

1. With reference to Voluntary Retention Route (VRR) for Investments by Foreign Portfolio Investors (FPIs), consider the following statements

1. FPIs registered with Securities and Exchange Board of India (SEBI) are eligible to voluntarily invest through this route in both government and corporate bonds
2. The scheme has a minimum retention period of 10 years where investors need to maintain a minimum of 75% of their investments in India

Which of the statements given above is/are correct?

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

Ans: A

Explanation

- The Reserve Bank of India **introduced the Voluntary Retention Route (VRR)** for Investments by Foreign Portfolio Investors (FPIs) on March 01, 2019. This new investment route was proposed by the **central bank in October 2018 at a time the rupee was weakening against the dollar very sharply.**
- It is a new channel of investment available to Foreign **Portfolio Investors (FPIs)** to encourage them to **invest in debt markets** in India over and above their investments through the regular route
- The objective is to **attract long-term and stable FPI investments** into debt markets while providing **FPIs with operational flexibility** to manage their investments
- Investments through the route will be **free of the regulatory norms applicable** to FPI investments in debt markets, provided investors maintain a minimum share of their investments for a fixed period

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- **Statement 2 is incorrect:** The scheme has a **minimum retention period of three years** where **investors need to maintain a minimum of 75% of their investments in India.**
- **Statement 1 is correct:** **FPIs registered with Securities and Exchange Board of India (SEBI)** are eligible to voluntarily invest through the **route in both government and corporate bonds**
- Investments through the VRR are capped at **40,000 crore for government bonds** and at 35,000 crore for corporate bonds
- At completion of the **minimum retention period of three years**, the FPI can **opt to continue investing for another three years or opt to liquidate** the portfolio and exit
- Investments made through the route shall **not be subject to any minimum residual maturity requirement**, concentration limit or single/group investor-wise limits applicable to corporate bonds

Foreign Portfolio Investment

- Foreign portfolio investment (FPI) consists of **securities and other financial assets passively** held by foreign investors
- It **does not provide the investor with direct ownership** of financial assets and is relatively liquid depending on the volatility of the market
- Foreign portfolio investment is **part of a country's capital account** and is shown on its Balance of Payments (BOP)
- The **BOP measures the amount of money flowing from one country to other countries** over one monetary year

<https://www.financialexpress.com/market/rbis-voluntary-retention-route-vrr-scheme-to-boost-foreign-investment-in-debt-market/1502985/>

<https://economictimes.indiatimes.com/markets/stocks/news/voluntary-retention-route-for-foreign-portfolio-investors/articleshow/68264004.cms?from=mdr>

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2. Which of the following best describes a condition known as “happy hypoxia”?

- a) A type of emotional disturbance characterized by uncontrollable episodes of crying and/or laughing
- b) A condition of having extremely low blood oxygen levels, yet not showing signs of breathlessness
- c) Though there will be an adequate availability of oxygen to breathe, it would not get into the cells of the body tissues to support their metabolism
- d) None of the above

Ans: B

Explanation

- As medical practitioners around the world are busy treating people for Covid-19, many have reported a **condition called ‘silent’ or ‘happy’ hypoxia**, in which **patients have extremely low blood oxygen levels, yet do not show signs of breathlessness.**
- The condition has **puzzled medical practitioners**, and many are now advocating for its early detection as a means to **avoid a fatal illness called Covid pneumonia**

What is hypoxia?

- Hypoxia is a condition wherein there is **not enough oxygen available to the blood** and body tissues. Hypoxia can either be generalised, affecting the whole body, or local affecting a region of the body

What is silent hypoxia?

- According to an opinion piece in The New York Times by physician and inventor Dr Richard Levitan, **Covid pneumonia — a serious medical condition found in severe Covid-19 patients — is preceded by ‘silent hypoxia’**, a form of oxygen deprivation that is harder to detect than regular hypoxia
- In ‘silent’ or ‘happy’ hypoxia, **patients appear to be less in distress.** Many Covid-19 patients, despite having oxygen levels below 80 per cent, look fairly at ease and alert,

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- This happens because in patients with Covid pneumonia, the **virus causes air sacs to fall**, leading to a **reduction in levels of oxygen**. However, the lungs initially do not become stiff or heavy with fluid, and remain “compliant” — being able to expel carbon dioxide and avoiding its buildup. Thus, patients do not feel short of breath

<https://indianexpress.com/article/explained/silent-hypoxia-coronavirus-explained-6394899/>

3. Consider the following statements regarding the SARFAESI act, 2002

1. The Act was framed to address the problem of Non-Performing Assets (NPAs) of banks and financial institutions
2. The act does not provide powers to banks and financial institutions to take over the immovable property to enforce the recovery of debt

Which of the statements given above is/are incorrect?

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

Ans: B

Explanation

- The **Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002** is a legislation that **helps financial institutions to ensure asset quality** in multiple ways.
- **Statement 1 is correct:** The Act was framed to **address the problem of NPAs (Non-Performing Assets)** or bad assets of banks and financial institutions through different processes and mechanisms

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- The SARFAESI Act gives detailed **provisions for the formation and activities of Asset Securitization Companies (SCs)** and Reconstruction Companies (RCs). Scope of their activities, capital requirements, funding etc. are given by the Act. **RBI is the regulator for these institutions**
- As a legal mechanism to insulate assets, the **Act addresses the interests of secured creditors** (like banks).
- Several provisions of the Act **give directives and powers to various institutions** to manage the bad asset problem. Following are the main objectives of the SARFAESI Act
 - The Act **provides the legal framework for securitization activities** in India
 - It gives the procedures for the **transfer of NPAs to asset reconstruction companies** for the reconstruction of the assets
 - The Act **enforces the security interest without Court's intervention**
 - **Statement 2 is incorrect:** The Act give **powers to banks and financial institutions** to take over the immovable property that is hypothecated or charged to enforce the recovery of debt.
- Major feature of SARFAESI is that it promotes the setting up of asset reconstruction (RCs) and asset securitization companies (SCs) to deal with NPAs accumulated with the banks and financial institutions. The Act provides three methods for recovery of NPAs, viz
 - Securitization
 - **Asset Reconstruction** and
 - Enforcement of Security without the intervention of the Court
- ✓ Recently, a five-judge Constitution Bench of the Supreme Court (SC) on ruled that **all co-operative banks in the country could make use of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (Sarfaesi)** to make recovery against defaulting persons

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✓ The SC held that **all such cooperative banks involved in the activities related to banking** are covered within the meaning of 'banking company'
Section 5(c) in BANKING REGULATION ACT,1949

- **"banking company"** means any company which **transacts the business of banking** in India

Explanation.—Any company which is **engaged in the manufacture of goods or carries on any trade and which accepts deposits of money** from the public merely for the purpose of financing its business as such manufacturer or trader shall not be deemed to transact the business of banking within the meaning of this clause

<https://www.indianeconomy.net/splclassroom/what-is-sarfaesi-act-2002/>

<https://indianexpress.com/article/business/co-operative-banks-can-use-sarfaesi-act-to-recover-dues-supreme-court-6395674/>

4. Recently, the US Food and Drug Administration (FDA) gave emergency approval to use the drug 'Remdesivir' for critical COVID-19 patients. It was originally manufactured to treat which of the following?

- a) Ebola
- b) Malaria
- c) Tuberculosis (TB)
- d) AIDS

Ans: A

Explanation

What is remdesivir?

- It was **manufactured in 2014 to treat for Ebola**, by **US-based biotechnology firm Gilead Sciences.**

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- It has since been used to treat for Middle East respiratory syndrome (MERS) and Severe acute respiratory syndrome (SERS), both **caused by members of the coronavirus family**.
- This was, however, **not with much success**. Current research is looking at whether the drug's antiviral properties work against SARS-CoV2, the coronavirus that causes COVID-19 disease.

What is the basis of the hopes being pinned on remdesivir?

- **SARS-CoV2 replicates itself inside the human cell** with the help of an enzyme called **RdRp**. When remdesivir is injected intravenously, **it inhibits this enzyme and effectively blocks replication of the coronavirus**.
- The Journal of Biological Chemistry published a study on April 13 concluding that indeed, the **“drug is able to inhibit the virus”** and prevent its further spread in human cells
- ✓ Recently, the **US Food and Drug Administration (FDA) gave emergency approval** to use the drug remdesivir for critical COVID-19 patients.
- ✓ This came days after Dr Anthony Fauci, director of the US National Institute of Allergies and Infectious Diseases (NIAID), made a strong case for the drug

Ebola virus disease (EVD)

- Ebola virus disease (EVD), also known as **Ebola hemorrhagic fever (EHF)**, is a viral hemorrhagic fever of humans and other **primates caused by ebolaviruses**.
- Ebola Virus Disease (EVD) is a **rare and deadly disease** in people and nonhuman primates.
- The viruses that cause EVD are located **mainly in sub-Saharan Africa**. People can get EVD through **direct contact with an infected animal** (bat or nonhuman primate) or a sick or dead person infected with Ebola virus.

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- **Signs and symptoms** typically start between two days and three weeks after contracting the virus with a fever, **sore throat, muscular pain, and headaches**. Vomiting, diarrhea and rash usually follow, along with decreased function of the liver and kidneys

<https://indianexpress.com/article/explained/covid-19-cure-why-spotlight-on-remdesivir-6392280/>

5. Among the following cities, which one lies on a longitude closest to that of Delhi?

- a) Nagpur
- b) Hyderabad
- c) Bengaluru
- d) Pune

Ans: C

Explanation

As evident from the map below, the longitude (77.10°E) that passes through Delhi is closest to Bengaluru (among the given options)

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