

33. The Medium-Term Fiscal Policy Statement cum Fiscal Policy Strategy Statement is presented to Parliament under Section 3 of the Fiscal Responsibility and Budget Management Act, 2003. It sets out the three-year rolling targets for which of the following?

1. Fiscal Deficit
2. Foreign Exchange Reserves
3. Current Account Deficit
4. Central Government Debt

Select the correct answer using the code given below.

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

34. Which of the following correctly describes the phenomenon of Fiscal Drag?

- (a) Widening of government deficit due to dependency on borrowings for fueling economic growth.
- (b) Movement of taxpayers into higher tax brackets owing to inflation.
- (c) Lower purchasing power of domestic currency due to higher dependency on imports.
- (d) Loss of government revenue due to the emigration of people.

35. Consider the following statements with reference to monetisation of deficit:

1. It involves financing of such extra expenses by borrowing money from the market.
2. It is a type of debt financing.
3. In India, it is currently not allowed.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 3 only
- (d) 1 and 3 only

36. Consider the following:

1. Loans
2. Reserves
3. Deposits
4. Holdings of Debt Securities

Which of the given above is/are the assets of a commercial bank?

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

37. Vazhakulam town was recently seen in the news. It is most famous for:

- (a) Wooden toys
- (b) Cotton sarees
- (c) Pineapples
- (d) Rice

38. In India, retail inflation based on the consumer price index (CPI) jumped to an eight-month high of 7.34 percent in September 2020 which is primarily driven by higher food inflation. Which of the following steps can be helpful to counter food inflation?

1. Imposing the Minimum Export Price (MEP) on selected food items.
2. Maintenance of buffer stock by the government.
3. Providing the credit link subsidies for establishing Mega Food parks.

Select the correct answer using the code given below.

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