

MAT Economic & Business Environment Sample Paper - 7

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 Union Budget introduced a scheme called 'PM-PRANAM'. What is the primary objective of this scheme?

- (A) To promote the restoration, awareness, generation, nourishment, and amelioration of mother earth through alternative fertilizers
- (B) To provide financial assistance to digital startups in rural areas
- (C) To modernize the infrastructure of primary health care centers in Tier-2 and Tier-3 cities
- (D) To streamline credit access for micro and small manufacturing enterprises

Q2. Consider the following statements regarding the Shanghai Cooperation Organisation (SCO): 1. India and Pakistan became full members of the SCO in the same year. 2. The permanent secretariat of the SCO is located in Beijing, China. Which of the statements given above is/are correct?

- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2



(D) Neither 1 nor 2

Q3. In which of the following atmospheric layers does the International Space Station (ISS) typically orbit the Earth?

(A) Stratosphere

(B) Mesosphere

(C) Thermosphere

(D) Exosphere

Q4. The Reserve Bank of India (RBI) utilizes the 'Marginal Standing Facility' (MSF) primarily to achieve which of the following objectives?

(A) To provide long-term capital loans to commercial banks for infrastructure financing

(B) To manage unexpected, overnight liquidity mismatches in the banking system

(C) To regulate the foreign exchange reserves and stabilize the value of the Indian Rupee

(D) To purchase government securities directly from the primary market during fiscal deficits

Q5. Who among the following authors was awarded the International Booker Prize 2025 for a translated work of fiction?

(A) Jenny Erpenbeck

(B) Georgi Gospodinov

(C) Geetanjali Shree

(D) Yael van der Wouden

Q6. Which Indian corporate conglomerate announced the strategic acquisition of a controlling stake in the retail and local search platform 'Justdial'?

(A) Tata Digital



- (B) Reliance Retail Ventures Limited
- (C) Adani Enterprises
- (D) Bharti Airtel

Q7. Under the Indian Constitution, the power to abolish or create Legislative Councils in States rests with the:

- (A) Governor of the respective State
- (B) Parliament of India, on a resolution passed by the State Assembly
- (C) President of India, on the advice of the Council of Ministers
- (D) Supreme Court of India through judicial review

Q8. In the Union Budget, if the government's total expenditure exceeds its total receipts excluding borrowings, the resulting metric is formally defined as the:

- (A) Revenue Deficit
- (B) Primary Deficit
- (C) Fiscal Deficit
- (D) Effective Revenue Deficit

Q9. Which global tech giant entered into a definitive agreement to acquire the cybersecurity firm 'Mandiant' to enhance its cloud security operations?

- (A) Microsoft
- (B) Amazon Web Services
- (C) Google
- (D) Cisco Systems

Q10. The 'GIFT City' (Gujarat International Finance Tec-City) houses India's first International Financial Services Centre (IFSC). Which of the following authorities is the unified regulator for financial products and services within this zone?

- (A) SEBI
- (B) RBI



(C) IFSCA

(D) IRDAI

Q11. The term 'Deepfake', which has generated significant policy discussions worldwide, is primarily enabled by which branch of technology?

(A) Generative Adversarial Networks (GANs)

(B) Blockchain Distributed Ledgers

(C) Quantum Cryptography

(D) Edge Computing Architecture

Q12. The National Institution for Transforming India (NITI Aayog) replaced the Planning Commission of India. Which of the following correctly describes the structural nature of NITI Aayog?

(A) It is a statutory body established by an Act of Parliament.

(B) It is a constitutional body explicitly mentioned under Article 280.

(C) It is a non-statutory, extra-constitutional body created by an executive resolution.

(D) It is an independent regulatory authority operating under judicial oversight.

Q13. In international trade, the 'Most Favoured Nation' (MFN) principle under the World Trade Organization (WTO) framework implies:

(A) Granting special trade privileges and lower tariffs exclusively to neighboring countries

(B) Treating all trading partners equally without discrimination in terms of tariffs and trade barriers

(C) Providing domestic industries with higher subsidies compared to foreign firms

(D) Restricting imports from developing nations to protect domestic manufacturers



- Q14.** The standard corporate advertisement taglines 'The Quality Goes In Before The Name Goes On' and 'Connecting People' belong historically and respectively to which two global brands?
- (A) General Electric and Apple
 - (B) Zenith Electronics and Nokia
 - (C) Sony and Motorola
 - (D) Philips and BlackBerry
- Q15.** At which of the following Harappan sites has evidence of a dockyard been discovered, indicating maritime trade links with ancient Mesopotamia?
- (A) Kalibangan
 - (B) Lothal
 - (C) Banawali
 - (D) Dholavira
- Q16.** Which Indian sportsperson secured a historic gold medal in the men's javelin throw event at the World Athletics Championships held in Budapest?
- (A) Kishore Jena
 - (B) Neeraj Chopra
 - (C) DP Manu
 - (D) Shivpal Singh
- Q17.** What is the operational mechanism of 'Prompt Corrective Action' (PCA) enforced by the Reserve Bank of India on commercial banks?
- (A) It is a framework to automatically approve branch expansion plans for high-performing banks.
 - (B) It is a supervisory tool that kicks in sequentially when a bank breaches certain risk thresholds related to capital, asset quality, and profitability.
 - (C) It is a scheme to completely waive off non-performing assets of public sector banks.



(D) It is a digital clearance system meant to accelerate retail loan processing times.

Q18. The 'National Green Hydrogen Mission', approved by the Union Cabinet, aims to develop a production capacity of at least how many Million Metric Tonnes (MMT) of green hydrogen per annum by the year 2030?

- (A) 2 MMT
- (B) 5 MMT
- (C) 10 MMT
- (D) 15 MMT

Q19. Which international financial institution publishes the 'Global Economic Prospects' report bi-annually?

- (A) International Monetary Fund (IMF)
- (B) World Bank Group
- (C) World Economic Forum (WEF)
- (D) Asian Development Bank (ADB)

Q20. In a major corporate restructuring, which global food and beverage giant spun off its cocoa and confectionery businesses to focus entirely on plant-based nutritional segments?

- (A) Nestlé
- (B) Mondelez International
- (C) Unilever
- (D) Danone

Q21. The prestigious Dadasaheb Phalke Award, India's highest award in cinema, is presented annually by which organization or ministry?

- (A) Film and Television Institute of India
- (B) Ministry of Information and Broadcasting



- (C) Directorate of Film Festivals
- (D) National Film Development Corporation

Q22. Which of the following indices is utilized by the Reserve Bank of India as the primary measure of inflation for anchoring its monetary policy decisions?

- (A) Wholesale Price Index (WPI) - Headline Inflation
- (B) Consumer Price Index (CPI) - Combined
- (C) Index of Industrial Production (IIP)
- (D) GDP Deflator

Q23. The pass through which the strategic Karakoram Highway connects Pakistan-occupied Kashmir with the Xinjiang region of China is:

- (A) Nathu La Pass
- (B) Khunjerab Pass
- (C) Shipki La Pass
- (D) Zoji La Pass

Q24. In the Indian banking sector, what does 'NSFR' stand for under the Basel III regulatory framework?

- (A) Net Stable Funding Ratio
- (B) National Standard Financial Rate
- (C) Non-Statutory Financial Reserve
- (D) Net Solvency Funding Requirement

Q25. The mega merger of HDFC Bank and Housing Development Finance Corporation (HDFC Ltd) resulted in the combined entity becoming one of the most valuable banks globally. Which corporate entity acted as the financial advisor for this transaction?

- (A) Morgan Stanley
- (B) Goldman Sachs



- (C) J.P. Morgan India
- (D) Kotak Mahindra Capital

Q26. The 'Digital India Act', proposed to replace the IT Act 2000, aims to regulate which of the following specific modern dimensions of the internet ecosystem?

- (A) Only standard broadband infrastructure hardware
- (B) Online safety, trust, accountability, and emerging AI technologies
- (C) International cross-border physical optical fiber installations
- (D) Inter-bank electronic fund transfers exclusively

Q27. Consider the following pairs of international trade agreements and their member blocs: 1. USMCA : United States, Mexico, Canada 2. MERCOSUR : Southern Common Market of South American nations Which of the pairs given above is/are correctly matched?

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

Q28. The 'Sovereign Gold Bond' (SGB) scheme issued by the RBI on behalf of the Government of India offers an annual interest rate to investors. How is this interest structured and paid?

- (A) It is floating, linked to the reverse repo rate, paid at maturity.
- (B) It is fixed, currently at 2.50% per annum, paid semi-annually on the nominal value.
- (C) It is zero-coupon, where returns depend entirely on gold capital appreciation.
- (D) It is compounding annually and paid entirely at the time of redemption after 8 years.

Q29. The Council of Ministers at the Center is collectively responsible to which organ under Article 75(3) of the Constitution of India?



- (A) The President of India
- (B) The Prime Minister of India
- (C) The Lok Sabha (House of the People)
- (D) The Parliament

Q30. Which prominent Indian public figure and philanthropist was honored with the Global Indian Award by the Canada India Foundation?

- (A) Nandan Nilekani
- (B) Sudha Murty
- (C) Kiran Mazumdar-Shaw
- (D) Azim Premji



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

Concept: The Union Budget plays a vital role in introducing national schemes aimed at addressing specific macroeconomic, environmental, and agricultural challenges. The PM-PRANAM scheme is an acronym-driven national initiative explicitly designed to promote sustainable agricultural practices by transforming fertilizer usage across the country.

Solution:

1: Understand the nomenclature of the scheme. The acronym 'PM-PRANAM' stands for PM Programme for Restoration, Awareness, Generation, Nourishment and Amelioration of Mother Earth. The fundamental naming of the scheme itself points directly toward environmental conservation and the restoration of soil health.

2: Examine the core policy objectives. The Government of India introduced this scheme to incentivize States and Union Territories to promote the alternative, balanced use of chemical fertilizers combined with organic and bio-fertilizers.

3: Analyze the financial mechanism. The scheme does not have a separate separate budget allocation. Instead, it is financed through the savings generated from existing chemical fertilizer subsidies. Fifty percent of the subsidy savings achieved by a State is passed back to that specific State as a financial grant.

4: Identify the long-term impact. By reducing the excessive and unbalanced consumption of chemical fertilizers like Urea and Diammonium Phosphate, the scheme aims to reduce the fiscal burden of massive import subsidies while simultaneously protecting soil fertility and preventing long-term land degradation.

5: Verify the options based on the objective. Option A perfectly matches the literal expansion and the primary environmental-agricultural mandate of the policy, whereas other choices refer to digital startups, health infrastructure, or micro-enterprise credits.

Final Answer: To promote the restoration, awareness, generation, nourishment, and amelioration of mother earth through alternative fertilizers

Answer: (A)

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Q2.

Solution

Concept: International geopolitical and trade organizations have precise timelines for member expansion and established permanent administrative setups. Analyzing the Shanghai Cooperation Organisation (SCO) requires verifying the exact historical milestones of its membership expansion and the geographical locations of its main institutional bodies.

Solution:

1: Evaluate the first statement regarding membership timelines. The Shanghai Cooperation Organisation expanded its core footprint into South Asia during the Astana Summit. Both India and Pakistan underwent the official accession process simultaneously and were admitted as full permanent members of the SCO in the year 2017. Thus, Statement 1 is factually correct.

2: Evaluate the second statement regarding the administrative headquarters. The permanent administrative organs of the SCO are split into two major bodies. The Secretariat of the SCO is located in Beijing, China, whereas the Executive Committee of the Regional Anti-Terrorist Structure (RATS) is based in Tashkent, Uzbekistan.

3: Compare the statement with the established facts. The statement asserts that the permanent secretariat itself is located in Tashkent, Uzbekistan. Since the secretariat is actually based in Beijing, Statement 2 is factually incorrect.

4: Synthesize the findings. Since the first statement is entirely true and the second statement contains an inaccurate location for the secretariat, only Statement 1 holds valid under close scrutiny.

Final Answer: 1 only

Answer: (A)

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Q3.

Solution

Concept: The Earth's atmosphere is divided into distinct, stratified layers based on temperature gradients and chemical composition: the Troposphere, Stratosphere, Mesosphere, Thermosphere, and Exosphere. Artificial satellites and manned space habitats are placed into specific orbital zones within these layers depending on aerodynamic drag and altitude requirements.

Solution:

1: Identify the altitude range of Low Earth Orbit (LEO). The International Space Station (ISS) operates within Low Earth Orbit to maintain a stable environment while remaining accessible for crew resupply missions. Its operational altitude fluctuates roughly between 400 kilometers and 420 kilometers above the Earth's surface.

2: Trace the boundaries of the atmospheric layers. The Troposphere extends up to 12 kilometers. The Stratosphere spans from 12 kilometers up to roughly 50 kilometers. The Mesosphere covers the region between 50 kilometers and 85 kilometers. The Thermosphere starts at approximately 85 kilometers and extends deeply up to 600 kilometers.

3: Correlate the orbital altitude of the ISS with the correct layer. Since the International Space Station flies at a nominal height of around 400 kilometers, its path falls directly within the boundaries of the Thermosphere, which accommodates most space shuttles and low-orbiting satellites.

4: Address common misconceptions. Although it is commonly perceived that space is a complete vacuum located outside the atmosphere, the ISS still encounters trace atmospheric gases in the Thermosphere, causing orbital decay that necessitates periodic re-boost maneuvers.

Final Answer:

Answer: (C)

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Q4.

Solution

Concept: The Reserve Bank of India utilizes various quantitative monetary policy instruments to manage macroeconomic liquidity. These are broadly categorized into long-term policy rates and short-term window adjustments. The Marginal Standing Facility (MSF) functions specifically as an emergency liquidity safety valve for Scheduled Commercial Banks.

Solution:

1: Define the operational nature of the Marginal Standing Facility. MSF was introduced by the RBI in its Annual Monetary Policy to help commercial banks secure urgent overnight funds. It is an extremely short-term borrowing window rather than a long-term capital or infrastructure lending tool.

2: Analyze the structural mechanism. Under MSF, banks can borrow overnight funds up to a certain percentage of their Net Demand and Time Liabilities (NDTL). They do this by dipping into their Statutory Liquidity Ratio (SLR) securities portfolio up to a specified limit, paying a premium interest rate above the standard Repo Rate.

3: Identify the core systemic issue it solves. In day-to-day banking, unexpected clearings, sudden deposit withdrawals, or structural mismatches can leave a bank with severe intra-day or overnight liquidity shortfalls. The MSF acts as an immediate cushion to prevent inter-bank settlement failures.

4: Differentiate from other options. The MSF is not designed for open market operations, long-term credit creation, foreign exchange stabilization, or primary market sovereign debt financing. Its singular, immediate focus is addressing overnight liquidity stresses within the domestic commercial banking network.

Final Answer:

Answer: (B)

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Q5.

Solution

Concept: The International Booker Prize is a prestigious literary award conferred annually for a single work of fiction that is translated into English and published in the United Kingdom or Ireland. Keeping track of the winners requires identifying both the author and the specific timeline of their recognized translated works.

Solution:

1: Review recent historical winners to avoid chronological confusion. Geetanjali Shree won the prize in 2022 for 'Tomb of Sand'. Georgi Gospodinov secured the award in 2023 for 'Time Shelter'. Jenny Erpenbeck won the prize in 2024 for her novel 'Kairos'.

2: Identify the specific literary achievements slated and recognized in the 2025 literary cycle. The selection committee highlighted contemporary translated fiction that brought unique regional perspectives into mainstream English literature.

3: Verify the specific author associated with the 2025 award. Dutch author Yael van der Wouden achieved widespread critical acclaim for her translated literary contributions, placing her at the forefront of the international judging panel's selection for this specific year's prize.

4: Distinguish the correct candidate. Evaluating the distinct timelines confirms that while options A, B, and C represent valid historical winners of the prize from previous years, Yael van der Wouden is the precise figure tied to the 2025 accolade.

Final Answer:

Answer: (D)

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Q6.

Solution

Concept: Corporate mergers and acquisitions (M&A) play a pivotal role in consolidating digital footprints and retail business ecosystems in India. Major conglomerates frequently acquire established digital services and local search directories to enhance their hyper-local delivery networks and omni-channel commerce strategies.

Solution:

1: Identify the target entity. Justdial is an established pioneer in India's local search engine space, possessing a massive database of small and medium enterprises across various urban and semi-urban tiers.

2: Trace the corporate acquisition event. Reliance Retail Ventures Limited (RRVL), which is the retail arm of Reliance Industries Limited, entered into definitive agreements to integrate local discovery features with its rapidly expanding e-commerce initiatives, such as JioMart.

3: Analyze the strategic alignment. By acquiring a controlling interest in Justdial, Reliance gained direct access to a mature merchant ecosystem, significantly accelerating its merchant onboarding processes for its B2B and B2C digital commerce platforms.

4: Exclude alternative corporate houses. While Tata Digital has been active with its Tata Neu super-app acquisitions, and Adani or Airtel have expanded into data centers and telecom services respectively, the specific controlling stake transaction in Justdial was executed by Reliance Retail.

Final Answer: Reliance Retail Ventures Limited

Answer: (B)

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Q7.

Solution

Concept: The Constitution of India outlines a precise federal structure with specific procedures for the creation or abolition of upper chambers in state legislatures, known as Legislative Councils (Vidhan Parishad). This process requires a coordinated constitutional mechanism involving both state-level resolutions and federal legislative approval.

Solution:

1: Reference the primary constitutional provision. Article 169 of the Constitution of India explicitly governs the abolition or creation of Legislative Councils in States, delineating the distribution of powers between state and federal authorities.

2: Examine the mandatory preliminary step. The Legislative Assembly of the concerned State must first pass a resolution to that effect. This resolution requires a special majority, meaning it must be supported by a majority of the total membership of the Assembly and by a majority of not less than two-thirds of the members present and voting.

3: Determine the final enacting authority. Once such a special resolution is successfully adopted by the State Assembly, the power to give effect to it rests entirely with the Parliament of India. Parliament can then pass a corresponding law by a simple majority to officially alter the legislative structure.

4: Differentiate from other constitutional roles. The Governor cannot create it independently, the President does not execute it via executive order, and the Supreme Court only reviews the constitutional validity of laws rather than creating legislative bodies.

Final Answer: Parliament of India, on a resolution passed by the State Assembly

Answer: (B)

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Q8.

Solution

Concept: Fiscal economics uses specific deficit indicators within the Union Budget to assess a nation's financial health and borrowing dependencies. Every budget metric isolates distinct categories of expenditure and revenue to highlight structural macroeconomic imbalances.

Solution:

1: Formulate the basic accounting definition of the scenario. The statement describes a condition where Total Expenditure (which combines Revenue Expenditure and Capital Expenditure) exceeds Total Receipts minus Borrowings.

2: Analyze the mathematical representation of this imbalance. This difference can be expressed as:

$$\text{Deficit} = \text{Total Expenditure} - (\text{Revenue Receipts} + \text{Capital Receipts excluding Borrowings})$$

This metric indicates the total volume of financial resources that the government must borrow to meet its budgetary commitments.

3: Match the mathematical expression to its defined fiscal term. This specific difference represents the Fiscal Deficit, which serves as the core index of structural overspending and sovereign borrowing reliance.

4: Distinguish from other deficit terms. Revenue Deficit only measures the shortfalls in day-to-day revenue transactions, Primary Deficit subtracts interest payments from the Fiscal Deficit, and Effective Revenue Deficit removes grants intended for asset creation.

Final Answer:

Answer:

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Q9.

Solution

Concept: Global tech conglomerates consistently acquire specialized cloud infrastructure and threat intelligence corporations to fortify their cybersecurity services. These strategic corporate integrations are designed to protect enterprise operations from complex global cyber threats.

Solution:

1: Identify the profile of Mandiant. Mandiant is a globally recognized leader in dynamic cyber defense, incident response services, and specialized threat intelligence, known for uncovering high-profile global corporate security breaches.

2: Trace the specific transaction details. Google LLC completed its definitive acquisition of Mandiant for billions of dollars, integrating the firm directly into its Google Cloud infrastructure division.

3: Evaluate the strategic purpose of this acquisition. The primary goal was to enhance Google Cloud's security operations suite, delivering real-time threat detection, intelligence, and response advisory tools to enterprise clients worldwide.

4: Rule out competitors. While Microsoft Azure, Amazon Web Services, and Cisco also aggressively pursue cybersecurity expansions, it was Google that officially closed the acquisition of Mandiant to strengthen its cloud security capabilities.

Final Answer:

Answer: (C)

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Q10.

Solution

Concept: Special economic zones dedicated to global finance, such as International Financial Services Centres (IFSCs), operate under specialized regulatory frameworks. To streamline corporate compliance and reduce institutional friction, governments establish unified statutory bodies to oversee banking, capital markets, and insurance within these zones.

Solution:

1: Analyze the institutional landscape of GIFT City. Prior to the establishment of a single regulator, financial entities inside the IFSC were separately regulated by domestic watchdogs such as RBI, SEBI, IRDAI, and PFRDA, which often led to operational overlap.

2: Identify the dedicated legislative remedy. The Parliament of India enacted the International Financial Services Centres Authority Act, which established the International Financial Services Centres Authority (IFSCA) as a single, integrated regulatory body.

3: Define the scope of IFSCA's authority. Headquartered in Gandhinagar, Gujarat, IFSCA holds absolute regulatory authority over all financial products, financial services, and financial institutions located within India's IFSCs.

4: Assess the incorrect options. While RBI, SEBI, and IRDAI continue to govern standard domestic financial activities across the rest of mainland India, their jurisdiction within the designated IFSC is consolidated into the IFSCA.

Final Answer: IFSCA

Answer: (C)

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Q11.

Solution

Concept: Advanced digital media manipulation relies on artificial intelligence frameworks to generate highly realistic synthetic content, commonly referred to as Deepfakes. Understanding this technology requires looking at the specific machine learning architectures designed to train systems on media synthesis.

Solution:

1: Define the core mechanism of Deepfakes. Deepfakes involve swapping faces, altering expressions, or synthesizing human speech in videos and images with incredibly high fidelity, making them difficult to detect with the naked eye.

2: Examine Generative Adversarial Networks (GANs). This machine learning framework uses two neural networks that compete against each other: a Generator, which creates synthetic data, and a Discriminator, which evaluates its authenticity.

3: Analyze the training process. The Generator continuously refines its outputs to deceive the Discriminator, while the Discriminator improves its ability to spot fakes. This adversarial loop continues until the generated synthetic media is virtually indistinguishable from real data.

4: Exclude alternative options. While blockchain provides distributed ledgers for data security, quantum cryptography secures networks, and edge computing handles decentralized data processing, none of these technologies are responsible for synthesizing realistic media.

Final Answer:

Answer: (A)

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Q12.

Solution

Concept: Administrative and governance reforms in India often lead to the replacement of historical public bodies with modern institutions. To understand these changes, it is essential to distinguish between statutory bodies, constitutional bodies, and executive-formed entities.

Solution:

1: Identify the origin of NITI Aayog. The National Institution for Transforming India (NITI Aayog) was established on January 1, 2015, replacing the decades-old Planning Commission to serve as a policy think tank for the Government of India.

2: Evaluate its constitutional status. A body is constitutional only if it is explicitly mandated by a specific article within the Constitution. NITI Aayog is not mentioned anywhere in the constitutional text, so it is extra-constitutional.

3: Evaluate its statutory status. A statutory body requires creation through an official Act passed by Parliament. No such legislation was enacted to build NITI Aayog, meaning it lacks statutory status.

4: Identify its exact legal nature. NITI Aayog was created via a Union Cabinet resolution. It functions as a non-statutory, extra-constitutional body operating under an executive mandate to foster cooperative federalism and design strategic policies.

Final Answer: It is a non-statutory, extra-constitutional body created by an executive resolution

Answer: (C)

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Q13.

Solution

Concept: The World Trade Organization (WTO) operates on a set of foundational principles designed to ensure fairness, predictability, and openness in international trade. The Most Favoured Nation (MFN) principle is a core pillar of this multilateral trading system.

Solution:

1: Define the core intent of the Most Favoured Nation principle. Despite the phrasing, MFN does not mean giving special or exclusive favors to a single country. Instead, it is an agreement to treat all trading partners equally.

2: Analyze the operational rule. Under WTO rules, if a country grants a special favor to one trading partner (such as lowering the customs duty rate for one of their products), it must immediately and unconditionally extend that same favor to all other WTO members.

3: Identify the primary benefit of MFN. This mechanism prevents discriminatory trade barriers and ensures that smaller or developing economies can access global markets on the same terms as larger, more dominant trading nations.

4: Contrast with incorrect options. MFN does not encourage regional geographic favoritism, domestic production subsidies, or import restrictions targeted at developing nations; its goal is non-discrimination.

Final Answer:

Treating all trading partners equally without discrimination in terms of tariffs and trade barriers

Answer: (B)[Go Back to Question 13](#)

Q14.

Solution

Concept: Corporate history and brand identity are deeply tied to marketing taglines. These slogans reflect a company's core values, historical market position, and primary product lines during their peaks in the global marketplace.

Solution:

1: Trace the origin of the first tagline. The slogan 'The Quality Goes In Before The Name Goes On' was an iconic corporate motto used for decades by Zenith Electronics Corporation, highlighting their focus on manufacturing high-quality television and radio equipment.

2: Trace the origin of the second tagline. The slogan 'Connecting People' was introduced by the Finnish telecommunications giant Nokia, capturing their dominance in the early mobile handset industry and their goal of linking users globally.

3: Evaluate the paired options. Matching both historical corporate tags in their exact chronological order leads directly to Zenith Electronics and Nokia.

4: Eliminate alternative combinations. Brands like General Electric, Apple, Sony, Motorola, Philips, and BlackBerry had distinct marketing identities (e.g., Apple's 'Think Different'), meaning they do not align with this specific combination.

Final Answer: Zenith Electronics and Nokia

Answer: (B)

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Q15.

Solution

Concept: The Indus Valley Civilization (Harappan Civilization) featured advanced urban planning, engineering, and extensive trade networks. Pinpointing their economic activities requires matching specific archeological structures with the sites where they were excavated.

Solution:

1: Analyze the economic geography of the Harappan civilization. Harappan merchants conducted extensive domestic and international maritime trade, reaching as far as contemporary Mesopotamia and the Persian Gulf.

2: Review the archaeological evidence at Lothal. Located in modern-day Gujarat near the Bhogava River, Lothal featured a massive, sophisticated artificial brick basin identified by archaeologists as a tidal dockyard.

3: Understand the function of this dockyard. This structure allowed ships coming from the Arabian Sea to navigate the river channel during high tides, berth safely, and load or unload trade goods efficiently.

4: Exclude alternative Harappan sites. Kalibangan is known for its ploughed fields, Banawali for terracotta barley models, and Dholavira for complex water reservoirs and stone architecture, leaving Lothal as the sole site with an ancient dockyard.

Final Answer:

Answer: (B)

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Q16.

Solution

Concept: Tracking major international athletic milestones requires identifying key sporting events, their locations, and the historic achievements of participating athletes. The World Athletics Championships is a premier global event where podium finishes represent elite sporting milestones.

Solution:

1: Identify the context of the event. The World Athletics Championships held in Budapest, Hungary, featured elite track and field athletes competing from across the globe.

2: Focus on the men's javelin throw discipline. India's Neeraj Chopra entered the competition as a top contender, having already secured an Olympic gold medal.

3: Analyze the historic outcome. Neeraj Chopra launched a remarkable throw of 88.17 meters during the final round, securing the gold medal. This achievement made him the first Indian athlete ever to win a gold medal at the World Athletics Championships.

4: Differentiate from other competitors. While fellow Indian javelin throwers like Kishore Jena and DP Manu put up impressive performances to finish in the top eight, it was Neeraj Chopra who clinched the historic gold medal position.

Final Answer:

Answer: (B)

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Q17.

Solution

Concept: The Reserve Bank of India (RBI) operates a structured supervisory framework to maintain systemic financial stability. The Prompt Corrective Action (PCA) framework acts as an early-intervention mechanism to preserve banking health before structural collapse occurs.

Solution:

1: Understand the core purpose of the PCA framework. The PCA is not an asset waiver scheme or a routine operational clearance tool. It is a strict supervisory watchlist designed to monitor financially weak or vulnerable commercial banks.

2: Identify the performance metrics involved. The RBI tracks commercial banks across specific financial risk thresholds, focusing primarily on Capital-to-Risk Weighted Assets Ratio (CRAR), Net Non-Performing Assets (NPA), and Return on Assets (ROA).

3: Analyze the operational workflow. When a bank's financial health deteriorates and breaches these preset risk thresholds, the RBI automatically triggers PCA. This imposes structured restrictions on the bank's activities.

4: Examine the restrictions. Depending on the severity of the breach, the corrective actions can include stopping branch expansions, capping executive compensation, restricting lending activities, or requiring a capital infusion. This prevents the bank from taking on further operational risk.

Final Answer:

It is a supervisory tool that kicks in sequentially when a bank breaches certain risk thresholds related to capital, asset quality, and profitability

Answer: (B)[Go Back to Question 17](#)

Q18.

Solution

Concept: National clean energy targets are outlined in formal policy documents passed by the Union Cabinet. The National Green Hydrogen Mission is a strategic initiative designed to transition India toward a low-carbon economy and establish global leadership in green hydrogen production.

Solution:

1: Identify the policy's production timeline. The National Green Hydrogen Mission sets specific milestones for India's clean energy production, targeting substantial growth by the end of the decade in 2030.

2: Pinpoint the precise target metric. The policy explicitly states that India aims to scale up its green hydrogen production capacity to reach at least 5 Million Metric Tonnes (MMT) per annum by the year 2030.

3: Analyze the broader impact of this target. Achieving this capacity is expected to add nearly 125 Gigawatts (GW) of renewable energy capacity across the country, significantly reducing fossil fuel imports and curbing greenhouse gas emissions.

4: Verify the correct numerical option. Reviewing the policy mandates confirms that the required target is exactly 5 MMT, eliminating alternative options like 2 MMT, 10 MMT, or 15 MMT.

Final Answer:

Answer:

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Q19.

Solution

Concept: Global economic publications and policy outlook reports are compiled regularly by prominent international financial institutions. Distinguishing between these reports requires matching each publication with its specific parent organization.

Solution:

1: Define the focus of the 'Global Economic Prospects' report. This report offers comprehensive analysis and forecasts for global macroeconomic trends, focusing heavily on emerging market and developing economies. It is published twice a year, in January and June.

2: Evaluate the publishing institution. The 'Global Economic Prospects' report is a flagship publication of the World Bank Group, helping member nations align their developmental policies.

3: Compare with other institutional reports to avoid confusion. The International Monetary Fund (IMF) publishes the 'World Economic Outlook', the World Economic Forum (WEF) releases the 'Global Risks Report', and the Asian Development Bank (ADB) puts out the 'Asian Development Outlook'.

4: Conclude the correct institution. Since the 'Global Economic Prospects' report is exclusively tied to the World Bank Group, option B is the only accurate choice.

Final Answer:

Answer: (B)

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Q20.

Solution

Concept: Global Fast-Moving Consumer Goods (FMCG) conglomerates frequently undergo strategic corporate restructuring. These changes often involve spinning off or divesting historical business units to focus resources on fast-growing, high-margin consumer trends like plant-based nutrition.

Solution:

1: Analyze the market context. Consumer preferences have shifted toward health-conscious, plant-based diets, prompting major food and beverage companies to re-evaluate their portfolios.

2: Trace the corporate restructuring events of the major firms listed. Multinational corporations regularly review their business divisions to optimize operational performance.

3: Identify the specific transaction. Danone executed a focused corporate strategy to systematically divest or spin off underperforming traditional confectionery and cocoa-heavy portfolios, choosing to channel its capital into specialized dairy-free and plant-based nutritional product lines.

4: Rule out alternate conglomerates. While Nestlé, Unilever, and Mondelez have altered their product lineups, it was Danone that underwent this specific structural pivot to focus entirely on plant-based and health-focused nutritional segments.

Final Answer:

Answer: (D)

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Q21.

Solution

Concept: The administrative framework governing national cultural awards in India involves specialized ministries and directorates. The Dadasaheb Phalke Award is India's highest official recognition in the field of cinema, and its presentation is handled by the central government.

Solution:

1: Identify the historical context of the award. Introduced to commemorate the legendary filmmaker Dadasaheb Phalke, who is widely regarded as the father of Indian cinema, this state award honors personalities for their outstanding contribution to the growth and development of Indian cinema.

2: Trace the administrative hierarchy responsible for cultural honors. The Ministry of Information and Broadcasting is the apex central body managing broadcasting, media, and cinematography policies in India.

3: Pinpoint the specific presenting entity. The award is formally presented annually at the National Film Awards ceremony. This entire process is administered directly under the Ministry of Information and Broadcasting through its specialized film wings.

4: Distinguish from other choices. While the Film and Television Institute of India (FTII) handles cinematic education, and the National Film Development Corporation (NFDC) assists in film production, the formal state honor is anchored directly by the Ministry of Information and Broadcasting.

Final Answer: Ministry of Information and Broadcasting

Answer: (B)

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Q22.

Solution

Concept: Monetary policy execution requires a precise metric to track price stability across an economy. Central banks utilize specific inflation indices to guide their decision-making processes regarding repo rates and overall liquidity management.

Solution:

1: Examine the historical shift in India's monetary policy targeting. Previously, the Reserve Bank of India relied heavily on the Wholesale Price Index (WPI) to gauge inflation trends for its policy assessments.

2: Identify the structural reform recommended by the Urjit Patel Committee. The committee recommended adopting a more realistic measure that directly reflects the cost of living for retail consumers. Consequently, the RBI officially shifted its primary inflation anchor.

3: Define the current inflation anchor. The RBI utilizes the Consumer Price Index (CPI) - Combined (which integrates both rural and urban consumer markets) as its primary nominal anchor to measure headline inflation and execute inflation targeting.

4: Differentiate from alternative economic indicators. The Wholesale Price Index tracks input prices at the producer level, the Index of Industrial Production measures manufacturing volumes, and the GDP Deflator tracks overall domestic price changes but is only calculated quarterly, making the monthly CPI-Combined the ideal tool for proactive monetary policy.

Final Answer: Consumer Price Index (CPI) - Combined

Answer: (B)

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Q23.

Solution

Concept: Geopolitically significant transit corridors and mountain passes define cross-border infrastructure networks. Analyzing the Karakoram Highway requires identifying the specific geographic pass that facilitates transport between Pakistan-occupied Kashmir and China's Xinjiang region.

Solution:

1: Locate the geographical coordinates of the Karakoram Highway. This highway is one of the highest paved international roads in the world, traversing the Karakoram mountain range to connect South Asia with East Asia.

2: Evaluate the mountain passes listed. Nathu La Pass is located in Sikkim and connects India with Tibet. Shipki La Pass is situated in Himachal Pradesh, also leading to Tibet. Zoji La Pass is a critical link between Srinagar and Leh within India.

3: Pinpoint the exact border crossing point. The Khunjerab Pass is the highest point on the Karakoram Highway, sitting at an elevation of over 4,600 meters. It serves as the official international border outpost between Pakistan-controlled territory and China's Xinjiang Uyghur Autonomous Region.

4: Confirm the correct choice. Because Khunjerab Pass is the sole mountain pass facilitating this specific strategic connection, option B is the factually accurate option.

Final Answer:

Answer: (B)

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Q24.

Solution

Concept: The Basel III framework introduces quantitative liquidity risk metrics to ensure global financial institutions can withstand economic shocks. These standards require commercial banks to maintain strong asset-liability balance profiles over both short-term and long-term horizons.

Solution:

1: Define the regulatory focus of the abbreviation. Within the Basel III framework, two main liquidity ratios were introduced to protect banks from insolvency: the Liquidity Coverage Ratio (LCR) and the 'NSFR'.

2: Unpack the acronym 'NSFR'. The term stands for Net Stable Funding Ratio. This metric is designed to promote structural resilience over a longer-term horizon.

3: Analyze the mathematical design of the ratio. The NSFR requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance-sheet activities. It is formulated as:

$$\text{NSFR} = \frac{\text{Available Amount of Stable Funding (ASF)}}{\text{Required Amount of Stable Funding (RSF)}} \geq 100\%$$

4: Understand its practical objective. By enforcing a minimum 100% threshold, this ratio ensures that a bank's long-term assets are funded with reliable, stable liabilities over a one-year horizon. This limits an over-reliance on volatile, short-term wholesale funding market segments.

Final Answer:

Answer: (A)

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Q25.

Solution

Concept: Large-scale corporate transactions require investment banking syndicates to manage structural compliance, legal clearances, and asset valuation. The historical corporate merger between HDFC Bank and its parent entity, HDFC Limited, created a massive combined financial institution.

Solution:

1: Analyze the scale of the transaction. The all-stock amalgamation of Housing Development Finance Corporation (HDFC Ltd) into HDFC Bank was one of the largest financial sector mergers in corporate history, restructuring India's banking landscape.

2: Track the advisory roles assigned during the deal. Due to the immense size of the transaction, multiple domestic and international financial groups were appointed as advisors to represent the interests of the separate corporate boards.

3: Identify the primary financial advisor designated for HDFC Bank. While international institutions provided valuation opinions, J.P. Morgan India Private Limited acted as the lead financial advisor directly to HDFC Bank, guiding the structure of the deal.

4: Verify the choices. Evaluating the lead advisory credits shows that J.P. Morgan India was the primary institutional entity steering the transaction for the banking corporation, distinguishing it from options A, B, and D.

Final Answer: J.P. Morgan India

Answer: (C)

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Q26.

Solution

Concept: Legislative updates to technology frameworks are designed to adapt to changes in the digital ecosystem. The proposed Digital India Act aims to modernize internet regulation by replacing outdated laws that were drafted before the rise of modern digital systems.

Solution:

1: Identify the historical limitations of the current law. The Information Technology Act was passed in the year 2000, a time when the internet was primarily used for basic web browsing and email. It lacks provisions for modern digital developments.

2: Define the scope of the proposed Digital India Act. The Ministry of Electronics and Information Technology (MeitY) drafted this new legislation to create a comprehensive regulatory framework for the modern open internet.

3: Analyze the core pillars of the new act. The legislation is built to enforce user safety, digital trust, and corporate accountability. It introduces specific guidelines to manage modern digital challenges, including online cyberbullying, deepfakes, algorithmic biases, and emerging artificial intelligence applications.

4: Differentiate from incorrect choices. The act is not limited to broadband hardware or electronic fund transfers. It is a broad framework designed to regulate user safety, platform trust, accountability, and emerging artificial intelligence technologies across the entire internet ecosystem.

Final Answer: Online safety, trust, accountability, and emerging AI technologies

Answer: (B)

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Q27.

Solution

Concept: International trade agreements and regional economic blocs are established to lower trade barriers, standardize tariffs, and encourage economic cooperation among member countries. Verifying these alliances requires matching each trade agreement with its correct member nations.

Solution:

1: Evaluate the first trade agreement. The USMCA (United States-Mexico-Canada Agreement) was negotiated as a modern successor to the North American Free Trade Agreement (NAFTA). It explicitly includes the United States, Mexico, and Canada as its member states. Therefore, Pair 1 is correctly matched.

2: Evaluate the second trade agreement. MERCOSUR (Southern Common Market) is a regional trade bloc in South America. It was established by the Treaty of Asunción to promote free trade and the fluid movement of goods, people, and currency among South American nations like Argentina, Brazil, Paraguay, and Uruguay. Therefore, Pair 2 is also correctly matched.

3: Synthesize the analysis. Since both pairs correctly match the trade acronyms with their respective geographic and national member blocs, the correct choice must encompass both configurations.

Final Answer:

Answer: (C)

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Q28.

Solution

Concept: Sovereign Gold Bonds (SGBs) are government securities denominated in grams of gold, issued by the Reserve Bank of India on behalf of the Government of India. These instruments serve as a digital alternative to holding physical gold, offering investors a return structure backed by a sovereign guarantee.

Solution:

1: Understand the dual return structure of Sovereign Gold Bonds. Investors in SGBs benefit from capital appreciation linked to the market price of gold, and they also receive a periodic interest payout over the life of the bond.

2: Identify the specific interest rate rules. The interest rate on these bonds is fixed at issuance, currently set at 2.50% per annum. This interest is calculated on the initial nominal value invested.

3: Determine the payout frequency. The interest is not compounded or deferred until the final maturity date. Instead, it is credited directly to the investor's linked bank account on a semi-annual basis.

4: Eliminate incorrect options. SGBs do not feature floating interest rates tied to the reverse repo rate, nor do they operate as zero-coupon bonds where interest is withheld until redemption. The interest is fixed at 2.50% per annum and paid out semi-annually.

Final Answer: It is fixed, currently at 2.50% per annum, paid semi-annually on the nominal value

Answer: (B)

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Q29.

Solution

Concept: The Constitution of India establishes a parliamentary system of governance characterized by an executive that is responsible to the legislature. Constitutional provisions dictate exactly how ministries are held accountable to democratic institutions.

Solution:

1: Reference the text of the Constitution. Article 75 of the Constitution of India details provisions regarding the appointment, tenure, and responsibility of the central Council of Ministers.

2: Analyze Article 75(3). The text of Article 75(3) states: "The Council of Ministers shall be collectively responsible to the House of the People." The House of the People is the Lok Sabha.

3: Understand the impact of collective responsibility. This constitutional principle means that the entire ministry shares accountability for all executive decisions. If the Lok Sabha passes a Vote of No Confidence against the government, the entire Council of Ministers, including the Prime Minister, must resign.

4: Distinguish between options. While ministers are appointed by the President and led by the Prime Minister, they are collectively responsible to the Lok Sabha (House of the People) as a collective body, rather than to the President, Prime Minister, or Parliament as a whole.

Final Answer:

Answer:

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Q30.

Solution

Concept: Corporate leadership and philanthropic awards recognize individuals who commit significant resources to social development, education, and healthcare initiatives. Identifying these award recipients requires matching the specific honoring organization with the individual recognized.

Solution:

1: Identify the organization conferring the award. The Canada India Foundation (CIF) is a prominent public organization dedicated to strengthening bilateral relations, trade, and cultural ties between India and Canada.

2: Review the profile of the recipient. Sudha Murty is a well-known author, philanthropist, and the former chairperson of the Infosys Foundation. She has led numerous initiatives in rural development, education, and healthcare access across India.

3: Match the individual with the specific award milestone. The Canada India Foundation presented its prestigious Global Indian Award to Sudha Murty, recognizing her contributions to philanthropy and social work. This achievement also made her the first woman to receive this honor.

4: Exclude alternative figures. While Nandan Nilekani, Kiran Mazumdar-Shaw, and Azim Premji are also celebrated corporate leaders and philanthropists, this specific award from the Canada India Foundation was presented to Sudha Murty.

Final Answer:

Answer: (B)

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Answer Key

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

