



Daily Current Affairs Prelims Quiz - 18-04-2020 - (Online Prelims Test)

1) Consider the following statements with respect to *Ways and Means Advances (WMA)*

1. It is a facility for both the Centre and states to borrow from the RBI.
2. The borrowings through WMA are meant purely to tide over temporary mismatches in cash flows.
3. The interest rate on WMA is the RBI's repo rate, which is basically the rate at which it lends short-term money to banks.

Which of the statement(s) given above is/are correct?

- a. 1 only
- b. 1 and 3 only
- c. 2 and 3 only
- d. 1, 2 and 3

Answer : d

- *The Reserve Bank of India (RBI) has recently announced a 60% increase in the **Ways and Means Advances (WMA) limit** of state governments over and above the level as on March 31, with a view to enabling them "to undertake COVID-19 containment and mitigation efforts" and "to better plan their market borrowings".*

Ways and Means Advances (WMA)

- **It is a facility for both the Centre and states to borrow from the RBI.**
- These borrowings are meant purely to help them to tide over temporary mismatches in cash flows of their receipts and expenditures.
- In that sense, they aren't a source of finance per se.
- Section 17(5) of the RBI Act, 1934 authorizes the central bank to lend to the Centre and state governments subject to their being repayable "**not later than three months** from the date of the making of the advance".
- The **interest rate on WMA is the RBI's repo rate**, which is basically the rate at which it lends short-term money to banks.
- That rate is currently 4.4%.
- The governments are, however, **allowed to draw amounts in excess of their WMA limits.**
- The interest on such overdraft is 2 percentage points above the repo rate, which now works out to 6.4%.
- Further, **no state can run an overdraft with the RBI for more than a certain period.**

2) Consider the following statements with respect to *International Development Association (IDA)*

1. It is a part of World Bank that aims to reduce poverty by providing loans and grants.
2. India is one among the 76 borrowing countries that receives IDA's resources.
3. It complements the World Bank's original lending arm—the International Bank for Reconstruction and Development (IBRD).

Which of the statement(s) given above is/are correct?

- a. 2 only
- b. 1 and 2 only
- c. 1 and 3 only
- d. 1, 2 and 3

Answer : c

- Indian Finance Minister has recently participated in the 101st Meeting of the **Development Committee Plenary** through video conference.
- The items on the agenda included update on World Bank Group Response to the COVID-19 Emergency, and the **Covid-19 Debt Initiative: International Call for Action in Support of IDA Countries**.

International Development Association (IDA)

- It is the part of the **World Bank** that helps the world's poorest countries.
- Established in 1960, IDA aims to reduce poverty by providing loans (called "**credits**") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions.
- IDA **complements** the **World Bank's** original lending arm—the **International Bank for Reconstruction and Development (IBRD)**.
- IBRD was established to function as a self-sustaining business, and provides loans and advice to middle-income and credit-worthy countries.
- IBRD and IDA share the same staff and headquarters and evaluate projects with the same rigorous standards.

Borrowing Countries

- 76 countries are currently eligible to receive IDA resources. These are called "**Borrowing Countries**".
- Eligibility for IDA support depends first and foremost on a country's relative poverty, defined as **gross national income (GNI)** per capita below an established threshold.
- India is not a borrowing country under the IDA.

3) *Kisan Rath Mobile App* was launched recently by which of the following Ministries?

- a. Ministry of Food Processing Industries
- b. Ministry of Agriculture and Farmers Welfare
- c. Ministry of Electronics and Information Technology
- d. Ministry of Consumer Affairs, Food and Public Distribution

Answer : b

- The Union Minister of Agriculture & Farmers Welfare has recently launched a farmer friendly mobile application "**Kisan Rath**" developed by the National Informatics Centre (NIC).
- It aims to facilitate farmers & traders in searching transport vehicles for Primary and Secondary transportation for movement of Agriculture & Horticulture produce.
- Primary transportation would include movement from Farm to Mandis, FPO Collection Centre and Warehouses etc.
- Secondary Transportation would include movement from Mandis to Intra-state & Inter-state mandis, Processing units, Railway station, Warehouses and Wholesalers etc.

4) Consider the following statements with respect to *Long Term Repo Operations (LTRO)*

1. It is a tool under which the Reserve Bank of India provides money to banks at the prevailing repo rate.
2. Liquidity Adjustment Facility and Marginal Standing Facility offer banks money for their immediate needs ranging from 1-28 days, whereas the LTRO offers money for their 1 to 3 year needs.

3. LTRO operations are intended to prevent short-term interest rates in the market from drifting a long way away from the policy rate, which is the repo rate.

Which of the statements given above are correct?

- a. 1 and 2 only
- b. 1 and 3 only
- c. 2 and 3 only
- d. 1, 2 and 3

Answer : d

Long Term Repo Operations (LTRO)

- LTRO is a tool under which **the central bank (RBI)** provides **one-year to three-year money** to banks at the prevailing **repo rate**, accepting government securities with matching or higher tenure as the collateral.
- While the RBI's current windows of **liquidity adjustment facility (LAF) and marginal standing facility (MSF) offer banks money for their immediate needs ranging from 1-28 days, the LTRO supplies them with liquidity for their 1- to 3-year needs.**
- LTRO operations are intended to prevent short-term interest rates in the market from drifting a long way away from the policy rate, which is the repo rate.

5) Kepler-1649c, sometimes seen in the news recently is a/an?

- a. Asteroid
- b. Dwarf Star
- c. Exo Planet
- d. Space Telescope



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Answer : c

- A team of scientists has recently discovered an **Earth-size Exo-Planet** 300 light-years away while taking a second look at old observations from NASA's Kepler space telescope that the agency retired in 2018.
- The planet, called Kepler-1649c, orbits its star's habitable zone— the area around a star where a rocky planet could support liquid water.
- Kepler-1649c is only 1.06 times larger than Earth.
- The light received by this planet from its host star is around 75 per cent of the amount of light Earth receives from our Sun.