



drishti

Gist of Economic Survey 2020-21 (MCQs)

 drishtiias.com/printpdf/gist-of-economic-survey-2020-21-mcqs

1. Which of the following statements defines the term ‘interest growth rate differential’ (IGRD)?

- (a) The difference between interest paid on government debt and the economy’s nominal growth rate.
- (b) A loan in which the lender receives interest during the term of the loan and principal is repaid in a lump sum at maturity.
- (c) The ratio of proposed Principal and Interest payment expenses is divided by the gross monthly household income.
- (d) None of the Above

Explanation: (a)

Interest-Growth Rate Differential (IGRD): The difference between the average **interest rate that governments pay on their debt and the nominal growth rate** of the economy is known as ‘Interest-Growth Differential’. **Hence, option (a) is correct.**

2. With reference to the Counter-cyclical Fiscal Policy Stance during the recession, consider the following statements:

1. In an expansionary fiscal policy, the government expenditure is increased and taxes are reduced.
2. The expansionary fiscal policy helps the government to deal with the recession in an 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

Explanation: (c)

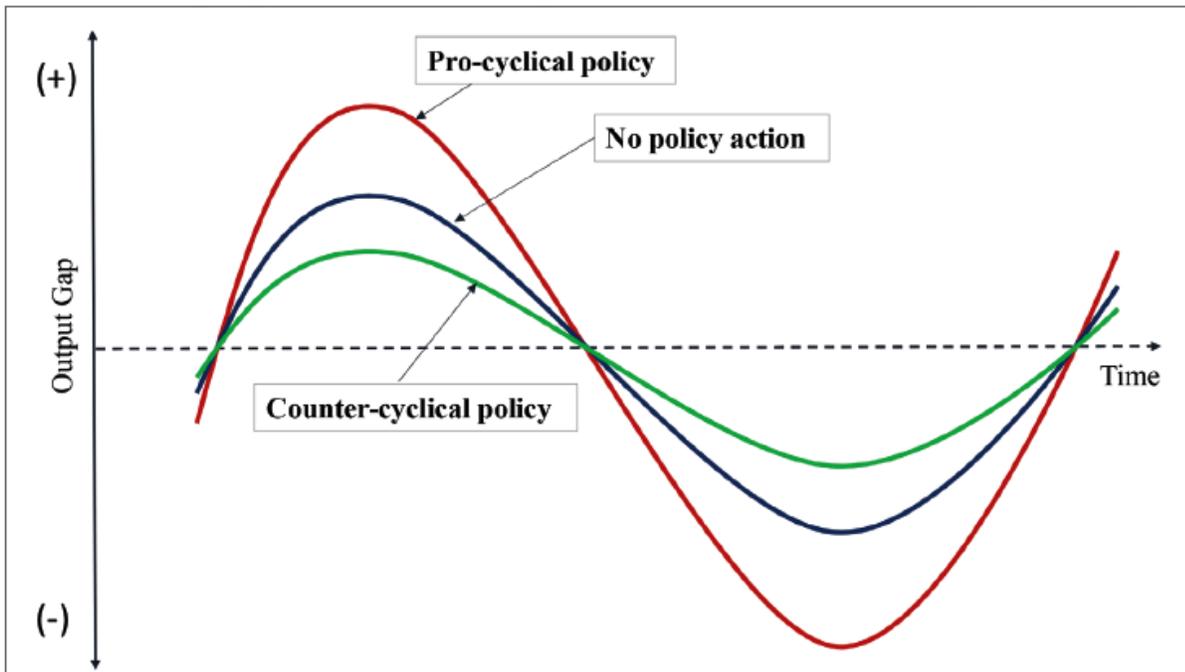
Cyclical of the fiscal policy

- The cyclical of the fiscal policy refers to a change in direction of government expenditure and taxes based on economic conditions.
- These pertain to decisions by policymakers based on the fluctuations in economic growth. There are two types of cyclical fiscal policies - **counter-cyclical and procyclical**.

Counter-cyclical Fiscal Policy

- Counter-cyclical fiscal policy refers to the steps taken by the government that go against the direction of the economic or business cycle.
- Thus, in a recession or slowdown, the government increases expenditure and reduces taxes to create a demand that can drive an economic boom.
- **In Recession**
The government takes the route of **expansionary fiscal policy** i.e. the **government expenditure is increased** and **taxes are reduced**. This increases the consumption potential of the economy and helps soften the recession. **Hence, statements 1 and 2 are correct.**
- **In Economic Boom**
The government takes the route of **contractionary fiscal policy** i.e. the **government expenditure is decreased** and **taxes are increased**. This **decreases the consumption potential of the economy** and helps moderate the boom.

Figure A: Business Cycle under Various Fiscal Policy Stance



3. With reference to the Pro-cyclical Fiscal Policy stance during an economic boom, consider the following statements:

1. An increase in government expenditure will increase growth.
2. In this fiscal policy stance, the government also increases the tax rates.

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

Explanation: (a)

Cyclicity of the fiscal policy

- The cyclicity of the fiscal policy refers to a change in direction of government expenditure and taxes based on economic conditions.
- These pertain to decisions by policymakers based on the fluctuations in economic growth. There are two types of cyclical fiscal policies - **counter-cyclical and procyclical.**

Pro-cyclical Fiscal Policy Stance

- In a pro-cyclical fiscal policy, the **government reinforces the business cycle by being expansionary** during good times and **contractionary during recessions**.
- Pursuing a pro-cyclical fiscal policy is generally regarded as dangerous. It could raise **macroeconomic volatility, depress investment in real and human capital, hamper growth and harm the poor**.
- **In Recession**
The government takes the route of **Expansionary Fiscal Policy i.e.** the **government expenditure is decreased** and **taxes are increased**. This decreases the consumption potential of the economy and deepens the recession.
- **In Economic Boom**
 - The government takes the **route of contractionary Fiscal Policy i.e.** the **government expenditure is increased** and **taxes are decreased**. Hence, **statement 2 is NOT correct**.
 - This **increases the consumption potential** of the economy and amplifies the economic boom. Hence, **statement 1 is correct**.

Fiscal policy (FP) stance	Recession (↓ GDP)	Expansion (↑ GDP)	Outcome
Pro-cyclical	<u>Contractionary FP</u> ↓ Govt. Expenditure or /and ↑ Taxes	<u>Expansionary FP</u> ↑ Govt. Expenditure or/and ↓ Taxes	Deepens recessions and amplifies expansions, thereby increasing fluctuations in the business cycle.
Counter-cyclical	<u>Expansionary FP</u> ↑ Govt. Expenditure or/and ↓ Taxes	<u>Contractionary FP</u> ↓ Govt. Expenditure or /and ↑ Taxes	Softens the recession and moderates the expansions, thereby decreasing fluctuations in the business cycle.

4. With reference to the GINI Coefficient, consider the following statements:

1. It can be used to measure the wealth distribution among a population.
2. The score of 0 represents perfect inequality and the score of 1 represents perfect equality.

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

Explanation: (a)

Gini Coefficient

- The Gini index, or Gini coefficient, is a measure of the distribution of income across a population developed by the Italian statistician Corrado Gini in 1912.
- It is often used as a gauge of economic inequality, measuring income distribution and wealth distribution among a population. **Hence, statement 1 is correct.**
- The coefficient ranges from 0 (or 0%) to 1 (or 100%), with **0 representing perfect equality** and **1 representing perfect inequality**. Values over 1 are theoretically possible due to negative income or wealth. **Hence, statement 2 is NOT correct.**

5. Which of the following statements defines the term 'Lorenz Curve'?

- (a) It shows that inflation and unemployment have a stable and inverse relationship.
- (b) It shows that as the economy develops, market forces first increase and then decrease economic inequality.
- (c) It is a relationship between tax rates and the amount of tax revenue collected by governments.
- (d) It shows the cumulative share of income from different sections of the population.

Explanation: (d)

- **Lorenz Curve:** A Lorenz curve is a graphical representation of income inequality or wealth inequality developed by American economist Max Lorenz in 1905. The graph plots percentiles of the population on the horizontal axis according to income or wealth. **Hence, option (d) is correct.**
- **Phillips Curve:** The Phillips curve is an economic concept developed by A. W. Phillips. He stated that inflation and unemployment have a stable and inverse relationship. The theory claims that with economic growth comes inflation, which in turn should lead to more jobs and less unemployment.
- **Kuznets Curve:** The Kuznets curve expresses a hypothesis advanced by economist Simon Kuznets in the 1950s and 1960s. According to this hypothesis, as an economy develops, market forces first increase and then decrease economic inequality.
- **Laffer Curve:** The Laffer Curve is a theory developed by supply-side economist Arthur Laffer to show the relationship between tax rates and the amount of tax revenue collected by governments.

6. The World Rule of Law Index is released by:

- (a) Transparency International
- (b) Interpol
- (c) World Justice Project

(d) United Nations

Explanation: (c)

The 'World Rule of Law Index' published by the World Justice Project provides a cross country comparison on various aspects of regulatory enforcement. **Hence, the option (c) is correct.**

7. With reference to the Rule of Law Index in 2020, consider the following statements:

1. India has been ranked in 69th position.
2. India's performance has improved significantly in following due process in administrative proceedings between 2015 and 2020.

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

Explanation: (c)

Rule of Law Index 2020

- The World Justice Project has released the Rule of Law Index and ranked India in the 69th position. **Hence, statement 1 is correct.**
- **India's performance along various indicators:**

India's rank in various categories of regulatory enforcement

	2015	2020
Regulatory Enforcement overall rank	69	74
Government regulations are effectively enforced	87	104
Government regulations are applied and enforced without improper influence	74	107
Administrative proceedings are conducted without unreasonable delay	75	89
Due process is respected in administrative proceedings	72	45
Number of Countries	102	128

- India's performance has improved significantly in **following due process in administrative proceedings**, with its rank improving from 72 in 2015 (out of 102 countries) to 45 in 2020 (out of 128 countries). **Hence, statement 2 is correct.**

- In contrast, it has deteriorated over time on certain other parameters.

8. The World Governance Index is released by:

- (a) World Bank
- (b) The World Economic Forum
- (c) Global Governance Institute
- (d) Organization for Economic Cooperation and Development

Explanation: (a)

The **World Governance Index** is released by the World Bank. The data published by the World Justice Project is used by the World Bank in its World Governance Indicators. **Hence, option (a) is correct.**

9. Which of the following statements define the term ‘Solow-Swan Model’?

- (a) Changes in the level of output in an economy is the result of changes in the population growth, capital and technology.
- (b) The rate of economic growth depends on two things i.e. Level of Savings and Capital-Output Ratio.
- (c) It describes how much output is produced for any given amounts of factor inputs productivity.
- (d) It says that economic growth occurs by increasing either the capital stock or the size of the labour force, or both.

Explanation: (a)

Solow-Swan Model

- Robert Solow and Trevor Swan first introduced the neoclassical growth theory in 1956. The theory states that economic growth is the result of three factors—**labor, capital, and technology. Hence, option (a) is correct.**
- The Solow Model highlights that output per worker mainly depends on savings, population growth and technological progress.
- While an economy has limited resources in terms of capital and labor, the contribution from technology to growth is boundless.

10. Which of the following organizations is not a co-publisher of the Global Innovation Index?

1. World Intellectual Property Organization (WIPO)
2. Office of the United States Trade Representative (USTR)
3. World Trade Organization (WTO)
4. INSEAD

Select the correct answer using the code given below:

- (a) 1 and 4 only
- (b) 2 and 3 only
- (c) 1 and 2 only
- (d) 3 and 4 only

Explanation: (b)

Global Innovation Index

- The GII is co-published by **Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO)**, a specialized agency of the United Nations. It seeks to assist economies in evaluating their innovation performance. **Hence, option (b) is correct.**
- GII has two sub-indices: the Innovation Input Sub-Index and the Innovation Output Sub-Index, and seven pillars, each consisting of three sub-pillars, further divided into a total of 80 indicators.

11. With reference to the ‘Bare Necessities Index’, consider the following statements:

1. It is based on four dimensions namely, housing, water, food and sanitation.
2. BNI also covers the electricity connection and type of electrical wiring in the home as an indicator under dimensions.

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

Explanation: (b)

Bare Necessities Index

- Bare Necessities Index (BNI) has been constructed at the **rural, urban and all India level** for the year 2012 and 2018. (Except Telangana, as Telangana did not exist in 2012).
- The index is constructed using 26 indicators on five dimensions viz., water, sanitation, housing, micro-environment, and other facilities. **Hence, statement 1 is NOT correct.**
- A BNI based on large annual household survey data of the National Sample Office (NSO).

Details of Indicators (all in percent of Households) Used under Five Dimensions given in the NSO report

Five Dimensions	Indicators used for the analysis
Water	It has been measured using indicators like the principal source of drinking water, distance to the source of drinking water, Method of taking water and the nature of access.
Sanitation	It has been measured through indicators like access of the household to latrine and type of latrine used by the household: piped sewer system, septic tank, twin leach pit, single pit.
Housing	It has been measured through indicators like Condition of structure, types of dwelling (independent, flat or others) and puccah or kutcha house.
Micro-Environment	It is measured through indicators like the Drainage system of the household, whether the household faced the problem of flies/mosquitoes during the last one year and if any effort was made by the Local Bodies/State Government to tackle mosquitoes.
Other Facilities	The other facilities include Kitchen type (with water tap or no separate kitchen), Ventilation of the dwelling unit, Type of bathroom used by the household, Whether the household has electricity for domestic use and electric wiring , Type of fuel used by the household for cooking. Hence, statement 2 is correct.

Source: Chapter 10 Economic Survey

12. With reference to the Pradhan Mantri Ujjwala Yojana (PMUY), consider the following statements:

1. Under this scheme, the LPG connection is provided in the name of an adult woman member of the family.
2. The existing beneficiary with a 14.2 kg LPG cylinder has an option to swap with a 5 kg cylinder also.

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

Explanation: (c)

Pradhan Mantri Ujjwala Yojana (PMUY)

- PMUY launched in May 2016 in order to provide clean cooking fuel to poor households with a target to provide an 8 crore deposit free LPG connection.
- It is being implemented by the Ministry of Petroleum and Natural Gas through its Oil Marketing Companies.
- This connection is provided in the name of an adult woman member of a poor family. **Hence, statement 1 is correct.**
- The beneficiary has an option to avail connection with 14.2 kg or 5 kg cylinder.
- The existing beneficiary with a 14.2 kg LPG cylinder has an option to swap with a 5 kg cylinder also. **Hence, statement 2 is correct.**
- Under PMUY, a target to provide 8 crores new LPG connections has been achieved in September 2019, 7 months in advance of the target date of 31st March 2020.

13. With reference to the Sahaj Bijli Har Ghar Yojana (Saubhagya), consider the following statements:

1. As per the Saubhagya Portal, all the states of India have achieved universal electrification.
2. The government launched Saubhagya Yojana for providing electricity connections to all willing un-electrified households in rural areas 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

Explanation: (d)

Pradhan Mantri Sahaj Bijli Har Ghar Yojana (PM Saubhagya)

Objectives of the scheme

The government had launched Saubhagya Yojana in October 2017 with the objective to achieve universal household electrification by providing electricity connections to all **willing un-electrified households in rural areas and all willing poor households in urban areas** in the country by March 2019. **Hence, statement 2 is NOT correct.**

Targets and Achievements

- All States have declared electrification of all households on the Saubhagya portal, except 18,734 households in Left Wing Extremists (LWE) affected areas of Chhattisgarh as of 31.03.2019. **Hence, statement 1 is NOT correct.**
- Electricity connections to 262.84 lakh households have been released from 11.10.2017 to 31.03.2019.
- Subsequently, seven States reported that 19.09 lakh un-electrified households identified before 31.03.2019, which were earlier un-willing but have expressed willingness to get electricity connection. States have been asked to electrify these households under Saubhagya.

14. With reference to the structure of India's debt, consider the following statements:

1. Among the G-20 OECD Countries, India's debt-to-GDP ratio is one of the highest.
2. India's total external debt is less than 3 percent of GDP.
3. State government has 30 percent share in India's total debt.

Which of the statements given above is/are correct?

(a) 2 and 3 only

(b) 1, 2 and 3

(c) 1 only

(d) 1 and 3 only

Explanation: (a)

Structure Of India's Debt

- India's public debt-to- GDP has been significantly low compared to high global debt levels. A cross-country comparison of debt levels points out that for India, the government debt level as a proportion of GDP is equal to the median in the group of G-20 OECD countries and in the group of BRICS nations.
- India's overall **debt levels as a percent of GDP are the lowest amongst the group of G-20 OECD countries** and also among the group of BRICS nations. **Hence, statement 1 is not correct.**
- Moreover, public debt and overall debt level for India has declined since 2003 and has been stable since 2011.
- The Government's debt portfolio is **characterized by very low foreign exchange risk as the external debt is only 2.7 percent of GDP** (5.9 per cent of total Central Government liabilities). **Hence, statement 2 is correct.**
- Of the total public debt, 70 per cent is held by the Centre and 30 percent by the states. **Hence, statement 3 is correct.**

15. Which of the following statements defines the Ricardian Equivalence Proposition?

- (a) Taxation and borrowing are equivalent means of financing expenditure.
- (b) Wealth that can be stored in the form of money for future use.
- (c) A system in which the central bank allows the exchange rate to be determined by market forces.
- (d) Exchange of commodities without the mediation of money.

Explanation: (a)

Ricardian equivalence

The theory that consumers are forward looking and anticipate that government borrowing today will mean a tax increase in the future to repay the debt, and will adjust consumption accordingly so that it will have the same effect on the economy as a tax increase today. **Hence, option (a) is correct.**

16. As per the Economic Survey 2020-21, consider the following statements:

1. Poverty concentration in urban areas of India has increased after post-liberalization in 1991 as compared to the 1950's.
2. In the post-liberalisation period urban growth and non-agricultural growth has emerged as a major factor in poverty reduction including rural poverty.

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

Explanation: (c)

Poverty Reduction and Development

- The World Bank (2000) has found that India could have achieved a sustained decline in poverty during the 1970s-1990s only when the GDP growth picked up from 3.5 per cent in the initial years.
- Evidence from 80 countries demonstrated that in medium to long run, growth in average incomes contributed to 66-90 percent of the variations in changes in poverty.
- Many researchers have found that growth reduced poverty, and the association has acquired more strength after the 1991 reforms. The pattern of growth has changed significantly after 1991. Poverty is **concentrating more and more in urban areas, as now one-in-three poor people are living in urban areas**, which was about one-in-eight in the early 1950s. **Hence, statement 1 is correct.**
- In the **post-liberalisation period** urban growth and non-agricultural growth has emerged as a major driver of national poverty reduction including rural poverty. **Hence, statement 2 is correct.**

17. Consider the following statements:

1. The K-shaped recovery implies that there are inequalities in the recovery process.
2. In V shape recovery jobs are permanently lost.

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

Explanation: (a)

- A K-shaped recovery occurs after a recession when certain parts of the economy resumes growth while others lag behind indefinitely
- In a K-shaped recovery different sections of an economy recover at starkly different rates.
- Rich households have seen their incomes largely protected, and savings rates increased during the lockdown, the scope of future consumption. But households at the bottom are likely to have witnessed permanent hits to jobs and incomes. **Hence, statement 1 is correct.**
- **V-shaped recovery:** It is the next-best scenario after Z-shaped recovery in which the economy quickly recoups lost ground and gets back to the normal growth trend-line. In this, incomes and **jobs are not permanently lost**, and the economic growth recovers sharply and returns to the path it was following before the disruption. **Hence, statement 2 is NOT correct.**

18. Consider the following statements about SPICe+ portal:

1. This portal was launched by the Ministry of Ministry of Micro, Small and Medium Enterprises.
2. Generation of Direct Identification Number is one of the features of this portal.

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

Explanation: (b)

- The Ministry of Corporate Affairs (MCA) launched the Simplified Proforma for Incorporating Company Electronically Plus (SPICe+) web form. **Hence, statement 1 is NOT correct.**
 - The SPICe+ form replaced the existing SPICe form.
 - SPICe was launched in 2016 and is a single form for multiple services for incorporation of a company.
- SPICe+ has two parts:
 - Part A for name reservation for new companies and
 - Part B offers a bunch of services including incorporation, **Director Identification Number (DIN) allotment**, mandatory issue of Permanent Account Number (PAN), besides allotment of Goods and Service Tax Identification Number - GSTIN (if applied for). **Hence, statement 2 is correct.**

19. The 'e-Sanjeevani', recently in the news refers to?

- (a) Portal for online purchase of medicines
- (b) Encyclopedia of Ayurvedic medicines
- (c) Telemedicine initiative
- (d) None of the above

Explanation: (c)

- The e-Sanjeevani is a platform independent, browser-based application facilitating both doctor-to-doctor and patient-to-doctor tele-consultations.
- It is a doctor to doctor telemedicine system, being implemented under the Ayushman Bharat Health and Wellness Centre (AB-HWCs) programme. **Hence, option (c) is correct.**

20. Consider the following statements:

1. Regulatory forbearance reduces the spillover effect of the crisis in the financial sector to other sectors.
2. Due to regulatory Forbearance the restructured assets are also classified as Non-Performing Assets.

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

Explanation: (a)

- Regulatory forbearance for banks involves relaxing the norms for restructuring assets, where restructured assets were **no longer required to be classified as Non-Performing Assets (NPAs)** and therefore did not require the levels of provisioning that NPAs attract. **Hence, statement 2 is NOT correct.**
- The Forbearance **prevents spillover of the failures in the financial sector to the real sector**, thereby avoiding a deepening of the crisis. **Hence, statement 1 is correct.**

21. Consider the following statements about the Consolidated Sinking Fund:

1. The Consolidated Sinking Fund is managed by the Reserve Bank of India.
2. The purpose of this fund is to strengthen the crisis response of the Union Government.

Which of the statements given above is/are correct?

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

Explanation: (a)

- The **Consolidated Sinking Fund** in India was established by the Reserve Bank in 1999–2000 to **enable states to repay their debt easily**. At present 23 states have set up consolidated sinking funds. **Hence, statement 2 is NOT correct.**
- This fund of state governments is **managed by the Reserve Bank of India**. **Hence, statement 1 is correct.**
- The fund gets contributions from State governments in the range of 1-3 percent of their outstanding market loans each year.
- The Covid-19 pandemic is causing stress on the State's finance and the State would like to utilise resources like the sinking fund for meeting demand regarding outstanding liabilities.

22. Which of the following has launched GIS-enabled Land Bank System:

- (a) Ministry of Panchayati Raj and Rural Development
- (b) Ministry of Road Transport and Highways
- (c) Ministry of Commerce
- (d) National Bank for Agriculture and Rural Development

Explanation: (c)

- The **Commerce and Industry Ministry** has launched the **national GIS-enabled land bank system**, which will help investors to get real-time information about the availability of industrial land and resources. **Hence, option (c) is correct.**
- The system is being developed by integrating the Industrial Information System (IIS) with state GIS (Geographic Information System).
- The IIS portal is a GIS-enabled database of industrial areas/clusters across the states.

- The Land Bank System could eliminate the need for investors to visit multiple platforms/offices to gather information and obtain clearances from different stakeholders.

23. Consider the following statements about the Defense Acquisition Procedure 2020:

1. It contains policies for modernisation of the Armed Forces including the Coast Guard.
2. Offset clause has been introduced in the government-to-government purchases.

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

Explanation: (a)

- The Defense Acquisition Procedure 2020 contains policies and procedures for procurement and acquisition from the capital budget of the MoD in order to modernise the Armed Forces including the **Coast Guard. Hence, statement 1 is correct.**
- **Objective:** Turning India into a global manufacturing hub.

For Ease of Doing Business:

- Time Bound Defence Procurement Process and Faster Decision Making
- **Revised Offset Guidelines:** Preference will be given to manufacture of complete defence products over components and various multipliers have been added to give incentivisation in discharge of offsets.
 - Further, there will be **no offset clause in government-to-government, single vendor and Intergovernmental Agreements (IGA). Hence, statement 2 is NOT correct.**
 - Offsets are a portion of a contracted price with a foreign supplier that must be re-invested in the Indian defence sector, or against which the government can purchase technology.

24. Consider the following statements:

1. The Primary sector employs less than 50% of the workforce in India.
2. The Gross Value Added by the primary sector in GDP is below 15%.

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

Explanation: (a)

- The **primary sector in India** (agriculture and mining sectors) contributes around 16% of Gross Value Added (GVA) while it employs around 43% of the workforce. **Hence, statement 1 is correct and statement 2 is NOT correct.**
- India's GDP is estimated to contract by 7.7% in the Financial Year (FY) 2020-21, composed of a sharp 15.7% decline in the first half and a modest 0.1% fall in the second half.
- Sector-wise, agriculture has remained the silver lining while contact-based services, manufacturing, construction were hit hardest, and have been recovering steadily.
- The external sector provided an effective cushion to growth with India recording a Current Account Surplus of 3.1% of GDP in the first half of FY 2020-21.

25. The 'Logistics Performance Index' is released by?

- (a) The World Economic Forum
- (b) The World Bank
- (c) World Trade Organisation
- (d) United Nations Convention on Trade and Development

Explanation: (b)

The **Logistics Performance Index (LPI)**, developed by the **World Bank Group**, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. **Hence, option (b) is correct.**

26. Consider the following statements about the PM-eVIDYA:

1. It is an initiative for multi-mode access to digital/online education.
2. Special needs of the visually impaired have been considered under this initiative.

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

Explanation: (c)

- A program for multi-mode access to digital/online education will be launched under the PM eVIDYA program. **Hence, statement 1 is correct.**
- The programme consists of:
 - DIKSHA for school education in states/UTs: e-content and QR coded Energized Textbooks for all grades (one nation, one digital platform)
 - One earmarked TV channel per class from 1 to 12 (one class, one channel)
 - Extensive use of Radio, Community radio and Podcasts.
 - **Special e-content for visually and hearing impaired. Hence, statement 2 is correct.**
 - Top 100 universities will be permitted to automatically start online courses by 30th May, 2020.

27. Consider the following statements:

1. The FDI in the defense sector has been increased from 49 percent to 74 percent through automatic route.
2. Mauritius has been the largest source of FDI in India.

Which of the statements given above is/are correct?

(a) 1 only

(b) 2 only

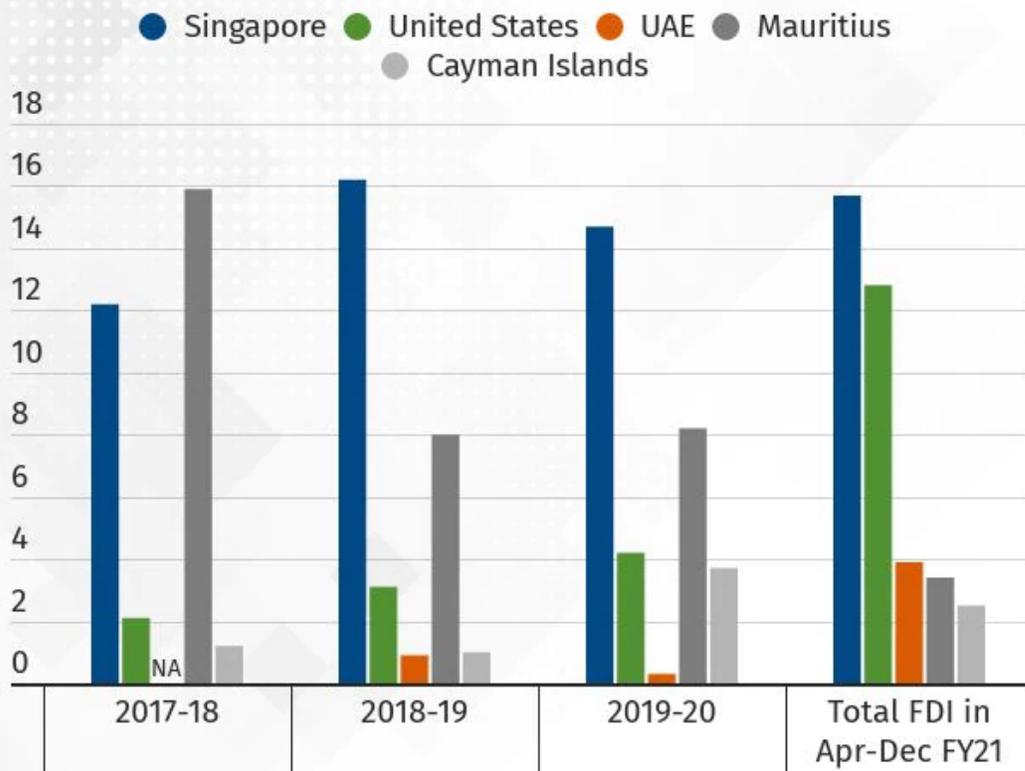
(c) Both 1 and 2

(d) Neither 1 nor 2

Explanation: (a)

The Central government has increased the foreign direct investment (FDI) limit in the defence sector from 49 to 74 per cent under automatic route and beyond 74 per cent through the government route. **Hence, statement 1 is correct.**

LARGEST SOURCES OF FDI



As of FY21 (April-December) (\$ Billion)

Mauritius has been the largest source of FDI in India. **Hence, statement 2 is NOT correct.**

28. Which of the following is responsible for implementation of PM-Jan Arogya Yojana?

- (a) National Health Authority
- (b) National Health Mission
- (c) NITI Aayog
- (d) None of the above

Explanation: (a)

- **National Health Authority (NHA)** is the apex body responsible for implementing India's flagship public health insurance/assurance scheme called "Ayushman Bharat Pradhan Mantri Jan Arogya Yojana". **Hence, option (a) is correct.**

- NHA has been set-up to implement the PM-JAY at the national level. In the States, SHAs or State Health Agencies in the form of a society/trust have been set up with full operational autonomy over the implementation of this scheme including extending the coverage to non SECC beneficiaries.

29. The 15th Finance Commission has suggested shifting which of the following State subjects to the Concurrent List of the 7th Schedule?

- (a) Health
- (b) Agriculture
- (c) Public Order
- (d) Betting and Gambling

Explanation: (a)

The high level group (HLG) formed for the health sector by the 15th Finance Commission has recommended to shift the subject of 'health' to the Concurrent List of the Indian Constitution from the State List. **Hence, option (a) is correct.**

30. Consider the following statements:

1. The Fiscal Responsibility and Budget Management Act set the target to limit the fiscal deficit upto 3% of the GDP by 2021.
2. The NK Singh committee was formed to create a roadmap for fiscal consolidation for the Center and the 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

Explanation: (c)

- The government's fiscal deficit has increased to Rs. 11.58 lakh crore or 145.5% of the Budget Estimate (BE) at the end of December 2020 (accounting for the first nine months of the year 2020-21) mainly on account of lower revenue realisation.
- A high fiscal deficit can also be good for the economy if the money spent goes into the creation of productive assets like highways, roads, ports and airports that boost economic growth and result in job creation.

- The **Fiscal Responsibility and Budget Management Act, 2003** provides that the Centre should take appropriate measures to **limit the fiscal deficit upto 3% of the GDP by 31st March, 2021. Hence, statement 1 is correct.**
- The NK Singh committee (set up in 2016) recommended that the government should target a fiscal deficit of 3% of the GDP in years up to 31st March, 2020, cut it to 2.8% in 2020-21 and to 2.5% by 2023.

The Finance Commission has constituted a committee under the **chairmanship of NK Singh in order to create a roadmap for fiscal consolidation for the Center and the States.** The Finance Commission submitted its first report to the Government of India in February 2020. **Hence, statement 2 is correct.**