



Daily Current Affairs Prelims Quiz 24-06-2022 - (Online Prelims Test)

1) Consider the following statements:

1. When interest rates rise in the US, Foreign Portfolio Investors withdraw money from India and invest in bonds in their domestic markets.
2. Foreign Portfolio Investors are the largest non-promoter shareholders in the Indian market.

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 : c

Foreign Portfolio Investors (FPIs)

- FPI: it involves an investor buying foreign financial assets.
- It involves an array of financial assets like fixed deposits, stocks, and mutual funds.
- The investors passively hold all the investments.
- Investors who invest in foreign portfolios are known as Foreign Portfolio Investors.

How do they operate?

- In times of global uncertainty, foreign investors embrace a risk-off trade, meaning they move money from risky assets such as equities and add more bonds and gold.
- When interest rates rise in the US and other advanced economies, they withdraw money from emerging markets such as India and invest in the bonds in their domestic markets.
- The rise in global yields is not good news for Indian stocks and investors.
- FPIs are the largest non-promoter shareholders in the Indian market and their investment decisions have a huge bearing on the stock prices and overall direction of the market.
- The US accounts for a major chunk of FPI investments at Rs 17.57 lakh crore as of May 2022, followed by Mauritius at Rs 5.24 lakh crore, Singapore at Rs 4.25 lakh crore, and Luxembourg at Rs 3.58 lakh crore, according to data available from the National Securities Depository Ltd (NSDL).

2) Consider the following statements regarding the taxation of Virtual Digital Assets (VDA):

1. When the transfer of VDA takes place through an exchange, the VDA is not owned by the exchange, the exchange deducts tax.
2. When the payment between the seller and the exchange is being done through a broker, tax is deducted from both the exchange and the broker.
3. When the transfer of VDA takes place through an exchange, the VDA is owned by the exchange, the responsibility to deduct tax remains with the buyer or the broker.

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

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

Answer : d

Taxation on Virtual Digital Assets (VDAs)

- The Finance Act, of 2022 introduced Section 194S in The Income Tax Act, 1961, under which a TDS of 1 percent will be levied on the transfer of VDAs effective July 1 if the value of transactions exceeds Rs 10,000 in a year.

On whom does the onus to pay TDS on a crypto lie?

- In the guidelines, the Tax Department has defined the responsibilities of deducting the tax in various scenarios.
 1. Where the transfer of VDA takes place on or through an exchange, and the VDA being transferred is not owned by the exchange, tax may be deducted by the exchange making the payment to the seller.
 2. When the payment between the seller and the exchange is being done through a broker, the responsibility to deduct tax shall be on both the exchange and the broker.
 3. Where the transfer of VDA takes place on or through an exchange, and the VDA being transferred is owned by this exchange, the primary responsibility to deduct tax remains with the buyer or his broker.
- However, as an alternative, the exchange may enter into a written agreement with the buyer or his broker that in regard to all such transactions the exchange would be paying the tax on or before the due date for that quarter.
- This mainly deals with situations where the transfer of a VDA is being made against money.
- The tax department has also given examples of cases where a VDA transfers in exchange for another VDA.
- For example, if two different cryptocurrencies — say, bitcoin and ether — are being exchanged, both the persons would be considered buyers as well as sellers.
- Therefore, both will need to pay tax with respect to the transfer of cryptocurrency.
- The guidelines also allow the exchanges that are facilitating such transactions to deduct tax in these cases.

3) Consider the following statements:

1. Striped Hyena is found in sub-Saharan, northwestern Africa, India, and Turkey.
2. They are nocturnal and are mostly scavengers, feasting on the carcasses of large animals.
3. The International Union for the Conservation of Nature lists striped hyenas on the critically endangered list.

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

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

Answer : a

Striped Hyenas

- Striped hyenas sport a dog-like appearance, with a long, black muzzle and large, pointed ears, which provide an excellent hearing.
- Their gold or brownish-gray fur is lined with black stripes that camouflages them in the tall grass, and a bushy mane that stretches from neck to tail—like a full-body mohawk—makes them look more intimidating to rivals.
- Though the species has a vast range, including sub-Saharan and northwestern Africa, India, and Turkey, their populations are sparse.
- This, coupled with their shyness; nocturnal nature; and habitats, which include rocky outcroppings, dense shrublands, and wetlands, can make them difficult to see.
- Striped hyenas are mostly scavengers, feasting on the carcasses of large animals.
- The International Union for the Conservation of Nature lists striped hyenas as near-threatened by extinction.
- Striped hyenas are now extinct in Bangladesh, and their status is uncertain in other parts of their range.

4) Consider the following statements:

1. The Levallois technique is used to chip a side of a stone to make it sharp.
2. The Levallois technique came into use in the Neolithic era with the use of the Acheulean handaxe.

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 : a

Levallois Technique

- This is a technique to chip a side of a stone to make it sharp.
- It came into use around the Middle Paleolithic era with the use of the Acheulean handaxe.
- This is the method of creating stone tools by first striking flakes off the stone, or core, along the edges to create the prepared core and then striking the prepared core in such a way that the intended tool is flaked off with all of its edges pre-sharpened.

5) The recently launched NIRYAT portal is associated with which of the following statements?

- a. It will provide information regarding India's foreign trade.
- b. It will provide information regarding India's domestic trade.
- c. It will provide information on all customs procedures in India.
- d. It will provide information on the skill development programmes available for the youths.

Answer : a

NIRYAT Portal

- The Prime Minister, Shri Narendra Modi inaugurated 'Vanijya Bhawan' and launched the NIRYAT portal in Delhi.
- The Vanijya Bhavan is the new office complex of the ministry of commerce and industry.
- The National Import Export Record for Yearly Analysis of Trade (NIRYAT) portal will provide information regarding India's foreign trade.