

**1. Consider the following statements regarding the *Special Drawing Rights (SDR)***

1. It is an international reserve asset, created by the IMF to supplement its member countries' official reserves
2. The value of the SDR is based on a basket of three currencies namely the U.S. dollar, the euro and the British pound sterling

**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 SDR is an **international reserve asset**, created by the IMF in 1969 to supplement its member countries' official reserves.
- **The value of the SDR is based on a basket of five currencies**—the U.S. dollar, the euro, the **Chinese renminbi, the Japanese yen**, and the British pound sterling
- So far SDR 204.2 billion (equivalent to about US\$281 billion) have been allocated to members, including SDR 182.6 billion allocated in 2009 in the wake of the global financial crisis
- The SDR was created as a **supplementary international reserve asset** in the context of the Bretton Woods fixed exchange rate system
- The SDR serves as **the unit of account of the IMF and some other international organizations**

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- The SDR is **neither a currency nor a claim on the IMF**. Rather, it is a **potential claim on the freely usable currencies of IMF members**. SDRs can be exchanged for these currencies

**Review**

- The SDR basket is **reviewed every five years, or earlier if warranted**, to ensure that the basket reflects the relative importance of currencies in the world's trading and financial systems.
- The reviews cover the key elements of the SDR method of valuation, including **criteria and indicators used in selecting SDR basket currencies** and the initial currency weights used in determining the amounts (number of units) of each currency in the SDR basket
- India is not supporting a general allocation of new **Special Drawing Rights (SDR)** by the International Monetary Fund (IMF) because it feels it might not be effective in easing COVID-19-driven financial pressures.
- The new SDR allocation was supposed to provide all 189 members with new foreign exchange reserves with no conditions
- Such a **major liquidity injection could produce potentially costly side-effects** if countries used the funds for "extraneous" purposes.

**2. The 'International Development Association (IDA)', often mentioned in news is a**

- a) Global Non-Governmental organisation
- b) Private sector arm of IMF
- c) Governing body of UNDP
- d) A part of World Bank group

**Ans: D**

**Explanation**

**International Development Association (IDA)**

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- It is the **part of the World Bank** group that helps the world's poorest countries.
- Established in 1960, IDA aims to **reduce poverty by providing loans** (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions
- IDA complements **the World Bank's original lending arm**—the International Bank for Reconstruction and Development (IBRD)
- IBRD was established to function as a **self-sustaining business**, and provides loans and advice to middle-income and credit-worthy countries
- IBRD and IDA share the same staff and headquarters and evaluate projects with the same rigorous standards

**Borrowing Countries**

- 76 countries are currently eligible to receive IDA resources. These are called "Borrowing Countries".
- Eligibility for IDA support depends **first and foremost on a country's relative poverty**, defined as gross national income (GNI) per capita below an established threshold
- **India is not a borrowing country under the IDA.**
- Indian Finance Minister has **recently participated in the 101st Meeting** of the Development Committee Plenary through video conference.
- The items on the agenda included update on World Bank Group Response to the COVID-19 Emergency, and the Covid-19 Debt Initiative: International Call for Action in Support of IDA Countries.

**3. Which of the following was/were included in UNESCO's List of Intangible Cultural Heritage list?**

1. Kumbh Mela
2. Sattriya Dance

3. Mudiyettu

4. Buddhist chanting of Ladakh

Select the correct answer using the codes given below

a) 1, 2 and 3 only

b) 1 and 3 only

c) 1, 3 and 4 only

d) 2, 3 and 4 only

Ans: C

Explanation

**UNESCO's List of Intangible Cultural Heritage**

- This coveted list is made up of those intangible heritage elements that help demonstrate **diversity of cultural heritage** and raise awareness about its importance
- The list was established in 2008 when Convention for Safeguarding of the Intangible Cultural Heritage came into effect

**It has two parts viz. Representative List of Intangible Cultural Heritage of Humanity and List of Intangible Cultural Heritage in Need of urgent safeguarding**  
**From India the Intangible Cultural Heritages added into this list include**

- Tradition of Vedic chanting
- Ramlila, the traditional performance of the Ramayana
- **Kutiyattam**, Sanskrit theatre
- Ramman, religious festival and ritual theatre of the Garhwal Himalayas
- **Mudiyettu**, ritual theatre and dance drama of Kerala
- Kalbelia folk songs and dances of Rajasthan
- **Chhau dance**
- **Buddhist chanting of Ladakh**: recitation of sacred Buddhist texts in the trans-Himalayan Ladakh region, Jammu and Kashmir.

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- Sankirtana, ritual singing, drumming and dancing of Manipur
- Traditional brass and copper craft of utensil making among the Thatheras of Jandiala Guru, Punjab
- Yoga
- Nawrouz
- **Kumbh Mela**

4. The 'South Asia Economic Focus' report is being released by which of the following?

- a) World Bank
- b) Asian Development Bank (ADB)
- c) International Monetary Fund (IMF)
- d) World Economic Forum (WEF)

**Ans: A**

**Explanation**

- **World Bank** released its report titled '**South Asia Economic Focus**, Making (De) Centralization Work,' a twice-a-year regional economic update
- In line with a **global downward trend**, growth in South Asia is projected to slow to 5.9% in 2019, **down 1.1 percentage points from April 2019 estimates**
- Bangladesh has become the **second-fastest growing economy** in South Asia after Bhutan. In Bangladesh, the real GDP growth is estimated at 8.1 per cent in 2019, up from 7.9 per cent in 2018
- In **India**, **growth is projected to fall to 6.0 this fiscal year**. Growth is then expected to gradually recover to 6.9 per cent in fiscal year 2021 and to 7.2 per cent in the following year

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- **Pakistan's growth rate is projected to deteriorate further** to a mere 2.4 per cent this fiscal year, as monetary policy remains tight, and the planned fiscal consolidation will compress domestic demand
- **Decentralisation in South Asia has yet to deliver on its promises** and, if not properly managed, can degenerate into fragmentation

**5. Consider the following statements regarding the Aadhaar Enabled Payment System (AePS)**

1. It allows people to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan
2. It was developed by the National Payments Corporation of India (NPCI)

**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: D**

**Explanation**

- Aadhaar Enabled Payment System (AePS) is a **bank led model** which allows **online interoperable financial inclusion transaction** at PoS (Micro ATM) through the Business correspondent of any bank using the Aadhaar authentication. AePS allows you to do six types of transactions
- The **only inputs** required for a customer to do a transaction under this scenario are
  - IIN (Identifying the Bank to which the customer is associated)
  - Aadhaar Number
  - Fingerprint captured during their enrollment

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- AePS is developed by the National Payments Corporation of India (NPCI) that allows people to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan.
- With the help of this payment system, funds can be transferred from one bank account to another simply through their Aadhaar numbers.
- This system adds another layer of security to financial transactions as bank details would no longer be required to be furnished while carrying out these transactions

**National Payments Corporation of India (NPCI)**

- NPCI is an umbrella organization for all retail payments systems in India.
- It was set up with the guidance and support of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA)
- NPCI was established with following objectives
  - To consolidate and integrate the existing multiple systems into a nation-wide uniform and standard business process for all retail payment systems
  - To facilitate an affordable payment mechanism to benefit the common man across the country and propel financial inclusion