



DATE: 15.10.2026

- 1) Consider the following statements regarding the Reserve Bank of India's (RBI) measures to manage foreign exchange market volatility:
1. The RBI sells US dollars to curb rupee depreciation and buys dollars to moderate rupee appreciation.
 2. The RBI uses forward transactions to manage future currency positions and capital-flow volatility.
 3. The RBI regulates authorised dealers' forex positions and exposure limits.
 4. Forex derivatives eliminate all currency risk and guarantee profits to market participants.
 5. The RBI does not require forex transactions and derivatives to be reported to the Clearing Corporation of India Ltd (CCIL) Trade Repository.
 6. The RBI uses forex reserves and liquidity management to address external shocks and maintain orderly markets.

Which of the statements given above are correct?

- (a) 1, 2, 4 and 5 only
- (b) 2, 4, 5 and 6 only
- (c) 1, 2, 3 and 6 only
- (d) 4 and 5 only

- 2) Consider the following statements about the Ebola virus:

1. A person infected with Ebola can transmit the virus during the incubation period before symptoms appear.
2. Ebola virus contains a segmented RNA genome.
3. Ebola virus disease and Marburg virus disease are caused by viruses belonging to the same family.

Which of the statements given above is/are **incorrect**?

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

- 3) Consider the following statements about Keynesian economics:

1. An economy can attain equilibrium even when involuntary unemployment persists.
2. Keynesian economics recommends expansionary fiscal policy irrespective of inflationary conditions.
3. A deficiency in aggregate demand can lead to a reduction in output and employment.

Which one of the following conclusions based on the above statements is correct?

- (a) There are two correct statements, which include Statement 2.
- (b) There are two correct statements, which are Statements 1 and 3
- (c) There is only one correct statement.
- (d) All three statements are correct.

- 4) Consider the following activities:

1. Visit, Board, Search and Seizure (VBSS)
2. Anti-submarine warfare
3. Damage control and firefighting



4. Search and rescue operations

How many of the above activities can the participating navies engage during Exercise IBSAMAR IX?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

5) Consider the following statements regarding Quantum Mechanics and Technology:

- 1. Quantum entanglement enables faster-than-light communication of classical information.
- 2. A qubit can exist in a superposition of states.
- 3. Quantum Key Distribution (QKD) can detect eavesdropping by identifying disturbances in quantum states.

Which of the statements given above are correct?

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

Explanation

1) Answer: (C)

- **Statement 1 is correct:** To manage extreme volatility, the central bank intervenes in the forex market by selling dollars from its reserves to support a falling rupee, or buying dollars to prevent excessive appreciation when there are heavy capital inflows.
- **Statement 2 is correct:** The RBI utilizes forward market interventions (such as sell-buy swaps) to manage liquidity, absorb immediate spot market pressures, and handle capital-flow dynamics over future horizons.
- **Statement 3 is correct:** The RBI enforces strict regulatory frameworks—such as Net Open Position Limits (NOPL) and hedging thresholds—on Authorised Dealer (AD) banks to curb speculative trading and maintain institutional stability.
- **Statement 4 is incorrect:** Derivatives are tools used to hedge or mitigate currency risk, but they do not completely eliminate market risk or guarantee profits. Improper management or unhedged exposures can actually amplify systemic vulnerabilities and trading losses.
- **Statement 5 is incorrect:** Under regulatory mandates, the RBI requires financial institutions and Authorised Dealers to report over-the-counter (OTC) foreign exchange transactions and derivative contracts to the Clearing Corporation of India Ltd. (CCIL) Trade Repository to ensure market transparency and systemic oversight.
- **Statement 6 is correct:** The primary goal of RBI interventions is not to fix an artificial exchange rate, but to cushion the domestic economy against global external shocks (such as rising crude oil prices or geopolitical tensions) and ensure smooth, orderly market functioning.
- **Therefore, option C is the correct answer.**

2) Answer: (A)



- **Statement 1 is incorrect:** Ebola virus transmission is **associated with the onset of symptoms**. A person is not considered infectious before symptoms develop. Once symptoms appear, the virus can spread through direct contact with the blood or other body fluids of an infected person, or with contaminated materials.
- **Statement 2 is incorrect:** Ebola virus contains a single-stranded, negative-sense, **non-segmented RNA genome**.
- **Statement 3 is correct:** Both Ebola virus and Marburg virus **belong to the family Filoviridae**. Although they belong to the same family, they are different viruses and cause distinct diseases.
- **Therefore, option A is the correct answer**

3) Answer: (B)

- According to Keynesian economics, an economy can attain equilibrium even when involuntary unemployment persists, as equilibrium does not necessarily imply full employment. Hence, **Statement 1 is correct**
- Keynesian economics supports expansionary fiscal policy during periods of deficient demand and recession. However, it does not recommend such a policy irrespective of inflationary conditions. During high inflation, fiscal restraint may be necessary to control excessive aggregate demand. **Hence, Statement 2 is incorrect.**
- A deficiency in aggregate demand can reduce sales, prompting firms to cut production and employment. **Hence, Statement 3 is correct.**
- **Therefore, option B is the correct answer.**

4) Answer: (D)

- **Activity 1 is Correct:** Exercise IBSAMAR IX includes Visit, Board, Search and Seizure (VBSS) drills, which enhance the participating navies' ability to conduct maritime interdiction and inspect vessels suspected of unlawful activities.
- **Activity 2 is Correct:** Anti-submarine warfare is part of the exercise's operational scope, enabling participating navies to practise detecting, tracking and responding to submarine threats.
- **Activity 3 is Correct:** Damage control and firefighting drills help naval personnel improve their ability to manage onboard fires, flooding and other emergencies, thereby enhancing ship survivability.
- **Activity 4 is Correct:** Search and rescue operations help participating navies coordinate responses to maritime emergencies and assist vessels or personnel in distress.
- **Therefore, option D is the correct answer.**

5) Answer: (B)

- **Statement 1 is incorrect:** While quantum entanglement does link particles instantaneously across vast distances ("spooky action at a distance"), it **cannot** be used to transmit classical information or signals faster than the speed of light. Because the outcome of a measurement on one particle is fundamentally random, Bob cannot know what state his particle collapsed into without receiving a traditional communication signal (limited by the speed of light) from Alice (known as the **No-Communication Theorem**).



OFFICERS IAS ACADEMY

IAS Academy by IAS Officers

- **Statement 2 is correct:** Unlike classical bits that must be strictly
- 0 or 1, a quantum bit (qubit) utilizes the principle of **superposition** to exist in a linear combination of both states at once, drastically scaling computational parallelism.
- **Statement 3 is correct: Quantum Key Distribution (QKD)** relies on the Heisenberg Uncertainty Principle. Any measurement or interception by an eavesdropper perturbs the quantum states of the photons carrying the key, leaving a detectable trace and ensuring absolute security.
- **Therefore, option B is the correct answer.**

