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Daily MCQs: 22-01-2025

1. With reference to the World Health Organisation, consider the following statements

- 1) It is an agency of the United Nations.
- 2) The World Health Assembly is the decision-making body of WHO.

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. Consider the following statements.

1. Foreign Direct Investment (FDI) is a source of capital in the primary market.
2. Foreign Portfolio Investment (FPI) is considered to be more stable than FDI.
3. A major differentiating factor between FDI and FPI is that FPI has the element of control in which investors actively manage and influence a foreign firm's operations.

How many of the statements given above is/are correct?

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

3. The Indus Water Treaty was signed between India and Pakistan to share the waters of the Indus River. Which of the following international organisations played the key role in this treaty?

- A. International Monetary Fund
- B. World Economic Forum
- C. United Nations
- D. World Bank

4. With reference to the Foreign Contribution (Regulation) Act, (FCRA), 2010, consider the following statements.

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1. It regulates the acceptance and utilization of foreign contributions by individuals, associations and companies.
2. Under the Act, NGOs are barred from receiving foreign funds.
3. Registrations once done by the individuals, associations and companies are valid for lifetime.

How many of the statements given above is/are incorrect?

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

5. Consider the following statements.

1. India is the largest producer of biofuel in the world.
2. Second generation Biofuels come from food crop feedstock.
3. Global Biofuels Alliance (GBA) brings together the biggest consumers and producers of biofuels.

How many of the above statements is/are correct?

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

Solutions:

1. Answer: C

Explanation

- **Statement 1 is correct:** Founded in **1948**, the World Health Organization (WHO) is the **United Nations agency** that connects nations, partners and people to promote health, keep the world safe and serve the vulnerable – so everyone, everywhere can attain the highest level of health.
- By connecting countries, people and partners, WHO strive to give everyone, everywhere an equal chance at a safe and healthy life.

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World Health Assembly

- **Statement 2 is correct:** The World Health Assembly is the **decision-making body of WHO**.
- It is attended by **delegations from all WHO Member States** and focuses on a specific health agenda prepared by the Executive Board.
- The main functions of the World Health Assembly are to determine the policies of the Organization, appoint the Director-General, supervise financial policies, and review and approve the proposed programme budget.
- The Health Assembly is held annually in **Geneva, Switzerland**.

2. Answer: A

Explanation:

FDI

- **Foreign Direct Investment (FDI)** is the **investment made by a person or a company in one country into businesses located in another country**.
- Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets.
- FDI is an investment made in the **form of equity capital, reinvested earnings or other direct capital** by setting up an enterprise.
- FDI enables setting up of businesses; more businesses mean more jobs and capacity addition.
- **Statement 1 is correct:** In other words, FDI is a source of capital in the primary market and this capital gets converted into goods and services.
- **Statement 3 is incorrect:** The key to foreign direct investment is the **element of control**. Control represents the intent to actively manage and influence a foreign firm's operations. This is the major differentiating factor between FDI and a passive foreign portfolio investment.

FPI

- Foreign Portfolio Investment (FPI) means **investing in the financial assets** of a foreign country, such as stocks or bonds available on an exchange.
- FPI is often referred to as **"hot money"** because of its tendency to flee at the first signs of trouble in an economy.

Why is FDI preferred?

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- **Statement 2 is incorrect: FDI is considered a more stable form** of foreign capital infusion as it brings in a certain expenditure that can't be pulled out overnight.
- It creates jobs and can potentially aid economic growth.
- FPI, on the other hand, can come and go easily. Sudden withdrawal can create liquidity problems in the securities market and hit the foreign exchange rate of the country.

3. Answer: D

Explanation:

Indus Waters Treaty:

- The Indus Waters Treaty was signed in **1960** between **India and Pakistan** with the help of the **World Bank**, which is also a signatory. **Hence, option D is correct.**
- It is one of the **most successful international treaties** and has survived frequent tensions, including conflict, and has provided a framework for irrigation and hydropower development for more than half a century.
- The Treaty allocates the **Western Rivers (Indus, Jhelum, Chenab) to Pakistan** and the **Eastern Rivers (Ravi, Beas, Sutlej) to India**. At the same time, the Treaty allows each country certain uses on the rivers allocated to the other.
- The Treaty sets out a mechanism for cooperation and information exchange between the two countries regarding their use of the rivers, known as the **Permanent Indus Commission**, which has a Commissioner from each country.
- The Treaty also sets forth **distinct procedures to handle issues** which may arise:
 - “questions” are handled by the Commission;
 - “differences” are to be resolved by a Neutral Expert; and
 - “disputes” are to be referred to an ad hoc arbitral tribunal called the “Court of Arbitration.”

4. Answer: A

Explanation

About Foreign Contribution (Regulation) Act, (FCRA), 2010

- **Statement 1 is correct:** The FCRA 2010 regulates the acceptance and utilization of foreign contribution by individuals, associations and companies. Foreign contribution is the

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donation or transfer of any currency, security or article (of beyond a specified value) by a foreign source.

- The objective is to prevent use of foreign contribution or foreign hospitality for any activity detrimental to the national interest.
- **Statement 2 is incorrect: All societies, companies, associations and NGOs** have to register themselves under the FCRA and fulfil definite criteria to be eligible for foreign funds.
- **Statement 3 is incorrect:** The registration is initially **valid for five years** and it can be renewed subsequently if they comply with all norms.
- Registered associations can receive foreign contributions for **social, educational, religious, economic and cultural purposes**.
- Filing of annual returns, on the lines of Income Tax, is compulsory.

Who cannot receive foreign donations?

- **Members of the legislature and political parties, government officials, judges and media persons** are prohibited from receiving any foreign contribution.
- However, in 2017 the Ministry of Home Affairs (MHA), amended the FCRA law paving the way for **political parties to receive funds** from the Indian subsidiary of a foreign company or a foreign company in which an Indian holds 50% or more shares.

2020 Amendment Act

- Last year, the Parliament passed the Foreign Contribution (Regulation) Amendment Act, 2020 which amends the Foreign Contribution (Regulation) Act, 2010.

Highlights of the 2020 Act

Prohibition to accept foreign contribution

- The amendment adds **public servants** (as defined under the Indian Penal Code) to the list of persons who are prohibited to accept any foreign contribution.
- Public servant includes any person who is in service or pay of the government, or remunerated by the government for the performance of any public duty.

Transfer of foreign contribution

- The amendment act prohibits the transfer of grants received under FCRA to any other person or organization.

Aadhaar for registration

- Any person seeking prior permission, registration or renewal of registration must provide the **Aadhaar number of all its office bearers, directors or key functionaries, as an identification document**.

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- In case of a foreigner, they must provide a copy of the passport or the Overseas Citizen of India card for identification.

FCRA account

- Organizations can receive the foreign funds in a bank account designated as the 'FCRA account' **only in branches of the State Bank of India, New Delhi**, as notified by the central government.

Reduction in use of foreign contribution for administrative purposes

- Under the 2010 Act, a person who receives foreign contribution must use it only for the purpose for which the contribution is received. Further, they must not use more than 50% of the contribution for meeting administrative expenses.
- The amendment act **reduces this limit to 20%**.

Suspension of registration

- Under the 2010 Act, the government may suspend the registration of a person for a period not exceeding 180 days.
- The latest amendment adds that such **suspension may be extended up to an additional 180 days**.

5. Answer: A

Explanation:

What are Biofuels?

- Biofuels are liquid or gaseous fuels produced from **biomass that are generally high in sugar** (such as sugarcane, sugarbeet, sweet sorghum), **starch** (such as corn and cassava) or **oils** (such as soybeans, rapeseed, coconut, sunflowers, and palms).
- The two most commonly used biofuels are **ethanol and biodiesel**.
- **Categories of Biofuels:**
 1. **First generation Biofuels:** Mainly produced from **food crop feedstock**. Hence, **statement 2 is incorrect**.
 2. **Second generation Biofuels:** Comes from **non-food plants**
 3. **Third generation Biofuels:** **Micro-organisms** like algae
 4. **Fourth generation Biofuels:** **Genetically modified (GM) algae** to enhance biofuel production
- **India is the third-largest producer of ethanol, after the United States (US) and Brazil. Hence, statement 1 is incorrect.**

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Global Biofuels Alliance (GBA):

- The Global Biofuels Alliance (GBA) was launched by **India** along with the leaders of USA, Brazil, Italy, Argentina, Singapore, Bangladesh, Mauritius and UAE in **2023**, on the **sidelines of the G20 Summit in New Delhi**, as **Chair's initiative**.
- GBA is a **multi-stakeholder alliance** of Governments, International Organizations and Industries, **bringing together the biggest consumers and producers of biofuels**. Hence, **statement 3 is correct**.
- GBA aims at **promoting the development and adoption of sustainable biofuels**.
- It will also facilitate development, adoption and implementation of **internationally recognized standards, codes, sustainability principles and regulations** to incentivize biofuels adoption and trade.
- The membership of GBA has expanded to **24 member countries and 12 International Organizations**.