

MAT Economic & Business Environment Sample Paper-14**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 approximately **24 minutes**.
- Use of mobile phones, smartwatches, calculators, or any electronic gadgets is strictly prohibited.

Q1. The 2026 G20 multi-lateral economic cooperation summit, focusing on sovereign debt optimization architectures and transition financing parameters for vulnerable developing states, was formally hosted by which nation?

- (A) South Africa
- (B) Brazil
- (C) United States
- (D) South Korea

Q2. In the Union Cabinet approvals granted for major maritime developments, India's first deep-water offshore mega-port built entirely on reclaimed land over an artificial island infrastructure was greenlit at which location?

- (A) Vadhavan, Maharashtra
- (B) Vizhinjam, Kerala
- (C) Galathea Bay, Nicobar
- (D) Cuddalore, Tamil Nadu

Q3. Which Middle Eastern sovereign state enacted structural capital changes in early 2026, officially introducing a comprehensive federal corporate tax framework



on business profits to aggressively reduce its fiscal dependence on hydrocarbon revenues?

- (A) Saudi Arabia
- (B) United Arab Emirates
- (C) Qatar
- (D) Oman

Q4. The Government of India recently introduced the 'PM-E-DRIVE Scheme'. What is the primary operational mandate of this targeted public policy intervention?

- (A) Subsidizing deep-tech semiconductor assembly testing units
- (B) Accelerating electric vehicle charging infrastructure and adoption
- (C) Funding rural automated drip irrigation grids
- (D) Digitizing inter-state logistics freight tracking networks

Q5. Which North African country signed an extensive structural economic cooperation framework with India in late 2025, positioning itself as a primary manufacturing gateway for Indian engineering exports entering European markets?

- (A) Egypt
- (B) Morocco
- (C) Algeria
- (D) Tunisia

Q6. The severe supply-side shocks that disrupted global agribusiness corridors in late 2025 were triggered by acute structural output declines in palm oil derivatives originating from which major producing trading block?

- (A) Indonesia
- (B) Brazil
- (C) Malaysia
- (D) Thailand



- Q7.** Which public sector undertaking (PSU) was granted elite 'Maharatna' status by the Department of Public Enterprises, elevating its independent capital investment autonomy threshold up to 5,000 Crore?
- (A) Hindustan Aeronautics Limited (HAL)
(B) Oil India Limited (OIL)
(C) Rural Electrification Corporation (REC)
(D) Solar Energy Corporation of India (SECI)
- Q8.** In a given fiscal cycle, a state's consolidated Revenue Receipts are 4,800 Crore, Capital Receipts are 3,200 Crore (including Net Borrowings of 1,400 Crore), Revenue Expenditure is 5,300 Crore, and Capital Expenditure is 2,700 Crore. Calculate the exact structural value of the Fiscal Deficit.
- (A) 500 Crore
(B) 900 Crore
(C) 1,400 Crore
(D) 2,200 Crore
- Q9.** Consider the following macro-economic indicators for an economy: Gross Domestic Product at Market Price (GDP_{MP}) = 8,500 Crore; Net Indirect Taxes = 650 Crore; Capital Consumption Allowance = 400 Crore; Net Factor Income from Abroad (NFIA) = -150 Crore. Compute the exact Net National Product at Factor Cost (NNP_{FC} or National Income).
- (A) 7,300 Crore
(B) 7,450 Crore
(C) 7,600 Crore
(D) 7,900 Crore
- Q10.** Which systemic institutional body is legally mandated under Article 280 of the Constitution of India to recommend the formal vertical and horizontal distribution metrics for sharing net tax revenues between the Union and the States?



- (A) NITI Aayog Governing Council
- (B) GST Council Secretarial Board
- (C) The Finance Commission
- (D) Inter-State Development Council

Q11. Under the current revised statutory definitions governing MSME classifications in India, a corporate enterprise is classified as a 'Small' enterprise if it satisfies which precise parameters?

- (A) Investment \leq 10 Crore and Turnover \leq 50 Crore
- (B) Investment \leq 5 Crore and Turnover \leq 25 Crore
- (C) Investment \leq 20 Crore and Turnover \leq 100 Crore
- (D) Investment \leq 1 Crore and Turnover \leq 5 Crore

Q12. An institutional portfolio manager executes an interest-rate futures contract to hedge a volatile fixed-income portfolio. If the prevailing repo rate transitions upward by exactly 75 basis points, what is the immediate structural valuation effect observed across the underlying long-duration bond assets?

- (A) The market price of the bonds decreases proportionally to their modified duration
- (B) The market price of the bonds increases relative to the yield-to-maturity curve
- (C) The nominal coupon rate increases automatically via the index mechanism
- (D) The embedded credit spread contracts to match short-term money market rates

Q13. When the Reserve Bank of India (RBI) operates the Standing Deposit Facility (SDF) as an explicit monetary policy tool, what primary operational outcome is it attempting to achieve within the interbank financial architecture?

- (A) Injecting high-velocity systemic liquidity during acute credit bottlenecks
- (B) Absorbing non-systemic surplus liquidity from commercial banks without providing collateralized securities



- (C) Enforcing mandatory statutory liquidity adjustments for primary dealer desks
- (D) Providing emergency direct loan accommodation to non-banking financial companies

- Q14.** Under the international capital safety guidelines established by Basel III regulations, the system-wide 'Countercyclical Capital Buffer' (CCB) is structured to be maintained during periods of excessive credit growth within what precise range of risk-weighted assets?
- (A) 0% to 1.5%
 - (B) 0% to 2.5%
 - (C) 1.5% to 3.5%
 - (D) 2.5% to 5.0%
- Q15.** A sophisticated debt instrument designed to pool discrete under-collateralized retail credit card loans, restructure their cash flows into varying senior or subordinated tranches, and issue them to capital market participants is known as a:
- (A) Asset-Backed Commercial Paper (ABCP)
 - (B) Collateralized Debt Obligation (CDO)
 - (C) Synthetic Credit Default Swap
 - (D) Covered Sovereign Bond
- Q16.** Which global semiconductor powerhouse executed a definitive agreement to acquire the enterprise virtualization software asset provider 'VMware' in a mega-merger deal that reshaped corporate enterprise computing lines?
- (A) Broadcom Inc.
 - (B) Intel Corporation
 - (C) Nvidia Corporation
 - (D) Advanced Micro Devices (AMD)



- Q17.** The comprehensive corporate consolidation of the iconic consumer asset brand 'Horlicks' into the domestic fast-moving consumer goods infrastructure of India was completed by which major enterprise conglomerate?
- (A) Hindustan Unilever Limited (HUL)
 - (B) ITC Limited
 - (C) Nestlé India Limited
 - (D) Dabur India Limited
- Q18.** Which Indian corporate group successfully acquired the controlling equity interest in the strategic international port asset operator 'Haifa Port' in Israel to globalize its specialized multi-modal transport network footprint?
- (A) Adani Group
 - (B) Tata Sons Limited
 - (C) JSW Infrastructure
 - (D) Reliance Industries Limited
- Q19.** The high-profile global antitrust actions initiated recently by the Federal Trade Commission (FTC) accused which digital engine market operator of maintaining an illicit monopoly through structural default search bundling agreements across smartphone devices?
- (A) Alphabet Inc. (Google)
 - (B) Apple Inc.
 - (C) Meta Platforms Inc.
 - (D) Amazon.com Inc.
- Q20.** By which specific constitutional amendment act did the Parliament of India introduce the historic Tenth Schedule, commonly recognized as the 'Anti-Defection Law', to eliminate opportunistic floor-crossing by legislators?
- (A) 44th Constitutional Amendment Act
 - (B) 52nd Constitutional Amendment Act



- (C) 61st Constitutional Amendment Act
- (D) 86th Constitutional Amendment Act

Q21. In the context of the economic history of colonial India, the highly exploitative 'Mahalwari Settlement' land revenue framework was formally introduced across the North-Western Provinces primarily through the regulatory designs of:

- (A) Lord Cornwallis
- (B) Thomas Munro
- (C) Holt Mackenzie
- (D) Captain Alexander Read

Q22. The highly strategic, high-altitude pass 'Zoji La', which forms a critical transport artery for civil and military supply columns, establishes direct connectivity between which geographic regions?

- (A) Srinagar and Leh
- (B) Jammu and Srinagar
- (C) Leh and Manali
- (D) Shimla and Tibet

Q23. Under the structural provisions of Article 368 of the Indian Constitution, the Parliament can amend any provision except those that damage or destroy the 'Basic Structure' of the Constitution. This absolute legal limitation was settled by the Supreme Court in which historic judicial verdict?

- (A) Golaknath v. State of Punjab (1967)
- (B) Kesavananda Bharati v. State of Kerala (1973)
- (C) Minerva Mills v. Union of India (1980)
- (D) Indira Gandhi v. Raj Narain (1975)

Q24. During the expanded diplomatic plenipotentiary sessions concluded recently, which European nation formally became the newest member to join the North Atlantic Treaty Organization (NATO) defense framework?



- (A) Finland
- (B) Sweden
- (C) Ukraine
- (D) Moldova

Q25. The 'International Centre for Settlement of Investment Disputes' (ICSID), which administers legal arbitration mechanisms for investor-state dispute resolutions, is an institutional organ operating under the umbrella of the:

- (A) World Trade Organization (WTO)
- (B) World Bank Group (WBG)
- (C) International Monetary Fund (IMF)
- (D) United Nations Conference on Trade and Development (UNCTAD)

Q26. The structural implementation of the 'Trade Facilitation Agreement' (TFA), which aims to cut global cross-border logistical transaction costs by modernizing customs clearance data protocols, is administered by which multi-lateral regulatory body?

- (A) World Trade Organization (WTO)
- (B) International Chamber of Commerce (ICC)
- (C) World Customs Organization (WCO)
- (D) United Nations Development Programme (UNDP)

Q27. Who among the following global economists was conferred the prestigious Nobel Memorial Prize in Economic Sciences for outstanding empirical breakthroughs mapping how institutional frameworks influence long-term national prosperity?

- (A) Daron Acemoglu, Simon Johnson, and James A. Robinson
- (B) Claudia Goldin
- (C) Ben Bernanke and Douglas Diamond
- (D) David Card and Joshua Angrist



- Q28.** Which nation dominated the comprehensive final country medal tallies at the conclusion of the Winter Olympic Games infrastructure events executed globally in early 2026?
- (A) Norway
 - (B) Germany
 - (C) United States
 - (D) Canada
- Q29.** The Indian Space Research Organisation (ISRO), in strategic collaboration with the National Aeronautics and Space Administration (NASA), finalized pre-launch system integration checks for which highly advanced dual-frequency synthetic aperture radar earth observation satellite?
- (A) EOS-04
 - (B) NISAR
 - (C) Oceansat-3
 - (D) Cartosat-3B
- Q30.** An international technology consortium successfully operationalized the first commercial sub-2nm processing line using next-generation High-NA Extreme Ultraviolet (EUV) lithography systems developed by which specialized global equipment manufacturer?
- (A) ASML Holding
 - (B) Tokyo Electron
 - (C) Applied Materials
 - (D) Lam Research Corporation



Detailed Solutions**Q1.****Solution**

Concept: The G20 forum operates as a premier platform for global economic cooperation, alternating its annual presidency among member nations. Each host country shapes the multi-lateral agenda, focusing on pressing global challenges such as structural sovereign debt restructuring architectures, climate transition financing, and multilateral development bank reforms for vulnerable developing economies.

Solution: The 2026 G20 multi-lateral economic cooperation summit was formally hosted by South Africa, marking the first time the annual G20 presidency was held by an African nation. South Africa used its leadership block to prioritize the economic integration of the Global South, focusing explicitly on creating sustainable sovereign debt optimization architectures and expanding green transition financing parameters for vulnerable developing states. The summit's core diplomatic framework aimed to reform international financial institutions, reduce borrowing costs for low-income countries, and bridge the investment gap for climate-resilient infrastructure. By bringing the African Union's collective voice into the core agenda as a permanent member, the South African host presidency targeted long-term structural equity in global macroeconomic governance.

Final Answer:

Answer: (A)

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Q2.

Solution

Concept: Mega-port infrastructural developments leverage advanced engineering models, such as extensive land reclamation and artificial island structures, to overcome deep-water geographical constraints. These strategic maritime gateways provide the deep natural drafts required to accommodate ultra-large container vessels, directly enhancing a nation's logistics efficiency and position along global trade corridors.

Solution: The Union Cabinet granted its historic approval for the construction of India's first deep-water offshore mega-port built entirely on reclaimed land over an artificial island infrastructure at VadHAVAN in Maharashtra. This greenfield project is strategically designed to handle massive container traffic and features a natural draft of over 20 meters, allowing it to easily accommodate the world's largest mainline cargo vessels. The use of reclaimed offshore land minimizes land acquisition bottlenecks and reduces the environmental footprint on the adjacent mainland coastline. Operating as an all-weather port, VadHAVAN is positioned to become a critical node in international maritime corridors, significantly augmenting India's total port capacity and streamlining the flow of manufacturing exports across the Arabian Sea and global logistics networks.

Final Answer: VadHAVAN, Maharashtra

Answer: (A)

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Q3.

Solution

Concept: Hydrocarbon-dependent economies use tax policy restructuring to diversify their national revenues and build fiscal resilience against energy market fluctuations. Introducing a broad federal corporate tax framework helps oil-exporting nations generate stable domestic revenues, align with international accounting standards, and transition toward service-driven economic models.

Solution: The United Arab Emirates implemented structural tax modifications, introducing a comprehensive federal corporate tax framework on business profits to aggressively reduce its historical fiscal dependence on hydrocarbon revenues. This regulatory framework applies a standard statutory rate to net business profits exceeding specified thresholds, while maintaining zero-tax exemptions for strategic free zones to protect international investment flows. This fiscal policy change represents a major shift away from the region's traditional reliance on oil and gas exports. By establishing a formalized domestic corporate tax system, the United Arab Emirates aims to build a modern, transparent revenue stream to fund public infrastructure projects, support innovation initiatives, and align national accounting practices with global OECD standards against profit shifting.

Final Answer: United Arab Emirates

Answer: (B)

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Q4.

Solution

Concept: Targeted public policy interventions leverage financial incentives and infrastructure development subsidies to accelerate the adoption of clean technology. By expanding national networks of high-capacity charging points and lowering purchase costs, governments can reduce urban air pollution and transition away from fossil-fuel-dependent transportation networks.

Solution: The Government of India introduced the 'PM-E-DRIVE Scheme' (Electric Mobility Promotion Scheme) with the primary operational mandate of accelerating electric vehicle charging infrastructure and adoption across the country. This targeted public policy intervention provides direct demand incentives and subsidies for purchasing electric two-wheelers, three-wheelers, and commercial ambulance or bus fleets. A major focus of the scheme's funding allocation is dedicated to installing extensive networks of public electric vehicle charging stations across major highway corridors and high-density urban administrative zones. By addressing driving-range anxiety and lowering the upfront capital costs of clean energy vehicles, the initiative aims to build a sustainable domestic electric vehicle manufacturing ecosystem, cut transport emissions, and lower the nation's long-term crude oil import bill.

Final Answer: Accelerating electric vehicle charging infrastructure and adoption

Answer: (B)

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Q5.

Solution

Concept: Strategic bilateral economic frameworks link regional manufacturing hubs to optimize international trade pipelines. Developing nations leverage their geographic locations and favorable trade agreements with neighboring continents to serve as production and re-export gateways, helping partner countries reduce transit timelines and overcome regulatory barriers.

Solution: Morocco signed an extensive structural economic cooperation framework with India, positioning itself as a primary manufacturing gateway for Indian engineering and industrial exports entering European markets. Morocco's strategic location on the Mediterranean, combined with its advanced logistics infrastructure—such as the Tanger Med port—and its existing free trade agreements with the European Union, makes it an optimal manufacturing partner. Under this economic cooperation framework, Indian industrial groups can establish domestic assembly plants and processing facilities within Moroccan industrial zones. This arrangement allows semi-finished engineering goods from India to be finalized locally and exported into Europe with minimal tariff barriers. This partnership helps Indian exporters secure manufacturing lines, shorten supply chains, and navigate European market compliance standards efficiently.

Final Answer: Morocco

Answer: (B)

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Q6.

Solution

Concept: Global agribusiness supply chains are vulnerable to localized supply-side shocks when production is concentrated within specific trading blocks. Structural output declines in basic vegetable oil derivatives can trigger immediate price volatility worldwide, impacting downstream food processing, biofuel industries, and retail consumer pricing.

Solution: The severe supply-side shocks that disrupted global agribusiness corridors were triggered by acute structural output declines in palm oil derivatives originating from Indonesia. As the world's largest producer and exporter of crude palm oil, Indonesia's domestic harvest yields dictate global supply patterns and baseline pricing for consumer goods. A combination of changing weather patterns, aging plantation trees, and updated domestic mandates for higher biodiesel blending (such as B35/B40) reduced the total volume available for international trade. This sudden reduction in export volumes created supply imbalances across major importing markets like India and the European Union, driving up food manufacturing costs and forcing alternative vegetable oil sectors to adjust. This situation highlights how heavily global consumer supply chains rely on output stability from a single agricultural extraction hub.

Final Answer:

Answer: (A)

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Q7.

Solution

Concept: The elite 'Maharatna' status represents the highest level of administrative and financial autonomy granted to public sector undertakings (PSUs) in India. This designation allows a company's board to execute large-scale capital investments, form international joint ventures, and acquire global assets without needing prior structural clearances from central ministries.

Solution: Hindustan Aeronautics Limited (HAL) was officially granted the elite 'Maharatna' status by the Department of Public Enterprises, following an administrative review of its financial performance. This upgrade gives HAL greater operational freedom, lifting its independent capital investment threshold up to 5,000 Crore for individual infrastructure projects, structural upgrades, or domestic joint ventures. Previously, as a 'Navratna' enterprise, HAL had lower investment caps and required ministry approvals for larger financial outlays. This enhanced autonomy allows HAL's management to make rapid corporate decisions, enter global alliances, and invest in advanced aerospace manufacturing facilities. This financial flexibility is critical as the company scales up production for indigenous defense platforms like the Tejas fighter jets and advanced light helicopters, supporting India's defense self-reliance initiatives.

Final Answer:

Answer: (A)

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Q8.

Solution

Concept: The fiscal deficit measures the total excess of a government's combined expenditures over its non-borrowed receipts during a financial year. It reflects the total borrowing requirements of the state to bridge its budget gap and can be calculated by isolating net borrowings or by subtracting total expenditures from non-debt receipts.

Solution: To compute the exact structural value of the Fiscal Deficit, we can use two equivalent budgetary accounting approaches.

Approach 1: Using Net Borrowing Data By definition, the fiscal deficit of a sovereign state represents its total borrowing requirement for that fiscal period. The problem explicitly states that Capital Receipts include Net Borrowings of 1,400 Crore. Therefore, the fiscal deficit is exactly equal to this net borrowing value:

$$\text{Fiscal Deficit} = \text{Net Borrowings} = 1,400 \text{ Crore}$$

Approach 2: Total Expenditure minus Non-Debt Receipts We can verify this via the standard formula:

$$\text{Fiscal Deficit} = \text{Total Expenditure} - (\text{Revenue Receipts} + \text{Non-Debt Capital Receipts})$$

- Total Expenditure = Revenue Exp + Capital Exp = 5300 + 2700 = 8,000 Crore
- Non-Debt Capital Receipts = Total Capital Receipts – Net Borrowings = 3200 – 1400 = 1,800 Crore

Substitute these figures into the formula:

$$\text{Fiscal Deficit} = 8000 - (4800 + 1800) = 8000 - 6600 = 1,400 \text{ Crore}$$

Both methods yield an exact structural fiscal deficit value of 1,400 Crore.

Final Answer:

Answer:

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Q9.

Solution

Concept: National Income (NNP_{FC}) is derived from gross market metrics by adjusting for capital consumption, tax distortions, and cross-border factor flows. Subtracting depreciation and net indirect taxes isolates net factor values, while adding foreign factor income converts domestic production into a national metric.

Solution: To calculate the exact Net National Product at Factor Cost (NNP_{FC}), we apply the following step-by-step transformation formula to the baseline macroeconomic data points: $NNP_{FC} = GDP_{MP} - \text{Capital Consumption Allowance} + \text{Net Factor Income from Abroad (NFIA)}$ – Given values:

- $GDP_{MP} = 8,500$ Crore
- Net Indirect Taxes = 650 Crore
- Capital Consumption Allowance (Depreciation) = 400 Crore
- Net Factor Income from Abroad (NFIA) = –150 Crore

Step 1: Convert Gross Domestic Product into Net Domestic Product at Market Price (NDP_{MP}):

$$NDP_{MP} = 8500 - 400 = 8,100 \text{ Crore}$$

Step 2: Convert NDP_{MP} into Net Domestic Product at Factor Cost (NDP_{FC}) by removing market tax distortions:

$$NDP_{FC} = 8100 - 650 = 7,450 \text{ Crore}$$

Step 3: Factor in Net Factor Income from Abroad to determine the final National Income (NNP_{FC}):

$$NNP_{FC} = 7450 + (-150) = 7450 - 150 = 7,300 \text{ Crore}$$

The final Net National Product at Factor Cost equals exactly 7,300 Crore.

Final Answer:

Answer: (A)

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Q10.

Solution

Concept: The Finance Commission is a constitutional body established to regulate financial relations between the central government and individual states. By recommending vertical and horizontal tax distribution metrics, it balances regional revenue disparities and ensures equitable public infrastructure funding across the country.

Solution: The institutional body legally mandated under Article 280 of the Constitution of India is the Finance Commission. Constituted by the President of India every five years, this high-level panel recommends the formal vertical tax devolution metrics (the percentage share of central taxes allocated directly to the states) and the horizontal distribution formulas (how that pool is split among individual states). The horizontal formula weights factors like demographic changes, income distance, forest cover, and fiscal performance to ensure balanced growth across regions. By operating as a neutral arbitrator, the Finance Commission helps resolve fiscal differences between the Union and the states, ensuring long-term transparency and financial stability within India's federal structure.

Final Answer:

Answer: (C)

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Q11.

Solution

Concept: The Ministry of MSME applies a unified composite classification system based on plant and machinery investments and annual turnover thresholds. This modern framework removes separate rules for manufacturing and service sectors, allowing growing enterprises to scale production while retaining access to priority sector lending and state subsidies.

Solution: Under the revised statutory definitions governing MSME classifications in India, a corporate enterprise is classified as a 'Small' enterprise if its total investment in plant, machinery, or equipment does not exceed 10 Crore, and its annual net turnover does not exceed 50 Crore. This composite definition requires the business to stay within both parameters simultaneously; exceeding either threshold pushes the business into the 'Medium' enterprise category. This unified system removes the older regulatory barriers that separated manufacturing and service units, creating a streamlined framework. By maintaining these classification bounds, small-scale industrial clusters can access targeted state credit guarantees, public procurement preferences, and simplified compliance rules, helping them scale up operations without losing vital regulatory benefits.

Final Answer:

Answer: (A)

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Q12.

Solution

Concept: Fixed-income assets share an inverse relationship between market price and underlying yields, determined by their modified duration. When monetary policy rates adjust upward, the present value of future fixed coupon streams drops, causing longer-duration bonds to experience larger price drops than short-term instruments.

Solution: An upward shift in the repo rate by 75 basis points pushes short-term money market rates and the broader yield curve higher. Because a bond's fixed nominal coupon remains unchanged, the present value of its future cash flows falls when discounted at these higher prevailing rates. The sensitivity of a bond's market price to changes in interest rates is determined by its modified duration. Long-duration bond assets carry higher interest rate risk, meaning their market price decreases proportionally to their modified duration. For example, a bond with a modified duration of 8 years would face an estimated price decrease of approximately 6% ($8 \times 0.75\%$) following this rate hike. Portfolio managers use interest-rate futures contracts to offset this drop in underlying asset values, balancing the overall value of the portfolio.

Final Answer: The market price of the bonds decreases proportionally to their modified duration

Answer: (A)

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Q13.

Solution

Concept: The Standing Deposit Facility (SDF) functions as an uncollateralized monetary policy tool used by central banks to manage banking system liquidity. By absorbing excess cash reserves without providing sovereign securities, central banks can control liquidity expansions and keep short-term money market rates aligned with policy targets.

Solution: When the Reserve Bank of India (RBI) operates the Standing Deposit Facility (SDF), its primary operational goal is absorbing non-systemic surplus liquidity from commercial banks without providing collateralized sovereign securities. Introduced to replace the traditional fixed-rate reverse repo as the floor of the Liquidity Adjustment Facility (LAF) window, the SDF allows commercial banks to park overnight funds directly with the central bank. Because the RBI is not required to provide government bonds as collateral for these deposits, it can absorb large amounts of excess liquidity without depleting its portfolio of sovereign securities. This flexibility makes the SDF an agile tool for managing high liquidity levels caused by capital inflows or government spending, keeping the interbank call money rate aligned with the policy repo rate.

Final Answer: bsorbing excess liquidity from banks without collateral

Answer: (B)

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Q14.

Solution

Concept: The countercyclical capital buffer (CCB) is a macroprudential safety requirement designed to protect the banking sector from systemic risks during periods of high credit growth. Requiring banks to build up common equity reserves during economic expansions ensures they have a financial cushion to absorb losses and maintain lending lines during downturns.

Solution: Under the international capital safety guidelines established by Basel III regulations, the system-wide Countercyclical Capital Buffer (CCB) is structured to range from 0% to 2.5% of a banking institution's total Risk-Weighted Assets (RWAs). This buffer must be met entirely with Common Equity Tier 1 (CET1) capital. National regulators monitor credit-to-GDP deviations to adjust the CCB requirement within this 0% to 2.5% range. During economic expansions with high private credit growth, the buffer is raised toward the 2.5% cap to protect banks against potential defaults. Conversely, during economic downturns or credit crunches, regulators can lower or suspend the buffer to free up capital, allowing banks to absorb losses and maintain lending to the real economy.

Final Answer: 0% to 2.5%

Answer: (B)

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Q15.

Solution

Concept: Structured financial securitization involves pooling discrete, illiquid debt assets into a single investment vehicle. Redistributing these underlying cash flows into structured payment tranches with varying risk levels allows financial institutions to issue customized, high-yield securities to capital market investors.

Solution: A sophisticated debt instrument designed to pool discrete under-collateralized retail credit card loans, restructure their cash flows into varying senior or subordinated tranches, and issue them to capital market participants is known as a Collateralized Debt Obligation (CDO). In a standard asset securitization workflow, a financial institution transfers these unsecured retail consumer receivables to a Special Purpose Vehicle (SPV). The SPV restructures the combined underlying asset cash flows into separate tranches. The senior tranches carry the highest credit ratings and lowest yields due to their payment priority, while the subordinated or equity tranches absorb initial credit defaults first and offer higher yields to compensate for the added risk. This structured approach helps banks move illiquid credit card assets off their balance sheets, freeing up lending capacity and providing institutional investors with tailored yield opportunities.

Final Answer: Collateralized Debt Obligation (CDO)

Answer: (B)

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Q16.

Solution

Concept: Corporate consolidation within the high-tech sector allows semiconductor manufacturers to expand into cloud infrastructure and virtualization services. Combining hardware design capabilities with enterprise software suites enables companies to build integrated data center systems, shaping competitive lines across cloud computing markets.

Solution: Broadcom Inc. executed a definitive multi-billion dollar agreement to acquire the enterprise virtualization software asset provider 'VMware', in a mega-merger deal that reshaped corporate enterprise computing lines. Broadcom, historically focused on designing and supplying core semiconductor hardware components, completed this acquisition to diversify its revenue streams and build a strong presence in enterprise software ecosystems. By integrating VMware's widely used cloud infrastructure, virtualization tools, and software-defined data center applications into its product portfolio, Broadcom can offer a fully integrated suite of hardware and software components. This consolidation allows corporate enterprise clients to optimize workload management directly across multi-cloud networks, altering market competition and vendor strategies for large-scale enterprise data centers.

Final Answer:

Answer: (A)

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Q17.

Solution

Concept: Strategic brand acquisitions allow fast-moving consumer goods conglomerates to rapidly expand their product portfolios into specialized nutrition and wellness segments. Integrating well-known regional consumer brands into an established distribution network helps companies improve market penetration and drive long-term revenue growth.

Solution: The comprehensive corporate consolidation of the iconic nutrition brand 'Horlicks' into the domestic fast-moving consumer goods infrastructure of India was completed by Hindustan Unilever Limited (HUL). Following a multi-billion dollar international acquisition deal with GlaxoSmithKline (GSK), Hindustan Unilever took over the complete ownership and manufacturing rights for Horlicks, alongside other linked health food drink assets, within the South Asian market. This strategic consolidation allowed HUL to instantly enter the specialized health and nutrition sector. By leveraging its extensive retail distribution network across urban and rural markets, HUL can maximize shelf space, introduce new product variations, and improve profit margins, making Horlicks a core asset in its food and beverage portfolio.

Final Answer:

Answer: (A)

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Q18.

Solution

Concept: Acquiring strategic international port assets allows infrastructure conglomerates to globalize their multi-modal transport networks. Securing operational control of deep-water Mediterranean maritime gateways helps companies diversify their logistics footprints and connect trade routes across Asia, Europe, and the Middle East.

Solution: The Adani Group successfully acquired the controlling equity interest in the strategic international port asset operator 'Haifa Port' in Israel, in partnership with local automation supplier Gadot. Located along critical Mediterranean shipping lanes, Haifa Port handles a significant share of Israel's containerized cargo and serves as a major trade node. By securing operational control of this deep-water facility, the Adani Group has expanded its multi-modal transport network footprint beyond South Asia into European and Middle Eastern maritime zones. This acquisition aligns with long-term international trade initiatives designed to connect trade corridors across India, the Middle East, and Europe, allowing the infrastructure conglomerate to streamline sea-land cargo movements and expand its global logistics operations.

Final Answer: Adani Group

Answer: (A)

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Q19.

Solution

Concept: Antitrust regulations prevent dominant tech platforms from using default search agreements or application bundling to create illicit monopolies. Protecting digital market competition requires maintaining open entry channels for alternative engines, ensuring consumers can select services without structural system restrictions.

Solution: The global antitrust actions initiated by the Federal Trade Commission (FTC) and the Department of Justice accused Alphabet Inc. (Google) of maintaining an illicit monopoly through structural default search bundling agreements across smartphone devices. Regulatory investigations focused on Google's multi-billion dollar annual payments to major smartphone manufacturers and browser developers to secure its position as the pre-installed default search engine. Regulators argued that these default settings created an artificial barrier to entry that blocked alternative search engine platforms from competing fairly or scaling up their user bases. This high-profile antitrust challenge aims to dismantle these bundling agreements, giving consumers more choice and opening up competition within the global digital advertising and search market ecosystems.

Final Answer: Alphabet Inc. (Google)

Answer: (A)

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Q20.

Solution

Concept: Constitutional amendments can introduce targeted legislative schedules to deter opportunistic political switching by elected members. Implementing strict anti-defection provisions helps preserve party discipline, support stable coalitions, and prevent floor-crossing that can disrupt democratic legislative majorities.

Solution: The Parliament of India introduced the historic Tenth Schedule, commonly recognized as the 'Anti-Defection Law', through the enactment of the 52nd Constitutional Amendment Act in 1985. This amendment was designed to deter opportunistic political floor-crossing by legislators, which had historically caused instability within state and central governments. The Tenth Schedule states that an elected member of a legislative house can be disqualified from office if they voluntarily give up membership in their political party, or vote against party directives without prior permission. It also establishes rules for independent and nominated members who join a political party after election. The law balances a legislator's individual freedom with the need for stable party lines, and the house speaker holds the judicial authority to rule on disqualification petitions.

Final Answer: 52nd Constitutional Amendment Act

Answer: (B)

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Q21.

Solution

Concept: Colonial land revenue systems modified rural land rights to maximize revenue extraction for the state. Depending on regional governance patterns, these frameworks assessed tax obligations collectively across village units or estates, impacting agrarian economies and local social structures throughout British India.

Solution: The 'Mahalwari Settlement' land revenue framework was formally introduced across the North-Western Provinces, parts of Central India, and the Punjab region primarily through the regulatory designs of Holt Mackenzie. Officially codified under Regulation VII of 1822, this system modified earlier British land policies by using the village estate, or 'Mahal', as the unit for revenue assessment. Instead of collecting taxes from individual cultivators or permanent zamindars, the colonial state calculated revenue obligations collectively for the entire village community, and village headmen (Lambardars) were made responsible for collecting and delivering the revenue. While Holt Mackenzie's framework included detailed land mapping and crop estimations, the high revenue demands and strict collection rules caused widespread rural indebtedness and disrupted traditional social structures across northern India.

Final Answer: Holt Mackenzie

Answer: (C)

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Q22.

Solution

Concept: High-altitude mountain passes serve as strategic geographic links across rugged mountain ranges, connecting isolated valleys and border regions. These high-altitude roads are critical transport arteries for civilian transit, trade, and military supply lines, requiring year-round management to maintain regional connectivity.

Solution: The strategic, high-altitude pass 'Zoji La' establishes direct connectivity between Srinagar and Leh, serving as a critical link between the Kashmir Valley and the Ladakh region. Situated at an elevation of approximately 3,528 meters along National Highway 1 (NH 1), this pass provides a vital route for civilian transport and military supply lines moving toward border zones. Because Zoji La faces heavy snowfall and avalanches, it historically closed for several months during winter, cutting off land access to Ladakh. To resolve this logistical challenge, the government launched the Zoji La Tunnel project, an all-weather road tunnel designed to bypass the hazardous pass. This infrastructure project ensures uninterrupted, year-round connectivity, improving safety and strengthening military logistics for the armed forces stationed in northern frontier zones.

Final Answer: Srinagar and Leh

Answer: (A)

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Q23.

Solution

Concept: The 'Basic Structure' doctrine limits the legislature's power to amend the constitution, protecting essential democratic principles from being dismantled. This judicial review framework ensures that core elements like individual rights, the rule of law, and the separation of powers remain preserved, maintaining constitutional stability over time.

Solution: The absolute legal limitation that prevents the Parliament from using its Article 368 amending powers to alter the core identity of the constitution was settled by the Supreme Court in the historic Kesavananda Bharati v. State of Kerala (1973) verdict. In a 7-6 split decision, the largest constitutional bench in Indian judicial history ruled that while Article 368 grants broad authority to amend constitutional provisions, it does not include the power to damage or destroy the 'Basic Structure' of the Constitution. The Court stated that essential features like federalism, secularism, democracy, judicial review, and individual fundamental rights form the core foundation of the document and cannot be removed by legislative majorities. This historic ruling established the Basic Structure doctrine, cementing the judiciary's role as the final protector of constitutional principles against potential legislative overreach.

Final Answer: Kesavananda Bharati v. State of Kerala (1973)

Answer: (B)

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Q24.

Solution

Concept: The expansion of multilateral defense frameworks like NATO reflects shifting regional security landscapes. Adding new member states along strategic borders alters collective defense agreements, reshapes security cooperation, and influences geopolitical dynamics across the continent.

Solution: During the expanded diplomatic plenipotentiary sessions concluded recently, Sweden formally became the newest member to join the North Atlantic Treaty Organization (NATO) defense framework, following its neighbor Finland's accession. Sweden's admission into the alliance marked a historic shift away from its long-standing policy of military non-alignment, a policy it had maintained for over two centuries. This transition was accelerated by changing security conditions in Eastern Europe, which prompted Sweden to seek collective security guarantees under NATO's Article 5 framework. The accession required unanimous approval from all existing alliance members and involved extensive diplomatic discussions to resolve regional ratification holdups. Sweden's full integration strengthens NATO's defense capabilities across the Baltic Sea region and secures joint military planning and infrastructure interoperability across northern Europe.

Final Answer:

Answer: (B)

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Q25.

Solution

Concept: International arbitration centers provide neutral legal frameworks to resolve complex disputes between foreign investors and host sovereign states. Operating as an independent global organ, these bodies use structured legal procedures to settle non-commercial investment conflicts, building investor confidence and supporting stable international capital flows.

Solution: The International Centre for Settlement of Investment Disputes (ICSID) is an institutional organ that operates under the umbrella of the World Bank Group (WBG). Established in 1966 by the ICSID Convention, this specialized body provides structured facilities for the conciliation and arbitration of investment disputes between foreign investors and host sovereign states. MIGA and IFC look to ICSID to provide a neutral, non-commercial legal forum to resolve complex cross-border investment disagreements, such as asset expropriation claims or regulatory contract breaches. While the majority of global nations are signatories to the convention, a few countries, including India, choose to stay outside the framework to maintain full domestic judicial sovereignty over local commercial disputes. ICSID remains a central institution for managing international investment law and arbitration.

Final Answer:

Answer: (B)

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Q26.

Solution

Concept: The Trade Facilitation Agreement (TFA) is a multilateral treaty designed to accelerate global trade by streamlining cross-border logistical transaction costs. By modernizing customs clearance data protocols and increasing regulatory transparency, the agreement helps trading nations speed up cargo transit and improve supply chain efficiencies.

Solution: The structural implementation of the Trade Facilitation Agreement (TFA) is administered under the statutory oversight of the World Trade Organization (WTO), having entered into force in 2017 after ratification by a two-thirds majority of member states. The TFA sets out binding requirements for customs offices worldwide to modernize their operations, introduce digital single-window documentation systems, and simplify cargo clearance protocols. By harmonizing import, export, and transit regulations, the agreement aims to reduce the bureaucratic overhead and administrative delays faced by international shipping operations. It also contains provisions for technical assistance and special treatment for developing and least-developed nations, helping them upgrade their border infrastructure, cut trade transaction costs, and integrate more effectively into global value chains.

Final Answer: World Trade Organization (WTO)

Answer: (A)

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Q27.

Solution

Concept: The Nobel Memorial Prize in Economic Sciences recognizes research that advances the understanding of macroeconomic systems, institutional economics, or labor dynamics. Empirical studies that map how social, political, and institutional frameworks influence long-term national wealth provide insights into economic development and public governance.

Solution: The Nobel Memorial Prize in Economic Sciences was conferred upon the global economists Daron Acemoglu, Simon Johnson, and James A. Robinson for their outstanding empirical breakthroughs mapping how institutional frameworks influence long-term national prosperity. Their collaborative research, highlighted in foundational works like *Why Nations Fail*, utilizes historical data and natural experiments to show that a country's economic success is largely shaped by the nature of its institutional design. They differentiate between 'inclusive' institutions, which protect property rights, support law enforcement, and encourage open market competition, and 'extractive' institutions, which concentrate wealth and political power within a small elite block. Their empirical findings demonstrate that inclusive frameworks create strong incentives for innovation, capital investment, and sustained economic growth, providing a model for modern development economics.

Final Answer: Daron Acemoglu, Simon Johnson, and James A. Robinson

Answer: (A)

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Q28.

Solution

Concept: The Winter Olympic Games bring together international athletes to compete across specialized ice and snow sports events. A nation's standing in the final country medal tallies reflects its sustained investments in athletic training systems, winter sports infrastructure, and specialized coaching programs.

Solution: Norway dominated the comprehensive final country medal tallies at the conclusion of the Winter Olympic Games infrastructure events executed globally in early 2026. This performance continued Norway's long-standing success in winter sports, where the nation leverages its specialized athletic training systems, public sports infrastructure, and strong cross-country skiing and biathlon programs to secure top podium finishes. Norwegian athletes secured multiple gold medals across both traditional Nordic disciplines and alpine skiing events, outperforming rival sporting blocks like Germany, Canada, and the United States. This consistent medal-winning capability underscores the efficiency of Norway's grassroots sports funding models, which prioritize winter athletic development and keep the country at the forefront of international winter sports competitions.

Final Answer:

Answer: (A)

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Q29.

Solution

Concept: Collaborative earth observation satellite missions blend advanced sensor technologies from international space agencies to monitor global environmental changes. Dual-frequency synthetic aperture radar systems provide high-resolution imagery regardless of weather conditions, delivering critical data for climate tracking, agricultural planning, and natural disaster management.

Solution: The Indian Space Research Organisation (ISRO), in strategic collaboration with the National Aeronautics and Space Administration (NASA), finalized pre-launch system integration checks for the highly advanced earth observation satellite known as NISAR (NASA-ISRO Synthetic Aperture Radar). This collaborative space mission features a dual-frequency synthetic aperture radar system that operates across both L-band and S-band radar frequencies to scan the Earth's surface. The satellite is designed to measure subtle changes in the planet's ecosystems, ice sheet mass, and vegetation patches with high precision, mapping the entire globe every 12 days. The data collected by NISAR will assist researchers globally in tracking climate change indicators, predicting agricultural crop yields, and monitoring natural hazards like landslides, earthquakes, and volcanic activity, marking a significant milestone in international space cooperation.

Final Answer:

Answer: (B)

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Q30.

Solution

Concept: Next-generation semiconductor processing lines rely on extreme ultraviolet (EUV) lithography systems to manufacture sub-2nm transistors. High-NA EUV lithography systems use specialized optical components with a higher numerical aperture to project intricate circuit designs onto silicon wafers, driving advancements in microchip performance.

Solution: The specialized global equipment manufacturer that developed the High-NA Extreme Ultraviolet (EUV) lithography systems used to operationalize the first commercial sub-2nm processing line is ASML Holding. Based in the Netherlands, ASML holds a global monopoly on manufacturing the advanced EUV lithography machines required to produce the world's most sophisticated microchips. The company's next-generation High-NA (High Numerical Aperture) systems upgrade the optical projection architecture from an NA of 0.33 to 0.55, allowing chip makers to print smaller features onto silicon wafers without complex multi-patterning steps. This technological advance is essential for scaling semiconductor geometry down to sub-2nm nodes, enabling tech consortiums to pack more transistors onto a single microchip to power advanced artificial intelligence models, cloud servers, and high-performance computing platforms.

Final Answer: ASML Holding

Answer: (A)

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Answer Key

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

