

MAT Economic & Business Environment Sample Paper-12

Duration: 24 Minutes

Maximum Marks: 30

Instructions

- This paper contains **30** Multiple Choice Questions from the **Economic & Business Environment** section of MAT.
- Each correct answer carries **+1 mark**. Incorrect answer: **-0.25** marks. Only **one** correct option.
- There is **no** negative marking for unattempted questions.
- Suggested time for this section in the full MAT is **24 minutes**.
- Use of mobile phones, smartwatches, calculators, or any electronic gadgets is strictly prohibited.

Q1. Which of the following statements best describes the structural design and operational framework of the newly operationalized National Bank for Financing Infrastructure and Development (NaBFID)?

- (A) It is regulated as a Scheduled Commercial Bank directly supervised by the Department of Financial Services.
- (B) It functions as a specialized All-India Financial Institution (AIFI) regulated under the RBI Act, 1934, with the power to issue both sovereign-backed and corporate debt instruments.
- (C) It operates strictly as a subsidiary of the State Bank of India tailored for public-private partnership refinancing.
- (D) It is an autonomous body funded exclusively through international sovereign wealth funds via the automatic FDI route.

Q2. Consider the mechanism of the Sovereign Green Bonds (SGrBs) issued by the Government of India. Which of the following features is true regarding the allocation and operationalization of these proceeds?

- (A) The proceeds are deposited directly into a specialized, non-lapsable public account outside the Consolidated Fund of India.



- (B) Projects seeking funding from SGrB proceeds are approved by an undifferentiated Inter-Ministerial Committee on Climate Change, entirely excluding private sector infrastructure inputs.
- (C) The proceeds are credited to the Consolidated Fund of India and then allocated through the budget to green infrastructure projects that lower the carbon intensity of the economy.
- (D) SGrBs are exempt from the Statutory Liquidity Ratio (SLR) requirements for commercial banking entities to incentivize high yield strategies.

Q3. In the context of global trade and antitrust enforcement, which major corporate entity faced a landmark restructuring order or multi-billion dollar anti-monopoly penalty by the European Commission for anti-competitive tying of its digital ad-tech ecosystem and marketplace dominance?

- (A) Alphabet Inc.
- (B) Microsoft Corporation
- (C) Amazon.com Inc.
- (D) Meta Platforms Inc.

Q4. In the history of Indian economic administration, the concept of a 'Rolling Plan' was introduced for a brief interlude. Identify the political administration and the exact chronological period during which this structural experiment was implemented.

- (A) The Congress-led government under Indira Gandhi during 1975–1977
- (B) The Janata Party government under Morarji Desai during 1978–1980
- (C) The National Front government under V.P. Singh during 1989–1991
- (D) The United Front government under H.D. Deve Gowda during 1996–1998

Q5. In the Union Budget, the fiscal deficit metric is considered a critical indicator of macroeconomic stability. Which of the following mathematical formulations accurately defines the Fiscal Deficit?

- (A) Revenue Expenditure minus Revenue Receipts



- (B) Total Expenditure minus (Revenue Receipts + Non-debt Capital Receipts)
- (C) Capital Expenditure minus Capital Receipts
- (D) Total Expenditure minus (Revenue Receipts + Debt-creating Capital Receipts)
- Q6.** Under the Foreign Trade Policy, India has been actively promoting trading invoicing in INR. Which specific international operational banking mechanism must be established by foreign banks with partner banks in India to settle import-export transactions directly in Indian Rupees?
- (A) Nostro Account
- (B) Escrow Capital Account
- (C) Special Rupee Vostro Account (SRVA)
- (D) Off-shore Currency Clearing Account
- Q7.** In the context of advanced space technology and satellite communication, what is the technological significance of the 'NISAR' satellite mission, a joint initiative by ISRO and NASA?
- (A) It is a deep-space probe utilizing high-energy X-ray telescopes to map the cosmic background radiation.
- (B) It is a dual-frequency L-band and S-band Synthetic Aperture Radar mission designed to track microscopic deformations in the Earth's crust and ice sheets.
- (C) It is a geostationary quantum encryption satellite intended to provide ultra-secure defense communications across the Indo-Pacific.
- (D) It is an atmospheric observation satellite focused entirely on solar wind interactions with the ionosphere.
- Q8.** In the field of international cinema and cultural honors, which film achieved the historic distinction of winning the Palme d'Or at the Cannes Film Festival while simultaneously sweeping major Academy Awards, profoundly impacting the global distribution architecture of non-English media?



- (A) Anatomy of a Fall
- (B) Parasite
- (C) Triangle of Sadness
- (D) Roma

Q9. In the context of corporate branding and strategic shifts, which international FMCG giant undertook a major legal and identity transformation by legally structuring itself into a single parent company based entirely in the United Kingdom, abandoning its historic dual-headed Anglo-Dutch legal structure?

- (A) Unilever PLC
- (B) Royal Dutch Shell
- (C) Procter & Gamble
- (D) Nestlé S.A.

Q10. The 44th Constitutional Amendment Act, passed in 1978, introduced a major structural change to the fundamental rights guaranteed by the Indian Constitution by modifying the status of the Right to Property. What is its current constitutional status?

- (A) It remains a Fundamental Right under Article 21A, modified by reasonable restrictions.
- (B) It is a legal right under Article 300A, placed within Part XII of the Constitution.
- (C) It is a Directive Principle of State Policy under Article 39(b).
- (D) It was completely expunged from the text of the Constitution and holds no legal status.

Q11. Consider the geopolitical and economic composition of the G20 forum. During the recent summits, a historic inclusion was formalized by granting permanent membership to which regional block to enhance Global South representation?

- (A) Association of Southeast Asian Nations (ASEAN)



- (B) African Union (AU)
- (C) Mercosur
- (D) South Asian Association for Regional Cooperation (SAARC)

Q12. The Reserve Bank of India's 'Standing Deposit Facility' (SDF) is a critical monetary policy instrument. How does the SDF mechanism differ structurally from the traditional Fixed Reverse Repo rate mechanism?

- (A) The SDF requires the RBI to provide collateral in the form of Government Securities to commercial banks.
- (B) The SDF allows the RBI to absorb liquidity from commercial banks without providing any collateral of government securities in return.
- (C) The SDF can only be operationalized during hyper-inflationary phases under direct parliamentary approval.
- (D) The SDF is a bilateral borrowing window where interest rates are determined through open market dutch auctions.

Q13. In the history of corporate acquisitions and domestic aviation sector restructuring in India, which specific corporate entity executed the historic acquisition of Air India, bringing the national carrier back into the private sector fold via Talace Private Limited?

- (A) Adani Group
- (B) Tata Sons
- (C) Reliance Industries Limited
- (D) InterGlobe Aviation

Q14. The concept of 'Carbon Border Adjustment Mechanism' (CBAM), which seeks to impose a carbon tariff on carbon-intensive products imported into a specific economic zone, is a policy framework pioneered by which global entity?

- (A) World Trade Organization (WTO)
- (B) European Union (EU)



- (C) United States Federal Trade Commission
- (D) Asia-Pacific Economic Cooperation (APEC)

Q15. The geographic feature known as the 'Nine-Dash Line', which frequently serves as a geopolitical flashpoint causing economic and trade disruption, is located in which body of water?

- (A) East China Sea
- (B) South China Sea
- (C) Sea of Japan
- (D) Bay of Bengal

Q16. In the literary world, the International Booker Prize recognizes translated fiction globally. Which Indian novel, translated by Daisy Rockwell and written by Geetanjali Shree, made history by winning this prestigious award?

- (A) Tomb of Sand
- (B) The God of Small Things
- (C) Ghachar Ghochar
- (D) The Seven Moons of Maali Almeida

Q17. The Digital Personal Data Protection (DPDP) Act enacted by India establishes a compliance framework for entities processing digital personal data. What is the legal term used in this Act to denote an entity that determines the purpose and means of processing personal data?

- (A) Data Principal
- (B) Data Processor
- (C) Data Fiduciary
- (D) Data Custodian

Q18. The Seventh Schedule of the Constitution of India divides legislative powers between the Union and the States. Under which list does the subject of 'Banking and Insurance' fall?



- (A) State List (List II)
- (B) Concurrent List (List III)
- (C) Union List (List I)
- (D) Residuary Powers Framework

Q19. When the Central Government implements a 'Disinvestment' program regarding Public Sector Enterprises (PSEs) without reducing its shareholding below 51%, what is the structural nature of this fiscal policy operation?

- (A) Strategic Disinvestment
- (B) Minority Disinvestment
- (C) Complete Privatization
- (D) Capital Restructuring Liquidation

Q20. In international macroeconomics, if a country faces a persistent scenario where its national investments outstrip its domestic savings continuously, how does this structural imbalance manifest in its balance of payments framework?

- (A) A persistent Capital Account Deficit
- (B) A persistent Current Account Deficit
- (C) A structural surge in Official Reserve Assets
- (D) An immediate depreciation of the real effective exchange rate to zero

Q21. The New Development Bank (NDB), formerly referred to as the BRICS Development Bank, operates with an equitable shareholding pattern. Where is the permanent global headquarters of this multilateral institution located?

- (A) Beijing, China
- (B) Shanghai, China
- (C) New Delhi, India
- (D) Johannesburg, South Africa



- Q22.** Consider the operational mechanism of 'Credit Default Swaps' (CDS) available in financial markets. What fundamental risk-mitigation purpose does a CDS serve for an institutional investor holding corporate bonds?
- (A) It hedges against fluctuations in the benchmark interest rates.
 - (B) It acts as an insurance contract transferring the credit credit-default/insolvency risk of the underlying bond issuer to a third party.
 - (C) It guarantees short-term capital appreciation via derivative leverage.
 - (D) It bypasses the regulatory requirements of marking-to-market financial assets.
- Q23.** In the history of major international corporate advertising campaigns, which brand faced unprecedented global consumer backlash and structural market-cap losses due to a highly polarized social-media influencer campaign involving Bud Light, transforming standard FMCG marketing risk assessments?
- (A) Heineken N.V.
 - (B) Anheuser-Busch InBev
 - (C) Carlsberg Group
 - (D) Diageo PLC
- Q24.** India's ambitious 'Amrit Kaal' economic roadmap targets a specific demographic and structural transition. What is the milestone year targeted by the Government of India to achieve the status of a fully 'Developed Economy'?
- (A) 2030
 - (B) 2035
 - (C) 2047
 - (D) 2050
- Q25.** In the context of global sports administration and commercial finance, which multinational corporate giant secured the title sponsorship rights for the Indian Premier League (IPL) for a five-year block spanning up to 2028, reinforcing domestic corporate dominance over sports media assets?



- (A) Vivo Mobile Communication
- (B) Tata Group
- (C) Dream11
- (D) Reliance Jio

Q26. Under the current Foreign Direct Investment (FDI) policy of India, what is the maximum permissible limit for foreign investment allowed under the automatic route in the 'Defense Manufacturing' sector for companies seeking new industrial licenses?

- (A) 49%
- (B) 74%
- (C) 100%
- (D) 26%

Q27. The concept of 'Stagflation' presents a severe policy dilemma for central banking institutions globally. Which of the following macroeconomic combinations characterizes a classic stagflationary environment?

- (A) High economic growth paired with creeping inflation and low unemployment
- (B) Stagnant or negative economic growth accompanied by high inflation and high unemployment
- (C) Rapid deflation coupled with soaring employment numbers and industrial expansion
- (D) Negative interest rates paired with high corporate earnings and high productivity growth

Q28. The famous geographical feature known as the 'Suez Canal', which acts as a crucial maritime chokepoint for international trade between Europe and Asia, directly connects which two major bodies of water?

- (A) The Mediterranean Sea and the Red Sea
- (B) The Black Sea and the Mediterranean Sea



- (C) The Arabian Sea and the Persian Gulf
- (D) The Red Sea and the Gulf of Aden

Q29. In the Indian financial landscape, the term 'Insolvency and Bankruptcy Code (IBC)' provides an expedited resolution process for stressed assets. What is the maximum statutory time limit originally mandated under the code for completing the Corporate Insolvency Resolution Process (CIRP), inclusive of any granted extensions?

- (A) 90 days
- (B) 180 days
- (C) 270 days
- (D) 330 days

Q30. Which specialized index is published annually by the World Intellectual Property Organization (WIPO) to rank countries based on their innovation ecosystem, capacity, and operational results, where India has shown persistent upward mobility in recent cycles?

- (A) Global Competitiveness Index
- (B) Global Innovation Index
- (C) Human Capital Index
- (D) World Digital Competitiveness Ranking



Detailed Solutions**Q1.****Solution****Concept:**

Development Finance Institutions (DFIs) are specialized financial entities established by governments to provide long-term capital for high-risk, capital-intensive infrastructure projects that commercial banks avoid due to asset-liability mismatch. In India, the National Bank for Financing Infrastructure and Development (NaBFID) was established under the NaBFID Act, 2021, to anchor the National Infrastructure Pipeline. It occupies a distinct regulatory layer managed by the central bank.

Solution:

- (a) NaBFID is set up as a corporate body with an authorized share capital to act as the principal development financial institution for infrastructure financing in India. It coordinates development finance activities, fills capital gaps, and crowds in private sector capital investments.
- (b) Structurally, NaBFID does not operate as a standard Scheduled Commercial Bank or a public sector bank subsidiary. Instead, it is classified and regulated by the Reserve Bank of India as an All-India Financial Institution (AIFI), alongside existing institutions like NABARD, SIDBI, EXIM Bank, and NHB.
- (c) To raise massive long-term resources, the operational framework grants NaBFID the statutory power to issue corporate debt instruments, debentures, and bonds. These financial instruments can be backed by sovereign guarantees to lower the cost of borrowing from domestic and global markets.
- (d) Options A and C are incorrect because NaBFID is neither a commercial retail bank under direct supervision of the Department of Financial Services nor a subsidiary of the State Bank of India. Option D is incorrect because it is initially backed by government equity and not funded exclusively through foreign direct investment channels.

Final Answer: The correct statement is that it functions as a specialized All-India Financial Institution (AIFI) regulated under the RBI Act, 1934.

Answer: (B)

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Q2.

Solution**Concept:**

Sovereign Green Bonds (SGrBs) are debt instruments issued by the central government to tap into specialized ecological capital pools. The fiscal management of these bonds requires compliance with the government's Green Bond Framework, which ensures transparency in utilizing public debts for climate mitigation. The receipts and expenditures must strictly flow through the institutionalized budget mechanisms of the Indian federation.

Solution:

- (a) Under Article 266(1) of the Indian Constitution, all public borrowings raised by the central government must be credited to the Consolidated Fund of India (CFI). Therefore, the capital raised via Sovereign Green Bonds cannot circumvent this fund or be deposited directly into a separate public account, making Option A false.
- (b) The operationalization involves transferring these proceeds from the Consolidated Fund of India through the parliamentary budgetary allocation process directly to eligible public sector green infrastructure projects. These projects must focus on lowering the carbon intensity of the economy.
- (c) An Inter-Ministerial Committee called the Green Finance Working Committee (GFWC), chaired by the Chief Economic Adviser, selects and approves projects. This framework incorporates private-public partnership guidance, which invalidates the exclusion claim in Option B.
- (d) The Reserve Bank of India has classified Sovereign Green Bonds as eligible securities for the Statutory Liquidity Ratio (SLR) for commercial banking institutions. This promotes high liquidity and institutional participation rather than granting exemptions, making Option D incorrect.

Final Answer: The correct feature is that the proceeds are credited to the Consolidated Fund of India and then allocated through the budget to green infrastructure projects.

Answer: (C)

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Q3.

Solution**Concept:**

Antitrust and competition laws globally prevent dominant technology firms from engaging in anti-competitive behavior. Tying and bundling occur when a firm conditions the sale of a dominant product on the purchase of a secondary product, leveraging market power across distinct verticals. The European Commission enforces strict anti-monopoly penalties on multinational digital platforms under the Treaty on the Functioning of the European Union (TFEU).

Solution:

- (a) Alphabet Inc., through its subsidiary Google, dominates several integrated digital layers, including the Android operating system, search algorithms, and web browsing infrastructure. The primary focus of antitrust investigations has been its ad-tech ecosystem, where it controls both the buying and selling platforms for digital advertisements.
- (b) The European Commission discovered that Alphabet engaged in anti-competitive tying of its digital ad-tech ecosystem. It forced smartphone manufacturers to pre-install Google Search and Chrome to secure licensing for the Google Play Store, thereby suppressing competing marketplaces and ad networks.
- (c) These structural interventions resulted in historical multi-billion dollar antitrust fines and restructuring orders aimed at unbundling its core operating applications from its commercial monetization platforms.
- (d) While Meta Platforms, Microsoft, and Amazon face continuous regulatory scrutiny, the landmark penalty and structural separation orders regarding digital ad-tech tying and ecosystem leverage specifically targeted Alphabet Inc.

Final Answer: The corporate entity that faced this landmark enforcement is Alphabet Inc.

Answer: (A)

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Q4.

Solution**Concept:**

The evolution of economic planning in India was marked by political changes that shifted planning philosophies between long-term centralized targets and flexible short-term adjustments. The Five-Year Plans were occasionally disrupted by political transitions, leading to interim planning strategies like the Rolling Plan model, which continuously reviewed and adjusted targets based on macroeconomic changes.

Solution:

- (a) The Fifth Five-Year Plan was launched in 1974 by the Congress government, but it was terminated a year ahead of its schedule in 1978 by the incoming Janata Party administration. The new government rejected the rigid structure of the previous plans.
- (b) The Janata Party government, led by Prime Minister Morarji Desai, introduced the Rolling Plan experiment for the period 1978–1980. This approach meant that the plan's performance was assessed annually, and a new plan was crafted for the subsequent year based on that evaluation.
- (c) This planning model was short-lived because the Congress party returned to power in 1980 under Indira Gandhi. The new administration abandoned the Rolling Plan framework entirely and launched the traditional Sixth Five-Year Plan (1980–1985).
- (d) Option A represents the Emergency era, while Options C and D relate to later coalition eras that experienced annual plan holidays rather than the formal, systemic implementation of the Rolling Plan model.

Final Answer: The political administration and period was the Janata Party government under Morarji Desai during 1978–1980.

Answer: (B)

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Q5.

Solution**Concept:**

The Union Budget presents the public financial ledger using distinct fiscal indicators. The Fiscal Deficit reflects the total borrowing requirements of the government from domestic and external sources. It measures the mismatch between the government's total expenditure and its non-debt-creating resources, serving as a critical indicator of macroeconomic stability and inflationary pressure.

Solution:

- (a) Fiscal Deficit is calculated by subtracting total receipts (excluding borrowings) from the total expenditure of the government. Total expenditure comprises both revenue expenditure and capital expenditure incurred during the fiscal year.
- (b) Government receipts are categorized into revenue receipts and capital recycling accounts. Capital receipts include both debt-creating components (like market loans and borrowings) and non-debt capital receipts (such as loan recoveries and PSU disinvestment proceeds).
- (c) To determine net borrowing needs, debt-creating items must be excluded from total receipts. Therefore, the exact formulation is: Total Expenditure minus (Revenue Receipts + Non-debt Capital Receipts).
- (d) Option A defines the Revenue Deficit. Option D is incorrect because subtracting debt-creating capital receipts would include borrowings, which defeats the purpose of calculating the deficit. Option B correctly uses non-debt capital receipts to isolate the true fiscal deficit.

Final Answer: The accurate mathematical formulation is Total Expenditure minus (Revenue Receipts + Non-debt Capital Receipts).

Answer: (B)

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Q6.

Solution**Concept:**

To reduce reliance on hard currencies like the US Dollar and shield the domestic economy from exchange rate shocks, the Foreign Trade Policy supports cross-border settlement in local currency. The Reserve Bank of India permits foreign banking institutions to establish institutional accounts with domestic commercial banks to facilitate direct currency conversions during import and export settlements.

Solution:

- (a) International trade transactions require matching accounts between domestic and overseas commercial banks. When a foreign bank holds an account in a domestic bank in local currency terms, it is categorized from the domestic perspective as a Vostro account (meaning "your account with us").
- (b) To execute cross-border settlements in Indian Rupees (INR), the Reserve Bank of India designed the Special Rupee Vostro Account (SRVA) mechanism. This framework allows foreign banks to deposit INR funds directly into an authorized dealer bank in India to settle trade invoices.
- (c) When an Indian importer purchases goods from a foreign supplier, the importer pays in INR into the foreign bank's Special Rupee Vostro Account held in India. Conversely, exporters are paid out from this account, removing the need for intermediary conversions into US dollars.
- (d) Option A is a Nostro account, which represents a domestic bank's foreign currency account held abroad. Option B refers to an escrow holding mechanism, which does not manage cross-border clearing, and Option D is an off-shore structural accounting term.

Final Answer: The banking mechanism required is the Special Rupee Vostro Account (SRVA).

Answer: (C)

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Q7.

Solution**Concept:**

Advanced space exploration missions use active remote sensing instruments to monitor global environmental dynamics and tectonic movements. Synthetic Aperture Radar (SAR) systems can penetrate cloud cover and dense vegetation, generating high-resolution spatial mapping data that helps scientists analyze changes in the Earth's topography, surface ecosystems, and natural hazard zones.

Solution:

- (a) NISAR stands for NASA-ISRO Synthetic Aperture Radar. It is an Earth-observing satellite mission jointly developed by the US and Indian space agencies to track global environmental changes and geomorphological processes.
- (b) The technological core of the NISAR satellite is its dual-frequency radar system, which operates in both the L-band (managed by NASA) and the S-band (managed by ISRO). This combination allows the satellite to capture surface deformations with sub-centimeter accuracy.
- (c) NISAR observes the entire landmass and ice sheets of the globe twice every twelve days. This frequency helps scientists track changes in glacier flow rates, volcanic activity, earthquakes, and agricultural forest biomass over time.
- (d) Option A describes a deep-space astrophysics satellite, Option C describes a quantum communication satellite, and Option D describes an upper-atmosphere heliophysics satellite. None of these align with the radar-based observation mission of NISAR.

Final Answer: It is a dual-frequency L-band and S-band Synthetic Aperture Radar mission designed to track microscopic deformations in the Earth's crust and ice sheets.

Answer: (B)

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Q8.

Solution**Concept:**

The global cinema market has historically been dominated by English-language productions from Hollywood. Major cultural events, such as the Cannes Film Festival and the Academy Awards, serve as global platforms for international cinema. When a non-English film wins the top prizes at both festivals, it marks a significant shift in global distribution, streaming dynamics, and the commercial valuation of international projects.

Solution:

- (a) The film 'Parasite', directed by Bong Joon Ho, achieved historic milestones during the 2019–2020 international awards calendar by bridging European artistic cinema and American industry recognition.
- (b) 'Parasite' first won the Palme d'Or, the highest honor at the Cannes Film Festival. It then swept the 92nd Academy Awards, winning Best Picture, Best Director, Best Original Screenplay, and Best International Feature Film.
- (c) This double triumph was unprecedented for a non-English language film. It transformed global distribution frameworks, encouraging international streaming platforms and theatrical networks to invest heavily in foreign-language content.
- (d) While 'Anatomy of a Fall' and 'Roma' won major international awards, they did not sweep the main Academy categories (such as Best Picture) alongside the Palme d'Or in the same historic manner as 'Parasite'.

Final Answer: The film that achieved this historic double distinction is Parasite.

Answer: (B)

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Q9.

Solution**Concept:**

Multinational corporations frequently alter their legal and corporate structures to simplify corporate governance, reduce compliance costs, and streamline operations. Dual-headed structures, where a company operates with two parent entities in different countries, can create regulatory complexities and governance friction, leading firms to consolidate into a single corporate home.

Solution:

- (a) For nearly a century, the consumer goods giant Unilever operated under a dual-headed corporate structure. It consisted of two parent legal entities: Unilever NV based in Rotterdam, Netherlands, and Unilever PLC based in London, United Kingdom.
- (b) To increase its strategic flexibility for mergers, acquisitions, and asset demergers, Unilever unified its corporate structure into a single parent company based entirely in London, UK. This move ended its dual Anglo-Dutch legal framework.
- (c) This corporate restructuring allowed Unilever to trade under a single share class, simplifying cross-border financial transactions and reducing compliance across duplicate regulatory jurisdictions.
- (d) Royal Dutch Shell also unified its corporate structure, but it transitioned from an Anglo-Dutch framework to a UK-incorporated model under energy sector dynamics. Unilever remains the primary consumer goods giant that underwent this specific transformation.

Final Answer: The international FMCG giant that undertook this structural transformation is Unilever PLC.

Answer: (A)

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Q10.

Solution**Concept:**

The evolution of fundamental rights in the Indian Constitution reflects changing political and economic priorities regarding social welfare and private property. The Right to Property was originally included as a fundamental right under Article 19(1)(f) and Article 31, which limited the state's power to acquire private land for public infrastructure without paying substantial compensation.

Solution:

- (a) The 44th Constitutional Amendment Act of 1978 removed the Right to Property from the list of Fundamental Rights in Part III of the Constitution. This change allowed the state to acquire land for public welfare and infrastructure development without facing constitutional challenges under Article 31.
- (b) Although it was stripped of its status as a Fundamental Right, the Right to Property was not completely removed from the text of the Constitution. It was reinserted as a constitutional and legal right under Article 300A in Part XII.
- (c) Article 300A states that "no person shall be deprived of his property save by authority of law." This provision ensures that while citizens cannot file a writ petition in the Supreme Court under Article 32 for property deprivation, they retain legal remedies against arbitrary state action.
- (d) Option A is incorrect because Article 21A guarantees the Right to Education. Option C is incorrect because Article 39(b) is a Directive Principle, whereas Article 300A is a standalone constitutional right.

Final Answer: Its current status is a legal right under Article 300A, placed within Part XII of the Constitution.

Answer: (B)

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Q11.

Solution**Concept:**

The G20 or Group of Twenty is an intergovernmental forum comprising major developed and developing economies to address global macroeconomic stability. Its expansion to include regional bodies reflects a geopolitical push toward inclusive multilateralism and amplified representation for emerging economies, particularly across the Global South.

Solution:

- (a) During the G20 Summit hosted under India's presidency, a historic consensus was reached to expand the permanent membership of the bloc for the first time since its inception in 1999.
- (b) The African Union (AU), a continental body consisting of 55 member states, was officially granted permanent member status, placing it on par with the European Union.
- (c) This integration aims to give the African continent a stronger voice in global economic governance, trade negotiations, and climate finance frameworks.
- (d) ASEAN, Mercosur, and SAARC maintain institutional dialogue partnerships with the G20 but have not been granted full, permanent continental bloc membership like the African Union.

Final Answer: The regional block granted permanent membership is the African Union (AU).

Answer: (B)

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Q12.

Solution**Concept:**

The Standing Deposit Facility (SDF) is an uncollateralized liquidity absorption instrument used by the Reserve Bank of India. Introduced to replace the Fixed Reverse Repo rate as the floor of the Liquidity Adjustment Facility (LAF) corridor, it strengthens monetary policy transmission by separating liquidity absorption from government securities management.

Solution:

- (a) Under the traditional Reverse Repo mechanism, when commercial banks park surplus funds with the central bank, the RBI must provide government securities as collateral to those banks.
- (b) The Standing Deposit Facility allows the RBI to absorb surplus liquidity from the banking system without placing any government securities as collateral in return.
- (c) This framework removes the collateral constraint for the central bank, giving the RBI unlimited capacity to absorb excess liquidity during periods of high financial system surplus.
- (d) This operational framework makes Option B the correct choice, while Option A describes the traditional repo/reverse repo dynamic and Option D describes market-determined auctions.

Final Answer: The SDF allows the RBI to absorb liquidity from commercial banks without providing any collateral of government securities in return.

Answer: (B)

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Q13.

Solution**Concept:**

Strategic disinvestment and privatization in India involve selling public sector enterprises to private corporate entities to reduce the state's fiscal burden and improve operational efficiency. The transfer of the national carrier, Air India, marked a milestone in the country's privatization program.

Solution:

- (a) The Government of India initiated a competitive bidding process for the 100 percent disinvestment of its stake in the national carrier, Air India, along with its low-cost subsidiary Air India Express.
- (b) Tata Sons, through its wholly-owned special purpose vehicle Talace Private Limited, submitted the winning bid of 18000 crore rupees to regain control of the airline.
- (c) This transaction was significant because it returned the airline to its original founders, the Tata Group, 69 years after it was nationalized by the government in 1953.
- (d) Options A, C, and D are incorrect because the Adani Group, Reliance Industries, and InterGlobe Aviation (IndiGo) did not participate as the final acquiring entity of Air India under the Talace structural bid.

Final Answer: The corporate entity that executed the acquisition is Tata Sons.

Answer: (B)

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Q14.

Solution**Concept:**

The Carbon Border Adjustment Mechanism (CBAM) is a climate policy designed to prevent carbon leakage by imposing an import tariff on carbon-intensive products. It levels the competitive playing field between domestic industries bound by strict climate targets and foreign exporters operating in countries with weaker environmental regulations.

Solution:

- (a) CBAM was developed as part of the European Green Deal to ensure that the European Union's climate goals are not undermined by production shifting to countries with less stringent emission targets.
- (b) The mechanism requires importers to buy carbon certificates corresponding to the internal carbon price that would have been paid if the goods had been produced under EU emission trading rules.
- (c) This system targets carbon-intensive industrial sectors such as iron, steel, cement, aluminum, electricity, and fertilizers imported into the European economic zone.
- (d) While the WTO monitors trade compatibility, the policy framework was designed, passed, and pioneered by the European Union, making Option B correct.

Final Answer: The policy framework was pioneered by the European Union (EU).

Answer: (B)

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Q15.

Solution**Concept:**

Geopolitical maritime disputes often center on territorial boundaries and historic rights claimed by nations over critical shipping lanes. These claims can lead to trade friction and naval standoffs, affecting international commercial shipping, resource extraction rights, and freedom of navigation operations.

Solution:

- (a) The Nine-Dash Line is a historical demarcation line used by China to claim sovereignty over the vast majority of the South China Sea.
- (b) This area includes the strategic Parcel and Spratly island chains, which are also claimed by neighboring countries such as Vietnam, the Philippines, Malaysia, and Brunei.
- (c) The maritime region is an economic flashpoint because more than one-third of global shipping trade passes through its waters, and it contains significant untapped oil, natural gas, and fisheries resources.
- (d) Options A, C, and D are incorrect because the East China Sea, Sea of Japan, and Bay of Bengal do not contain this specific historical nine-dash boundary line.

Final Answer: The Nine-Dash Line is located in the South China Sea.

Answer: (B)

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Q16.

Solution**Concept:**

The International Booker Prize is awarded annually for a single novel translated into English and published in the United Kingdom or Ireland. Winning this prize brings global visibility to translated literature and opens new cross-border publishing markets for non-Western authors.

Solution:

- (a) The novel *Ret Samadhi*, written by Geetanjali Shree and translated into English as *Tomb of Sand* by Daisy Rockwell, achieved recognition by winning the International Booker Prize.
- (b) This achievement was a historic milestone for South Asian literature, as it was the first book written in any Indian language to win the award.
- (c) The plot follows an eighty-year-old woman who falls into a deep depression after her husband's death and then travels to Pakistan to confront the unresolved trauma of the 1947 partition.
- (d) Options B, C, and D are incorrect because they refer to different literary works that did not receive the International Booker Prize under this specific translation.

Final Answer: The novel that won the prize is *Tomb of Sand*.

Answer: (A)

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Q17.

Solution**Concept:**

The Digital Personal Data Protection (DPDP) Act establishes a legal framework for processing digital personal data in India. It defines the specific rights of individuals and the duties of entities that collect and manage data, using precise legal terminology to allocate compliance responsibilities.

Solution:

- (a) The DPDP Act categorizes entities into distinct legal roles to clarify accountability for personal data protection.
- (b) An individual whose personal data is being processed is termed the Data Principal under this statutory framework.
- (c) Any entity, corporate body, or state organ that determines the purpose and means of processing personal data is designated as a Data Fiduciary. This term reflects the duty of trust the entity owes to the individual.
- (d) A Data Processor is an entity that processes data on behalf of a Data Fiduciary, while Data Fiduciary remains the legal term for the primary decision-making entity.

Final Answer: The legal term used to denote this entity is Data Fiduciary.

Answer: (C)

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Q18.

Solution**Concept:**

The Seventh Schedule of the Indian Constitution provides the constitutional division of legislative powers between the central government and state governments. It contains three distinct legislative lists: the Union List (List I), the State List (List II), and the Concurrent List (List III), to define the legislative jurisdictions of Parliament and State Assemblies.

Solution:

- (a) The financial sector requires uniform federal regulations to ensure macroeconomic stability and systemic risk management across state lines.
- (b) Banking, insurance, currency, coinage, and stock exchanges are core financial subjects placed under the exclusive jurisdiction of the Parliament of India.
- (c) Consequently, these subjects are listed under Entry 45 and Entry 47 of the Union List (List I) in the Seventh Schedule.
- (d) State governments cannot pass independent laws that conflict with federal jurisdiction over commercial banking or corporate insurance frameworks, making Options A, B, and D legally incorrect.

Final Answer: The subject of Banking and Insurance falls under the Union List (List I).

Answer: (C)

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Q19.

Solution**Concept:**

Disinvestment policies are used to manage state equity in Public Sector Enterprises (PSEs). The central government can execute varying levels of equity sales based on whether it intends to retain management control or hand over ownership to private investors.

Solution:

- (a) When the government sells a portion of its equity in a state enterprise but retains at least 51 percent shareholding, it preserves its majority voting power and operational management control.
- (b) This specific policy approach is classified as Minority Disinvestment, as the state remains the dominant owner while unlocking capital from public sector assets.
- (c) In contrast, Strategic Disinvestment involves selling a larger share block (often 50 percent or more) along with a transfer of management control to a private buyer.
- (d) Because the prompt specifies that the government's shareholding does not fall below 51 percent, the operation is a Minority Disinvestment, making Option B the correct answer.

Final Answer: The structural nature of this operation is Minority Disinvestment.

Answer: (B)

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Q20.

Solution**Concept:**

The Balance of Payments (BoP) is an accounting ledger tracking all economic transactions between residents of a country and the rest of the world. Macroeconomic identities state that the national current account balance must equal the structural difference between domestic savings and national investments.

Solution:

- (a) The national income accounting identity is written as Savings minus Investment equals Exports minus Imports, which represents the Current Account balance.
- (b) If a country's national investment exceeds its domestic savings, it must rely on foreign capital to finance the difference. This imbalance results in an excess of imports over exports.
- (c) This condition creates a persistent Current Account Deficit (CAD), meaning the nation is a net borrower from the rest of the world to cover its domestic investment needs.
- (d) Option A is incorrect because a savings shortfall requires capital inflows, which create a Capital Account Surplus rather than a persistent deficit.

Final Answer: This structural imbalance manifests as a persistent Current Account Deficit.

Answer: (B)

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Q21.

Solution**Concept:**

Multinational development banks are established by groups of nations to provide financial support for infrastructure and sustainable development initiatives. The New Development Bank (NDB) was created as an alternative to traditional, Western-dominated global financial institutions like the World Bank and IMF, ensuring equal voting power among its founding members.

Solution:

- (a) The New Development Bank was established in 2014 during the Sixth BRICS Summit held in Fortaleza, Brazil, by the governments of Brazil, Russia, India, China, and South Africa.
- (b) To support the institutional framework, the founding members agreed to locate the permanent global headquarters of the bank in Shanghai, China.
- (c) The bank also maintains regional offices, including the Africa Regional Center in South Africa, the Americas Regional Office in Brazil, and a regional office in India.
- (d) Option A is incorrect because Beijing hosts the Asian Infrastructure Investment Bank (AIIB), whereas Shanghai was specifically chosen to host the New Development Bank.

Final Answer: The permanent global headquarters of this institution is located in Shanghai, China.

Answer: (B)

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Q22.

Solution**Concept:**

Credit derivatives are financial contracts used to manage and trade specific credit risks independently from other market risks. A Credit Default Swap (CDS) functions as a financial derivative that allows institutional investors to transfer credit risk exposures from their corporate bond portfolios to a third-party seller.

Solution:

- (a) A Credit Default Swap operates similarly to an insurance policy for financial debt instruments. The buyer of a CDS makes regular premium payments to the seller over the life of the contract.
- (b) In return for these premiums, the seller agrees to compensate the buyer if the underlying corporate bond issuer experiences a credit event, such as insolvency, bankruptcy, or a default on interest payments.
- (c) This mechanism allows institutional investors to protect their portfolios against default risks without having to sell the underlying corporate bonds from their asset ledgers.
- (d) Option A is incorrect because interest rate fluctuations are managed using interest rate swaps, while Options C and D do not describe the risk-transfer function of a CDS.

Final Answer: It acts as an insurance contract transferring the credit-default risk of the underlying bond issuer to a third party.

Answer: (B)

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Q23.

Solution**Concept:**

Corporate advertising campaigns can face unexpected marketing risks when social media dynamics trigger widespread consumer pushback. Fast-Moving Consumer Goods (FMCG) corporations can experience substantial adjustments to their brand equity and market capitalization if a marketing campaign causes a sudden shift in consumer sentiment.

Solution:

- (a) The multinational brewing company Anheuser-Busch InBev experienced a significant drop in sales and market valuation following a targeted social media marketing campaign for its brand, Bud Light.
- (b) The public backlash led to prolonged consumer boycotts across its primary retail channels, causing Bud Light to lose its long-standing position as the top-selling beer brand in the United States.
- (c) This shift forced multinational consumer product companies to re-evaluate how they assess political and social risks when designing mainstream advertising campaigns.
- (d) Options A, C, and D are incorrect because Heineken, Carlsberg, and Diageo did not experience this specific market capitalization impact related to the Bud Light marketing campaign.

Final Answer: The brand faced this market backlash under its parent entity, Anheuser-Busch InBev.

Answer: (B)

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Q24.

Solution**Concept:**

Long-term economic planning frameworks use milestone targets to guide policy decisions, infrastructure investments, and structural reforms. The Government of India uses specific timelines to track the country's transition from an emerging economy to a high-income, developed nation.

Solution:

- (a) The term Amrit Kaal defines the twenty-five-year period leading up to the centenary of India's independence from colonial rule.
- (b) The primary goal of this economic roadmap is to transform India into a fully developed nation, focusing on inclusive growth, digital infrastructure, technological development, and energy transition.
- (c) Because India gained independence in 1947, the centenary milestone year for achieving these structural and macroeconomic development goals is set at 2047.
- (d) Options A, B, and D are incorrect because they represent different interim policy horizons rather than the official centenary target set for the developed economy roadmap.

Final Answer: The milestone year targeted by the Government of India is 2047.

Answer: (C)

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Q25.

Solution**Concept:**

Sports broadcasting and commercial sponsorships are high-value financial assets within the media industry. Corporate groups secure long-term title sponsorship rights to build brand equity and gain widespread consumer exposure through highly viewed sports entertainment properties.

Solution:

- (a) The Board of Control for Cricket in India (BCCI) manages competitive bidding processes to assign the title sponsorship rights for the Indian Premier League (IPL).
- (b) The Tata Group successfully renewed its commercial partnership by securing the exclusive title sponsorship rights for a five-year block extending until the 2028 tournament cycle.
- (c) Options A, C, and D are incorrect because Vivo, Dream11, and Reliance Jio did not secure the primary title sponsorship rights for this specific five-year block.

Final Answer: The multinational corporate giant that secured the rights is the Tata Group.

Answer: (B)

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Q26.

Solution**Concept:**

Foreign Direct Investment (FDI) policies govern the entry of international capital into strategic sectors of the domestic economy. Governments periodically adjust these limits to balance national security priorities with the need to attract global manufacturing capital and advanced technology.

Solution:

- (a) The Government of India updated its consolidated FDI policy for the defense sector to encourage domestic manufacturing under the Make in India initiative.
- (b) Under the revised guidelines, foreign defense companies can invest up to 74 percent under the automatic route without needing prior government approval, provided they are seeking new industrial manufacturing licenses.
- (c) Any foreign investment beyond the 74 percent threshold still requires formal government clearance through the Ministry of Defence, which reviews entries based on technology access.
- (d) Option A is incorrect because 49 percent was the previous regulatory limit before the policy was adjusted to attract more foreign investment into domestic assembly infrastructure.

Final Answer: The maximum permissible limit allowed under the automatic route is 74 percent.

Answer: (B)

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Q27.

Solution**Concept:**

Macroeconomic imbalances can disrupt traditional monetary policy tools. When an economy experiences stagnant output alongside rising prices, central banks face a policy dilemma, as tools used to curb inflation can inadvertently slow economic growth further.

Solution:

- (a) Stagflation describes an unusual economic environment where stagnant or contracting economic growth occurs simultaneously with high inflation rates.
- (b) This combination disrupts standard economic models because slowing growth typically leads to lower demand, which usually cools inflationary pressures.
- (c) In a stagflationary environment, high unemployment reduces household incomes, while rising living costs place additional pressure on consumer purchasing power.
- (d) Option B correctly identifies the three coexisting traits of stagflation: stagnant or negative growth, high inflation, and elevated unemployment. Other options describe inflation or deflation patterns that do not match this definition.

Final Answer: A classic stagflationary environment is characterized by stagnant or negative economic growth accompanied by high inflation and high unemployment.

Answer: (B)

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Q28.

Solution**Concept:**

Maritime geography identifies key shipping routes and artificial waterways that support global trade networks. Chokepoints allow commercial vessels to avoid lengthy transit routes around entire continents, shortening shipping timelines between major industrial regions.

Solution:

- (a) The Suez Canal is an artificial sea-level waterway constructed across the Isthmus of Suez in Egypt, providing a direct transit route for international shipping.
- (b) The canal connects the Mediterranean Sea directly to the Red Sea, enabling maritime trade to flow efficiently between European ports and Asian markets.
- (c) By connecting these two bodies of water, the canal allows ships to bypass the alternative route around the Cape of Good Hope at the southern tip of Africa, reducing transit times by several days.
- (d) Options B, C, and D are incorrect because they pair bodies of water, such as the Black Sea or Persian Gulf, that do not border the Suez Canal infrastructure.

Final Answer: The Suez Canal directly connects the Mediterranean Sea and the Red Sea.

Answer: (A)

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Q29.

Solution**Concept:**

Insolvency frameworks are designed to resolve corporate distress efficiently, preserving asset values and protecting creditor claims. Statutory time limits ensure that restructuring decisions are made quickly, reducing delays that can diminish the value of a company's remaining assets.

Solution:

- (a) The Insolvency and Bankruptcy Code (IBC) originally established a strict 180-day window to complete the Corporate Insolvency Resolution Process (CIRP) once a case is admitted.
- (b) Adjudicating authorities can grant a one-time extension of up to 90 days if the resolution professional demonstrates that the complexities of the corporate asset structure require additional time.
- (c) To address litigation delays, subsequent legal amendments introduced an overall statutory cap of 330 days, which is inclusive of all extensions and legal proceedings.
- (d) Option B represents the initial resolution window, Option C represents the maximum extended timeframe for evaluations, and Option D is the absolute statutory cap for the entire legal process.

Final Answer: The maximum statutory time limit originally mandated under the code, including standard extensions, is 270 days.

Answer: (C)

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Q30.

Solution**Concept:**

Composite performance indexes track international competitiveness, intellectual property output, and national innovation ecosystems. These metrics help policymakers assess structural strengths and weaknesses in areas like regulatory environments, human capital investment, and technological infrastructure.

Solution:

- (a) The Global Innovation Index (GII) is published annually by the World Intellectual Property Organization (WIPO) to track and rank the innovation performance of economies worldwide.
- (b) The index evaluates roughly eighty separate indicators, grouped into innovation inputs (such as institutions, human capital, and infrastructure) and innovation outputs (such as knowledge, technology, and creative production).
- (c) India has shown steady progress in these annual rankings, driven by its expanding digital public infrastructure, growth in domestic venture capital pools, and increasing numbers of local patent filings.
- (d) Option A is published by the World Economic Forum, while Option D is managed by the International Institute for Management Development (IMD), making Option B the correct choice.

Final Answer: The index published annually by WIPO is the Global Innovation Index.

Answer: (B)

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Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	B	2	C	3	A	4	B	5	B
6	C	7	B	8	B	9	A	10	B
11	B	12	B	13	B	14	B	15	B
16	A	17	C	18	C	19	B	20	B
21	B	22	B	23	B	24	C	25	B
26	B	27	B	28	A	29	C	30	B

