- Thus, the statutory liquidity ratio, on the one hand, is used to siphon off the excess liquidity of the banking system, and on the other, it is used to mobilize revenue for the government. **SLR is a tool for controlling liquidity in the domestic market via manipulating bank credit. Hence statement 2 is correct.**
- **Marginal Standing Facility: Marginal Standing Facility (MSF) rate refers to the rate at which the scheduled banks can borrow funds overnight from RBI against government securities.** MSF is a very short-term borrowing scheme for scheduled commercial banks. Banks may borrow funds through MSF during severe cash shortage or acute shortage of liquidity. **Hence statement 1 is correct.**
- The MSF is the last resort for banks once they exhaust all borrowing options including the liquidity adjustment facility by pledging through government securities, which have a lower rate (i.e. repo rate) of interest in comparison with the MSF.
- The MSF would be a penal rate for banks and the banks can borrow funds by pledging government securities within the limits of the statutory liquidity ratio. The scheme has been introduced by RBI with the main aim of reducing volatility in the overnight lending rates in the inter-bank market and to enable smooth monetary transmission in the financial system.
- **MSF, being a penal rate, is always fixed above the repo rate**. The MSF would be the last resort for banks once they exhaust all borrowing options including the liquidity adjustment facility by pledging government securities, where the rates are lower in comparison with the MSF. **Hence statement 3 is correct.**
    - MSF represents the upper band of the interest corridor with repo rate at the middle and reverse repo as the lower band.

Q 4.C

- The Bretton Woods system of monetary management established the rules for commercial and financial relations among the United States, Canada, Western European countries, Australia, and Japan after the 1944 Bretton Woods Agreement. The Bretton Woods system was the first example of a fully negotiated monetary order intended to govern monetary relations among independent states
- **The Bretton Woods Institutions are the World Bank and the International Monetary Fund (IMF).** They were set up at a meeting of 43 countries in Bretton Woods, New Hampshire, the USA in July 1944. Their aims were to help rebuild the shattered postwar economy and to promote international economic cooperation.
- **The World Bank:** The World Bank is an international financial institution that provides loans and grants to the governments of low- and middle-income countries for the purpose of pursuing capital projects. It is headquartered in Washington D.C.
- **The IMF:** The International Monetary Fund (IMF) is an international financial institution, headquartered in Washington, D.C., consisting of 190 countries. Its stated mission is "working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
- **WTO:** The World Trade Organization (WTO) is an intergovernmental organization that regulates and facilitates international trade. Governments use the organization to establish, revise, and enforce the rules that govern international trade. It is headquartered in Geneva, Switzerland.
- **WEF**: The World Economic Forum is an international non-governmental and lobbying organization based in Cologny, canton of Geneva, Switzerland. It was founded on 24 January 1971 by German engineer and economist Klaus Schwab.
- **Hence, option (c) is the correct answer.**

Q 5.D

- According to National Commission for Enterprises in the Unorganised Sector, **an unorganized sector** refers to production or service-oriented **enterprise owned by individuals or self-employed** workers and if workers are **employed**, then the total number of workers **cannot exceed 10**. Central Statistical Organisation uses the term organized enterprise as small units with ten or more workers **with power or 20 or more workers without power for the manufacturing sector**. **Hence, statement 1 is not correct.**
- The term 'unorganized worker' is defined in India under **Section 2(m) of the Unorganized Workers Social Security Act, 2008.** An unorganized worker is a home-based worker or a self-employed worker or a wage worker in the unorganized sector and includes a worker in the organized sector who is not covered