

**PRESTORMINGTM 2022**  
**TEST – 26 ENVIRONMENT FULL TEST (SOLUTION)**

**81. Correct Answer D**  
**EXPLANATION**

The Shanghai Cooperation Organization (SCO) was established as a multilateral association to ensure security and maintain stability across the vast Eurasian region, join forces to counteract emerging challenges and threats and enhance trade, as well as cultural and humanitarian cooperation.

- The SCO currently comprises eight Member States (China, India, Kazakhstan, Kyrgyzstan, Russia, Pakistan, Tajikistan and Uzbekistan),
- four Observer States interested in acceding to full membership (Afghanistan, Belarus, Iran, and Mongolia) and
- six “Dialogue Partners” (Armenia, Azerbaijan, Cambodia, Nepal, Sri Lanka and Turkey).

SCO has mainly focused on regional security issues, its fight against regional terrorism, ethnic separatism and religious extremism.

SCO's priorities also include regional development such as Cultural Cooperation among its members

Based on the agreement between the governments of the SCO member states on cooperation in culture, which was signed in Bishkek on August 16, 2007, the member states will continue to facilitate the development of cultural ties within the SCO

SCO functional areas include:

- 1) Cooperation on security
- 2) Fight against regional terrorism
- 3) Cultural cooperation

**There is no free-trade pact so far for SCO member states.**

**So, option (d) is correct.**

**82. Correct Answer A**  
**EXPLANATION:**

NARCL has been incorporated under the Companies Act and has applied to Reserve Bank of India for license as an Asset Reconstruction Company (ARC). NARCL has been set up by banks to aggregate and consolidate stressed assets for their subsequent resolution. **So Statement 1 is correct.**

The NARCL been accorded approval under Section 3 of the SARFAESI Act 2002. There is no provision stating that NARCL is working under Insolvency and Bankruptcy Code. **Statement 2 is not correct.**

Capitalization of NARCL would be through equity from banks and Non-Banking Financial Companies (NBFCs). It will also raise debt as required. The GoI guarantee will reduce upfront capitalization requirements. **Statement 3 is correct.**

**83. Correct Answer C**  
**EXPLANATION:**

Small Finance Banks is a specific segment of banking created by RBI under the guidance of Government of India with an objective of furthering financial inclusion by primarily undertaking basic banking activities to un-served and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganized entities. Like other commercial banks, these banks can undertake all basic banking activities including lending and taking deposits. **So, Statement 1 is correct.**

Foreign shareholding will be allowed in Small Finance banks as per the rules for FDI in private banks in India. As per the current FDI policy, the aggregate foreign investment in a private sector bank from all sources will be allowed upto a maximum of 74 per cent of the paid-up capital of the bank (automatic upto 49 per cent and approval route beyond 49 per cent to 74 per cent). At all times, at least 26 per cent of the paid-up capital will have to be held by residents. **So, Statement 2 is not correct.**