

Q1. Consider the following statements regarding India's fiscal federalism:

1. The Constitution grants primary tax-raising powers to the States to maintain horizontal fiscal equality.
2. Statutory grants under Article 275 address specific non-formulaic needs of States in addition to general tax devolution.
3. The Finance Commission serves as a constitutional mechanism to correct structural vertical fiscal imbalance.

Which of the following is correct?

- A. Only statements 2 and 3 are correct.
- B. Only statement 3 is correct.
- C. All three statements are correct.
- D. Only statement 2 is correct.

Answer: A

Explanation

- **Statement 1 is incorrect.** The Constitution assigns the more productive tax bases primarily to the Union, while States bear significant expenditure responsibilities. This creates a **vertical fiscal imbalance**, which is addressed through tax devolution and grants.
- **Statement 2 is correct.** **Article 275** provides for statutory grants-in-aid to States to meet specific needs that may not be adequately addressed through general tax devolution under Article 270.
- **Statement 3 is correct.** The **Finance Commission (Article 280)** recommends the distribution of Union taxes and grants to address both **vertical** (Union–State) and **horizontal** (among States) fiscal imbalances.

Q2. Consider the following statements regarding Urban Cooperative Banks (UCBs):

1. Urban Cooperative Banks are licensed by the Reserve Bank of India under Section 22 of the Banking Regulation Act, 1949.
2. The Banking Regulation (Amendment) Act, 2020 strengthened the Reserve Bank of India's supervisory powers over the management and governance of Urban Cooperative Banks.
3. Single-State Primary Cooperative Credit Societies are completely ineligible to obtain Urban Cooperative Bank licences.

How many of the above statements are correct?

- A. Only one
- B. Only two
- C. All three
- D. None

Answer: B

Explanation

- **Statement 1 is correct.** UCBs obtain banking licences from the **Reserve Bank of India** under **Section 22**, read with Section 56, of the **Banking Regulation Act, 1949**.
- **Statement 2 is correct.** The **Banking Regulation (Amendment) Act, 2020** significantly enhanced RBI's powers over the governance, management, and resolution of cooperative banks, reducing issues arising from dual regulation.
- **Statement 3 is incorrect.** Single-State Cooperative Credit Societies are **not completely barred** from obtaining UCB licences. Eligible entities meeting RBI's prudential, governance, and capital requirements may still be considered.

Q3. Consider the following statements regarding inter-State river water disputes:

1. Awards of Inter-State Water Disputes Tribunals constituted under the Inter-State River Water Disputes Act, 1956 are final and binding.
2. The Inter-State River Water Disputes Act, 1956 excludes the jurisdiction of the Supreme Court over disputes referred to a Tribunal.
3. Article 262(2) of the Constitution empowers Parliament to enact a law excluding the jurisdiction of courts over inter-State river water disputes.

Which of the following is correct?

- A. Only statements 1 and 3 are correct.
- B. Only statements 1 and 2 are correct.
- C. All three statements are correct.
- D. Only statement 2 is correct.

Answer: C

Explanation

- **Statement 1 is correct.** Under the **Inter-State River Water Disputes Act, 1956**, Tribunal awards become **final and binding** after publication in the Official Gazette.
- **Statement 2 is correct.** **Section 11** of the Act bars the jurisdiction of the **Supreme Court and all other courts** in matters referred to a Tribunal.
- **Statement 3 is correct.** **Article 262(2)** authorizes Parliament to exclude judicial jurisdiction over inter-State river water disputes, and the **ISRWD Act, 1956** has been enacted under this constitutional provision.

Q4. With reference to the Danube River, consider the following statements:

1. It is the longest river located entirely within Europe.

2. It drains into the Mediterranean Sea through a vast delta.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

Answer: D

Explanation

- **Statement 1 is incorrect.** The **Volga River** is the **longest river entirely within Europe**. The Danube is Europe's **second-longest river**.
- **Statement 2 is incorrect.** The Danube forms the **Danube Delta** before emptying into the **Black Sea**, not the Mediterranean Sea.

Q5. With reference to the 'Seafarer-First' initiative, consider the following statements:

- 1. It is a contingency framework implemented under the Ministry of Ports, Shipping and Waterways.
- 2. It seeks to monitor, protect, and provide emergency assistance to Indian seafarers operating in conflict-prone maritime regions.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

Answer: C

Explanation

- **Statement 1 is correct.** The '**Seafarer-First**' initiative is coordinated by the **Ministry of Ports, Shipping and Waterways (MoPSW)** to ensure the safety of Indian seafarers.
- **Statement 2 is correct.** The initiative provides **real-time vessel tracking, emergency assistance, liaison support, and coordination with maritime authorities** to safeguard Indian seafarers working in high-risk conflict zones.

Q6. The replacement of the colonial-era Bankers' Books Evidence Act, 1891 is primarily intended to:

- A. Eliminate the requirement for banks to maintain physical records.

- B. Recognize certified electronic, digital, and cloud-based banking records as admissible evidence in judicial proceedings.
- C. Grant banks immunity from producing financial records during criminal investigations.
- D. Transfer the adjudication of banking disputes from courts to the Reserve Bank of India.

Answer: B

Explanation

- The **Bankers' Books Evidence Bill, 2026** modernizes the legal framework governing banking records by recognizing **electronic databases, digital ledgers, and cloud-based records** as valid evidence in judicial proceedings.
- The legislation reflects the transition from paper-based banking to **digital financial systems**, reducing dependence on physical registers and simplifying evidentiary procedures.
- It **does not eliminate physical record-keeping, does not provide immunity to banks, and does not transfer judicial powers to the Reserve Bank of India.**

Q7. Consider the following statements regarding the National Urban Cooperative Finance and Development Corporation (NUCFDC):

1. The National Urban Cooperative Finance and Development Corporation functions as a judicial body for resolving disputes among Urban Cooperative Banks.
2. It replaces the Reserve Bank of India as the licensing and regulatory authority for Urban Cooperative Banks.
3. It was established under Article 280 of the Constitution to administer grants-in-aid to cooperative banks.

How many of the above statements are correct?

- A. Only one
- B. Only two
- C. All three
- D. None

Answer: D

Explanation

- **Statement 1 is incorrect.** The **National Urban Cooperative Finance and Development Corporation (NUCFDC)** serves as an umbrella institution to strengthen the Urban Cooperative Banking sector through **shared technology platforms, liquidity support, and capital mobilization**. It is **not** a judicial or quasi-judicial authority.
- **Statement 2 is incorrect.** The **Reserve Bank of India (RBI)** continues to be the statutory authority responsible for the **licensing, regulation, and supervision** of Urban Cooperative

Banks under the **Banking Regulation Act, 1949**. NUCFDC has no regulatory or licensing powers.

- **Statement 3 is incorrect.** NUCFDC was established in **2024** as a sectoral development institution structured as an **NBFC**. **Article 280** pertains to the **Finance Commission** and has no connection with the establishment or functioning of NUCFDC.

Q8. With reference to the constitutional provisions relating to water resources under the Seventh Schedule, consider the following statements:

1. Entry 17 of the State List gives States unrestricted legislative authority over water resources.
2. Entry 56 of the Union List empowers Parliament to regulate and develop inter-State rivers and river valleys in the public interest.
3. The jurisdiction of the High Courts over inter-State river water disputes is excluded by Entry 17 of the State List.

How many of the above statements are correct?

- A. Only one
- B. Only two
- C. All three
- D. None

Answer: A

Explanation

- **Statement 1 is incorrect.** Entry 17 of the State List covers matters relating to water, irrigation, canals, drainage, embankments, and water power, but this power is **subject to Entry 56 of the Union List**. Therefore, the legislative authority of States is **not absolute**.
- **Statement 2 is correct.** Entry 56 of the Union List empowers **Parliament** to regulate and develop **inter-State rivers and river valleys**, provided it declares such regulation to be expedient in the public interest.
- **Statement 3 is incorrect.** The exclusion of the jurisdiction of courts over inter-State water disputes flows from **Article 262 of the Constitution** and the **Inter-State River Water Disputes Act, 1956**, not from Entry 17 of the State List.

Q9. Consider the following statements regarding Biochar:

1. Biochar is a porous, carbon-rich material produced through the pyrolysis of organic biomass.
2. Pyrolysis is carried out by heating biomass under high-oxygen conditions.
3. The physical and chemical properties of biochar remain uniform irrespective of the biomass feedstock used.

Which of the following is correct?

- A. All three statements are correct.
- B. Only statement 1 is correct.
- C. Only statements 1 and 3 are correct.
- D. None of the statements are correct.

Answer: B

Explanation

- **Statement 1 is correct.** Biochar is a highly porous, carbon-rich material produced by the **pyrolysis** of agricultural residues, forestry waste, and other organic biomass. Its porous structure enhances soil water retention and carbon sequestration.
- **Statement 2 is incorrect.** Pyrolysis is carried out in a **low-oxygen or oxygen-free environment**. High oxygen would result in combustion rather than pyrolysis.
- **Statement 3 is incorrect.** The characteristics of biochar, including **pH, nutrient content, ash percentage, surface area, and porosity**, vary depending on the **type of biomass feedstock** and the **temperature and conditions** used during pyrolysis.

Q10. Consider the following statements regarding the Index of Services Production (ISP):

1. The Index of Services Production serves as the services-sector equivalent of the Index of Industrial Production (IIP).
2. The Index is compiled and released by the Ministry of Statistics and Programme Implementation (MoSPI).
3. The Index is constructed using a fixed-weight Laspeyres volume index methodology.

How many of the above statements are correct?

- A. Only one
- B. Only two
- C. All three
- D. None

Answer: C

Explanation

- **Statement 1 is correct.** The **Index of Services Production (ISP)** is a short-term indicator designed to measure changes in the **real output of the services sector**, similar to how the **Index of Industrial Production (IIP)** measures industrial output.
- **Statement 2 is correct.** The **Ministry of Statistics and Programme Implementation (MoSPI)** is responsible for compiling, maintaining, and publishing the Index of Services Production.
- **Statement 3 is correct.** The ISP is compiled using a **fixed-weight Laspeyres volume index**, with sectoral weights derived from the **National Accounts Statistics (NAS)**. Nominal values are converted into real output using appropriate price deflators such as the **Consumer Price Index (CPI)** and the **Wholesale Price Index (WPI)**.

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