

DAILY CURRENT AFFAIRS

INDEX

- SURPRISE ENEMY WITH INDIAN ARMS, SAYS PM
- AIR INDIA TO FLY PLANES TO UKRAINE'S NEIGHBOURS
- PAK. NATIONAL BANK FINED \$55 MN BY U.S.
- INDIA SAID TO EYE RUPEE TRADE TO OFFSET SANCTIONS ON RUSSIA'
- INDIA SEEKS UREA TRADE WITH IRAN IN RUPEES
- APRIL-DEC. FDI EQUITY INFLOWS DIP 16%: DPIIT
- WAR HAS PUT INDIAN COFFEE EXPORTS TO UKRAINE IN JEOPARDY'
- RUSSIA-UKRAINE CRISIS TO FURTHER CHOKE COAL SUPPLY'
- THE PERFECT STORM
- INFLECTION POINT FOR THE WEST-LED GLOBAL ORDER

SURPRISE ENEMY WITH INDIAN ARMS, SAYS PM

Modi calls for vibrant defence industry

- Prime Minister Narendra Modi on Friday stressed the importance of customisation and uniqueness of defence systems for having a surprise element over the adversaries.

- “Uniqueness and surprise elements could only happen when the defence equipment is developed in our country. This year’s Budget has a blueprint for developing a vibrant ecosystem, from research, design and development to manufacturing, within the country,” he said.

BUDGET BOOST

- Mr. Modi was addressing a post-Budget webinar, titled “Aatmnirbharta in defence — call to action”, organised by the Defence Ministry during which Defence Minister Rajnath Singh announced steps for implementing various measures announced in the Budget aimed at giving a level playing field for the private industry and start-ups.
- Mr. Modi said, “Transparent, time-bound, pragmatic and fair systems of trial, testing and certification are essential to the growth of a vibrant defence industry. For this, an independent system can prove useful in solving problems.” The recent years’ effort to strengthen Aatmnirbharta in the defence sector was clearly visible in this year’s Budget, he noted.
- Mr. Singh said: “For meeting the wide-ranging requirements of trial, testing and certification, the government has decided to set up an independent nodal umbrella body.”

AIR INDIA TO FLY PLANES TO UKRAINE’S NEIGHBOURS

Government asks all airlines to aid in evacuation

- Air India will start evacuation flights to countries bordering Ukraine from Saturday even as the government has requested other airlines to join the “operation” to bring back Indians trying to flee the war-torn country.
- Air India will operate a flight each to Bucharest and Budapest as special government charter flights, the airline tweeted late on Friday evening.
- The Ministry of Civil Aviation has also written to all airlines requesting them to consider starting flights to countries with a land border with Ukraine, an official said.

CHARTING ROUTES

- The Indian Embassy in Ukraine issued an advisory informing Indian nationals that it was working to establish evacuation routes from Romania and Hungary. Later, in an update through its Twitter handle, the embassy said more than 470 students were ready to exit Ukraine and enter Romania.
- Air India had earlier this week operated a flight to Ukraine and brought back 242 Indians. On Thursday, its second repatriation flight to Kyiv was forced to turn back mid-way after Ukraine closed its airspace for civilian flights following Russia’s “military operation”.
- Officials of the Ministry of Civil Aviation said Air India’s flights were based on a “request, and not a directive” since it was now a private carrier owned by Tata Sons. Last week, the Ministry wrote to all airlines asking them to start flights to Ukraine, and “only Air India and SpiceJet gave a commitment”, a Ministry official said. Though Air India had already announced its plan to operate three flights to Kyiv, and SpiceJet was also ready to start flights in the days to come, the shutting down of Ukrainian airspace put paid to those plans.
- Officials said Air India’s wide-body planes such as the Boeing 787 Dreamliner that flew to Kyiv on Tuesday as well as pilots experienced in flying to conflict zones were also important considerations.

RECENT RELIEF EFFORTS

- The airline most recently evacuated Indians from Wuhan in March 2020 due to the outbreak of COVID-19 and has also rescued Indians during the conflict in Libya in 2014, and from Egypt in 2011. Its biggest evacuation was from Kuwait, which was attacked by Iraq in 1990, when nearly 488 flights were operated to rescue 1,70,00 Indians over a period of two months. This is also regarded as the world's largest air evacuation.
- Asked whether Air India would be paid for the evacuation flights, an official said there was "no clarity" on the issue. The Ministry of External Affairs has said the cost of such flights will be completely borne by the Government of India. A senior official of the Ministry of Civil Aviation also contended that airfares for flights from Kyiv were exorbitant and said, "Business class fare was ₹1.1 lakh and economy class fare was at ₹56,000". Air India's Kyiv flight was a commercial flight.
- A Ministry of Civil Aviation official said that while the Aircraft Act, 1934 empowers the government to order airlines to start flights in an emergency situation, it was meant for use within a "domestic framework", i.e. for domestic flights. However, this provision "has never been invoked".

PAK. NATIONAL BANK FINED \$55 MN BY U.S

- The National Bank of Pakistan (NBP) said on Friday it had reached an agreement with U.S. regulators to pay \$55 million in fines imposed on its New York branch, triggering a more than 7% drop in its shares.
- The Federal Reserve Board and Federal Reserve Bank of New York, and the New York State Department of Financial Services (NYDFS) announced on Thursday that the NBP's New York branch would be fined up to \$55.4 million for non-compliance and violating rules against money laundering.
- The Financial Action Task Force (FATF) has placed Pakistan on its 'grey list' for deficiencies in its counter-terror financing and anti-money laundering regimes since June 2018.
- "We don't foresee significant impact of this penalty on FATF review, however, Pakistan is expected to remain in the grey list of the FATF," Tahir Abbas, head of research at Arif Habib Ltd., said.
- In a notice to the Pakistan Stock Exchange (PSX) on Friday, the NBP said it had reached an agreement with U.S. regulators.
- "The agreement includes fines totalling \$55.4 million focused on historical compliance programme weaknesses and delays in making compliance-related enhancements," the notice said.
- The bank's shares were down 7.2% by the Friday prayers break in the trading session. The bank added there were no findings of improper transactions or wilful misconduct, the New York branch was under new management since May 2020 and that the NBP had substantially enhanced its compliance programme, which, it said, had been recognised by the U.S. regulators. The Pakistani state owns 75.20% of the NBP, one of the largest commercial banks in the country.

INDIA SAID TO EYE RUPEE TRADE TO OFFSET SANCTIONS ON RUSSIA'

- Disruption in fertilizer supplies from Russia could threaten India's farm sector'
- India is exploring ways to set up a rupee payment mechanism for trade with Russia to soften the blow on New Delhi of Western sanctions imposed on Russia after its invasion of Ukraine, government and banking sources said. Indian officials are concerned that vital supplies of fertilizer from Russia could be disrupted as sanctions intensify, threatening India's vast farm sector.
- India has called for an end to violence in Ukraine but refrained from outright condemnation of Russia, with which it has long-standing political and security ties.
- Russia invaded Ukraine by land, air and sea on Thursday. Russian forces pressed their advance on Friday and Ukrainian President Volodymyr Zelenskyy pleaded with the international community to do more, saying sanctions announced so far were not enough.
- India's plan is to get Russian banks and companies to open accounts with a few state-run banks in India for trade settlement, a banking source involved in the discussions said.
- If the conflict escalates and sanctions intensify, India would not be able to settle transactions in dollars and "so an arrangement has been proposed to set up a rupee account, which is being considered," the source said.
- Funds in such accounts act as a guarantee of payment for trade. Such mechanisms are often used by countries to shield themselves from the blow of sanctions. India had also used it with Iran after it came under Western sanctions for its nuclear weapons programme, the source added.

INDIA SEEKS UREA TRADE WITH IRAN IN RUPEES

Global supply disruptions spur move

India plans to pay in rupees for its first long-term urea import deal with Iran to hedge itself from global supply disruptions, higher prices and forex volatilities, sources familiar with the matter said, complicated by Russia's invasion of Ukraine.

India halted urea imports from Iran in 2019 under pressure from tough U.S. sanctions on Tehran and government data show that Asia's third-largest economy turned to countries such as China, Ukraine and Russia to meet its demand for the crop nutrient. Last year, some Indian States faced shortages of urea after "abrupt" export restrictions by China amid high global prices, one of the sources said.

Iran was India's third-biggest source of urea in FY19, supplying about 17% of New Delhi's close to 7.5 million tonnes of urea imports.

India is looking at expediting a deal with Iran after indications that negotiations between Iran and the U.S. could culminate in a new pact to lift sanctions.

The plan was to pay in rupees with the involvement of local banks to import annually 1.5 million tonnes of urea from Iran, said another source. The pricing had yet to be decided, sources said.

APRIL-DEC. FDI EQUITY INFLOWS DIP 16%: DPIIT

- Foreign direct investment (FDI) equity inflows into India contracted by 16% to \$43.17 billion during the April-December 2021 period, according to Department for Promotion

of Industry and Internal Trade (DPIIT) data. The inflows stood at \$51.47 billion during the year-earlier period.

- The total FDI inflows (including equity inflows, re-invested earnings and other capital) aggregated at \$60.34 billion during the nine month period of the current fiscal year as against \$67.5 billion in the year-earlier period.
- The total FDI inflows fell to \$17.94 billion during the third quarter as against \$26.16 billion.

WAR HAS PUT INDIAN COFFEE EXPORTS TO UKRAINE IN JEOPARDY'

6,604 metric tonnes shipped across this fiscal: Coffee Board

- The current crisis has put Indian coffee exports to Ukraine and neighbouring countries in jeopardy, the Coffee Board said on Friday.
- So far, (April-Jan.) this fiscal, India has exported 6,604 metric tonnes of green bean, instant and roast and ground coffee to Ukraine and 23,519 metric tonnes to Russia. Coffee exports to Ukraine, in fact, peaked at 7,327 metric tonnes during fiscal 2018-19, and in 2019-20 it was 6,947 metric tonnes.
- CIS countries were traditionally the major soluble/instant coffee importers from India. Russia currently accounts for 75% of this, while Ukraine alone has more than 20% share, according to data shared by Coffee Board.
- "The Russia-Ukraine war will certainly impact Indian coffee exports to Ukraine and its neighbouring countries," said Dr. K.G. Jagadeesha, CEO and Secretary, Coffee Board. According to coffee exporters, in addition to the immediate impact on exports, the war could also have an indirect and long-term impact on the overall coffee exports from India to Ukraine and neighbouring coffee markets
- "The Russia-Ukraine war is likely to push up prices of fuel, metal/aluminium (instant coffee is mostly exported in metal cans and containers) and packaging materials," said Ramesh Rajah, president of the Coffee Exporters Association.
- "It could also spiral logistics costs. This means the overall cost of exports will certainly go up and buyers and sellers are already worried about it," he said.

RUSSIA-UKRAINE CRISIS TO FURTHER CHOKE COAL SUPPLY'

- The Russia-Ukraine military conflict, which has increased energy prices globally, will reduce the propensity to import coal by power plants and will further hamper the supply of fuel to captive power plants and industries like steel, aluminium from state-owned Coal India, ICPPA said on Friday.
- According to the Indian Captive Power Producers Association (ICPPA), amid rising energy prices globally, electricity producers will pressurise the government for more domestic coal to fulfil their demand and this will adversely affect fuel supply to the non-power sector.
- "This (Russia-Ukraine) crisis has increased energy prices globally and that reduces the propensity to import coal and coke," ICPPA Secretary General Rajiv Agarwal told PTI. "And it will further complicate the matter and it is going to hamper supplies to both CPPs and industries from Coal India," The industries like aluminum and cement and their captive power plants are mostly dependent on domestic coal.

THE PERFECT STORM

Russia's Ukraine gambit could unravel key assumptions driving India's economic policy

- The combative advent of the Russian military into Ukraine early Thursday has predictably spooked markets across all asset classes the world over. Oil prices surged to an eight-year high of around \$105 a barrel, stock markets tumbled with the Indian bourses crashing nearly 5% on Thursday and the rupee dipping perilously close to the 76 to a dollar mark. The flight to safety amid all this mayhem propped up India's favourite yellow metal to a 15-month high. Domestic stock indices that have already been witnessing tumultuous swings in recent weeks as global inflation flared up and the US Federal Reserve signalled faster throttling of 'easy money' liquidity, did pare some of these initial losses on Friday. But multi-layered uncertainty will keep investor nerves on edge, as will the diplomatic fallout of how the UNSC decides to tackle Russia in its vote, with the western world seeking strict condemnation and sanctions, while India has thus far preferred not to take a side. There could be double-edged economic ramifications for those sitting on the fence if the extent of sanctions against Russia are intensified. This could deter Indian interests, be it in terms of trade financing, investment flows and even banking transfers as calls to bar Moscow from the SWIFT global payment network grow louder. For now, Russia's oil exports have not been explicitly targeted yet.
- India's imports of petroleum products from Russia are only a fraction of its total oil import bill and thus, replaceable. But getting alternative sources for fertilizers and sunflower oil may not be as easy. Exports to Russia account for less than 1% of India's total exports; pharmaceuticals and tea could face some challenges, as will shipments to CIS countries. Freight rate hikes could make overall exports less competitive too, but it is the indirect impact on the trade account that is more worrying. The surge in crude oil prices will drum up India's inelastic oil import bill, and gold imports could jump back up and keep the rupee under pressure. Trade and current account deficits may be jeopardised, although forex reserves are healthy. The biggest concern, for India, however, remains the impact of oil prices on inflation, and the unravelling of the Budget math which hinges on average oil prices of \$75 a barrel. The RBI's assertion that retail inflation had peaked at 6.01% in January, as well as its growth-accommodative stance may need a rethink with oil prices 11% higher since its February 10 monetary policy review. On the fiscal side, the Government, which has been conservative in its revenue assumptions in the Budget, has the room to pre-emptively cut domestic fuel taxes to nip inflationary expectations, stoke faltering consumption levels and sustain India's fragile post-COVID-19 recovery through this global churn.

INFLECTION POINT FOR THE WEST-LED GLOBAL ORDER

Its future will be defined by how it responds to the crisis in Ukraine, and in the shadow of growing Russia-China ties

- The Ukraine crisis has come to a head with Russia biting the bullet and launching "a full-scale invasion of Ukraine." Even as the United Nations Secretary-General António Guterres was warning that the world was facing a "moment of peril" and calling for "restraint, reason and de-escalation" to avoid "a scale and severity of need unseen for many years", Russian troops that had massed on Ukraine's borders for months now were preparing to launch an assault on Ukraine — after Russian President Vladimir

Putin recognised the Russian-backed, rebel-held areas of Donetsk and Luhansk as independent and even challenged the historical right of Ukraine to exist.

- Mr. Putin continued to insist that he was open to “direct and honest dialogue” but with every step of the escalatory ladder he climbed, he ensured that dialogue was becoming difficult to sustain. And the Russian Foreign Ministry even suggested that the idea that Russia is to blame for the crisis in Ukraine is an invention by the West. But the invasion has now happened in full view of the international community, with Mr. Putin saying that Russia did not plan to occupy Ukraine and demanding that its military lay down their arms. Launching a “special military operation” and alleging that Ukraine’s democratically elected government “had been responsible for eight years of genocide”, Moscow’s seeming goal is demilitarisation and a “denazification” of Ukraine.

PUTIN VERSUS THE WEST

- Hours before the invasion, the western countries had imposed a new round of sanctions against Moscow (targeting Russian individuals and banks linked to Mr. Putin’s regime), and German Chancellor Olaf Scholz suspended certification of Nord Stream 2, a major gas pipeline between Russia and his nation. But clearly it had no real impact on Mr. Putin’s calculus.
- United States President Joe Biden, in his response to the invasion, has suggested that Washington and its allies would respond in a united and decisive way to “an unprovoked and unjustified attack by Russian military forces” on Ukraine. But the future course of action for the West remains rather murky. Perhaps because of this, Charles Michel, the head of the European Council, has continued to insist on the need “to be united and determined and jointly define our collective approach and actions”. The European Union has announced a “massive” package of sanctions as it comes to terms with “the darkest hour in Europe since the Second World War”.
- Where Mr. Putin has shown resolve and a single-minded sense of purpose, the West has been incoherent in its response — not being able to present a united front, and worse, not even speaking the same language at times. For Mr. Putin, this is a moment to use Ukraine to highlight his broader demands of restructuring the post-Cold War European security order. For the West, this has been a moment when it has been found wanting — a lack of imagination, lack of will and lack of leadership, all rolled into producing a lackadaisical response to the one of most serious security crises in decades.

GENERAL DISARRAY

- Mr. Biden’s leadership has been found wanting. For all his talk of leading through coalitions, all he has to show for is a disarray in the European ranks. Where Germany has been reluctant to allow North Atlantic Treaty Organization (NATO) allies to ship German-origin weapons to Ukraine, France has used this moment of crisis in trying to showcase its own leadership credentials. French President Emmanuel Macron has been talking of the European Union taking decisions independent of the U.S. in an attempt to showcase its ‘strategic autonomy’. The trans-Atlantic alliance has barely functioned despite all those who had argued that it was the fault of U.S. President Donald Trump fracturing this partnership. It turns out that even Mr. Biden has not been able to build the trans-Atlantic engagement around common objectives to be pursued collectively.

THE ENERGY FACTOR

- Moreover, the EU’s energy dependence on Russia is a reality that has to be factored into strategic considerations. With the EU importing 39% of its total gas imports and

30% of oil from Russia, and with the Central and Eastern European countries being almost 100% dependent on Russian gas, the reasons for internal EU dissonance are not that difficult to fathom.

- Where Russia repeatedly made it clear that it remains willing to even use the instrumentality of force to attain its diplomatic objectives, the singular refrain from the West has been that it has no intention of escalating. In such a scenario, the initiative is always with the side that can demonstrate a willingness to ratchet up tensions. Mr. Putin is willing to take significant strategic risks which the West is not ready to do. And, as a result, the initiative since the very beginning of this conflict has been with Russia. The West has been left to respond reactively to the developments around it. And it is in the very nature of great power politics that smaller and weaker nations such as Ukraine struggle to preserve their very existence.

A STRONG BEIJING

- This ineffectual western response has emboldened not only Russia but also China as the focus of the West is in danger of moving away from the Indo-Pacific. The Russia-China 'axis' is only getting stronger as the two nations seem ready to take on the West that seems willing to concede without even putting up a fight.
- It was this week in 1972 that U.S. President Richard Nixon shook hands with Chinese Premier Zhou Enlai and radically altered the contours of the global order by reshaping the extant balance of power. It allowed China to emerge as the leading global economic power and helped the U.S. in winning the Cold War.
- Today, the balance of power is once again in flux, and as China develops a strategic partnership with Russia, the future of the West-led global order will be defined by how effectively it responds to the crisis in Ukraine. The tragedy of great power politics is unfolding in Europe but its embers will scorch the world far and wide, much beyond Europe.

MULTIPLE CHOICE QUESTIONS AND ANSWERS

Question 1 : A surge in foreign capital inflow in India would lead to

- a) Sale of foreign exchange by the central bank in order to prevent depreciation of rupee
- b) Purchase of foreign exchange by central bank in order to prevent depreciation of rupee
- c) Sale of foreign exchange by the central bank in order to prevent appreciation of rupee
- d) Purchase of foreign exchange by central bank in order to prevent appreciation of rupee

Answer : d

Question 2 : Which of the following is not the recommendation of the Arvind Mayaram Committee on rationalizing FDI/FPI definition?

- a) Foreign investment of 10% or more in a listed company will be treated as foreign direct investment (FDI)
- b) In a particular company, an investor can hold the investments either under the FPI route or under the EDI route, but not both.

- c) any investment by way of equity shares, compulsorily convertible preference shares/debentures, which is less than 10% of the post-issue paid-up equity capital of a company shall be treated as FPI.
- d) On NRI investments in India, the committee recommended treating non-repayable investments as FDI.

Answer : d

Question 3 : What is global depository receipt?

- a) It is a receipt issued by multinational banks on deposit of money.
- b) It is a receipt issued by stock exchange to bank clearing mechanism.
- c) It is a receipt issued by an overseas bank in lieu of shares of a domestic company.
- d) It is a receipt issued by stock exchange on investment by foreign portfolio investor.

Answer : c

Question 4 : Both foreign direct investment (FDI) and foreign institutional investment (FII) are related to investment in a country. Which of the following is incorrect regarding FDI and FII?

- a) Both FII and FDI bring capital into the economy.
- b) FII invests in technology-oriented enterprises, whereas FDI invests in traditional business set ups.
- c) The restrictions on the entry of FDI are lower than that on FII.
- d) FDI is considered to be more stable than FII. FII can be withdrawn even at a short notice.

Answer : b

Question 5 : Participatory notes (PNs) are associated with which one of the following?

- a) Consolidated Fund of India
- b) Foreign institutional investors
- c) United Nations Development programme
- d) Kyoto Protocol

Answer : b

Question 6 : The term “hot money” is used to refer to

- a) Currency + reserves with the RBI
- b) Net GDR receipts
- c) Net foreign direct investment
- d) Foreign portfolio investment

Answer : d

Question 7 : The union government adopted new definition of FDI and FPI in 2014. Which of the given below is incorrect in this regard?

- a) The new definition considers 5% investment in capital of an unlisted company as FPI.
- b) The new definition considers 5% investment in capital of an unlisted company as FDI.
- c) The new definition considers 5% investment in capital of an listed company as FPI.
- d) None of the above.

Answer : a

Question 8 : Which of the following statements is/are correct regarding FDI under automatic route?

- 1. FDI in India under the automatic route does not require prior approval either by the Government of India or the Reserve Bank of India.
- 2. Investors are only required to notify the concerned regional office of the RBI before receipt of inward remittances and file required documents with that office before the issue of shares to foreign investors.

Select the correct answer using the codes given below.

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer : c

Question 9 : Which of the following are the components of foreign capital?

- 1. Grants and loans
- 2. External commercial borrowings
- 3. Foreign direct investment
- 4. Deposits from non-residents

Select the correct answer using the codes given below.

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

Answer : a

10. The Coffee Club countries, often seen in the news related to which among the following?

- A. It is a grouping of the largest coffee-growing countries in the world.
- B. It is a group of countries favoured the expansion of the non-permanent category of seats in the UN.
- C. It is the group of Nuclear Proliferation Treaty (NPT) signed countries.
- D. It is a group of countries bidding for permanent seats in the UN Security Council.

Ans-b

Explanation: The Coffee Club or Uniting for Consensus: Group of countries opposed to the G4. They favoured the expansion of the non-permanent category of seats with members to be elected on a regional basis. They are Italy, Spain, Argentina, Canada, Mexico, South Korea and Pakistan.

11. Consider the following statements about International Solar Alliance (ISA).

1. The Paris Declaration establishes ISA as an alliance dedicated to the promotion of solar energy among its member countries.
2. The alliance is a treaty-based inter-governmental organization.
3. The membership is extended to all members of UN.

Which of the above statements are correct?

- A. 1, 2 B. 1, 3 C. 2, 3 D. 1, 2, 3

Ans-d

Explanation: The Paris Declaration establishes ISA as an alliance dedicated to the promotion of solar energy among its member countries. The ISA's major objectives include global deployment of over 1,000GW of solar generation capacity and mobilisation of investment of over US\$ 1000 billion into solar energy by 2030.

12. Coffee cultivation was first introduced in -

1. Himalayas
2. Aravali Hills
3. Garo Hills
4. Baba Budan Hills

Ans: 4. Sol: Coffee cultivation was first introduced in Baba Budan Hills.

13. Which statement is correct

1. Iran has the world's second-largest reserves of natural gas, yet it is not a major exporter.
2. Iran-Pakistan-India (IPI) pipeline still stuck and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline yet to take off, India is very keen to kick-start an undersea pipeline project that would bring Iranian gas to India via the Arabian Sea bypassing Pakistan.
3. Zaranj-Delaram Highway is being built with financial support from India.

- A. Only 1 B. 1&2 C. 1&3 D. 1,2&3

Ans-d

14. Match the following:

- | | |
|--------------------|--|
| (i) Deflation | (a) Reduction of Rate of Inflation |
| (ii) Stagflation | (b) When there is general fall in the level of prices. |
| (iii) Disinflation | (c) combination of inflation and rising unemployment due to recession. |

(a) (b) (c)

(i) 1 2 3

(ii) 3 1 2

(iii) 2 3 1

(iv) 1 3 2

Ans-ii

15. Match the following:

- (i) Creeping Inflation (a) out of control
(ii) Trotting Inflation (b) Manageable
(iii) Hyper inflation (c) Might accelerate into Galloping Inflation

(a) (b) (c)

(i) 3 1 2

(ii) 1 2 3

(iii) 3 2 1

(iv) 1 3 2

Ans-i

16. Match the following

1. GDP Deflator (a) measures the change in the prices received by a producer.

2. PPI-Producer (b) measures the change Price Index in price of a selection of goods wholesale prior to retail sales excluding sales tax.

3.WPI (c) combination of inflation and rising unemployment due to recession.

(a) (b) (c)

(i) 1 2 3

(ii) 3 1 2

(iii) 2 3 1

iv- 1 3 2

Ans-iii

17. Match the following:

1. Demand Pull (a) also called supply shock inflation Inflation.

2. Structural (b) also referred as too Inflation much chasing too few years.

3. Cost _____ (c) caused by deficiencies Inflation in certain in the economy.

(a) (b) (c)

(i) 3 1 2

(ii) 1 2 3

(iii) 2 3 1

iv-1 3 2

Ans-iii

18. Consider the following statements?

(1) Mild Inflation is seen as “greasing the wheels of commerce”.

(2) The High Inflation will lead to increase in the purchasing power of then Income.

(3) Demand pull Inflation is caused by increase in the demand due to increased private & Government spending etc.

(a) all the above are correct

(b) only 1 and 3 are correct

(c) only 2 is correct.

(d) None of these

Ans-a

VEDANGA