



**VAJIRAM & RAVI**  
Institute for IAS Examination

# The Analyst

**CURRENT AFFAIRS Handout**

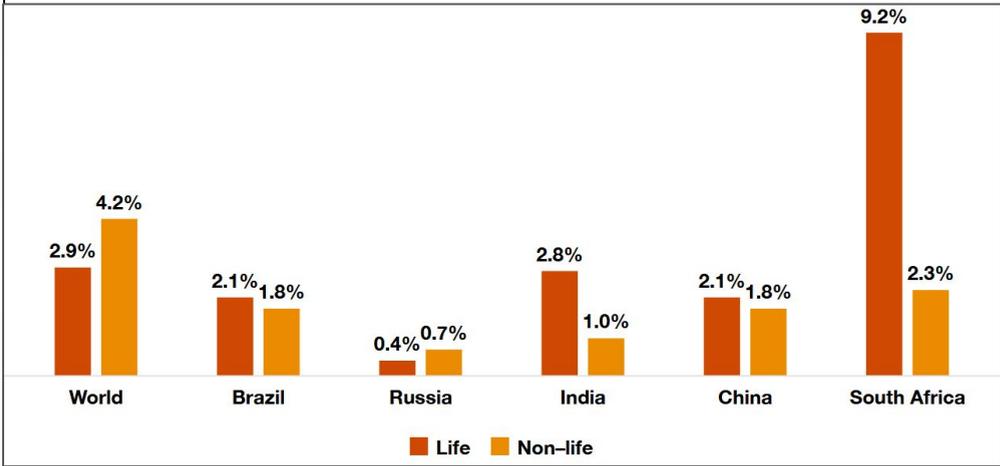
**23rd March 2026**



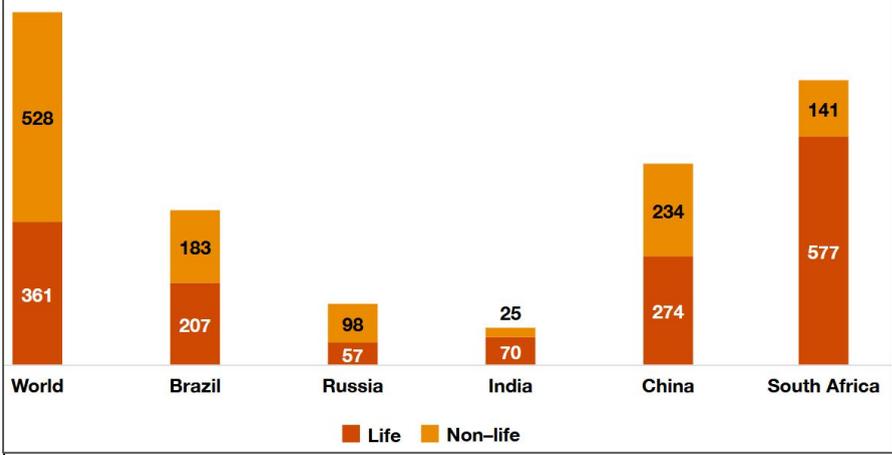
# Insurance Sector

**CONTEXT:** Insurance penetration and density indicators don't present the true picture of how well the households are protected against loss of income.

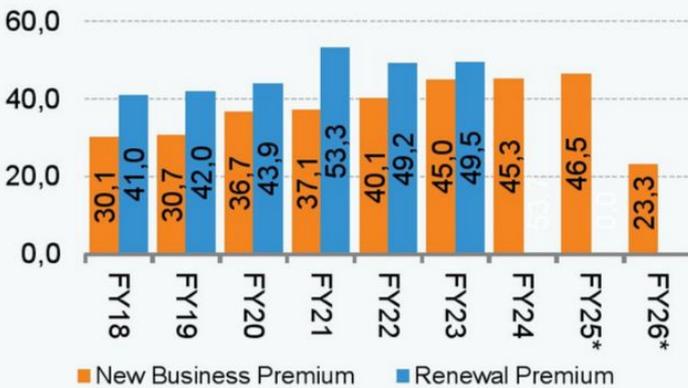
## Insurance Sector: Status



## 2: Premium density per capita (in USD)



## Life Insurance Premiums (US\$ billion)



## Gross premiums written of non-life insurers FY25 (US\$ billion)

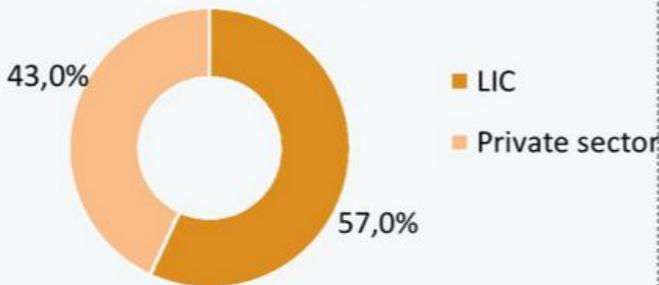


**CONTEXT:** Insurance penetration and density indicators don't present the true picture of how well the households are protected against loss of income.

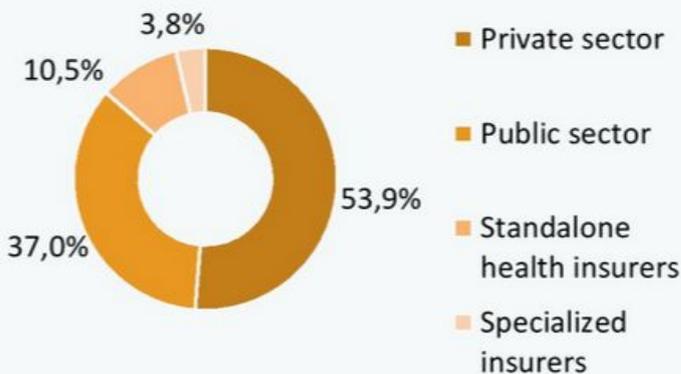
## Shifts

- **Non-Life Insurance**
  - Health insurance growth >> Motor insurance growth
- **Life Insurance**
  - Rising claim settlement ratios >> trust
  - Persistency rates: 21% to 45%

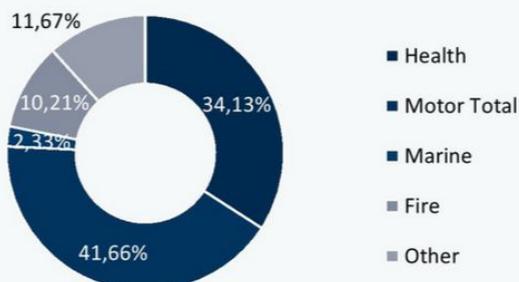
Share of public and private sector in Life Insurance, FY25



Share of public and private sector in Non-Life Insurance, FY25



Non-Life Insurance Gross Direct Premiums FY25



## Role in Economy

- Mobilization of resources: premium pooled >> invested >> reduces cost of financing
- Employment: brokers, insurance advisors, agents, underwriters, claims managers
- Security to businesses: uncertainties, risk mitigation
- Long-term infra assets
- GDP Contribution: 3.5%

## Growth Drivers

- Middle class: By 2030, add 140 mn + 21 mn high-income households
- Awareness: penetration 2.71% in 2001 to 4.2% in 2022
- Digital penetration: 2nd Internet user market; mobile apps; digital payments
- FDI 49% to 74% (Insurance Laws (Amendment) Act, 2021 >> 100%
- Health Protection Gap; 30% no health insurance
- Rural market
  - <10% life insurance
  - <20% health insurance

## Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025

- amend Insurance Act, 1938, LIC Act, 1956, IRDA Act, 1999
- 100% FDI: of the paid-up equity capital
- Net-owned fund requirements for foreign re-insurers:
  - Rs 5k cr to Rs 1k cr
- Registration of transfer of shares: public company; after approval of IRDAI; value of shares to be transferred >1% of the paid-up share capital to 5%
- Application to insurers in SEZs + IFSCs: Central govt may direct



**CONTEXT:** Insurance penetration and density indicators don't present the true picture of how well the households are protected against loss of income.

- Powers of IRDAI:
  - arrangement between an insurer and a company not engaged in insurance business
  - supersede BoD of an insurer where it appoints an Administrator
  - regulations on remuneration, commission, or reward
  - Inspect, investigate intermediaries
- Policyholders' Education and Protection Fund
  - administered by IRDAI
  - funded by: (i) donations or grants from C+S govts, IRDAI, cos (ii) penalties (iii) specified by regulations

## Insurance Schemes

### Health Insurance

- Ayushman Bharat – PM-JAY: ₹5 lakh annual cashless hospitalization; >50 crore poor
- RSBY: BPL families; smart card-based cashless hospitalization
- ESIS: healthcare, maternity, disability benefits to formal sector workers ≤ ₹21,000/month

### Crop Insurance

- PMFBY, 2016
  - crop loss due to natural calamities
  - Kharif/Rabi/Commercial crops: 2%/1.5%/5% of the sum insured.
  - remaining premium subsidized by C+S
  - pre-sowing to post-harvest losses,
  - Remote sensing, drones, GPS for faster claim assessment and transparency

- Jeevan Jyoti Bima Yojana
  - Natural & accidental death risk coverage
  - 2 lac to SB account holders of 18-50; Rs. 330 pa
- Suraksha Bima Yojana
  - 18 to 70; Rs. 20 pa
  - 2 lac if full disability or accidental death
- Atal Pension Yojana
  - minimum pension after 60 years; spouse after death
  - Unorganised sector

## Challenges

- Low penetration: trust, cultural beliefs, financial literacy
- Strict regulatory oversight by IRDAI
- Fraudulent claims, documentation, misrep information
- Lack of historical data, diverse risk profiles >> underwriting and pricing challenging
- Lack of digitalization and automation >> high employee costs
- Emerging Risks: cyber, CC, pandemics, wars

## Way Forward

- Customer-centricity: preferences, behavior >> personalized insurance products
- Awareness and penetration: Collab with govt agencies, NGOs >> awareness campaigns, financial education
- Product innovation and customization: data analytics, ML, AI
- Regulatory framework: enabling environment
- ESG factors: green insurance products
- Micro insurance: EWS



# Insurance Sector



**CONTEXT:** Insurance penetration and density indicators don't present the true picture of how well the households are protected against loss of income.

commentary: **life insurance penetration and density.** Low values of these indicators are taken as proof that insurance coverage in India is inadequate

Insurance penetration is defined as the total premium collected by insurers as a percentage of gross domestic product (GDP). Insurance density is the average premium paid per person, usually expressed in U.S. dollars. These

**Regulatory changes** can further distort the picture. When product rules or commission structures are modified, premium growth often slows temporarily

Insurance density has similar limitations. It is often used to compare India with richer countries, leading to the conclusion that Indians are underinsured because they spend less on insurance. But such comparisons ignore income levels and cost of living. A family paying a modest premium in India may be making a far greater financial commitment, relative to income, than a family paying a higher premium in a developed economy.

most people assume they do. They do not reveal how many families are insured, whether those families would be financially secure if the main earning member were to die, or whether insurance is serving its most important social purpose – protecting households against sudden loss of income.

## What the numbers show

**Premium-to-GDP**, for instance, is essentially a measure of industry revenue relative to the size of the economy. It can move up or down for many reasons that have little to do with household protection. If the economy grows rapidly

India, insurance products have long been sold as savings instruments rather than as pure protection. As a result, premiums can be high even when the life cover provided is modest. Premiums rise, but the financial security of dependents does not improve proportionately.

This gap between premiums and protection becomes clearer when claims data are examined. According to the IRDAI Annual Report 2024-25, life insurers settled a little over 10 lakh individual death claims during the year, paying a total of about ₹33,000 crore. This translates to an average payout of roughly ₹3.3 lakh per claim, showing a 97% claim settlement ratio.

While this reflects efficient claim settlement, it also indicates the level of financial support that life insurance typically delivers to bereaved families. For most households, such an amount would replace income for only a short period, if at all. Yet these claim payouts fully count



# Insurance Sector



**CONTEXT:** Insurance penetration and density indicators don't present the true picture of how well the households are protected against loss of income.

When India is labelled “underinsured” on the basis of these metrics, the implied conclusion is that people lack awareness or access. In reality, many households – especially in the formal and semi-formal sectors – already own at least one life insurance policy, either individually or through employers. The real issue is not reach, but adequacy. Families may have insurance, but not enough to replace lost income if something goes wrong.

## MAINS PRACTICE QUESTION

Despite significant reforms and policy support, the insurance sector in India remains under-penetrated compared to global standards. Discuss the key challenges faced by the insurance sector in India. Also highlight the govt initiatives aimed at improving insurance coverage.



**CONTEXT:** Panel seeks details on inquiry & prosecution wings

## Lokpal

- Anti-corruption ombudsman
- First ARC (1966): 2 independent authorities
- First Chair in 2019: Justice PC Ghosh
- Lokayukta in every state within one year of the passing of the Act
- **Mandate:** To inquire into allegations of corruption against certain public functionaries and for related matters
- **Organisational Structure:**
  - Chair + max 8 (half judicial, reserved)
  - Chair - former CJI/J of SC, or eminent person
- **Appointment**
  - by President
  - reco of a selection committee - PM, Speaker LS, LoP LS, CJI, J
  - 5 years or 70 years
  - salary, allowances, conditions of services - CJI/J of SC
- **Jurisdiction:**
  - PM, or a Minister or MP, officials under Groups A, B, C and D.
  - chairpersons, members, officers and directors of any board, corporation, society, trust or autonomous body - statutory or funded
  - any society or trust or body - FCRA above Rs 10 lakh.

## **Powers of Lokpal:**

- superintendence and direction to CBI
- No transfer of CBI IO without approval
- authorize CBI for search and seizure
- Inquiry Wing - powers of a civil court

- Confiscation of assets, proceeds, receipts and benefits arisen or procured by means of corruption in special circumstances
- Recommend transfer or suspension of public servants connected with the allegation of corruption
- Directions to prevent destruction of records during preliminary inquiry

## **Exceptions for Prime Minister:**

- relating to international relations, external and internal security, public order, atomic energy and space
- Also full Lokpal bench considers the initiation of inquiry + 2/3 members approve

## **Framework to check corruption**

- PCA, 1988
  - Section 2(c): 'Public Servant'
  - Section 3: dedicated judges for speedy trials
  - 2018 amendment
    - i. giving bribe
    - ii. Section 17A: prior approval before inquiry into alleged offences against public servants
    - iii. narrowed scope of Criminal Misconduct to fraudulent misappropriation and possession of disproportionate assets
    - iv. Align with UNCAC
  - Commercial organisations are liable
- Central Civil Services (Conduct) Rules, 1964
  - integrity or impartiality, gifts or bribes, partisan political activities, or disclosing confidential information



**CONTEXT:** Panel seeks details on inquiry & prosecution wings

- Companies Act, 2013: corporate fraud and governance
- Benami Transactions Act, 1988 (Amended 2016)
- Black Money Act, 2015
- Fugitive Economic Offenders Act, 2018

## Challenges

- Delays in Appointments
- Vacancies
- Investigation: ~90% complaints rejected due to incorrect format/procedural errors
- Coordination: Reliance on other agencies (CBI, CVC) for investigations

## Suggestions

- Infra: HR, technological support, budgetary allocations
- Coordination: CBI & other agencies
- Public Awareness: Educating about Lokpal's role >> more reports
- Transparency: investigations >> trust

man – The Lokpal and Lokayuktas Act 2013 – came into force on January 1, 2014. However, it began functioning only on March 27, 2019, following the appointment of its chairperson and members.

To discharge its statutory functions, Section 11 of the Act obligates the Lokpal to constitute an inquiry wing to be led by a director of inquiry for conducting a preliminary inquiry into corruption-related offences.

The Lokpal Act also has a provision for the constitution of a prosecution wing headed by the 'director of prosecution' for the prosecution of public servants.

mentary Standing Committee on Personnel, Public Grievances, Law and Justice noted that the appointment of the director of inquiry and staffing of the inquiry wing in accordance with the approved organogram is still in process.

report, said the prosecution wing of the Lokpal had been formally constituted through an order dated June 6, 2025.

The committee noted that, at present, matters relating to prosecution are being handled through the Central Bureau of Investigation (CBI), which has its own prosecution mechanism.

## MAINS PRACTICE QUESTION

The Lokpal was envisaged as a key institutional mechanism to combat corruption.

Discuss the powers and functions of the Lokpal. What are the major challenges that have hindered its effectiveness? Suggest measures to strengthen it.



**Syllabus: PRELIMS:** Economic and Social Development  
**Newspaper:** The Hindu, **Page No. 12**

## Buffer Stock Objectives

- Consumption Side
  - Famine/Shortage: crop failure, natural disasters
  - PDS & NFSA, 2013
- Production Side
  - Price Floor for Farmers: MSP >> Remunerative price, No distress sales
  - Price Ceiling for Consumers: Open market prices rise >> Govt releases from buffer stock to increase supply

## Challenges

- Procurement cost: handling expenses, storage cost, normal loss, administrative cost, rural development cess
- MSP: food subsidy bill
- Storage Infra: conventional godowns, poor handling, spoilage, lack of modern silos
- Maintenance Cost: storage, transportation
- Pilferage and Theft
- Quality Degradation: nutritional value, ventilation, protection against pests

## Suggestions

- **Modernization of Storage:** climate-controlled silos to reduce post-harvest losses
  - pilot project in 11 PACS >> aim to build 700 lakh metric tons of storage
- **Inventory and Supply Chain Management:** digital tools: blockchain, IoT, Smart Warehouse Management System by FCI

- **Buffer Stock Management:** Reforming PDS, buffer stock norms, decentralized procurement, localized storage
- **PPPs**
- **Sustainable and Eco-Friendly Practices:** solar-powered cold storage, eco-friendly packaging
- **Regional Disparities:** regional buffer stock hubs, better connectivity

**E**xpressing concern that actual procurement of rice and wheat has consistently remained below estimates in recent years and below targets in States such as Bihar, Gujarat, Punjab, and Uttar Pradesh, the Parliament

nation with States to **minimise the gap between estimated and actual procurement of both the food grains.**

In a report on the Demands for Grants of the Department of Food and Public Distribution, the panel noted that **since 2022-23, the procurement of wheat and rice had been less than 30% of the total production.**

**“Moreover, actual procurement of wheat has been 76.71%, 71.35% and 87.29% of the estimate for**

### **Multiple factors at play**

The **government told the panel that any fluctuation in estimated production and actual production resulted in variation in procurement.** “Procurement depends on **multiple factors like production, market surplus, minimum support price (MSP), prevailing market rates, demand-supply situation, and participation of private traders,** etc., the go-

**ion government to review the methodology used for estimating procurement requirements, enhance real-time monitoring of production and market arrivals, and work closely with State governments – particularly in States where procurement has significantly fallen short of targets – to ensure that procurement operations are more realistic, responsive and effective. It asked the government to apprise**



**Syllabus: PRELIMS:** Indian and World Geography-Physical, Social, Economic Geography of India and the World

**Newspaper:** Indian Express **Page No. EXPLAINED**

## Western Disturbance

### Formation

- Origin in the Mediterranean: interaction of different air masses
- Eastward Movement: low-pressure systems, driven by subtropical westerly jet stream
- Passage Over Iran and Afghanistan: gain moisture
- Impact on Indian Subcontinent: Himalayas as a barrier
- Dissipation: After precipitation >> gradually weaken

### Significance

- Climate and Weather
  - essential for winter rainfall, temperature regulation, snowfall in NW
  - Rabi crops: wheat and barley
  - Glacial balance in Himalayas
- Agriculture
  - irrigating rabi crops
  - Soil Moisture: agricultural productivity
- Water Resources
  - Snowfall in Himalayas >> continuous flow of Ganges and Indus >> year-round supply of water

### Consider the following statements:

1. In the world, tropical deserts occur along the western margins of continents within the trade wind belt.
2. In India, the East Himalayan region gets high rainfall from north-east winds.

**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

THIS YEAR, sweltering temperatures in Jammu and Kashmir and Punjab, unusual heatwaves in Himachal Pradesh, and dry and hot weather across Gujarat and Maharashtra marked the beginning of March, a month that climatologically sees a slow transition from winter to summer.

Since last week, the heat has been replaced by thunderstorms, hailstorms and rain that have cooled down temperatures. Why did such erratic weather unfold?

### *A combination of factors*

First, we must understand Western Disturbances. Originating beyond Afghanistan and Iran, these are rain-bearing wind systems that pick up moisture from the Mediterranean Sea, the Black Sea, the Caspian Sea and the Arabian Sea as they move eastwards towards India.

Since November 2025, the Western Disturbances affecting India have been subdued in both frequency and intensity, directly affecting rainfall and snowfall. But

when two successive, intense Western Disturbances (March 13 and 18) crossed north-west, north and eastern India.

The severe weather — thunderstorms, lightning, hailstorms, short but intense rain spells (over 115 mm in 24 hours) and snowfall — occurred across the western Himalayas, east and northeast India and some parts of southern India.

India Meteorological Department (IMD) officials attributed this to not only Western Disturbances but also the prolonged presence of a cyclonic circulation in



# Heatwaves to Hailstorms: Erratic March



**Syllabus:** PRELIMS: Indian and World Geography-Physical, Social, Economic Geography of India and the World

**Newspaper:** Indian Express **Page No. EXPLAINED**

the lower tropospheric levels. Strong south-westerly or southerly winds pumped in moisture from the Bay of Bengal over the region, leading to a confluence of wind over central and northwest India. Experts at IMD said similar weather was reported in March 2023.

## Common in March

Western Disturbances trigger rain (and snowfall in higher altitudes) in the northwest, north, northeast and some parts of eastern India in non-monsoon months. This also holds true for early March, when the effect of winter is still lingering.

March is also the most favourable for hailstorms and thunderstorms. Temperatures begin to rise after mid-March and, under the right conditions, can trigger thunder, lightning, and intense rainfall.

In eastern India, local winds known as Nor'westers can lead to the sudden development of intense storms, heavy rain, and thunder. Also, when moist winds from either the Bay of Bengal or the Arabian Sea converge with cold winds over central or northwest India, it causes severe weather,

particularly over eastern and central India.

All these weather factors resulted in hailstorms being reported across a large geographical area this year too.

## Rest of March

The IMD has, for now, said that the thunderstorm activity will ease temperatures. East and northeast India will continue to receive light to moderate rainfall in the remaining days of this month.

Two more approaching Western Disturbances are set to affect India in the next few days. The first stream will bring thunderstorms accompanied by gusty winds and moderate rainfall, particularly over sub-Himalayan West Bengal and Sikkim till March 24. The second stream can cause very heavy rainfall over Sikkim and Gangetic West Bengal till early next week.

The severe weather will especially affect the western Himalayan region and northeast India. The plains of northwest, central and eastern India will see light to moderate rainfall till the end of March. Above normal rainfall is likely over Telangana, coastal Andhra Pradesh, Kerala, and Mahe.



# Dependence on West Asia for Urea Production



**Syllabus: PRELIMS:** Current Events of National and International Importance  
**Newspaper:** The Hindu **Page No. 7**

## Nano Urea

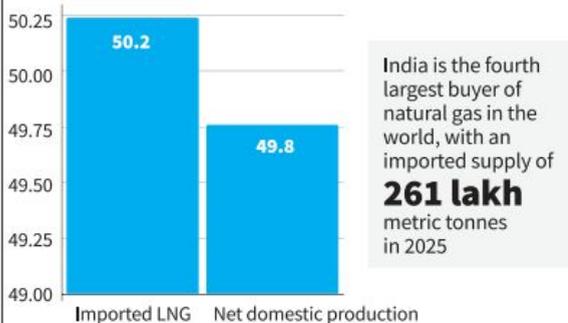
- urea in the form of a nanoparticle
- desirable particle size of about 20-50 nm and more surface area.
- produced by Indian Farmers Fertiliser Cooperative (IFFCO)
- conventional urea efficiency - 25 per cent
- efficiency of liquid nano urea - 85-90 per cent.
- environment-friendly production process.
- reducing subsidy bill.
- Reduces the unbalanced and indiscriminate use of conventional urea - minimising soil, water, and air pollution

- targeted supply of nutrients to crops - sprayed directly on the leaves (foliar fertilisation) and gets absorbed

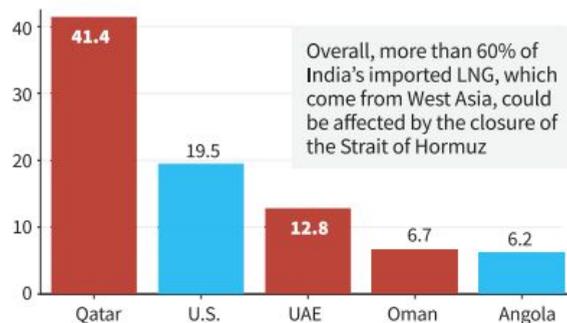
## Urea Gold

- fortified with Sulphur
- Developed by Rashtriya Chemicals and Fertilizers Ltd
- Composition: 37% nitrogen and 17% Sulphur
- regular urea - 46% nitrogen
- Addresses Sulphur deficiency in Indian soils - oilseeds and pulses
- Enhancing the nitrogen use efficiency - gradual release of nitrogen - Coating of S

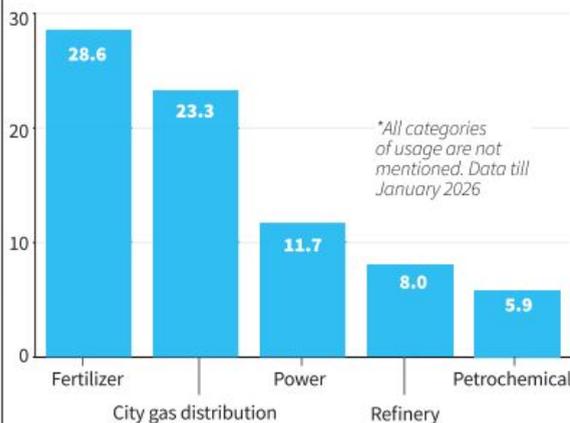
**Chart 1:** The composition of India's LNG supply in 2025-26 (in %)



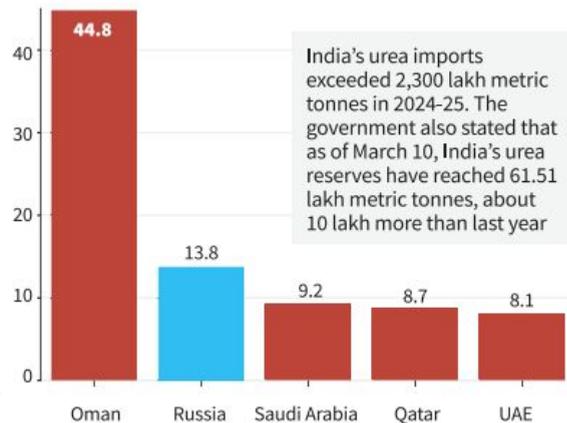
**Chart 2:** Country-wise share (%) of India's LNG imports in 2024-25



**Chart 3:** The distribution of LNG use in India in 2025-26 (in %)



**Chart 4:** Country-wise share (%) of India's urea imports in 2024-25



**1** Industry sources said that the country's urea plants are running at half capacity

**2** Natural gas is used to produce ammonia, which in turn is used to produce fertilizers

**3** LNG is the main feedstock for the production of urea, which is the most widely used fertilizer in India

**4** Chart 3 and 4 only include the top 5 exporting countries



# Dependence on West Asia for Urea Production



**Syllabus: PRELIMS:** Current Events of National and International Importance  
**Newspaper:** The Hindu **Page No. 7**

es. Data show that the crisis could also affect India's supply of Liquefied Natural Gas (LNG), putting at risk the production of urea, a key fertilizer in the country's majorly agrarian economy.

The conflict has already started to impact India's urea supply. As of Sunday, industry sources told *PTI* that the country's urea plants are running at half capacity, with Petronet LNG Ltd, which operates India's largest liquefied natural gas receiving terminal, declaring force majeure amid disruptions to cargoes. The move triggered supply curtailments by state-owned gas distributors GAIL (India) Ltd, Indian Oil Corporation Ltd and Bharat Petroleum Corporation Ltd.

India is heavily dependent on imports for its LNG supply, exposing many of its sectors to global shocks such as the U.S.-Israel attacks on Iran. Data show that in

India is the fourth largest buyer of natural gas in the world, with an imported supply of 261 lakh metric tonnes in 2025.

A majority of these imports – more than 40% of it – are tied to long-term contracts with suppliers in Qatar (Chart 2). This supply may be in jeopardy as Qatar's LNG cargoes pass through the Strait of Hormuz, which has now become a central chokepoint in the Iran-Israel conflict. The UAE and Oman also ship LNG along this route, and both countries contribute to India's imported LNG supply. Overall, more than 60% of India's imported LNG could be affected by the closure of the Strait.

LNG is the main feedstock for the production of urea, which is the most widely used fertilizer in India. Many urea plants use naphtha or fuel oil – both derived from crude oil – as their main input. However, as urea production is a highly energy-intensive process, these plants have switched to natural gas, which produces fewer emissions.

National urea consumption hit 387 lakh metric tonnes in 2025, following a decade of steady growth. While domestic production has also been increasing (India produced about 306 lakh metric tonnes of urea in 2025), it does not cover the country's demand. Due

vernment of India issued the Natural Gas (Supply Regulation) Order, 2026, officially including the fertilizer sector in its priority list.

The government also stated that as of March 10, India's urea reserves have reached 61.51 lakh metric tonnes, about 10 lakh more than last year, ahead of the Kharif sowing season. However, only



**Syllabus: PRELIMS:** Current Events of National and International Importance  
**Newspaper:** Indian Express **Page No. EXPLAINED**

## Consequences of Hitting Iranian Power Plants

- **Radiological Disaster Risk:** Bushehr nuclear power plant >> leak into Persian Gulf
- **Water Crisis for Gulf:** contaminate desalination plants, drinking water
- **Energy Sector Collapse:** No electricity >> No process or export O&NG
- **Global Market:** oil and gas prices
- **Regional Blackouts:** Iran exports electricity to Iraq
- **Vulnerability of Targets:** Large, visible thermal power plants (e.g., Damavand 2,868 MW; Kerman 1,910 MW; Ramin 1,890 MW)
- **Resilience:** Iran robust power grid and gas distribution network, difficult to fully destroy (Russia unable to “obliterate” Ukraine’s)

## Possibility of Retaliation by Iran

- **Targeting Energy & IT:** US and Israel-linked
- **Desalination Plants Threat**
- **Regional Escalation:** Reciprocal Oil Attacks
- **Strait of Hormuz Closure:** de facto closed (20% of global oil supplies) to “enemy-linked ships”
- **Precedent of Strikes:** missiles at Israel’s Dimona nuclear research center
- **“Zero Restraint” Policy**
- **Asymmetric Warfare:** if US targets civilian infra, “the whole region will go dark”

## USA Gambit

- **Ultimatum:** 48-hour deadline to fully open
- **Civilian Infra Targeting**
- **Ground Invasion Preparation:** if the 48-hour gambit fails, potentially to occupy the South Pars gas field on Kharg Island and forcibly open the Strait of Hormuz

## Iran’s Take

- **Deterrence by Cost:** disruptions
- **Targeting US/Israel Assets**
- **Regional Leverage:** influence in Iraq, threatening Gulf states’ water supplies
- **Red Line:** willingness to stop the war, but not at the cost of sovereignty or security; rejecting a simple ceasefire



# Forex reserves to tide over uncertainties



**Syllabus: PRELIMS: Economic and Social Development**  
**Newspaper: Indian Express Page No. 11**

## Forex Reserves: as a buffer

- **RBI Intervention:** FPI outflows increase >> RBI sells forex >> meet demand for \$
- **Conflict Impact:** Forex shrank by \$19 bn in 2 weeks, Rupee to 93.72
  - \$709.75 bn covering >12 months of imports
  - Foreign investors pulled out \$11 bn in March

## BoP crisis in 1991

- **Trigger:** jump in oil prices in August 1990 (Gulf war)
- **Reserve Depletion:** Forex declined by 71.2%
- **Confidence Collapse:** By mid-1991 >> so no recourse to external credit >> Default Risk
- **Gold Pledges:** with repurchase option
- **Rupee Devaluation:** 18.7% against \$
- **Reforms:** New Industrial Policy Resolution, full rupee convertibility on current account, open up FDI, liberalize capital markets

## Asian financial crisis spillover (1997–98)

- **Pressure on Rupee:** Competitive devaluations in East Asia >> India's export competitiveness less + capital outflows
- **Forex Decline:** fell by \$2–3 bn
- **RBI Intervention:** selling dollars to stabilize Rupee and tightened liquidity
- **Insulation:** non-fully-opened capital account and stronger regulatory framework

## Global financial crisis impact (2008–09)

- **Reserve Depletion:** \$315 bn in early 2008 to \$250 bn by early 2009
- **Capital Outflows:** FII's
- **Rupee Depreciation:** 39 to 50

- **Crisis Origin:** US risky sub-prime home lending; housing prices fell and borrowers defaulted, assets lost value; Trigger was collapse of Lehman Brothers

## Taper Tantrum (2013)

- **Trigger:** US Fed hinted at reducing quantitative easing (followed 2008 crisis)
- **Rupee Depreciation:** 55 to 68
- **"Fragile Five" Label:** capital outflows and CAD concerns
- **RBI Measures:** rate hikes, forex swaps, NRI deposit schemes

## COVID-19 pandemic shock (2020)

- **Capital Outflows & Rupee Depreciation**
- **Initial Reserve Decline & Rapid Recovery**
- **Monetary Easing:** slashed repo rate by 115 basis points
- **Inflation Trade-off:** rate cut led to inflation

## Russia–Ukraine war shock (2022)

- **Commodity Price Surge:** crude oil
- **CAD Widening:** import bills
- **Monetary Tightening:** increased repo rate 6 times to 6.50% from 4.40% between 2022 and 2023 to bring down inflation



**Q1. With reference to the Lokpal in India, consider the following statements:**

1. The Lokpal has jurisdiction over the Prime Minister in all cases without exception.
2. The Lokpal consists of a Chairperson and up to eight members.
3. At least 50% of the members of Lokpal shall be from SC/ST/OBC/Minorities and women.

**Which of the statements given above is/are correct?**

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

**Answer: a**

**Q2. Regarding the Western Disturbances, consider the following statements:**

1. They originate in the Mediterranean region.
2. They are a source of winter rainfall in northwestern India.
3. They are associated with low-pressure systems embedded in the subtropical westerly jet stream.

**How many of the statements given above is/are correct?**

- a) Only One
- b) Only Two
- c) All Three
- d) None

**Answer: c**

**Q3. With reference to Nano Urea, consider the following statements:**

1. It is a liquid fertiliser developed to replace conventional urea.
2. It has higher nutrient use efficiency compared to conventional urea.
3. It is applied through soil broadcasting like conventional urea.

**Which of the statements given above is/are correct?**

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

**Answer: a**

**Q4. Which of the following best describes a Balance of Payments (BoP) crisis?**

- a) Persistent fiscal deficit leading to inflation.
- b) Inability of a country to meet its external payment obligations.
- c) Decline in GDP growth due to external shocks.
- d) Excessive inflow of foreign capital leading to currency appreciation.

**Answer: b**

**Q5. Regarding the Ayushman Bharat – PM-JAY, consider the following statements:**

1. It provides health cover of ₹5 lakh per family per year for secondary and tertiary care hospitalisation.
2. The scheme is entirely funded by the Union Government.
3. Beneficiaries are identified based on the Socio-Economic Caste Census (SECC) data.

**How many of the statements given above is/are correct?**

- a) Only One
- b) Only Two
- c) All Three
- d) None

**Answer: b**





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