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1 Monetary Tools by the RBI to Control Inflation (Source: The Hindu)

Quantitative Tools: Quantitative tools of monetary policy are aimed at controlling the cost and quantity of credit. They are -

- **Bank Rate or Discount Rate**
  - *Bank Rate or Discount Rate is the rate at which the RBI is ready to buy or rediscount Bills of Exchange or other Commercial Papers from the Scheduled Commercial Banks (SCBs).*
  - An increase in the Bank Rate results in a tightening of money supply and vice versa.
- **Cash Reserve Ratio (CRR)**
  - *Cash Reserve Ratio (CRR) is the share of a bank's total deposit that is mandated by the Reserve Bank of India (RBI) to be maintained with the latter as reserves in the form of liquid cash.*
  - The bank cannot use this amount for lending and investment purposes and does not get any interest from the RBI.
  - CRR applies to scheduled commercial banks, while the regional rural banks and NBFCs are excluded.
  - If the RBI increases the CRR, the commercial banks have to deposit more money with the RBI and are left with less money to lend to customers. Thus, the effect is reduced money supply in the economy.
  - If the RBI decreases the CRR, the commercial banks have to deposit less money with the RBI and are left with more money to lend to customers. Thus, the effect is increased money supply in the economy.
- **Statutory Liquidity Ratio (SLR)**
  - *SLR is a minimum percentage of deposits that a commercial bank has to maintain in the form of liquid cash, gold or other securities.*
  - It is basically the reserve requirement that banks are expected to keep before offering credit to customers.
  - However, these deposits are maintained by the banks themselves and not with the RBI.
  - The RBI fixes the SLR.

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- **Liquidity Adjustment Facility**
  - *A LAF is a monetary policy tool used in India by the RBI through which it injects or absorbs liquidity into or from the banking system.*
  - It was introduced as a part of the outcome of the **Narasimham Committee on Banking Sector Reforms of 1998.**
  - **LAF has two components** - repo (repurchase agreement) and reverse repo.
    - **Repo Rate**: Repo Rate is the rate of interest at which the RBI provides short-term loans to SCBs against approved securities.
    - **Reverse Repo Rate**: It is the rate of interest at which the RBI borrows funds from the SCBs.
- **Marginal Standing Facility (MSF)**
  - *Marginal standing facility (MSF) is a window for banks to borrow from the Reserve Bank of India in an emergency when inter-bank liquidity dries up completely.*
  - Banks borrow from the central bank by pledging government securities at a rate higher than the repo rate under liquidity adjustment facility or LAF in short.
  - The MSF rate is pegged 100 basis points or a percentage point above the repo rate.
  - Under MSF, banks can borrow funds up to one percentage of their net demand and time liabilities (NDTL).
- **Open Market Operations (OMOs)**
  - *Open Market Operations (OMOs) refer to the buying and selling of government securities by RBI to regulate the short-term money supply.*
  - If RBI wants to induce liquidity or more funds in the system, it will buy government securities and inject funds into the system.
- **Market Stabilization Scheme (MSS)**
  - *Market Stabilization Scheme (MSS) refers to intervention by the RBI to withdraw excess liquidity by selling government securities in the economy.*

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Qualitative Credit Control

- **Margin Requirements**: Margin refers to the difference between the value of securities offered for loans and the value of loans actually granted.
- **Consumer Credit Regulation**: Credit made available by commercial banks (installments) for the purchase of consumer durables is known as consumer credit.
- **Moral Suasion**: Moral Suasion means persuasion and request. RBI makes the banks adhere to the policy and directives through persuasion or pressure to maintain a certain level of money supply in the economy.
- **Direct Action**: The RBI takes direct action such as refusing to rediscount the bills or charging penal interest rates, etc when a commercial bank does not co-operate with the central bank in achieving its desirable objectives.
- **Rationing of Credit or Credit Ceiling**: Under this, the RBI fixes a ceiling on the amount of loans that can be granted by SCBs. As a result, SCBs tighten in advancing loans to the public.

2 Caspian Sea (Source: The Hindu)

- Fact: It is the world's largest inland body of water.
- Location: Between Asia and Europe.
- Bordering Geographical Features: It lies east of the Caucasus Mountains and west of Central Asia's vast steppe.
- Bordering Countries: Russia, Azerbaijan, Kazakhstan, Turkmenistan, and Iran.
- Major Rivers: Volga, Ural, and Terek

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3 Critical Species as per IUCN (Source: The Hindu)

Critical Mammals

- **Pygmy Hog**: The world's smallest wild pig; indicator of grassland health; found mainly in Assam (Manas National Park).
- **Namdapha Flying Squirrel**: Endemic to a single valley in the Namdapha National Park, Arunachal Pradesh.
- **Kolar Leaf-nosed Bat**: Restricted to a single cave location in Kolar, Karnataka.
- **Malabar Civet**: Endemic to the Western Ghats, threatened by severe habitat loss.

Critical Birds

- **Great Indian Bustard**: Grassland bird heavily impacted by overhead power line collisions in Rajasthan and Gujarat.
- **Bengal Florican**: Grassland specialist facing agricultural conversion in the Terai region.
- **White-bellied Heron**: Found near remote rivers in the eastern Himalayas and foothills.
- **Vulture Species** (Indian Vulture, Red-headed Vulture, White-rumped Vulture, Slender-billed Vulture): Decimated historically by the veterinary drug diclofenac

Critical Reptiles

- **Gharial**: Fish-eating crocodilian with populations restricted mainly to the Chambal River system.
- **Red-crowned Roofed Turtle**: Freshwater turtle native to the Ganga River basin.