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Daily MCQs: 11-12-2024

1. Consider the following statements.

- 1) The ratings given by rating agencies have no impact on bonds issued by the government.
- 2) Moody's and Fitch are some leading rating agencies.

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

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

2. Consider the following statements about hornbills.

- 1) They are frugivores.
- 2) They are called 'farmers of the forest'.
- 3) Malabar Pied Hornbill is found only in India.

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

- A. 1 only
- B. 1 and 2 only
- C. 2 and 3 only
- D. 1, 2 and 3

3. Consider the following statements.

- 1) Minimum Support Price is currently not available for any Minor Forest Produce.
- 2) Pradhan Mantri Vanbandhu Vikas Yojana aims to promote entrepreneurship among youths from Scheduled tribes.

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

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

4. Consider the following statements about the Foreign Trade Policy 2023.

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- 1) Remission and entitlement-based regimes have been adopted for export promotion.
- 2) The dairy sector is mandated to maintain average export obligations.
- 3) The special advance authorization scheme has been completely stopped.

How many of the above given statement(s) is/are correct?

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

5. Consider the following statements about Debt for climate swap.

- 1) Debt for climate swap can act as a debt restructuring device.
- 2) Debt for climate swap can help drive policy action to mitigate the effects of climate change.
- 3) Small Island Developing States (SIDS) can use debt-for-climate swaps to adapt to increasing climate risk.

How many of the above given statement(s) is/are correct?

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

Solutions:

1. Answer: B

Explanation:

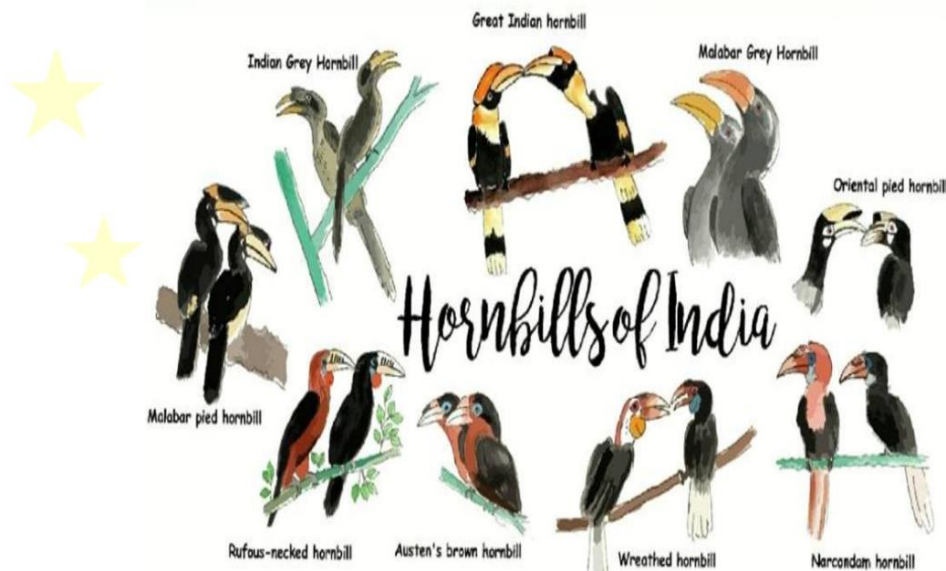
- At the corporate level, companies planning to issue a security must find a rating agency to rate their debt. Rating agencies such as **Moody's, S&P Global Ratings, and Fitch** perform the rating service for a fee. Investors rely on the ratings to decide on whether to buy or not to buy a company's securities. **Hence statement 2 is correct.**
- At the country level, investors rely on the ratings given by the credit rating agencies to make **investment decisions**. Many countries sell their securities in the international market, and a good credit rating can help them **access high-value investors**. A favorable rating may also **attract other forms of investments** like foreign direct investments to a country.

- A rating downgrade means that bonds issued by the governments are now “**riskier**” than **before**. Lower risk is better because it allows governments and companies of that country to raise debts at a lower rate of interest. **Hence statement 1 is incorrect.**

2. Answer: B

Explanation

- Hornbills are a family of **tropical and sub-tropical birds** which are found extensively in **Africa, Asia and Melanesia**.
- Famously dubbed as the ‘**Farmers of the Forest**’, these **frugivores** (fruit-eating birds) help in **seed dispersal** of several endemic trees and are important for survival and upkeep of entire forests. **Hence statements 1 and 2 are correct.**
- In India, **9 subspecies** of hornbills are found. They are: The Great Hornbill, Rufous-necked Hornbill, Wreathed Hornbill, Narcondam Hornbill, Malabar Pied Hornbill, Oriental Pied Hornbill, White-throated Brown Hornbill, Malabar Grey Hornbill, and the Indian Grey Hornbill.



- Five species are found in the **northeastern states** of which the Wreathed hornbill, Rufous-necked hornbill and the White-throated brown hornbill are restricted to this region within India, although they have a wider distribution in South-east Asia.

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- The **Narcondam hornbill** is found only on **Narcondam island** (part of the Andaman Islands) **in the Bay of Bengal**.
- The **Indian grey hornbill** occurs in the **Indian subcontinent**, while the **Malabar Pied Hornbill** is found only in **India and Sri Lanka**. Hence **statement 3 is incorrect**.
- The **Malabar grey hornbill** is **endemic to the Western Ghats**.

3. Answer: B

Explanation

- Under the **Pradhan Mantri Vanbandhu Vikas Yojana**, a venture capital fund has been set up to promote entrepreneurship/start-up projects by ST youth. Hence **statement 2 is correct**.
 - **TRIFED** (Tribal Cooperative Marketing Development Federation of India) supports retail marketing for livelihood development among tribal communities of India.
- Under the scheme "**Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price and development of Value chain for MFP**" Minimum Support Price (MSP) for **Minor Forest Produce (MFP)** has been fixed for select MFP. Hence **statement 1 is incorrect**.
 - Minimum Support Price (MSP) is ensured for Minor Forest Produce, and marketing support for tribal products is provided through the **Pradhan Mantri Jan Jatiya Vikas Mission**.

4. Answer: A

Explanation

Key thrust areas

- It has **four pillars**. These are:
 - **replacing the incentive-based system** of promoting exports with **remission and entitlement-based regimes**; Hence **statement 1 is correct**.
 - facilitating **enhanced collaboration** among exporters, states, districts and Indian missions;
 - **reducing transaction costs** and introducing **e-initiatives** for ease in business operations; and
 - developing **additional export hubs**.

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What are the goals and targets?

- The government aims to **increase India's overall exports to \$2 trillion by 2030, with equal contributions from the merchandise and services sectors.**
- The policy will **prioritize enhancing the ease of doing business and targets emerging sectors, such as e-commerce and export hubs.**
- Under FTP 2023, the **towns of Faridabad, Moradabad, Mirzapur, and Varanasi** have been newly designated as **Towns of Export Excellence (TEE)** for apparel, handicrafts, handmade carpets and dari, and handloom and handicraft products, respectively. These additions expand the TEE list to **43 towns.**
- Also, the **dairy sector** will be **exempted from maintaining average export obligations** under the new policy. **Hence statement 2 is incorrect.**
- Further, the **special advance authorization scheme** has been extended to **apparel and clothing.** Under the Advance Authorization Scheme, **inputs required for manufacturing export products can be imported duty-free. Hence statement 3 is incorrect.**
- The new FTP aims to **boost the internationalization of trade in rupees** by allowing international trade settlement in India's currency.

5. Answer: C

Explanation:

- Debt for climate swap was introduced as a **debt restructuring device** that aims to combat climate change by ensuring that **debt-ridden countries do not incur additional debt while addressing climate change locally. Hence statement 1 is correct.**
- They possess **dual objectives:** to promote **specific investment and policy action** on one hand and promote **debt relief** on the other. **Hence statement 2 is correct.**
- The **small island developing states (SIDS)** can make use of debt-for-climate swaps, to address challenges such as: adapting to increasing **climate risk** and recovering from **financial distress. Hence statement 3 is correct.**
- **For instance:** In 2021, **Belize**, a country on the northeastern coast of Central America, reduced its debt by 10 per cent of its GDP and acquired funds to protect the world's second-largest coral reef by striking a \$553-million swap deal with The Nature Conservancy (TNC), a US-based environmental organisation.