



Daily Current Affairs Prelims Quiz 29-12-2021 - (Online Prelims Test)

1) Consider the following statements regarding the Retail Direct Scheme:

1. Using the Retail Direct Gilt (RDG) account retail investors can buy and sell government securities.
2. The RDG account will allow the individuals to buy Government Securities only from the primary markets through an auction.
3. An individual is allowed to do multiple bids on a single government security.

Which of the above statement(s) is/are correct?

- a. 1 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2 and 3

Answer : a

Retail Direct Scheme

- The scheme allows retail investors to buy and sell government securities (G-Sec) online, both in the primary and secondary markets.
- Retail Investors are non-professional investors who buy and sell securities or funds that contain a basket of securities such as mutual funds and exchange traded funds (ETFs).
- The retail investors can now invest in G-Secs by opening a gilt securities account called Retail Direct Gilt (RDG) Account with the RBI.
- Gilt Account means an account opened and maintained for holding Government securities. Instead of money, the account is debited or credited with treasury bills or government securities.
- Only one bid per security is permitted and payment to the aggregator/receiving office can be made through using the net-banking or UPI facility from the linked bank account.
- Registered investors can access the secondary market transaction link on the online portal to buy or sell government securities through NDS-OM.
- For buying of government bonds, payment can be made by transfer of funds to the designated account of CCIL (Clearing Corporation of India NDS-OM).

2) Consider the following statements regarding the Foreign Contribution (Regulation) Amendment Act, 2020:

1. The amendment exempts certain persons/organizations from receiving foreign fund without a registration.
2. The Act prohibits the transfer of foreign contributions to an individual but can be transferred to a registered organization.
3. Under the Act, every person who has been given a certificate of registration must renew the certificate within six months of expiration.

Which of the above statement(s) is/are **incorrect**?

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 only
- d. 1, 2 and 3

Answer : a

The FCRA registration of Missionaries of Charity, a Catholic religious' congregation set up by Mother Teresa in 1950, was not renewed because of 'Audit Irregularities'.

Foreign Contribution (Regulation) Amendment Bill, 2020

- Under the Act, certain persons are prohibited to accept any foreign contribution.
- These include: election candidates, editor or publisher of a newspaper, judges, government servants, members of any legislature, and political parties, among others.
- The Bill adds public servants (as defined under the Indian Penal Code) to this list.
- Public servant includes any person who is in service or pay of the government, or remunerated by the government for the performance of any public duty.

Transfer of the fund

- Under the Act, foreign contribution cannot be transferred to any other person unless such person is also registered to accept foreign contribution (or has obtained prior permission under the Act to obtain foreign contribution).
- The Bill amends this to prohibit the transfer of foreign contribution to any other person.
- The term 'person' under the Act includes an individual, an association, or a registered company.

Renewal of License

- Under the Act, every person who has been given a certificate of registration must renew the certificate within six months of expiration.
- The Bill provides that the government may conduct an inquiry before renewing the certificate to ensure that the person making the application:
 - is not fictitious or benami.
 - has not been prosecuted or convicted for creating communal tension or indulging in activities aimed at religious conversion.
 - has not been found guilty of diversion or misutilisation of funds, among others conditions.

3) Which of the following indices are used in assessing the Global Innovation Index (GII)?

1. Institutions
2. Infrastructure
3. Human Capital and Research
4. Market and Business Sophistication
5. Knowledge and Technological outputs

Choose the correct option.

- a. 1, 3 and 4 only
- b. 2 and 5 only
- c. 1, 2 and 3 only
- d. 1, 2, 3, 4 and 5

Answer : d

Global Innovation Index (GII)

- The Global Innovation Index (GII) takes the pulse of the most recent global innovation trends.
- It ranks the innovation ecosystem performance of economies around the globe each year while highlighting innovation strengths and weaknesses and particular gaps in innovation metrics.
- It is released by the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations.
- The Global Innovation Index is measured using seven indices categorized into two pillars namely the Input Index and the Output Index.
- The Input Index includes the following indices:
 - Institutions
 - Human Capital and Research
 - Infrastructure
 - Market Sophistication
 - Business Sophistication
- The Output Index includes the following indices:
 - Knowledge and Technological outputs
 - Creative outputs
- Switzerland, Sweden and the US are the top three nations in the innovation rankings.
- With regard to the countries in Asia, Vietnam is at 44, India is at 46, and Iran is at 60.
- India has improved its ranking in the Global Innovation Index up from 48 in the previous year's ranking.

India is ranked second amongst the lower-middle-income group of economies and first in Central and South Asia

4) Consider the following statements regarding the different types of economic recovery:

1. A V-shaped recovery is when the economy gradually rises to its previous peak with recession lasting longer leading to job loss.
2. The L-shaped recovery is characterized by longest recession period among all the shapes.
3. In U-shaped recovery, the economy bounces back immediately after a sharp decline and goes back to its pre-recession level in less than a year.
4. The K-shaped recovery takes place when different parts of the economy recover at vastly different rates.
5. The W-shaped recovery sees an economy staging a brief comeback only to fall a second time.

Which of the above statement(s) is/are correct?

- a. 1, 2 and 3 only
- b. 2 and 3 only
- c. 2, 4 and 5 only
- d. 1, 2, 3, 4 and 5

Answer : c

India's GDP is expected to return to pre-Covid levels by the end of 2021-22. But some sectors are struggling more than others, the number of unemployed remains high, and private consumption is low.

Different Types of Economic Recovery

V-shaped recovery

- A V-shaped recovery is the best-case scenario, where the economy bounces back immediately after a sharp decline to go back to its pre-recession level in less than a year.
- The rebound can be bolstered by appropriate fiscal and monetary policies.

U-shaped recovery

- In a U-shaped recovery, also described as the 'Nike Swoosh' recovery, the economy experiences stagnation for a significant period of time after declining.
- It then rises gradually to its previous peak. This means the recession lasts longer, causing job losses and erosion of savings.

L-shaped recovery

- The L-shaped recovery represents the worst-case scenario.
- Here, the economy fails to regain its peak GDP even after several years.
- This has the longest recession period among all shapes. The downturn and the slow revival sometimes lasts indefinitely.

W-shaped recovery

- Also called the "double-dip recession", a W-shaped recovery sees an economy staging a brief comeback only to fall a second time.
- This scenario breaks consumer confidence and enters the full recovery period that can take up to 2 years.
- The economy will witness two recessionary periods.

K-shaped recovery

- The K-shaped recovery is a new term that economists have created to describe what is happening with the Covid-19 pandemic.
- According to one analysis, the Covid recovery path branches into two different directions.
- Large-cap companies and public-sector enterprises with access to government support and central bank stimulus packages will help some areas of the economy recover faster.
- The small and medium companies, along with blue-collar workers, are left out of the recovery process.
- The divergence between these two groups is represented by the two diagonal lines in the letter K.
- Such a recovery takes place when different parts of the economy recover at vastly different rates.

5) Consider the following statements:

1. Farmers' Producer Organization (FPO) is a government entity formed entirely by farmers only.
2. An FPO can either be a Producer company or a Cooperative Society or any other legal form.

Which of the above statement(s) is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : b

Farmer Producer Organization (FPO)

- Farmers' Producer Organization (FPO), also known as farmers' producer company (FPC), is an entity formed by primary producers including farmers, milk producers, fishermen, weavers, rural artisans, and craftsmen.
- An FPO can be a Producer Company, a Cooperative Society or any other legal form.
- FPOs are basically the hybrids of cooperatives and private companies.
- The participation, organization and membership pattern of these companies are more or less similar to the cooperatives.
- But their day-to-day functioning and business models resemble those of the professionally-run private companies.
- The Companies Act was amended by incorporating Section-IX A in it to allow creation and registration of FPOs under it.



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