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Gist of Economic Survey 2018-19 (MCQs)

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Volume - 1

Chapter-1: Shifting Gears: Private Investment as the Key Driver of Growth, Jobs, Exports and Demand

1. With reference to the Fiscal Responsibility and Budget Management (FRBM) Act, consider the following statements:

1. The FRBM Act strengthens financial discipline and fiscal prudence
2. The committee under the chairmanship of NK Singh was set up to review the FRBM Act

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

Explanation: (d)

- The Fiscal Responsibility and Budget Management (FRBM) Act was enacted in 2003 which set targets for the government to reduce fiscal deficits and strengthen financial discipline and fiscal prudence. **Hence, statement 1 is correct.**

- The **N.K. Singh** panel to review India's fiscal discipline rules has recommended a debt-to-GDP ratio of 38.7% for the central government, 20% for the state governments together and a fiscal deficit of 2.5% of GDP (Gross Domestic Product), both by financial year 2022-23. **Hence, statement 2 is correct.**

2. With reference to Monetary Policy Committee (MPC), consider the following statements:

1. MPC determines the policy rates required to achieve the inflation target.
2. MPC was given statutory basis by amending the Reserve Bank of India (RBI) Act, 1934.

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)

- Monetary Policy Committee (MPC) is a 6 member committee formed after the amendment in the RBI Act, 1934 through the Finance Act, 2016. The MPC determines the policy interest rate required to achieve the inflation target. **Hence, statement 1 is correct.**
- In May 2016, the **Reserve Bank of India (RBI) Act, 1934 was amended** to provide a **statutory basis** for the implementation of the flexible inflation targeting framework. **Hence, statement 2 is correct.**

3. With reference to headline inflation, consider the following statements:

1. It is a measure of inflation excluding the commodities which tend to be more volatile.
2. The headline inflation based on the Consumer Price Index - Combined (CPI-C) is showing a declining trend from last five years.

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)

- **Headline inflation** is a measure of the **total inflation within an economy, including commodities such as food and energy prices** (e.g., oil and gas), which tend to be much more **volatile** and prone to inflationary spikes.
- On the other hand, "core inflation" (also non-food-manufacturing or underlying inflation) is calculated from a consumer price index minus the volatile food and energy components. **Hence, statement 1 is correct.**
- Headline inflation based on the Consumer Price Index – Combined (CPI-C) has been declining continuously for the last five years. **Headline CPI inflation declined to 3.4 % in 2018-19 from 3.6 % in 2017-18, 4.5 % in 2016-17, 4.9 % in 2015-16 and 5.9 % in 2014-15. Hence, statement 2 is correct.**

4. With reference to the 'dwarf firms', consider the following statement:

1. Firms employing less than 100 workers and older than ten years are categorised as dwarf firms.
2. Dwarf firms account for more than half of all the firms in the organized manufacturing sector.
3. These firms are the biggest contributor to the economy in terms of employment and productivity.

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

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

Explanation: (d)

- Firms that are **both small (less than 100 workers)** and **older than ten years** are categorized as **dwarfs** firms. **Hence, statement 1 is correct.**
- The dwarf firms account for half of all the firms in **organized manufacturing by number. Hence, statement 2 is also correct.**
- Despite the dominance of dwarf firms in economy their share in Net Value Added (NVA) or **productivity** and **employment is very small** (i.e 7.6%).
- In contrast, young, large firms (firms that have more than 100 employees and are not more than 10 years old) account for only 5.5% of firms by number but their contribution to the economy is higher than dwarf firms i.e (21.2% of the employment and 37.2% of the NVA).

- Firms that are able to grow over time to become large are the biggest contributors to employment and productivity in the economy.
- In contrast, **dwarfs** that remain small despite becoming older **remain the lowest contributors to employment and productivity** in the **economy**. **Hence, statement 3 is not correct.**

Chapter-2: Policy for Homo Sapiens, Not Homo Economicus: Leveraging the Behavioural Economics of "Nudge"

5. With respect to 'Nudge Theory', consider the following statements:

1. The concept proposes positive reinforcement and indirect suggestions to influence the behaviour and decision making of individuals or groups.
2. Richard Thaler received the Nobel Prize in economic sciences for his contribution to behavioural economics.

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

Explanation: (d)

- **Nudge** is a concept in **behavioural science**, political theory and behavioural economics which proposes positive reinforcement and indirect suggestions as to ways to influence the behaviour and decision making of groups or individuals.
- Nudging contrasts with other ways to achieve compliance, such as education, legislation or enforcement. **Hence, statement 1 is correct.**
- Richard Thaler, the father of 'nudge theory', has been awarded the Nobel economics prize in 2017. **Hence, statement 2 is correct.**

Chapter-3: Nourishing Dwarfs to Become Giants: Reorienting Policies for MSME Growth

6. Which among the following factors contribute to dwarfism in MSME sector:

1. The exemptions in labour laws given to the smaller firms.
2. The lower productivity and employability of smaller firms.
3. Incentives received by MSMEs from government to boost this sector.

Select the correct answer using the code given below:

(a) 1 and 3 only

(b) 2 only

(c) 2 and 3 only

(d) 1, 2 and 3

Explanation: (d)

- India has a plethora of labour laws, regulations and rules, both at the centre and the state levels that govern the employer-employee relationship. **For example**, the Industrial Disputes Act (IDA), 1947 mandates companies to get permission from the government before the retrenchment of employees.
- This restriction is, however, applicable only to firms with more than 100 employees. Thus, firms with less than 100 employees are exempted from the need to get permission from the Government before retrenching their employees.
- Given the **transaction costs inherent in complying** with such regulations, naturally, a large majority of firms would prefer to be below the threshold of 100 employees, and therefore contributing to dwarfism. **Hence, statement 1 is correct.**
- Firms with **less than 100 workers** despite being more than ten years old, account for more than half of all organized firms in manufacturing by number, their contribution to **employment is only 14 %** and productivity **is a mere 8%**. In contrast, large firms (more than 100 employees) account for three-quarters of such employees and close to 90 % of productivity despite accounting for about 15 % by number. **Hence, statement 2 is correct.**
- The policies targeted at the small firms referred to as the MSMEs include priority sector lending, incentives/exemptions till they reach an investment upper limit quantified in terms of investment in plant & machinery. **Hence, statement 3 is correct.**

7. Arrange the following in descending order of employment elasticity:

1. Rubber and plastic products
2. Wood and products of wood
3. Electronic and optical products
4. Transport equipment, machinery
5. Electricity, gas and water supply

Select the correct answer using the code given below:

- (a) 1, 3, 4, 5 and 2
- (b) 2, 3, 4, 5 and 1
- (c) 2, 3, 4, 5 and 1
- (d) 5, 4, 3, 2 and 1

Explanation: (a)

- The sub-sectors with highest employment elasticities are: **Rubber and plastic products> Electronic and optical products>Transport equipment>Electricity, Gas and water supply>Wood and products of wood.**
- To step up the impact of economic growth on employment, the focus has to be on such high employment elastic sectors. **Hence, option A is correct.**

8. With reference to MSME sector, consider the following statements:

1. MSME sector accounts for most of the employment generation in the Indian economy.
2. This sector has the potential to increase regional imbalance.
3. MSME sector receives incentives from Priority Sector Lending of Public Sector Banks.

Which of the statements given above is/are correct?

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

Explanation: (a)

- MSME sector is the **biggest employer after agriculture sector, despite the fact that the agriculture sector's contribution to GDP is less than MSME.** While it contributes about 45 % to the manufacturing sector, and perhaps 40 % to Exports, it forms the highest share of the employment sector in India, contributing around 69 % to it. **Hence, statement 1 is correct.**
- Micro, Small & Medium enterprises sector is the pillar of economic growth in many developed, and developing countries of the world. Often rightly termed as "the engine of growth" for India, MSME sector have played a prominent role in the development of the country in terms of creating **employment opportunities.**

- **MSME** has employed more than 50 million people, **scaling manufacturing capabilities, curtailing regional disparities and** balancing the distribution of wealth. **Hence, statement 2 is not correct.**
- **Priority sector lending** include only those sectors as part of the priority sector, that impact large sections of the population, the weaker sections and the sectors which are employment-intensive such as agriculture, and Micro and Small enterprises.
- MSMEs engaged in the manufacture or production of goods to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and as notified by the Government from time to time is reckoned for **priority sector advances. Hence, statement 3 is correct.**

Chapter-4: Data "Of the People, By the People, For the People"

9. With reference to the Samagra Vedika initiative, consider the following statements:

1. It is an initiative of Telangana government.
2. This initiative links existing government datasets using a common identifier – the name and address of an individual

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 Telangana Government has developed its own software to track citizen details for various government services under what is called, 'Samagra Vedika'. The 'Samagra Vedika', created in 2017, allows the state to verify or check citizen data from about 25 departments.
The capability allows the state to seamlessly **integrate and cross check citizen data among all the government departments** without relying on the Aadhaar platform. **Hence, statement 1 is correct.**
- The initiative links around twenty-five existing government datasets using a common identifier – the name and address of an individual.
- Seven categories of information about each individual were linked in this aggregation exercise – crimes, assets, utilities, subsidies, education, taxes and identity information.

- Each individual was then further linked to relatives such as spouse, siblings, parents and other known associates. **Hence, statement 2 is correct.**

10. Which among the following best describes the term “Chitta Adangal”?

- (a) These are the land records used in Tamil Nadu for land identification.
- (b) It is a painting done on a piece of cloth prevalent during Pallava dynasty.
- (c) A local variety of Carnatic music particularly practised in Kerala.
- (d) A literature of Sangam age used to define the duties of the king.

Explanation: (a)

- Chitta Adangal is a document in the Taluk office containing details such as the survey number, the current owner, Patta number etc.
- Adangal - This contains details about each piece of land in a particular village by survey number, its tenants, the crop raised and its condition.
- The Adangal records contain information such as Survey number, Wise holdings, Extent of field, duration of tenancy etc. **Hence, statement 1 is correct.**

11. Consider the following statements:

1. The economic activity of the country is adversely affected by the delays and pendency across the legal system.
2. In comparison to lower courts, higher judiciary accounts for the maximum number of pending cases.
3. District and subordinate courts of Gujarat have higher average pendency for both civil and criminal cases as compared to the national averages.

Which of the statements given above is/are correct?

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

Explanation: (a)

- Last year’s Economic Survey (2017- 18) presented evidence of the **backlog of cases** that weighs down the Indian judiciary, economic tribunals and the tax department, thereby **constraining economic growth.**

- India continues to lag on the indicator for enforcing contracts, climbing only one rank from 164 to 163 in the latest report of Ease Of Doing Business, 2018.
- In spite of a number of actions to expedite and improve the contract enforcement regime, **economic activity is being affected by the long shadow of delays and pendency across the legal landscape. Hence, statement 1 is correct.**
- The Indian judicial system has over 3.53 crore pending cases. **District and Subordinate courts (D&S courts) account for 87.54%** of pending cases whereas higher judiciary like Supreme court and High Court account for just 0.16% and 12.3% of pending cases. **Hence, statement 2 is incorrect.**
- Inter-state variations in average pendency of cases in District & Subordinate courts reveals that Odisha, Bihar, West Bengal, Uttar Pradesh and **Gujarat have higher average pendency for both civil and criminal cases as compared to the national averages** whereas Punjab and Delhi have the least average pendency of cases. **Hence, statement 3 is correct.**

12. With reference to National Judicial Data Grid (NJDG), consider the following statements:

1. National Judicial Data Grid (NJDG) is a part of the e-Courts Integrated Mission Mode Project.
2. The NJDG will cover all categories of cases, except those relating to the juvenile justice system.

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

Explanation: (b)

- **The National Judicial Data Grid (NJDG)** is a part of the on-going **e-Courts Integrated Mission Mode Project by the Ministry of Law and Justice**. NJDG will work as a monitoring tool to **identify, manage & reduce pendency** of cases in Indian judiciary. **Hence, statement 1 is correct.**
- The NJDG will cover all categories of cases, **including those relating to juvenile justice system. Hence, statement 2 is not correct.**

Chapter-6: How does Policy Uncertainty affect Investment?

13. With reference to Economic Policy Uncertainty (EPU) Index, consider the following statement:

1. The Economic Policy Uncertainty(EPU) of India was at a peak in 2011-12.
2. The low Economic Policy Uncertainty shows the resilience in the economy.
3. The EPU of India is on the rise after the implementation of GST.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3
- (c) 1 and 2 only
- (d) All of the above

Explanation: (d)

- The low economic policy uncertainty index for India in the last one year points towards the resilience of the economy even in times of global trade uncertainty (For example the rising trade tensions between the US and China). **Hence, statement 1 is correct.**
- The EPU Index for India shows **peaks in few months of 2011 and 2012**, reflecting the policy paralysis during that period, which witnessed the problems of the high **twin deficits** and **high inflation**, thereby intensifying macroeconomic vulnerability. The index is also high in the second half of 2013 when the economy faced the episode of **“taper tantrum”** leading to volatile capital flows, depreciation of rupee vis-à-vis US dollar. **Hence, statement 2 is correct.**
- The peak during GST was on the rise but it is not as sharp as seen in 2011-12, maybe due to the fact that the discussions around GST policy were happening much before it was actually implemented in July 2017. **Hence, statement 3 is correct.**

Chapter-7: India's Demography at 2040: Planning Public Good Provision for the 21st Century

14. With reference to Total Fertility Rate (TFR), consider the following statements:

1. Total Fertility Rate (TFR) in simple terms refers to the total number of children born or likely to be born to a woman in her lifetime.
2. TFR is one of the reasons behind the declining population growth rate of India.

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

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

Explanation: (d)

- **Total Fertility Rate (TFR)** refers to the total number of children **born or likely to be born to a woman in her lifetime** if she were subject to the prevailing rate of age-specific fertility in the population. **Hence, statement 1 is correct.**
- Population growth in India has been **slowing in recent decades** from an annual growth rate of 2.5% during 1971-81 to an estimated 1.3% as of 2011-16.
- Population is now growing below 1 % in the southern states as well as West Bengal, Punjab, Maharashtra, Odisha, Assam and Himachal Pradesh.
- A key driver of this **declining trend of population growth rate** has been the steady **decline in India's Total Fertility Rate (TFR)**. **Hence, statement 2 is also correct.**

15. With reference to Replacement level fertility rate, consider the following statements:

1. Total Fertility Rate of about 2.1 children per woman is called Replacement-level fertility.
2. TFR of Southern states, Punjab, Himachal Pradesh and Maharashtra are already well below replacement level fertility.
3. Replacement level fertility at the national and state level is higher than the usual benchmark of 2.1.

Which of the statements given above is/are correct?

- (a) 1 and 2
- (b) 2 only
- (c) 3 only
- (d) All of the above

Explanation: (d)

- **TFR of about 2.1 children per woman** is called **Replacement level fertility**. This value represents the average number of children a woman would need to have to reproduce herself by bearing a daughter who survives to child bearing age. **Hence, statement 1 is correct.**
- **The southern states, Himachal Pradesh, Punjab, West Bengal and Maharashtra** are already quite advanced in the demographic transition, with:
 - **TFR** already well below **replacement level fertility**. **Hence, statement 2 is correct.**
 - Population growth mainly due to momentum.
 - More than 10 % of the population over the age of 59.
 - At most one-third of the population below the age of 20.
- Replacement level fertility at the national and state level is higher than the usual benchmark of 2.1, i.e., due to the skewed sex ratio, a woman would have to give birth to more than 2.1 children in order for the population to replace itself. **Hence, statement 3 is also correct.**

Chapter- 8: From Swachh Bharat to Sunder Bharat via Swasth Bharat: An Analysis of the Swachh Bharat Mission

16. Which among the following are the components of Swachh Bharat Mission?

1. Community participation
2. Behaviour change
3. Corporate Social Responsibility
4. Solid waste management
5. Geo-tagging of physical assets

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1, 2 and 3
- (d) All of the above

Explanation: (d)

SBM adopts a multi-faceted approach including:

- **Community participation:** Ensuring appropriate participation of the beneficiary/communities, financially or otherwise, in the setting up of the toilets to promote ownership and sustained use.
- **Instil Behaviour change:** Incentivizing the performance of State-level institutions to implement activities for behavioural change among communities. Emphasising on awareness generation, triggering mind-set changes, leading to community behaviour change and demand generation for sanitary facilities in houses, schools, anganwadis, places of community congregation and for solid and liquid waste management activities.
- **Broad-based Engagement:** SBM set up the Swachh Bharat Kosh to encourage Corporate Social Responsibility and accept contributions from private organizations, individuals and philanthropists.
- **Use of Technology:** Information technology and social media is imperative to this program as it allows citizens to keep a check on the availability of toilets for every rural household in India. Nearly 90 % of all SBM toilets have already been geo-tagged. Many mobile applications have been launched by not only the government but also by few citizens, which direct the municipal corporations' attention towards unclean areas
- **Solid and Liquid Waste Management (SLWM)** is another major component of SBM Mission. As scientific disposal of waste has a noticeable impact on social development, there is an urgent need for setting up the system for the efficient disposal of waste in various states, especially rural villages.
- All the above mentioned are the component of **Swachh Bharat Mission. Hence, option D is correct.**

Chapter-9: Enabling Inclusive Growth through Affordable, Reliable and Sustainable Energy

17. With reference to the Paris agreement, consider the following statements:

1. Katowice Climate Package elaborates implementation guidelines for the Paris Agreement on climate change.
2. India has committed to achieve 40 % installed capacity of power from non-fossil fuels by 2030 under the Paris agreement.
3. The agreement is based on the principle of the Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC)

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only

(c) 1 and 2 only

(d) All of the above

Explanation: (d)

- **Katowice Climate Package**, elaborates **implementation guidelines for the Paris agreement on climate change**, including procedures and mechanisms that will operationalize the agreement.
- Katowice Climate Package provides guidance for the second round of **Nationally Determined Contributions (NDCs)** that countries will submit by 2025. **Hence, statement 1 is correct.**
- **India's Intended Nationally Determined Contributions (INDCs)** under the Paris agreement commits to achieve **40% installed capacity** of power from non-fossil fuels by 2030. **Hence, statement 2 is correct.**
- **Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC)** is a principle within the **United Nations Framework Convention on Climate Change (UNFCCC)** that acknowledges the different capabilities and differing responsibilities of individual countries in addressing climate change. **Hence, statement 3 is correct.**

18. With reference to KUSUM scheme, consider the following statements:

1. It provides for the installation of grid-connected solar power plants in the rural areas.
2. It is an initiative of Ministry of power to address energy shortages.
3. The scheme will help in doubling the farmer's income.

Which of the statements given above is/are correct?

(a) 1 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) All of the above

Explanation: (c)

- The **Ministry of New and Renewable Energy** has formulated a scheme '**Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM)**'. **Hence, statement 2 is not correct.**

- The new scheme would immensely help the farmers and will contribute to climate change mitigation efforts by reduction in carbon footprints while **doubling the farmers' income by selling excess solar energy to DISCOMs. Hence, statement 3 is correct.**
- The KUSUM Scheme provides for:
 - Installation of grid-connected solar power plants each of capacities up to 2 MW in the rural areas. **Hence, statement 1 is correct.**
 - Installation of standalone off-grid solar water pumps to fulfil irrigation needs of farmers not connected to grid.
 - Solarisation of existing grid-connected agriculture pumps to make farmers independent of grid supply and also enable them to sell surplus solar power generated to DISCOM and get extra income.

19. With reference to Bureau of Energy Efficiency, consider the following statements:

1. The agency's function is to develop programs which will increase the conservation and efficient use of energy in India.
2. It is a statutory body under Ministry of Power.
3. It gives star ratings to the electrical appliances based on their energy efficiency.

Which of the statements given above is/are correct?

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

Explanation: (c)

- The Bureau of Energy Efficiency's function is to develop programs which **will increase the conservation and efficient use of energy in India.**
- The mission of the **Bureau of Energy Efficiency is to "institutionalise" energy efficiency services, enable delivery mechanisms** in the country and provide leadership to energy efficiency in all sectors of the country. **Hence, statement 1 is correct.**
- The Bureau of Energy Efficiency is **statutory body under the Ministry of Power** created in March 2002 under the provisions of the **Energy Conservation Act, 2001.** **Hence, statement 2 is correct.**

- The star rating is a **measure of energy efficiency** of an appliance, it is a **five point's scale, where higher the rating lower is the energy consumption and hence better savings. Bureau of Energy Efficiency (BEE) has introduced a new star rating methodology** for air conditioners manufactured and sold in India starting 1st January 2018. It is called Indian Seasonal Energy Efficient Ratio or ISEER and defined as the energy efficiency of cooling. **Hence statement 3 is correct.**

20. With reference to Fame India-II, consider the following statements:

1. It encourages faster adoption of electric and hybrid vehicle.
2. The scheme will help in addressing the issue of environmental pollution and fuel security.

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)

- FAME India (Faster Adoption and Manufacture of (Hybrid and) Electric Vehicles) scheme is an incentive scheme for the promotion of electric and hybrid vehicles in the country.
- Fame India-II, is an expanded version of the present scheme titled 'FAME India-I" which was launched on 1st April 2015.
- Ultimate objective of the scheme is to **promote electric mobility and the scheme gives financial incentives for enhancing** electric vehicle production and creation of electric transportation infrastructure. **Hence, statement 1 is correct.**
- By establishing a necessary charging Infrastructure for electric vehicles, scheme will help in addressing the issue of environmental pollution and fuel security. **Hence, statement 2 is correct.**

21. With respect to MGNREGA scheme, consider the following statements:

1. It provides a legal guarantee for wage employment.
2. There are provisions for allowances and compensation both in cases of failure to provide work on demand and delays in payment of wages for work undertaken.
3. The resource transfer from Centre to States is based on the demand for employment in each State.

Which of the statements given above is/are correct?

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

Explanation: (d)

- The **Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was notified on September 7, 2005**. The mandate of the Act is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. It provides a **legal guarantee for wage employment. Hence, statement 1 is correct.**
- There are **legal provisions for allowances and compensation** both in cases of failure to provide work on demand and delays in payment of wages for work undertaken. **Hence, statement 2 is correct.**
- Unlike the earlier wage employment programmes that were **allocation-based, MGNREGA is demand driven and resource transfer from Centre to States is based on the demand for employment in each State**. This provides an additional incentive for States to leverage the Act to meet the employment needs of the poor. **Hence, statement 3 is correct.**

22. With reference to Gini Index, consider the following statements:

1. Gini Index is a graphical representation of the distribution of income or of wealth.
2. Higher the value of Gini Index, the greater the degree of income equality.
3. The value of Gini Index has increased amongst regular workers while it has decreased among casual workers.

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

Explanation: (c)

- The Gini index/ Coefficient is a simple **measure of the distribution of income across income percentiles** in a population. While the **Lorenz curve** is a graphical representation of the distribution of income or of wealth. **Hence, statement 1 is incorrect.**
- Gini coefficient is a **commonly-used measure of income inequality** that condenses the entire income distribution for a country into a single number between 0 and 1. The higher the value of Gini Index/coefficient, the greater the degree of income inequality.
- A higher Gini index indicates greater inequality, with high income individuals receiving much larger percentage of the total income of the population. **Hence, statement 2 is also not correct.**
- Between 1993 and 2011, the average real wages increased in India, with the fastest growth recorded for casual labour, women's labour, and rural/agricultural labour (ILO 2018).
- Despite these increases, the existing wage inequality measured by the Gini coefficient remains very high by international standards and it is seen that this **inequality has increased amongst regular workers while it has decreased among casual workers. Hence, statement 3 is correct.**

23. The term "lighthouse effect" used in economic survey 2018-19 refers to?

- (a) It shows the relationship between wage hike and minimum wage in an informal sector.
- (b) It refers to the use of per capita energy in economy.
- (c) The trend of growing MSME sector and its contribution in the economy.
- (d) The contribution of women in India's GDP growth.

Explanation: (a)

- Minimum wage in India does not operate as a conventional floor wage to protect the lowest paid workers. Nevertheless, the study shows the presence of a **"lighthouse effect"**, i.e., the minimum wage acts as a benchmark that pulls up wages in the low-paid and informal sector by enhancing the bargaining power of vulnerable workers.
- The empirical literature indicates that, contrary to predictions from economic theory, wages in the informal sector increase after a minimum wage hike. This phenomenon was explained as a byproduct of a signal (a lighthouse) conveyed by statutory minima to wage setting in the informal sector. **Hence, option A is correct.**

Volume 2

Chapter-1: State of the Economy in 2018-19: A Macro View

24. With reference to the Indian economy in the year 2018-19, consider the following statements:

1. India is the world's 7th largest economy in terms of GDP.
2. CPI inflation in India is declining in the last few years.
3. The Current Account Deficit (CAD) has decreased in recent times.

Which of the statements given above is/are correct?

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

Explanation: (c)

- India is the **seventh-largest economy** in terms of **Gross Domestic Product (GDP)** and has emerged as the **fastest-growing major economy**. With Purchasing Power Parity (PPP) adjustments, India's GDP is ranked third in the world. **Hence, statement 1 is correct.**
- There is a consistent decline in CPI inflation during the last few years. In 2013-14, CPI headline inflation was close to double digits but gradually declined thereafter to be within the target of 4 (+/- 2) %. **Headline inflation CPI** declined to 3.4 % in 2018-19 from 3.6 % in 2017-18. **Hence, statement 2 is correct.**
- The Current Account Deficit (CAD) increased from 1.9 % of GDP in 2017-18 to 2.6 % in April-December 2018. The widening of the CAD was largely on account of a higher **trade deficit driven** by the rise in international crude oil prices . The trade deficit increased from US\$ 162.1 billion in 2017-18 to US\$ 184 billion in 2018-19. **Hence, statement 3 is incorrect.**

Chapter-2: Fiscal Developments

25. Which of the following is/are the component of Revenue Expenditure of Union government?

1. Salaries of employees

2. Repayment of loan
3. Subsidies
4. Education and health services

Select the correct answer using the code given below:

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

Explanation: (d)

- Examples of revenue expenditure are **salaries of government employees**, interest payments on loans taken by the government, pensions, **subsidies**, grants, rural development, **education and health services** etc.
- **Repayment** of the **loan** is a **capital expenditure** because it reduces liability. These expenditures are met out of capital receipts of the government including capital transfers from the rest of the world. **Hence, option D is correct.**

26. With reference to Indian economy in 2018-19, consider the following statements:

1. There is a reduction in revenue expenditure and an increase in capital expenditure in year 2018-19.
2. There is an increase in the direct taxes and a decrease in indirect tax collection for the year 2018-19.
3. For the year 2018-19, provisional estimate of debt to GDP ratio and fiscal deficit stood at 44.5 % and 3.4 % of GDP respectively.

Which of the statements given above is/are correct?

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

Explanation: (d)

- As per provisional actual estimates, there is a reduction in revenue expenditure, total expenditure fell by 0.3 percentage points in 2018-19 over 2017- 18 and there is **0.4 percentage points reduction in revenue expenditure and 0.1 percentage point increase in capital expenditure**. Total expenditure has grown by 7.9 % in 2018-19 over 2017-18, with its capital component growing at more than twice the rate of growth in revenue. **Hence, statement 1 is correct.**
- As per provisional actual estimate, **direct taxes grew by 13.4%** owing to improved performance of corporate tax. However, **indirect taxes fell short of budget estimates by about 16 % following a shortfall in GST revenues. Hence, statement 2 is correct.**
- As per provisional actual estimate, the FY 2018-19 has ended with **fiscal deficit at 3.4% of GDP and debt to GDP ratio of 44.5%. Hence, statement 3 is correct.**

27. 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

Explanation: (d)

As per the provisional actual estimates, the Composition of Gross Tax Revenue is:

- **Corporation tax – 32%**
- **GST – 28%**
- **Income tax – 23%**
- **Union excise duty – 11%**
- **Customs – 6%**

Hence, option D is correct.

28. Consider the following statements:

1. The government security (G-Sec) is a debt obligation of the government to fund their fiscal deficit.
2. G-Sec is a tradable instrument issued by the Central Government or the State Governments.
3. There is a volatility in G-sec due to the movement in oil prices, domestic liquidity and rupee exchange rate.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 2 only
- (d) All of the above

Explanation: (d)

- A government security (G-Sec) is a **debt obligation** of the **Indian government** to fund their **fiscal deficit**.
- These instruments are tradable and are issued either by the central or the state government. These securities are offered for short term as well as long term. **Hence, statement 1 is correct.**
- G-Secs carry practically no risk of default and, hence, are called **risk-free gilt-edged instruments**.
- Gilt-edged securities are high-grade investment bonds offered by governments and large corporations as a means of borrowing funds. **G-Sec is a tradable instrument** issued by the Central Government or the State Governments. **Hence, statement 2 is correct.**
- The G-sec **yields are volatile** and **closely tracked** by the **movement in oil prices, domestic liquidity and rupee exchange rate**. The **hardening of yields** may be attributed to rising crude oil prices, the firming up of US treasury yields, the pace of rate hikes by the US Fed and upside risks to domestic inflation. **Hence, statement 3 is correct.**

Chapter-3: Monetary Management and Financial Intermediation

29. The “Project Sashakt” is related to which of the following?

- (a) The project is launched to develop capacity building of young entrepreneurs.

- (b) It is a resolution scheme to resolve the problem of Non Performing Assets (NPA) through market led approach.
- (c) It aims to strengthen the infrastructure of government schools.
- (d) The scheme is adopted to empower the women at the workplace.

Explanation: (b)

- **Project Sashakt is the resolution scheme to resolve the problem of NPAs** through a market-led approach, it was introduced in July 2018, which entails participating banks to work together under an Intercreditor Agreement (ICA).
- Public Sector Banks (PSBs) will now use provisions of Project Sashakt to deal with economically nonviable projects. **Hence, option B is correct.**

Chapter-4: Prices and Inflation

30. Which among the following statements is/are correct regarding Essential Commodities Act (ECA)?

1. It provides protection to consumers against irrational spikes in prices of essential commodities.
2. The list of items under this Act includes only edible oils and petroleum products.
3. The Centre can include new commodities as and when the need arises.

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

Explanation: (c)

- The **Essential Commodities Act** gives consumers protection against irrational spikes in prices of essential commodities. The Government has invoked the Act many times to ensure adequate supplies. It cracks down on hoarders and black-marketeers of such commodities. **Hence, statement 1 is correct.**
- The list of items under the **Essential Commodities Act** include **drugs, fertilisers, pulses and edible oils, and petroleum and petroleum products.** Hence, **statement 2 is not correct.**

- The Centre under the Act has the power to include **new commodities** as and **when the need arises**, and can take them off the list once the situation improves (in view of public interest). The States act on this notification to specify limits and take steps to ensure that these are adhered. Anybody trading or dealing in a commodity, be it wholesalers, retailers or even importers are prevented from stockpiling it beyond a certain quantity. **Hence, statement 3 is correct.**

31. Which among the following is/are the measures to be taken by the government to contain inflation as suggested by Economic Survey 2018-19?

1. Lowering the Minimum Support Price for various crops.
2. Setting up Price Stabilization Fund (PSF).
3. Enforcing the Essential Commodities Act.

Select the correct answer using the code given below:

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

Explanation: (b)

- **Higher Minimum Support Price (MSP)** for pulses and other crops are announced so as to **incentivize production** and thereby enhance availability of food items, which may help moderate prices. **Hence statement 1 is not correct.**
- Government has set up **Price Stabilization Fund (PSF)** for procurement of agricultural commodities including potatoes, onions and pulses for its release during lean period to improve availability and moderate their prices. **Hence, statement 2 is correct.**
- State Governments to take **strict action against hoarding & black marketing**, especially for commodities in short supply. These measures are taken to effectively enforce the **Essential Commodities Act, 1955** & the Prevention of Black-marketing and Maintenance of supplies of Essential Commodities Act, 1980. **Hence, statement 3 is correct.**

Chapter-5: Sustainable Development and Climate Change

32. Which of the following is/are the component(s) of Namami Gange Mission?

1. Sewerage management
2. Urban sanitation
3. Water quality
4. Ecosystem conservation
5. Interlinking of rivers

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1, 2, 3 and 4
- (d) All of the above

Explanation: (c)

Component of Namami Gange Mission includes:

1. **Sewerage project management**
2. **Urban sanitation**
3. **Water quality**
4. Ecosystem conservation
5. **Clean ganga fund**
6. Water use efficiency
7. Urban river management
8. Rural sanitation
9. River as public space
10. Industrial pollution
11. Sewerage infrastructure

Interlinking of rivers is not a component of **Namami Gange Mission**. Hence, **option C is correct**.

33. Consider the following statements:

1. Extended Producer Responsibility (EPR) is a strategy to hold the responsibility for environmental costs associated with a product.
2. EPR uses financial incentives to encourage manufacturers to design environmentally friendly products.
3. Producer Responsibility Organization (PRO) are responsible for the collection and safe handling of waste products after their life cycle.

Which of the statements given above are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) All of the above

Explanation: (d)

- **Extended Producer Responsibility (EPR)** is a strategy to add all the **environmental costs associated with a product** throughout the product life cycle to the market price of that product. **Hence, statement 1 is correct.**
- EPR uses **financial incentives** to encourage manufacturers to design environmentally friendly products by holding producers responsible for the costs of managing their products at end of life.
- EPR is based on the principle that manufacturers have the greatest control over product design and marketing and have the greatest ability and responsibility to reduce toxicity and waste. **Hence, statement 2 is correct.**
- EPR may take the form of a **reuse, buyback, or recycling program**. The producer may also choose to delegate this responsibility to a third party, a so-called **Producer Responsibility Organization (PRO)**, which is paid by the producer for used-product management.
- It shifts the responsibility for waste management from government to private industry, obliging producers, importers and/or sellers to internalise waste management costs in their product prices and ensure the safe handling of their products. **Hence, statement 3 is correct.**

34. Which of the following statements is/are correct regarding Solar Risk Mitigation Initiative (SRMI)?

1. It is an initiative for deployment of solar energy in the poorest countries of the world.
2. SRMI was launched by the World Bank and Agence Française de Développement (AFD) to support International Solar Alliance goals.
3. The initiative was launched at first International Solar Alliance (ISA) summit held in Delhi.

Select the correct answer using the code given below:

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

(d) 1, 2 and 3

Explanation: (d)

- The **World Bank and Agence Française de Développement (AFD)** are developing a joint **Global Solar Risk Mitigation Initiative (SRMI)**, an integrated approach to tackle **policy, technical and financial issues** associated with scaling up solar energy deployment, especially in some of the **world's poorest countries**. **Hence, statement 1 is correct.**
- The initiative will **support the International Solar Alliance (ISA) goal to reduce costs and mobilize \$1,000 billion in public and private investments to finance 1,000 GW of global solar capacity by 2030**. **Hence, statement 2 is correct.**
- It was **Initiated in Delhi at the first International Solar Alliance (ISA) summit** in March 2018. **Hence, statement 3 is correct.**

Chapter-6: External Sector

35. Which of the following is/are the consequences of global trade protectionism?

1. It is leading towards global economic slowdown in 2019.
2. Escalation of portfolio investment into emerging market economies.
3. Shifting of the consumption hub to the less advanced countries.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 only
- (d) All of the above

Explanation: (d)

- The **World Economic Outlook (WEO)** in its April 2019 issue has projected growth in world output at 3.3 % in 2019, down from 3.6 % obtained in 2018. Heightened US-China trade tensions due to trade protectionism has been stated as one of the **reasons behind the global slowdown**. **Hence, statement 1 is correct.**
- The global slowdown in 2019 due trade protectionism has made advanced countries persist with their accommodative monetary policy stance. This has **escalated portfolio investment into emerging market economies** making their currencies stronger and imports cheaper. **Hence, statement 2 is correct.**

- Due to global trade protectionism, emerging and developing economies slipped from their **current account surplus position of US\$379.0 billion** in 2011 to US\$0.1 billion in 2017. This reflects the shifting of the **consumption hub of the world from the advanced to the less advanced countries. Hence, statement 3 is correct.**

36. Arrange the following items in descending order of their contribution in India's import basket:

1. Gold and silver
2. Petroleum products
3. Crude oil
4. Pearl, Precious, Semi-Precious Stones

Select the correct answer using the code given below:

- (a) 1, 3, 2, 4
(b) 3, 1, 4, 2
(c) 4, 3, 2, 1
(d) 2, 1, 3, 4

Explanation: (b)

Crude petroleum continues to be the largest imported commodity in 2018-19 with a share of 22.2%, followed by Gold, Silver; Pearl, Precious, Semi-Precious Stones; and Petroleum Products; having share of 6.4%, 5.3% and 5.2% respectively, in the import basket. **Hence, option B is correctly matched.**

37. With reference to Balance of Payment (BoP) of India in 2018-19, consider the following statements:

1. The Current Account Deficit (CAD) of India has widened.
2. India remained a top remittance recipient country in 2018.
3. The flow of Foreign Direct Investment(FDI) has declined in 2018-19.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
(b) 2 only
(c) 1 only
(d) All of the above

Explanation: (a)

- The widening of the **CAD was largely on account of a higher trade deficit** driven by rise in international crude oil prices, making merchandise imports grow relatively faster than exports. The trade deficit increased to US\$145.3 billion during the same period from US\$118.4 billion in the corresponding period of the previous year. **Hence, statement 1 is correct.**
- According to the World Bank (April 2019), India remained a top remittance recipient country in 2018, followed by China, Mexico, the Philippines, and Egypt, with remittance inflows peaking at all-time high at US\$78.6 billion. **Hence, statement 2 is correct.**
- During 2018-19, **net foreign investment declined to US\$31.3 billion** as compared to US\$52.4 billion in the corresponding period of 2017-18.
- Robust foreign direct investment (FDI) inflows, were more than outweighed by withdrawals under portfolio investment reflecting an escalation of global risk aversion. **As a proportion of GDP, net FDI fell from 1.6% in 2016-17 to 1.1% in 2017-18, before rising to 1.2% in 2018-19. Hence, statement 3 is not correct.**

38. With reference to the International Investment Position(IIP), consider the following statements:

1. The difference between the assets and liabilities of economies is their net position in the IIP.
2. India is among the top ten economies having Net International Investment Position deficit.

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 **International Investment Position (IIP)** is a statistical statement which shows that at a point of time the value of financial assets of residents of an economy that are claims on non-residents or are gold bullion held as reserve assets; and the liabilities of residents of an economy to non-residents (International Monetary Fund).

- **The difference between the assets and liabilities is the net position in the IIP and represents either a net claim on or a net liability to the rest of the world. Hence, statement 1 is correct.**
- A positive **Net International Investment Position (NIIP)** value indicates that a nation is a creditor nation, while a negative value indicates it as a debtor nation.
- Among the top ten economies having Net IIP deficit in 2018, The United States is ranked first with net IIP deficit of US\$9.7 trillion, followed by Spain (US\$1.1 trillion) and Australia (US\$0.7 trillion).
- There is a continuous **deterioration in net IIP of India from 2011 till 2018**, on account of consistent increase in IIP liabilities over the corresponding period of time.
- **India's net international investment deficit is the eighth highest in 2018**, that however has been increasing consistently from US\$323.2 billion in 2013 to US\$438.4 billion in 2018, an increase of 35.6 %. In comparison to previous year 2017, India's net IIP deficit increased by 2.8% from US\$426.6 billion in 2017 to US\$438.4 billion in 2018. **Hence, statement 2 is correct.**

39. Arrange the following items in descending 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

Explanation: (a)

- In 2018-19, petroleum products continued to be the largest exported commodity, in value terms, with a share of 14.1% in the country's export basket.
- Other major exports included pearls, precious, semi-precious stones (7.9%), gold and other precious metal jewelry (3.9%) and drug formulations and biologicals (4.4%). **Hence, option A is correctly matched.**

40. Arrange the following countries in ascending order in terms of export destination of India:

1. United States of America
2. United Arab Emirates
3. China
4. Hong Kong

Select the correct answer using the code given below:

- (a) 1, 2, 3, 4
(b) 2, 3, 4, 1
(c) 4, 3, 2, 1
(d) 3, 4, 1, 2

Explanation: (c)

India's **largest export destination** country continues to be the **United States of America (USA)**, which accounted for 16 % of India's exports (in value terms) in 2018-19, followed by United Arab Emirates (UAE), China and Hong Kong. However, in 2018-19, growth of India's exports to the Netherlands was the highest (40.7 %), followed by China (25.6 %) and Nepal (17.4 %). **Hence, option C is correct.**

41. With reference to India's import sources, arrange the following countries in descending order:

1. United States of America
2. United Arab Emirates
3. Saudi Arab
4. China

Select the correct answer using the code given below:

- (a) 1, 2, 3, 4
(b) 2, 3, 4, 1
(c) 4, 3, 2, 1
(d) 4, 1, 2, 3

Explanation: (d)

China is the largest source of imports of India accounting for 13.7% of the total imported value in 2018-19. The other sources from where India imports are the USA (6.9%), UAE (5.8%) and Saudi Arabia (5.9%). **Hence, option D is correct.**

42. With reference to Index of Industrial production(IIP), consider the following statements:

1. It is published on a monthly basis by Central Statistical Organization (CSO).
2. The weightage of manufacturing sector is largest in IIP.

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 IIP is estimated and published on a monthly basis by the **Central Statistical Organization (CSO)**.
- The three sectors of the IIP as per the revision based on 2011-12 series are: (i) Mining, (ii) Manufacturing (iii) Electricity. **Hence, statement 1 is correct.**
- The IIP assigns a weight of **77.63% to manufacturing sector, 14.37% to mining sector and 7.99% to electricity sector. Hence, statement 2 is correct.**

Chapter-7: Agriculture and Food Management

43. With reference to agricultural & allied sectors, consider the following statements:

1. The share of agricultural & allied sectors in Gross Value Added (GVA) has increased over the years.
2. The share of private investment in this agricultural & allied sectors has increased in year 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

Explanation: (d)

- The share of **agriculture, forestry & fishing sector** in GVA has seen a steady **decrease over the years from 15.4% in 2015-16 to 14.4 % in 2018-19.**
- The decline was mainly due to decline in the share of crops in GVA from 9.2% in 2015-16 to 8.7% in 2017-18. **Hence, statement 1 is not correct.**
- The share of the fisheries in GVA has increased by 0.1% points during the three years from 0.8 % in 2014-15 to 0.9% in 2017-18.
- The share of the livestock in GVA has remained around 4 % from 2012-13 to 2017-18.
- The share of forestry & logging was 1.2 % in 2017- 18.
- A comparison of the share of public and private investment in Gross Capital Formation (GCF) in agriculture and allied sectors shows that the share of public investment in agriculture and allied sectors registers an increase from 2014-15 and maintains an upward trend till 2016-17. **The share of private investment in GCF shows a decline during 2018-19. Hence, statement 2 is not correct.**

44. With reference to land holding in India, consider the following statements:

1. Operational holding is the land which is used wholly or partly for agricultural production and is operated as one technical unit by one person.
2. There has been a decrease in operational land holdings over the years.
3. The share of operational holdings cultivated by women has also increased during the same period.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) All of the above

Explanation: (c)

- All land which is used wholly or partly for agricultural production and is operated as one technical unit by one person alone or with others without regard to the title, legal form, size or location. **Hence, statement 1 is correct.**
- The number of operational holdings, i.e., land put to agricultural use, has increased to 14.6 crore in 2015-16 from 13.8 crore in 2010-11, thereby registering an increase of 5.3%. **Hence, statement 2 is not correct.**
- **The share of operational holdings cultivated by women has increased** from 11.7% in 2005-06 to 13.9% in 2015-16. **Hence, statement 3 is correct.**

45. Considering the following statements:

1. Marginal land holding are those which have less than 1 ha of land operational.
2. The share of marginal farmers has increased in total operational holding in recent time.
3. The share of large land holding in operational holding has increased.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 2 only
- (d) All of the above

Explanation: (c)

- **Marginal Farmer** means a **farmer** cultivating (as owner or tenant or sharecropper) agricultural land up to 1 hectare (2.5 acres). **Hence, statement 1 is correct.**
- The share of **marginal holdings (less than 1 ha) in total operational holdings increased from 62.9% in 2000-01 to 68.5% in 2015-16**, while the share of small holdings (1 ha to 2 ha) decreased from 18.9 % to 17.7 % during this period. **Hence, statement 2 is correct.**
- Large holdings (above 4 ha) decreased from 6.5% to 4.3%. The area operated by the marginal and small holdings increased from 38.9% in 2000-01 to 47.4% in 2015-16, while that of **the large holdings decreased from 37.2% to 20% during this period.** **Hence, statement 3 is not correct.**

46. Which of the following best describes "Homa Farming"?

- (a) It is a technique in which the atmosphere is used as a source of nutrition for plants.
- (b) It is a farming technique that uses organic nutrients for plant growth.
- (c) It is a fish farming technique which uses artificial methods for fish rearing.
- (d) It is a farming technique that utilises less water in sugarcane production.

Explanation: (a)

- Homa Organic Farming is the application of **Homa Therapy to organic agriculture.**

- The main difference between Homa organic farming and other organic farming techniques is that **Homa farming regards the atmosphere as the most important source of nutrition**, whereas in any other farming practices today the atmosphere is almost totally neglected. Ancient science of **Homa Therapy** states that more than 75% of nutrition to plants and soil comes through the atmosphere. **Hence, option A is correct.**

47. With reference to “Zero Budget Natural Farming,” consider the following statements:

1. It aims to reduce the cost of growing and harvesting plants.
2. This technique can improve both water use efficiency and soil fertility.
3. The ingredients required for the growth of plant are available around the root zone of the plants.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) All of the above

Explanation: (d)

- Zero Budget Natural Farming (ZBNF), as the name implies, is a method of farming where the **cost of growing and harvesting plants is zero.**
- This means that farmers **need not purchase fertilizers and pesticides** in order to ensure the healthy growth of crops. **Hence, statement 1 is correct.**
- All things required for **the growth of the plant are available around the root zone of the plants.**
- Organic and natural farming techniques including Zero Budget Natural Farming (ZBNF) can improve **both water use efficiency and soil fertility.** **Hence, statements 2 and 3 are correct.**

48. With respect to Global Food Security Index 2018, consider the following statements:

1. Global Food Security Index is released by the Food and Agriculture Organization.
2. India’s overall Food Security index rank is 76 out of 113 countries.
3. India is ranked first in nutritional standards of GFSI.

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

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) All of the above

Explanation: (a)

- The Global Food Security Index consists of a set of indices from 113 countries.
- It measures food security across most of the countries of the world.
- It was first published in 2012, and is managed and updated annually by **The Economist's intelligence unit. Hence, statement 1 is not correct.**
- India has been ranked first in nutritional standards. India's overall **Food Security Score is 50.1 out of 100 which ranks India 76 out of 113 countries. Hence, statements 2 and 3 are correct.**

Chapter-8: Industry and Infrastructure

49. With reference to Doing Business report 2019, consider the following statements:

1. The report is released by the World Bank.
2. The ranking of India has improved and it is ranked at 77th position.
3. India has improved its rank in all the indicators.

Which of the statements given above is/are correct?

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

Explanation: (c)

- As per the **World Bank** Doing Business (DB) Report released on October 31st 2018, India has considerably **improved its ranking to 77th position** among the 190 countries and has leapt 23 ranks over its previous rank of 100. **Hence, statements 1 and 2 are correct.**

- The World Bank Doing Business Report 2019 **covers 10 indicators which span the life-cycle of a business**. India has improved its rank in 6 out of 10 indicators and has moved closer to international best practices. **Hence, statement 3 is not correct.**

50. Arrange the following core industries in descending order of their growth rate in year 2018-19:

1. Cement
2. Coal
3. Fertilizer
4. Electricity
5. Steel

Select the correct answer using the code given below:

- (a) 1, 2, 3, 4, 5
- (b) 5, 2, 3, 4, 1
- (c) 4, 3, 2, 5, 1
- (d) 1, 2, 4, 5, 3

Explanation: (d)

- The Index of eight core industries measures the performance of Coal, Crude Oil, Natural Gas, Petroleum Refinery Products, Fertilizers, Steel, Cement and Electricity.
- The eight core industries comprise about 40.3% weight in the Index of Industrial Production (IIP).
- The overall Index of eight core industries registered a growth rate of 4.3% in 2018-19 similar to the increase achieved in 2017-18.
- The production of Coal, Steel, Cement, Electricity, Refinery Products, Natural Gas and Fertilizers registered positive growth rate in 2018-19 with **Cement and Coal registering a higher growth rate of 13.3% and 7.4% respectively. The growth rate in Fertilizer 0.3%, electricity is 5.2% and steel is 4.7%. Hence option D is the correct answer.**

51. The “Energy Transition Index” is released by which of the following:

- (a) World Bank
- (b) World Economic Forum
- (c) International Renewable Energy Agency

(d) International Energy Agency

Explanation: (b)

Power sector in India has witnessed a paradigm shift over the years due to the constant efforts of Government to foster investment in the sector. As a result, India has improved its ranking in the Energy Transition Index published by the **World Economic Forum (76th position)**. Hence, option B is correct.

Chapter-9: Services Sector

52. With reference to service sector, consider the following statements:

1. This sector contributes to more than half to India's Gross Value Added (GVA).
2. The expansion of the service sector in recent decades has been unable to generate proportionate employment.
3. The flow of FDI is maximum in the service sector.

Which of the statements given above is/are correct?

- (a) 1 and 3 only
- (b) 2 only
- (c) 2 and 3 only
- (d) All of the above

Explanation: (d)

- The services sector accounts for 54 % of India's Gross Value Added (GVA).
- Its growth rate moderated to 7.5 % in 2018-19 from 8.1 % in 2017-18. **Hence, statement 1 is correct.**
- The services sector expansion in recent decades has been unable to generate proportionate employment, especially in the formal sector. Services share in employment is 34% in 2017. India's services sector does not generate jobs in proportion to its share in GVA. **Hence, statement 2 is correct.**
- FDI equity inflows towards the services sector accounts for more than 60% of the total FDI equity inflows in India. **Hence, statement 3 is correct.**

53. With reference to Bhuvan, consider the following statements:

1. It is a geo-portal of ISRO which provides visualisation services and earth observation data to users in public domain.

2. It provides services in only in English language.
3. It provides both domestic and international disaster support services.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) All of the above

Explanation: (c)

- ISRO's Geo-portal, **Bhuvan** provides a visualisation services and Earth observation data to users in public domain. Besides, the portal also provides services to several users for their remote sensing application needs. **Hence, statement 1 is correct.**
- Bhuvan is a web mapping service which allows users to explore a 2D/3D representation of the surface of the Earth. The browser is **specifically tailored to view India, offering the highest resolution in this region and providing content in four local languages. Hence, statement 2 is not correct.**
- Apart from visualization, Bhuvan provides **timely disaster support services (domestic and international)**, free satellite data and products download facility, and rich thematic datasets. Bhuvan is using a crowdsourcing approach to enrich its maps and collect point of interest data. **Hence, statement 3 is correct.**

Chapter-10: Social Infrastructure, Employment and Human Development

54. With reference to Human Development Index (HDI), consider the following statements:

1. HDI is released by United Nation Development Programme.
2. India's HDI value is highest among the Asian and developing economies group.
3. HDI emphasises solely on economic growth for assessing the development of a country.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only

(c) 1 and 2 only

(d) 1, 2 and 3

Explanation: (a)

- It was developed by Pakistani economist Mahbub ul Haq, with help from Gustav Ranis of Yale University and Meghnad Desai of the London School of Economics, and was further used to measure a country's development by the **United Nations Development Program (UNDP)'s** Human Development Report Office. **Hence, statement 1 is correct.**
- India's HDI (Human Development Index) has improved significantly over the years between 1990 and 2017. The country's **HDI value increased from 0.427 to 0.640**, but its position is **still lowest among its peer countries (Asian and developing economies)**. **India is ranked 130 among 189 countries. Hence, statement 2 is not correct.**
- The HDI was created to emphasize that people and **their capabilities should be the ultimate criteria for assessing the development of a country**, not economic growth alone. The HDI can also be used to question national policy choices, asking how two countries with the same level of Gross National Income(GNI) per capita can end up with different human development outcomes.
- The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: **a long and healthy life, being knowledgeable and a decent standard of living. Hence, statement 3 is not correct.**

55. Consider the following pairs:

Goals	Purpose
1. SDG Goal 1	No Poverty
2. SDG Goal 4	Zero Hunger
3. SDG Goal 5	Quality Education
4. SDG Goal 6	Cleaner Water and Sanitation

Which of the pairs given above are matched correctly?

(a) 1 and 2 only

(b) 2 and 3 only

- (c) 1 and 4 only
- (d) All of the above

Explanation: (c)

In September 2015, the General Assembly adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs). Building on the principle of "leaving no one behind," the new Agenda emphasizes a holistic approach to achieving sustainable development for all.

- **GOAL 1: No Poverty. Hence, pair 1 is matched correctly.**
- GOAL 2: Zero Hunger
- GOAL 3: Good Health and Well-being
- **GOAL 4: Quality Education. Hence, pair 3 is not matched correctly.**
- **GOAL 5: Gender Equality. Hence, pair 2 is not matched correctly.**
- GOAL 6: Clean Water and Sanitation. **Hence, pair 4 is matched correctly.**
- GOAL 7: Affordable and Clean Energy
- GOAL 8: Decent Work and Economic Growth
- GOAL 9: Industry, Innovation and Infrastructure
- GOAL 10: Reduced Inequality
- GOAL 11: Sustainable Cities and Communities
- GOAL 12: Responsible Consumption and Production
- GOAL 13: Climate Action
- GOAL 14: Life Below Water
- GOAL 15: Life on Land
- GOAL 16: Peace Justice and Strong Institutions
- GOAL 17: Partnerships to achieve the Goal

56. Which one of the following best describes the LaQshya initiatives?

- (a) It aims to improve the quality of education at primary level in government schools.
- (b) It is an initiative to improve the quality of care in the labour room and maternity operation theatre.
- (c) It is a programme launched to reduce the number of accidental deaths in India.
- (d) It is a programme to improve air quality in NCR by reducing particulate matters.

Explanation: (b)

- Ministry of Health and Family Welfare has recently announced the launch of program 'LaQshya', aimed at improving the quality of care in the labour room and maternity Operation Theatre.
- The Program will improve **quality of care for pregnant women in labour room, maternity Operation Theatre, Obstetrics Intensive Care Units (ICUs) and High Dependency Units (HDUs).**
- The LaQshya program is being implemented at all Medical College Hospitals, District Hospitals and First Referral Unit, Community Health Centers and will benefit every pregnant woman and new-born delivering in public health institutions. **Hence, option B is correct.**

57. With reference to Kayakalp initiative, consider the following statements:

1. It is an initiative to promote sanitation and hygiene in public healthcare institutions.
2. It is an initiative launched under the Swachh Bharat Abhiyan.

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)

- Kayakalp initiative has been launched to promote cleanliness, hygiene and infection control practices in public health facilities.
- Under this initiative, public healthcare facilities shall be appraised and such public healthcare facilities that showed exemplary performance, meeting standards of protocols of cleanliness, hygiene and infection control will receive awards and commendation. **Hence, statement 1 is correct.**
- The initiative was launched under the Central Government's flagship programme Swachh Bharat Abhiyan. **Hence, statement 2 is correct.**

58. Consider the following statements:

1. MMR is the ratio of the number of maternal deaths per lakh live birth during the given time period.
2. MMR in India had declined to 130 per lakh live births in year 2014-16 from 167 per lakh live births in 2011-13.

3. SDG-3 targets to reduce the global maternal mortality ratio to less than 70 per lakh live births by 2030.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 2 and 3 only
- (d) All of the above

Explanation: (d)

- The maternal mortality ratio (MMR) is the ratio of the number of maternal deaths during a given time period per 100,000 live births during the same time-period. **Hence, statement 1 is correct.**
- MMR in India has declined by 37 points from 167 per lakh live births in 2011-13 to 130 per lakh live births in 2014-16, in a span of three years. Between 1990 and 2015, MMR in India has declined by 77% as compared to 44% decline in global average. **Hence, statement 2 is correct.**
- SDG Goal-3 and target, 3.1 targets to reduce the global maternal mortality ratio to less than 70 per 100 000 live births. **Hence, statement 3 is correct.**

59. The "JANANI' scheme" was launched by which state?

- (a) Uttar Pradesh
- (b) Madhya Pradesh
- (c) Kerala
- (d) Gujrat

Explanation: (c)

'JANANI' scheme of Government of Kerala is an exemplar which has popularised the system of homeopathy treatment for infertility in public health facilities. **Hence, option c is correct.**

60. Which of the following is/are the components of Ayushman Bharat?

1. A health insurance scheme for providing free, quality and cashless health facilities in secondary and tertiary care facilities.
2. Health and Wellness Centres for providing comprehensive primary health care.

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)

- Ayushman Bharat-PMJAY provides a defined benefit cover of Rs. 5 lakh per family per year. **Free treatment available at all public and empaneled** private hospitals in times of need.
- Covers secondary and tertiary care hospitals. The scheme will be cashless & paperless at public hospitals and empaneled private hospitals. The beneficiaries will not be required to pay any charges for hospitalization expenses. **Hence, statement 1 is correct.**
- All families listed in the **Socio Economic Caste Census (SECC) database** as per defined criteria will be covered. No cap on family size and age of members. Priority to girl child, women and senior citizens.
- The first component of Ayushman Bharat, pertains to creation of **1,50,000 Health and Wellness Centres which will bring health care closer to the homes of the people.** These centres will provide Comprehensive Primary Health Care, covering both maternal and child health services and non-communicable diseases, including free essential drugs and diagnostic services. **Hence, statement 2 is correct.**

61. Consider the following statements with reference to Gender budgeting?

1. Ministry of Women and Child Development is the nodal agency to implement strategy of gender budgeting.
2. Gender budgeting is a process to plan differential needs of women and men.
3. Gender budget cells are formed within ministries and departments to strengthen gender budgeting processes.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) All of the above

Explanation: (d)

- The Ministry of **Women and Child Development (MoWCD)** as the nodal agency has adopted the mission strategy of 'Budgeting for Gender Equity to ensure that government budgets are planned according to the differential needs of women and men and accordingly prioritized. **Hence, statement 1 is correct.**
- Gender Budgeting is concerned with **gender-sensitive formulation of legislation, policies, plans, programmes and schemes; allocation and collection of resources; implementation and execution; monitoring, review, audit and impact assessment of programmes and schemes; and follow-up corrective action** to address gender disparities. **Hence statement 2 is correct.**
- In the Gender Budget Statement of 2019-20, **30 Ministries/Departments reported having schemes with women's component, amounting to approximately 5% of the total Union Budget. Furthermore, 57 Ministries/Departments have formed Gender Budget Cells to institutionalize and strengthen gender budgeting processes.** During the last 3 financial years, over 4500 Government officials have been trained under this Scheme. **Hence, statement 3 is correct.**

62. Consider the following statements:

1. Education and health services are examples of merit goods in an economy.
2. The investment in merit goods generate positive externalities and spillover effect on social welfare.

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)

- Merit goods are those goods and services that the government feels that people will under-consume, and which ought to be subsidised or provided free at the point of use so that consumption does not depend primarily on the ability to pay for the good or service. Examples of merit goods include **education, health care**, welfare services, housing etc. **Hence, statement 1 is correct.**
- Merit goods and services **create positive externalities when consumed and the spillover benefits** can have a significant effect on social welfare. **Hence, statement 2 is correct.**