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Prelims Marathon

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HISTORY
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INDEX

Indian Economy	2
Growth Development & Happiness.....	5
Evolution of Indian Economy & Economic Planning	9
Planning.....	13
Planning in India	17
Planning & NITI Aayog.....	20
Revision	24
Economic Reforms	28

Indian Economy

Economics Discipline & National Income Accounting

Q.1) Consider the following statements:

1. India is the 5th largest economy in the world.
2. India's per capita GDP is more than China.

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: India is the 5th largest economy in the world with the GDP of around 3737 billion US Dollars.

- The International Monetary Fund (IMF) data shows that India is indeed forecast to become the 3rd largest economy by 2027.
- India's per capita GDP is only 2600 dollars per annum. China had a GDP per capita of USD 12,734 in 2022, compared to USD 7,051 a decade earlier.

Source: FORUMIAS

Q.2) Who among the following wrote "Invisible Hand" concept?

- a) David Ricardo
- b) Adam Smith
- c) John Marshall
- d) John Nash

ANS: B

Explanation: Scottish Enlightenment thinker Adam Smith introduced the "Invisible Hand" concept in several of his writings, such as the economic interpretation in his book "An Inquiry Into the Nature and Causes of the Wealth of Nations" (often shortened to just "The Wealth of Nations") published in 1776 and an earlier work, "The Theory of Moral Sentiments," published in 1759.

Source: FORUMIAS

Q.3) Which type of distribution network "takes the sole responsibility of supplying goods and services required by the population with no payments being done by the consumer"?

- a) Market based distribution network
- b) State-Market mix based distribution network
- c) State Based distribution network
- d) None

ANS: C

Explanation: In the arena of distribution network, we have three historically existing models—state, market and state-market mix.

In the first type of distribution system, the state (i.e., the government) takes the sole responsibility of supplying goods and services required by the population with no payments being done by the consumer—the former Soviet Union and Communist China being the best examples.

Source: FORUMIAS

Q.4) Which of the following reforms shaped the Indian economy after independence?

1. Setting up of planning commission
2. Green revolution
3. Nationalization of banks

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Key Decisions which shaped Indian Economy:

- Setting Up Of Planning Commission - Inspired by the centralised planning of the USSR, Prime Minister Nehru set up a Planning Commission in 1950 which formulated the five-year plans.
- The Green Revolution - To help increase the yield of Indian agriculture and make India a food surplus country in the 1960s, Union Government led by Prime Minister Lal Bahadur Shastri tasked MS Swaminathan to revolutionise India's agriculture sector.
- Operation Flood - Dr Verghese Kurien spearheaded Operation Flood in the 1970s which results increased milk production from 21 million tonnes in 1971 to 80.6 million tonnes in 2001.
- Nationalization Of Banks - Prime Minister Indira Gandhi announced the nationalization of 14 banks on July 19, 1969 to expand the banking sector to rural areas.

Source: FORUMIAS

Q.5) The terms "glasnost and perestroika" are related to which of the following?

- a) USA
- b) USSR
- c) China
- d) India

ANS: B

Explanation: The efforts towards market socialism in the Soviet Union, fuelled by the lofty ideals of 'glasnost' (openness) and 'perestroika' (restructuring), resulted in the very disintegration of the nation state.

Source: Ramesh Singh

Q.6) The famous "open door policy" was associated with which of the following country?

- a) India
- b) Russia
- c) Vietnam
- d) China

ANS: D

Explanation: Oscar Lange (1904–65), the Polish philosopher, who in 1950s suggested the same things for the socialist economy as Keynes had suggested for the capitalist economy.

- In 1985, China announced its 'open door policy', the first experiment in 'market socialism'—Lange had the last laugh.
- Other state economies, though caught unprepared, followed the Chinese experiment towards market socialism.

Source: Ramesh Singh

Q.7) Which of the following roles played by the state/government in an economy?

1. Regulator
2. Producer of private goods and services
3. Producer of public goods and services

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: If we look back into the economic history of the world, we see three possible roles for the state/government in an economy:

- As a regulator of the economic system.
- As a producer and/or supplier of 'private goods and services'.
- As a producer and/or supplier of 'public goods' or 'social goods'.

Source: Ramesh Singh

Q.8) Consider the following statements regarding "Fiscal Health of the States":

1. States spend 60% of combined government expenditure.
2. Around 40% in Government borrowing is shared by the states of India.

Which of the statements given above is/are not correct?

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

ANS: D

Explanation: State mobilizes more than One-third of total revenue; spend 60% of combined government expenditure.

- Around 40% in Government borrowing is shared by the states of India. At the Union level, the fiscal deficit declined from 9.1% of GDP in 2020-21 to 5.9% in 2023-24.
- All State fiscal deficits declined to 3.24% of GDP in 2022-23 from 4.1% of GDP in 2020-21. For the major States, fiscal deficit is expected to be at 2.9% of GDP in 2023-24.

Source: FORUMIAS

Q.9) In which year Fiscal Responsibility and Budget Management (FRBM) Act was enacted?

- a) 2001
- b) 2003
- c) 2005
- d) 2007

ANS: B

Explanation: The Fiscal Responsibility and Budget Management (FRBM) Act was enacted in 2003.

It led to the framing of FRBM Rules in 2004 that sets targets for the Central government to ensure fiscal discipline.

Source: FORUMIAS

Q.10) The “National Statistical Office (NSO)” which releases the economic growth rate comes under which ministry?

- a) Finance
- b) Home
- c) Statistics and Programme Implementation
- d) Personnel

ANS: C

Explanation: The National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MoSPI) releases the economic growth data.

Source: FORUMIAS

Growth Development & Happiness

Q.1) Consider the following statements regarding “Consumer Price Index (CPI)”:

- 1. It is used to measure inflation.
- 2. It is compiled and published by department of economic affairs.

Which of the statements given above is/are not correct?

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

ANS: B

Explanation: Consumer Price Index (CPI) - CPI is a comprehensive measure used for estimation of price changes in a basket of goods and services representative of consumption expenditure in an economy.

- Inflation is measured using CPI. The percentage change in this index over a period of time gives the amount of inflation over that specific period.
- The National Statistical Office (NSO) under Ministry of Statistics and Programme Implementation (MoSPI) releases Consumer Price Index (CPI) in India with the base year 2012.

Source: FORUMIAS

Q.2) The famous economists “Mahbub ul Haq and Inge Kaul” are related to which of the following?

- a) Multidimensional poverty index
- b) Human development index
- c) Income inequality index
- d) Gender parity index

ANS: B

Explanation: The dilemma of measuring the developmental level of economies was solved once the United Nations Development Programme (UNDP) published its first Human Development Report (HDR) in 1990.

- The report had a human development index (HDI) which was the first attempt to define and measure the level of development of economies.
- The ‘index’ was a product of select team of leading scholars, development practitioners and members of the Human Development Report office of the UNDP.

- The first such team which developed the HDI was led by Mahbub ul Haq and Inge Kaul. The term 'human development' is a corollary of 'development' in the index.

Source: Ramesh Singh

Q.3) Which of the following indicators is/are covered under "human development index"?

1. Climate change
2. Biodiversity conservation
3. Standard of living

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: A

Explanation: The HDR measures development by combining three indicators—Health, Education and Standard of Living—converted into a composite human development index, the HDI.

Source: Ramesh Singh

Q.4) The famous "Barro and Lee methodology" is related to which of the following?

- a) Circular economy
- b) Educational attainment
- c) Purchasing power
- d) Environmental conservation

ANS: B

Explanation: The Barro-Lee Educational Attainment Dataset uses a variety of methodologies to estimate educational attainment for countries around the world.

Mean of years of schooling (for adults aged 25 years): This is estimated based on educational attainment data from censuses and surveys available in the UNESCO Institute for Statistics database and Barro and Lee (2010) methodology.

Source: Ramesh Singh

Q.5) Which of the following factors impact the living conditions of a human?

1. cultural aspects of the economy
2. outlook towards aesthetics and purity of the environment
3. ethical dimension of human life

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Basically, the HDI could be considered as one possible way of measuring development which was evolved by the concerned group of experts with the maximum degree of consensus.

But the index which calculates the development of economies on certain parameters might be overlooking many other important factors, which affect the development of an economy and standard of living.

As per experts, such other determinants affecting our living conditions might be:

- (i) cultural aspects of the economy,
- (ii) outlook towards aesthetics and purity of the environment,
- (iii) aspects related to the rule and administration in the economy,
- (iv) people's idea of happiness and prestige,
- (v) ethical dimension of human life, etc.

Source: Ramesh Singh

Q.6) Which of the following is not a parameter of "Gross National Happiness" index?

- a) Good governance
- b) Per capita income
- c) Environmental protection
- d) Educational attainment

ANS: D

Explanation: Gross National Happiness: Bhutan, a small Himalayan kingdom and an economic non-entity, developed a new concept of assessing development in the early 1970s—the Gross National Happiness (GNH). Without rejecting the idea of human development propounded by UNDP, the kingdom has been officially following the targets set by the GNH.

Bhutan has been following the GNH since 1972 which has the following parameters to attain happiness/development:

- (i) Higher real per capita income
- (ii) Good governance
- (iii) Environmental protection
- (iv) Cultural promotion (i.e., inculcation of ethical and spiritual values in life without which, it says, progress may become a curse rather than a blessing)

Source: Ramesh Singh

Q.7) Which of the following releases the "World Happiness Report" annually?

- a) UNEP
- b) World Economic forum
- c) Sustainable Development Solution Network
- d) World Bank

ANS: C

Explanation: The United Nations Sustainable Development Solutions Network (UN SDSN) publishes the World Happiness Report annually.

The report is a partnership between the UN SDSN, Gallup, the Oxford Wellbeing Research Centre, and the World Happiness Report's Editorial Board.

Source: FORUMIAS

Q.8) Which of the following is/are parameters of “World Happiness Report”?

1. Social support
2. Generosity
3. Environmental conservation

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The World Happiness Report released by the Sustainable Development Solution Network (UN body).

The report measures happiness and well-being of the nations to help guide public policy on the basis of the following six parameters:

1. GDP per capita (at PPP)
2. Social support (someone to count on)
3. Healthy life expectancy at birth
4. Freedom to make life choices
5. Generosity
6. Perception of corruption

Source: Ramesh Singh

Q.9) Consider the following statements:

1. The debt-to-GDP ratio is the ratio of a country's public debt to its gross domestic product.
2. Revenue deficit is the indication of the total borrowings made by the government as expenditure is more than revenue.

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: The debt-to-GDP ratio is the ratio of a country's public debt to its gross domestic product.

- As per International Monetary Fund, India's debt ratio projected to be 84% of its GDP in 2022.
- Fiscal deficit is the indication of the total borrowings made by the government as expenditure is more than revenue.
- The fiscal deficit stands at 6.4% of GDP; India aims to keep the same fiscal deficit in 2023.

Source: FORUMIAS

Q.10) The “Global Gender Gap Index” is often seen in news released by?

- a) UNDP
- b) World Bank
- c) World Economic Forum
- d) International labor organization

ANS: C

Explanation: The Global Gender Gap Index was first introduced by the World Economic Forum in 2006 to benchmark progress towards gender parity across four dimensions: economic opportunities, education, health and political leadership.

Source: FORUMIAS

Evolution of Indian Economy & Economic Planning

Q.1) After independence, which of the following sector was the prime moving force of the economy?

- a) Agriculture
- b) Industry
- c) Services sector
- d) Quaternary sector

ANS: B

Explanation: The political leadership selected industry as the leading force of the economy after Independence—this was already decided by the dominant group of the nationalist leaders way back in the mid-1930s when they felt the need for economic planning in India before setting up the National Planning Committee in 1938.

Source: Ramesh Singh

Q.2) Which of the following challenges faced by Indian economy at the time of Independence?

- 1. High presence of infrastructure
- 2. Absence of research & development
- 3. Availability of investible capital

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: A

Explanation: Given the available resource base it seems an illogical decision as India lacked all those pre-requisites which could suggest the declaration of industry as its prime mover:

- (i) Almost no presence of infrastructure sector, i.e., power, transportation and communication.
- (ii) Negligible presence of the infrastructure industries, i.e., iron and steel, cement, coal, crude oil, oil refining and electricity.
- (iii) Lack of investible capital—either by the government or the private sector.
- (iv) Absence of required technology to support the process of industrialization and no research and development.

Source: Ramesh Singh

Q.3) In which plan, government was announced agriculture was the prime moving force?

- a) seventh plan
- b) Eighth plan
- c) Ninth plan
- d) Tenth plan

ANS: D

Explanation: A major shift took place in the Indian economic thinking when the government announced in 2002 that from now onwards, in place of industry, agriculture will be the prime moving force of the economy.

This was a policy shift of historic importance which was announced by the highest economic think tank of the country—the Planning commission—as the economy commenced the Tenth Plan (2002–07).

Source: Ramesh Singh

Q.4) Which of the following challenges will be solved by shifting the prime moving force from industry to agriculture?

1. Food security
2. Poverty alleviation
3. Market failure

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: As per the Planning Commission such a policy shift (prime moving force from industry to agriculture) will solve the three major challenges faced by the economy:

- (i) Economy will be able to achieve food security with the increase in agricultural production. Besides, the agricultural surplus will generate exports in the globalizing world economy benefiting out of the WTO regime.
- (ii) The challenge of poverty alleviation will be solved to a great extent as the emphasis will make agriculture a higher income-generating occupation and induce growth in the rural economy by generating more gainful employment.
- (iii) The situation of India as an example of 'market failure' will cease.

Source: Ramesh Singh

Q.5) Which of the following reforms are needed by agriculture sector in India?

1. A national level Agri – market
2. Curtailment of corporate investment in the farm sector
3. Farm mechanization

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: Any one sector in which the governments at the Centre and states have been facing the biggest hurdles has been the farm sector. The major reform needs and the hurdles being faced may be summed up in the following points:

- (i) A national agri-market is the need of the hour, but there lacks a political will among the majority of states to put in place a right kind of Agricultural Produce Market Committees.
- (ii) The need of promoting corporate investment in the farm sector is hurdled by the lack of an effective and transparent land acquisition law.
- (iii) Labour reforms needs fine-tuning to promote industrial farming, which is hurdled by a long tradition of complex kind of labour laws of the country.
- (iv) Farm mechanization is hindered by the lack of investment in industries.

- (v) Research and development needs huge investment from the private sector, but there lacks a conducive atmosphere for it.

Source: Ramesh Singh

Q.6) Which of the following was/were reasons for Indian economy to choose planned economy at the time of independence?

1. The Great Depression of 1929
2. The progressiveness of Command Economies
3. To neutralize market failure situations

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: India's decision for a planned economy was also molded by some contemporary experiences in the world.

- Firstly, the Great Depression of 1929 and the reconstruction challenges after the Second World War had made experts to conclude in favor of a state intervention in the economy (opposite to the contemporary idea of 'non-interference' as proposed by Adam Smith).
- Secondly, it was the same time that the command economies (i.e., state economies) of the Soviet Union and the East European countries started making news about their faster economic growth. In the 1950s and 1960s, the dominant view among policymakers around the world was in favor of an active role of the state in the economy.
- Thirdly, a dominant role for the state in the economy to neutralize market failure situations (as happened during the period of the Great Depression when demand fell down to the lowest levels) was gaining ground around the world.

Source: Ramesh Singh

Q.7) Which of the following changes took place in Indian economy in last one decade?

1. Co-operative federalism
2. Top - to - bottom approach
3. Holistic and inclusive development

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: By early 2015, we saw some major changes taking place in the area of planning in India.

- The Government replaced the existing body, Planning Commission, with the NITI Aayog (a new economic 'Think Tank'), with the aim of 'overhauling' the very process and method of planning in the country.
- This move is believed to originate out of India's experiences of development planning spanning over six decades.

- Co-operative federalism, bottom-up approach, holistic and inclusive development with the need of an Indian model of development is some of the hallmarks of the new design.
- The move is also seen in light of the changed needs of the economy.

Source: Ramesh Singh

Q.8) Which of the following is/are core industries in India?

1. Nuclear reactors
2. Crude oil
3. Refinery products

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The eight core industries in India are: electricity, steel, refinery products, crude oil, coal, cement, natural gas, and fertilizers.

- These industries are considered to be the core sectors of the Indian economy because they have a significant impact on the general and industrial economy.
- They also have a major impact on most other industries.

Source: FORUMIAS

Q.9) In which of the following year the National Planning Committee was set up?

- a) 1929
- b) 1932
- c) 1938
- d) 1944

ANS: C

Explanation: A large number of economists and experts have agreed that perhaps the best definition is given by H. D. Dickinson, according to whom, economic planning is, “the making of major economic decisions— what and how much is to be produced and to whom it is to be allocated by the conscious decision of a determinate authority, on the basis of a comprehensive survey of the economic system as a whole.”

- It was the National Planning Committee, set up in 1938 by the Indian National Congress which, for the first time, tried to define planning (in 1940, though, its final report was published in 1949) in India.
- It could be considered the broadest possible definition of planning: “Planning, under a democratic system, may be defined as the technical coordination, by disinterested experts of consumption, production, investment, trade, and income distribution, in accordance with social objectives set by bodies’ representative of the nation.
- Such planning is not only to be considered from the point of view of economics, and rising of the standard of living, but must include cultural and spiritual values, and the human side of life.”

Source: Ramesh Singh

Q.10) Which of the following countries are planned economies?

1. India
2. France
3. Poland

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Many countries announced that they will be planned economies, yet some others didn't go for any such policy announcements.

The Soviet Union, Poland, China, France, and India are examples of the former category while the USA, Canada, Mexico fall in the latter category.

Source: Ramesh Singh

Planning

Q.1) Which of the following is/are correctly matched?

- | | | |
|-------------------------------|---|--------------------------|
| 1. Tennessee Valley Authority | : | United States of America |
| 2. Damodar Valley Corporation | : | India |
| 3. Volta River Project | : | Germany |

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

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.
- The US experience of regional planning became such a success in realizing 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: Ramesh Singh

Q.2) Which revolution paved the way for formation of national planning?

- a) French revolution
- b) American revolution
- c) Chinese revolution
- d) Bolshevik Revolution

ANS: D

Explanation: The official experiment in the area of national planning is rooted in the Bolshevik Revolution of Russia (1917)—the Soviet Union.

Dissatisfied with the pace of industrialization, it was in 1928 that Joseph Stalin announced its policy of central planning for the Soviet Union.

Source: Ramesh Singh

Q.3) The famous “Gosplan” was associated with which of the following?

- a) USA
- b) USSR
- c) UK
- d) France

ANS: B

Explanation: The famous Soviet slogan “great leap forward” was initiated for rapid industrialisation through the introduction of economic planning at the national level.

The nature and scope of Soviet planning (called the Gosplan) will have its direct or indirect bearings on all those countries which went for economic planning, be state or capitalist or mixed economies.

Source: Ramesh Singh

Q.4) Which of the following countries follows the imperative planning?

- 1. China
- 2. Russia
- 3. United States of America

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The planning process followed by the state economies (i.e., the socialist or communist) is known as the imperative planning.

- Such planning had two main variants. In the socialist system, all economic decisions were centralised in the hands of the state with collective ownership of resources (except labour).
- In the communist system (i.e., China of the past) all resources were to be owned and utilised by the state (including labour). Thus, communist China was the purest example of such planning.
- In the case of the Soviet Union a little bit of ‘market’ did exist—even after the collectivization of agriculture was enacted by Stalin in 1928 only 94 per cent of Soviet peasants could be included in the process.

Source: Ramesh Singh

Q.5) Which of the following is/are features of imperative planning?

1. Numerical targets of growth and development are set by the plan.
2. No state control over the ownership rights of resources.
3. Clear price mechanism with all economic decisions.

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: A

Explanation: Basic features of imperative planning are as under:

- (i) Numerical (i.e., quantitative) targets of growth and development are set by the plan. As for example, five lakh tonnes of steel, two lakh tonnes of cement, 10,000 kms of national highways, 5,000 primary schools, etc., will be produced/built in the coming 5 or 6 years.
- (ii) As the state controls the ownership rights over the resources, it is very much possible to realize the above-cited planned targets.
- (iii) Almost no role for the market, no price mechanism with all economic decisions to be taken in the centralized way by the state/government.
- (iv) No private participation in the economy, only the state plays the economic role.

Source: Ramesh Singh

Q.6) Who among the following coined the concept of “market socialism”?

- a) Oskar Lange
- b) David Ricardo
- c) J M Keynes
- d) Adam Smith

ANS: A

Explanation: Oskar Lange, the famous Polish economist, who after returning home to serve as the Chairman of the Polish State Economic Council (as India has the Planning Commission) suggested and coined the concept of ‘market socialism’ in the 1950s.

Source: Ramesh Singh

Q.7) Which of the following is/are features of “indicative planning”?

1. Every economy following the indicative planning were mixed economies.
2. Economic policies of indicative nature are announced by the economies to realize the plan numerical/quantitative targets.
3. It works through the market price system.

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: The identifying features of indicative planning may be summed up as under:

- (i) Every economy following the indicative planning were mixed economies.

- (ii) Unlike a centrally planned economy (countries following imperative planning) indicative planning works through the market (price system) rather than replaces it.
- (iii) Side by side setting numerical/quantitative targets (similar to the practice in the imperative planning) a set of economic policies of indicative nature is also announced by the economies to realize the plan targets.
- (iv) the indicative nature of economic policies, which are announced in such planning, basically encourage or discourage the private sector in its process of economic decision making.

Source: Ramesh Singh

Q.8) The famous six year “Monnet Plan” associated with which of the following country?

- a) Germany
- b) Poland
- c) Hungary
- d) France

ANS: D

Explanation: After converting to a mixed economy by the mid-1940s, France commenced its first six year plan in 1947, which got popularity as the Monnet Plan (he was the first chairman of the General Planning Commission and the then Cabinet Minister for planning in France).

Later, Monnet Plan became synonymous with indicative planning.

Source: Ramesh Singh

Q.9) Which type of planning gives less emphasis upon the social and institutional dimensions is known as?

- a) Imperative planning
- b) Indicative planning
- c) Systems planning
- d) Regional planning

ANS: C

Explanation: The type of planning which gives less emphasis upon the social and institutional dimensions is known as systems planning.

In such planning, the planners just search for the best possible results in relation to the established goals giving less importance to issues like caste, creed, religion, region, language, marriage, family, etc.

Source: Ramesh Singh

Q.10) The famous “Bhadra wildlife sanctuary” is often seen in news located at?

- a) Tamil Nadu
- b) Andhra Pradesh
- c) Kerala
- d) Karnataka

ANS: D

Explanation: Bhadra Wildlife Sanctuary is a protected area and tiger reserve as part of the Project Tiger, situated in Chikkamagaluru district, 23 km south of Bhadravathi city, 38 km 20 km from Tarikere town, northwest of Chikkamagaluru and 283 km from Bengaluru city in Karnataka state, India.

Source: FORUMIAS

Planning in India

Q.1) The famous “Planned Economy of India” book was written by?

- a) N.R. Sarkar
- b) M.G. Ranade
- c) Dadabhai Naroji
- d) M. Visvesvaraya

ANS: D

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.

Source: Ramesh Singh

Q.2) Whose plan was titled as “A Plan of Economic Development for India”?

- a) FICCI plan
- b) Congress Plan
- c) Bombay Plan
- d) Visvesvaraya plan

ANS: C

Explanation: The Bombay Plan was the popular title of ‘A Plan of Economic Development for India’, which was prepared by a cross-section of India’s leading capitalists.

Source: Ramesh Singh

Q.3) Which of the following was/were part of “Bombay plan”?

1. M.G. Ranade
2. Ramesh Sarkar
3. B R Ambedkar

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: D

Explanation: The Bombay Plan was the popular title of ‘A Plan of Economic Development for India’, which was prepared by a cross-section of India’s leading capitalists.

The eight capitalists involved in this plan were Purshotamdas Thakurdas, J.R.D. Tata, G.D. Birla, Lala Sri Ram, Kasturbhai Lalbhai, A.D. Shroff, Avdeshir Dalal and John Mathai.

Source: Ramesh Singh

Q.4) Consider the following statements regarding “Gandhian plan”:

1. It was formulated by Sardar Vallabhai Patel.
2. It articulated a centralized economic structure for India.

Which of the statements given above is/are not 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 Gaudhian 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 village-level 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: Ramesh Singh

Q.5) Consider the following statements regarding “peoples plan”:

1. It was formulated by Jayaprakash Narayan.
2. It was based on Marxist socialism.

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: In 1945, yet another plan was formulated by the radical humanist leader M.N. Roy, Chairman of the Post-War Reconstruction Committee of Indian Trade Union.

The plan was based on Marxist socialism and advocated the need of providing the people with the ‘basic necessities of life’.

Source: Ramesh Singh

Q.6) Which of the following was/were ideas of “Sarvodaya Plan”?

1. Less emphasis on agriculture
2. Encouraging foreign capital
3. Land reforms

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: A

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 decentralized participatory form of planning and economic progress, to name the major ones.

Source: Ramesh Singh

Q.7) Which of the following is not an objective of planning commission?

- a) Employment generation
- b) Poverty alleviation
- c) Economic growth
- d) Fiscal consolidation

ANS: D

Explanation: A broad consensus looks evolving through the process of planning and crystallizing on the six major objectives of planning in India which are as follows:

1. Economic growth
2. Poverty alleviation
3. Employment generation
4. Controlling economic inequality
5. Self reliance
6. Modernization

Source: Ramesh Singh

Q.8) Which of the following statements was/were correct about “planning commission”?

1. It is an extra constitutional body.
2. It is an advisory body to government of India.
3. It is a think tank on economic development with the Prime Minister as its ex-officio Chairman.

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Thus, in March 1950 the Planning Commission (PC) was set up by the government by a Cabinet Resolution (without resorting to legislation). Important details regarding the composition, legal status, etc., of the PC were as under:

- (i) An extra-constitutional (i.e., non-constitutional) and non-statutory body (though planning originates from the Constitution there is no reference to the PC in it).
- (ii) An advisory body to the Government of India on an array of issues of economic development.
- (iii) A ‘think tank’ on economic development with the Prime Minister as its ex-officio Chairman and with the provision or a Deputy Chairman. The main function of the Deputy Chairman was to co-ordinate the work of the Commission.

Source: Ramesh Singh

Q.9) In which year planning commission was abolished?

- a) 1999
- b) 2008
- c) 2015
- d) 2020

ANS: C

Explanation: On January 1, 2015, the government formally abolished the PC by replacing it with the newly created body—the NITI Aayog.

Source: Ramesh Singh

Q.10) Which of the following plans were launched by central government after independence?

- 1. Five year plans
- 2. Twenty point programme
- 3. Member of Parliament Local Area Development Scheme

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: The Plans which are formulated by the Central Government and financed by it for the implementation at the national level are known as Central Plans.

- Over the years, the Centre has launched three such plans and the governments have maintained continuity in their implementation.
- The three central plans are: A. Five-Year Plans, B. Twenty-Point Programme, and C. Member of Parliament Local Area Development Scheme.

Source: Ramesh Singh

Planning & NITI Aayog

Q.1) Consider the following statements regarding five year plans in India:

- 1. There are no plan holidays between first and final five year plans.
- 2. First five year plan accorded the highest priority to industry.

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 period of the three consecutive Annual Plans was 1966–69. Though the Fourth Plan was ready for implementation in 1966, the weak financial situation as well as the low morale after the defeat by China, the government decided to go for an Annual Plan for 1966–67.

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.

Source: Ramesh Singh

Q.2) Which of the following plan was prepared by “Professor Mahalanobis”?

- a) First five year plan
- b) Second five year plan
- c) Third five year plan
- d) Fifth five year plan

ANS: B

Explanation: 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.

Source: Ramesh Singh

Q.3) In which plan period India fought two wars with the neighbor countries?

- a) First five year plan
- b) Second five year plan
- c) Third five year plan
- d) Fifth five year plan

ANS: C

Explanation: Third Plan: The Plan period was 1961–65. The Plan specifically incorporated the development of agriculture 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: Ramesh Singh

Q.4) Which of the following plan was based on the “Gadgil strategy”?

- a) First five year plan
- b) Second five year plan
- c) Third five year plan
- d) Fourth five year plan

ANS: D

Explanation: Fourth Plan: The Plan period was 1969–74. The Plan was based on the Gadgil strategy with special focus to the ideas of growth with stability and progress towards self-reliance.

Droughts and the Indo-Pak War of 1971–72 led the economy to capital diversions creating financial crunch for the Plan.

Source: Ramesh Singh

Q.5) The first move to “nationalization” was taken place during which plan?

- a) Third five year plan
- b) Fourth five year plan
- c) Fifth five year plan
- d) Sixth five year plan

ANS: B

Explanation: Fourth Plan: The Plan period was 1969–74. The Plan was based on the Gadgil strategy with special focus to the ideas of growth with stability and progress towards self-reliance.

- Droughts and the Indo-Pak War of 1971–72 led the economy to capital diversions creating financial crunch for the Plan.
- The politicization of planning started from this plan, which took serious ‘populist’ design in the coming plans.
- Frequent double-digit inflations, unreigned increase in the fiscal deficits, subsidy-induced higher non-plan expenditures and the first move in the direction of ‘nationalization’ and greater control and regulation of the economy were some of the salient features of this plan, which continued unchanged till the early 1990s.

Source: Ramesh Singh

Q.6) During which plan the government of India was launched the famous “Twenty-point Programme”?

- a) Third five year plan
- b) Fourth five year plan
- c) Fifth five year plan
- d) Sixth five year plan

ANS: C

Explanation: The Fifth Plan (1974–79) has its focus on poverty alleviation and self-reliance.

The popular rhetoric of poverty alleviation was sensationalized by the government to the extent of launching a fresh plan, i.e., the Twenty-point Programme (1975) with a marginal importance being given to the objective of ‘growth with stability’ (one of the major objectives of the Fourth Plan).

Source: Ramesh Singh

Q.7) During which plan period, government hand over a new function to the Reserve Bank of India to stabilize the inflation?

- a) Fifth five year plan
- b) Sixth five year plan
- c) Seventh five year plan
- d) Eighth five year plan

ANS: A

Explanation: The planning process got more politicised. The havocs of hyper-inflation led the government (5th plan) to hand over a new function to the Reserve Bank of India to stabilise the inflation (the function which the RBI carries forward even today).

- A judicious price wage policy was started to check the menace of inflation on the wage-earners.
- This Plan saw an increase in the socioeconomic and regional disparities despite the many institutional, financial and other measures which were initiated by the government to attend to them.

Source: Ramesh Singh

Q.8) Consider the following statements:

1. Fifth plan was completed its full term without disruptions.
2. The rolling plan was launched by Janata government.

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 Janata Government did cut-short the Fifth Plan by a year ahead of its terminal year, i.e., by the fiscal 1977–78, in place of the decided 1978–79.

A fresh Plan, the Sixth Plan for the period 1978–83 was launched by the new government which called it the 'Rolling Plan'.

Source: Ramesh Singh

Q.9) Which of the following plan was launched with the slogan of 'Garibi Hatao' (alleviate poverty)?

- a) Fifth five year plan
- b) Sixth five year plan
- c) Seventh five year plan
- d) Eighth five year plan

ANS: B

Explanation: Sixth Plan: This Plan (1980–85) was launched with the slogan of 'Garibi Hatao' (alleviate poverty).

Already, a programme (the TPP) was tested and tried by the same government in the Fifth Plan which tried to improve the standard of living of the poor masses with the 'direct approach' (the idea of poverty alleviation, but such a slogan of 'Garibi Hatao' was not given to the programme).

Source: Ramesh Singh

Q.10) Which of the following issues/initiatives was/were addressed during sixth plan?

1. Socio economic infrastructure in rural areas.
2. Eliminating rural poverty and reducing regional disparities.
3. Target group approach initiated.

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Some of the major issues addressed by the sixth plan were—emphasis on socioeconomic infrastructure in rural areas;

- Eliminating rural poverty and reducing regional disparities through the IRDP (1979);

- 'Target group' approach initiated; a number of national level programmes and schemes were launched during the plan, which tried to attend to the specific areas and the specific concerns of socio-economic development.

Source: Ramesh Singh

Revision

Q.1) Which of the following schemes were launched during sixth five year plan?

1. National Rural Employment Programme
2. Biogas Programme
3. Pradhan Mantri Employment Generation Programme

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: A number of national level programmes and schemes were launched during the plan, which tried to attend to the specific areas and the specific concerns of socio-economic development (this is the 'target group' approach):

- (i) National Rural Employment Programme (NREP)—1980
- (ii) Restructured Twenty-Point Programme—1982
- (iii) Biogas Programme—1982
- (iv) Development of Women and Children in Rural Areas (DWERA)—1983
- (v) Rural Landless Employment Guarantee Programme (RLEGP)—1983
- (vi) Self-Employment to Educated Unemployed Youth Programme (SEEUP)—1983
- (vii) Dairy Development Programme (DDP)—1983

Source: Ramesh Singh

Q.2) In which of the following years are annual plans were implemented?

- a) 1963 - 64
- b) 1971 - 72
- c) 1982 - 83
- d) 1990 - 92

ANS: D

Explanation: The Eighth Plan (whose term would have been 1990-95) could not take off due to the 'fast-changing political situation at the Centre'.

- The new government, which assumed power at the centre in June 1991, decided to commence the Eighth Plan for the period 1992-97 and that the fiscals 1990-91 and 1991-92 should be treated as two separate Annual Plans.
- The two consecutive Annual Plans (1990-92) were formulated within the framework of the approach to the Eighth Plan (1990-95) with the basic thrust on maximization of employment and social transformation.

Source: Ramesh Singh

Q.3) Which of the following problems were faced by Indian economy during eighth plan?

1. Higher fiscal deficit
2. Sustainable rate of inflation
3. Worsening of balance of payments

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The Eighth Plan (1992–97) was launched in a typically new economic environment. The economic reforms were already started (in July 1991) with the initiation of the structural adjustment and macro-stabilisation policies necessitated by the worsening balance of payments, higher fiscal deficit and unsustainable rate of inflation

Source: Ramesh Singh

Q.4) Which of the following plan set the “monitorable targets” for the first time?

- a) Fifth five year plan
- b) Sixth five year plan
- c) Seventh five year plan
- d) Tenth five year plan

ANS: D

Explanation: For the first time the tenth Plan went to set the ‘monitorable targets’ for eleven select indicators of development for the Centre as well as for the states.

Source: Ramesh Singh

Q.5) Consider the following statements regarding “eleventh plan”:

1. The plan targets a growth rate of 8 per cent.
2. The plan emphasizes the idea of inclusive growth.

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: Eleventh Plan: The Plan targets a growth rate of 10 per cent and emphasizes the idea of ‘inclusive growth’.

In the approach paper, the Planning Commission shows its concerns regarding realizing the growth targets on account of the compulsions towards the Fiscal Responsibility and Budget Management Act.

Source: Ramesh Singh

Q.6) Consider the following statements regarding “Twenty Point Programme (TPP)”:

1. It was launched after the 1992 economic reforms.
2. It was conceived for coordinated and intensive monitoring of a number of schemes implemented by the Central and the state governments.

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 Twenty Point Programme (TPP) is the second Central Plan which was launched in July 1975.

- The programme was conceived for coordinated and intensive monitoring of a number of schemes implemented by the Central and the state governments.
- The basic objective was of improving the quality of life of the people, especially of those living below the poverty line.

Source: Ramesh Singh

Q.7) Consider the following statements regarding “Member of Parliament Local Area Development Scheme (MPLADS)”:

1. It was launched after subprime lending crisis.
2. In April 2011 the corpus was enhanced to Rs. 5crores from 2crores.

Which of the statements given above is/are not correct?

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

ANS: A

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. 5lakh given to each MP which was increased to Rs. 1crore in the year 1994–95.
- When the MPs did put a demand to increase the sum to Rs. 5crore in 1997–98, finally the government enhanced it to Rs. 2crore since 1998–99.
- In April 2011 the corpus was enhanced to Rs. 5crore while announcing the new guidelines for the scheme.

Source: Ramesh Singh

Q.8) Which five year plan has the theme of “Sustainable and more inclusive growth”?

- a) Ninth plan
- b) Tenth plan
- c) Eleventh plan
- d) Twelfth plan

ANS: D

Explanation: The Twelfth Plan (2012–17) has set twenty-five monitorable targets in seven broad areas reflecting its (India’s) ‘vision of rapid, sustainable and more inclusive growth’.

Source: Ramesh Singh

Q.9) Which of the following factors influence the household savings?

1. Income
2. Interest rate
3. Tax rate

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Factors influencing Household Savings:

- Income- High-income households usually allocate more income to savings than consumption. Because they cannot fulfill the most desirable items, low-income households consume more than they save.
- Interest rate- High real interest rates make savings more attractive. The high nominal interest rate will be useless if inflation is also high. When it is lower than the inflation rate, the actual returns cannot offset the decline in the purchasing power of money. Hence, households are reluctant to save.
- Future income expectation- Households increase consumption rather than saving when they are optimistic about their future income. It commonly occurs during economic expansion.
- Wealth-Increased asset value encourages households to consume more. As the assets value rise, households find reaching their wealth accumulation target without saving more.
- Tax-Higher personal taxes reduce disposable income thus decreasing money allocation for consumption & saving.

Source: Ramesh Singh

Q.10) The famous "Gorumara National Park" is recently seen in news related to?

- a) West Bengal
- b) Tamil Nadu
- c) Assam
- d) Uttar Pradesh

ANS: A

Explanation: Gorumara National Park is a national park in northern West Bengal, India.

- Located in the Dooars region of the Himalayan foothills, it is a medium-sized park with grasslands and forests.
- Gorumara National Park was established in 1992. It is primarily known for its population of Indian rhinoceros.

Source: FORUMIAS

Economic Reforms

Q.1) The famous “principles of laissez-faire system” related to which of the following?

- a) Command economies
- b) Free market economies
- c) Closed economies
- d) Mixed economies

ANS: B

Explanation: Till the rise of the Soviet Union, the prevalent development strategy in the Euro-American countries was the capitalist system of economy, which promoted the principles of laissez-faire (free market system) and dominant role for private capital in the economy.

Source: Ramesh Singh

Q.2) The term “import substitution” primarily associated with which of the following?

- a) Planned economies
- b) Free market economies
- c) Mixed economies
- d) Both A & B

ANS: A

Explanation: Once the Soviet Union went for the planning model (Later the East European countries and finally China in 1949) most of the developing countries after their independence were influenced by socialism and the governments there took a central role in planned development.

- As these economies were dominated by foreign colonizers, they worried that opening the economy to foreign investment would lead to a new form of domination, the domination by large multinationals.
- That is why most of these countries went for ‘protectionist’ economic policy with import substitution as one method, side by side.

Source: Ramesh Singh

Q.3) Which type of economic reform policy followed by “East Asian Economies”?

- a) Mixed economy
- b) Washington consensus
- c) State controlled economy
- d) Both A & B

ANS: A

Explanation: The East Asian economies had promoted a development strategy, which had its most distinctive feature as the balance they were able to strike between the role of the state/government and the market/the private sector in their economies.

- This was really a new kind of mixed economy, which was never permanently inclined towards either state intervention or the free market, but always a balanced mix of the state and the market according to the requirement of the socio-economic situation of the economy.
- The East Asian countries had pursued market-oriented policies that encouraged development of the private sector—augmenting and governing the market, not replacing it.

Source: Ramesh Singh

Q.4) Which of the following war has led the India to “balance of payments” crisis?

- a) Arab – Israel 1948 war
- b) First Gulf war
- c) Second Gulf war
- d) Balkan wars

ANS: B

Explanation: The whole Seventh Plan (1985–90) promoted further relaxation of market regulations with heavy external borrowings to increase exports (as the thrust of the policy reform).

- Though the thrust increased the growth rate led by higher industrial growth (riding on costly imports supported by foreign borrowings, which the industries would not be able to pay back and service), it also led to a substantial increase in foreign indebtedness that played a major role in the BoP crisis of 1991.
- The crisis was immediate by the First Gulf War (1991) which had two-pronged negative impact on the Indian foreign exchange (forex) reserves.
- First, the war led the oil prices to go upward forcing India to use its forex reserves in comparatively shorter period and second, the private remittances from Indians working in the Gulf region fell down fast (due to their emergency evacuation)—both the crises were induced by a single cause, i.e., the Gulf War.

Source: Ramesh Singh

Q.5) The “Extended Fund Facility (EFF)” programme of the IMF addresses which of the following?

- a) Hyper Inflation
- b) Balance of Payments crisis
- c) Climate mitigation funding
- d) Human capital development

ANS: B

Explanation: Under the Extended Fund Facility (EFF) programme of the IMF, countries get external currency support from the fund to mitigate their Balance of Payments crisis (BoP crisis), but such supports have some obligatory conditionality's put on the economy to be fulfilled.

Source: Ramesh Singh

Q.6) Which of the following is not part of economic reforms?

- a) Liberalization
- b) Privatization
- c) Globalization
- d) Climatization

ANS: D

Explanation: The process of reforms in India has to be completed via three other processes namely, liberalization, privatization and globalization, known popularly by their short-form, the LPG.

Source: Ramesh Singh

Q.7) Which of the following is/are trademark traits of “liberalism”?

1. Collectivism
2. Democratic system
3. Liberty

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The term liberalization has the same connotation in economics as its root word liberalism.

- Pro-market or pro-capitalistic inclination in the economic policies of an economy is the process of liberalization.
- We see it taking place in the whole Euro-America in the 1970s and particularly in the 1980s.
- The most suitable example of this process could be China of the mid-1980s when it announced its ‘open door policy’.
- Though China lacks (even today) some trademark traits of liberalism, as for example, individualism, liberty, democratic system, etc., still China was called a liberalizing economy.

Source: Ramesh Singh

Q.8) The famous “Uruguay Round negotiations” related to which of the following?

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

ANS: C

Explanation: The concept of Globalization was popularized by the Organization of Economic Cooperation and Development (OECD) in the mid-1980s again after the Wars.

- In its earlier deliberatization, the organization had defined globalization in a very narrow and business-like sense—‘any cross-border investment by an OECD company outside its country of origin for its benefit is globalization’.
- After this summit of the OECD, proposals for replacing the GATT by the WTO were pushed by the developed economies of the world, better known as the starting of the Uruguay Round of GATT deliberations which ends in Marrakesh (1994) with the birth of WTO.

Source: Ramesh Singh

Q.9) “It is defined as excess of total budget expenditure over total budget receipts excluding borrowings during a fiscal year” – describes which of the following?

- a) Fiscal deficit
- b) Revenue deficit
- c) Primary deficit
- d) Effective revenue deficit

ANS: A

Explanation: Fiscal deficit is defined as excess of total budget expenditure over total budget receipts excluding borrowings during a fiscal year.

Source: Ramesh Singh

Q.10) Which of the following is/are benefits of “Goods and Services Tax”?

1. Single indirect tax regulatory framework for businesses
2. Reduction of cascading effect of taxes
3. Digitization of compliances

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Highlights of the GST regime:

- Single indirect tax regulatory framework for businesses
- GST eliminated the cascading effect of taxes and reduced manufacturing costs.
- Reduction of cascading effect of taxes
- Digitization of compliances
- Considerable increase in average revenue per month.

Source: Ramesh Singh