

- **Statement 3 is incorrect:** They are not part of payment and settlement system and cannot issue cheques draw on themselves.

41. Correct Option: (d)

Explanation:

- **Statement 1 is correct:** Tarapore Committee - In 1997, a committee on capital account convertibility was setup by the Reserve Bank of India (RBI) under the chairmanship of former RBI deputy governor S.S. Tarapore to "lay the road map" to capital account convertibility.
- **Statement 2 is correct:** Tendulkar Committee was also for poverty estimation.
- **Statement 3 is correct:** Urjit Patel Committee was appointed to examine the current monetary policy framework of the Reserve Bank of India. It was headed by Urjit Patel, Deputy Governor of the Reserve Bank of India to strengthen Monetary Policy Framework of RBI
- **Statement 4 is correct:** Kelkar Committee was a committee set up to study and evaluate the extant public-private partnership (PPP) model in India.

42. Correct Option: (d)

Explanation:

Merchant Banks

- A merchant bank is a company that deals mostly in international finance, business loans for companies and underwriting. These banks are experts in international trade, which makes them specialists in dealing with multinational corporations. A merchant bank may perform some of the same services as an investment bank, but it does not provide regular banking services to the general public
- A merchant bank is a financial institution providing capital to companies in the form of **share ownership instead of loans**.
- A merchant bank also provides **advisory** on corporate matters to the firms in which they invest.

43. Correct Option: (c)

Explanation:

Chit Funds

- A chit fund is a type of rotating savings and credit association system practiced in India.
- Chit fund schemes may be organized by financial institutions, or informally among friends, relatives, or neighbors.
- In some variations of chit funds, the savings are for a specific purpose.
- Chit funds are often microfinance organizations
- **Statement 1 is correct:** CHIT fund is a type of collective investment saving.
- **Statement 2 is incorrect:** This scheme can be run by an individual or an institution.
- **Statement 3 is incorrect:** As per Supreme Court, chit funds **lies in the concurrent list NOT in state list** i.e. regulated by both state and centre.
- The Prize Chits and Money Circulation (Banning) Act 1978 defines the illegal unregistered chit funds.

44. Correct Option: (c)

Explanation:

Collateral Security

- Collateral security is the security which is not primary security. Collateral means, secondary or additional, that means, collateral security is taken by lenders in addition to primary security to secure loan. Generally a property or other asset (like land, building, shares etc.) are taken lender to secure the loan.
- **Option (a) is incorrect:** Collateral security is a **secondary security** hold by lender against loan provided by it NOT a created asset out of loan.
- **Option (b) is incorrect:** Collateral security is **NOT taken in retail loans in normal course** like housing loan, car loan, personal loan etc. But collateral security is **required** by lenders in **corporate loans like Cash Credit**. Since in CC account,