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Daily MCQs: 20-06-2024

1. Consider the following statements about the National Company Law Appellate Tribunal (NCLAT)

- 1) It is constituted under the Companies Act, 2013.
- 2) It is the Appellate Tribunal for hearing appeals against the order of the National Financial Reporting Authority.

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

2. Pratyaksh Hanstantrit Labh (PAHAL) scheme sometimes seen in news is related to which of the following?

- a) aimed to reduce diversion and eliminate duplicate or bogus LPG connections.
- b) aimed at encouraging youth to participate in civic engagement for the general elections
- c) aimed to Stop Illegal Wildlife Trafficking
- d) aimed at discouraging unnecessary prescription and over-the-counter sale of antibiotics

3. With reference to digital rupee, consider the following statements

- 1) It is issued by the Reserve Bank of India.
- 2) It is not yet recognised as legal tender by the RBI.
- 3) Deposits held in banks can never be converted into digital rupees.

How many of the statements given above are correct?

- A) Only one
- B) Only two
- C) All three
- D) None

4. Which of the following have coral reefs?

- 1) Andaman and Nicobar Islands
- 2) Gulf of Kachchh
- 3) Gulf of Mannar
- 4) Lakshadweep

Select the correct answer using the code given below:

- (a) 1, 2 and 3 only
- (b) 2 and 4 only
- (c) 1 and 3 only
- (d) 1, 2, 3 and 4

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5. What is the primary objective of setting up the International Financial Services Centre (IFSC) in India?

- A) To promote export-oriented industries
- B) To encourage foreign direct investment in manufacturing sector
- C) To provide world-class financial services for investors
- D) To foster responsible innovation in financial services

Solutions:

1. Answer: C

Explanation

- **Statement 1 is correct:** The National Company Law Appellate Tribunal (NCLAT) was constituted under the **Companies Act, 2013** for **hearing appeals against the orders passed by the National Company Law Tribunal** under the **Insolvency and Bankruptcy Code, 2016 (IBC)**.
- NCLAT is also the **Appellate Tribunal** for hearing appeals against the orders passed by **Insolvency and Bankruptcy Board of India (IBBI)** and the **Competition Commission of India**.
- **Statement 2 is correct:** NCLAT is also the Appellate Tribunal to hear and dispose of appeals against the orders of the **National Financial Reporting Authority**.
- NCLAT decisions can be **challenged in the Supreme Court** on a point of law.
- NCLAT is functioning from the **Principal Bench in New Delhi**.

2. Answer: A

Explanation

- The **Pratyaksh Hanstantrit Labh (PAHAL)** or **Direct Benefit Transfer of LPG (DBTL)** aims to reduce diversion and eliminate duplicate or bogus LPG connections.
- Instead of providing LPG cylinders at subsidized price, those were sold at market price, and applicable subsidy was directly transferred to an individual's bank account electronically. This reduced "ghost" accounts and illegal use of household cylinders for commercial purposes, ensuring that only the intended beneficiaries receive the benefits.

3. Answer: A

Explanation

- **Statement 1 is correct:** The digital rupee, or the **e-rupee**, is a **central bank digital currency (CBDC) issued by the RBI**.
- It is similar to the physical cash that you hold in your wallet except that the **e-rupee is held electronically in a digital wallet overseen by the RBI**.

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- **Statement 2 is incorrect:** The digital rupee is recognised as **legal tender** by the RBI, and thus has to be **accepted by everyone in the country as a medium of exchange**.
- It is, however, different from deposits that you hold in a bank. Unlike deposits which are paid interest, the digital rupees in your wallet are **not paid any interest by the central bank**.
- **Statement 3 is incorrect: Deposits held in banks can be converted into digital rupees and vice-versa.**

CBDC can be classified into two types

- **Retail (CBDC-R):** Retail CBDC would be potentially available for use by all;
- **Wholesale (CBDC-W):** Designed for restricted access to select financial institutions.

CBDC vs Cryptocurrency

- The central bank digital currency **should not be mistaken with a cryptocurrency**.
- A CBDC is a **central bank issued digital currency which is backed by some kind of assets** in the form of either gold, currency reserves, bonds and other assets, **recognised by the central banks as a monetary asset**.
- This guarantee from a central bank reduces the CBDC risk, volatility, and ensures a larger acceptance across the globe.
- On the other hand, a **cryptocurrency is issued by a network and backed by a crypto asset which may or may not have the backing of any monetizable asset or physical asset**. Therefore, the **risk is higher and there is more price volatility and less acceptance as a money instrument globally**.

4. Answer: D

Explanation

- Coral reefs are large underwater structures composed of the skeletons of colonial **marine invertebrates called coral**.
- The coral species that build reefs are known as **hermatypic, or "hard," corals** because they extract **calcium carbonate (CaCO₃)** from seawater to create a hard, durable exoskeleton that protects their soft, sac-like bodies.
- Other species of corals that are not involved in reef building are known as "soft" corals. These types of corals are flexible organisms often resembling plants and trees and include species such as sea fans and sea whips.

Symbiotic relationship

- Most reef-building corals contain photosynthetic algae, called **zooxanthellae**, that live in their tissues. The corals and algae have a **symbiotic relationship**.
- The coral provides the algae with a protected environment and compounds they need for photosynthesis. In return, the algae produce oxygen and help the coral to remove wastes. The presence of the zooxanthellae also provides colored pigments to help protect the coral's white skeleton from sunlight.

Significance of Coral reefs

- Coral reefs only occupy 0.1% of the area of the ocean but they support 25% of all marine species on the planet. Hence **coral reefs host far more number of animal phyla** than those hosted by tropical rainforests.

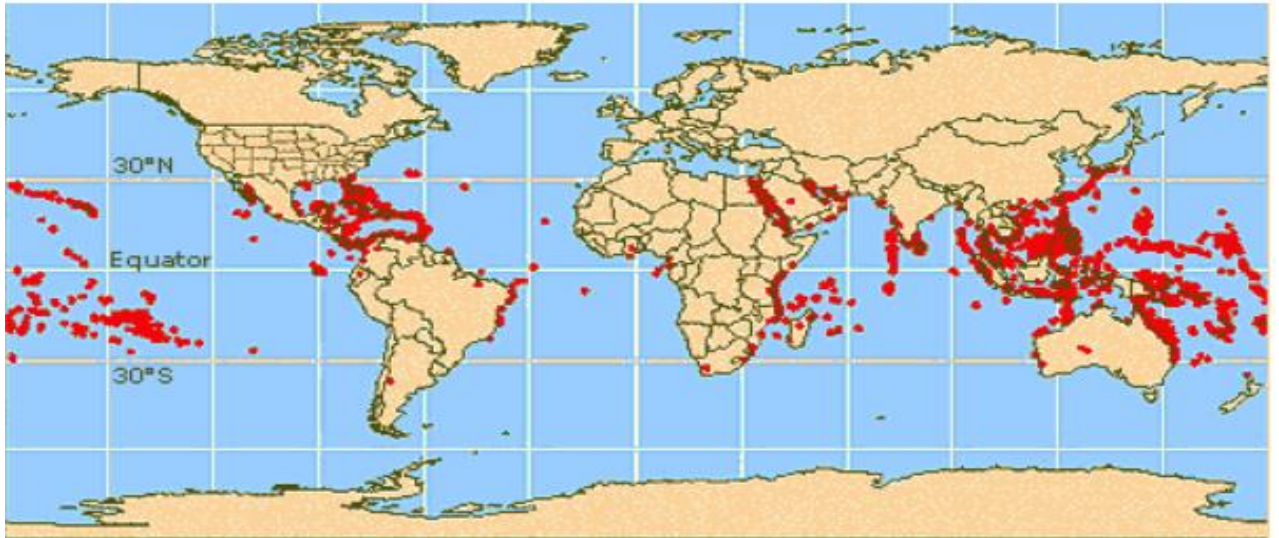
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- Because of the diversity of life found in the habitats created by corals, reefs are often called the "**rainforests of the sea.**"

Geographical distribution

- The reef-building corals prefer to grow at
 - depths shallower than 30 m (100 ft), however it can grow upto 150 ft depth or
 - where the temperature range is between 16-32°C, (preferably 20°C)
 - light levels are high
- Coral reef life **needs saltwater to survive** and requires a certain balance in the ratio of salt to water. This is why corals don't live in areas where rivers drain fresh water into the ocean.
- The majority of reef building corals are found within tropical and subtropical waters. These typically occur between **30°N and 30°S of the equator.**
- The largest of these coral reef systems, the **Great Barrier Reef** in Australia, is more than 1,500 miles long (2,400 kilometers).



Coral reefs in India

- Coral reefs are present in the areas of **Gulf of Kutch, Gulf of Mannar, Andaman & Nicobar, Lakshadweep Islands and Malvan coast of Maharashtra.** Hence all the statements are correct.

5. Answer: C

Explanation

- An International Financial Services Centre (IFSC) is a jurisdiction that provides **world class financial services to non-residents and residents** in a currency other than the domestic currency (Indian Rupee) of the location where the IFSC is located.
- **Services provided by an IFSC:**
 - Fund-raising services for individuals, corporations and governments
 - Asset management and global portfolio diversification undertaken by pension funds, insurance companies and mutual funds

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- Wealth management
- Merger and acquisition activities among trans-national corporations, etc.

GIFT City

- India's 1st IFSC has been set up at the **Gujarat International Finance Tec-City (GIFT City) in Gandhinagar.**
- Operationalized in 2015, it is intended to **provide Indian corporates with easier access to global financial markets, and to complement and promote the further development of financial markets in India.**
- It seeks to bring back the financial services and transactions that are currently carried out in offshore financial centers by Indian corporate entities and overseas branches / subsidiaries of financial institutions (FIs) to India by offering a business and regulatory environment that is comparable to other leading international financial centers in the world like London and Singapore.
 - *The **International Financial Services Centres Authority (IFSCA)** was established in 2020 as a unified authority for the development and regulations of IFSCs in India.*

