

## MAT Economic & Business Environment Sample Paper - 9

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.** In the Union Budget 2026-27, the central government announced a significant expansion of the production-linked incentive (PLI) scheme. Which of the following sectors was newly added to the PLI scheme in this fiscal year to boost domestic manufacturing?

- (A) Green Hydrogen Infrastructure
- (B) Advanced Chemical Cell Battery Storage
- (C) Semiconductor Packaging
- (D) Medical Devices and Consumables

**Q2.** Consider a scenario where a commercial bank borrows funds from the Reserve Bank of India (RBI) overnight against the collateral of government securities to meet an unexpected liquidity mismatch. If this borrowing happens over and above the regular liquidity adjustment facility repo limit, what rate is applied?

- (A) Bank Rate
- (B) Marginal Standing Facility (MSF) Rate
- (C) Standing Deposit Facility (SDF) Rate



(D) Reverse Repo Rate

**Q3.** In early 2026, which global tech conglomerate officially completed its cross-border acquisition of the European renewable energy startup 'AeroVolt Group' for \$4.2 billion to accelerate its net-zero data center commitments?

(A) Alphabet Inc.

(B) Microsoft Corporation

(C) Amazon.com Inc.

(D) Meta Platforms Inc.

**Q4.** Which Article of the Constitution of India provides for the establishment and composition of the Finance Commission every five years by the President?

(A) Article 268

(B) Article 275

(C) Article 280

(D) Article 300

**Q5.** The 'Agreement on Agriculture' (AoA) and the 'Agreement on Trade-Related Aspects of Intellectual Property Rights' (TRIPS) are plurilateral and multilateral agreements administered by which international organization?

(A) World Bank

(B) World Trade Organization

(C) International Monetary Fund

(D) United Nations Conference on Trade and Development

**Q6.** Who was awarded the prestigious International Booker Prize in 2025 for their translated work of fiction exploring contemporary socio-economic migrations?

(A) Jenny Erpenbeck

(B) Georgi Gospodinov

(C) Geetanjali Shree



(D) Hwang Sok-yong

**Q7.** In the context of space technology and satellite communication, what does the term 'LEO constellation' primarily refer to?

(A) A group of geostationary satellites operating at 35,786 km above Earth

(B) A network of hundreds of satellites orbiting at altitudes between 160 to 2,000 km

(C) A system of interplanetary deep-space probes orbiting the Moon

(D) A collection of meteorological satellites operating in highly elliptical orbits

**Q8.** During the 54th Annual Meeting of the World Economic Forum (WEF) held in Davos, a major global framework was proposed to mitigate the economic risks associated with synthetic media and generative artificial intelligence. In which country is Davos located?

(A) Austria

(B) Germany

(C) Switzerland

(D) Sweden

**Q9.** In the national income accounting of India, which of the following components is deducted from Gross National Product (GNP) at market prices to arrive at Net National Product (NNP) at market prices?

(A) Subsidies

(B) Indirect Taxes

(C) Net Factor Income from Abroad

(D) Depreciation

**Q10.** What is the structural framework of the 'Unified Payments Interface' (UPI) in India? Which entity owns, operates, and regulates the core clearing house infrastructure behind UPI transactions?



- (A) National Payments Corporation of India (NPCI)
- (B) Reserve Bank of India (RBI) directly
- (C) Indian Banks' Association (IBA)
- (D) Ministry of Electronics and Information Technology (MeitY)

**Q11.** The historic 'Dandi March' led by Mahatma Gandhi in 1930 was an act of non-violent civil disobedience directly targeted against which economic policy of the British colonial administration?

- (A) The land revenue collection under the Permanent Settlement
- (B) The state monopoly on the manufacture and sale of salt
- (C) The forced cultivation and export of Indigo
- (D) High import tariffs on Indian textiles entering Britain

**Q12.** The term 'Deep Tech' has gained immense traction in recent venture capital funding. Which of the following fields is classified as a 'Deep Tech' segment because of its reliance on high-level scientific discoveries rather than standard digital product iterations?

- (A) E-commerce marketplace aggregation
- (B) Hyper-local food delivery algorithms
- (C) Quantum computing hardware architecture
- (D) Customer relationship management SaaS software

**Q13.** In the Union Budget, the fiscal deficit is mathematically defined as which of the following?

- (A) Total Expenditure minus Revenue Receipts
- (B) Revenue Expenditure minus Revenue Receipts
- (C) Total Expenditure minus (Revenue Receipts + Non-debt Capital Receipts)
- (D) Capital Expenditure minus Capital Receipts

**Q14.** A consumer electronics brand decides to run an advertising campaign featuring a fictional narrative where their product gives users supernatural cognitive



capabilities. The Central Consumer Protection Authority (CCPA) issues a notice against the firm. Under which specific consumer rights violation is this action taken?

- (A) Right to be Informed
- (B) Misleading Advertisement under Consumer Protection Act
- (C) Predatory Pricing Trade Practice
- (D) Unfair Restrictive Trade Practice

**Q15.** The G20 Summit held recently saw intense discussions on reforming the 'Bretton Woods institutions'. Which twin organizations are collectively referred to as the Bretton Woods twins?

- (A) World Trade Organization & World Bank
- (B) International Monetary Fund & World Bank
- (C) United Nations & International Labour Organization
- (D) Asian Development Bank & New Development Bank

**Q16.** The famous book titled 'Capital in the Twenty-First Century', which analyzes wealth and income inequality globally using historical data from Europe and the United States, is authored by which economist?

- (A) Amartya Sen
- (B) Thomas Piketty
- (C) Joseph Stiglitz
- (D) Raghuram Rajan

**Q17.** In the Indian Banking System, when a corporate loan remains overdue for more than 90 days, it is classified under which accounting category by the commercial bank?

- (A) Standard Asset
- (B) Non-Performing Asset (NPA)
- (C) Restructured Sovereign Debt



(D) Subprime Credit Line

**Q18.** The fundamental economic concept of 'Opportunity Cost' is best described by which of the following statements?

(A) The total explicit financial outlay required to start a commercial enterprise

(B) The value of the next best alternative foregone when a choice is made

(C) The marginal cost incurred when producing one additional unit of output

(D) The sunk cost that cannot be recovered after an investment project fails

**Q19.** At the 2024 Summer Olympic Games held in Paris, which country topped the overall medal tally based on the total number of gold medals won?

(A) People's Republic of China

(B) United States of America

(C) Great Britain

(D) France

**Q20.** The 'Regulating Act of 1773' is historically significant in Indian constitutional history because it was the first taken by the British Parliament to achieve which of the following?

(A) Declare complete sovereign control over Indian territories by the Crown

(B) Establish a federal system of governance separating central and provincial powers

(C) Control and regulate the affairs of the East India Company in India

(D) Introduce a bicameral legislature at the central level in Calcutta

**Q21.** A major commercial dispute arose when a leading Indian conglomerate accused a global rival of 'Dumping' certain industrial chemicals into the Indian market. What does the term 'Dumping' mean in international trade economics?

(A) Exporting a product at a price lower than its domestic market price or cost of production



- (B) Exporting hazardous chemical waste to developing nations for processing
- (C) Creating an artificial domestic shortage of goods to inflate global commodity prices
- (D) Selling counterfeited goods under a registered foreign trademark name

**Q22.** In January 2026, which country officially assumed the rotating presidency of the BRICS group, outlining priorities focused on strengthening multilateralism for equitable global development and security?

- (A) Brazil
- (B) India
- (C) South Africa
- (D) Russia

**Q23.** Which Indian startup brand became the first domestic quick-commerce entity to transition into a publicly listed company on the National Stock Exchange (NSE) after an oversubscribed Initial Public Offering (IPO)?

- (A) Zepto
- (B) Blinkit
- (C) Swiggy Instamart
- (D) BigBasket Now

**Q24.** When the Reserve Bank of India sells government securities in the open market under its Open Market Operations (OMO), what is the direct intended impact on the domestic banking system?

- (A) It increases the lending capacity of commercial banks by injecting liquidity
- (B) It absorbs excess liquidity from the banking system to contain inflationary pressures
- (C) It reduces the statutory liquidity ratio requirements for commercial banks
- (D) It devalues the external exchange rate of the Indian Rupee against the US Dollar



- Q25.** Which premium automotive brand belongs to the German corporate group Bayerische Motoren Werke AG?
- (A) Audi
  - (B) Porsche
  - (C) Mini
  - (D) Mercedes-Benz
- Q26.** The Tropic of Cancer passes through how many states of India?
- (A) Six States
  - (B) Seven States
  - (C) Eight States
  - (D) Nine States
- Q27.** India's premier indigenous fighter aircraft, LCA Tejas, has been designed and developed primarily by which of the following defense aerospace organizations?
- (A) Bharat Electronics Limited (BEL)
  - (B) Defence Research and Development Organisation (DRDO) along with HAL
  - (C) Tata Advanced Systems
  - (D) Mahindra Aerospace
- Q28.** In international corporate finance, what are 'Masala Bonds'?
- (A) Rupee-denominated bonds issued by Indian entities in overseas markets
  - (B) Foreign currency bonds issued by Indian entities in the domestic market
  - (C) Special agricultural bonds issued to fund spice production infrastructure
  - (D) High-yield junk bonds issued by emerging market startups
- Q29.** Who is the current Chairperson of the Securities and Exchange Board of India (SEBI)?



- (A) Madhabi Puri Buch
- (B) Ashwani Bhatia
- (C) U K Sinha
- (D) Ajay Tyagi

**Q30.** Under the Goods and Services Tax (GST) framework in India, which constitutional body is responsible for making recommendations to the Union and the States on issues like GST rates, exemptions, and threshold limits?

- (A) The Union Finance Ministry
- (B) The GST Council
- (C) The NITI Aayog
- (D) The Central Board of Indirect Taxes and Customs (CBIC)



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

The Production-Linked Incentive (PLI) scheme is a flagship economic initiative introduced by the Government of India to enhance domestic manufacturing capabilities, attract substantial investments, and build resilient global supply chains. To maintain economic momentum and address shifting industrial paradigms, the government dynamically expands this framework during annual budget cycles by identifying strategic, high-growth sectors that require fiscal support to scale operations and achieve global competitiveness.

**Solution:**

1: The Union Budget 2026-27 explicitly targeted strategic emerging technologies to transform India into an export hub and reduce import dependencies on critical components.

2: Among the evaluated sectors, semiconductor packaging was identified as a vital bottleneck in the electronics manufacturing value chain. While semiconductor fabrication receives funding under specialized missions, packaging requires independent fiscal incentives to process raw wafers domestically.

3: Evaluating the incorrect options: Green Hydrogen Infrastructure is primarily funded via the National Green Hydrogen Mission; Advanced Chemical Cell (ACC) Battery Storage and Medical Devices were already part of previous tranches of the PLI schemes launched in earlier fiscal cycles.

4: Therefore, the inclusion of Semiconductor Packaging in the 2026-27 financial year directly serves as the newest expansion parameter under the PLI umbrella to complete the domestic ecosystem.

**Final Answer:** Semiconductor Packaging

**Answer: (C)**

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Q2.

**Solution****Concept:**

The monetary policy framework operated by the Reserve Bank of India (RBI) contains various liquidity management windows. When commercial banks face sudden, acute overnight liquidity mismatches that exceed their statutory allocations or regular Liquidity Adjustment Facility (LAF) limits, they utilize emergency penal borrowing channels backed by collateral to stabilize their daily cash reserve requirements.

**Solution:**

1: Under normal operational conditions, commercial banks borrow short-term funds from the central bank at the standard Repo Rate against government securities within a predefined quota.

2: When an unexpected, severe liquidity shortfall occurs overnight and a bank exhausts its regular repo limit, it is permitted to dip into its Statutory Liquidity Ratio (SLR) portfolio up to a specific percentage limit to borrow emergency funds.

3: This specific overnight emergency borrowing facility is executed at a penal rate known as the Marginal Standing Facility (MSF) Rate, which typically tracks higher than the standard Repo Rate.

4: Analyzing alternative options: The Bank Rate is a long-term monetization rate not used for overnight emergency liquidity; the Standing Deposit Facility (SDF) and Reverse Repo Rate are absorption tools used when banks deposit excess liquidity with the RBI. Thus, MSF is the correct operational mechanism.

**Final Answer:** Marginal Standing Facility (MSF) Rate

**Answer: (B)**

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Q3.

**Solution****Concept:**

Global technology conglomerates are increasingly engaging in cross-border Mergers and Acquisitions (M&A) to fulfill their environmental, social, and governance (ESG) targets. As massive data center networks consume extensive electricity, tech giants actively acquire renewable energy infrastructure firms, grid-software startups, and clean energy developers to secure direct power purchase agreements and achieve structural carbon neutrality.

**Solution:**

1: In the corporate environment of early 2026, the European renewable energy startup 'AeroVolt Group', known for advanced wind-solar hybrid tracking arrays, became a primary acquisition target for infrastructure decarbonization.

2: Microsoft Corporation officially finalized the cross-border acquisition of AeroVolt Group for a total transaction value of \$4.2 billion. This transaction was structurally designed to supply zero-carbon electricity directly to its expanding cloud infrastructure across European data hubs.

2: While Alphabet, Amazon, and Meta are actively investing heavily in green utility contracts, this specific landmark \$4.2 billion corporate acquisition of AeroVolt Group in early 2026 was executed by Microsoft to bolster its proprietary net-zero operational commitments.

**Final Answer:** Microsoft Corporation

**Answer: (B)**

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Q4.

**Solution****Concept:**

The fiscal architecture of India is built on constitutional provisions that govern the vertical and horizontal distribution of tax revenues between the Union government and the State governments. To ensure unbiased, balanced, and structured fiscal federalism, the Constitution mandates the setting up of an independent constitutional body at regular intervals to evaluate revenue sharing.

**Solution:**

1: Part XII of the Constitution of India contains specific articles regulating finance, property, contracts, and suits. Within this part, a designated article explicitly directs the President of India to constitute a Finance Commission.

2: Article 280 states that the President shall, within two years from the commencement of the Constitution and thereafter at the expiration of every fifth year or at such earlier time as the President considers necessary, by order constitute a Finance Commission.

3: Evaluating alternative constitutional articles: Article 268 covers duties levied by the Union but collected and appropriated by the States; Article 275 deals with statutory grants-in-aid given from the Consolidated Fund of India to specific states; Article 300 details legal proceedings and suits. Therefore, Article 280 is the unique source of authority for the Finance Commission.

**Final Answer:**

**Answer:** (C)

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Q5.

**Solution****Concept:**

International trade relations are institutionalized through legally binding multilateral frameworks that regulate barriers, duties, subsidies, and intellectual property frameworks globally. These specialized agreements ensure that cross-border commercial transactions are executed in a non-discriminatory manner, establishing standardized dispute settlement mechanisms across all member states.

**Solution:**

1: The 'Agreement on Agriculture' (AoA) is a global framework aimed at reforming trade in agricultural products by reducing domestic support, export subsidies, and market access barriers.

2: The 'Agreement on Trade-Related Aspects of Intellectual Property Rights' (TRIPS) sets down minimum standards for regular forms of intellectual property regulation, including patents, copyrights, and trademarks, across sovereign nations.

3: Both of these foundational commercial legal pillars were negotiated during the historic Uruguay Round (1986-1994) and are directly administered, updated, and enforced by the World Trade Organization (WTO), which succeeded the General Agreement on Tariffs and Trade (GATT).

4: The IMF and World Bank focus on macroeconomic stability and development loans, while UNCTAD acts as an advisory body. Thus, the WTO is the executive institutional framework governing these specific agreements.

**Final Answer:** World Trade Organization

**Answer: (B)**

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Q6.

**Solution****Concept:**

Global literary accolades, such as the International Booker Prize, serve as significant indicators of cultural and socio-economic discourse in the creative writing domain. These awards recognize fiction from across the world that has been translated into English and published in the UK or Ireland, frequently highlighting deep narratives surrounding geopolitical shifts, migration, and human identity.

**Solution:**

1: The International Booker Prize panel evaluates works based on literary merit, thematic depth, and the quality of translation. In the 2025 cycle, the prize focused heavily on works capturing the structural realities of human movement across changing global economies.

2: Georgi Gospodinov won the prize in 2023 for 'Time Shelter', and Jenny Erpenbeck won in 2024 for 'Kairos'. For the 2025 literary selection cycle, the prize celebrated a deeply moving translation that tracked contemporary socio-economic migrations and personal displacement.

3: This specific recognition reinforces how international literary bodies use creative narratives to analyze macro-economic issues like labor migration, global wealth disparity, and cross-border identity.

**Final Answer:**

**Answer: (B)**

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Q7.

**Solution****Concept:**

Satellite communication and orbital mechanics categorize spacecraft infrastructure based on altitude profiles and orbital trajectories. The selection of an orbital framework directly dictates data transmission speeds, coverage area footprint, payload requirements, and the infrastructure cost model for aerospace and telecommunication companies.

**Solution:**

1: Low Earth Orbit (LEO) refers to an orbital altitude space that sits closest to the Earth's surface, typically bounded between an altitude parameter of 160 kilometers and 2,000 kilometers.

2: A 'LEO constellation' comprises an interconnected network of multiple similar satellites working in a coordinated matrix. Because individual LEO satellites orbit the Earth rapidly and have a narrow line-of-sight footprint, hundreds or thousands of them are required to ensure continuous global telecommunications coverage.

3: Analyzing alternative choices: Geostationary Earth Orbit (GEO) satellites operate at a fixed altitude of exactly 35,786 kilometers to match the Earth's rotational period. Deep-space probes explore interplanetary trajectories beyond Earth's gravity well. Meteorological satellites typically use highly specialized polar or elliptical orbits. Therefore, the LEO designation uniquely matches the low-altitude multi-satellite network framework.

**Final Answer:** A network of hundreds of satellites orbiting at altitudes between 160 to 2,000 km

**Answer: (B)**

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Q8.

**Solution****Concept:**

The World Economic Forum (WEF) is a premier international non-governmental organization that coordinates public-private cooperation to analyze global economic, political, and social challenges. Its high-profile annual meetings gather global leaders, business executives, and economists to debate corporate governance, systemic risks, and emerging technological frameworks in a globally recognized host location.

**Solution:**

1: The 54th Annual Meeting of the World Economic Forum focused heavily on rebuilding trust and addressing multi-dimensional crises, including artificial intelligence regulation, deepfakes, and synthetic media proliferation disrupting financial networks.

2: This globally prominent meeting is traditionally hosted every winter in Davos, an alpine resort town celebrated for its historical role in hosting high-level geopolitical and macroeconomic standard-setting forums.

3: Geographically, Davos is located within the canton of Graubünden in Switzerland. It is neither located in Austria, Germany, nor Sweden, making Switzerland the correct sovereign nation hosting this corporate economic summit.

**Final Answer:**

**Answer:** (C)

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Q9.

**Solution****Concept:**

National income accounting uses specific accounting indicators to measure the total value of economic output generated by a country's production factors. The primary distinction between 'Gross' economic aggregates and 'Net' economic aggregates across all macro-accounting methodologies relies strictly on factoring in the physical and functional wear and tear of capital assets during production.

**Solution:**

2: Gross National Product (GNP) at market prices represents the total market value of all final goods and services produced by the normal residents of a country, including net factor income from abroad, over a given time frame before accounting for capital wear.

2: To derive the 'Net' value, specifically Net National Product (NNP) at market prices, economists must account for the consumption of fixed capital, which is formally defined as Depreciation. The mathematical transformation is expressed as:

$$NNP_{MP} = GNP_{MP} - \text{Depreciation}$$

3: Analyzing other choices: Adjusting for Subsidies and Indirect Taxes converts market price aggregates into Factor Cost aggregates (Factor Cost = Market Price – Indirect Taxes + Subsidies). Net Factor Income from Abroad is the variable that differentiates GDP from GNP. Therefore, Depreciation is the only factor subtracted to move from Gross to Net.

**Final Answer:** Depreciation

**Answer: (D)**

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## Q10.

**Solution****Concept:**

The digital payment architecture in India operates via a structured public-private utility model. The settlement, clearing house functionalities, and technical communication layers that power instant, real-time mobile transactions require a specialized centralized entity that connects commercial banking nodes, fintech applications, and regulatory protocols.

**Solution:**

1: The Unified Payments Interface (UPI) was designed to merge multiple banking services, seamless fund routing, and merchant payments into a single mobile architecture.

2: The structural ownership, operational management, and development of this core settlement platform are managed by the National Payments Corporation of India (NPCI). The NPCI operates as a specialized not-for-profit company set up under the guidance of the RBI and the Indian Banks' Association (IBA).

3: Distinguishing institutional responsibilities: The Reserve Bank of India (RBI) acts as the ultimate monetary regulator and supervisor of the overall financial system; MeitY formulates broader electronic and IT policies; the IBA represents the collective management of banks. The NPCI is the specific corporate entity that owns and operates the clearing house infrastructure for UPI.

**Final Answer:** National Payments Corporation of India (NPCI)

**Answer:** (A)

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Q11.

**Solution****Concept:**

Economic history and anti-colonial movements in India often centered around the dismantling of regressive fiscal policies and state-enforced trade monopolies. Colonial administrations frequently leveraged revenue-generation mechanisms on essential daily commodities, which sparked widespread civil resistance by uniting diverse economic strata against foreign legislative control.

**Solution:**

1: The Dandi March, launched by Mahatma Gandhi on March 12, 1930, from Sabarmati Ashram to the coastal village of Dandi, was an iconic act of non-violent civil resistance.

2: The direct target of this campaign was the British Salt Act of 1882, which granted the colonial state an absolute monopoly on the manufacturing and distribution of salt, while imposing a heavily regressive tax on an essential dietary item.

3: Reviewing the incorrect choices: The Permanent Settlement of 1793 was a fixed land revenue system primarily restricted to Bengal and Bihar; forced Indigo cultivation led to the Champaran Satyagraha in 1917; high import tariffs on Indian textiles were structural macroeconomic policies, but not the legal focus of the Dandi March. Thus, breaking the state salt monopoly was the direct economic objective.

**Final Answer:** The state monopoly on the manufacture and sale of salt

**Answer: (B)**

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Q12.

**Solution****Concept:**

The venture capital and technology startup ecosystem classifies innovative enterprises based on their underlying technical complexity and research intensity. While standard digital consumer applications focus on business model innovation, user interface optimization, or quick software iterations, advanced technological segments rely on substantial scientific breakthroughs, laboratory discoveries, and prolonged research and development cycles.

**Solution:**

1: The term 'Deep Tech' (Deep Technology) specifically describes startups founded on tangible scientific discoveries or engineering innovations that solve complex, real-world problems. These ventures feature high capital intensity, long gestation periods, and profound intellectual property protections.

2: Quantum computing hardware architecture requires fundamental advancements in quantum mechanics, material sciences, and cryogenic engineering to build stable qubits. This aligns directly with the core definition of Deep Tech.

3: Analyzing other options: E-commerce marketplace aggregation, hyper-local food delivery algorithms, and standard customer relationship management (CRM) Software-as-a-Service (SaaS) platforms utilize established digital technologies and software frameworks. They optimize delivery, logistics, or data management rather than pioneering fundamental scientific breakthroughs.

**Final Answer:**

**Answer:** (C)

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Q13.

**Solution****Concept:**

Public finance and state budgetary accounting utilize specific financial balances to gauge the fiscal health, borrowing reliance, and structural stability of an economy. The fiscal deficit represents the ultimate gap in the government's budget ledger that must be financed via internal or external borrowings, serving as a key indicator of overall macroeconomic stability.

**Solution:**

1: The total financial resource requirement of the state is captured through total expenditure, which includes both revenue (operational) and capital (asset-creating) expenditures.

2: To find the true borrowing requirement, total expenditure is compared against non-borrowed resources. These resources consist of all revenue receipts plus capital receipts that do not create future debt liabilities (such as recovery of loans and disinvestment proceeds, collectively called Non-debt Capital Receipts).

3: The exact mathematical definition of Fiscal Deficit is formulated as follows:

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

4: Evaluating incorrect definitions: Total Expenditure minus Revenue Receipts ignores non-debt capital receipts, artificially inflating the deficit value. Revenue Expenditure minus Revenue Receipts defines the Revenue Deficit. Capital Expenditure minus Capital Receipts is purely a capital account balance. Therefore, option C is the complete and correct financial accounting formula.

**Final Answer:** Total Expenditure minus (Revenue Receipts + Non-debt Capital Receipts)

**Answer:** (C)

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Q14.

**Solution****Concept:**

The regulatory framework governing corporate advertising, consumer protection, and fair market competition penalizes commercial entities that disseminate unverified, exaggerated, or false claims regarding product performance. Regulatory watchdogs protect consumers from being manipulated by promotional content that distorts objective reality or promises unscientific results.

**Solution:**

1: The Consumer Protection Act empowers specialized bodies like the Central Consumer Protection Authority (CCPA) to regulate unfair trade practices and protect consumer rights across commercial marketplaces.

2: When an advertisement attributes unrealistic properties or unscientific supernatural cognitive capabilities to a consumer product, it directly misleads the target audience, distorting consumer perception and choice.

3: Under the statutory provisions of the Consumer Protection Act, such creative campaigns are legally classified as Misleading Advertisements. This specific category addresses any advertisement that gives a false description of a product, guarantees unverified results, or contains false representations. Therefore, the regulatory notice is structurally issued under this provision.

**Final Answer:** Misleading Advertisement under Consumer Protection Act

**Answer: (B)**

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Q15.

**Solution****Concept:**

International financial architecture is anchored by global multilateral organizations created during post-World War II reconstruction efforts. The historical monetary conference held in Bretton Woods, New Hampshire, in July 1944 established a standardized system of rules, institutional frameworks, and financial channels to rebuild war-torn economies and stabilize the global financial system.

**Solution:**

1: The United Nations Monetary and Financial Conference at Bretton Woods sought to prevent cyclical global economic depressions and trade isolationism by establishing centralized international organizations.

2: This historic conference directly led to the simultaneous creation of two key institutions: the International Monetary Fund (IMF), tasked with managing short-term balance-of-payments challenges and exchange rate stability, and the International Bank for Reconstruction and Development (IBRD), which later evolved into the core unit of the World Bank Group, focused on long-term development funding.

3: These two organizations are universally known as the 'Bretton Woods twins'. Evaluating alternative options: the WTO emerged much later from the GATT framework; the United Nations is a broader political organization; the Asian Development Bank and New Development Bank are regional initiatives established decades later. Hence, the IMF and World Bank are the correct institutions.

**Final Answer:** International Monetary Fund & World Bank

**Answer: (B)**

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Q16.

**Solution****Concept:**

The academic study of income inequality, wealth accumulation, and capital distribution uses extensive historical macroeconomic datasets. Modern economic literature frequently examines whether the rate of return on capital consistently outpaces economic growth over long horizons, creating structural wealth concentration that requires proactive fiscal intervention.

**Solution:**

1: The foundational text 'Capital in the Twenty-First Century' relies on a century-long database tracking income and wealth data across multiple advanced industrial economies to model inequality patterns.

2: This landmark book, published originally in French and translated into English, popularized the macroeconomic inequality relation  $r > g$ , where  $r$  represents the average annual rate of return on capital and  $g$  represents the growth rate of the economy.

3: The author of this highly influential contemporary economic treatise is the prominent French economist Thomas Piketty.

4: Evaluating incorrect choices: Amartya Sen is widely celebrated for welfare economics and capability theory; Joseph Stiglitz is famous for information asymmetry and critiques of globalization; Raghuram Rajan specializes in banking networks and monetary policy. Therefore, Thomas Piketty is the uniquely correct author.

**Final Answer:**

**Answer: (B)**

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Q17.

**Solution****Concept:**

Asset classification within commercial banking systems is strictly governed by central bank accounting guidelines to maintain institutional financial stability. Commercial loans are categorized based on the regularity of interest and principal repayments, shifting from performing to non-performing categories once predefined repayment delay parameters are breached.

**Solution:**

1: When a commercial enterprise draws credit or takes a loan from a bank, it is under a legal obligation to service that debt via timely interest and principal installments. As long as payments are regular, the asset remains a 'Standard Asset'.

2: If the interest or installment of principal remains overdue for a continuous duration exceeding a specific threshold parameter, the loan account experiences a structural asset classification downgrade.

3: According to standard prudential norms set by the Reserve Bank of India, this specific threshold parameter is set at exactly 90 days for commercial banking loans. Once an account crosses this 90-day overdue limit, it is classified as a Non-Performing Asset (NPA).

4: Reviewing alternative options: Subprime credit lines represent a risk profile classification at the time of origination, and restructured sovereign debt relates strictly to government liabilities. Therefore, the 90-day overdue status defines an NPA.

**Final Answer:** Non-Performing Asset (NPA)

**Answer: (B)**

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Q18.

**Solution****Concept:**

The fundamental economic problem of scarcity requires individuals, firms, and sovereign states to make trade-offs when allocating limited resources. Because selecting one specific course of action prevents the execution of alternative possibilities, the true economic cost of any decision includes the potential benefits that could have been realized from the best rejected option.

**Solution:**

1: In microeconomic and macroeconomic analysis, resource allocation decisions carry both explicit financial outlays and implicit economic trade-offs.

2: The concept of 'Opportunity Cost' isolates the implicit economic trade-off. It measures the lost utility, revenue, or benefit of the next most desirable alternative that was intentionally sacrificed to pursue the chosen option.

3: Evaluating alternative economic choices: The total explicit financial outlay represents historical or accounting cost; the marginal cost measures the additional expenditure needed to produce one more unit of output; a sunk cost is a past expenditure that cannot be recovered and should not influence future decisions. Thus, option B is the precise economic definition.

**Final Answer:** The value of the next best alternative foregone when a choice is made

**Answer: (B)**

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Q19.

**Solution****Concept:**

International sports tournaments use specific ranking methodologies to organize the official medal tallies of participating nations. Under the International Olympic Committee (IOC) standard framework, nations are sorted hierarchically based on the total number of gold medals secured, with silver and bronze medals serving only as secondary tie-breaking parameters.

**Solution:**

1: The 2024 Summer Olympic Games hosted in Paris witnessed intense athletic competition across multiple disciplines, influencing the top positions on the medal leaderboard.

2: While certain media networks rank nations by total overall medals won, the official IOC protocol ranks countries by total gold medal accumulation.

3: At the conclusion of the Paris 2024 Games, the United States of America secured the top position in the gold medal ranking, narrowly matching or surpassing its closest competitors in the final event classifications.

4: Therefore, under the standard gold-first hierarchy, the United States of America topped the official ranking list ahead of China, Great Britain, and host nation France.

**Final Answer:**

**Answer: (B)**

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Q20.

**Solution****Concept:**

The constitutional evolution of modern India traces back to specific legislative acts passed by the British Parliament to govern its territorial acquisitions. Early legislative steps sought to bring private merchant enterprises under centralized statutory supervision, creating the legal and administrative framework that eventually led to a centralized governance model.

**Solution:**

1: Prior to 1773, the East India Company operated as an autonomous trading corporation in India with minimal direct supervision from the British state, leading to financial mismanagement and administrative corruption.

2: The Regulating Act of 1773 was the first major piece of legislation passed by the British Parliament to establish a structured system of parliamentary oversight, control, and regulation over the company's territorial and administrative affairs.

3: This act is historically significant because it recast the internal management of the company, designated the Governor of Bengal as the Governor-General of Fort William, and established a Supreme Court at Calcutta.

4: Reviewing alternative choices: Complete sovereign control by the Crown was established much later via the Government of India Act 1858; a formal federal system and central bicameralism were introduced by the Government of India Acts of 1935 and 1919 respectively. Hence, the 1773 act was specifically aimed at regulating the East India Company.

**Final Answer:** Control and regulate the affairs of the East India Company in India

**Answer:** (C)

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Q21.

**Solution****Concept:**

International trade economics utilizes specific anti-competitive legal definitions to safeguard domestic industrial ecosystems from predatory foreign pricing strategies. When an exporting nation supplies goods to an external destination market at prices that do not reflect normal economic value, international bodies like the World Trade Organization permit the implementation of defensive trade tariffs.

**Solution:**

1: The commercial practice of 'Dumping' occurs within international trade when an industrial manufacturer exports a commodity to another nation at an artificially suppressed price level.

2: Economically, dumping is strictly verified if the export price of the product is lower than its normal value, which is typically measured as the price charged for the same product in the exporter's own domestic market, or its underlying cost of production.

3: This pricing anomaly is often deployed as a market-penetration or predatory pricing mechanism to eliminate domestic manufacturers in the target country and capture monopolistic market share.

4: Evaluating incorrect choices: Exporting hazardous waste describes an environmental cross-border violation; creating artificial domestic shortages relates to supply manipulation; selling counterfeited goods constitutes an intellectual property trademark violation. Thus, option A is the accurate economic definition.

**Final Answer:** Exporting a product at a price lower than its domestic market price or cost of production

**Answer: (A)**

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Q22.

**Solution****Concept:**

Multilateral alliances and emerging-market geopolitical blocs use a system of rotating annual chairmanships to guide their strategic goals, host international summits, and coordinate joint economic frameworks. The presiding country establishes the core diplomatic priorities, focusing on trade integration, development finance reform, and security partnerships across the member nations.

**Solution:**

1: The BRICS group, which originally comprised Brazil, Russia, India, China, and South Africa, has recently expanded its membership matrix to include several new emerging economies.

2: The chairmanship of BRICS rotates sequentially every calendar year among the founding member nations. Following the established rotational sequence and subsequent updates, Russia held the presidency in 2024, Brazil took over in 2025, and South Africa officially assumed the rotating presidency for the 2026 cycle.

3: South Africa's stated objectives for the 2026 tenure focus heavily on strengthening inclusive multilateralism, advancing the voice of the Global South, and reframing global governance structures to support equitable economic development.

**Final Answer:**

**Answer:** (C)

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Q23.

**Solution****Concept:**

The retail and digital commerce sector in India has evolved rapidly from standard e-commerce timelines to hyper-local 'quick-commerce' models that guarantee product delivery within minutes. As these fast-delivery startups mature commercially, they transition from venture-capital dependence to public capital markets by launching Initial Public Offerings (IPOs) to achieve long-term fiscal sustainability.

**Solution:**

1: Quick-commerce platforms rely on a highly dense network of localized micro-warehouses, commonly called 'dark stores', coupled with algorithmic inventory routing to fulfill ultra-fast delivery promises.

2: In the listing timelines of the Indian corporate ecosystem, major players like Zepto, Blinkit (owned by Zomato), Swiggy Instamart, and BigBasket competed heavily for market share.

3: Swiggy, through its integrated food delivery and quick-commerce business model ('Swiggy Instamart'), executed its public market transition, making its parent entity a prominent quick-commerce integrated pioneer to list on the National Stock Exchange (NSE) after an oversubscribed IPO.

**Final Answer:**

**Answer:** (C)

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Q24.

**Solution****Concept:**

Central banking institutions manage systemic inflation and monetary liquidity through indirect open market operations. By actively trading sovereign financial debt instruments directly with commercial banking channels, the monetary authority directly controls the quantity of reserve cash circulating within the broader financial ecosystem.

**Solution:**

1: Open Market Operations (OMO) refer to the outright purchase or sale of government securities (G-Secs) by the Reserve Bank of India in the open market to regulate baseline liquidity conditions.

2: When the RBI sells government securities to commercial banks, the purchasing banks must pay for these securities using their liquid cash reserves held with the central bank.

3: This transaction leads to a direct reduction in the liquid cash balances available within the commercial banking system. With reduced surplus reserves, banks experience a contraction in their credit creation and lending capacities, which helps curb aggregate demand and cool inflationary pressures.

4: Analyzing alternative options: Injecting liquidity is achieved when the RBI purchases securities; modifying the SLR is a direct statutory reserve adjustment rather than an open market operation; currency devaluation is not the primary operational objective of a domestic OMO security sale.

**Final Answer:**

It absorbs excess liquidity from the banking system to contain inflationary pressures

**Answer: (B)**

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Q25.

**Solution****Concept:**

The global automotive industry features a highly consolidated corporate ownership framework, where a few massive automotive industrial groups own and manage multiple independent premium, luxury, and mass-market brands. Understanding corporate ownership structures is critical to navigating corporate finance, brand portfolios, and parent company market valuations.

**Solution:**

1: Bayerische Motoren Werke AG, universally known as the BMW Group, is a premier German multinational corporate entity that manufactures luxury vehicles and motorcycles.

2: To diversify its market segments across premium urban markets, the BMW Group owns and operates a specific portfolio of subsidiary brands alongside its core BMW badge. This portfolio includes the iconic British brand Mini and the ultra-luxury marque Rolls-Royce Motor Cars.

3: Reviewing the alternative choices: Audi and Porsche are premium automotive brands that belong structurally to the rival German corporate group, Volkswagen AG. Mercedes-Benz belongs to the Mercedes-Benz Group AG (formerly Daimler AG). Therefore, Mini is the correct brand operating under the BMW corporate umbrella.

**Final Answer:**

**Answer:** (C)

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Q26.

**Solution****Concept:**

The mathematical geography and spatial layout of India are defined by specific latitudinal and longitudinal reference lines that intersect the subcontinent. The Tropic of Cancer is the parallel of latitude that lies approximately  $23^{\circ}27'$  north of the Equator, dividing the geographical landmass of India into almost two equal halves and directly influencing regional climate zones.

**Solution:**

1: To determine the exact number of states through which the Tropic of Cancer passes, we trace its horizontal trajectory from west to east across the political map of India.

2: Starting from the western coast, the line intersects the state of Gujarat, followed by a brief section in Rajasthan, and then enters the large central landmass of Madhya Pradesh.

3: Continuing eastward, the parallel cuts through Chhattisgarh, Jharkhand, and West Bengal, before passing through the two northeastern states of Tripura and Mizoram.

4: Counting these states sequentially: (1) Gujarat, (2) Rajasthan, (3) Madhya Pradesh, (4) Chhattisgarh, (5) Jharkhand, (6) West Bengal, (7) Tripura, and (8) Mizoram. The exact total is eight states.

**Final Answer:**

**Answer:** (C)

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Q27.

**Solution****Concept:**

India's defense industrial framework emphasizes indigenous technological development under state-sponsored aerospace laboratories. Building an advanced delta-wing, supersonic Light Combat Aircraft (LCA) requires a long-term partnership between an overarching defense research body that handles systemic design and an industrial manufacturing corporation that manages final assembly lines.

**Solution:**

1: The Light Combat Aircraft (LCA) project, officially named Tejas, was launched to modernize India's supersonic fighter fleet by reducing dependence on imported defense aviation platforms.

2: The foundational conceptualization, aerodynamic design, and technical engineering of the aircraft were led by the Aeronautical Development Agency (ADA), which operates closely under the umbrella of the Defence Research and Development Organisation (DRDO).

3: For physical prototyping and mass production, the manufacturing and industrial assembly operations were handed over to India's premier public sector aerospace manufacturer, Hindustan Aeronautics Limited (HAL).

4: Evaluating incorrect choices: Bharat Electronics Limited (BEL) primarily manufactures defense radar and electronics systems rather than complete airframes; Tata Advanced Systems and Mahindra Aerospace are private entities that contribute sub-assemblies but did not lead the primary development of the Tejas program. Therefore, DRDO along with HAL is the correct answer.

**Final Answer:** Defence Research and Development Organisation (DRDO) along with HAL

**Answer: (B)**

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Q28.

**Solution****Concept:**

In international debt markets, corporate and sovereign issuers tap offshore financial centers to raise capital from global institutional investors. To eliminate the foreign exchange currency risk associated with fluctuating cross-border exchange rates, issuers utilize specialized bonds denominated in their native currency instead of local foreign currencies like the US Dollar.

**Solution:**

1: In global finance, bonds are named distinctively to reflect their currency denominations and country of origin (such as Samurai bonds for Yen-denominated debt in Japan).

2: 'Masala Bonds' are specifically rupee-denominated debt instruments issued by Indian corporate or public sector entities in overseas financial markets, such as London or Singapore.

3: The key feature of a Masala Bond is that the investment risk arising from fluctuations in the exchange rate of the Indian Rupee is borne entirely by the foreign investor, not by the issuing Indian entity.

4: Reviewing alternative choices: Foreign currency bonds issued inside India are called Foreign Currency Non-Resident bonds or external credit lines; agricultural or spice infrastructure descriptions are incorrect literal interpretations of the name. Thus, option A is the precise financial definition.

**Final Answer:** Rupee-denominated bonds issued by Indian entities in overseas markets

**Answer: (A)**

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Q29.

**Solution****Concept:**

The Securities and Exchange Board of India (SEBI) is the statutory regulatory authority responsible for monitoring domestic capital markets, protecting retail investor interests, and formulating corporate listing compliance rules. The leadership of this vital regulatory body is appointed by the Government of India to maintain financial system integrity.

**Solution:**

1: The leadership of SEBI is crucial for overseeing market structures, institutional trading rules, and corporate disclosures across Indian stock exchanges.

2: Madhabi Puri Buch was appointed as the first woman Chairperson to lead the capital market regulator, breaking the historical trend of appointing administrative civil servants to the post. She has driven extensive reforms in settlement cycles and transparency rules.

3: Checking the other choices: Ashwani Bhatia is a former whole-time member of SEBI; U K Sinha and Ajay Tyagi are former chairpersons who completed their official regulatory tenures in earlier years. Therefore, Madhabi Puri Buch remains the correct chairperson.

**Final Answer:** Madhabi Puri Buch

**Answer:** (A)

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Q30.

**Solution****Concept:**

The indirect taxation structure in India operates under a co-operative federal framework established via constitutional amendment. To prevent unilateral tax decisions by either the Union or individual States, the Constitution mandates a joint institutional body to serve as the singular decision-making authority on tax rates, thresholds, and administrative exemptions.

**Solution:**

1: The 101st Constitutional Amendment Act introduced the Goods and Services Tax (GST) framework and inserted Article 279A into the Constitution of India.

2: Article 279A explicitly empowers the President of India to constitute a joint forum called the GST Council. This council is chaired by the Union Finance Minister and includes the Union Minister of State for Finance alongside Finance Ministers from all the state governments.

3: The GST Council is the supreme constitutional body authorized to make binding recommendations on tax slabs, item exemptions, threshold limits for registration, and dispute resolution models.

4: Distinguishing alternative choices: The Union Finance Ministry cannot decide rates unilaterally; NITI Aayog is a policy think-tank without legislative power over tax; the CBIC implements policies but does not hold constitutional voting powers to set rates. Thus, the GST Council is the unique body responsible.

**Final Answer:**

**Answer: (B)**

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**Answer Key**

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

