

Corrigendum/Explanation SFG 2024 Level 1 Test 14

There are no changes to the solutions/answers. Some explanations have been provided for the students who have raised doubts.

Q.24) There was a doubt raised with respect to Statement 1 of the Question: “Guarantee of Minimum Support Prices (MSP) for agricultural products.”

Explanation: The minimum support prices are a guaranteed price for certain agricultural products by the Government. Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices. The minimum support prices are announced by the Government of India at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).

<https://pib.gov.in/PressReleaseframePage.aspx?PRID=1896131>

Q.33) There was a doubt raised with respect to Statement 2 of the Question i.e. whether Construction activities comes under Secondary Sector.

Explanation: The secondary sector covers activities in which natural products are changed into other forms. Here, the product is not produced by nature directly but has to be made/processed and therefore some process of manufacturing or processing is involved. Secondary sector activities, therefore, are concerned with **manufacturing, processing and construction industries.**

<https://ncert.nic.in/textbook/pdf/legy105.pdf>

Q.35) There was a doubt raised with respect to Statement 1 of the Question i.e. whether Devaluation of Rupee is a valid action for overcoming a Balance of Payment (BOP) crisis.

Explanation: Devaluation of a currency can help in overcoming a Balance of Payment (BOP) crisis, albeit for a short term. As the devaluation can help boost a country's exports and thus help in increase in inflow of foreign currency. Devaluation thus will help to earn foreign currency and reduce negative Balance of Payment. The devaluation however can be helpful in the short run only in a country like India with high level of imports. And in the long run, devaluation can lead to increase in prices of imports leading to further worsening of BoP. But, the question does not ask for taking action in short run or long run. It only asks whether the given actions can be taken. Thus, in the given context, the option 1 is correct.

Q.50) There was a doubt raised with respect to Statement 3 of the Question: “Currently, informal sector accounts for almost half of the country's GDP”

Explanation: It is true that currently informal sector of India's Economy accounts for almost half of the country's GDP. This fact has been given in numerous authentic sources like Labour Ministry's Report on Informal Sector, and Vikaspedia. Although, a report by SBI says that the informal economy has come down to 15-20% from 52%. But this report has been based on certain assumptions and data which is questioned by many economists. Thus, could not be accepted widely. Thus, the present status as per official records is that the informal sector accounts for almost half of the country's GDP. Hence, the statement is correct.

You can read following articles for clarification:

<https://scroll.in/article/1010042/has-indias-informal-sector-really-shrunk-to-20-of-gdp-as-sbi-claims>

<https://timesofindia.indiatimes.com/blogs/toi-edit-page/think-of-the-90-who-produce-50-of-gdp-budget-should-focus-on-nurturing-human-capital-by-bolstering-key-social-protections-for-informal-sector-workers/>