

## Sample Questions From Test 1

1) With reference to 'Primary Agricultural Credit Societies' (PACS) in India, consider the following statements:

1. PACS are registered under the Co-operative Societies Act and are regulated by the state government only.
2. PACS constitute the lowest tier of the Short-Term Co-operative Credit (STCC) structure, and the Individual farmers are members of the PACS.
3. National Bank for Agriculture and Rural Development (NABARD) refines PACS through District Central Co-operative Banks (DCCBs) and State Co-operative Banks (SCBs).

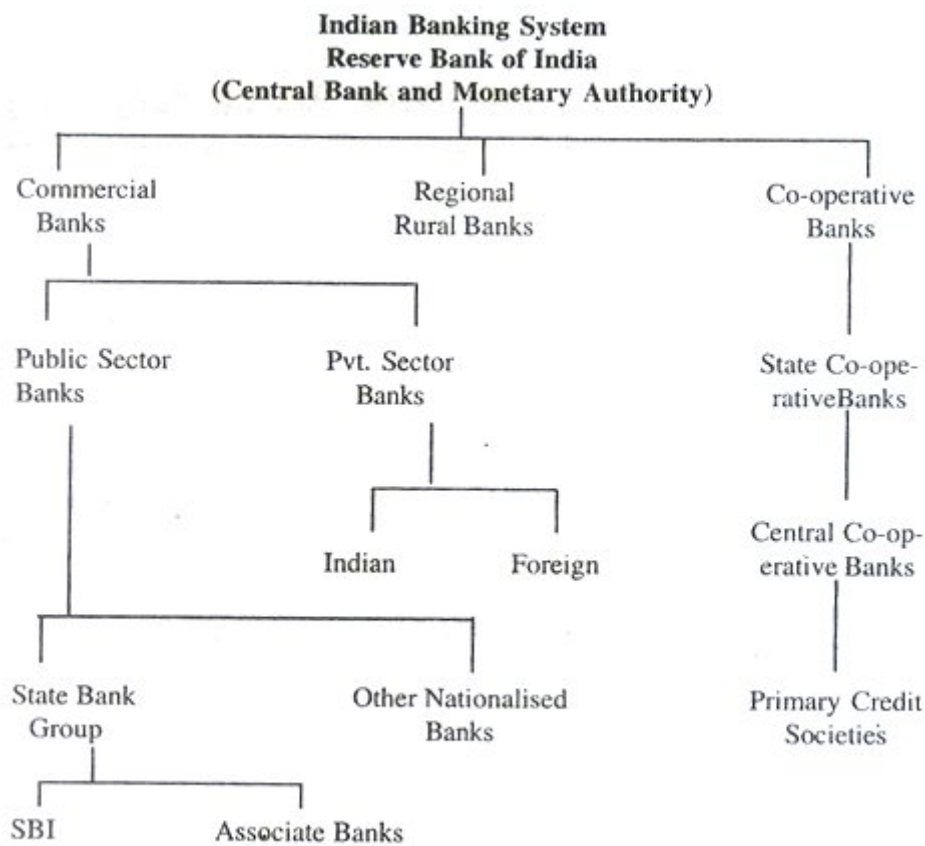
*How many of the statements given above is/are correct?*

- a) Only One
- b) Only Two
- c) All Three
- d) None

### Explanation

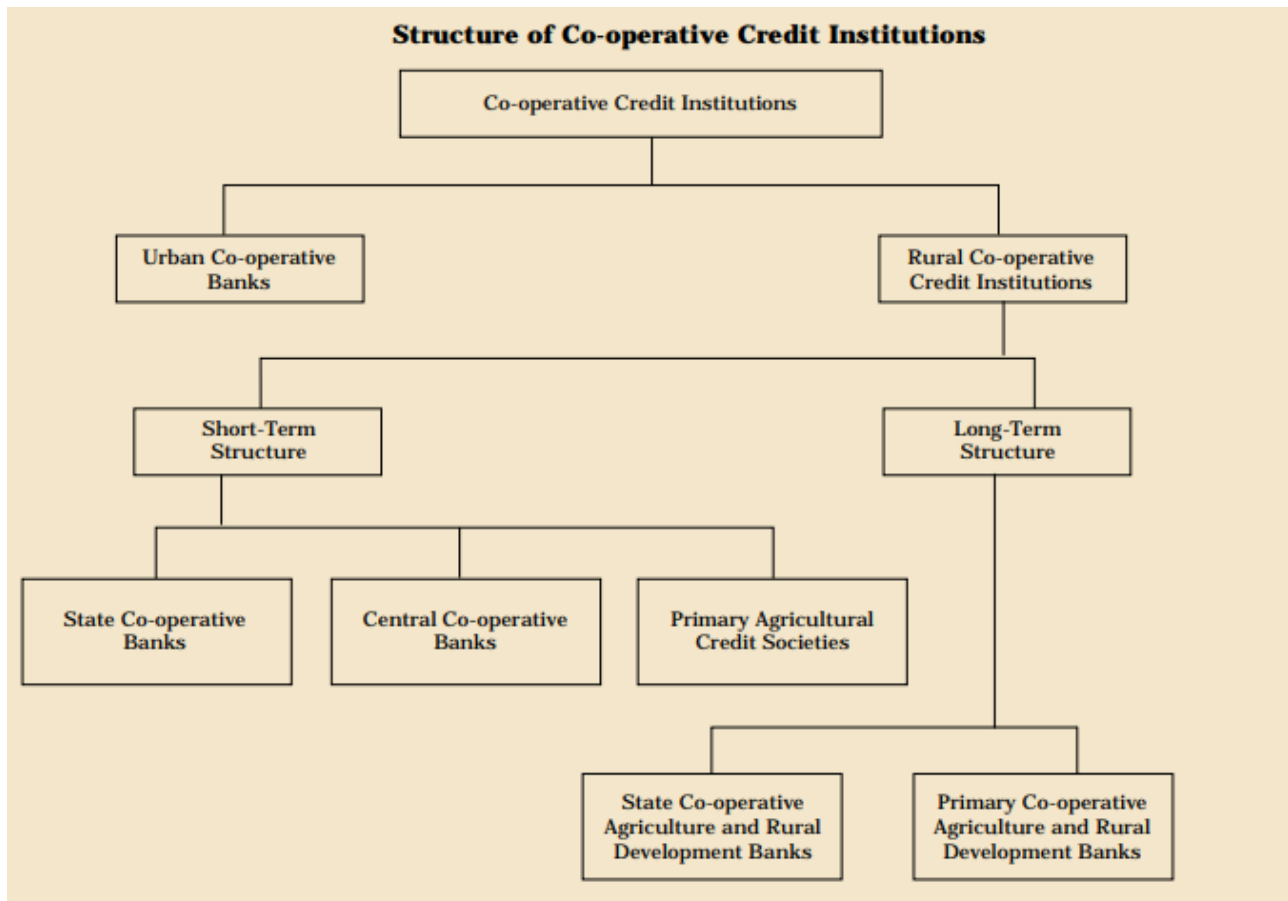
**Statements 2 is correct**

- **PACS** are grassroots-level (**gram panchayat** and **village-level**) cooperative credit societies that **deal directly** with **farmers**.
- **Individual farmers** are **members** of the **PACS**, and **office-bearers** are **elected from within them**.
- A village can have **multiple PACS**.
- PACS serve as the **last link** in a **three-tier** cooperative credit structure:
  1. State Co-operative Banks,
  2. District Central Co-operative Banks, and
  3. PACS (the **smallest** cooperative **credit institution**).
- That is, PACS are the **final link** between the ultimate borrowers, i.e., rural people, on the one hand, and the higher agencies, i.e., Central Cooperative Banks, State Cooperative Banks, and Reserve Bank of India, on the other hand.



STRUCTURE OF INDIAN BANKING SYSTEM

- PACS also constitute the **lowest tier** of the **Short-Term Cooperative Credit (STCC)** structure.



### Statements 3 is correct

- NABARD refines PACS through District Central Cooperative Banks (DCCBs) and State Cooperative Banks (SCBs).

### Statement 1 is incorrect

- PACS operate under the purview of the Cooperative Societies Act, thereby falling under the regulatory authority of the State government, particularly in terms of administrative aspects. Additionally, they are also subject to regulation by the Reserve Bank of India (RBI).
- They are governed by the "Banking regulation Act-1949" and Banking Laws (Co-operative societies) Act 1965.

Answer: (b) Only two | Difficulty Level: Easy

## 2) In India, which one of the following is responsible for releasing the 'Export Preparedness Index' (EPI)?

- NITI Aayog
- Reserve Bank of India
- Ministry of Commerce and Industry
- Directorate General of Export Promotion (DGEP)

### Explanation

- NITI Aayog releases the annual Export Preparedness Index (EPI).
- The recently issued third edition, EPI 2022, provides a detailed analysis of India's export performance in FY22.
- It includes sector-specific and district-level trends in merchandise exports for States and Union Territories.



Answer: (a) NITI Aayog | Difficulty Level: Hard

### 3) Consider the following statements:

1. Statement-I: Society for Worldwide Interbank Financial Telecommunication (SWIFT) provides a secure financial communication network between banks globally to avoid fraudulent transactions.
2. Statement-II: SWIFT ensures the faster transfer of information from one bank to another bank regardless of whether both banks are in the same country or not, and it also does perform clearing or settlement functions.

**Which one of the following is correct in respect of the above statements?**

- a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I
- b) Both Statement-1 and Statement-II are correct and Statement-II is not the correct explanation for Statement-I
- c) Statement-I is correct but Statement-II is incorrect
- d) Statement-I is incorrect Statement-II is correct

### Explanation

- SWIFT is a **Belgian cooperative society** (members frame the rules) that provides a **secure financial message/communication network** between **banks globally** to avoid fraudulent transactions.
- It, however, **does not manage accounts** or **hold funds** on behalf of **individuals** or **financial institutions**.
- SWIFT provides a unique SWIFT code to each member institution, which helps identify the financial institution during an international transaction.
- It also **does not perform clearing** or **settlement functions** (After payment is initiated, it must be settled through a payment system).

**Answer: (c) Statement-I is correct but Statement-II is incorrect | Difficulty Level: Medium**

### 4) Consider the following statements:

1. Statement-I: Inflation causes a decline in the purchasing power of money and erodes the real value of savings.
2. Statement-II: Inflation is a sustained increase in the general price level of goods and services in an economy over a period of time.

**Which one of the following is correct in respect of the above statements?**

- a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I
- b) Both Statement-1 and Statement-II are correct and Statement-II is not the correct explanation for Statement-I

- c) Statement-I is correct but Statement-II is incorrect
- d) Statement-I is incorrect Statement-II is correct

## Explanation

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### Statement 2 is correct

- **Inflation**, as defined by the International Monetary Fund, is the **rate of increase in prices over a given period**, encompassing a **broad measure** of **overall** price increases **or for specific** goods and services.

### Statement 1 is correct

- Inflation causes a **decline** in the **purchasing power of money** and **erodes the real value of savings** by making goods and services **more expensive** over time.
- This means that a **unit of money**, such as a dollar, **can buy less goods and services than before**.
  - ❖ For example, in 1970, the average cup of coffee cost 2.5 rupees; by 2019, it had climbed to 15. So, for 30, you would have been able to buy about 2 cups of coffee in 2019, versus 12 cups in 1970. That's **inflation**, and it **isn't limited** to price spikes for any single item or service. It can also refer to the increase in prices across a sector, such as retail or automotive, and, ultimately, a country's economy.
- **Purchasing power** is a measure of **how many goods or services** you can **buy with a unit of currency** (the currency might be a commodity, such as gold, silver, or a government-issued currency).
- **Purchasing power** and **inflation** are two sides of the same coin. **Purchasing power** **measures what a unit of currency can buy**, while **inflation** **measures rising prices**.
- When inflation **reduces purchasing power**, it also **reduces the value of debt**. This means that if you owe money, such as a mortgage or a student loan, **you will pay back less in real terms** than you borrowed. However, this also means that your **savings will lose value over time**, as the **interest rate you earn may not keep up with inflation**.
- For example, if you have \$10,000 in a savings account that earns 1% interest per year, but the inflation rate is 3% per year, your real interest rate is -2%. This means that after one year, your savings will be worth \$9,800 in real terms. Therefore, inflation can have both positive and negative effects on your finances, depending on whether you are a **borrower (positive effect)** or a **saver (negative effect)**.

### Statement 2 is also the correct explanation for Statement 1

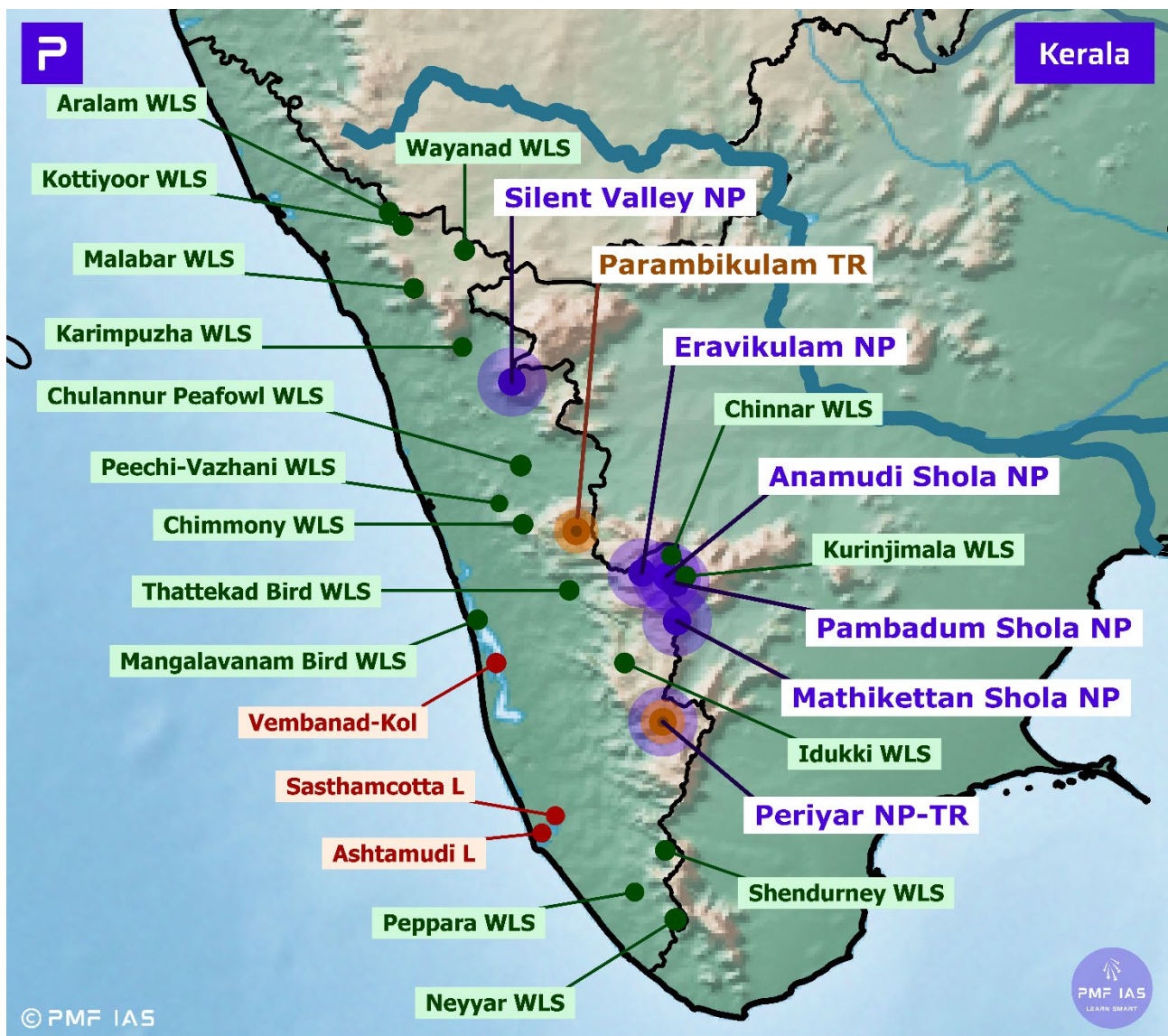
- Inflation implies that the **general price level of goods and services is rising over time**, which means that a unit of money can buy less goods and services than before. This **reduces** the **purchasing power** of **money** and the **real value** of **savings**.

**Answer: (a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I | Difficulty Level: Very Easy**

5) Which biodiversity site, located in Kerala, has a is renowned for its unique mangrove ecosystem and diverse resident birdlife?

- a) Ranganathittu Bird Sanctuary
- b) Neyyar Wildlife Sanctuary
- c) Ashtamudi Wetland System
- d) Vembanadu Wetland System

Explanation



- **Ashtamudi Wetland System (62 sq km):** This extensive network of interconnected lakes and canals in **Kollam** district boasts a unique **mangrove ecosystem** with diverse flora and fauna.
- **Asramam Biodiversity Heritage Site** (142 acres or 0.57 sq km), Kerala's first Biodiversity Heritage Site, includes Asramam and Ashtamudi Creek that hosts rare varieties of Mangrove species and critically endangered Poriyal (*Syzygium travancoricum*) trees.
- Ashtamudi Lake (62 sq km) (a Ramsar Site), the second largest lake of Kerala, is a haven for various resident bird species and a few migratory bird species.
- **Ranganathittu Bird Sanctuary** is located in Karnataka.

- **Neyyar WLS:** Primarily a terrestrial ecosystem focused on mammals like elephants and tigers.
- **Vembanad Wetland system:** While rich in biodiversity, its primary claim to fame lies in its **migratory** bird populations.

**References:**

- ✓ <https://www.pmfias.com/kerala-national-parks/#wildlife-sanctuaries-of-kerala>
- ✓ <https://www.pmfias.com/biodiversity-heritage-sites/#kerala>
- ✓ <https://www.pmfias.com/current-affairs-december-05-2023/#gs3-envi-conservation-biodiversity-heritage-site>

**Answer: (c) Ashtamudi Wetland System | Difficulty Level: Hard**

**6) Which renowned tiger reserve in Central India is famous for its National Park and offers unique safari experiences within buffer zones?**

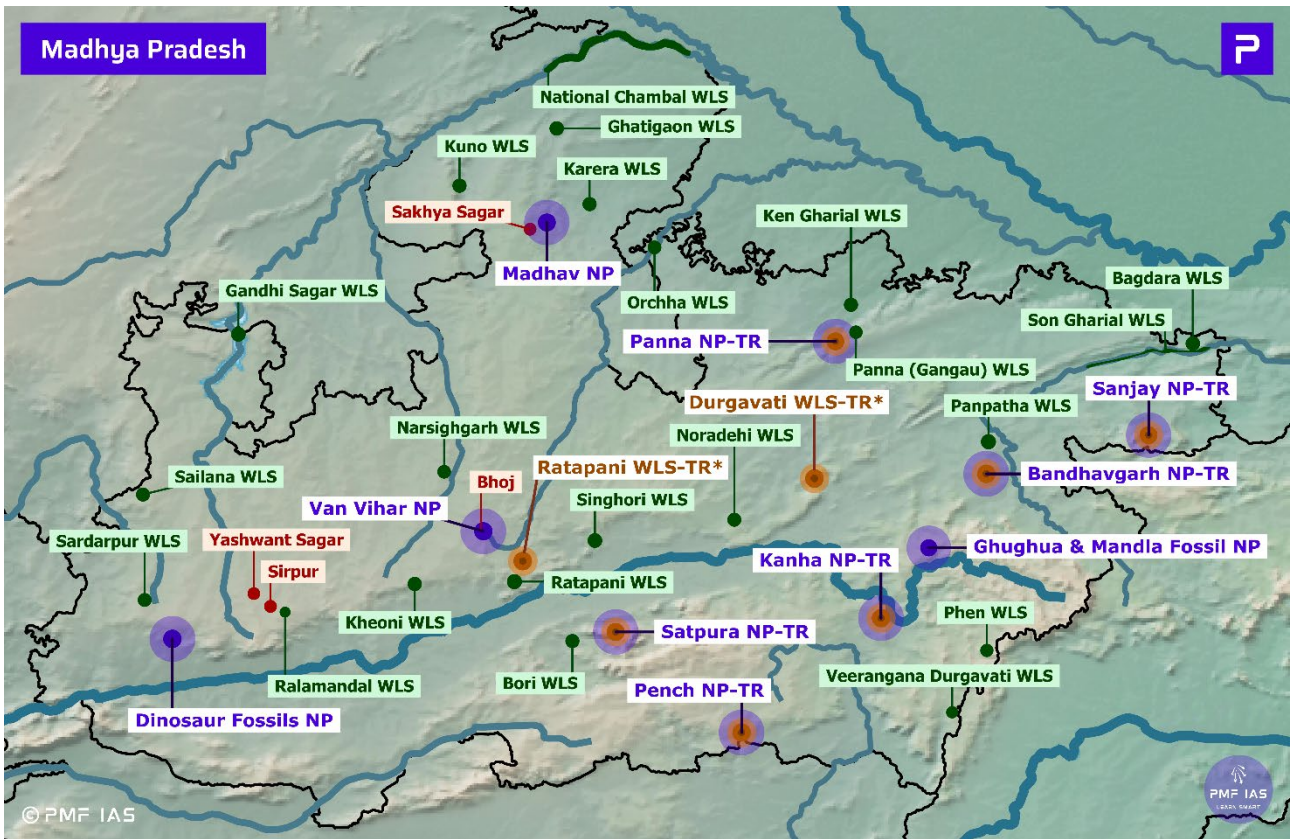
- Valmiki Tiger Reserve
- Kawal Tiger Reserve
- Ranthambore Tiger Reserve
- Bandhavgarh Tiger Reserve

**Explanation**

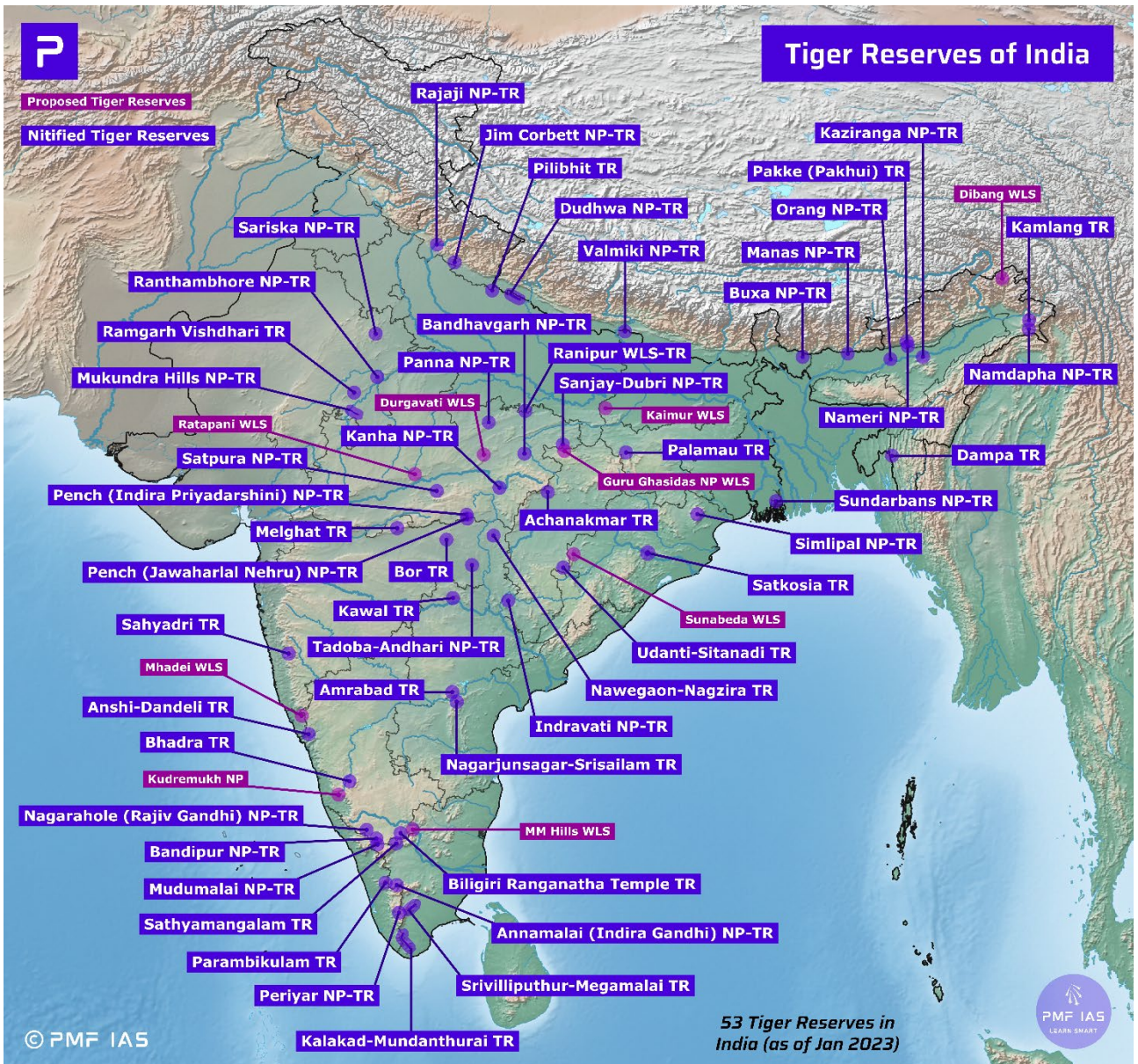
- **Bandhavgarh (located in Vindhya Range)** is located in the heart of **Central India**, while the other options are found in different regions.
- India's **first white tiger** was captured here in 1951.
- The **density** of the tiger population at Bandhavgarh is **one of the highest** in India.
- Vegetation: **Moist** and **mixed deciduous forests**.
- **Major Fauna:** tiger, elephant, leopard, sambar, barking deer, striped hyena, nilgai, etc.
- **Major Avifauna:** Indian grey hornbill, lesser adjutant stork, lesser spotted eagle, etc.
- The **Indian bison** was **reintroduced** from **Kanha**.
- Buffer zones in Bandhavgarh offer jeep and elephant safaris, providing tourists with an opportunity to explore beyond the core area of the reserve.

**Reference:** <https://www.pmfias.com/tiger-reserves-india/>

# Madhya Pradesh







**Answer: (d) Bandhavgarh Tiger Reserve | Difficulty Level: Easy**