# **ForumIAS**



# **Prelims Marathon**

31st Oct to 6th November, 2022

HISTORY
ECONOMICS
POLITY
SCIENCE AND TECHNOLOGY
GEOGRAPHY AND ENVIRONMENT

## Economy

### Q.1) Consider the following statements:

- 1. The word budget is drawn from French word "Bugeut".
- 2. Article 112 of Indian Constitution has provision for Annual Financial Statement.

## 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

#### ANS: C

**Explanation:** An annual financial statement of income and expenditure is generally used for a government, but it could be of a firm, company, corporation etc.

- The 'word' has its origin in the British parliamentary exercise of preparing such statement way back in the mid-18th century from the French word 'Bugeut' meaning a leather bag out of which the financial statement was brought out and presented in the parliament.
- Today, this word is used to mean the annual statement in all economies around the world.
- The Constitution of India has a provision (Art. 112) for such a document called Annual Financial Statement to be presented in the Parliament before the commencement of every new fiscal year—popular as the Union Budget. Same provision is there for the states, too.

**Source:** TMH Ramesh Singh

### Q.2) Which of the following data sets is/are covered under union budget?

- 1. Actual data of the preceding year.
- 2. Provisional data of the current year.
- 3. Budgetary estimates for the following year.

## Choose the correct answer from below given codes:

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

### ANS: D

Explanation: The Union Budget has three sets of data for every concerned sector or subsector of the economy:

- (i) Actual data of the preceding year (here preceding year means one year before the year in which the Budget is being presented. Suppose the Budget presented is for the year 2017–18, the Budget will give the final/actual data for the year 2015-16. After the data either we write 'A', means actual data/final data or write nothing (India writes nothing).
- (ii) Provisional data of the current year (i.e., 2016-17) since the Budget for 2017-18 is presented at the end of the fiscal 2016-17; it provides Provisional Estimates for this year (shown as 'PE' in brackets with the data).
- Budgetary estimates for the following year (here following year means one year after the (iii) year in which the Budget is being presented or the year for which the Budget is being



presented, i.e., 2017–18). This is shown with the symbol 'BE' in brackets with the concerned data.).

Source: TMH Ramesh Singh

## Q.3) Which of the following is NOT developmental expenditure?

- a) Construction of dams
- b) New railway lines
- c) Factories establishment
- d) Interest payments

### ANS: D

**Explanation:** Total expenditure incurred by the government is classified into two segments — developmental and non-developmental.

- All expenditures of productive nature are developmental such as on the heads of new factories, dams, bridges, roads, railways, etc.—all investments.
- The expenditures which are of consumptive kind and do not involve any production are non-developmental, i.e., paying salaries, pensions, interest payments, subsidies, defence expenses, etc.

Source: TMH Ramesh Singh

## Q.4) Which of the following is/are come/comes under Non - tax revenue receipts?

- 1. Dividends from public sector undertakings.
- 2. Revenue generated from fiscal services.
- 3. Grants from international institutions.

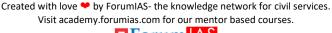
### Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** Non – tax revenue receipts includes all money earned by the government from sources other than taxes. In India they are:

- (i) Profits and dividends which the government gets from its public sector undertakings (PSUs).
- (ii) Interest's received by the government out of all loans forwarded by it, be it inside the country (i.e., internal lending) or outside the country (i.e., external lending). It means this income might be in both domestic and foreign currencies.
- (iii) Fiscal services also generate incomes for the government, i.e., currency printing, stamp printing, coinage and medals minting, etc.
- (iv)General Services also earn money for the government as the power distribution, irrigation, banking, insurance, community services, etc.
- (v) Fees, Penalties and Fines received by the government.
- (vi)Grants which the government receives—it is always external in the case of the Central Government and internal in the case of state governments.





## Q.5) Consider the following statements regarding ways and means scheme:

- 1. It was introduced in 1992 to tackle fiscal crisis.
- 2. Under the scheme the government commits to the RBI about the amount of money it will give as part of its market-borrowing programme.

## 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

### ANS: B

**Explanation:** The Ways and Means Advances (WMA) scheme commenced in 1997 under which the government commits to the RBI about the amount of money it will give as part of its market-borrowing programme, to bring transparency in public expenditure and to put political responsibility on the government.

The RBI will not be the primary subscriber to government securities in the future—committed way back in 1997.

Source: TMH Ramesh Singh

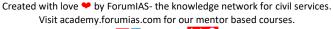
## Q.6) Which of the following country first to introduce "zero-base budgeting (ZBB)"?

- a) New Zealand
- b) United States of America
- c) Germany
- d) Australia

#### ANS: B

**Explanation:** The idea of zero-base budgeting (ZBB) first came to the privately owned organisation of the USA by the 1960s.

- This basically belonged to a long list of guidelines for managerial excellence and success, others being Management by Objectives (MBO), Matrix Management, Portfolio Management, etc to name a few.
- It was the US financial expert Peter Phyrr who first proposed this idea for government budgeting and Jimmy Carter, Govornor of Georgia, USA was the first elected executive to introduce ZBB to the public sector.
- When he presented the US Budget in 1979 as the US President it was the first use of the ZBB for any nation state. Since then many governments of the world have gone for such budgeting.





## Q.7) Which of the following salary/salaries is/are part of charged expenditure?

- 1. President of India
- 2. Speaker of Lok Sabha
- 3. Judges of Supreme Court

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** Charged Expenditure is the public expenditure which is beyond the voting power of the Parliament and is directly withdrawn from the Consolidated Fund of India.

For Example, the emoluments of the President, Speaker and Deputy Speaker of the Lok Sabha, Chairman and Deputy Chairman of the Rajya Sabha, Judges of the Supreme Court and the High Courts in India, etc.

Source: TMH Ramesh Singh

# Q.8) "The proposition that a government should borrow only to invest and not to finance current spending is known as"?

- a) Balanced budget
- b) Effective revenue deficit
- c) Golden Rule
- d) Performance budget

#### ANS: C

**Explanation:** The proposition that a government should borrow only to invest (i.e., plan expenditure in India) and not to finance current spending (i.e., revenue expenditure in India) is known as the golden rule of public finance.

This rule is undoubtedly prudent but provided spending is honestly described as investment, investments are efficient and do not crowd out the important private sector investments.

Source: TMH Ramesh Singh

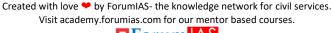
# Q.9) "Process in which the Speaker puts all the outstanding demands made by the Budget directly to vote in the House" is known as?

- a) Guillotine
- b) Economy cut Motion
- c) Token cut motion
- d) Policy cut motion

## ANS: A

**Explanation:** Guillotine is the process in which the Speaker puts all the outstanding demands made by the Budget directly to vote in the House—ending further discussions (intended to cut short the discussion on the Budget).

- Through this, the Speaker may put the whole Budget to vote (i.e., allowing 'no discussion' on the Budget by the House).
- In recent years, this route was taken time and again by the Government of India, to avoid the aggressive mood of the Opposition.





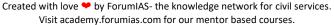
# Q.10) Who among the following headed the committee to review the Fiscal Responsibility and Budget Management (FRBM) Act?

- a) C. Rangarajan
- b) N K Singh
- c) Y V Reddy
- d) Urjit Patel

### ANS: B

**Explanation:** The Fiscal Responsibility and Budget Management (FRBM) Act was enacted in 2003 which set targets for the government to reduce fiscal deficits.

- The targets were put off several times. In May 2016, the government set up a committee under NK Singh to review the FRBM Act. The government believed the targets were too rigid.
- The committee recommended that the government should target a fiscal deficit of 3 per cent of the GDP in years up to March 31, 2020 cut it to 2.8 per cent in 2020-21 and to 2.5 per cent by 2023.





## Economy-Balance of Payments

## Q.1) Which of the following is/are consists of foreign exchange reserves?

- 1. Foreign currency assets
- 2. Special Drawing rights
- 3. Reserve tranche

## Choose the correct answer from below given codes:

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

### ANS: D

### **Explanation:**

# What are the components of RBI's forex reserves?

Jul 12, 04:07

The Reserve Bank of India's (RBI) foreign exchange reserves, also called forex reserves, refers to the assets the central bank holds to provide import cover and protect against external shocks. The reserves are accumulated on an ongoing basis and variations occur as a result of the RBI's market operations. The four components of forex reserves are foreign currency assets, gold, special drawing rights and the reserve position in the International Monetary Fund. As on July 2, India's forex reserves stood at a record high of \$610 billion, of which \$566.99 billion was in the form of foreign currency assets and \$36.37 billion was in the form of gold.



**Source:** Money Control



## Q.2) Consider the following statements regarding external debt of India:

- 1. The Status Report on India's External Debt is released by department of revenue.
- 2. Rupee denominated debt is the largest component of external debt.

## 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

### ANS: D

Explanation: The Department of Economic Affairs in the Ministry of Finance released the 28th edition of the Status Report on India's External Debt 2021-22 on 5 September.

- By the end of March 2022, India's external debt had grown 8.2 percent to US\$ 620.7 billion as compared to the previous year's figure of US\$ 573.7 billion.
- However, external debt as a ratio to GDP came down to 19.9 percent in March-end 2022 from 21.2 percent during the same period in 2021.
- Foreign currency reserves to external debt ratio have gone down marginally to 97.8 percent in March-end 2022 from 100.6 percent in the previous year.
- While 53.2 percent of external debt is denominated in the US dollar, Indian rupeedenominated debt at 31.2 percent of the total is the second largest.
- The volume of long-term debt has been estimated at US\$ 499.1 billion-80.4 percent of the total. The short-term debt accounted for 19.6 percent of the total debt burden, at US\$ 121.7 billion.

Source: TMH Ramesh Singh

### Q.3) Which of the following publishes the International Debt Statistics report?

- a) International Monetary Fund
- b) World Bank
- c) World Economic Forum
- d) UNESCO

### ANS: B

**Explanation:** International Debt Statistics (IDS), a long-standing annual publication of the World Bank, features external debt statistics and analysis for the 123 low- and middle-income countries that report to the World Bank Debtor Reporting System.

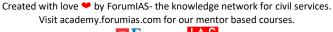
Source: TMH Ramesh Singh

## Q.4) "A domestic currency is left free against a number of foreign currencies in its foreign exchange market and determines its own value" is known as?

- a) Fixed exchange rate system
- b) Floating exchange rate system
- c) Mixed exchange rate system
- d) Domestic exchange rate system

### ANS: B

**Explanation:** In the floating exchange rate system, a domestic currency is left free to float against a number of foreign currencies in its foreign exchange market and determine its own value.





Such exchange rates, are also called as market driven or based exchange rates, which are regulated by factors such as the demand and supply of the domestic and the foreign currencies in the concerned economy.

Source: TMH Ramesh Singh

## Q.5) Which of the following is/are part of external debt?

- 1. Commercial borrowings
- 2. NRI deposits
- 3. Short term trade credit

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** The long-term debt estimated at US\$ 499.1 billion, constituted the largest chunk of 80.4 per cent, while the short-term debt, at US\$ 121.7 billion, accounted for 19.6 per cent of the total.

- The short-term trade credit was predominantly in the form of trade credit (96 per cent) financing imports.
- Commercial borrowings (CBs), NRIs deposits, short-term trade credit and multilateral loans together accounted for 90 per cent of the total external debt.
- While NRI deposits marginally contracted during end-March 2021 and end-March 2022, CBs, short-term trade credit and multilateral loans, on the other hand, expanded during the same period.
- The rise in CBs, short-term trade credit and multilateral loans together was significantly larger than the contraction in NRI deposits.

**Source:** https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1856834

# Q.6) "When exchange rate of a domestic currency is cut down by its government against any foreign currency" is related to which of the following?

- a) Revaluation
- b) Devaluation
- c) Appreciation
- d) Depreciation

### ANS: B

**Explanation:** In the foreign exchange market when exchange rate of a domestic currency is cut down by its government against any foreign currency, it is called devaluation.



# Q.7) Which of the following is/are component/s of the capital account of balance of payments?

- 1. External lending and borrowing
- 2. Foreign currency deposits of banks
- 3. Foreign Direct Investment

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** Every government of the world maintains a capital account, which shows the capital kind of transactions of the economy with outside economies.

- Every transaction in foreign currency (inflow or outflow) considered as capital is shown in this account—external lending and borrowing, foreign currency deposits of banks, external bonds issued by the Government of India, FDI, PIS and security market investment of the QFIs (Rupee is fully convertible in this case).
- There is no deficit or surplus in this account like the current account.

Source: TMH Ramesh Singh

## Q.8) The term "LERMS" is related to which of the following?

- a) Exchange rate
- b) Capital adequacy ratio
- c) Sustainable development
- d) Renewable energy

#### ANS: A

**Explanation:** India announced the Liberalised Exchange Rate Mechanism System (LERMS) in the Union Budget 1992–93 and in March 1993 it was operationalised.

- India delinked its currency from the fixed currency system and moved into the era of floating exchange-rate system under it.
- Indian form of exchange rate is known as the 'dual exchange rate', one exchange rate of rupee is official and the other is market-driven.
- The market-driven exchange rate shows the actual tendencies of the foreign currency demand and supply in the economy vis-á-vis the domestic currency.
- It is the market-driven exchange rate which affects the official rate and not the other way round.

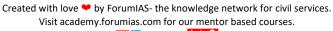
Source: TMH Ramesh Singh

### Q.9) "The Extended fund Facility (EFF)" is related to which of the following?

- a) IMF
- b) WB
- c) WEF
- d) UNDP

### ANS: A

**Explanation:** The Extended fund Facility (EFF) is a service provided by the IMF to its member countries which authorises them to raise any amount of foreign exchange from it to fulfil their BoP crisis, but on the conditions of structural reforms in the economy put by the body.





It is the first agreement of its kind. India had signed this agreement with the IMF in the financial year 1981–82.

Source: TMH Ramesh Singh

## Q.10) Consider the following statements regarding hard currency:

- 1. They are easily exchangeable and commonly used in international transactions.
- 2. Indian rupee is one of the hard currency.

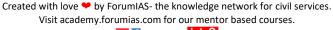
## Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

### ANS: A

**Explanation:** Hard currencies are easily exchangeable, commonly used in international transactions, and generally expected to be stable in the short term.

- Hard currencies are also widely held as foreign exchange reserves by central banks.
- Up to the Second World War, the best hard currency was the Pound Sterling (£) of the UK, but soon it was replaced by the US Dollar.
- Some of the best hard currencies of the world today are the US Dollar, the Euro (€), Japanese Yen (¥) and the UK Sterling Pound (£).
- Meanwhile, by late 2015, the IMF allowed the SDR to be denominated in the Chinese 'Yaan'-paving the way for a new hard currency to be implemented in 2016.





## Economy

## Q.1.) Which of the following institutions are called as Bretton Wood's twins?

- a) World Bank and International Labour Organization
- b) World Bank and International Monetary Fund
- c) International Monetary Fund and United Nations
- d) United Nations and World Bank

### ANS: B

**Explanation:** As the powerful nations of the world were hopeful of a new and more stable world order with the emergence of the UNO, on the contrary, they were also anxious for a more homogenous world financial order, after the Second World War.

- The representatives of the USA, the UK and 42 other (total 44 countries) nations met at Bretton Woods, New Hampshire, USA in July 1944 to decide a new international monetary system.
- The International Monetary Fund (IMF) and the World Bank (with its first group-institution IBRD) were set up together—popularly called as the Bretton Woods' twins —both having their headquarters in Washington DC, USA.

Source: TMH Ramesh Singh

## Q.2) Which of the following is/are function/s of International Monetary Fund?

- 1. Exchange rate regulation.
- 2. Purchasing short-term foreign currency liabilities of the member nations.
- 3. Allotting special drawing rights (SDRs) to the member nations.

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** The International Monetary Fund (IMF) came up in 1944 whose Articles came into force on the 27 December, 1945 with the main functions as exchange rate regulation, purchasing short-term foreign currency liabilities of the member nations from around the world, allotting special drawing rights (SDRs) to the member nations and the most important one as the bailor to the member economies in the situation of any BoP crisis.



## Q.3) Consider the following statements International Monetary Fund (IMF):

- 1. IMF review member's quotas once in ten years.
- 2. At present India's quota is 4.75 percent.

## 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

### ANS: D

**Explanation:** IMF reviews members' quotas once in every five years—last done in December 2010—here, India consented for its quota increase.

- After this India's quota (together with its 3 constituency countries) has increased to 2.75 per cent (from 2.44 per cent) and it has become the 8th (from 11th) largest quota holding country among the 24 constituencies.
- In absolute terms, India's quota has increased to SDR 13,114.4 million (from SDR 5,821.5 million) which is an increase of approximately US \$ 11.5 billion or Rs. 56,000crore).
- While 25 per cent of the quota is to be paid in cash (i.e., in 'Reserve' currency), the balance 75 per cent can be paid in securities.

Source: TMH Ramesh Singh

## Q.4) The "Financial Transactions Plan" is related to which of the following institution?

- a) World Bank
- b) AIIB
- c) ADB
- d) IMF

## ANS: D

**Explanation:** The Financial Transactions Plan (FTP) is the mechanism through which the Fund finances its lending and repayment operations in the General Resources Account.

The selection of members to finance IMF transactions is based on principles set out in the IMF Articles of Agreement.

Source: <a href="https://www.imf.org/external/np/tre/ftp">https://www.imf.org/external/np/tre/ftp</a>

## Q.5) Which of the following institution is oldest of World Bank group?

- a) International Bank for Reconstruction and Development (IBRD)
- b) International Development Agency (IDA)
- c) International Finance Corporation (IFC)
- d) Multilateral Investment Guarantee Agency (MIGA)

#### ANS: A

**Explanation:** The International Bank for Reconstruction and Development is the oldest of the WB institutions which started functioning (1945) in the area of reconstruction of the warravaged regions (World War II) and later for the development of the middle-income and creditworthy poorer economies of the world.

• Human development was the main focus of the developmental lending with a very low interest rate (1.55 per cent per annum)—the areas of focus being agriculture, irrigation, urban



development, healthcare, family welfare, dairy development, etc. It commenced lending for India in 1949.

- After the process of reforms started in the World Bank in 2010, India was allotted additional shares in IBRD (now holds 56,739 shares accounting to US \$ 6,844.7 million).
- With this India emerged as the 7th largest shareholder (up from the 11th position) in IBRD with voting power of 2.91 per cent (up from 2.77 per cent).

**Source:** TMH Ramesh Singh

### Q.6) Which of the following institution is known as private arm of the World Bank?

- a) International Bank for Reconstruction and Development (IBRD)
- b) International Finance Corporation (IFC)
- c) International Development Agency (IDA)
- d) Multilateral Investment Guarantee Agency (MIGA)

#### ANS: B

**Explanation:** The International Finance Corporation (IFC) was set up in 1956 which is also known as the private arm of the WB. It lends money to private sector companies of its member nations.

- The interest rate charged is commercial but comparatively low. There are many attractive features of IFC's lending.
- It finances and provides advice for private-public ventures and projects in partnership with private investors and, through its advisory work, helps governments of the member nations to create conditions that stimulate the flow of both domestic and foreign private savings and investment.

Source: TMH Ramesh Singh

# Q.7) Consider the following statements regarding International Centre for Settlement of Investment Disputes (ICSID):

- 1. The decisions of ICSID are binding on the parties.
- 2. India is not a member of ICSID.

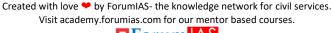
### Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

## ANS: C

**Explanation:** The International Centre for Settlement of Investment Disputes (ICSID), set up in 1966 is an investment dispute settlement body whose decisions are binding on the parties.

- It was established under the 1966 Convention on the Settlement of Investment Disputes between States and Nationals of Other States.
- Though recourse to the centre is voluntary, but once the parties have agreed to arbitration, they cannot withdraw their consent unilaterally.
- It settles the investment disputes arising between the investing foreign companies and the host countries where the investments have been done.
- India is not its member (that is why the Enron issue was out of its preview).





• It is believed that being signatory to it encourages the foreign investment flows into an economy, but risks independent sovereign decisions, too.

**Source:** TMH Ramesh Singh

## Q.8) "Ordinary Capital Resources" is related to which of the following?

- a) AIIB
- b) IMF
- c) IBRD
- d) ADB

### ANS: D

**Explanation:** Set up in 1966 with 31 founding members (India being one of them), today (by March 2017) it has grown to encompass 67 members—of which 48 are from Asia and Pacific and 19 from outside. It has its headquarters situated at Manila, Philippines.

- The purpose of the Bank is to foster economic growth and co-operation in the region of Asia and the Far East and to contribute to economic development of the developing member countries, collectively and individually.
- India's subscription to the Bank's capital stock is 7.190 per cent with a voting power of 6.050 per cent (as per the ADB Annual Report, 2016). India started borrowing from ADB's Ordinary Capital Resources (OCR) in 1986.
- The Bank's lending has been mainly in the energy, transport and communications, finance, industry and social infrastructure sectors.
- The Bank has extended technical assistance to India in addition to loans from its OCR window.
- The technical assistance provided includes support for institutional strengthening, effective project implementation and policy reforms as well as for project preparation.

Source: TMH Ramesh Singh

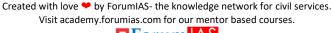
## Q.9) "Uruguay Round negotiations" is associated with which of the following institution?

- a) Organization for Economic Co-operation and Development (OECD)
- b) World Trade Organization (WTO)
- c) United Nations Environment Programme (UNEP)
- d) UNFCCC

## ANS: B

**Explanation:** The World Trade Organization (WTO) came into being as a result of the evolution of the multilateral trading system starting with the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947.

- The protracted Uruguay Round negotiations spanning the period 1986–1994, which resulted in the establishment of the WTO, substantially extended the reach of multilateral rules and disciplines related to trade in goods, and introduced multilateral rules applicable to trade in agriculture (Agreement on Agriculture), trade in services (General Agreement on Trade in Services—GATS) as well as Trade Related Intellectual Property Rights (TRIPS).
- A separate understanding on WTO dispute settlement mechanism (DSU) and trade policy review mechanism (TPRM) was also agreed upon.
- The WTO provides a rule based transparent and predictable multilateral trading system.





• The WTO rules envisage non-discrimination in the form of National Treatment and Most Favoured Nation (MFN) treatment to India's exports in the markets of other WTO Members.

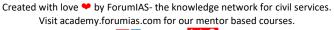
Source: TMH Ramesh Singh

## Q.10) Which of the following institution formed as a result of "Fortaleza Declaration"?

- a) AIIB
- b) ADB
- c) New Development Bank
- d) ASEAN Bank

## ANS: C

**Explanation:** Together with the process of globalization world regional forces have also been asserting their power through different short of alignments—the Fortaleza Declaration of heads of state (late July 2014) from Brazil, Russia, India, China, and South Africa (the BRICS countries) is another such attempt —creation of a BRICS Bank i.e., New Development Bank (NDB).





## Economy

## Q.1) Which of the following country first to implement regional level planning?

- a) Germany
- b) Russia
- c) United States of America
- d) France

### ANS: C

**Explanation:** It was at the regional level that planning was used as a part of development policy by any country for the first time.

- It was the USA which started the first regional planning after the Tennessee Valley Authority (TVA) was set up in 1916—for a large-scale rehabilitation in south-eastern USA covering parts of seven states.
- With the primary aim of flood control, soil conservation and providing electricity, the TVA/the regional plan was also involved in many related activities such as industrial development, forestry, wildlife conservation, town planning, construction of road and rail, encouraging sound agricultural practices and malaria control in the defined region.
- The US experience of regional planning became such a success in realising its well-defined goals that it emerged as a role model and an object of inspiration for many countries around the world in the coming decades—the Damodar Valley Corporation (DVC) in India (1948), the Volta River Project in Ghana (1966), etc.

Source: TMH Ramesh Singh

## Q.2) The terms "prestroika and glasnost" are associated with which of the following?

- a) France
- b) Germany
- c) Russia
- d) USA

### JANS: C

**Explanation:** The Soviet Union (USSR) under the leadership of Mikhail Gorbachev began a process of political and economic reforms, called prestroika (i.e., restructuring) and glasnost (i.e., openness) in 1985 to save the failed economic experiments in the state economy.

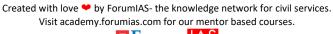
**Source:** TMH Ramesh Singh

### Q.3) Who among the following is proposed the first blueprint of Indian planning?

- a) M. Visvesvaraya
- b) N.R. Sarkar
- c) Ramaswamy Mudaliar
- d) John Mathai

### ANS: A

**Explanation:** The credit of proposing the first blueprint of Indian planning is given to the popular civil engineer and the ex-Dewan of the Mysore state, M. Visvesvaraya.





- In his book The Planned Economy of India, published in 1934, he outlined the broad contours of his plan proposal.
- His ideas of state planning were an exercise in democratic capitalism (similar to the USA) with emphasis on industrialisation—a shift of labour from agricultural to industries, targeting to double the national income in one decade.
- Though there was no follow up by the British government on this plan, it aroused an urge for national planning among the educated citizens of the country.

Source: TMH Ramesh Singh

## Q.4) Consider the following statements regarding the Gandhian Plan:

- 1. It was prepared by Sriman Narayan Agarwal.
- 2. It was laid more emphasis on agriculture.

## 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

#### ANS: C

**Explanation:** Espousing the spirit of the Gandhian economic thinking, Sriman Narayan Agarwal formulated The Gandhian Plan in 1944. The plan laid more emphasis on agriculture.

- Even if he referred to industrialization, it was to the level of promoting cottage and villagelevel industries, unlike the NPC and the Bombay Plan which supported a leading role for the heavy and large industries.
- The plan articulated a 'decentralized economic structure' for India with 'self-contained villages'.

Source: TMH Ramesh Singh

### Q.5) Consider the following statements:

- 1. The First five year plan was accorded the highest priority to agriculture including irrigation and power projects.
- 2. The second five year plan was prepared by Harrod Domar.
- 3. Due to wars with China and Pakistan third five year plan failed to meet its plan targets.

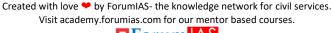
## Choose the correct answer from below given codes:

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

## ANS: C

**Explanation:** First Plan: The period for this plan was 1951–56. As the economy was facing the problem of large-scale food grains import (1951) and the pressure of price rise, the plan accorded the highest priority to agriculture including irrigation and power projects.

- About 44.6 per cent of the plan outlay went in favour of the public sector undertakings (PSUs).
- The Plan was launched with all the lofty ideals of socio-economic development, which had frustrating outcomes in the following years.





**Second Plan**: The plan period was 1956–61. The strategy of growth laid emphasis on rapid industrialization with a focus on heavy industries and capital goods.

• The plan was developed by Professor Mahalanobis. Due to the assumption of a closed economy, shortages of food and capital were felt during this Plan.

**Third Plan**: The Plan period was 1961–65. The Plan specifically incorporated the development of agriculture 67 as one of the objectives of planning in India besides, for the first times, considering the aim of balanced, regional development.

- Enough misfortunes awaited this plan—two wars, one with China in 1961–62 and the other with Pakistan in 1965–66 along the Gujarat border and a severe drought-led famine in 1965–66 had to be faced.
- Due to heavy drain and diversion of funds, this plan utterly failed to meet its targets.

Source: TMH Ramesh Singh

# Q.6) Consider the following statements regarding the Member of Parliament Local Area Development Scheme (MPLADS):

- 1. It was launched during sixth five year plan.
- 2. Under this scheme the Members of Parliament recommend some works to the concerned District Magistrate.

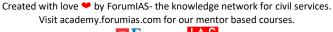
## Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

#### ANS: B

**Explanation:** The Member of Parliament Local Area Development Scheme (MPLADS) is the last of the Central Plans and latest to have been launched, too.

- The scheme was launched on December 23, 1993 with only Rs. 5 lakh given to each MPs which was increased to Rs. 1 crore in the year 1994–95.
- When the MPs did put a demand to increase the sum to Rs. 5 crore in 1997–98, finally the government enhanced it to Rs. 2 crore since 1998–99.
- In April 2011 the corpus was enhanced to Rs. 5 crore while announcing the new guidelines for the scheme.
- Basically, in the early 1990s there came a demand from the MPs cutting across party lines for such a scheme so that the fruits of development could directly reach the masses via their representatives.
- The government of the time decided to go in for such a scheme and the MPLADS came.
- Under this scheme the Members of Parliament recommend some works (i.e., creation of fixed community assets, based on locally felt developmental needs) to the concerned District Magistrate.
- The scheme is governed by a set of guidelines, which have been comprehensively revised and issued in November 2005.
- Its performance has improved due to pro-active policy initiatives, focus monitoring and review.





## Q.7) Consider the following statements:

- 1. The Central sponsored schemes are 100% funded by central government.
- 2. These schemes are mainly formulated on subjects from the Union List.

## 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

### ANS: D

**Explanation:** The exercise of planned development in India has evolved two type of schemes over the time, viz.,—Central Sector Scheme and Centrally Sponsored Scheme.

- The names are derived from the pattern of funding and the modality for implementation.
- The Central Sector Schemes are 100 per cent funded by the Union Government and implemented by the Central Government machinery.
- These schemes are mainly formulated on subjects from the Union List. In addition, the Central ministries also implement some schemes directly in the states/UTs, which are called Central Sector Schemes, but resources under these schemes are not generally transferred to states.
- Under the Centrally Sponsored Schemes (CSSs) a certain percentage of the funding is borne by the Centre and the states in the ratio of 50:50, 70:30, 75:25 or 90:10 and the implementation is done by the state governments.
- CSSs are formulated in subjects from the State List to encourage states to priorities in areas that require more attention.

Source: TMH Ramesh Singh

## Q.8) Which of the following Institution was replaced by NITI Aayog?

- a) National Development Council
- b) National Integration Council
- c) Planning Commission
- d) Zonal Councils

#### ANS: C

**Explanation:** By mid-2014, India did show a quite strong mandate and a very stable government came at the Centre.

- We find the new government showing a renewed vigour and zeal in several areas.
- One such area has been its attempts at 'redefining' the federal polity of the country for the purpose of promoting growth and development.
- We see a pronounced policy shift in the direction of 'empowering and keeping state in front' by giving them more financial space and responsibilities.
- Keeping its promises in the direction, the government abolished the Planning Commission (PC) and replaced it by a new body—the NITI Aayog.
- The acronym NITI stands for National Institution for Transforming India.



## Q.9) The term "Washington Consensus" often seen in news is related to which of the following?

- a) Economic reforms
- b) Sustainable development
- c) Renewable energy
- d) Poverty alleviation

#### ANS: A

**Explanation:** Governments of the socialist or the planned economies were urged/suggested to privatize and liberalize, to sell off state-owned companies and eliminate government interventions in the economy.

- These governments were also suggested to take measures which could boost the aggregate demand in the economy (i.e., macroeconomic stability measures).
- The broad outlines of such a development strategy were regarded as being inspired by the Washington Consensus.
- This consensus is broadly termed as the popular meaning of the 'economic reform' followed by almost all the socialist, communist and planned developing economies during the 1980s in one form or the other —the term economic reform got currency around the world during this period.

Source: TMH Ramesh Singh

## Q.10) Who among the following was prepared the "Sarvodaya Plan"?

- a) Sardar Vallabhai Patel
- b) Subhash Chandra Bose
- c) Jayaprakash Narayan
- d) John Mathai

#### ANS: C

**Explanation:** After the reports of the NPC were published and the government was set to go for the five-year plans, a lone blueprint for the planned development of India was formulated by the famous socialist leader Jayaprakash Narayan— the Sarvodaya Plan published in January 1950.

- The plan drew its major inspirations from the Gandhian techniques of constructive works by the community and trusteeship as well as the Sarvodaya concept of Acharya Vinoba Bave, the eminent Gandhian constructive worker.
- Major ideas of the plan were highly similar to the Gandhian Plan like emphasis on agriculture, agri-based small and cottage industries, self-reliance and almost no dependence on foreign capital and technology, land reforms, self-dependent villages and decentralised participatory form of planning and economic progress, to name the major ones.



## Economy- Agriculture

## Q.1) Which of the following sector/profession carries no burden of individual income tax?

- a) Agriculture
- b) Manufacturing
- c) Services
- d) Industries

### ANS: A

**Explanation:** Agriculture is not only the biggest sector of the economy, but also the biggest private sector too. It is the only profession which still carries no burden of individual income tax.

Source: TMH Ramesh Singh

# Q.2) To realize the objectives of land reforms, the government took which of the following step/steps?

- 1. Abolition of Intermediaries
- 2. Tenancy reforms
- 3. Consolidation of land

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** To realise the objectives of land reforms, the government took three main steps which had many internal sub-steps:

- 1. **Abolition of Intermediaries**: Under this step, the age-old exploitative land tenure systems of the Zamindari, Mahalwari and Ryotwari were fully abolished.
- 2. **Tenancy Reforms**: Under this broader step, three inter-related reforms protecting the landtenants were affected:
- Regulation of rent so that a fixed and rational rate of rent could be paid by the share-croppers to the land owners;
- Security of tenure so that a share-cropper could feel secure about his future income and his economic security; and
- Ownership rights to tenants so that the landless masses (i.e., the tenants, the share-croppers) could get the final rights for the land they plough —"land to the tillers".
- 3. **Reorganization of Agriculture**: This step again has many inter-related and highly logical provisions in the direction of rational agrarian reforms:
- Redistribution of land among the landless poor masses after promulgating timely ceiling laws—the move failed badly with few exceptions, such as West Bengal, Kerala and partially in Andhra Pradesh.
- Consolidation of land could only succeed in the regions of the Green Revolution (i.e., Haryana, Punjab and western Uttar Pradesh) and remained marred with many loopholes and corruption.



• Cooperative farming, which has a high socio-economic moral base, was only used by the big farmers to save their lands from the draconian ceiling laws.

Source: TMH Ramesh Singh

## Q.3) Consider the following statements regarding agricultural census:

- 1. It is conducted for every 10 years.
- 2. For the first time 11<sup>th</sup> agricultural census data collection is conducted on smart phones and tablets.

## 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

#### ANS: B

**Explanation:** The Eleventh Agricultural Census (2021-22) was launched in the country today by the Union Minister for Agriculture and Farmers Welfare, Shri Narendra Singh Tomar.

- Speaking on the occasion, Shri Tomar said that this computation will bring huge benefits in a vast and agricultural country like India.
- Shri Tomar said that under the leadership of Prime Minister Shri Narendra Modi emphasis is being given on increasing farmer's income.
- Besides there is a need to change their standard of living, organize small farmers in order to empower them, attract them towards remunerative crops and ensure the quality of the produce at par with global standards.
- Agriculture Census is conducted every 5 years, which is being undertaken now after delay due to corona pandemic. The field work of agricultural census will start in August 2022.
- Agricultural Census is the main source of information on a variety of agricultural parameters at a relatively minute level, such as the number and area of operational holdings, their size, class-wise distribution, land use, tenancy and cropping pattern, etc.
- This is the first time that data collection for agricultural census will be conducted on smart phones and tablets, so that data is available in time.
- Most of the States have digitized their land records and surveys, which will further accelerate the collection of agricultural census data.
- The use of digitized land records and the use of mobile apps for data collection will enable the creation of a database of operational holdings in the country.

Source: https://pib.gov.in/PressReleasePage.



## Q.4) Which of the following scheme/schemes is/are implemented by the government to doubling the income of farmers?

- 1. Pradhan Mantri Krishi Sinchai Yojana
- 2. Paramparagat Krishi Vikas Yojana
- 3. National Mission for Sustainable Agriculture

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** With a view to improve the condition of Small and Marginal farmers and to double the income of farmers by 2022, Government is realigning its interventions from production-centric approach to farmers' income-centric initiatives, with focus on better and new technological solutions.

- These include implementation of schemes like, Pradhan Mantri Krishi Sinchai Yojana (PMKSY), Paramparagat Krishi Vikas Yojana (PKVY), Soil Health Card, Neem Coated Urea, Rainfed Area Development under National Mission for Sustainable Agriculture (NMSA), Pradhan Mantri Fasal Bima Yojana (PMFBY), National Agriculture Market scheme (e-NAM), National Food Security Mission (NFSM), National Mission on Oilseeds & Oilpalm (NMOOP), Mission for Integrated Development of Horticulture (MIDH), Rashtriya Krishi Vikas Yojana (RKVY), National Mission on Agriculture Extension & Technology (NMAET) etc.
- In addition, farmers are provided information through Focused Publicity Campaigns, Kisan Call Centres (KCCs), Agri-Clinics and Agri-Business Centres (ACABC) of entrepreneurs, Agri Fairs and exhibitions, Kisan SMS Portal etc.

**Source:** https://pib.gov.in/Pressreleaseshare.

# Q.5) Under green revolution, which of the following high yielding variety crop introduced for the first time?

- a) Wheat
- b) Rice
- c) Maize
- d) Pigeon pea

#### ANS: A

**Explanation:** It is the introduction of new techniques of agriculture, which became popular by the name of Green Revolution (GR) in early 1960s— at first for wheat and by the next decade for rice, too.

It revolutionized the very traditional idea of food production by giving a boost by more than 250 per cent to the productivity level.



## Q.6) Consider the following statements regarding minimum support price (MSP):

- 1. The Cabinet Committee on Economic Affairs (CCEA) is the approval authority of MSP.
- 2. It is an integral component of Agriculture Price Policy.

## 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

### ANS: C

**Explanation:** The policies of Government of India and decision taken in recent years towards farmers' welfare have resulted insignificant improvement of food grain production and sustained agriculture growth despite COVID-19 pandemic.

- The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSP) for all designated Rabi crops for Rabi Marketing Season (RMS) 2022-23, when in advance of the sowing season.
- MSP is an integral component of Agriculture Price Policy and it targets to ensure support price to farmers and affordable prices to the consumer.
- Based on the recommendations of the Commission for Agricultural Costs and Prices (CACP), the Government of India declares MSP after considering the views of State Governments and Central Ministries/Departments concerned for agricultural crops such as Cereal, Pulses, Oilseeds and commercial crops every year at the beginning of the sowing season.
- MSP is announced for the Kharif crops of Paddy, Jowar, Bajara, Ragi, Maize, Arhar, Moong, Urad, Cotton, Groundnut, Sunflower Seed, Soyabean, Sesamum.
- The Rabi crops for which MSP is announced are Wheat, Barley, Gram, Masur, Rapeseeds& Mustard, Safflower and Toria.
- Apart from this, MSP is announced for Copra, De-husked Coconut, Jute and Fair Remunerative Prices (FRP) is announced for Sugarcane.

**Source:** <a href="https://pib.gov.in/PressReleaseIframePage">https://pib.gov.in/PressReleaseIframePage</a>

## Q.7) Which of the following factors is/are considered by the Commission for Agricultural Costs and Prices (CACP) for fixing Minimum Support Price (MSP)?

- 1. Cost of production
- 2. International prices
- 3. Terms of trade between agricultural and non-agricultural sectors

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** The factors considered by CACP for fixing MSP include cost of production, domestic and international prices, demand-supply conditions, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors.

**Source:** https://pib.gov.in/PressReleaseIframePage





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## Q.8) Consider the following statements regarding Market Intervention Scheme (MIS):

- 1. It is implemented for procurement of perishable and horticultural commodities.
- 2. It is implemented when there is at least 10 per cent increase in production or 10 per cent decrease in a normal year.

## 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

### ANS: C

**Explanation:** The Market Intervention Scheme (MIS) is similar to MSP, which is implemented on the request of state governments for procurement of perishable and horticultural commodities in the event of fall in market prices.

- The scheme is implemented when there is at least 10 per cent increase in production or 10 per cent decrease in the ruling rates over the previous normal year.
- Proposal of MIS is approved on the specific request of the state/UT governments, if the states/UTs are ready to bear 50 per cent loss (25 per cent in case of North-Eastern states) incurred on its implementation.

Source: TMH Ramesh Singh

## Q.9) "The price at which the government allows off take of food grains from the FCI" is known as?

- a) Minimum support price
- b) Fair Remunerative Prices
- c) Issue price
- d) Both A & B

## ANS: C

**Explanation:** Issue price: The price at which the government allows off take of food grains from the FCI (the price at which the FCI sells its food grains). The FCI has been fetching huge losses in the form of food subsidies.

- The food grains procured are transported to the godowns of the FCI located across the country (counted in the buffer stock).
- From here they head to the sale counters—to the TPDS or Open Market Sale.
- The transportation, godowning, the cost of maintaining the FCI, carriage losses, etc., make the food grains costlier (the additional expenses other than the MSP are known as the 'economic cost of food grains').
- To make the food grains affordable to the consumers, the issue prices for food grains are set lower than the total cost of procurement and distribution— the gap converts into the 'food subsidy'.



## Q.10) Under which of the following department, the price stabilization fund was set up?

- a) Department of economic affairs
- b) Department of Consumer affairs
- c) Department of Agricultural Research And Education
- d) Department of financial services

### ANS: B

**Explanation:** The Price Stabilization Fund (PSF) was set up in 2014-15 under the Department of Agriculture, Cooperation & Famers Welfare (DAC&FW) to help regulate the price volatility of important agri-horticultural commodities like onion, potatoes and pulses were also added subsequently.

- The PSF scheme was transferred from DAC&FW to the Department of Consumer Affairs (DOCA) w.e.f. 1st April, 2016.
- The scheme provides for maintaining a strategic buffer of aforementioned commodities for subsequent calibrated release to moderate price volatility and discourages hoarding and unscrupulous speculation.
- For building such stock, the scheme promotes direct purchase from farmers/farmers' association at farm gate/Mandi.
- The PSF is utilized for granting interest free advance of working capital to Central Agencies, State/UT Governments/Agencies to undertake market intervention operations.
- Apart from domestic procurement from farmers/wholesale mandis, import may also be undertaken with support from the Fund.

**Source:** https://pib.gov.in/newsite/PrintRelease.aspx?relid=160050





## Economy

## Q.1) Consider the following statements regarding Industrial Policy Resolution of 1948:

- 1. It was made clear that India is going to have mixed economic model.
- 2. It classified industries into three types.

## 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

#### ANS: A

**Explanation:** Industrial Policy Resolution of 1948- It defined the broad contours of the policy delineating the role of the State in industrial development both as an entrepreneur and authority.

It made clear that India is going to have a Mixed Economic Model.

It classified industries into four broad areas:

- Strategic Industries (Public Sector): It included three industries in which Central Government had monopoly. These included Arms and ammunition, Atomic energy and Rail transport.
- Basic/Key Industries (Public-cum-Private Sector): 6 industries viz. coal, iron & steel, aircraft manufacturing, ship-building, manufacture of telephone, telegraph & wireless apparatus, and mineral oil were designated as "Key Industries" or "Basic Industries". These industries were to be set-up by the Central Government. However, the existing private sector enterprises were allowed to continue.
- Important Industries (Controlled Private Sector): It included 18 industries including heavy chemicals, sugar, cotton textile & woollen industry, cement, paper, salt, machine tools, fertiliser, rubber, air and sea transport, motor, tractor, electricity etc. These industries continue to remain under private sector however, the central government, in consultation with the state government, had general control over them.
- Other Industries (Private and Cooperative Sector): All other industries which were not included in the above mentioned three categories were left open for the private sector.

The Industries (Development and Regulation) Act was passed in 1951 to implement the Industrial Policy Resolution, 1948.



## Q.2) Consider the following statements regarding provisions of Industrial Policy Resolution, 1956:

- 1. "Schedule A" industries have complete monopoly by centre.
- 2. The provision of compulsory licensing for industries.

## 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

### ANS: C

**Explanation:** The government was encouraged by the impact of the industrial policy of 1948 and it was only after eight years that the new and more crystallized policies were announced for the Indian industries. The new industrial policy of 1956 had the following major provisions.

Reservation of Industries: A clear-cut classification of industries (also known as the Reservation of Industries) was affected with three schedules:

- (i) **Schedule A**: This schedule had 17 industrial areas in which the Centre was given complete monopoly. The industries set up under this provision were known as the Central Public Sector Undertakings (CPSUs) later getting popularity as 'PSUs'. Though the numbers of industries were only 17, the number of PSUs set up by the Government of India went to 254 by 1991.
- (ii) **Schedule B**: There were 12 industrial areas put under this schedule in which the state governments were supposed to take up the initiatives with a more expansive follow up by the private sector. This schedule also carried the provisions of compulsory licensing.
- (iii) **Schedule C**: All industrial areas left out of Schedules A and B were put under this in which the private enterprises had the provisions to set up industries. Many of them had the provisions of licensing and have necessarily to fit into the framework of the social and economic policy of the state and were subject to control and regulation in terms of the Industries Development and Regulation (IDR) Act and other relevant legislations.

One of the most important developments of independent India, the provision of compulsory licensing for industries, was cemented in this policy. All the schedule B industries and a number of schedule C industries came under this provision. This provision established the so-called 'License-Quota-Permit' regime (raj) in the economy.

Source: TMH Ramesh Singh

## Q.3) Consider the following statements regarding National Investment Fund (NIF):

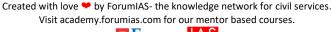
- 1. It was constituted in 2015.
- 2. The corpus of NIF is permanent in nature.
- 3. The disinvestment proceedings of public sector undertaking were channelized into NIF.

### Choose the correct answer from below given codes:

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

### ANS: C

**Explanation:** Government had constituted the National Investment Fund (NIF) in November, 2005 into which the proceeds from disinvestment of Central Public Sector Enterprises were to be channelized.





- The corpus of NIF was to be of a permanent nature and NIF was to be professionally managed to provide sustainable returns to the Government, without depleting the corpus.
- Selected Public Sector Mutual Funds, namely UTI Asset Management Company Ltd., SBI Funds Management Private Ltd. and LIC Mutual Fund Asset Management Company Ltd. were entrusted with the management of the NIF corpus.
- As per this Scheme, 75% of the annual income of the NIF was to be used for financing selected social sector schemes which promote education, health and employment.
- The residual 25% of the annual income of NIF was to be used to meet the capital investment requirements of profitable and revivable PSUs.

Source: <a href="https://dipam.gov.in/national-investment-fund">https://dipam.gov.in/national-investment-fund</a>

## Q.4) Consider the following statements regarding the Micro, Small and Medium Enterprises (MSMEs):

- 1. The enterprises are defined according to the manpower hired.
- 2. Micro enterprises can invest up to 1 crore rupees.

## 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

### ANS: B

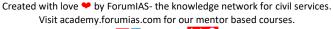
**Explanation:** As per the SMSE Act, 2006 the MSME are classified in two classes — manufacturing and service enterprises—and they are defined in terms of investment in plant & machinery.

The Central Government notifies the following criteria for classification of micro, small and medium enterprises, namely:—

- (i) a micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;
- (iii) a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Source: TMH Ramesh Singh &

https://msme.gov.in/sites/default/files/MSME\_gazette\_of\_india.pdf





# Q.5) Consider the following statements regarding Prime Minister's Employment Generation Programme (PMEGP):

- 1. It is a credit linked subsidy programme.
- 2. It is a central sector scheme being administered by the Ministry of Micro, Small and Medium Enterprises.
- 3. KVIC is the implementing agency at national level.

## Choose the correct answer from below given codes:

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

### ANS: D

**Explanation:** The Government of India approved the introduction of a credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) in 2008 for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas.

- It allows entrepreneurs to set up factories or units.
- It is a central sector scheme being administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME).
- Implementing Agency at the National Level: Khadi and Village Industries Commission (KVIC) a statutory organization under the administrative control of the Ministry of MSME.

Source: TMH Ramesh Singh

## Q.6) At present in which of the following sector/sectors 100% Foreign Direct Investment (FDI) is/are allowed?

- 1. Medical devices
- 2. Insurance
- 3. Pensions

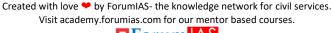
## Choose the correct answer from below given codes:

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

#### ANS: A

**Explanation:** The government said it will allow 100% FDI for medical devices manufacturing in India. All kinds of medical instruments, diagnostic tools and products, any technology and products including clinical implants were included in the category.

- Recently, the Ministry of Finance amended Indian Insurance Companies (Foreign Investment) Rules, 2015 and clarified on the final rules for increased FDI (Foreign Direct Investment) in the Insurance Sector.
- Parliament had passed the Insurance Amendment Bill 2021 to increase the FDI limit in the insurance sector to 74% from 49%.
- The Ministry of Finance has notified 'Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021'.





• The government notified a hike in the foreign direct investment (FDI) limit in pension fund management to 74% from 49% under the national pension system (NPS), opening doors for experienced foreign partners in this space and facilitating more competition in the fledgling segment.

Source: TMH Ramesh Singh

## Q.7) Which of the following is/are parameter/s of Ease of doing Business (EoDB)?

- 1. Sustainable development
- 2. Starting a business
- 3. Paving taxes

## Choose the correct answer from below given codes:

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

### ANS: C

**Explanation:** Doing Business report, an annual publication (since 2004) of the World Bank Group ranks the countries of the world on the basis of their 'regulations that enhance business activity and those that constrain it'.

Popularly known as the 'ease of doing business report', it measures regulations affecting 11 areas of the life of a business:

- Starting a business,
- Dealing with construction permits,
- Getting electricity,
- Registering property,
- Getting credit,
- Protecting minority investors,
- Paying taxes,
- Trading across borders,
- Enforcing contracts,
- Resolving insolvency, and
- Labour market regulation.

Source: TMH Ramesh Singh

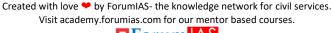
### Q.8) "UDAY - Scheme" is often seen in news is related to which of the following?

- a) Electricity sector
- b) Iron & Steel sector
- c) Coal sector
- d) Agriculture sector

### ANS: A

**Explanation:** Without improving the performance of the electricity distribution companies (DISCOMs) of the state government's efforts towards 100 per cent village electrification, 24x7 power supply and clean energy cannot bear fruit.

Power outages also adversely affect national priorities like 'Make in India' and 'Digital India'.





- In addition, default on bank loans by financially stressed DISCOMs has the potential of seriously impacting the banking sector and the economy at large.
- For financial and operational turnaround of DISCOMs and to ensure a sustainable permanent solution to the problem, the UDAY (Ujwal DISCOM Assurance Yojana) was launched by the GoI, in November 2015.
- The scheme also aims to reduce interest burden of the DISCOMs, cost of power and their AT&C (Aggregate Transmission & Technical) losses.

Source: TMH Ramesh Singh

# Q.9) "HRIDAY and AMRUT" schemes/programmes are often seen in news is related to which of the following?

- a) Urban transformation
- b) Skill development
- c) Manufacturing clusters
- d) Urban agriculture

### ANS: A

**Explanation:** HRIDAY (National Heritage City Development and Augmentation Yojana) aims at preserving and revitalizing the soul and unique character of heritage cities in India.

- In the first phase, it contains 12 cities Ajmer, Amaravati, Amritsar, Badami, Dwarka, Mathura, Puri, Varanasi, Velankanni, Kanchipuram, Gaya and Warangal.
- AMRUT (Atal Mission for Rejuvenation and Urban Transformation) aims at improving basic urban infrastructure in 500 cities/towns which will be known as mission cities/towns.
- This a Centrally Sponsored Scheme (CSS) funded by GoI, States and the local bodies.

Source: TMH Ramesh Singh

## Q.10) Consider the following statements regarding "Hybrid Annuity Model (HAM)":

- 1. It is a mix of Engineering-ProcurementConstruction (EPC) Model and Build-Operate-Transfer Annuity.
- 2. In this model the project cost is shared by the government and the private player in ratio of 50:50.

## 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

### ANS: A

**Explanation:** Hybrid Annuity Model (HAM) is a mix of EPC and BOTANNUITY models.

- In this model the project cost is shared by the government and the private player in ratio of 40:60, respectively.
- The private player is responsible to construct and hand over the roads to the government which will collect toll (if wishes)—maintenance remaining the responsibility of the private player till the annuity period.
- Private Player is paid a fixed sum of economic compensation (called 'annuity', similar to the BOT-ANNUITY model of past) by the government for a fixed tenure (normally 15 years, though it is flexible).
- The private player which demands lowest annuity (in bidding) gets the contract.



## Economy- Revision

## Q.1) Consider the following statements regarding Development Monitoring and Evaluation Office (DMEO):

- 1. It was established in 2001.
- 2. It is an attached office to NITI Aayog.
- 3. It is the apex monitoring and evaluation (M&E) office in the country.

## Choose the correct answer from below given codes:

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

### ANS: C

**Explanation:** The Development Monitoring and Evaluation Office (DMEO) is an attached office of NITI Aayog.

- As the apex monitoring and evaluation (M&E) office in the country, DMEO supports the Government achieve the national development agenda through M&E of government policies and programs.
- Since its inception in 2015, the office aims to support rigorous, data-driven, citizen-centric, and outcomes-driven program management and policymaking.
- DMEO was established by the Government of India on 18th September, 2015 as an attached office of the NITI Aayog by merging the erstwhile Program Evaluation Office and Independent Evaluation Office.
- To ensure that DMEO is able to function independently, it has been given separate budgetary allocations and manpower in addition to complete functional autonomy.
- The Programme Evaluation Organization (PEO) was established by the Government of India in October, 1952 with a specific task of evaluating the community development programmes and other intensive area development schemes which were being funded by the Government of India.
- It worked as a Division of erstwhile Planning Commission and was headed by an Adviser (PEO) who reported to the Member, Planning Commission.
- PEO had 15 field units (7 Regional Evaluation Offices + 8 Project Evaluation Offices) located across the country.
- In an effort to accord more functional autonomy to the programme evaluation mechanism in the country, the Government of India established the Independent Evaluation Office (IEO) in November, 2010.
- The IEO was headed by a Director General, equivalent to a Union Minister of State in rank and status.

**Source:** <a href="https://dmeo.gov.in/content/overview-0">https://dmeo.gov.in/content/overview-0</a>



# Q.2) The government aims to "transforming the development agenda of India" as its objective, which of the following institution is helping to realize this objective?

- a) NITI Aayog
- b) Election Commission
- c) Finance Commission
- d) Inter State Council

#### ANS: A

**Explanation:** The government aims at 'transforming the development agenda of India' with the help of the NITI Aayog and has given a slogan, 'from planning to NITI'.

- India has undergone a paradigm shift over the past six decades—politically, economically, socially, technologically as well as demographically.
- The role of the government in national development has seen a parallel evolution.
- Keeping with these changing times, the government decided to set up the NITI Aayog as a means to better serve the needs and aspirations of the people of India.

**Source:** TMH Ramesh Singh

## Q.3) Consider the following statements regarding "National Food Security Mission":

- 1. It was launched during 12<sup>th</sup> five year plan.
- 2. The crops grown under the scheme are rice, wheat and pulses.

## 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

### ANS: B

**Explanation:** National Development Council (NDC) in its 53rd meeting held on 29th May, 2007 adopted a resolution to launch a Food Security Mission comprising rice, wheat and pulses to increase the annual production of rice by 10 million tonnes, wheat by 8 million tonnes and pulses by 2 million tonnes by the end of the Eleventh Plan (2011-12).

- Accordingly, a Centrally Sponsored Scheme, 'National Food Security Mission' (NFSM), was launched in October 2007.
- The Mission met with an overwhelming success and achieved the targeted additional production of rice, wheat and pulses.
- The Mission continued during 12th Five Year Plan with new targets of additional production of food grains of 25 million tonnes of food grains comprising of 10 million tonnes rice, 8 million tonnes of wheat, 4 million tonnes of pulses and 3 million tonnes of coarse cereals by the end of 12th Five Year Plan.

Source: <a href="https://www.nfsm.gov.in/Default2.aspx">https://www.nfsm.gov.in/Default2.aspx</a>



## Q.4) Which of the following is NOT part of WTO box (Agricultural subsidies)?

- a) Amber box
- b) Red box
- c) Green box
- d) White box

### ANS: D

**Explanation:** The agricultural subsidies, in the WTO terminology have in general been identified by 'boxes' which have been given the colours of the traffic lights —green (means permitted), amber (means slow down, i.e., to be reduced) and red (means forbidden). In the agriculture sector, as usual, things are more complicated.

- The WTO provisions on agriculture have nothing like red box subsidies, although subsidies exceeding the reduction commitment levels are prohibited in the 'amber box'.
- The 'blue box' subsidies are tied to programmes that limit the level of production.
- There is also a provision of some exemptions for the developing countries sometimes called the 'S & D box'.

Source: TMH Ramesh Singh

## Q.5) Consider the following statements regarding mega food park scheme:

- 1. It is based on "Cluster" approach.
- 2. It is implemented by a Special Purpose Vehicle (SPV).

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

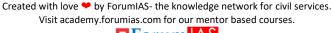
- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

### ANS: C

**Explanation:** The Scheme of Mega Food Park aims at providing a mechanism to link agricultural production to the market by bringing together farmers, processors and retailers so as to ensure maximizing value addition, minimizing wastage, increasing farmer's income and creating employment opportunities particularly in rural sector.

- The Mega Food Park Scheme is based on "Cluster" approach and envisages creation of state of art support infrastructure in a well-defined agri / horticultural zone for setting up of modern food processing units in the industrial plots provided in the park with well-established supply chain.
- Mega food park typically consist of supply chain infrastructure including collection centers, primary processing centers, central processing centers, cold chain and around 25-30 fully developed plots for entrepreneurs to set up food processing units.
- The Mega Food Park project is implemented by a Special Purpose Vehicle (SPV) which is a Body Corporate registered under the Companies Act.
- State Government, State Government entities and Cooperatives are not required to form a separate SPV for implementation of Mega Food Park project.
- Subject to fulfillment of the conditions of the Scheme Guidelines, the funds are released to the SPVs.

**Source:** https://www.mofpi.gov.in/Schemes/mega-food-parks





## Q.6) Who among the following is headed the committee on capital account convertibility?

- a) S. S. Tarapore
- b) Vijay Kelkar
- c) C Rangarajan
- d) Venkata chellaih

### ANS: A

**Explanation:** The Committee on Capital Account Convertibility (CAC) or Tarapore Committee was constituted by the Reserve Bank of India for suggesting a roadmap on full convertibility of Rupee on Capital Account.

- The committee submitted its report in May 1997. The committee observed that there is no clear definition of CAC.
- The CAC as per the standards refers to the freedom to convert the local financial assets into foreign financial assets or vice versa at the market determined rates of exchange.
- The Tarapore committee observed that the Capital controls can be useful in insulating the economy of the country from the volatile capital flows during the transitional periods and also in providing time to the authorities, so that they can pursue discretionary domestic policies to strengthen the initial conditions.

Source: TMH Ramesh Singh

## Q.7) "Global Investment Trends Monitor" report is released by which of the following?

- a) World Economic Forum
- b) Economic Intelligence Unit
- c) UNCTAD
- d) International Finance Corporation

### ANS: C

Explanation: According to the recent Investment Trends Monitor Report issued by the United Nations Conference on Trade and Development (UNCTAD), global Foreign Direct Investment (FDI) collapsed in 2020 by 42% to an estimated USD 859 billion from USD 1.5 trillion in 2019. Such a low level was last seen in the 1990s and is more than 30% below the investment decline that followed the 2008-2009 global financial crises.

Source: TMH Ramesh Singh

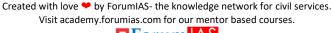
## Q.8) The terms "REER and NEER" are often seen in news related to which of the following?

- a) Exchange rate
- b) Inflation index
- c) Digital currency
- d) Agriculture supply chains

#### ANS: A

**Explanation:** NEER is the weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies.

• Conceptually, the REER, defined as a weighted average of nominal exchange rates adjusted for relative price differential between the domestic and foreign countries, relates to the purchasing power parity (PPP) hypothesis.





• The Reserve Bank of India (RBI) has been constructing five-country and thirty six-country indices of NEER and REER as part of its communication policy and to aid researchers and analysts. Theses indices are published in the Bank's monthly Bulletin.

**Source:** <a href="https://www.rbi.org.in/scripts/BS\_ViewBulletin.aspx?Id=7129">https://www.rbi.org.in/scripts/BS\_ViewBulletin.aspx?Id=7129</a>

## Q.9) "Paris Club" is often seen in news is related to which of the following?

- a) Nuclear suppliers group
- b) Informal group of creditor nations
- c) International climate research scientists group
- d) Arctic council group

### ANS: B

**Explanation:** Paris club refers to an informal group of creditor nations focused on dealing with borrower nations that face difficulty in paying back their loans.

- The origin of the club is traced to a meeting that happened in Paris between officials from Argentina, which had trouble paying back its debt, with a group of lenders in 1956.
- It is similar to the London club, which is a group of commercial bankers formed in 1976 to deal with the financial problems of Zaire, and is focused on providing various forms of debt relief to countries that face financial distress due to their heavy debt load.

Source: <a href="https://www.thehindu.com/opinion/op-ed/what-is-paris-club">https://www.thehindu.com/opinion/op-ed/what-is-paris-club</a>

## Q.10) The "Doha Development Agenda (DDA)" is often seen in news is related to which of the following?

- a) WTO
- b) UNFCCC
- c) UNEP
- d) UNDP

### ANS: A

**Explanation:** The Nairobi Declaration reflects divergence amongst the WTO membership on the relevance of reaffirming the Doha Development Agenda (DDA) as the basis of future negotiations.

- This was despite the fact that India, along with many other developing countries, from groups such as the G-33, LDCs, and the Africa Group, wanted a reaffirmation of the mandate of the Doha Round.
- While reflecting that there are divergences, the Ministerial Declaration also notes the "strong commitment of all Members to advance negotiations on the remaining Doha issues".
- It records that WTO work would maintain development at its centre. It also reaffirms that provisions for special and differential treatment shall remain integral.

