Explanation: The PLI (Production-Linked Incentive) Scheme, launched in 2020–21, covers 14 key sectors: Mobile phones & Electronic components, Pharmaceutical drugs, Medical devices, Automobiles & Auto components, Advanced Chemistry Cell batteries, Textile Products, Food Processing, Telecom & Networking Products, White Goods (AC, LED), Specialty Steel, Solar PV Modules, Drone components, and Semiconductors. Total outlay: -₹1.97 lakh crore.*

Q24. India's Index of Industrial Production (IIP) is released monthly by which organisation?

- A) RBI
- B) Ministry of Commerce and Industry
- C) National Statistical Office (NSO)/MoSPI
- D) DPIIT

✓ **Correct Answer: C) National Statistical Office (NSO)/MoSPI**

■ *Explanation: The Index of Industrial Production (IIP) is released by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MoSPI). IIP measures the growth rate of industrial production in three sectors: Manufacturing (77.6% weight), Mining (14.4%), and Electricity (8%). Base year: 2011–12.*

Q25. India's Defence Export target for 2028–29 is set at:

- A) ■5,000 crore
- B) ■15,000 crore
- C) ■35,000 crore
- D) ■50,000 crore

✓ **Correct Answer: C) ■35,000 crore**

■ *Explanation: India's defence exports have grown from ■686 crore in 2013–14 to ■21,083 crore in 2023–24. The target is to achieve defence exports of ■35,000 crore (\$5 billion) by 2028–29. India now exports defence equipment to 85+ countries including BrahMos missiles, ALH helicopters, Dornier aircraft, and ammunition.*

Q26. The 'Make in India' initiative was launched in which year and targeted which sectors for investment?

- A) 2014 – 25 sectors
- B) 2015 – 20 sectors
- C) 2014 – 20 sectors and later expanded to 27 sectors
- D) 2016 – 15 sectors

✓ **Correct Answer: C) 2014 – 20 sectors and later expanded to 27 sectors**

■ *Explanation: Make in India was launched by PM Modi on 25 September 2014, initially targeting 25 sectors (manufacturing + services) for investment and growth. It has since been expanded to 27 sectors. Make in India 2.0 focuses on 27 champion sectors (15 manufacturing + 12 services) to make India a global manufacturing hub and improve Ease of Doing Business.*

★ ■ **TRADE & BALANCE OF PAYMENTS** ★

Q27. India's largest merchandise export destination in 2023–24 was:

- A) China
- B) UAE
- C) USA
- D) UK

✓ **Correct Answer: C) USA**

■ *Explanation: The USA is consistently India's largest merchandise export destination, accounting for approximately 17–18% of India's total exports. Other major export destinations include UAE, Netherlands, UK, and China. India's top merchandise exports include petroleum products, gems & jewellery, engineering goods, chemicals, and pharmaceuticals.*

Q28. India's largest import from China — which has caused a persistent trade deficit — is:

- A) Crude petroleum
- B) Electronic components and machinery
- C) Gold and silver
- D) Fertilisers

✓ **Correct Answer: B) Electronic components and machinery**

■ *Explanation: China is India's largest source of imports (approximately \$85–100 billion annually), primarily electronic components, machinery, chemicals, organic chemicals, and telecommunications equipment. India's trade deficit with China is the largest bilateral deficit (~\$85 billion in 2023–24). This has accelerated India's PLI schemes for domestic electronics manufacturing.*

Q29. The current account of Balance of Payments (BoP) includes which components?

- A) Foreign Direct Investment and Portfolio Investment
- B) Trade in Goods (Merchandise), Trade in Services, Primary Income, and Secondary Income (Remittances)
- C) External Borrowings and IMF loans only
- D) Forex Reserves and Exchange Rate movements

✓ **Correct Answer: B) Trade in Goods (Merchandise), Trade in Services, Primary Income, and Secondary Income (Remittances)**

■ *Explanation: Current Account includes: (1) Merchandise Trade (exports minus imports of goods — India's trade deficit); (2) Services Trade (IT/BPO exports, tourism — India has a surplus); (3) Primary Income (investment income, dividends); (4) Secondary Income (remittances — India is the world's largest recipient). Capital Account covers FDI, FPI, and external borrowings.*

Q30. India is the world's largest recipient of remittances. As per the World Bank, India received approximately how much in remittances in 2023?

- A) \$50 billion
- B) \$80 billion
- C) \$125 billion
- D) \$150 billion

✓ **Correct Answer: C) \$125 billion**

■ *Explanation: India received approximately \$125 billion in remittances in 2023 (World Bank data), making it the world's largest recipient of remittances — far exceeding any other country. Key sources: USA, UAE, Saudi Arabia, UK, and Kuwait. Remittances from the Indian diaspora (over 32 million Indians abroad) are a crucial source of foreign exchange and help finance India's current account deficit.*

★ ■ **PLANNING, DEVELOPMENT & POVERTY** ★

Q31. India's Five-Year Plans were abolished with the dissolution of the Planning Commission. The last Five-Year Plan was:

- A) 11th Plan (2007–12)
- B) 12th Plan (2012–17)
- C) 13th Plan (2017–22)
- D) 10th Plan (2002–07)

✓ **Correct Answer: B) 12th Plan (2012–17)**

■ *Explanation: The 12th Five-Year Plan (2012–17) was the last Five-Year Plan of India. After the Planning Commission was replaced by NITI Aayog in January 2015, the tradition of Five-Year Plans was discontinued. NITI Aayog replaced Plans with a 3-year Action Agenda, 7-year Medium-term Strategy, and 15-year Vision Document (India @ 75/Vision 2032).*

Q32. The Human Development Index (HDI) is published annually by UNDP. India's HDI rank in the 2023/2024 report was approximately:

- A) 90th
- B) 112th
- C) 134th
- D) 150th

✓ **Correct Answer: C) 134th**

■ *Explanation: India ranked 134th out of 193 countries in the UNDP Human Development Report 2023/24, with an HDI value of 0.644 (medium human development category). India's HDI has improved significantly from 0.434 in 1990 to 0.644 in 2022. The top-ranked countries are Switzerland, Norway, and Iceland.*

Q33. The Viksit Bharat @2047 vision aims to make India a developed nation by 2047. What is the target GDP size for India by 2047?

- A) \$5 trillion
- B) \$10 trillion
- C) \$20 trillion
- D) \$30+ trillion

✓ **Correct Answer: D) \$30+ trillion**

■ *Explanation: The Viksit Bharat @2047 (Developed India) vision aims to transform India into a developed economy by the centenary of Independence. Various projections (Goldman Sachs, Morgan Stanley, government think tanks) project India's GDP could reach \$30 trillion+ by 2047, making it the world's 2nd or 3rd largest economy. India currently needs to sustain ~8% growth for this.*

Q34. The Multidimensional Poverty Index (MPI) for India, released by NITI Aayog, showed a dramatic reduction in poverty. According to the 2023 report, how many people escaped multidimensional poverty between 2015–16 and 2019–21?

- A) 5.9 crore people
- B) 13.5 crore people
- C) 24.82 crore people
- D) 41.5 crore people

✓ **Correct Answer: C) 24.82 crore people**

■ *Explanation: NITI Aayog's National MPI report (2023) found that 24.82 crore (248.2 million) Indians escaped multidimensional poverty between 2015–16 and 2019–21 — a remarkable achievement. India's MPI score declined from 0.117 (2015–16) to 0.066 (2019–21). Uttar Pradesh recorded the largest absolute decline in poor persons.*

Q35. India's Gini Coefficient for income inequality has been approximately 0.47–0.57 (rising trend). A Gini Coefficient of 0 represents:

- A) Maximum inequality (one person owns everything)
- B) Perfect equality (everyone has equal income)
- C) Equal split between rich and poor 50-50
- D) GDP per capita at PPP

✓ **Correct Answer: B) Perfect equality (everyone has equal income)**

■ *Explanation: The Gini Coefficient ranges from 0 (perfect equality) to 1 (maximum inequality). India's Gini coefficient has been rising, indicating growing income inequality. India's top 1% own approximately 40% of national wealth (Oxfam 2024 report). Rural-urban and inter-state income disparities remain significant challenges.*

★ ■ **DISINVESTMENT & PSUs** ★

Q36. The government categorises Public Sector Enterprises (PSEs) as Maharatna, Navratna, and Miniratna. What is the primary benefit of Maharatna status?

- A) Listed on stock exchanges mandatorily
- B) Enhanced financial and operational autonomy — can invest up to ₹5,000 crore per project without government approval
- C) Exempt from CAG audit
- D) Can hire foreign CEOs directly

✓ **Correct Answer: B) Enhanced financial and operational autonomy — can invest up to ₹5,000 crore per project without government approval**

■ *Explanation: Maharatna PSUs (e.g., ONGC, Coal India, NTPC, BHEL, BPCL, GAIL, IOC, SAIL, HPCL, SAIL, PowerGrid, Bharat Electronics) enjoy the highest financial autonomy — they can invest up to ₹5,000 crore per project (or 15% of net worth, whichever is lower) without government approval. India currently has 14 Maharatna companies.*

Q37. LIC (Life Insurance Corporation of India) was listed on stock exchanges in May 2022. Its IPO was India's largest ever IPO. LIC was nationalised in which year?

- A) 1947
- B) 1955
- C) 1956
- D) 1969

✓ **Correct Answer: C) 1956**

■ *Explanation: LIC (Life Insurance Corporation of India) was established on 1 September 1956 after nationalisation of 245 private insurance companies. It became the world's largest insurance company by policy count. LIC's IPO in May 2022 (₹21,008 crore raised) was India's largest ever IPO, listing on NSE and BSE. The government reduced its stake from 100% to ~96.5%.*

★ ■ EXTERNAL SECTOR & FOREX ★

Q38. India's foreign exchange reserves as of early 2025 stood at approximately:

- A) \$300 billion
- B) \$430 billion
- C) \$640 billion
- D) \$750 billion

✓ **Correct Answer: C) \$640 billion**

■ *Explanation: India's foreign exchange (forex) reserves stood at approximately \$640–650 billion as of early 2025 — among the world's top 5 largest forex reserves. India's forex reserves peaked at ~\$704 billion in September 2021. The reserves cover approximately 11–12 months of imports, providing significant import cover and exchange rate stability.*

Q39. The RBI uses which instruments to manage liquidity in the banking system?

- A) Repo Rate, Reverse Repo Rate, CRR, SLR, and Open Market Operations (OMOs)
- B) Only interest rates (Repo Rate)
- C) Only reserve requirements (CRR and SLR)
- D) Only Exchange Rate intervention

✓ **Correct Answer: A) Repo Rate, Reverse Repo Rate, CRR, SLR, and Open Market Operations (OMOs)**

■ *Explanation: RBI uses multiple monetary policy instruments: Repo Rate (lending rate to banks); Reverse Repo Rate (borrowing rate from banks); CRR (Cash Reserve Ratio — cash banks must keep with RBI, currently 4%); SLR (Statutory Liquidity Ratio — liquid assets banks must maintain, currently 18%); OMOs (buying/selling government securities); and MSF (Marginal Standing Facility).*

Q40. The India–UAE Comprehensive Economic Partnership Agreement (CEPA), the first trade deal India signed in a decade, was signed in which year?

- A) 2020
- B) 2021
- C) 2022
- D) 2023

✓ **Correct Answer: C) 2022**

■ *Explanation: India and UAE signed the CEPA (Comprehensive Economic Partnership Agreement) in February 2022 — India's first trade deal in a decade. It came into force in May 2022. Under CEPA, 90% of India's exports to UAE (by value) and 80% of UAE's exports to India became duty-free. It aims to increase bilateral trade to \$100 billion by 2030.*

Q41. India's nominal GDP surpassed which country to become the 5th largest economy in the world, overtaking it in 2022?

- A) France
- B) Germany
- C) UK
- D) Japan

✓ **Correct Answer: C) UK**

■ *Explanation: India overtook the United Kingdom to become the world's 5th largest economy (by nominal GDP) in 2022. India's nominal GDP grew to ~\$3.4 trillion (2022), surpassing the UK's ~\$3.08 trillion. Earlier, India had overtaken France (2019). India is now targeting to surpass Japan and Germany to become the 3rd largest economy by 2030.*

★ ■ **CURRENT AFFAIRS – INDIAN ECONOMY 2023–26** ★

Q42. India's Unified Payments Interface (UPI) processed how many transactions in FY 2023–24?

- A) 50 billion transactions worth ■100 lakh crore
- B) 131 billion transactions worth ■200 lakh crore
- C) 78 billion transactions worth ■182 lakh crore
- D) 200 billion transactions worth ■300 lakh crore

✓ **Correct Answer: C) 78 billion transactions worth ■182 lakh crore**

■ *Explanation: UPI processed approximately 131 billion (13,100 crore) transactions in FY 2023–24, with a value of ~■200 lakh crore. India accounts for approximately 46% of all global real-time digital payment transactions. In May 2024 alone, UPI crossed 14 billion transactions in a single month. UPI has expanded internationally to Singapore, UAE, UK, France, and other countries.*

Q43. India's Start-up Ecosystem has over 1 lakh DPIIT-recognised startups (2024). How many 'Unicorns' (startups valued at \$1 billion+) does India have?

- A) 25 unicorns
- B) 60 unicorns
- C) 100+ unicorns
- D) 200+ unicorns

✓ **Correct Answer: C) 100+ unicorns**

■ *Explanation: India has 100+ unicorn startups (companies valued at \$1 billion or more) — making it the world's 3rd largest startup ecosystem after the USA and China. Notable Indian unicorns include Byju's (EdTech), Zomato, Swiggy, OYO, CRED, Meesho, Razorpay, and PhonePe. India's startup ecosystem has generated 12+ lakh jobs.*

Q44. The 16th Finance Commission constituted in 2023 is headed by Dr. Arvind Panagariya and will cover which period?

- A) 2021–2026
- B) 2024–2029
- C) 2026–2031
- D) 2025–2030

✓ **Correct Answer: C) 2026–2031**

■ *Explanation: The 16th Finance Commission (16th FC) was constituted in December 2023 under the chairmanship of Dr. Arvind Panagariya (former Vice-Chairman of NITI Aayog). Its recommendations will cover the period 2026–2031. The 15th Finance Commission (under N.K. Singh) covered 2021–2026 and recommended 41% devolution of central taxes to states.*

Q45. India's merchandise exports in 2023–24 were approximately:

- A) \$250 billion
- B) \$370 billion
- C) \$447 billion
- D) \$500 billion

✓ **Correct Answer: C) \$447 billion**

■ *Explanation: India's merchandise exports in 2023–24 were approximately \$437–447 billion (slightly lower than \$451 billion in 2022–23 due to global demand slowdown). India's services exports were approximately \$340 billion in 2023–24. Together, India's total exports (merchandise + services) exceeded \$776 billion.*

Q46. National Monetisation Pipeline (NMP), launched in 2021, aims to monetise core government assets. What is the estimated value of assets to be monetised over 4 years (2021–25)?

- A) ■1 lakh crore
- B) ■3.5 lakh crore
- C) ■6 lakh crore
- D) ■10 lakh crore

✓ **Correct Answer: C) ■6 lakh crore**

■ *Explanation: The National Monetisation Pipeline (NMP) aims to unlock value from brownfield (existing) public sector assets through various structures (TOT — Toll-Operate-Transfer, DBFOT, InvITs) over FY2022–25, targeting ■6 lakh crore. Key asset categories: Roads (~■1.6 lakh crore), Railways (~■1.5 lakh crore), Power (~■0.85 lakh crore), and Telecom, Mining, Aviation.*

Q47. India's core inflation (excluding food and fuel) remained elevated. The RBI's inflation target is to maintain CPI inflation at:

- A) 2% ± 1% (target: 2%)
- B) 4% ± 2% (target: 4%)
- C) 5% ± 1% (target: 5%)
- D) 6% maximum (no lower bound)

✓ **Correct Answer: B) 4% ± 2% (target: 4%)**

■ *Explanation: Under India's flexible inflation targeting framework (adopted 2016 under the amended RBI Act), the MPC is mandated to maintain CPI (Consumer Price Index) inflation at 4% (with a tolerance band of ±2%, i.e., 2%–6%). If inflation breaches the tolerance band for three consecutive quarters, the MPC must report to the government with remedial measures.*

Q48. The Sovereign Gold Bond (SGB) Scheme, launched by RBI/GOI, was recently discontinued. What was the primary purpose of SGBs?

- A) To raise funds for gold mining operations
- B) To reduce physical gold demand by offering paper-based gold investment with 2.5% annual interest
- C) To hedge against currency depreciation
- D) To fund the government's gold purchase programme

✓ **Correct Answer: B) To reduce physical gold demand by offering paper-based gold investment with 2.5% annual interest**

■ *Explanation: Sovereign Gold Bonds (SGBs), launched in November 2015 by RBI/GOI, were aimed at reducing India's physical gold demand (which strains the current account) by offering bonds denominated in grams of gold with 2.5% annual interest + capital gains (exempt from capital gains tax if held till maturity of 8 years). The government discontinued new SGB issuances in Budget 2024–25.*

Q49. The Unified Logistics Interface Platform (ULIP), launched under PM Gati Shakti, integrates data from how many systems for seamless freight movement?

- A) 10 systems
- B) 20 systems
- C) 35+ systems
- D) 50+ systems

✓ **Correct Answer: C) 35+ systems**

■ *Explanation: ULIP (Unified Logistics Interface Platform), launched under PM Gati Shakti National Master Plan, integrates data from 35+ different transport and logistics systems (Customs, GSTN, e-Way Bill, FASTag, Railways, Ports, Airports, etc.) on a single API-based platform. It helps importers/exporters track cargo end-to-end, reduces paperwork, and cuts logistics costs.*

Q50. India's unemployment rate as measured by PLFS (Periodic Labour Force Survey) 2023–24 was approximately:

- A) 3.2%
- B) 6.2%
- C) 8.8%
- D) 12.5%

✓ **Correct Answer: A) 3.2%**

■ *Explanation: India's unemployment rate as per PLFS (Periodic Labour Force Survey) Annual Report 2023–24 was approximately 3.2% on usual status (persons unemployed for most of the year). Labour Force Participation Rate (LFPR) improved. However, the Centre for Monitoring Indian Economy (CMIE) estimates higher unemployment (~7.5–8%) as it uses different methodology. India's youth unemployment (~21–23%) remains a concern.*

Q51. GIFT City (Gujarat International Finance Tec-City) in Gandhinagar is India's first operational smart city and IFSC (International Financial Services Centre). What type of transactions does GIFT IFSC facilitate?

- A) Only domestic rupee transactions
- B) International financial services — forex transactions, offshore banking, capital market operations in foreign currencies
- C) Government bond issuances only
- D) Insurance premium collections

✓ Correct Answer: B) International financial services — forex transactions, offshore banking, capital market operations in foreign currencies

■ *Explanation: GIFT IFSC (International Financial Services Centre) in Gandhinagar, Gujarat, is India's first and only IFSC — a jurisdiction where financial services are offered in foreign currencies. It houses India's first international stock exchange (NSE IFSC, BSE IFSC), international banking units, insurance companies, and fund management entities. IFSCA (IFSC Authority) regulates all entities in GIFT IFSC.*

■ Prepared by PolyNotesHub | For more study materials visit: www.polynotesHub.co.in

Covers GDP, Banking, Monetary Policy, Fiscal Policy, Agriculture, Industry, Trade, Planning, Poverty & Current Affairs. Ideal for UPSC, SSC CGL/CHSL, RRB NTPC, IBPS, Bank Exams & all Government Examinations.

Poly Notes Hub