

WRAP Exams · wrapexams.com

Prelims PYQ, Mains model answers, and copy evaluation. Write to the desk for this paper, a doubt, or the AI waitlist.

ask@wrapexams.com · +91 85951 84903 · wrapexams.com

Q69

With reference to Non-Fungible Tokens (NFTs), consider the following statements: 1. They enable the digital representation of physical assets. 2. They are unique cryptographic tokens that exist on a blockchain. 3. They can be traded or exchanged at equivalency and therefore can be used as a medium of commercial transactions. Which of the statements given above are correct? (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3 Official key: A.

UPSC Civil Services Prelims 2022 · General Studies · 2 marks · Current Affairs and GK

Current events, government schemes, miscellaneous GK - Prelims GS Paper I.

Explanation**(a) Official key**

1 and 2 only. NFTs can represent physical or digital items and are unique on a chain. They are not **fungible**, so they are not a like-for-like medium of exchange.

(b)

2 and 3 only. Statement 3 contradicts non-fungibility.

(c)

1 and 3 only. Equivalency trading is what NFTs are not.

(d)

All three. **Fungible** tokens (not NFTs) are the medium-of-exchange story.

Summary

Official key is (a) 1 and 2 only. An **NFT** is a unique token on a blockchain and can point at a digital or physical asset. **Fungible** tokens (INR, ETH) trade at equivalency; NFTs do not.

Related possible facts

These can be asked in a future Prelims paper.

NFT

Non-fungible token; usually ERC-721 / similar.

Fungible

Each unit interchangeable - money, ERC-20 tokens.

WRAP Exams · Write. Read. Analyse. Practice. · <https://wrapexams.com/upsc/prelims/gs/2022/with-reference-to-non-fungible-tokens-nfts-consider-the-following-statements-1-they-enable-the-digital-representation-of-physical-assets-2-they-are-unique-cryptographic-tokens-that-exist-on-a-blockchain-3-they-can-be/> · ask@wrapexams.com · wrapexams.com

WRAP Exams