

VAID ICS

Estd: 1988

IAS/PCS/PCSJ

Daily UPSC Current Qn.
Practice:

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Ans & Explanation

Qn1

Answer: (c) Explanation: 1 & 3

- **Statement 1 is correct:** The ESF is a "proactive" mechanism under the Department of Economic Affairs (DEA) designed to act as a shock absorber against global crises (like the West Asia conflict) that push up oil and fertilizer prices.
- **Statement 2 is incorrect:** The fund is not financed by the IMF. It is funded through internal reallocations, savings from other ministries, and fresh cash outlays (57,381 crore in the current cycle) from the domestic budget.
- **Statement 3 is correct:** By pre-allocating these funds, the government can absorb price spikes without deviating from its macro-stability goals, such as the 4.4% fiscal deficit target.

Qn 2:

Answer: (b) Explanation:

- **Choice (b) is correct:** FPI is a passive investment where the investor seeks to gain from price fluctuations in securities (stocks/bonds) but does not intend to manage the company. FDI involves a strategic, long-term interest and management control.
- **Choice (a) is incorrect:** It is the other way around. FPI is "hot money" (volatile), while FDI is stable.
- **Choice (c) is incorrect:** Both involve multiple regulators, but SEBI is the primary regulator for FPI registration and market behavior.
- **Choice (d) is incorrect:** According to the Arvind Mayaram Committee, the threshold is 10%. Investment below 10% is FPI; 10% or above is FDI.

Qn3 : Answer: (c) Explanation:

- **The Washington Consensus (1989)** emphasized market-led growth. Its pillars included fiscal discipline, tax reform (broadening the base), trade liberalization, privatization, and deregulation.
- **Point 2 is incorrect:** "State-led strategic subsidies" is actually a feature of the **New Washington Consensus (or Cornwall Consensus)**. The original 1989 version advocated for the government to "get out of the way" and reduce subsidies.

Qn 4 : Answer: (d) Explanation:

- **Statements 1 and 2 are correct:** High oil prices (\$100/barrel) and US interest rate hikes are classic "headwinds" that weaken the Rupee and increase the import bill.
- **Statement 3 is correct:** As seen in the recent USTR Section 301 probes, global manufacturing overcapacity (e.g., in steel or green energy) distorts markets and leads to trade wars/tariffs, which act as a headwind for Indian exporters.

Qn: 5 Answer: (b) Explanation:

- **Statement 1 is correct:** The TVPRA (Trafficking Victims Protection Reauthorization Act) List tracks products globally produced via exploitation.
- **Statement 2 is incorrect:** The list is published by the **US Department of Labor (ILAB)**, not the WTO.
- **Statement 3 is correct:** The USTR (US Trade Representative) is currently using the 2024 TVPRA List to justify the **March 2026 Section 301 investigations**, which could lead to new duties on Indian textiles, stones, and agricultural products.