

Off-budget borrowings are loans that are taken not by the Centre directly, but by another **public institution which borrows on the directions of the central government**. Such borrowings are used to fulfil the government's expenditure needs.

But since the liability of the loan is not formally on the Centre, **the loan is not included in the national fiscal deficit. This helps keep the country's fiscal deficit within acceptable limits.**

Comptroller and Auditor General report of 2019 points out, this route of financing puts major sources of funds outside the control of Parliament. "Such off-budget financing is **not part of the calculation of the fiscal indicators despite fiscal implications,**" said the report.

Public sector banks are also used to fund off-budget expenses.

23) A share repurchase or buyback is a decision by a company to purchase its own stock from the market. Such a move may lead to

1. It is often undertaken when the company's shares are undervalued.
2. It reduces the number of outstanding shares of the company.
3. It tends to increase the price of remaining shares.

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: d)

What is a share buyback?

A share repurchase or buyback is a decision by a company to purchase its own stock from the market. Such a move **reduces the number of outstanding shares of the company and tend to push up their price** and is often undertaken when management considers the **company's shares undervalued**.

It is also a key way to **transfer surplus earnings to shareholders** and tends to lead to an increase in share prices.

24) Suppose a small factory owner actually needs only two workers to carry out his business, but if his entire family of five members are involved in running the business, then this situation is known as

- a) Disguised unemployment
- b) Frictional unemployment
- c) Cyclic unemployment
- d) Structural unemployment

Solution: a)

Disguised Unemployment is a kind of **unemployment** in which there are people who are visibly employed but are actually **unemployed**. This situation is also known as hidden **Unemployment**. In such a situation more people are engaged in a work than required.

25) The actual liabilities of the Union government include which of the following

1. Loans taken for the recapitalisation of banks
2. Borrowings by PSUs
3. Capital expenditures of various Ministries.

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3