

Prelims Refresher Programme: Day 33 (Test-10)

QUESTION 1:

With reference to Atal Bimit Vyakti Kalyan Yojana (ABVKY), consider the following statements:

1. It has been launched by the Employee Provident Fund Organisation.
2. It has a provision for cash relief for short term unemployed persons who are in search of new employment.

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

Answer: B

Explanation

- The Employee State Insurance Corporation (ESIC) has launched 'ATAL BIMIT VYAKTI KALYAN YOJNA' (ABVKY) for Insured Persons covered under the Employees' State Insurance Act, 1948. **Hence, statement 1 is not correct.**
- In case of short term unemployment, the short term unemployed persons, in course of searching for new engagement, will get a cash relief payable directly to his/ her bank account. The cash benefit given to the unemployed persons searching for new employment will be 25 percent of his average earning of 90 days. **Hence, statement 2 is correct.**

QUESTION 2:

Which of the following organizations releases Human Capital Index (HCI)?

- (A) World Bank
(B) IMF
(C) World Economic Forum
(D) UNDP

Answer: A

Explanation

- **The World Bank releases the Human Capital Index (HCI)** as part of the World Development Report.
- Broader theme of the World Development Report (WDR) 2019 is "The Changing Nature of Work". **Hence, option A is correct.**
- The HCI has been prepared for 157 countries. It claims to seek to measure the amount of human capital that a child born today can expect to attain by age 18.
- The HCI has **three components**:
 - Survival, as measured by under-5 mortality rates;
 - Expected years of Quality-Adjusted School which combines information on the quantity and quality of education, and
 - Health environment using two proxies of (a) adult survival rates and (b) the rate of stunting for children under age 5.
- The key observations regarding HCI for India in the Report are as under:
- A child born in India today will be only 44 per cent as productive when she grows up as she could be if she enjoyed complete education and full health.
- The HCI in India for females is marginally better than that for males.
- There has been marked improvement in the HCI components in India over the last five years.

QUESTION 3:

With reference to Pradhan Mantri Yuva Yojana, consider the following statements:

1. This scheme has been launched to provide entrepreneurship based education and training.
2. Massive Open Online Courses (MOOCs) have been given high priority under PM Yuva Yojana to promote skill training.

Which of the statements given above are correct?

- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2 only
- (D) Neither 1 nor 2

Answer: C

Explanation

- Pradhan Mantri YUVA Yojana is MSDE's (Ministry of Skill Development and Entrepreneurship) flagship scheme on entrepreneurship education and training.
- The scheme spans over five years (2016-17 to 2020-21) with a project cost of ₹499.94 crore, and will provide entrepreneurship education and training to over 7 lakh students in 5 years through 3050 Institutes. **Hence, statement 1 is correct.**
- National Institute for Entrepreneurship and Small Business Development (NIESBUD) and Institute of Entrepreneurship (IIE), after becoming a part of MSDE, have focused on mentorship of budding entrepreneurs across the country.
- The institutes under the PM's YUVA Yojana include 2200 Institutes of Higher Learning (colleges, universities, and premier institutes), 300 schools, 500 ITIs and 50 Entrepreneurship Development Centres, through Massive Open Online Courses (MOOCs). **Hence, statement 2 is correct.**
- Under the scheme, the Sector Skill Councils (SSCs) will work closely with the local authorities and industries towards job aggregation. Those who perform well will be incentivised while those who do not perform well will have to exit.
- The scheme will motivate first generation entrepreneurs to improve and excel in their entrepreneurial pursuits and inspire those who are a part of the country's entrepreneurship ecosystem to excel even further.

QUESTION 4:

With reference to the PM-AASHA scheme, consider the following statements:

1. It is an umbrella scheme with Pilot of Private Procurement & Stockist Scheme (PPPS) as one of its components.
2. The physical procurement of pulses and Copra will be done by NAFED and Food Corporation of India (FCI) with the help of State governments.
3. Under this scheme farmer families having cultivable land upto 2 hectares will be provided direct income support of ₹6000 per year.

Which of the statements given above are correct?

- (A) 1 and 2 only
- (B) 2 and 3 only
- (C) 1, 2 and 3
- (D) 1 and 3 only

Answer: A

Explanation

- The Union government has initiated a new Umbrella Scheme 'Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA).
- PM-AASHA scheme has the following components:
 - Price Support Scheme (PSS),
 - Price Deficiency Payment Scheme (PDPS)
 - Pilot of Private Procurement & Stockist Scheme (PPPS). **Hence, statement 1 is correct.**
- In the **Price Support Scheme (PSS)** physical procurement of pulses, oilseeds and Copra will be done by Central Nodal Agencies with the proactive role of State governments. It is also decided that in addition to NAFED, the Food Corporation of India (FCI) will take up PSS operations in states /districts. The procurement expenditure and losses due to procurement will be borne by Central Government as per norms. **Hence, statement 2 is correct.**
- Under **Price Deficiency Payment Scheme (PDPS)** it is proposed to cover all oilseeds for which MSP is notified. In this direct payment of the difference between the MSP and the selling price will be made to pre-registered farmers selling his produce in the notified market yard.
- Under Pradhan Mantri Kisan Samman Nidhi (PM- KISAN) scheme, **all farmer families will be provided direct income support at the rate of ₹6,000 per year.** This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal instalments of ₹2,000 each. **Hence, statement 3 is not correct.**

QUESTION 5:

With reference to 'Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India' (SHAKTI), consider the following statements:

1. It replaced the earlier discretion based system of granting coal linkages.
2. It will help in access to affordable power through discounts on tariffs.

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

Answer: C

Explanation

- Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India' (SHAKTI) is of the Ministry of Coal. It ensures coal linkage to power producers based on an auction or tariff-based bidding.
- Before SHAKTI, power plants were dependent on either e-auction coal at exorbitant premiums above notified prices or imported coal from Indonesia, whose prices have shot up in recent months due to rising demand and constrained supply across the globe.
- It will replace the earlier discretion based system of granting coal linkages, which will help in achieving accountability in the allocation of coal. **Hence, statement 1 is correct.**
- It has ensured access to coal for several stressed plants thereby also helping the banking sector and overall economy.
- After the implementation of the scheme and commencement of supply under newly signed Fuel Supply Agreements (FSAs), power plants have drastically reduced their dependence on costlier sources of coal, leading to savings in fuel costs.
- It will also help in providing affordable power through transparent bidding on the basis of discount on tariffs. **Hence, statement 2 is correct.**
- It will boost the 24x7 Affordable 'Power for All' vision of Government.

QUESTION 6:

Which of the following statements is/are correct regarding the Deen Dayal SPARSH Yojana?

1. It has been launched by the Ministry of Communication.
2. It is a pan India scholarship program for school children.
3. It aims to increase the reach of Philately as a hobby among students.

Select the correct answer using the code given below:

- (A) 1, 2 and 3
(B) 2 and 3 only
(C) 3 only
(D) None of the above

Answer: A

Explanation

- The Deen Dayal SPARSH Yojana has been launched by the Ministry of Communication. 'SPARSH' here stands for Scholarship for Promotion of Aptitude & Research in Stamps as a Hobby. **Hence, statement 1 is correct.**
- It is a pan India scholarship program for school children. Under this scheme, an annual scholarship of ₹6000 is to be given to students of Standard VI to IX having good academic record and also pursuing Philately as a hobby. **Hence, statement 2 is correct.**
- It aims to increase the reach of Philately as a hobby among students. **Hence, statement 3 is correct.**
- Philately is the hobby of collection and study of Postage stamps. It also entails the collection, appreciation and research activities on stamps and other related philatelic products.

QUESTION 7:

Consider the following statements with reference to Annapurna Scheme:

1. It is being implemented by the Ministry of Social Justice and Empowerment.
2. Its target group is senior citizens only.

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

Answer: B

Explanation

- The Annapurna Scheme is being implemented by the Ministry of Rural Development. **Hence, statement 1 is not correct.**
- Under Annapurna Scheme, food grains are provided through State Governments/ Union Territory (UT) Administrations to indigent senior citizens of 65 years of age or above who are not getting old-age pension under the National Old Age Pension Scheme(NOAPS). **Hence, statement 2 is correct.**
- Foodgrains are provided at 10 kg per person per month free of cost to the beneficiaries.

QUESTION 8:

Consider the following statements:

1. Under the Promotion of Bulk Drug Parks scheme, the Central government aims to develop Bulk Drug parks in collaboration with States.

2. The Indian pharmaceutical industry is significantly dependent on the import of basic raw materials from China.
3. Raw materials used in the pharmaceutical industry are called Active Pharmaceutical Ingredients (API).

Which of the statements given above is/are correct?

- (A) 1 and 2 only
(B) 2 and 3 only
(C) 3 only
(D) 1, 2 and 3

Answer: A

Explanation

- Under the Promotion of Bulk Drug Parks scheme, the Central government aims to develop 3 mega Bulk Drug parks in collaboration with States. **Hence, statement 1 is correct.**
- The Indian pharmaceutical industry is significantly dependent on the import of basic raw materials. India's Active Pharmaceutical Ingredients (API) imports stand at around \$3.5 billion per year, and around 70%, or \$2.5 billion, come from China. **Hence, statement 2 is correct.**
- Raw material refers to chemical compounds that are used as a base to make an API. While APIs are any substance or combination of substances used in a finished pharmaceutical product (FPP), intended to furnish pharmacological activity. **Hence, statement 3 is incorrect.**

QUESTION 9:

With reference to the 'PM Garib Kalyan Yojana', consider the following statements:

1. Insurance cover of ₹50 lakh per health worker fighting COVID-19 will be provided.
2. Only people covered under the National Food Security Act to get 5 kg wheat or rice free for the next three months.
3. Wages under the MGNREGA have been doubled.

Which of the statements given above is/are correct?

- (A) 2 only
(B) 1 and 2 only
(C) 1 and 3 only
(D) 2 and 3 only

Answer: B

Explanation

- Under the PM Gareeb Kalyan Yojana, insurance cover of ₹50 lakh per health worker fighting COVID-19 will be provided for the next three months. **Hence, statement 1 is correct.**
- Each person who is covered under the National Food Security Act would get an additional 5 kg wheat or rice for free, in addition to the 5 kg of subsidised foodgrain already provided through the Public Distribution System (PDS). **Hence, statement 2 is correct.**
- Wages have been hiked from ₹182 to ₹202 a day under the Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) Act scheme. **Hence, statement 3 is not correct.**

QUESTION 10:

With reference to the Eklavya Model Residential Schools, consider the following statements:

1. These are funded by the United Nations Educational, Scientific and Cultural Organisation.
2. They focus on the primary education of the children belonging to Scheduled Castes and Schedule Tribes.

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

Answer: C

Explanation

- **Eklavya Model Residential Schools (EMRS)** started in the year 1997-98 to impart quality education to ST children in remote areas. The schools focus not only on academic education but on the all-round development of the students.
- The Eklavya Model Residential Schools (EMRS) are funded by the **Ministry of Tribal Affairs**. Hence, **statement 1 is not correct**.
- The objective of EMRS is to provide quality middle and high level education to Scheduled Tribe (ST) students in remote areas, not only to enable them to avail of reservation in high and professional educational courses and as jobs in government and public and private sectors but also to have access to the best opportunities in education at par with the non-ST population.
- EMRS focuses on the quality middle and high school education of children belonging to Schedule Tribes (STs) only. Hence, **statement 2 is not correct**.

QUESTION 11:

Consider the following statements:

1. The sale or purchase of government securities (g-secs) by RBI to adjust liquidity in the market is called Open market operations.
2. Liquidity Adjustment Facility is a monetary tool devised by the Reserve Bank of India to stabilise liquidity.

Which of the above given statements is/are correct?

- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2
- (D) Neither 1 nor 2

Answer: C

Explanation

- Open market operations are conducted by the RBI. They involve sale or purchase of government securities (g-secs) to adjust money supply in the market.
- When RBI sells g-secs in the market, it wants to suck liquidity from the market. On the other hand, when RBI purchases g-secs from the market, it wants to introduce money supply in the market. Hence, **statement 1 is correct**.
- LAF or Liquidity Adjustment Facility is a monetary tool devised by the Reserve Bank of India to adjust or stabilise the liquidity in the market. The repo (Repurchasing Option) and the reverse repo (Reverse Repurchasing Option) operations are the two major components of LAF.
- This tool helps the commercial banks to borrow excess money from RBI by selling their excess government securities in case of urgent requirements and park their money safely with RBI in case of low demand in the market. Therefore it stabilises the liquidity in the market. Hence, **statement 2 is correct**.

QUESTION 12:

With reference to Tax Inversion, consider the following statements:

1. It is an illegal method of tax avoidance by a firm.
2. The countries with low tax regimes are known as the 'tax havens'.

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

Answer: B

Explanation

TAX INVERSION

- This is a situation of tax structure which takes place when a firm bases its headquarters in a low tax country while keeping its material operations in the high tax countries (generally their country of origin).
- This way, firms cut their tax payment liabilities. This is a **legal method of tax avoidance**. Hence, **statement 1 is not correct**.
- U.S. corporations are more likely to relocate due to high U.S. income taxes. This relocation can also be seen as an act of tax avoidance.
- Multinational corporations (MNCs) keep doing this— several MNCs of the US-origin shifted their headquarters to the UK, during the 1970s and 1980s.
- The countries in the world which **have very low tax regimes** for corporations have emerged as a very attractive location for the headquarters of big corporations. Bermuda, Virgin Islands, etc. are such countries (popularly known as the 'tax havens'). Hence, **statement 2 is correct**.

QUESTION 13:

Consider the following statements regarding Sovereign Gold Bond Scheme:

1. Sovereign Gold Bonds are issued by Reserve Bank India on behalf of the Government of India.
2. These Bonds are not counted towards the Statutory Liquidity Ratio of banks.
3. Only Resident Indian entities including Individuals, Hindu undivided families, Trusts, Universities and Charitable Institutions can buy these bonds.

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

- (A) 1 and 2 only
(B) 2 only
(C) 1 and 3 only
(D) 2 and 3 only

Answer: B

Explanation

- Sovereign Gold Bonds (SGBs) are government securities denominated in grams of gold. They are substitutes for holding physical gold. Under SGBs investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity. The Bond is issued by the Reserve Bank on behalf of the Government of India. Hence, **statement 1 is correct**.
- The Bonds will be sold through banks, Stock Holding Corporation of India Limited (SHCIL), designated post offices, and recognised stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

The features of the Bond are given below:

- **Eligibility:** The Bonds will be restricted for sale to resident entities including individuals, Hindu undivided families (HUFs), Trusts, Universities and Charitable Institutions. **Hence, statement 3 is correct.**
- **Denomination:** The Bonds will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram.
- **Tenor:** The tenor of the Bond will be for a period of 8 years with exit option in 5th, 6th year and 7th year to be exercised on the interest payment dates.
- **Minimum size:** Minimum permissible investment will be 1 gram of gold.
- **Maximum limit:** The maximum limit of subscribed shall be 4 KG for individuals, 4 Kg for HUF and 20 Kg for Trusts.
- **Payment option:** Payment for the Bonds will be through cash payment (up to a maximum of `20,000) or demand draft or cheque or electronic banking.
- **Tradability:** Bonds will be tradable on stock exchanges within a fortnight of the issuance on a date, as notified by the RBI.
- **SLR eligibility:** Bonds acquired by the banks through the process of invoking lien/hypothecation/pledge alone, shall be counted towards Statutory Liquidity Ratio. **Hence, statement 2 is not correct.**

QUESTION 14:

Consider the following statements:

1. Veblen goods have an upward-sloping demand curve.
2. Veblen goods are generally inferior products.

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

Answer: A

Explanation

Veblen Effect

- It is named after the American economist Torstein Bunde Veblen (1857–1929), this is a theory of consumption which suggests that consumers may have an ‘upward-sloping demand curve’ as opposed to a ‘downward- sloping demand curve’. **Hence, statement 1 is correct.**
- This is because they practice conspicuous consumption (a downward– sloping demand curve means that the quantity demanded varies inversely to the price i.e. demand falls with price rise).
- Concept: It suggests that quantity demanded of a particular good varies directly with a change in price (i.e., as price increases, demand increases).

Veblen Good

- A veblen good is a good for which demand increases as the price increases, because of its exclusive nature and appeal as a status symbol.
- A Veblen good has an upward-sloping demand curve, which runs counter to the typical downward-sloping curve.
- However, a Veblen good is generally a high-quality, coveted product, in contrast to a Giffen good, which is an inferior product that does not have easily available substitutes. **Hence, statement 2 is not correct.**

QUESTION 15:

Which of the following is/are correct with reference to 'Legal Tender'?

1. It can be issued by the monetary authority or the Government and cannot be refused by any person in payment of transaction.
2. In India, coins function as limited legal tender.

Select the correct answer using the code given below:

- (A) 1 only
(B) 2 only
(C) Both 1 and 2
(D) Neither 1 nor 2

Answer: C

Explanation

- Money issued by the monetary authority or the Government which cannot be refused by any person in payment of transaction is called Legal Tender. **Hence, statement 1 is correct.**
- It is the money that is recognised by the law of the land, as valid for payment of debt. It must be accepted for discharge of debt. The RBI Act of 1934, which gives the central bank the sole right to issue bank notes, states that 'Every bank note shall be legal tender at any place in India in payment for the amount expressed therein'.
- Legal tender can be limited or unlimited in character. In India, **coins function as limited legal tender.** Therefore, 50 paise coins can be offered as legal tender for dues up to ₹10. **Hence, statement 2 is correct.**
- Currency notes are unlimited legal tender and can be offered as payment for dues of any size.
- **Note:** Government can put reasonable restriction on the unlimited nature of currency notes. e.g. in the budget 2017, the Finance Bill section 269ST prohibits cash transaction of ₹2 lakh and above.

QUESTION 16:

Operation Namaste, recently seen in the news, is related to?

- (A) Indian army's anti-COVID-19 campaign
(B) India-China joint agreement on medical devices import
(C) India's help mission sent to Italy
(D) Airlifting of Indians from foreign nations

Answer: A

Explanation

- Operation Namaste is Indian army's anti-COVID-19 campaign to help the government in its fight against the pandemic. **Hence, option A is correct.**

QUESTION 17:

The terms 'Arr-Rinam', 'Motor', 'Arrue' associated with tribal communities of Arunachal Pradesh refer to which of the following?

- (A) Indigenous method of rice cultivation
(B) Harvest festivals
(C) Religious practices in sacred groves
(D) Quarantine rituals

Answer: D

Explanation

- The terms 'Arr-Rinam', 'Motor', 'Arrue' refer to the quarantine rituals performed by the tribal communities of Arunachal Pradesh.
- The Galos perform the Arr-Rinam ritual. The Adi community performs the motor or pator system and the Nyishi community observes Arrue. **Hence, option D is correct.**

QUESTION 18:

MACS 4028, recently seen in the news, is a?

- (A) Fighter jet imported from Russia
- (B) Rover for Chandrayaan-II
- (C) Biofortified durum wheat variety
- (D) COVID-19 testing kit

Answer: C

Explanation

- MACS 4028 is a biofortified durum wheat variety developed by the scientists from the Agharkar Research Institute (ARI), Pune. The variety shows high protein content of about 14.7%, better nutritional quality having zinc 40.3 ppm and iron content of 40.3 ppm and 46.1 ppm respectively, good milling quality and overall acceptability. **Hence, option C is correct.**

QUESTION 19:

With reference to "superhydrophobic coating", which of the following statements are correct?

1. The superhydrophobic coating is a nanoscopic surface layer.
2. Adding a superhydrophobic coating makes a surface water repellent.
3. Lotus leaf has a superhydrophobic coating.

Select the correct answer from the codes given below:

- (A) 1 only
- (B) 1 and 2 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer : D

Explanation

Superhydrophobic Surfaces

- The term **hydrophobicity** is derived from two greek words that are hydro (water) and phobos (fear). It is the ability to repel water.
- Superhydrophobic coating is a nanoscopic surface layer that repels water. **Hence, statement 1 is correct.**
- Adding a superhydrophobic coating makes a **surface liquid and water repellent**, easy to clean, and boosts its anti-icing performance (ability to delay the formation of ice for a certain period of time) **Hence, statement 2 is correct.**
- Super-hydrophobic coatings are also found in nature; they appear on plant leaves, such as the Lotus leaf, and some insect wings.
- Apart from steel the coating can be done on other metallic surfaces, such as aluminum, copper, brass. The coatings have also been developed for glass, cloth, paper and wood.
- Developing an antimicrobial superhydrophobic coating for biomedical applications is also being worked on.

- Without this, the coating tends to easily peel off due to smoothness of steel.
- The spin coating was found to be more advantageous and cost-effective compared to immersion coating and spray coating.
 - Spin coating dried quickly and the thickness of the coat could be controlled easily
- Super-hydrophobic coatings are also found in nature; they appear on plant leaves, such as the **Lotus leaf**, and some insect wings. **Hence, statement 3 is correct.**
- A team from the Indian Institute of Technology (Indian School of Mines), Dhanbad, and Ohio State University has created a superhydrophobic coating to save steel from rusting.
- The coating was made from polyurethane and silicon dioxide nanoparticles.

QUESTION 20:

With reference to the DIKSHA Portal, consider the following statements:

1. It was launched by the Ministry of Human Resource Development (MHRD).
2. The portal can be integrated into initiatives of government organisations only.
3. It examines and certifies learners registered with it upto pre degree level courses.

Which of the statements given above is/are correct?

- (A) 1 only
- (B) 2 and 3 only
- (C) 1 and 3 only
- (D) 1,2 and 3

Answer: A

Explanation

- **Digital Infrastructure for Knowledge Sharing (DIKSHA) Portal** was launched by the Ministry of Human Resource Development (MHRD). **Hence, statement 1 is correct.**
- States, **government bodies and even private organisations**, can integrate DIKSHA into their respective teacher initiatives. **Hence, statement 2 is not correct.**
- It provides a digital platform to teachers giving them an opportunity to learn and train themselves and connect with the teacher community. It **does not examine and certify learners registered** with it upto pre degree level courses. **Hence, statement 3 is not correct.**

QUESTION 21:

Regarding 'total liabilities of the Central Government', consider the following statements:

1. These liabilities include both Public Debt and Public Account Liabilities.
2. Total liabilities of the Central Government as a ratio of GDP has been consistently declining after enactment of FRBM Act, 2003.

Which of the statements given above is/are correct?

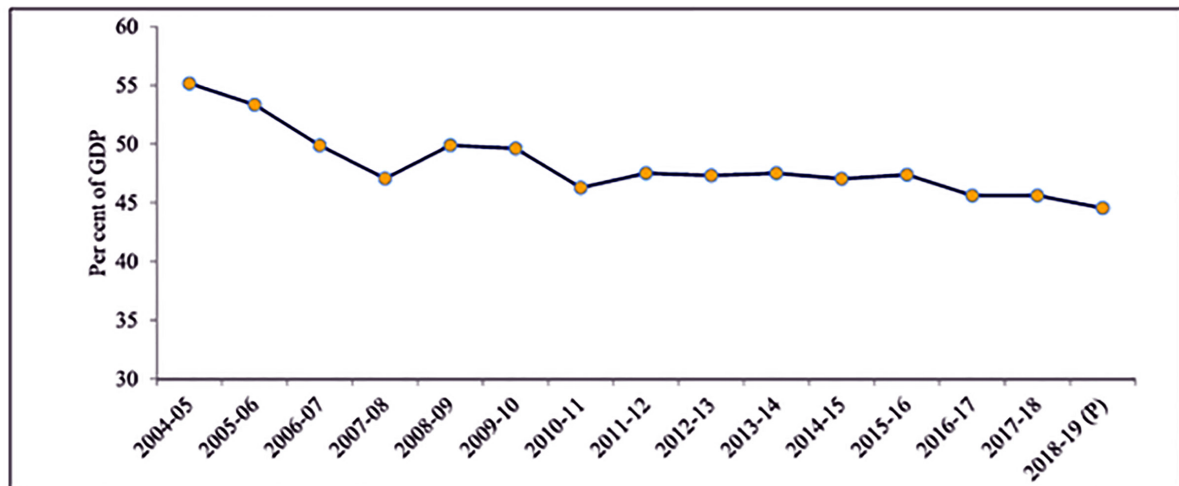
- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2
- (D) Neither 1 nor 2

Answer: C

Explanation

- Total liabilities of the Central Government include Public Debt as well as Public Account Liabilities. **Hence, statement 1 is correct.**

- Public account is debt contracted against the Consolidated Fund of India. It includes Internal and External Debt incurred by the Central Government.
 - Public Account Liabilities account for flows for those transactions where the government is merely acting as a banker. For example, **provident funds, small savings** etc. These funds do not belong to the government. They have to be paid back at some time to their rightful owners.
 - Total liabilities of the Central Government as a ratio of GDP (also referred as debt to GDP ratio) has been consistently declining after enactment of FRBM Act, 2003.
 - This is an outcome of both fiscal consolidation efforts as well as relatively high GDP growth.
- Hence, statement 2 is correct.



Source: Various issues of Status Paper on Government Debt; P: Provisional

Fig: Trends in Centre's Debt-GDP ratio.

QUESTION 22:

Consider the following statements with reference to National Mission on Quantum Technologies and Applications:

1. The mission will be implemented by the Emerging Technologies Division of the Ministry of Electronics and Information Technology.
2. The focus will be on fundamental science, technology development, innovations and start-ups to address issues concerning national priorities.
3. Quantum principles will be used for engineering solutions to extremely complex problems.

Which of the statements given above are correct?


- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: C

Explanation

- The government of India in its budget 2020 has announced a National Mission on Quantum Technologies & Applications (**NM-QTA**) with a total budget outlay of ₹8000 Crore for a period of five years to be **implemented by the Department of Science & Technology (DST)**. Hence, statement 1 is not correct.
- The **areas of focus** for the Mission will be in fundamental science, translation, technology development, human and infrastructural resource generation, innovation and start-ups to address issues concerning national priorities. Hence, statement 2 is correct.


- **Quantum principles** will be used for engineering **solutions to extremely complex problems** in computing, communications, sensing, chemistry, cryptography, imaging and mechanics. **Hence, statement 3 is correct.**
- Some other features of the mission are mentioned in the infographic below.




केन्द्रीय बजट
UNION BUDGET 2020

Budget 2020 announced Rs 8,000 crore over the next 5-yrs in the National Mission on Quantum technology and its applications

- The areas of focus for the NM-QTA Mission will be in fundamental science, translation, technology development and towards addressing issues concerning national priorities
- The mission can help prepare next generation skilled manpower, boost translational research and also encourage entrepreneurship and start-up ecosystem development.
- Quantum principles will be used for engineering solutions to extremely complex problems in computing, communications, sensing, chemistry, cryptography, imaging and mechanics





- Their applications which will be boosted include those in aero-space engineering, numerical weather predictions, simulations, securing the communications & financial transactions, cyber security, advanced manufacturing, health, agriculture, education
- It can bring India in the list of few countries with an edge in this emerging field will have a greater advantage in garnering multifold economic growth and dominant leadership role

IndiaDST
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QUESTION 23:

The government intervention in a free and competitive market is necessarily required to:

1. Provide public good
2. Encourage innovation
3. Distribute wealth equitably
4. Prevent abuse of monopoly power
5. Use resources efficiently

Select the correct answer using the code given below:

- (A) 1, 2 and 5 only
- (B) 1, 3 and 4 only
- (C) 1, 2, 3 and 4 only
- (D) 1, 2, 3, 4 and 5

Answer: B

Explanation

- Competitive markets are effective in allocating resources in an economy.
- However, governments play a crucial role by intervening in situations where “market failures” are acute.
 - “Market failures” – a situation where markets may not work very well in allocating resources.

- A free and competitive market has the following strengths and weaknesses.



- Competitive markets **may not necessarily provide a public good, distribute wealth equitably, and prevent abuse of monopoly power.** Thus, government interventions are required.
- But the market can encourage innovation and use resources efficiently on its own and government intervention may not be needed. **Hence, option B is correct.**

QUESTION 24:

Consider the following pairs:

Act

1. Monopolies and Restrictive Trade Practices Act (MRTP), 1969
2. Foreign Exchange Regulation Act (FERA), 1973
3. Sick Industrial Companies Act (SICA), 1985

Repealed by

- Competition Act of 2000
- Foreign Exchange Management Act (FEMA), 1999
- Companies Act of 2013

Which of the pairs given above are correctly matched?

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: A

Explanation

- **Monopolies and Restrictive Trade Practices (MRTP) Act, 1969:**
 - The Act aims to prevent the concentration of economic power, control of monopolies, the prohibition of monopolistic practices, the prohibition of restrictive and unfair trade practices. This restricted companies to grow in size and achieve a global scale, and led to the proliferation of mainly small companies.
 - **The Competition Act, 2002 repealed MRTP Act.** The Competition Act aims to “promote and sustain competition in markets, protect the interests of consumers, ensure freedom of trade carried on by other participants in markets and prohibition of abuse of dominant position”. The



focus has shifted from 'prevention of dominance' to 'regulating abuse of dominance'. Hence, pair 1 is correctly matched.

■ **Foreign Exchange Regulation Act (FERA), 1973:**

- Imposed restriction on foreign equity in companies to 40 percent and permission was needed from RBI to operate if their shareholding was higher. This restricted access to foreign capital and technology.
- **Repealed and replaced by Foreign Exchange Management Act (FEMA), 1999** to facilitate external trade and payments. Under FERA, everything was prohibited unless special permissions were received, while under FEMA, everything was permitted unless specifically restricted or regulated to enable the development of the forex market. Hence, pair 2 is correctly matched.

■ **Sick Industrial Companies Act (SICA), 1985:**

- Timely detection of sick and potentially sick companies and speedy determination of preventive, ameliorative, remedial and other measures by the **Board of Industrial and Financial Reconstruction (BIFR)**. It put in place a debtor-friendly regime, in which defaulting borrowers could delay resolution for long periods of time and strip assets of value.
- The SICA Act was repealed on 1 January 2004, and BIFR was dissolved on 1 December 2016 to give way to the Insolvency and Bankruptcy Code (IBC), 2016. Hence, pair 3 is not correctly matched.

QUESTION 25:

Arrange the following trading Partners of India in the descending order of volume of trade :

1. China
2. USA
3. Saudi Arabia
4. United Arab Emirates

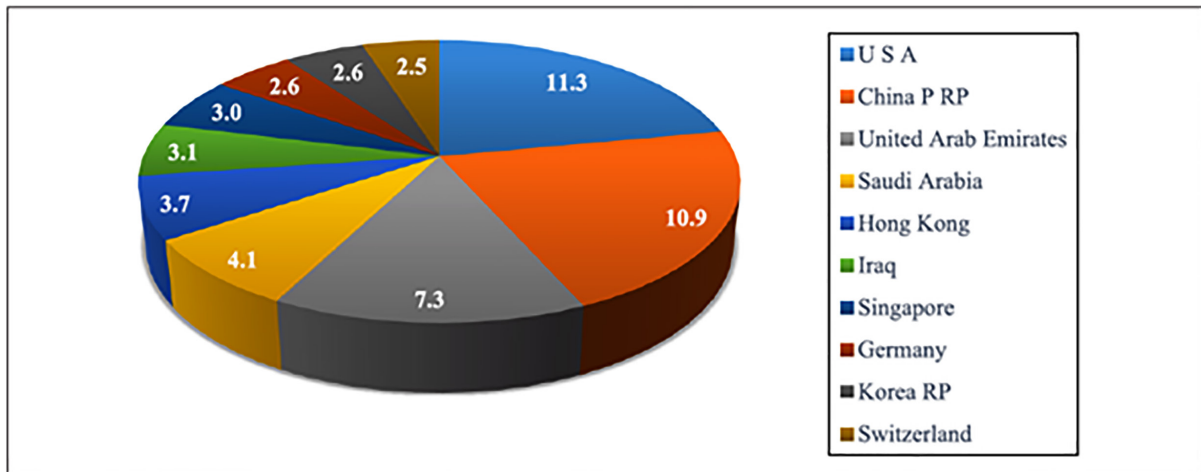
Select the correct answer using the code given below:

- (A) 1-2-3-4
(B) 2-1-4-3
(C) 1-2-4-3
(D) 2-1-3-4

Answer: B

Explanation

- India's top 10 trading partners during 2019-20 jointly account for more than 50% of India's total merchandise trade.
- India's top five trading partners are **USA > China > United Arab Emirates > Saudi Arabia > Hong Kong**. Hence, option B is correct.
- With two top trading countries i.e. USA and United Arab Emirates, India has consistently run a trade surplus since 2014-15.
- On the other hand, India has trade deficit continuously since 2014-15 with respect to other major trading partners i.e. China PRP, Saudi Arabia, Iraq, Germany, Korea RP, Indonesia and Switzerland.
- Also, India had trade surplus with Hong Kong and Singapore till 2017-18, before it changed to trade deficit in 2018-19.



QUESTION 26:

Arrange following subsidy expenditures in decreasing order according to budget estimation of 2019-20:

1. Food Subsidy
2. Fertilizers Subsidy
3. Interest subsidies for various government schemes
4. Petroleum subsidy

Select the correct answer using the code given below:

- (A) 1-2-3-4
- (B) 4-1-2-3
- (C) 1-2-4-3
- (D) 4-3-2-1

Answer: C

Explanation

- In Union Budget 2020-21, the total expenditure on subsidies showed a decrease of 0.5% from the revised estimate of 2019-20. This is largely due to a decrease in expenditure on fertiliser subsidy.
- **Food subsidy:** Allocation to food subsidy is estimated at ₹1,15,570 crore in 2020-21.
- **Fertiliser subsidy:** Expenditure on fertiliser subsidy is estimated at ₹71,309 crore in 2020-21.
- **Petroleum subsidy:** Expenditure on petroleum subsidy is estimated to increase by 6.1% to ₹40,915 crore in 2020-21. Petroleum subsidy also consists of subsidy on LPG and kerosene subsidy.
- **Other subsidies:** Expenditure on **other subsidies includes interest subsidies for various government schemes**, subsidies for the price support scheme for agricultural produce, and assistance to state agencies for procurement, among others.
- Thus, the correct sequence of decreasing order is **Food > Fertiliser > Petroleum > Interest subsidies for various government schemes**. Hence, option C is correct.

QUESTION 27:

Regarding Net International Investment Position (NIIP), consider the following statements:

1. It is viewed as a nation's balance sheet with the rest of the world at a specific point in time.
2. India's Net International Investment Position (NIIP) to GDP ratio has declined in 2019-2020 compared to 2018-19.

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

Answer: A

Explanation

- A net international investment position (NIIP) can be viewed as a **nation's balance sheet with the rest of the world at a specific point in time.**
 - It measures the gap between a nation's stock of foreign assets and foreigner's stock of that nation's assets at a specific point in time. **Hence, statement 1 is correct.**
- Changes in **NIIP/GDP ratio** nets out the impact of an investment made by the country abroad from the external liabilities borne by the country thereby **measuring the net changes in the debt and equity servicing burden in relation to GDP.**
- According to the Economic Survey 2019-2020, India's Net International Investment Position (**NIIP**) **to GDP ratio has increased** in 2019-2020 compared to 2018-19. **Hence, statement 2 is not correct.**

QUESTION 28:

Consider the following statements:

1. Insurance density is measured as the percentage of insurance premium to GDP.
2. Insurance penetration is calculated as the ratio of premium to population.

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

Answer: D

Explanation

- The measure of insurance penetration and density reflects the level of development of the insurance sector in a country.
- Insurance penetration is measured as the percentage of insurance premium to GDP. **Hence, statement 1 is not correct.**
- Insurance density is calculated as the ratio of premium to population. **Hence, statement 2 is not correct.**

QUESTION 29:

With reference to Microfinance Institutions (MFIs), consider the following statements:

1. Their objective is poverty alleviation via inclusive growth and financial inclusion.
2. Women along with SC/ST and minority communities receive more than half of the loans given by the MFIs.

Which of the statements given above is/are correct?

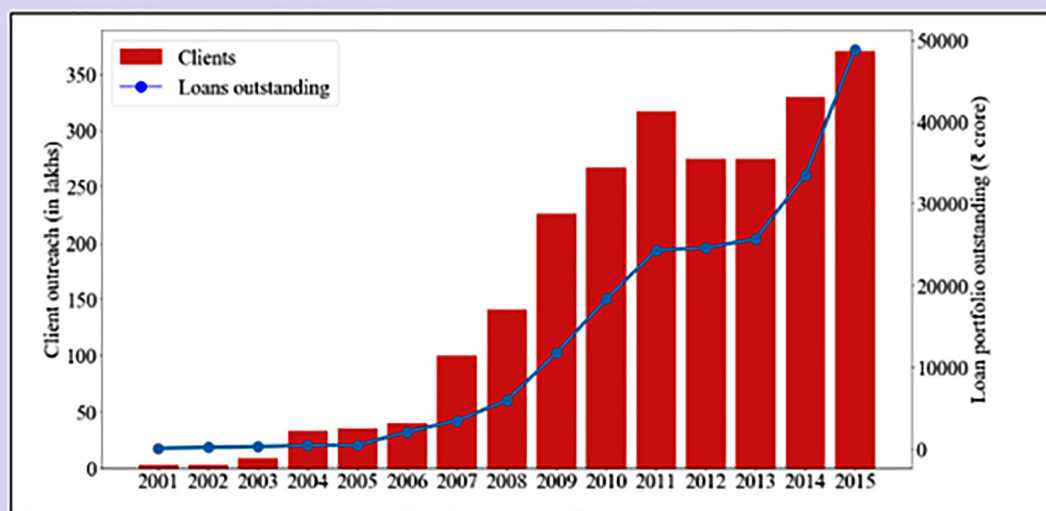
- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2
- (D) Neither 1 nor 2

Answer: C

Explanation

- **Most microfinance institutions (MFIs) started as not-for-profit institutions. Their main objective is poverty alleviation via inclusive growth and financial inclusion. Hence, statement 1 is correct.**
 - However, lately MFIs moved from purely pursuing social goals to the double bottom-line approach of achieving social and financial returns.
 - The emphasis is on making a social impact at the “bottom of the pyramid” combined with good financial returns.
- As of 2016, **around 97% of the borrowers were women with SC/ST and minorities** accounting for around 30 per cent and 29 per cent of the borrowers. This shows that the loans given by these MFIs primarily cater to the marginal sections of the society. **Hence, statement 2 is correct.**
- There has been an exponential growth in the number of clients and impact that MFIs have had since 2000.

Figure A: Exponential growth in customer reach by MFIs



Source: The Bharat Microfinance Report 2012 and 2015

QUESTION 30:

With reference to ‘World Commercial Exports’, consider the following statements:

1. Merchandise exports were growing faster than commercial services exports during 2012-2018.
2. India’s share in the world’s commercial services exports has risen steadily over the past decade.

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

Answer: B

Explanation

- The increasing role of services in economic activity is also reflected in the growing importance of services in global trade and in India’s trade. Looking at two time periods, 2005-11 and 2012-2018, it is evident that both commercial services exports and goods exports have slowed in India and globally in recent years.

- However, while **merchandise (goods) exports were growing faster than commercial services exports during 2005-11**, commercial services exports have outperformed goods exports lately. **Hence, statement 1 is not correct.**
- This has led to an increase in the share of commercial services exports in overall exports both in India and globally.
- According to WTO data, India's share in world's commercial services exports has risen **steadily over the past decade to reach 3.5 per cent in 2018**, twice the share in world's merchandise exports at 1.7 per cent. India now ranks 8th among the world's largest commercial services exporters and continues to register strong growth performance relative to the other major services-exporting countries as well as world services export growth. **Hence, statement 2 is correct.**

QUESTION 31:

With reference to the Office of Profit, consider the following statements:

1. The Office of Profit has been clearly defined in the Constitution.
2. The disqualifications under Office of Profit apply to all elected representatives be they members of Parliament, members of legislative assemblies or panchayats and municipalities.

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

Answer: D

Explanation

- The term '**Office of Profit**' **has not been clearly defined** in the Constitution or the Representation of the People Act, 1951. **Hence, statement 1 is not correct.**
- **Articles 102 (1)(a) and 191 (1)(a)** of the Constitution merely state that a **Member of Parliament or Member of Legislative Assembly is barred** from holding an Office of Profit as it can put them in a position to gain financially. **Hence, statement 2 is not correct.**
- In **Jaya Bachan vs Union of India case (2006)** the supreme court defined an Office of profit as any office capable of yielding a profit or pecuniary gain.
- Further in the Swapan Roy case the Supreme Court laid down the following parameters to check if a post can be termed an Office of Profit:
 - Whether the appointment has been made by the government.
 - Whether the government has the power to dismiss or remove.
 - Whether the government is paying the remuneration or not.
 - Whether the government determines or controls the functions of such office
 - Whether functions are performed for the government.

QUESTION 32:

With reference to the Serious Fraud Investigation Office, consider the following statements:

1. It is an investigative body under the Ministry of Home affairs.
2. It has been accorded statutory status under the Companies Act, 2013.
3. It can only investigate in the matters of departments of the Central Government.

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

- (A) 2 only
- (B) 1 and 3 only
- (C) 1 and 2 only
- (D) 1, 2 and 3

Answer: B

Explanation

- **Serious Fraud Investigation Office (SFIO)** is a multi-disciplinary organization under the **Ministry of Corporate Affairs**, consisting of experts in the field of accountancy, forensic auditing, law, information technology, investigation, company law, capital market and taxation for detecting and prosecuting or recommending for prosecution white-collar crimes/frauds. **Hence, statement 1 is not correct.**
- Section 211 of the **Companies Act, 2013**, has accorded statutory status to the Serious Fraud Investigation Office (SFIO). **Hence, statement 2 is correct.**
- An investigation into the affairs of a company can be initiated by the Central Government and entrusted to the **Serious Fraud Investigation Office** under the following circumstances:
 - on receipt of a report of the Registrar or inspector under section 208 (Report on Inspection made) of the Companies Act, 2013.
 - on intimation of a special resolution passed by a company that its affairs are required to be investigated.
 - in public interest.
 - on request from any **Department of the Central Government** or a State Government. **Hence, statement 3 is not correct.**

QUESTION 33:

With reference to Bye-elections to fill casual vacancies in Parliament and State Legislatures consider the following statements:

1. The vacancies have to be filled within 6 months from the date of occurrence of the vacancy provided that the remainder of the term of a member in relation to a vacancy is two years or more.
2. Bye-elections for Parliament are conducted by Election Commission of India and for the State legislatures they are conducted by State Election Commissions.

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

Answer: D

Explanation

- **Section 151A of the Representation of the People Act, 1951** deals with a time limit within which casual vacancies in Parliament and State Legislatures should be filled through bye-elections.
 - These elections for both Parliament and state legislatures are conducted by **Election Commission of India (ECI)**. **Hence, statement 2 is not correct.**
- It mandates ECI to fill the vacancies within 6 months from the date of occurrence of the vacancy provided that the remainder of the term of a member in relation to a **vacancy is one year or more**. **Hence, statement 1 is not correct.**

- Exception in Sec 151A – If ECI in consultation with the Central Government certifies that it is difficult to hold the bye-election within the period, then section 151A can be overruled.

QUESTION 34:

Which of the following is the operating and implementing organization at national level for all the activities envisaged in Adult Education and Skill Development?

- (A) National Literacy Mission Authority (NLMA)
- (B) Rashtriya Madhyamik Shiksha Abhiyan (RMSA)
- (C) National Skills Qualification Framework (NSQF)
- (D) None of the above

Answer: A

Explanation

- To improve adult education, the National Literacy Mission (NLM) was launched in 1988 for the adults in the age group of 15+. The programme of National Literacy Mission was revamped in 2009 in alignment with new paradigms of lifelong learning as Saakshar Bharat.
- The **National Literacy Mission Authority (NLMA)** is the operating and implementing organization at national level for all the activities envisaged in Adult Education and Skill Development. During the 12th Five Year Plan, NLMA has been striving to raise the literacy rate to 80% and to reduce the gender gap to less than 10%. **Hence, option (a) is correct.**

QUESTION 35:

Consider the following statements:

1. The President of India can be impeached on the grounds of proved misbehaviour.
2. Indian President can be impeached by a two-thirds majority of members present and voting.
3. The nominated members of Parliament participate in the impeachment procedure.

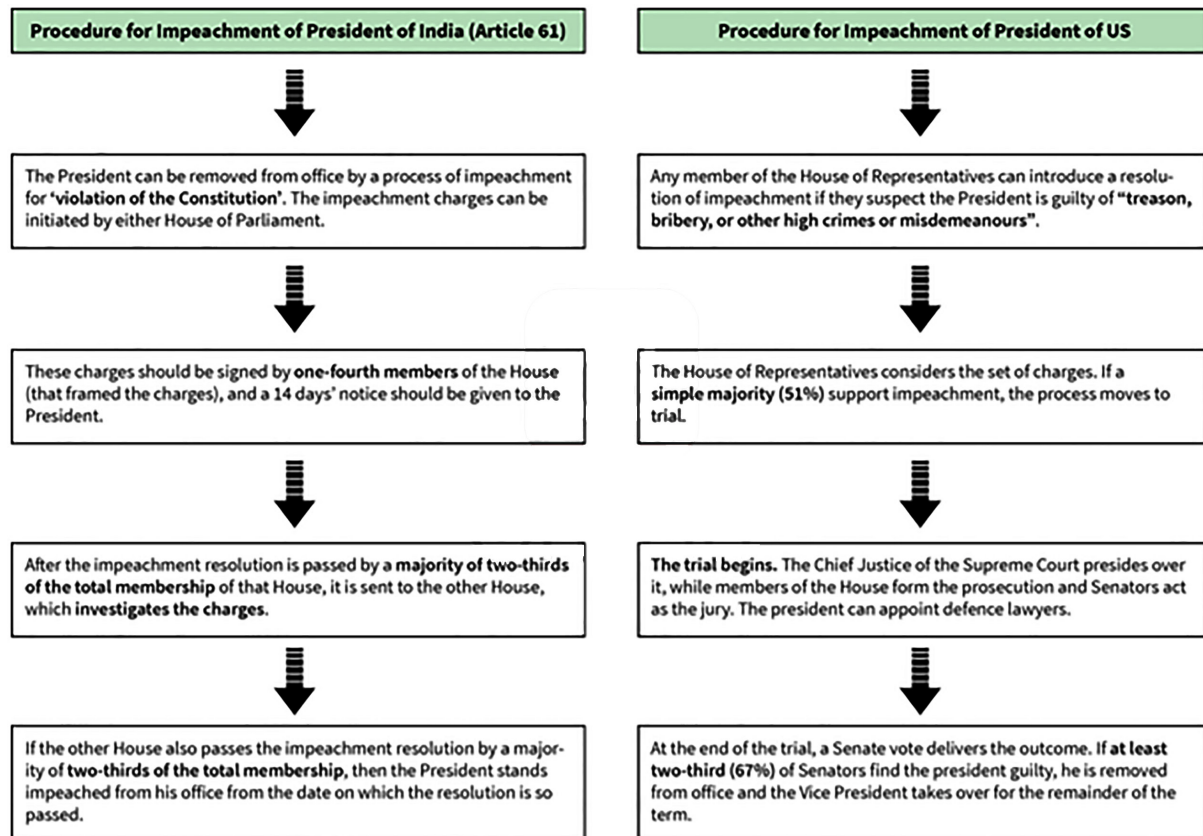
Which of the statements given above is/are correct?

- (A) 1 and 2 only
- (B) 2 only
- (C) 3 only
- (D) 2 and 3 only

Answer: C

Explanation

- **In India, the President can be removed only for ‘violation of the Constitution’** and the Constitution does not define the meaning of the phrase ‘violation of the Constitution’.
 - The US Constitution states that the President can be removed for conviction of treason, bribery, or other high crimes or misdemeanour”. **Hence, statement 1 is not correct.**
- Indian President can be impeached by a **two-thirds majority of the total strength of the house, not by a two-third majority of members present and voting**. **Hence, statement 2 is not correct.**
- Both elected and nominated members of both the houses of Parliament participate in the impeachment of the President, though nominated members do not participate in the election.
 - It should also be noted that the elected members of the legislative assemblies of states and the Union Territories of Delhi and Puducherry do not participate in the impeachment of the President though they participate in his election. **Hence, statement 3 is correct.**



QUESTION 36:

To declare a person as Fugitive Economic Offender (FEO), an application is filed in a Special Court. This special court will be designated under which of the following Acts?

- (A) Prevention of Money-Laundering Act, 2002
- (B) Benami Properties Transactions Act, 1988
- (C) Companies Act, 2013
- (D) Delhi Special Police Establishment Act

Answer: A

Explanation

- The **Fugitive Economic Offenders Bill, 2018** allows for a person to be declared as a fugitive economic offender (FEO) if:
 - (i) An arrest warrant has been issued against him for any specified offences where the value involved is over ₹100 crore, and
 - (ii) He has left the country and refuses to return to face prosecution.
- To declare a person an FEO, an application will be filed in a Special Court (designated under the **Prevention of Money-Laundering Act, 2002**) containing details of the properties to be confiscated, and any information about the person's whereabouts.
- The Special Court will require the person to appear at a specified place at least six weeks from issue of notice. Proceedings will be terminated if the person appears.
- Hence, option (a) is correct.

QUESTION 37:

The 'Astana Declaration' is related to?

- (A) Primary health care
- (B) Education
- (C) Disaster management
- (D) Cybersecurity

Answer: A

Explanation

- The Global Conference on **Primary Health Care in Astana, Kazakhstan** in October 2018 endorsed an Astana declaration emphasizing the critical role of primary health care around the world. The declaration aims to refocus efforts on primary health care to ensure that everyone everywhere is able to enjoy the highest attainable standard of health. The declaration is signed by all 194 WHO member states including India. **Hence, option A is correct.**

QUESTION 38:

The term "Dengvaxia" is sometimes seen in the news is related to :

- (A) A tool to study the demographic profile of the region.
- (B) A newly discovered planet beyond the solar system.
- (C) The first dengue vaccine to get the regulatory nod in the US.
- (D) A mobile application developed for secure banking facilities.

Answer: C

Explanation

- Dengvaxia has been approved by the US Food & Drug Administration, the first dengue vaccine to get the regulatory nod in the US.
- Dengvaxia is basically a live, attenuated dengue virus.
- An attenuated virus is a virus that retains its properties of triggering an immune response in the body but its ability to lead to disease is compromised. **Hence, option C is correct.**

QUESTION 39:

'Maveli' sometimes seen in the news, is related to:

- (A) The harvest festival of Tamil Nadu.
- (B) A software tool to tackle cyber attacks.
- (C) Indigenous tribe of Andaman and Nicobar.
- (D) An endemic species of frog found in Kerala.

Answer: D

Explanation

- **Mahabali, or Maveli**, was a mythological king who ruled over the region of Kerala. The frog is compared with the Maveli due to their similar characteristics that's why given the name "Maveli".
- It is listed as endangered on the red list of the **International Union for Conservation of Nature (IUCN)**. It could soon be designated as Kerala's state amphibian. **Hence, option D is correct.**

QUESTION 40:

Which one of the following best describes the term IndAS, recently seen in the news?

- (A) It is a series of communication satellites launched by ISRO.
- (B) It is an indigenously developed surface to surface missile system.
- (C) It is a set of accounting standards that govern the accounting and recording of financial transactions.
- (D) It is a military exercise between India and Australia, conducted in the Indian ocean.

Answer: C

Explanation

- These are a set of **accounting standards** that govern the accounting and recording of financial transactions as well as the presentation of statements such as profit and loss account and balance sheet of a company.
- The standards were formulated by the **Accounting Standards Board (ASB)**, which was constituted as a body in the year 1977.
- The IndAS are named and numbered in the same way as the **International Financial Reporting Standards (IFRS)**. Hence, option C is correct.

QUESTION 41:

Consider the following statements:

1. Electoral college for the election of Vice- President consists of elected as well as nominated members of both the Houses of Parliament.
2. The Vice-President can be removed from the office before the completion of his term by a formal impeachment.
3. All doubts and disputes in connection with election of the Vice-President are inquired into and decided by the Supreme Court, whose decision is final.

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

- (A) 1 and 2 only
- (B) 2 only
- (C) 2 and 3 only
- (D) 3 only

Answer: B

Explanation

- The Vice-President, like the President, is elected not directly by the people but by the method of indirect election (Article 66). He is elected by the members of an electoral college consisting of the **members of both Houses of Parliament (Both elected and nominated members of the Parliament)**. It does not include members of the state legislative assemblies. Hence, statement 1 is correct.
- The vice-president holds office for a term of five years (Article 67). However, he can resign from his office at any time by addressing the resignation letter to the President. He can also be removed from the office before completion of his term. **A formal impeachment is not required for his removal.** He can be removed by a resolution of the Rajya Sabha passed by a majority of total members of the house and agreed to by the Lok Sabha. notably, no ground has been mentioned in the Constitution for his removal. Hence, statement 2 is not correct.
- The Vice-President cannot preside over a sitting of the Rajya Sabha as its Chairman when a resolution for his removal is under consideration.
- All doubts and disputes in connection with election of the Vice-President are inquired into and decided by the Supreme Court whose decision is final. Hence, statement 3 is correct.

QUESTION 42:

With reference to GST Appellate Tribunal, consider the following statements:

1. It will hear appeals against orders passed under both central and state GST laws.
2. It is mandated to serve as a forum for dispute resolution between the centre and states.

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

Answer: C

Explanation

Goods and Services Tax Appellate Tribunal (GSTAT)

- The National Bench of the Appellate Tribunal shall be situated at New Delhi. GSTAT shall be presided over by its President and shall consist of one Technical Member (Centre) and one Technical Member (State).
- **Goods and Services Tax Appellate Tribunal is the forum of second appeal in GST laws** and the first common forum of dispute resolution between Centre and States. **Hence, statement 2 is correct.**
- The appeals against the orders in **first appeals issued by the Appellate Authorities under the Central and State GST Acts lie before the GST Appellate Tribunal**, which is common under the Central as well as State GST Acts. **Hence, statement 1 is correct.**
- Being a common forum, GST Appellate Tribunal will ensure that there is uniformity in redressal of disputes arising under GST, and therefore, in implementation of GST across the country.

QUESTION 43:

Consider the following statements regarding the Ordinance making power of the President:

1. An ordinance can be issued only on those subjects on which the Parliament can make laws.
2. An ordinance can be issued by the President when one of the Houses of the Parliament is in session.
3. An ordinance can modify or repeal any act of Parliament but it cannot be issued to amend the Constitution.

Which of the statements given above is/are correct?

- (A) 3 only
(B) 1 and 3 only
(C) 2 and 3 only
(D) 1, 2 and 3

Answer: D

Explanation

- **Article 123 of the Constitution** empowers the President to promulgate ordinances during the recess of Parliament. These Ordinances have the same force and effect as an act of Parliament, but are in the nature of temporary laws.
- The ordinance making power of the President is coextensive as regards all matters except duration, with the law-making powers of the Parliament. This has two implications;
 - (A) **An ordinance can be issued only on those subjects on which the Parliament can make laws.**
 - (B) An ordinance is subject to the same constitutional limitation as an act of Parliament. Hence, an ordinance cannot abridge or take away any of the

- Fundamental Rights. **Hence, statement 1 is correct.**
- The President can promulgate an ordinance only **when both the Houses of Parliament are not in session** or when either of the two Houses of Parliament is not in session. An ordinance can also be issued **when only one house is in session** because a law can be passed by both the Houses and not by one House alone. **Hence, statement 2 is correct.**
- An Ordinance like any other legislation, can be retrospective. It may modify or repeal any act of Parliament or another ordinance. It can alter or amend a tax law also. **However, it cannot be issued to amend the Constitution. Hence, statement 3 is correct.**

QUESTION 44:

Who among the following is/are appointed by the President of India?

1. Members of Finance Commission
2. Chief Minister of a Union territory
3. Vice-President
4. Attorney General
5. Members of the Union Public Service Commission

Select the correct answer using the code given below:

- (A) 1, 2, 4 and 5 only
- (B) 1, 4 and 5 only
- (C) 1, 2, 3 and 4 only
- (D) 1, 2, 3, 4 and 5

Answer: A

Explanation

- The President appoints the **Comptroller and Auditor General of India**, the **Attorney General**, the **Chief Election Commissioner** and other **election commissioners**, the **Chairman and members of the Union Public Service Commission**, the **Governors of the States**, the **Chairman and members of the finance commission**. **Hence, statements 1, 4 and 5 are correct.**
- The **Chief Minister of the Union Territory (UTs)** is **appointed by the President** (not by the Lieutenant Governor). The other ministers are appointed by the President on the advice of the Chief Minister. The ministers hold office during the pleasure of the President. **Hence, statement 2 is correct.**
- The **Vice-President**, like the President, is elected by the method of **indirect election**. He is elected by the members of an electoral college consisting of the members of both the House of Parliament. **Hence, statement 3 is not correct.**

Additional Information:

- *The President appoints the Prime Minister and other ministers on the PM's recommendation.*
- *He can appoint a commission to investigate into the conditions of SCs, STs and other backward classes.*
- He can set up an inter-state council to promote Centre- state and inter-state cooperation.
- He directly administers the union territories through administrators appointed by him.

QUESTION 45:

Consider the following statements:

1. The President cannot withhold his assent to the Constitutional Amendment Bills but can return the Bill for reconsideration of the Parliament.
2. No Bill imposing tax can be introduced in the Parliament except on the recommendation of the President.

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

Answer: A

Explanation

- **Article 368 in Part XX** of the Constitution deals with the powers of Parliament to amend the Constitution and its procedure.
- An amendment of the Constitution can be initiated only by the introduction of a Bill for the purpose in either House of Parliament and not in the state legislatures and **does not require prior permission of the President**. The President must give his assent to the Bill. He can neither withhold his assent to the Bill nor return the Bill for reconsideration of the Parliament. **Hence, statement 1 is not correct.**
- The Constitution of India contains certain provisions with regard to the enactment of budget i.e no demand for a grant shall be made except on the recommendation of the President.
- No Money Bill imposing tax can be introduced in the Parliament except on the recommendation of the President, and such a Bill can not be introduced in the Rajya Sabha. **Hence, statement 2 is correct.**

QUESTION 46:

To make a law on a State List subject, the Parliament of India requires prior-

1. Authorization from Rajya Sabha.
2. Sanction from President.
3. Resolution to be passed by half of state assemblies.

Select the correct answer using the code given below:

- (A) 1 only
- (B) 2 and 3 only
- (C) 2 only
- (D) 1 and 2 only

Answer: A

Explanation

- **Article 249** of the Constitution deals with the Power of Parliament to legislate with respect to a matter in the State

List in the national interest

- **If the Council of States (Rajya Sabha)** has declared by resolution, supported by not less than two thirds of the members present and voting, that it is necessary or expedient in national interest that Parliament should make laws with respect to any matter enumerated in the State List specified in the resolution, it shall be lawful for Parliament to make laws.
- Due to its federal character, the Rajya Sabha has been given special powers that it can authorize the Parliament to make law on a subject enumerated in the State list. It does not require sanction from the President, the power to make law with respect to the State List is exclusive to Rajya Sabha as mentioned in Article 249. **Hence, statement 1 is correct and 2 is not correct.**
- Resolution to be passed by half of the state assemblies is required for the amendment of constitution (in certain cases like- election of president). Making of a law on a subject of the State list does not need such resolution. **Hence, statement 3 is not correct.**
- State list is a list of 61 items (initially there were 66 items in the list) in Schedule Seven of the Constitution.

QUESTION 47:

The President of India has no Constitutional discretion, but he has some situational discretion. In which of the following situations, the President can act on his discretion?

1. While exercising his functions as the administrator of a Union Territory.
2. Dissolution of the Lok Sabha if the council of ministers has lost its majority.
3. Dismissal of the council of ministers when it cannot prove the confidence of the Lok Sabha.

Select the correct answer using the codes given below:

- (A) 1 and 2 only
(B) 2 only
(C) 2 and 3 only
(D) 1, 2 and 3

Answer: C

Explanation

- The Constitution of India has provided for a parliamentary form of government. The President has been made only a nominal executive; the **real executive being the council of ministers** headed by the Prime Minister. In other words, the President has to exercise his power and functions with the aid and advice of the council of ministers headed by the Prime Minister.
- The **42nd Constitutional Amendment Act of 1976** made the President bound by the advice of the council of ministers. However, the 44th Amendment authorized the President to require the council of ministers to reconsider such advice either generally or otherwise. The President may return a matter once for reconsideration of his minister, but the reconsidered advice shall be binding.
- Though the President has **no Constitutional discretion**, he has some **situational discretion**. In other words, the President can act on his discretion under the following situations:
 - Appointment of Prime Minister when no party has a clear majority in the Lok Sabha or when the Prime Minister in office dies suddenly and there is no obvious successor.
 - Dismissal of the council of ministers when it cannot prove the confidence of the Lok Sabha. **Hence, Statement 3 is correct.**
 - Dissolution of the Lok Sabha if the council of ministers has lost its majority. **Hence, statement 2 is correct.**
- It is the executive power and function of the President to directly administer the Union Territories through administrators appointed by him. This does not come under the situational discretion of the President. **Hence, statement 1 is not correct.**

QUESTION 48:

Consider the following statements:

1. Cabinet Committees are extra-constitutional in emergence and are headed by the Prime Minister only.
2. Cabinet Committees include Cabinet ministers only.
3. The Political Affairs Committee deals with the all higher level appointments in the Central Secretariat.

Which of the statements given above is/ are correct?

- (A) 1 and 2 only
(B) 2 and 3 only
(C) 3 only
(D) None of the above

Answer: D

Explanation

- Cabinet Committees are extra-constitutional in emergence. In other words, they are not mentioned in the Constitution. However, the Rules of Business provide for their establishment. They are mostly headed by the Prime Minister. Sometimes other Cabinet Ministers, particularly the Home Minister or the Finance Minister, also act as their Chairman. **Hence, statement 1 is not correct.**
- Cabinet Committees usually include only Cabinet ministers. However, the non-cabinet Ministers are not debarred from their membership. **Hence, statement 2 is not correct.**
- The Political Affairs Committee deals with all policy matters pertaining to domestic and foreign affairs. It is the Appointments Committee which decides all higher level appointments in the Central Secretariat, Public Enterprises, Banks and Financial Institutions. **Hence, statement 3 is not correct.**

QUESTION 49:

Consider the following statements:

1. The President cannot exercise the executive power without the aid and advice of the Council of Ministers.
2. The Council of Ministers does not cease to hold office even after the dissolution of the Lok Sabha.

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

Answer: C

Explanation

- **Article 74:** There shall be a Council of Ministers with the Prime Minister at the head to aid and advise the President who shall, in the exercise of his functions, act in accordance with such advice.
- In 1971, the Supreme Court held that even after the dissolution of the Lok Sabha, the council of ministers does not cease to hold office. **Article 74 is mandatory** and, therefore, the president cannot exercise the executive power without the aid and advice of the council of ministers.
- Any exercise of executive power without aid and advice will be unconstitutional as being violative of article 74. **Hence, statements 1 and 2 are correct.**
- The nature of advice tendered by ministers to the President cannot be questioned by any court.
- Wherever the Constitution requires the satisfaction of the President, the satisfaction is not the personal satisfaction of the president but it is the satisfaction of the council of Ministers.

QUESTION 50:

Which of the following statements is/are correct according to the Constitution of India?

1. It is the duty of the Prime Minister to communicate to the President all decisions of the council of ministers relating to the administration of the affairs of the Union.
2. It does not contain any specific procedure for the selection and appointment of the Prime Minister.
3. The Constitution has fixed the salary and allowances and not the term of the Prime Minister.

Select the correct answer using the codes given below:

- (A) 2 only
- (B) 1 and 2 only
- (C) 2 and 3 only
- (D) 1 and 3 only

Answer: B

Explanation

- **Article 78** in the Constitution of India defines the Duties of the Prime Minister as respects the furnishing of information to the President. It shall be the duty of the Prime Minister
 - To communicate to the President all decisions of the council of Ministers relating to the administration of the affairs of the union and proposals for legislation;
 - To furnish such information relating to the administration of the affairs of the Union and proposals for legislation as the President may call for; and
 - If the President so requires, to submit for the consideration of the Council of Ministers any matter on which a decision has been taken by a Minister but which has not been considered by the Council. **Hence, statement 1 is correct.**
- The Constitution does not contain any specific procedure for the selection and appointment of the Prime Minister. **Article 75** says only that the Prime Minister shall be appointed by the President. In accordance with the conventions of the parliamentary system of government, the President has to appoint the leader of the majority party in the Lok Sabha. **Hence, statement 2 is correct.**
- The salary and allowances of the Prime Minister are determined by the Parliament (from time to time) and not by Constitution. The term of the Prime Minister is not fixed and he holds office during the pleasure of the President. However, this does not mean that the President can dismiss the Prime Minister at any time. So long as the Prime Minister enjoys the majority support in the Lok Sabha, he cannot be dismissed by the President. **Hence, statement 3 is not correct.**

QUESTION 51:

With reference to the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), consider the following statements:

1. It aims to correct the regional imbalances in the availability of affordable/reliable tertiary level healthcare in the country in general.
2. It is a centrally sponsored scheme.

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

Answer: A

Explanation

- The primary objective of Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) is to correct the **regional imbalances in the availability of affordable/reliable tertiary level healthcare** in the country in general, and, to augment facilities for quality medical education in under-served or backward States, in particular. **Hence, statement 1 is correct.**
- In addition to setting up AIIMS, PMSSY also envisages up-gradation of several existing Government Medical Colleges/Institutions in different states in the country. PMSSY is a **Central Sector Scheme**. **Hence, statement 2 is not correct.**

QUESTION 52:

With reference to the Rashtriya Vayoshri Yojana (RVY), consider the following statements:

1. It is a centrally sponsored scheme funded with 50:50 share between centre and states.
2. It aims to provide aids and assistive living devices to all senior citizens in the country.
3. The scheme is being implemented by Artificial Limbs Manufacturing Corporation of India (ALIMCO).

Which of the following statements is /are correct?

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 3 only
- (D) 3 only

Answer: D

Explanation

- **Rashtriya Vayoshri Yojana** is implemented by the **Ministry of Social Justice and Empowerment**. It is a **central sector scheme** funded by the Senior Citizens' Welfare Fund. The fund was notified in the year 2016. **Hence, statement 1 is not correct.**
- It aims to provide aids and assistive living devices to **senior citizens belonging to Below Poverty Line (BPL) category** who suffer from age-related disabilities such as low vision, hearing impairment, loss of teeth and locomotor disabilities. **Hence, statement 2 is not correct.**
- The scheme is being implemented by **Artificial Limbs Manufacturing Corporation of India (ALIMCO)**, which is a public sector undertaking under the Ministry of Social Justice and Empowerment. **Hence, statement 3 is correct.**

QUESTION 53:

With reference to the 'Scheme for Adolescent Girls (SAG)', consider the following statements:

1. It is a central sector scheme implemented by the Ministry of Women and Child Development.
2. The target group of the Scheme is all adolescent girls in the age group of 11-18.
3. It is being implemented through the Anganwadi Centres (AWCs) under the Integrated Child Development Scheme (ICDS).

Which of the statements given above is/are correct?

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 3 only
- (D) 1, 2 and 3

Answer: C

Explanation

- The Scheme for Adolescent Girls (SAG) is a centrally sponsored scheme implemented by the Ministry of Women and Child Development. **Hence, statement 1 is not correct.**
- The target group of the Scheme is out-of-school girls in the age group of 11-14 years. The scheme aims at motivating out-of-school girls to go back to formal schooling or vocational /skill training. **Hence, statement 2 is not correct.**
- It is being implemented through the Anganwadi Centres (AWCs) under the Integrated Child Development Scheme (ICDS). **Hence, statement 3 is correct.**

QUESTION 54:

With reference to the 'Prime Minister's Employment Generation Programme', consider the following statements:

1. It is a credit-linked subsidy scheme where subsidy up to 45% is provided by the Government.
2. Khadi and Village Industries Commission is the nodal implementing agency at the national and state levels.

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

Answer: C

Explanation

- Prime Minister's Employment Generation Programme (PMEGP) is a credit-linked subsidy scheme which promotes self-employment through setting up of micro-enterprises, where subsidy up to 35% is provided by the Government through the Ministry of MSME. **Hence, statement 1 is not correct.**
- Khadi and Village Industries Commission (KVIC) is the nodal implementing agency for PMEGP at the national level. At the state levels, it is implemented by State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and banks. **Hence, statement 2 is not correct.**

QUESTION 55:

Consider the following statements:

1. The National Legal Services Authority (NALSA) is a statutory body.
2. Article 48 of the Constitution provides for free legal aid to the poor and weaker sections of the society.
3. Central Victim Compensation Fund scheme enables support to victims of rape, acid attacks and human trafficking etc.
4. Nirbhaya fund is being used in the Central Victim Compensation Fund scheme.

Which of the statements given above is/are correct?

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 1, 3 and 4 only
- (D) 1, 2 and 3 only

Answer: C

Explanation

- The National Legal Services Authority (NALSA) was constituted under the Legal Services Authorities Act, 1987 which came into force in 1995 to establish a nationwide uniform network for providing free and competent legal services to the weaker sections of the society. So, it is a statutory body. **Hence, statement 1 is correct.**
- Article 48 of the Constitution directs the state to prohibit the slaughter of cows and calves and other milch and draught cattle. Article 39 A of the Constitution provides for free legal aid to the poor and weaker sections of the society. **Hence, statement 2 is not correct.**
- The government introduced the Central Victim Compensation Fund (CVCF) scheme to enable support to victims of rape, acid attacks, human trafficking and women killed or injured in the cross border firing. **Hence, statement 3 is correct.**
- Nirbhaya fund is being used in the CVCF. It is a non-lapsable corpus fund for the safety and security of women. **Hence, statement 4 is correct.**

QUESTION 56:

With respect to the National Crime Record Bureau, consider the following statements:

1. It was set up under the Ministry of Law and Justice.
2. It releases the Crime in India report annually.

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

Answer: B

Explanation

- The **National Crime Record Bureau (NCRB)** was set-up in 1986 under the Ministry of Home Affairs to function as a repository of information on crime and criminals so as to assist the investigators in linking crime to the perpetrators. **Hence, statement 1 is not correct.**
- It is headquartered in New Delhi.
- It was set up based on the recommendations of the National Police Commission (1977-1981) and the MHA's Taskforce (1985).
- It was constituted by merging the Directorate of Coordination and Police Computer (DCPC), Inter-State Criminals Data Branch of CBI, Central Finger Print Bureau of CBI and Statistical Branch of BPR&D..
- It developed CCTNS in 2009 which interconnects approximately 15000 police stations and 6000 higher offices across the country.
 - CCTNS digitises data related to FIR registration, investigation and charge sheets in all police stations leading to the development of a national database of crimes and criminals.
- NCRB brings out the annual comprehensive statistics of crime across the country through the 'Crime in India' report. **Hence, statement 2 is correct.**

QUESTION 57:

With reference to UJALA scheme, consider the following statements:

1. It is implemented by the Ministry of Power.
2. It is a street light replacement programme which replaces the conventional street lights with LEDs.

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

Answer: A

Explanation

- **Unnat Jyoti by Affordable LEDs for All (UJALA)** scheme is spearheaded by the **Energy Efficiency Services Limited (EESL)**, a joint venture of PSUs under the Ministry of Power, Government of India. **Hence, statement 1 is correct.**
- UJALA targets to replace incandescent lamps with LED bulbs and to nullify the high-cost of LEDs in the adoption of energy-efficient systems in the domestic sphere. Street Lighting National Programme (SLNP) a street light replacement programme which replaces the conventional street lights with LEDs. **Hence, statement 2 is not correct.**

QUESTION 58:

With reference to 'Organic food market', consider the following statements:

1. India is the world's largest organic market.
2. Sikkim is the first organic state in the world.
3. Indian Organic food sector is primarily driven by domestic demand.

Which of the statements given above is/are correct?

- (A) 1 only
(B) 2 only
(C) 1 and 3 only
(D) 2 and 3 only

Answer: B

Explanation

- The United States is the world's largest organic market, followed by Germany, France, China, Canada, and the United Kingdom. India has the largest number of organic producers. **Hence, statement 1 is not correct.**
- India has the 9th largest World's Organic Agricultural Land and the largest number of producers.
 - Sikkim is the first organic state in the world. All of its farmland is certified organic. **Hence, statement 2 is correct.**
- As per the Indian Organic Sector – Vision 2025 report, India's organic business is expected to reach ₹75,000 Crores by 2025.
- The Indian Organic food sector is primarily driven by exports, comprising around 80% of the market value. **Hence, statement 3 is not correct.**

QUESTION 59:

With reference to Pradhan Mantri Shram Yogi Mandhan (PM-SYM) Yojana, consider the following statements:

1. Persons working in unorganised sector only are eligible for this scheme.
2. It is a centrally sponsored scheme administered by the Ministry of Labour and Employment.
3. It is a voluntary and contributory pension scheme.

Which of the statements given above is/are correct?

- (A) 1 and 2 only
(B) 2 and 3 only
(C) 1 and 3 only
(D) 1, 2 and 3

Answer: C

Explanation

- **Pradhan Mantri Shram Yogi Mandhan (PM- SYM) Yojana** is one of the world's largest pension schemes.
- The **unorganised workers** whose monthly income is ₹15,000/ per month or less and belong to the entry age group of 18-40 years are eligible for the scheme. **Hence, statement 1 is correct.**
- They should not be covered under New Pension Scheme (NPS), Employees' State Insurance Corporation (ESIC) scheme or Employees' Provident Fund Organisation (EPFO). Further, he/she should not be an income taxpayer.
- The scheme is a central sector scheme administered by the ministry of labour and employment and implemented through LIC and CSC eGovernance Services India Ltd. **Hence, statement 2 is not correct.**

- **PM-SYM is a voluntary and contributory pension scheme** on a 50:50 basis where prescribed age-specific contribution shall be made by the beneficiary and the matching contribution by the Central Government. **Hence, statement 3 is correct.**

QUESTION 60:

With reference to National Handicapped Finance Development Corporation (NHFD), which of the following statements is/are correct?

1. It is under the aegis of the Ministry of Social Justice & Empowerment.
2. It provides a number of skill development programmes to Persons with Disabilities

Select the correct answer using the codes given below:

- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2
- (D) Neither 1 nor 2

Answer: C

Explanation

- **National Handicapped Finance Development Corporation (NHFD)** is a corporation under the aegis of the **Department of Empowerment of Persons with Disabilities (Divyangjan), Ministry of Social Justice & Empowerment. Hence, statement 1 is correct.**
- It is registered as a not for profit company. It provides financial assistance to the Divyangjan/Persons with Disabilities (Divyangjan/PwDs) for their **economic rehabilitation and provides a number of skill development programmes** to empower them to grow & sustain their enterprises. **Hence, statement 2 is correct.**

QUESTION 61:

Consider the following statements:

1. The term Balance of trade covers a broader range of transactions than Balance of Payments.
2. Current Account of Balance of Payment (BOP) covers only imports and exports of goods and services.

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

Answer: D

Explanation

- In order to record the overseas transactions of a country, the Balance of Payments (BOP) accounts are maintained and they constitute an important part of the national income accounts.
 - The BOP of a country is a systematic record of all transactions between the residents of the reporting country and the residents of foreign countries during a given period of time.
- **Balance of Trade and Balance of Payments:** Balance of Trade takes into account only those transactions arising out of export and import of goods. It does not consider the exchange of services rendered. Balance of Payments takes into account the exchange of both Goods and Services. **Hence, statement 1 is not correct.**
- **Current Account:** It records imports and exports of goods, services and Unilateral transfers. Unilateral transfers are receipts which the residents of a country receive, or payments that the residents of a country make without getting anything in return. Receipts from abroad are entered as positive items in the account. **Hence, statement 2 is not correct.**

QUESTION 62:

Recently, the Government of India has launched “National Mission on Government e-Marketplace (GeM)”. What is the purpose of GeM?

- (A) To provide one stop facility for online procurement of common use goods and services for all Central and State Government Departments.
- (B) To provide an online platform for marginalized rural artisans to sell handicraft items directly to the customer.
- (C) To connect farmers and traders for selling of agriculture produce.
- (D) None of the above

Answer: A

Explanation

- The National Mission on Government-e-Marketplace (GeM) has been launched to accelerate the adoption and use of GeM by major central Ministries, State Governments and their agencies. The aim of the National Mission is to promote inclusiveness, transparency and efficiency in public procurement and achieve cashless, contactless and paperless transactions. This will increase overall efficiency and lead to cost saving on government expenditure in procurement.
- GeM is an online marketplace setup to facilitate procurement of goods and services for all Central Government and State Governments Departments, Public Sector Units and affiliated bodies. **Hence, option A is correct.**
- The GeM has completed two years and as on 26th of August 2018, it has crossed 10,800 crore in value terms and 6.96 lakh in volume of transactions through the platform. More than 1.35 lakh sellers offer 4.43 lakh products on the GeM platform which has 26,500 organizations as buyers. While all States and Union Territories are buying through GeM, 25 States and UTs have already signed an MoU to make procurement through GeM mandatory. It has led to an overall average saving in cost of procurement to the tune of about 25%.

QUESTION 63:

With reference to Intellectual Property Rights (Imported Goods) Enforcement Amendment Rules, 2018, consider the following statements:

1. The Policy seeks to facilitate domestic Intellectual Property Rights filings.
2. The Policy aims to push IPRs as a marketable financial asset and promote innovation and entrepreneurship, while protecting public interest.
3. The policy is in compliance with the WTO's agreement on TRIPS.

Which of the statements given above is/are correct?

- (A) 1 only
- (B) 2 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: D

Explanation

- The Union Ministry of Finance made two amendments to the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007.
- The Intellectual Property Rights (Imported Goods) Enforcement Amendment Rules, 2018, omits all reference to the Patents Act, 1970.

- It also obliges the right-holder to notify the Commissioner of Customs of any amendment, cancellation, suspension or reaction that concerns Intellectual Property Rights, and requires the Customs authorities to accordingly amend, suspend or cancel the corresponding protection provided by them.
- India's National Intellectual Property Rights (IPR) Policy is in compliance with WTO's (World Trade Organisation) agreement on TRIPS (Trade Related aspects of IPRs), and aims to sustain entrepreneurship and boost 'Make in India.' **Hence, statement 3 is correct.**
- Intellectual Property Right is an exclusive right of a person or a company to use its own plans, ideas, or other intangible assets without the worry of competition for a specific period of time.
- These rights include copyrights, patents, and trademarks. It is enforceable by a court through a lawsuit.
- The Policy aims to push IPRs as a marketable financial asset, promote innovation and entrepreneurship, while protecting public interest. **Hence, statement 2 is correct.**
- The Policy also seeks to facilitate domestic IPR filings, for the entire value chain from IPR generation to commercialisation. It aims to promote research and development through tax benefits. **Hence, statement 1 is correct.**

QUESTION 64:

Consider the following statements with reference to the term 'Depreciation' in production activity:

1. It does not take into account unexpected or sudden destruction of capital occurred due to accidents, natural calamities etc.
2. It is a flow variable.

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

Answer: C

Explanation

- **Depreciation** is defined as a regular wear and tear of the capital. It is an annual allowance for wear and tear of a capital good.
- Depreciation does not take into account unexpected or sudden destruction or disuse of capital as can happen with accidents, natural calamities or other such extraneous circumstances. **Hence, statement 1 is correct.**
- A **flow variable** is a quantity which is measured with reference to a period of time, whereas a stock variable is a quantity which is measurable at a particular point of time.
- Depreciation is measured with reference to a period of time. It is the cost of a good divided by the number of years of its useful life. Hence it is a kind of flow variable. **Hence, statement 2 is correct.**

QUESTION 65:

Which of the following are the objectives of Government Budget?

1. To maintain a high economic growth rate
2. Redistribution of income and wealth.
3. Create employment opportunities.

Select the correct answer using the code given below:

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: D

Explanation

- Government budget is a statement of the estimates of the government receipts and government expenditure during the period of the financial year.

Objectives of Government Budget:-

- **To maintain a high economic growth rate:** Through its revenue and expenditure policy, the government strives to achieve a high rate of economic growth. It makes investment expenditure on infrastructure including roads, dams, bridges. Higher investment leads to higher GDP growth. **Hence, statement 1 is correct.**
- **Balanced Regional Growth:** While allocating funds for infrastructural development, focus is placed on the development of backward regions in the country.
- **Redistribution of Income and Wealth:** The problem of economic divide is combat by the revenue and expenditure policy of the government. Taxation and subsidies are the key policy instruments in this context. Higher rate of taxation on higher incomes and lower rate of taxation on lower income reduces the gulf between disposable income of the rich and the poor. **Hence, statement 2 is correct.**
- **Employment opportunities:** The overall level of employment and prices in the economy depends upon the level of aggregate demand which is a function of the spending decisions of millions of private economic agents apart from the government. These decisions, in turn, depend on many factors such as income and credit availability. In any period, the level of expenditures may not be sufficient for full utilisation of labour and other resources of the economy. Since wages and prices are generally rigid downwards (they do not fall below a level), employment cannot be restored automatically. Hence, policy measures are needed to raise aggregate demand and create employment opportunities.. **Hence, statement 3 is correct.**

QUESTION 66:

With reference to Vostro Accounts, consider the following statements:

1. It is an account, a correspondent bank holds on behalf of another bank.
2. In India, dealer banks mandatorily take prior permission of RBI, every time they open a vostro account.

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

Answer: A

Explanation

VOSTRO ACCOUNT

- Vostro is an account that **one party holds for another**. A vostro account is an account that a correspondent bank holds on behalf of another bank. These accounts are an essential aspect of correspondent banking in which the bank holding the funds acts as custodian for or manages the account of a foreign counterpart. **Hence, statement 1 is correct.**

- For example, if a Spanish life insurance company approaches a U.S. bank to manage funds on the Spanish life insurer's behalf, the account is deemed by the holding bank as a vostro account of the insurance company.

In India

- **With a view to give more operational leeway, the RBI decided to dispense with the requirement of prior approval of the RBI for opening and maintaining each rupee vostro account in India of non-resident exchange houses** in connection with the rupee drawing arrangements (RDAs) that banks enter into with them. The approved dealer banks could now take its permission the first time they enter into such an arrangement with non-resident exchange houses from the Gulf countries, Hong Kong, Singapore and Malaysia and all other countries which are FATF compliant (for all other countries which are FATF compliant only under Speed Remittance Procedure).
- Subsequently, they may enter into RDAs, and inform the RBI immediately. **Hence, statement 2 is not correct.**

QUESTION 67:

Consider the following statements regarding Banking Ombudsman Scheme:

1. The Banking Ombudsman is an expeditious and inexpensive forum for individual banks for resolution of complaints with the Reserve Bank of India.
2. All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

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

Answer: B

Explanation

- The Banking Ombudsman Scheme is an expeditious and inexpensive forum for bank customers for resolution of complaints relating to certain services rendered by banks. **Hence, statement 1 is not correct.**
- The Banking Ombudsman Scheme was introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from 1995.
- Presently the Banking Ombudsman Scheme 2006 (As amended upto July 1, 2017) is in operation.
- The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services covered under the grounds of complaint specified under the scheme..
- All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme. **Hence, statement 2 is correct.**

QUESTION 68:

Which of the following statements is/are correct regarding the Fifteenth Finance Commission?

1. It has recommended to use the 2011 population census as a basis for the devolution of taxes from the Central government to the States.
2. For the first time forest cover parameter has been included for deciding the states share in the tax divisible pool.

Select the correct answer using the code given below:

- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2
- (D) Neither 1 nor 2

Answer: A

Explanation

- The 15th Finance Commission has recommended the use of Census 2011 instead of the norm of considering Census 1971 for the devolution of taxes from the Central government to the States. **Hence, statement 1 is correct.**
- Many states fear it would lead to a significant loss in tax pool share. Moreover, they see it as a punishment for enforcing the National Population Policy effectively.
- In a memorandum presented to the Commission, the state government says that the change in base population figure would penalise horizontal share of taxes to those states which took successful initiatives to reach replacement rates of population in accordance with the National Population Policy.
- For the Commission, population has been a constant parameter in deciding the states' share in the tax pool. In the 12th and 13th Commissions, the population got 25 percent weightage while the 14th Commission gave it 17.5 percent weightage.
- Other parameters include income distance, forest cover, geographical area, fiscal discipline and tax efforts.
- The 15th Commission Terms of Reference (TOR) removes the forest cover parameter, which was included for the first time in the 14th Commission. Instead, the latest Commission has been asked by the Union government to consider its financial needs keeping in mind the challenges of climate change, defence and internal security, infrastructure development and expansion of effective railways. **Hence, statement 2 is not correct.**

QUESTION 69:

Consider the following statements about the Marginal Standing Facility Rate:

1. It is the rate at which RBI lends funds overnight to scheduled banks.
2. This rate is always higher than repo rate.
3. It is issued against government securities as collateral.

Which of the above given statements are correct?

- (A) 1 and 3 only
- (B) 1 and 2 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: D

Explanation

- Marginal standing facility (MSF) is a window for banks to borrow from the Reserve Bank of India in an emergency situation when interbank liquidity dries up completely. The loans under it are issued overnight for short term to scheduled banks (listed under schedule 2 of RBI Act, 1934). **Hence, statement 1 is correct.**

- The Reserve Bank provides Rupee liquidity to market participants through the Marginal Standing Facility (MSF) window against eligible Government Securities (G-Secs) as collateral. However, under this facility, the loan issued by RBI against government securities as collateral at a rate higher than the repo rate. (Collateral is property or other assets that a borrower offers a lender to secure a loan). The MSF rate is generally pegged 100 basis points or a percentage point above the repo rate. **Hence, statements 2 and 3 are correct.**
- Along with Repo rate and Reverse repo rate, MSF also becomes a part of RBI's liquidity adjustment facility to maintain stability of liquidity in the market.
- Since the scheduled banks are in dire need of funds, RBI treats it as an opportunity and provides funds at a higher rate compared to the Repo rate.

QUESTION 70:

Consider the following statements about the Ways and Means Advances (WMA):

1. These are short-term interest-free loans given by the RBI to Central and State governments.
2. These loans can be issued with/without collateral security.

Which of the above given statements is/are correct?

- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2
- (D) Neither 1 nor 2

Answer: B

Explanation

- The RBI acts as the banker to the State Governments as well as the Central government. It provides financial accommodation to them through agreement to help the governments to balance the temporary mismatches in the cash flow of their receipts and payments.
- Ways and Means Advances (WMA) are short-term interest bearing advances given by the RBI to State governments and Central government to balance any mismatch in receipts and payments. The WMA are generally linked with the Repo rate for interest charged. They are not interest free loans. **Hence, statement 1 is not correct.**
- There are two types of WMA that are provided to the State Govt. by RBI viz. Special WMA and Normal WMA. When state governments take loan against the collateral securities then it is called Special WMA, otherwise it is called normal WMA. RBI makes WMA to state governments for a period of 90 days. Thus WMA can be issued against the collateral securities and even without the collateral securities. **Hence, statement 2 is correct.**

QUESTION 71:

Which of the following must be subtracted from National Income (NI) to obtain Personal Income (PI) of Households?

1. Transfer payments to the households from the government
2. Net interest payments made by households
3. Undistributed profits
4. Corporate tax

Select the correct answer using the code given below:

- (A) 1, 2, 3 and 4
- (B) 2, 3 and 4 only
- (C) 3 and 4 only
- (D) 1, 2 and 4 only

Answer: B

Explanation

- National Income, which is earned by the firms and government enterprises, contains a part of profit which is not distributed among the factors of production. This is called Undistributed Profits (UP).
- In other words, undistributed profits form part of a company's equity, and are owned by shareholders. They are also called retained earnings. Undistributed Profits (UP) has to be subtracted from National Income (NI) to arrive at Personal Income (PI), since UP does not accrue to the households.
- Corporate Tax, which is imposed on the earnings made by the firms, will also have to be deducted from the National Income (NI), since it does not accrue to the households.
- Households do receive interest payments from private firms or the government on past loans advanced by them. And households may have to pay interests to the firms and the government as well, in case they had borrowed money from either. So we have to deduct the net interests paid by the households to the firms and government from (NI) to obtain (PI).
- The households receive transfer payments from government and firms (pensions, scholarship, prizes, for example) which have to be added to calculate the Personal Income of the households.
- **Hence, option B is correct.**

QUESTION 72:

Which of the following are the possible reasons for India's under-performance in exports in relation to China:

1. High diversification combined with low specialization of markets and products
2. Low Level of Participation in Global Value Chains
3. Low Market Penetration in High-Income Countries

Select the correct answer using the code given below:

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: D

Explanation

The Economic Survey 2019-20 examines and enumerates following reasons for India's underperformance in exports vis-à-vis China:

- **High diversification combined with low specialization of markets and products:**
 - India is far behind China in terms of specialization of markets and products. However, India has been catching up with China in terms of diversification across products and markets.
 - However, high diversification combined with low specialization implies that India is **spreading its exports thinly over many products and partners, leading to its lacklustre performance compared to China.**
- **Low Level of Participation in Global Value Chains (GVCs):** India's participation in GVCs has been low compared to the major exporting nations in East and Southeast Asia.

- In fact, export growth of capital intensive products from China has been mainly driven by its participation in the GVCs. China's export promotion policies since the 1990s have relied heavily on a strategy of integrating its domestic industries within the GVCs.
- **Low Market Penetration in High-Income Countries:** Developing countries, like India, especially with a low level of participation in GVCs, find it extremely difficult to export capital intensive products to the quality/brand conscious markets in richer countries.
 - The high-income and developed countries accounted for 49.7% of China's exports in 2018 while the corresponding figure for India was 40.2%.
- Thus, China's remarkable export performance, compared to India, is driven by a set of interrelated factors – a high level of participation in GVCs; a high degree of specialization in labour-intensive production activities; large scale in the chosen sectors of specialization; and a high level of export penetration in traditional rich countries. **Hence, option D is correct.**

QUESTION 73:

Regarding Ease of doing business in India, consider the following statements:

1. It is the key to entrepreneurship, innovation and wealth creation.
2. India continues to trail in parameters such as Registering Property, Paying Taxes and Enforcing Contracts.
3. India's ranking in Doing Business Reports has steadily decreased in the last decade.

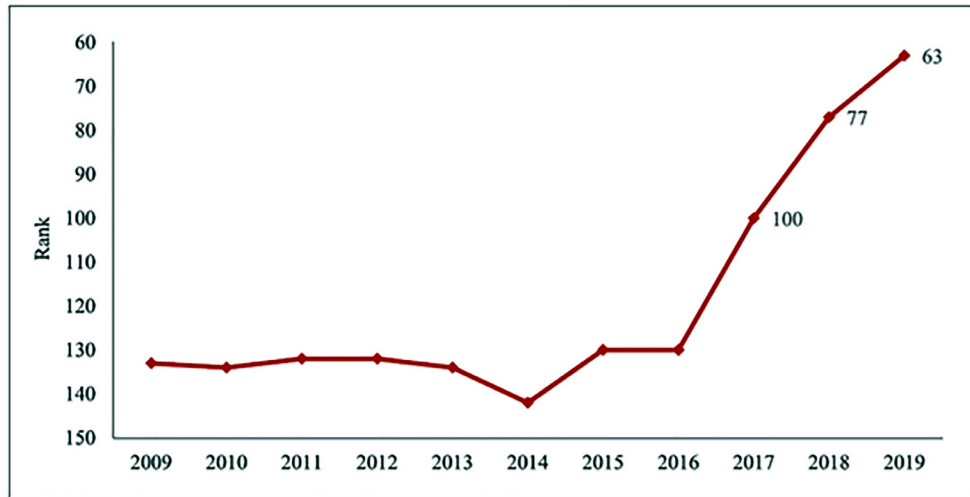
Which of the statements given above is/are correct?

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: A

Explanation

- As India leapfrogs towards a five trillion-dollar economy by 2024-25, simplifying and maintaining a business-friendly regulatory environment is essential. **Ease of doing business (EODB)** benefits businesses in Accessing economic opportunities, Lower transaction costs and reduce corruption.
 - **Thus, EODB is key to entrepreneurship, innovation and wealth creation. Hence, statement 1 is correct.**
- In order to improve ease of doing business, the emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective.
- The improvement in EODB is reflected in India's considerably improved ranking to **63rd position among the 190 countries** in the **World Bank's Doing Business 2020 Report**.
 - The ranking is based on 10 indicators which span the life-cycle of a business. India has improved its rank in 7 out of 10 indicators and has moved closer to international best practices.
 - However, India **continues to trail in parameters** such as Ease of Starting Business, **Registering Property, Paying Taxes, and Enforcing Contracts. Hence, statement 2 is correct.**
- India's ranking in World Bank's Doing Business Reports **has not steadily decreased** in the last decade. During 2009-2013, the ranking has been more or less stable but it has shown an increase in rankings in the year 2014 (Fig.1). **Hence, statement 3 is not correct.**



Source: World Bank.

Fig.1: India's ranking in World Bank Ease of Doing Business Reports.

QUESTION 74:

Arrange the following items in ascending order of their contribution towards India's export basket:

1. Petroleum products
2. Pearls, precious, semi-precious stones
3. Drug Formulations, Biologicals
4. Gold and other Precious Metal Jewellery

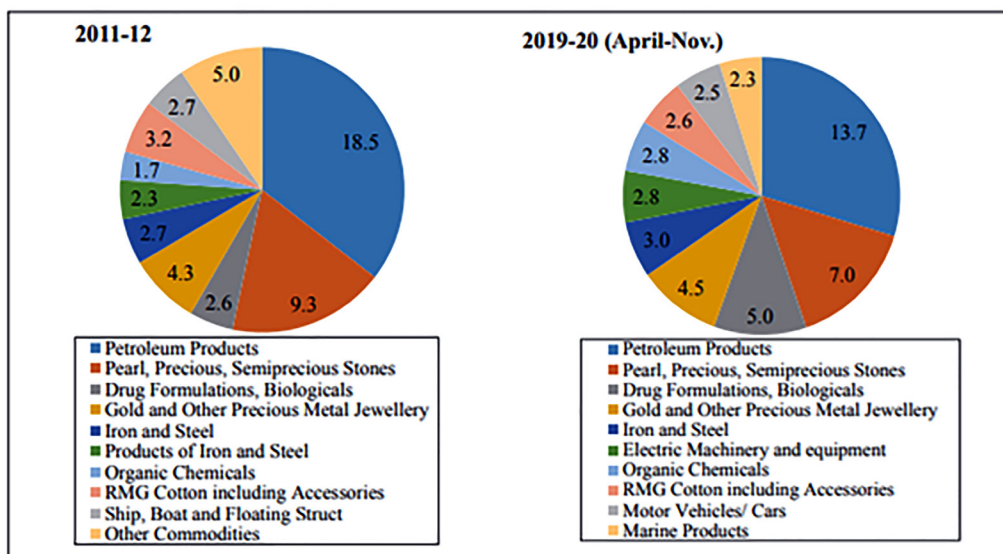
Select the correct answer using the code given below:

- (A) 1, 2, 3, 4
(B) 3, 1, 4, 2
(C) 4, 3, 2, 1
(D) 2, 1, 3, 4

Answer: C

Explanation

Figure 9: Commodity-wise Composition of Exports (By Share in Per cent)



Source: Department of Commerce.

- In 2019-20, petroleum products continued to be the largest exported commodity, in value terms, with a share of 13.7% in the country's export basket.
- Other major exports included pearls, precious, semi-precious stones (7%), gold and other precious metal jewellery (4.5%) and drug formulations and biologicals (5%). Thus, the correct ascending order of items towards contribution to India's export basket is Gold and other precious metal jewellery – Drug formulations and biologicals – Pearls, precious, semi-precious stones – Petroleum products. Hence, option C is correct.

QUESTION 75:

Which of the following is not correct about the SDG India index-2019?

- (A) It documents the progress made by India's States and Union Territories towards achieving the 2030 SDG targets.
- (B) It has been developed by NITI Ayog in collaboration with the Ministry of Statistics and Programme Implementation.
- (C) Four Classification Criteria based on SDG India Index Score are Aspirant, Performer, Front Runner and Achiever.
- (D) States such as Uttar Pradesh, Bihar and Jharkhand are in the Aspirant category.

Answer: D

Explanation

- The NITI Aayog releases its **SDG India Index** which intends to provide a holistic view on the social, economic and environmental status of the country and its States.
- SDG India Index 2019 is the second edition of the index, first being released in 2018.
 - The index documents the progress made by India's States and Union Territories towards achieving the 2030 SDG targets. Hence, statement A is correct.
- The SDG India Index has been developed by **NITI Ayog in collaboration with the Ministry of Statistics and Programme Implementation (MoSPI)**, the United Nations, and the Global Green Growth Institute. Hence, statement B is correct.
- A composite score for SDG Index -2019 is computed in the **range of 0–100** for each State/UT based on its aggregate performance across **16 SDGs** (13 goals for SDG Index 2018).
 - States /UTs are classified based on the SDG India Index Score as follows:
 - ◆ Aspirant: 0–49
 - ◆ Performer: 50–64
 - ◆ Front Runner: 65–99
 - ◆ Achiever: 100. Hence, statement C is correct.

TOP 12, THE STATES

Kerala	70
Himachal	69
Andhra	67
Tamil Nadu	67
Telangana	67
Karnataka	66
Goa	65
Sikkim	65
Gujarat	64
Maharashtra	64
Uttarakhand	64
Punjab	62

BOTTOM 5, THE STATES

Bihar	50
Jharkhand	53
Arunachal	53
Meghalaya	54
UP, Assam	55

TOP 5, THE UTs

Chandigarh	70
Puducherry	66
Dadra & NH	63
Lakshadweep	63
Delhi, A & N Islands, Daman & Diu	61

- It is noteworthy that **none of the States/UTs fall in the Aspirant category** in SDG India Index- 2019. Uttar Pradesh, Bihar and Jharkhand are among the worst performers but still in the **Performer category**. Thus, statement D is not correct.

QUESTION 76:

‘Warsaw International Mechanism’ often seen in the news is related to:

- (A) United Nations effort to deal with the Human Rights violation
- (B) Implementation of rules of trade between nations
- (C) Providing security to NATO members
- (D) Loss and damage associated with the adverse effects of climate change

Answer: D

Explanation

- The **Warsaw International Mechanism** was established at the UNFCCC climate negotiations in November 2013 (the 19th Conference of the Parties) to promote “implementation of approaches to address loss and damage associated with the adverse effects of climate change...in a comprehensive, integrated and coherent manner”. **Hence, option D is correct.**

QUESTION 77:

Consider the following statements with reference to Micro irrigation technology in India:

1. Micro Irrigation helps in efficient deployment of inputs such as water, electricity and fertilizers.
2. Indian Council of Agricultural Research (ICAR) maintains a dedicated Micro Irrigation Fund to facilitate coverage expansion of Micro Irrigation.

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

Answer: A

Explanation

- Micro Irrigation, which includes **drip and sprinkler irrigation**, is a proven technology which has gained immense popularity amongst the farmers. The technology helps in **efficient deployment of inputs such as water, electricity, fertilizers**, labour, increase in crop productivity, a better quality of produce leading to higher realization of sale price resulting in an increased income of farmers. **Hence, statement 1 is correct.**
- With this technology, the **additional area can be irrigated** with the same amount of water compared to the conventional method of irrigation
- In addition, water-deficient, cultivable wasteland and undulating land areas can be brought under cultivation due to **ease of irrigation**. There is also good scope for using this technology in closely spaced crops like rice, wheat, onion, potato etc
- A dedicated **Micro Irrigation Fund (MIF) created with NABARD** has been approved with an initial corpus of ₹5000 crore **facilitating the States in mobilizing the resources for expanding coverage of Micro Irrigation** and also in bringing additional coverage through special and innovative initiatives by State Governments. **Hence, statement 2 is not correct.**

QUESTION 78:

Consider the following statements with reference to ‘Virtuous Cycle of growth’:

1. A virtuous cycle is important for the sustainable economic development of the country.
2. Decline in fixed investment rate is a major cause of declining growth rate of the Indian economy.

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

Answer: A

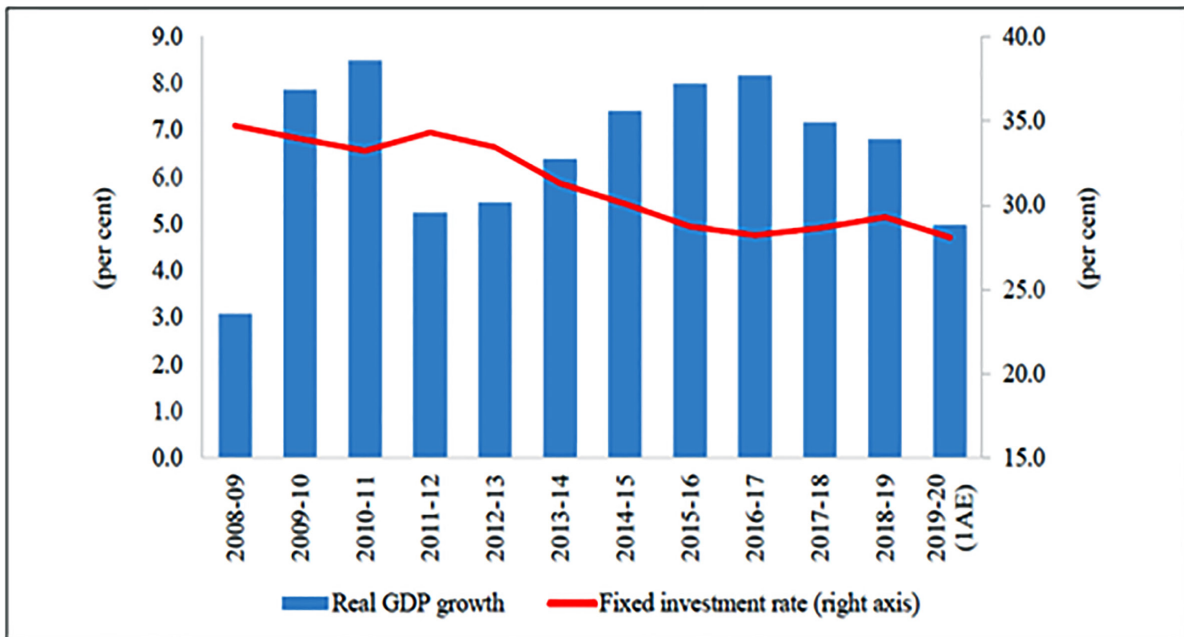
Explanation

- The Economic Survey, 2018-19 describes the virtuous cycle of growth where-
 - An increase in the rate of fixed investment accelerates the growth of GDP that in turn induces a higher growth in consumption.
 - Higher growth of consumption improves the investment outlook, which results in higher growth of fixed investment that further accelerates the growth of GDP, inducing higher growth of consumption.
 - This virtuous cycle of higher fixed investment-higher GDP growth-higher consumption growth generates sustainable economic development in the country. **Hence, statement 1 is correct.**



Fig: Virtuous Cycle of Growth.

- The Indian economy, since 2011-12, has been under the influence of a slowing cycle of growth. The fixed investment rate has started declining sharply since 2011-12 and subsequently plateaued from 2016-17 onwards.
 - Given the lagged impact of the investment rate on GDP growth (most pronounced after four years), the **deceleration in growth since 2017-18 is consistent with the declining investment since 2011-12.**
 - Thus, **decline in fixed investment rate is a major cause of declining growth rate of Indian economy with a time lag between the two (as can be depicted from the below figure). Hence, statement 2 is correct.**



Data Source: National Statistical Office

Fig: Real GDP growth and Investment – Annual movement.

QUESTION 79:

Arrange the following tax sources in descending order of their contribution in Union tax revenue:

1. Union excise duty
2. GST
3. Corporation tax
4. Income tax
5. Customs

Select the correct answer using the code given below:

- (A) 1, 2, 3, 5, 4
- (B) 2, 3, 4, 5, 1
- (C) 2, 3, 4, 5, 1
- (D) 3, 2, 4, 1, 5

Answer: D

Explanation

■ As per the Economic Survey 2019-20, the **Composition of Gross Tax Revenue** is:

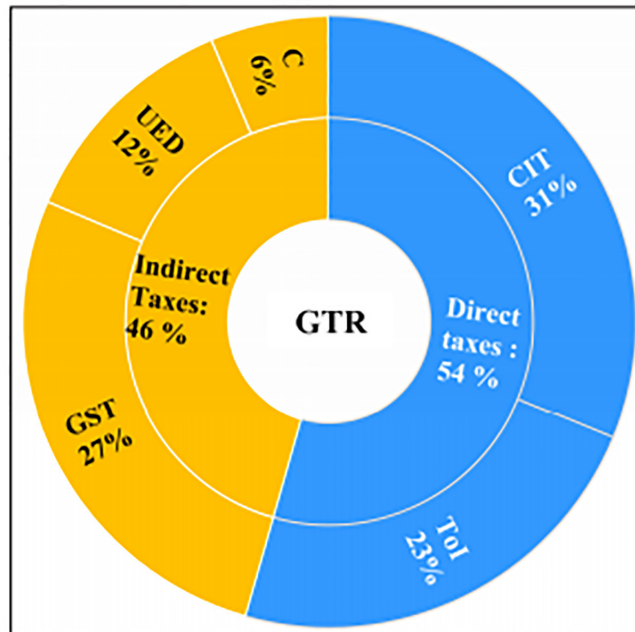
- Corporation tax – 31%
- GST – 27%
- Income tax – 23%
- Union excise duty – 12%
- Customs – 6%

Hence, option D is correct.



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Figure 3: Composition of taxes in Gross Tax Revenue in 2019-20 BE



Source: Union Budget Documents & CGA
GTR: Gross Tax Revenue, CIT: Corporation Tax,
ToI: Taxes on Income other than Corporation Tax
(includes STT), C: Customs, UED: Union Excise
Duties, GST: Goods and Services Tax

QUESTION 80:

Arrange the following ministries in descending order of their estimated total expenditure in 2020-21:

1. Ministry of Defence
2. Ministry of Home Affairs
3. Ministry of Agriculture and Farmers' Welfare
4. Ministry of Railways

Select the correct answer using the code given below:

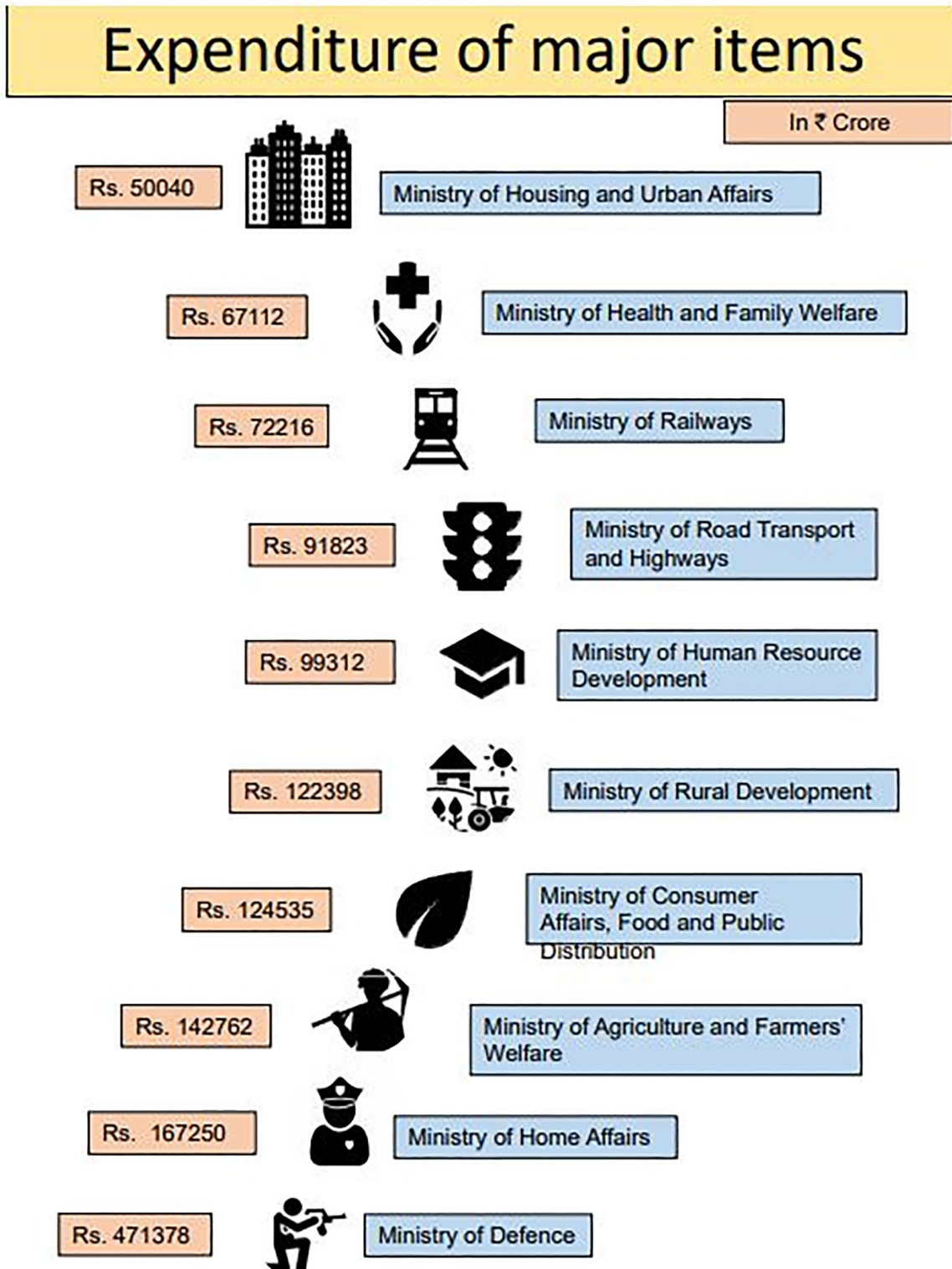
- (A) 1, 2, 3, 4
(B) 2, 1, 3, 4
(C) 1, 3, 4, 2
(D) 2, 1, 4, 3

Answer: A

Explanation

- The ministries with the 13 highest allocations account for 53% of the estimated total expenditure in 2020-21. The correct descending order of their estimated total expenditure is **Ministries of Defence > Home Affairs > Agriculture and Farmers' welfare > Railways**. Hence, option A is correct.
- Of all, the **Ministry of Defence** has the highest allocation in 2020-21 and accounts for **15% of the total budgeted expenditure of the central government**.
- Allocation to the **Ministry of Home Affairs** increased by 20.2% in 2020-21, over the revised estimate of 2019-20. This is mainly on account of grants provided by the Ministry to the newly formed union territories of Jammu and Kashmir, and Ladakh.

- Allocation to the **Ministry of Agriculture and Farmers' Welfare** increased by **30.1%** in 2020-21 over the previous year. This is primarily due to an increase in allocation to the **PM-KISAN** scheme.



QUESTION 81:

With reference to National Anti-Profiteering Authority, consider the following statements:

- The National Anti-profiteering Authority (NAA) is the institutional mechanism under the Competition Act, 2002.
- It seeks to check the unfair profit-making activities by the trading community.

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

Answer: B

Explanation

- The **National Anti-profiteering Authority (NAA)** is the institutional mechanism under GST law to check the unfair profit-making activities by the trading community. **Hence, statement 1 is not correct.**
- **The Authority's core function:**
 - To ensure that the benefits of the reduction in GST rates on goods and services made by GST Council and proportional change in the Input tax credit is passed on to the ultimate consumers and recipients respectively by way of reduction in the prices by the suppliers.
 - Traders are however engaged in earning unfair profit by charging high prices from consumers in the name of GST. **Hence, statement 2 is correct.**
- The responsibility of NAA is to examine and check such profiteering activities and recommend punitive actions including cancellation of registration.
- The chairman, NAA along with 4 Technical members with help of the Standing Committee, Screening Committee in every state and the Directorate General of Safeguards in the Central Board of Excise & Customs (CBEC), will work together on the anti-profiteering front.

QUESTION 82:

With reference to the administration of Scheduled Areas provided in Fifth Schedule of the Constitution, consider the following statements:

1. The executive power of the Centre extends to giving directions to the States regarding the administration of these areas.
2. The Governor is empowered to direct that any particular act of Parliament or State legislature does not apply to a Scheduled area.

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

Answer: C

Explanation

- **Article 244 in Part X of the Constitution** envisages a special system of administration for certain areas designated as 'scheduled areas' and 'tribal areas'.
- The **Fifth Schedule** of the Constitution deals with the administration and control of scheduled areas and scheduled tribes in any State except the four states of Assam, Meghalaya, Tripura and Mizoram.
- **The various features of the administration contained in the Fifth Schedule are as follows:**
 - The President is empowered to declare an area to be a Scheduled area.
 - The executive power of a State extends to the scheduled areas therein. But the governor has a special responsibility regarding such areas.
 - He has to submit a report to the President regarding the administration of such areas, annually or whenever so required by the president.

- The executive power of the Centre extends to giving directions to the States regarding the administration of such areas. Hence, statement 1 is correct.
- Each State having scheduled areas has to establish a Tribal Advisory Council to advise on welfare and advancement of the Scheduled Tribes.
- The governor is empowered to direct that any particular act of Parliament or the state legislature does not apply to a scheduled area or apply with specified modifications and exceptions. Hence, statement 2 is correct.

QUESTION 83:

Regarding citizenship (acquisition and termination), which of the following statements is not correct?

- (A) Amendment of Provisions related to Citizenship is outside the scope of Article 368.
- (B) Citizenship is not a part of the 'basic structure' of the Constitution.
- (C) Citizenship provisions can be amended by a simple majority of the Parliament.
- (D) Citizenship Amendment Act-2019 has reduced the number of years to acquire citizenship for some illegal migrants from 11 to 4 years.

Answer: D

Explanation

- The provisions in the Constitution which can be amended by a **simple majority** of the two Houses of Parliament **outside** the scope of Article 368 are
 1. Formation of new states and alteration of areas, boundaries or names of existing states.
 2. Abolition or creation of legislative councils in states.
 3. Conferment of more jurisdiction on the Supreme Court.
 4. Use of official language.
 5. Citizenship – acquisition and termination.
 6. Elections to Parliament and state legislatures.
 7. Delimitation of constituencies.
 8. Union territories.
 9. Fifth Schedule – administration of scheduled areas and scheduled tribes.
 10. Sixth Schedule – administration of tribal areas. **Hence, statements A and C are correct.**
- Citizenship is **not a part** of the 'basic structure' of the Constitution. The Supreme Court is yet to define or clarify as to what constitutes the 'basic structure' of the Constitution. From the various judgements, the following have emerged as components of the 'basic structure' of the Constitution:
 1. Sovereign, democratic and republican nature of the Indian polity
 2. Secular character of the Constitution
 3. Separation of powers
 4. Federal character of the Constitution
 5. Welfare state (socio-economic justice)
 6. Judicial review
 7. Rule of law
 8. Principle of equality
 9. Independence of Judiciary
 10. Limited power of Parliament to amend the Constitution. **Hence, statement B is correct.**
- As per the **Citizenship Amendment Act (CAA) 2019**, for a specified class of illegal migrants, the number of years of residency to acquire citizenship by naturalisation has been relaxed from 11 years to **5 years**, not 4. **Hence, statement D is not correct.**

QUESTION 84:

With reference to the pardoning power of the President and Governors in India, consider the following statements:

1. Both the President and Governors have a concurrent power with respect to the pardoning of a death sentence.
2. While exercising his pardoning power, the President acts under his own discretion.
3. The pardoning power of the President is not immune from judicial review..

Which of the statements given above is/are correct?

- (A) 1 and 2 only
(B) 2 only
(C) 3 only
(D) 2 and 3 only

Answer: C

Explanation

- Both the President and the Governor have **concurrent power** in respect of suspension, remission and commutation of a death sentence. But only the President can pardon a death sentence.
 - Even if a state law prescribes the death sentence, the power to grant pardon lies with the President and not the governor. **Hence, statement 1 is not correct.**
- According to the Supreme Court ruling, the President can exercise pardoning power on the advice of the Union Cabinet. **Hence, statement 2 is not correct**
- In the **Epuru Sudhakar Case** the immunity of the pardoning power of governor from judicial review came up. SC aside a decision of the then Andhra Pradesh Governor, the SC bench warned that the exercise of the power would be tested by the court against the maintenance of Rule of Law.
 - The judgment reiterated the settled **position of law** that exercise or non-exercise of the pardoning power by the President or Governor would not be immune from judicial review. **Hence, statement 3 is correct.**

QUESTION 85:

With reference to Yuva Sahakar-Cooperative Enterprise Support and Innovation Scheme, consider the following statements:

1. It is an initiative of the Ministry of Panchayati Raj.
2. The scheme will be linked to ₹1000 crore 'Cooperative Start-up and Innovation Fund' (CSIF) created by National Cooperative Development Corporation.
3. All types of cooperatives in operation for at least one year are eligible for this scheme.

Which of the statements given above is/are correct?

- (A) 1 and 2 only
(B) 2 and 3 only
(C) 3 only
(D) 1, 2 and 3

Answer: B

Explanation

- To cater to the needs and aspirations of the youth, the National Cooperative Development Corporation (NCDC) under the **Ministry of Agriculture and Farmers' Welfare** has come up with a youth-friendly scheme 'Yuva Sahakar-Cooperative Enterprise Support and Innovation Scheme' for attracting them to cooperative business ventures. **Hence, statement 1 is not correct.**

- NCDC has created a dedicated fund with liberal features enabling youth to avail the scheme.
- The scheme will be linked to ₹1000 crore '**Cooperative Start-up and Innovation Fund (CSIF)**' created by the NCDC. **Hence, statement 2 is correct.**
- It would have more incentives for cooperatives of North Eastern region, Aspirational Districts and cooperatives with women or SC or ST or PwD members.
- The funding for the project will be up to 80% of the project cost for these special categories as against 70% for others.
- The scheme envisages 2% less than the applicable rate of interest on term loan for the project cost up to ₹3 crore including 2 years moratorium on payment of principal.
- All types of cooperatives in operation for at least one year are eligible. **Hence, statement 3 is correct.**

QUESTION 86:

With reference to the Electoral Bond scheme, consider the following statements:

1. The bonds can be redeemed by any Party registered under the Representation of the People Act, 1951.
2. These bonds can be issued by any bank to its Know Your Customer (KYC) compliant.

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

Answer: D

Explanation

- An electoral bond is designed to be a **bearer instrument** like a Promissory note that is payable to the bearer on demand and free of interest.
- The bonds are issued in multiples of '1,000', '10,000', '1 lakh', '10 lakh' and '1 crore' and available at specified branches of **State Bank of India**. They can be bought by the donor with a KYC-compliant account. Donors can donate the bonds to their party of choice which can then be cashed in via the party's verified account within 15 days. **Hence, statement 2 is not correct.**
- Every party that is registered under section 29A of the **Representation of the People Act, 1951** and has secured at least 1% of the votes polled in the most recent Lok Sabha or State election will be allotted a verified account by the Election Commission of India.
 - **Electoral bond** transactions can be made only via this account. **Hence, statement 1 is not correct.**
- The bonds will be available for purchase for a period of 10 days each in the beginning of every quarter, i.e. in January, April, July and October as specified by the Central Government. An additional period of 30 days shall be specified by the Central Government in the year of Lok Sabha elections.

QUESTION 87:

Which of the following rights are denied to a person who has been arrested under the National Security Act, 1980?

1. Right to be informed of the reason for the arrest.
2. Right to be produced before a court within 24 hours of arrest.
3. Right to consult and to be defended by a legal practitioner.

Select the correct answer using the code given below:

- (A) 1 and 2 only
- (B) 2 and 3 only

- (C) 1 and 3 only
(D) 1, 2 and 3

Answer: D

Explanation

- In the normal course, if a person is arrested, he or she is guaranteed certain basic rights. These include the right to be informed of the reason for the arrest.
- **Section 50 of the Criminal Procedure Code (Cr.PC)** mandates that the person arrested has to be informed of the grounds of arrest, and the right to bail. Sections 56 and 76 of the Cr. PC also provides that a person has to be produced before a court within 24 hours of arrest.
 - Additionally, Article 22(1) of the Constitution says an arrested person cannot be denied the right to consult, and to be defended by, a legal practitioner of his choice.
- **But none of these rights are available to a person detained under the NSA. Hence, option (d) is correct.**
- A person could be kept in the dark about the reasons for his arrest for up to five days, and in exceptional circumstances upto 10 days. Even when providing the grounds for arrest, the government can withhold information which it considers to be against public interest to disclose.
- The arrested person is also not entitled to the aid of any legal practitioner in any matter connected with the proceedings before an advisory board, which is constituted by the government for dealing with NSA cases.

QUESTION 88:

With reference to Voter Verifiable Paper Audit Trail (VVPAT) machines, consider the following statements:

1. The VVPAT system gives instant feedback to the voter showing that the vote polled has in fact been allotted to the candidate chosen.
2. The VVPAT prints a slip containing the name of the candidate and the election symbol which can be collected by Voter.

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

Answer: A

Explanation

- **Voter Verifiable Paper Audit Trail (VVPAT)** machines are used during the election process to verify that the vote polled by a voter goes to the correct candidate.
- VVPATs are a second line of verification and are particularly useful in the time when allegations around Electronic Voting Machines' tampering crop up.
- VVPAT system gives instant feedback to the voter showing that the vote polled has in fact been allotted to the candidate chosen. **Hence, statement 1 is correct.**
- After a voter presses the button on the EVM against the chosen candidate, the VVPAT prints a slip containing the name of the candidate and the election symbol and drops it automatically into a sealed box. The machines give the chance for the voter to verify their vote. **Hence, statement 2 is not correct.**
- The machine is placed in a glass case in a way that only the voter can see it. The slip is displayed to the voter for seven seconds after which the VVPAT machine cuts it and drops into the storage box with a beep. The machines can be accessed, though, by the polling officials and not by the voter.

QUESTION 89:

Consider the following statements:

1. The 'due process of law' gives wide scope to the Supreme Court to grant protection to the rights of its citizens.
2. The Indian judiciary follows only the procedure established by law.

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

Answer: A

Explanation

- The American Constitution provides for '**due process of law**' against that of '**procedure established by law**' which is contained in the Indian Constitution. The difference between the two is:
 - "The due process of law gives wide scope to the Supreme Court to grant protection to the rights of its citizens. It can declare laws violative of these rights void **not only on substantive grounds** of being unlawful but also **on procedural grounds** of being unreasonable. **Hence, statement 1 is correct.**
- Indian Supreme Court, while determining the Constitutionality of a law, however, examines **only the substantive question** i.e., whether the law is within the powers of the authority concerned or not. It is not expected to go into the question of its reasonableness, suitability or policy implications.
- In **Maneka Gandhi vs Union of India case (1978)** SC held that – 'procedure established by law' within the meaning of Article 21 must be '**right and just and fair**' and 'not arbitrary, fanciful or oppressive' otherwise, it would be no procedure **at all and the requirement of Article 21 would not be satisfied.** Thus, the 'procedure established by law' has acquired the same significance in India as the 'due process of law' clause in America. **Hence, statement 2 is not correct.**

QUESTION 90:

With reference to 'social security', which of the following statements is/are correct?

1. Matters relating to social security are listed in the Directive Principles of State Policy.
2. The seventh schedule of the Constitution mentions social security under the state list.
3. Globalisation in recent times has raised the need for social security.

Select the correct answer using the code given below:

- (A) 1 only
(B) 2 only
(C) 1 and 3 only
(D) 1, 2 and 3

Answer: C

Explanation

- Social security need was particularly realised as globalisation influenced policies of the government which led to increased **contractualisation, outsourcing and informalisation of industries**, thus further leading to an increase in the size of the **unorganised sector**. The adverse labour market implications of the informal sector were also recognised by the government, and as a response, an unprecedented revival of the social security measures in India is observed. **Hence, statement 3 is correct.**

- The following social security issues are mentioned in the **Concurrent List** (List III in the seventh schedule of the Constitution of India):
 - **Item No. 23:** Social Security and insurance, employment and unemployment.
 - **Item No. 24:** Welfare of Labour including conditions of work, provident funds, employers' liability, workmen's compensation, invalidity and old-age pension and maternity benefits. **Hence, statement 2 is not correct.**
- Matters relating to social security are listed in the **Directive Principles of State Policy** and the subjects in the Concurrent List.
- **Article 41:** The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want.
- **Article 42:** The State shall make provision for securing just and humane conditions of work and for maternity relief. **Hence, statement 1 is correct.**

QUESTION 91:

Consider the following statements:

1. A person, who is not a member of either House of Parliament, can be appointed as Prime Minister.
2. The resignation or death of an incumbent Prime Minister automatically dissolves the Lok Sabha.

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

Answer: A

Explanation

- In 1997, the Supreme Court held that a person, who is not a member of either House of Parliament, can be appointed as Prime Minister for six months, within which, he should become a member of either House of Parliament; otherwise, he ceases to be the Prime Minister. **Hence, statement 1 is correct.**
- The Prime Minister stands at the head of the council of ministers, the other ministers cannot function when the Prime Minister resigns or dies. In other words, the resignation or death of an incumbent Prime Minister automatically dissolves the council of ministers and not the Lok Sabha. **Hence, statement 2 is not correct.**

Additional Information

- The Prime Minister can recommend dissolution of the Lok Sabha to President at any time.
- He can ask a minister to resign or advise the President to dismiss him in case of difference of opinion.
- He is the chairman of the National Integration Council, Inter-State Council, National Water Resource Council, National Ganga River Basin Authority etc.

QUESTION 92:

Vice-President acts as President when a vacancy occurs in the office of the President due to his resignation, removal, death or otherwise. With reference to this, consider the following statements:

1. He can act as President only for a maximum period of six months.
2. During this period, he is not entitled to any salary or allowances payable to the Chairman of the Rajya Sabha.
3. During this period, he not only performs the duties of the office of the President but also performs his duties as the Chairman of Rajya Sabha.

Which of the statements given above is/are correct?

- (A) 1 and 2 only
- (B) 3 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

Answer: A

Explanation

- Vice-President acts as President when a vacancy occurs in the office of the President due to his resignation, removal, death or otherwise (Article 65). He can act as President only for a maximum period of six months within which a new President has to be elected. Hence, statement 1 is correct.
- **The Constitution has not fixed any emoluments for the vice-president** in that capacity. He draws his regular salary in his capacity as the ex-officio Chairman of the Rajya Sabha. During any period when the Vice-President acts as President or discharges the functions of the President, he is not entitled to the salary or allowances payable to the Chairman of Rajya Sabha, but the salary and allowances of the President. **Hence, statement 2 is correct.**
- While acting as President or discharging the functions of President, the vice-president does not perform the duties of the office of the Chairman of Rajya Sabha. During this period, those duties are performed by the Deputy Chairman of Rajya Sabha. **Hence, statement 3 is not correct.**

QUESTION 93:

Consider the following statements:

1. President can declare any area as a scheduled area and is also empowered to organize and reorganize the autonomous districts.
2. If the election of the President is declared void by the Supreme Court, acts done by him before the date of such declaration of the **Supreme Court** become invalidated.

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

Answer: D

Explanation

- Under the powers of the President, he can declare any area as a scheduled area and can also increase or decrease the area in **consultation with the governor of the state** concerned. However, the **power to organize and reorganize the autonomous districts** comes under authority of the Governor. **Hence, statement 1 is not correct.**
- If the election of a person as President is declared void by the Supreme Court, acts done by him before the date of **such declaration of the Supreme Court** are **not invalidated** and continue to remain in force. **Hence, statement 2 is not correct.**

QUESTION 94:

Consider the following statements:

1. The Council of Ministers is collectively responsible to the Lower House of the Parliament.
2. The total number of ministers, including the Prime Minister, in the council of ministers shall not exceed 15% of total strength of Lok Sabha.
3. The Council of Ministers can advise the President to dissolve the Lok Sabha.

Which of the statements given above is/are correct?

- (A) 1 only
- (B) 1 and 2 only
- (C) 1 and 3 only
- (D) 1, 2 and 3

Answer: D

Explanation

- The Council of Ministers is a constitutional body. **Article 74 deals with the status of the council of ministers** while **Article 75** deals with the appointment, tenure, responsibility, qualification, oath and salaries of the ministers.
- The fundamental principle underlying the working of the parliamentary system of government is the principle of collective responsibility. Article 75 clearly states that the council of ministers is collectively responsible to the Lok Sabha. **Hence, statement 1 is correct.**
- 91st Amendment Act of 2003 added the provision that the total number of ministers, including the Prime Minister, in the council of ministers shall not exceed 15% of the total strength of the Lok Sabha. **Hence, statement 2 is correct.**
- Council of Ministers can advise the President to dissolve the Lok Sabha on ground that the House does not represent the views of the electorate and call for fresh elections. **Hence, statement 3 is correct.**

QUESTION 95:

The Constitution of India provides for the three kinds of funds for the Central Government. Consider the following statements regarding these funds:

1. All the legally authorized payments on behalf of the government of India are made out of the Consolidated Fund.
2. Public Account Fund of India includes provident fund deposits, saving bank deposits and remittances also.
3. Contingency Fund is a statutory fund and is operated by executive action.

Which of the statements given above is/are correct?

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 1 only
- (D) 1, 2 and 3

Answer: D

Explanation

- **Article 266** defines Consolidated Funds and public accounts of India and of the states.
- Consolidated Fund is a fund to which all receipts are credited and all payments are debited. All the legally authorized payments on behalf of the government of India are made out of this fund. No money out of this fund can be appropriated except in accordance with a parliamentary law. **Hence, statement 1 is correct.**
- Public Account Fund of India includes provident fund deposits, saving bank deposits, judicial deposits, departmental deposits, remittances etc; This account is operated by executive action, that is, the payments from this account can be made without parliamentary appropriation. **Hence, statement 2 is correct.**

- The Constitution authorized the Parliament to establish a Contingency Fund of India. Accordingly, the Parliament enacted the Contingency Fund of India Act in 1950. Hence, it is a statutory fund and is operated by executive action. The fund is held by the finance secretary on behalf of the president. **Hence, statement 3 is correct.**

QUESTION 96:

Lok Sabha can express lack of confidence in government through which of the following?

1. Passage of No-Confidence motion
2. Non-passage of Motion of Thanks
3. Defeat of Money Bill in the Lok Sabha

Select the correct answer using the codes given below:

- (A) 1 and 3 only
- (B) 1 only
- (C) 1 and 2 only
- (D) 1, 2 and 3

Answer: D

Explanation

- **Article 75** of the Constitution says that the council of ministers shall be collectively responsible to the Lok Sabha. It means that the ministry stays in office so long as it enjoys confidence of the majority of the members of the Lok Sabha. In other words, the Lok Sabha can remove the ministry from office by passing a no-confidence motion. **Hence, statement 1 is correct.**
- The first session after each general election and the first session of every fiscal year is addressed by the President which is called 'Motion of Thanks'. In this address, the president outlines the policies and programmes of the government. This address is discussed in both the Houses of Parliament. At the end of the discussion, the motion is put to vote. This motion must be passed in the House. Otherwise, it amounts to the defeat of the government. **Hence, statement 2 is correct.**
- **Article 110** of the Constitution deals with the definition of money bills. The Constitution lays down a special procedure for the passing of money bills in the Parliament. A money bill can only be introduced in the Lok Sabha and that too after the recommendation of the President. It can be rejected or approved but cannot be returned by the President. Its defeat in the Lok Sabha leads to the resignation of the government. **Hence, statement 3 is correct.**

QUESTION 97:

With reference to 'Uranium', consider the following statements:

1. Uranium is classified as a major mineral.
2. Andhra Pradesh has the largest uranium deposits in India.

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

Answer: C

Explanation

- In pursuance to entry number **54 of the Union List**, the Parliament passed 'The Mines & Minerals (Development and Regulation) Act, 1957'. According to this act, **Uranium is classified as a major mineral** and is therefore managed by the Union Government. **Hence, statement 1 is correct.**

- The state of **Andhra Pradesh** has the largest reserves of uranium in India. The **Tummalapalle mine** located in the Kadapa district of Andhra Pradesh is considered to have one of the largest uranium reserves. **Hence, statement 2 is correct.**

QUESTION 98:

Consider the following statements:

1. Margdarshan scheme is a scheme of the University Grants Commission (UGC).
2. The Wawe Summit-2019 focused on empowering women to take up income generation activity and entrepreneurship in waste management.

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

Answer: B

Explanation

- Margdarshan- a scheme launched by the All India Council for Technical Education (**AICTE**), aims to identify institutions having good accreditation records or the top-performing institutions to mentor relatively newer 10 to 12 potential institutions. **Hence, statement 1 is not correct.**
- The Waste Management Accelerators for Aspire Women Entrepreneurs (Wawe) Summit will be jointly organized by AICTE and Institute of Waste Management (IIWM) at Jaipur in Nov-Dec, 2019, for promoting entrepreneurship in waste management and provide alternatives to single-use plastic carry bags. The theme of the summit is, "Make your own bag – empowering women to take up income generation activity and entrepreneurship in waste management, through making a business out of this record-creating concept". **Hence, statement 2 is correct.**

QUESTION 99:

Which of the following statements is/ are correct about the National Crisis Management Committee (NCMC)?

1. It is headed by the Prime Minister.
2. It helps in effective implementation of relief measures due to a natural calamity.

Select the correct answer using the code given below:

- (A) 1 only
- (B) 2 only
- (C) Both 1 and 2
- (D) Neither 1 nor 2

Answer: B

Explanation

- The Government of India, for **effective implementation of relief measures in the wake of natural calamities**, sets up a Standing **National Crisis Management Committee with Cabinet Secretary as Chairman** and Secretaries of all the concerned Ministries /Departments as well as other organizations, to meet the exigencies of such crisis. **Hence, statement 1 is not correct while 2 is correct.**
- The committee has met on many occasions like during Cyclone Ockhi, Kerala floods, Cyclone Fani etc.
- The NCMC gives direction to the **Crisis Management Group** as deemed necessary.

- **Crisis Management Group (CMG):** The group deals with matters relating to relief in the wake of major natural calamities. The group consists of Relief Commissioner (Chairman) and other nodal officers from various concerned Ministries. Its functions are to review:
 - contingency plans formulated by various Ministries, Departments and Organizations in their respective sectors.
 - measures required for dealing with a natural disaster.
 - coordinate the activities of the Central Ministries and the State Governments in relation to disaster preparedness and relief.

QUESTION 100:

Consider the following statements regarding Fiscal Performance Index:

1. It is released by the Confederation of Indian Industry.
2. It is a multidimensional tool that ranks the states on the basis of their quality of budget.

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

Answer: C

Explanation

- The composite Fiscal Performance Index (FPI) developed by **Confederation Of Indian Industry(CII)** is an innovative tool using multiple indicators to **examine the quality of budgets** at the central and state levels. **Hence, statements 1 and 2 are correct.**
- The index has been constructed using **the United Nations Development Programme (UNDP)- Human Development Index methodology**, it comprises **six components for holistic assessment** of the quality of government budgets.
 - **Quality of revenue expenditure**
 - **Quality of capital expenditure**
 - **Quality of revenue:** the ratio of net tax revenue to GDP (own tax revenue in case of States).
 - **Fiscal deficit to GDP**
 - **Revenue deficit to GDP**
 - **Debt index:** Change in debt and guarantees to GDP.
- **Findings:**
- The high-income States have performed poorly mainly on the expenditure quality and own tax receipts index as compared to their low-income counterparts. Though their performance on the deficit prudence index has been above average.
- The low-income States such as Bihar and Uttar Pradesh which have high fiscal deficit ratios have fared well on the FPI front.
 - This clearly demonstrates the inadequacy of fiscal deficit to GDP ratio in analysing the fiscal performance of States.
- Expenditure on infrastructure, education, healthcare and other social sectors can be considered beneficial for economic growth.
 - Tax revenues are sustainable sources of revenue for the government as compared to one-time income sources.