

Statement 3 is correct: REER is calculated in such a way that an increase in its value signifies appreciation of the rupee.

20. (c)

Statement 1 is correct: Marginal Standing Facility is a liquidity support arrangement provided by RBI to commercial banks if the latter doesn't have the required eligible securities above the statutory liquidity ratio (SLR) limit.

Statement 2 is correct: The main condition under MSF borrowings is that the bank has to give a higher interest rate to the RBI. The interest rate for MSF borrowing was originally set at one percent higher than the repo rate. As of November 2017, the RBI has lowered the difference between repo rate and MSF.

21. (b)

Recently, in a bid to redevelop over 600 major railway stations across the nation, an idea competition 'SRIJAN' (Station Rejuvenation through Joint Action) has been launched at MyGov portal since January 26, 2018, by Indian Railway Stations Development Corporation Limited (IRSDC). All stakeholders like railway passengers, architects, urban planners, engineers are allowed to send their ideas. The Railway Ministry said that the winners will be given certificates and the worthy ideas will be considered in the redevelopment designs of the stations. The redevelopment of 600 major railway stations was announced by Finance Minister in Union Budget 2018. In addition to the idea competition, IRSDC has also launched competitions for logo and tagline through MyGov portal.

22. (a)

Statement 1 is correct: Municipal bonds are bonds issued by urban local bodies- municipal bodies and municipal corporates (entities owned by municipal bodies) to raise money for financing specific projects specifically infrastructure projects. A municipal bond is debt security issued by a municipality to finance capital expenditure. It fetches the investor payments on a predetermined rate of interest over a stipulated time period. These bonds are attracting attention as the ULBs urgently need money to finance infrastructural expenditure.

Statement 2 is correct: Bangalore Municipal Corporation was the first ULB to issue Municipal Bond in India in 1997. Ahmedabad made a notable issue in the next years. But after the initial momentum, the ULBs were not able to get much progress on municipal bond based fund mobilization. Cities such as Ahmedabad, Bengaluru, Nashik and Madurai have issued them; mostly privately placed with institutions, and not tradable.

Statement 3 is not correct: Large institutional investors such as pension funds and insurance companies are always on the lookout for look for less risky avenues to invest. Municipal bonds could tap these sources of fund and help get many projects off the ground as it is less risky where government agency is involved in issuing these bonds.