

INSIGHTS IAS – Simplifying IAS Exam Preparation

This document is the compilation of **100** questions that are part of **InsightsIAS'** famous REVISION initiative for **UPSC civil services examination – 2019** (which has become most anticipated annual affair by lakhs of IAS aspirants across the country). These questions are carefully framed so as to give aspirants tough challenge to test their knowledge and at the same time improve skills such as intelligent guessing, elimination, reasoning, deduction etc – which are much needed to sail through tough Civil Services Preliminary Examination conducted by UPSC.

These questions are based on this [Revision Timetable](http://www.insightsonindia.com) which is posted on our [website](http://www.insightsonindia.com) (www.insightsonindia.com). Every year thousands of candidates follow our revision timetable – which is made for SERIOUS aspirants who would like to intensively revise everything that's important before the exam.

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Team InsightsIAS

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Day 1(15th March 2019) – Revision Test

1. India's growth's story from the eve of Independence to the liberalization phase is largely termed as 'Hindu rate of growth'. What it refers to?
- (a) Non inclusive growth story of India before 1990's liberalization.
 - (b) Religious belief of the successive government right from the independence.
 - (c) Irrational developmental agenda driven by majoritarian society.
 - (d) The phenomenon of sluggishness in growth rate of Indian economy before 1990's.

Solution: D

'Hindu' rate of growth was coined to refer to the phenomenon of **sluggishness in growth rate** of Indian economy (3.5 per cent observed persistently during 1950s through 1980s).

The term, which owes to Professor Raj Krishna, Member, Planning Commission, captured popular imagination and was used synonymously to **describe inadequacy of India's growth performance**.

2. Assam shares its borders with which among the following states/countries?

- 1. Sikkim
- 2. Myanmar
- 3. Tripura
- 4. Meghalaya
- 5. Bhutan

Select the correct answer using the code given below:

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

Solution: B

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Assam shares border with all northeastern states **except Sikkim** and countries like Bhutan, Bangladesh only.

3. With reference to Indian economy, public sector enterprises (PSE) are designated with different status. Which of the following PSE's are Maharatnas?

1. Steel Authority of India
2. Bharat Electronics Limited
3. GAIL(India) Limited
4. Bharat Heavy Electricals Limited

Select the correct answer using the code given below

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

Solution: B

Bharat Heavy Electricals Limited	Coal India Limited
Indian Oil Corporation Limited	NTPC Limited
Oil & Natural Gas Corporation Limited	Steel Authority of India Limited
Bharat Petroleum Corporation	GAIL

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Limited	
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Criteria for grant of Maharatna status :-

The CPSEs fulfilling the following criteria are eligible to be considered for grant of Maharatna status.

- (i) Having Navratna status.
- (ii) Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations.
- (iii) Average annual turnover of more than Rs. 25,000 crore, during the last 3 years.
- (iv) Average annual net worth of more than Rs. 15,000 crore, during the last 3 years.
- (v) Average annual net profit after tax of more than Rs. 5,000 crore, during the last 3 years.
- (vi) Should have significant global presence/international operations.

Bharat Electronics Limited is a Navaratna company.

<http://dpe.gov.in/about-us/management-division/maharatna-navratna-miniratna-cpse>

4. Consider the following statements

1. India shares its longest land border of around 4000 km with Bangladesh followed by Pakistan.
2. Border Security Force guards the border between India and Pakistan.
3. No Central Armed Police Force guards India-Nepal border, since it is open border between both countries.

Which of the statements given above is/are correct?

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

Solution: D

India has 15,106.7 km of land border and a coastline of 7,516.6 km including island territories.

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Country	:	Length of the border (in km)
Bangladesh	:	4,096.7
China	:	3,488
Pakistan	:	3,323 (Including PoK)
Nepal	:	1,751
Myanmar	:	1,643
Bhutan	:	699
Afghanistan	:	106
Total	:	15,106.7

- Bangladesh and Pakistan borders – BSF;
- China border – ITBP;
- Myanmar border – Assam Rifles;
- **Nepal and Bhutan borders – Sashastra Seema Bal;**

Besides, Indian army guards land borders along the LOC on Pakistan border and LAC on China border. The Indian Navy and Coast Guard are vested with the responsibility of coastal borders, where the State (Marine) Police act as the second line of defence.

Annual Report, MHA: <http://mha.nic.in/annualreports>;

5. With reference to Indian economy, consider the following statements:

1. GDP growth rate of India at constant prices is steadily increasing from last decade.
2. Present base year for GDP calculation is 2011-2012.

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

Solution: B

GDP growth rate of India at constant **prices is not steadily increasing** from last decade.

The GDP growth rate declined to 6.72% in 2008-09 largely due to global financial meltdown following the collapse of Lehman brothers (investment bank) of US in September, 2008. GDP growth rate improved to 8.59% in 2009-10 and 8.91% in 2010-

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11 due to high capital inflows attributed to the massive Quantitative Easing (QE) undertaken by the US to combat economic slowdown of global level.

The GDP growth rate slumped to 6.69% in 2011-12, 4.47% in 2012-13 and 4.74% in 2013-14 (P). This was due largely to domestic policy logjam, tax disputes and shaken investor confidence in Indian economy with attendant lower Gross Domestic Savings Rate (GDSR) and Gross Fixed Capital Formation (GFCF).

Present base year for calculation of GDP is 2011-2012.

6. Which of the following measures is/are examples of expansionary fiscal policy?

1. Decrease in tax rate
2. Increase in pensions
3. Increase in unemployment compensation
4. Increase in tax rate.

Select the correct answer using the codes given below.

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

Solution: C

An **EXPANSIONARY** is a macroeconomic **POLICY** that seeks to encourage economic growth or combat inflationary price increases by expanding the money supply, lowering interest rates, increasing government spending or cutting taxes.

Increasing the tax rate is not an example of expansionary fiscal policy.

7. Consider the following statements

1. Global Register of Introduced and Invasive Species (GRIIS) compiles annotated and validated country-wise inventories of introduced and invasive species.
2. Invasive species of flora like eucalyptus, wattle, pine, cypress trees and Lantana Camara are proliferating across the Nilgiris Hills.

Which of the statements given above is/are correct?

- (a) 1 only

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

Solution: C

The 'Global Register of Introduced and Invasive Species (GRIIS)' has been developed and is hosted by **IUCN**. (GRIIS) compiles annotated and validated country-wise inventories of introduced and invasive species. The development and population of the GRIIS was undertaken by the ISSG within the framework of the CBD Global Invasive Alien Information Partnership.

<https://www.iucn.org/theme/species/our-work/invasive-species>

While invasive species of flora like eucalyptus, wattle, pine and cypress trees, as well as Lantana camara plants, are proliferating across the Nilgiris upper slopes, Prosopis juliflora, parthenium and eupatorium have spread on the biosphere's lower slopes, forest officials said.

Weeds like scotch broom (Cytisus scoparius) and gorse have also begun to spread profusely in habitats like Avalanche, Upper Bhavani and the Mukurthi National Park, home to the endangered Nilgiri tahr, the State animal.

<https://www.thehindu.com/news/national/tamil-nadu/alien-invasive-and-thriving/article24905530.ece>

8. Which of the following industry/industries requires an Industrial license to start business in India?

1. Tobacco and Cigar products
2. Electronic Aerospace and Defence equipment
3. Hazardous chemicals
4. Alcoholic drinks

Select the correct answer using the code given below

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

Solution: D

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The major impact of liberalisation and globalisation of economy, which started in India in July, 1991, was to do away with the Compulsory Licensing. As of now on FOUR industries are reserved for the Public Sector and only SIX industries fall under the compulsory licensing, as detailed below:

LIST OF INDUSTRIES RESERVED FOR THE PUBLIC SECTOR

1. Arms and ammunition and allied items of defence equipment, Defence aircraft and warships.
2. Atomic energy.
3. The substances specified in the scheduled to the notification of the Government of India in the Department of Atomic Energy number S.O.212(E), dated the 15th March, 1995.
4. Railway transport.

LIST OF INDUSTRIES FOR WHICH INDUSTRIAL LICENSING IS COMPULSORY

1. Distillation and brewing of alcoholic drinks.
2. Cigars and Cigarettes of tobacco and manufactured tobacco substitutes.
3. Electronic Aerospace and Defence equipment: all types.
4. Industrial explosives including detonating fuses, safely fuses, gun powder, nitrocellulose and matches.
5. Hazardous chemicals.
6. Drugs and Pharmaceuticals (according to modified Drug Policy issued in September, 1994).

In case of the small units which employ less than 50 workers with power or less than 100 workers without power are not required to obtain any license under Compulsory Licensing Provisions.

<http://www.dcmsme.gov.in/policies/central/licen.htm>

9. The general rise in Gini Coefficient may indicates

- (a) Government policies are not inclusive and benefitting rich more than poor.
- (b) Increasing foreign exchange reserves due to high export potential.
- (c) Budget surplus in consecutive financial years.
- (d) Government policies are inclusive and benefitting the disadvantaged groups.

Solution: A

Gini Coefficient is a popular statistical measure to gauge the rich-poor income or wealth divide. It measures inequality of a distribution — be it of income or wealth — within nations or States. Its value varies anywhere from zero to 1; zero indicating perfect equality and one indicating the perfect inequality.

Gini Coefficients can be used to compare income distribution of a country over time as well. An increasing trend indicates that income inequality is rising independent of absolute incomes.

A **GENERAL RISE IN GINI COEFFICIENT** indicates that government policies are not inclusive and may be benefiting the rich more than the poor.

10. 'Global Positioning System' has applications in which of the following?

1. Surveying
2. Financial Services
3. Public Safety and Disaster Relief
4. Agriculture
5. Weather Forecasting

Select the correct answer using the code given below

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

Solution: D

Applications of Geo-Positioning System are:

1. GPS's high accuracy makes it suitable for use in mapping soil sample locations, and the farmers can locate the areas that have soils suitable for farming.
2. GPS is used in mapping and measuring various measures on the earth surface and underwater. It is used in determining land boundaries, mapping sea floors, and highlighting the changes in the shape of structures.
3. Financial organizations such as banks use this app to schedule and determine local and international money transfers. They are also using it to provide audit trails of financial transactions.

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4. GPS can be used in any weather or environmental condition which is the reason why is preferred for use during disaster management. The emergency vehicles and supplies are tracked using GPS.
5. GPS technology is used in projecting temperature levels both on the ground and that of the atmosphere.

<https://grindgis.com/gps/50-uses-or-applications-of-gps>

11. Which of the following can aid furthering the government's objective of Financial Inclusion?

1. Financial advice to the disadvantaged groups
2. Affordable payment and remittance services
3. Disbursal of interest free loans to economically weaker section
4. Promoting savings by opening zero balance bank account.

Select the correct answer using the code given below

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

Solution: D

Financial inclusion means that individuals and businesses have access to useful and affordable **financial** products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.

- 12.** Global Findex Database, sometime in news, is brought out by
- (a) United Nations Conference on Trade and Development (UNCTAD)
 - (b) Organisation for Economic Development
 - (c) International Monetary Fund.
 - (d) World Bank

Solution: D

The Global Findex database is the **world's most comprehensive data** set on how adults

save, borrow, make payments, and manage risk. **World Bank** launched this initiative with funding from the Bill & Melinda Gates Foundation, the database has been published **every three years** since 2011.

13. Consider the following actions which the government can take:

1. Rationalizing subsidies
2. Encouraging foreign direct investment inflow
3. Waiving of agricultural loan
4. Implementation of JAM trinity

Which of the above action /actions may help in reducing fiscal deficit?

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

Solution: D

Waiving of agricultural loan increases the fiscal deficit of the government since government spends money from its treasury.

14. NITI Ayog has replaced Planning commission, which formulates India's Five Year Plan. How NITI Ayog is different from planning commission.

1. NITI Ayog acts as 'Think Tank' of Government of India, providing both directional and policy inputs.
2. NITI Ayog has power to allocate financial resources to states unlike planning commission.

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

Solution: A

The National Institution for Transforming India, also called NITI Aayog, was formed via a resolution of the Union Cabinet on January 1, 2015. NITI Aayog is the premier policy 'Think Tank' of the Government of India, providing both directional and policy inputs. While designing strategic and long term policies and programmes for the Government of India, NITI Aayog also provides relevant technical advice to the Centre and States.

NITI Ayog **has no power to allocate** financial resources to states like planning commission.

15. Consider the following statements regarding 'Treasury Bills'

1. T-bills are short term securities issued on behalf of the government by the RBI and are used in managing short term liquidity needs of the government.
2. T-Bills are issued on discount to face value, while the holder gets the face value on maturity.
3. T-Bills are issued by both Central government and State government in India.

Which of the statements given above is/are correct?

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

Solution: A

T-bills are short term securities issued on behalf of the government by the RBI and are used in managing short term liquidity needs of the government.

- 91-day T-bills are auctioned every week on Wednesday and 182-day and 364-day T-bills are auctioned every alternate week on Wednesdays.
- T-Bills are issued on discount to face value, while the holder gets the face value on maturity. The return on T-Bills is the difference between the issue price and face value.
- Thus, return on T-Bills depends upon auctions. When the liquidity position in the economy is tight, returns are higher and vice versa.
- Individuals, Firms, Trusts, Institutions and banks can purchase T-Bills. The commercial and cooperative banks use T-Bills for fulfilling their SLR requirements.
- Treasury Bills are issued only by the central government in India. The State governments do not issue any treasury bills.

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- The secondary market of T-Bills is very active so they have a higher degree of tradability.

16. Consider the following pairs

Place/Issue in News	Region
1. Bru Tribes	Tripura
2. Polvaram Project	Krishna River
3. First interstate translocation of Tiger	Simlipal Tiger Reserve

Which of the pairs given above matched?

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

Solution: C

Reang or Bru tribes are one of the 21 scheduled **tribes** of the Indian state of Tripura. The **Bru** can be found all over the Tripura state in India. However, they may also be found in Mizoram, Assam, Manipur and They speak the Reang dialect of **Bru** language which is of Tibeto-Burmese origin and is locally referred to as Kau **Bru**.

Polavaram Project, is an underconstruction multi-purpose irrigation **project** on the Godavari River in the West Godavari District and East Godavari District in Andhra Pradesh.

India's maiden inter-state tiger relocation, from Madhya Pradesh in central India to a tiger reserve in the eastern state of Odisha.

The relocation approved by the National Tiger Conservation Authority (NTCA) kicked off early 2018 with two big cats: a male (T1) from Kanha Tiger Reserve, followed by a female (T2) from **Bandhavgarh in Madhya Pradesh**. Both tigers were brought to the 963 square km **Satkosia Tiger Reserve** in June, to shore up the existing tiger population of two in the reserve and thereby in the state.

17. Consider the following statements regarding "Asia-Pacific Trade Agreement" (APTA)

- 1. **APTA** is a preferential regional trade agreement formerly known as the Bangkok Agreement.
- 2. India is not a participating state of APTA.

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Which of the statements given above is/are **incorrect**?

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

Solution: B

APTA, previously named the Bangkok Agreement, was signed in 1975 as an initiative of ESCAP.

Being the oldest preferential trade agreement among developing countries in Asia-Pacific, APTA aims to promote economic development through the adoption of mutually beneficial trade liberalization measures that will contribute to intra-regional trade expansion.

It also provides for economic integration through coverage of merchandise goods, services, investment and trade facilitation.

The six member countries are Bangladesh, China, India, Laos, Korea and Sri Lanka.

<https://www.unescap.org/apta/participating-states>

18. United Nations Military Observer Group in India and Pakistan (UNMOGIP) mainly

- (a) Monitors the ceasefire in the disputed Jammu and Kashmir
- (b) Enforces the Karachi Agreement between India and Pakistan
- (c) Submits analytical reports on the Aksai Chin region
- (d) Looks after the refugees and illegal immigrants from both sides of the border

Solution: A

UNMOGIP, one of the oldest UN mission, was deployed in January 1949 to supervise the ceasefire between India and Pakistan in the State of Jammu and Kashmir.

The tasks of UNMOGIP have been to observe, to the extent possible, developments pertaining to the strict observance of the ceasefire of 17 December 1971 and to report thereon to the Secretary General. The group, based in Rawalpindi, is composed of 43

military observers and 23 international civilian personnel.

Since the Simla Agreement of 1972, India has adopted a non-recognition policy towards third parties in their bilateral exchanges with Pakistan over the question regarding the state of Jammu and Kashmir.

The military authorities of Pakistan have continued to lodge alleged ceasefire violations complaints with UNMOGIP.

19. Consider the following statements regarding Financial Action Task Force (FATF).

1. FATF was established by the G-7 Summit that was held in Paris in 1989.
2. FATF is an inter-governmental body.
3. If country is placed in grey list of FATF, it would become easier to tap international loans from different financial institutions.

Which of the statements given above is/are correct?

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

Solution: C

The Financial Action Task Force (FATF) was established in July 1989 by a Group of Seven (G-7) Summit in Paris, initially to examine and develop measures to combat money laundering. It is an inter-governmental body.

In October 2001, the FATF expanded its mandate to incorporate efforts to combat terrorist financing, in addition to money laundering.

Since its inception, the FATF has operated under a fixed life-span, requiring a specific decision by its Ministers to continue. The current mandate of the FATF (2012-2020) was adopted at a Ministerial meeting in April 2012.

The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. Starting with its own members, the FATF monitors countries' progress in implementing the FATF Recommendations; reviews money laundering and terrorist financing

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techniques and counter-measures; and, promotes the adoption and implementation of the FATF Recommendations globally.

If country is placed in grey list of FATF, it would become harder to tap international loans from different financial institutions.

20. Which of the following statements best describes 'fiscal consolidation'?

- (a) Strategy of the government to disinvest public sector enterprises to meet deficit.
- (b) Policies undertaken by Governments to reduce their deficits and accumulation of debt stock.
- (c) Scheduled banks action plan to recover the loans from non-performing assets.
- (d) Government agenda to reform loan disbursal mechanism of scheduled banks.

Solution: B

Fiscal Consolidation refers to the policies undertaken by Governments (national and sub-national levels) to reduce their deficits and accumulation of debt stock.

FISCAL CONSOLIDATION is a process where government's **FISCAL** health is getting improved and is indicated by reduced **FISCAL** deficit. Improved tax revenue realization and better aligned expenditure are the components of **FISCAL CONSOLIDATION** as the **FISCAL** deficit reaches at a manageable level.

21. Which of the following diseases eliminated/eradicated from India?

- 1. Small Pox
- 2. Rinder Pest
- 3. Trachoma
- 4. Polio

Select the correct answer using the code given below

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

Solution: D

Diseases eliminated/eradicated in India are Smallpox, Rinderpest, Polio, Yaws, Maternal and Neonatal Tetanus and Trachoma.

<https://fit.thequint.com/fit/disease-and-smallpox-elimination>

22. Consider the following statements

1. Small Farmer's Agri-Business Consortium (SFAC) is an autonomous society promoted by Ministry of Commerce and Industry.
2. SFAC is a Non-Banking Financial Company.
3. National Skill Development Corporation is a not-for-profit public limited set up by Ministry of Finance as Public Private Partnership (PPP) model.

Which of the statements given above is/are correct?

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

Solution: A

SFAC is an Autonomous Society promoted by Ministry of Agriculture, Cooperation and Farmers' Welfare, Government of India.

It is registered under Societies Registration Act 1860. The Society is also registered as Non-Banking Financial Institution by Reserve Bank of India.

The role of State SFACs is to aggressively promote agribusiness project development in their respective States.

National Skill Development Corporation India (NSDC), established in 2009, is a not-for-Profit Company set up by the Ministry of Finance.

NSDC was set up by Ministry of Finance as Public Private Partnership (PPP) model. The Government of India through Ministry of Skill Development & Entrepreneurship (MSDE) holds 49% of the share capital of NSDC, while the private sector has the balance 51% of the share capital.

23. Consider the following statement Banks Board Bureau (BBB)

1. It was set up in February 2016 as an autonomous body– based on the recommendations of the RBI appointed Nayak Committee to improve governance of Public Sector Banks (PSBs).
2. It guides banks on mergers and consolidations and governance issues to address bad loans problem among other issues.

Which of the statements given above is/are correct?

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

Solution: C

It was set up in February 2016 as an autonomous body– based on the recommendations of the RBI appointed Nayak Committee to improve governance of Public Sector Banks (PSBs).

It was the part of Indradhanush Plan of government. It had replaced Appointments Board of Government. It is housed in Reserve Bank of India's (RBI) central office in Mumbai.

Its broad agenda was to improve governance at state-owned lenders. Its mandate also involved advising the government on top-level bank appointments and assisting banks with capital-raising plans as well as strategies to deal with bad loans.

It guides banks on mergers and consolidations and governance issues to address bad loans problem among other issues.

24. State led Industrial development is the principal feature of Independent India. Which of the following factors necessitated it?

1. Private sector lacked the huge capital required for setting up of heavy industries.
2. Maximization of profit compelled state intervention.
3. Private players had less incentive to invest in industrialization due to the low demand for industrial goods.

Select the correct answer using the code given below

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

Solution: C

Maximization of profit was not a motive behind state intervention.

25. Consider the following statements

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1. No money out of consolidated fund of India is appropriated except in accordance with a parliamentary law
2. Loan received by the World Bank is a part of revenue receipts.
3. Annual Financial Statement has to distinguish the expenditure of the Government on revenue account from other expenditures.

Which of the statements given above is/are correct?

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

Solution: A

According to Article 114 of the Indian constitution, no money can be withdrawn from the Consolidated Fund of India to meet specified expenditure except under an appropriation made by Law. Similarly, State (sub-national) Governments can also draw from their Consolidated Funds only after an appropriation act is passed.

Every year, after budgetary estimates are approved, an Appropriation Bill is passed by the Parliament/state legislature and then it is presented to the President/Governor. After the assent by the President/governor to the bill, it becomes an Act.

However, if during the course of the financial year, the funds so appropriated are found to be insufficient, the Constitution provides for seeking approval from the Parliament or State Legislature for supplementary grants

Borrowing from World Bank **is not a part of revenue receipts.**

Under Article 112 of the Constitution of India, the Annual Financial Statement has to distinguish expenditure of the Government on revenue account from other expenditures. Government Budget, therefore, comprises of Revenue Budget and Capital Budget.

Revenue Budget consists of the revenue receipts of Government (tax revenues and other revenues like interest and dividend on investments made by Government, fees, and other receipts for services rendered by Government) and the expenditure met from these revenues.

Day 2(16th March 2019) – Revision Test

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1. After liberalization, India has undergone structural change in its economy. In this context, 'structural change' necessarily implies

- (a) Change in demographic characteristics
- (b) Change in the contribution of different sectors of economy to GDP.
- (c) Change in exploitation pattern of natural resources
- (d) Change in the production pattern of agriculture.

Solution: B

STRUCTURAL CHANGE represents the fundamental **CHANGES** that occurring in the basic features of the **ECONOMY** over a long period. **STRUCTURE** of the **ECONOMY MEANS** the occupational **STRUCTURE**, sectoral distribution of income, industrial pattern, composition of exports, saving- **GDP** ratio etc.

Due to LPG reforms, largely agriculture based economy has transformed into service based economy in subsequent years or decades.

2. Which of the following best describes 'Tax expenditure'?

- (a) Expenditures incurred by the Government in the collection of taxes.
- (b) It is the opportunity cost of giving deductions, rebates, deferrals credits, exemptions etc. to the tax payers.
- (c) Expenditure made by the government from the income accrued through taxes.
- (d) Money spent by the government to uncover the black money in economy

Solution: B

Tax Expenditures, as the word might indicate, does not relate to the expenditures incurred by the Government in the collection of taxes. Rather it refers to the opportunity cost of taxing at concessional rates, or the opportunity cost of giving exemptions, deductions, rebates, deferrals credits etc. to the tax payers.

Tax expenditures indicate how much more revenue could have been collected by the Government if not for such measures. In other words, it shows the extent of indirect subsidy enjoyed by the tax payers in the country.

3. 'Twin Balance Sheet Syndrome', often in news, is

- (a) Balance sheets of both public sector banks and public sector enterprises which are in terrible in shape.

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- (b) Balance sheets of Union and state governments with high fiscal deficit.
- (c) Balance sheets of both public sector banks (PSBs) and some corporate houses which are in terrible shape.
- (d) Looming fiscal and current account deficit of Indian economy

Solution: C

Twin balance sheet problem refers to the stress on balance sheets of banks due to non-performing assets (NPAs) or bad loans on the one hand, and heavily indebted corporates on the other.

<https://www.thehindu.com/business/Economy/resolution-of-twin-balance-sheet-problem-to-take-upto-nine-months/article23546804.ece>

4. Match the following pairs

Term	Definitions
1. Deflation	A. Reduction in the rate of inflation
2. Disinflation	B. General fall in the level of prices
3. Stagflation recession	C. Combination of inflation and rising unemployment due to
4. Reflation prices.	D. Attempt to raise the prices to counteract the deflationary

Select the correct answer using the code given below.

- (a) 1-A, 2-B, 3-C, 4-D
- (b) 1-B, 2-A, 3-C, 4-D
- (c) 1-B, 2-A, 3-D, 4-C
- (d) 1-A, 2-B, 3-D, 4-C

Solution: B

5. With reference to the receipts received by the government in 2017-2018, consider the following statements:

- 1. Revenue from direct tax is greater than indirect tax in India.
- 2. Non-Tax revenue receipts are greater than tax revenue receipts in India

Which of the statements given above is/are correct?

- (a) 1 only

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

Solution: A

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=186415>

6. The Open Acreage Licensing Policy (OALP), frequently in news, is related to?

- (a) Extraction of different types of coal from coal blocks in India.
- (b) Exploring hydrocarbons to select the exploration blocks on its own, without waiting for the formal bid round from the government.
- (c) Regulation of marine fishing in Exclusive Economic Zone.
- (d) Allocation of spectrum for the telecommunication business.

Solution: B

Open Acreage Licensing Policy (OALP) gives an option to a company looking for exploring hydrocarbons to select the exploration blocks on its own, without waiting for the formal bid round from the Government.

Under Open Acreage Licensing Policy (OALP), a bidder intending to explore hydrocarbons like oil and gas, coal bed methane, gas hydrate etc., may apply to the Government seeking exploration of any new block (not already covered by exploration).

[http://www.arthapedia.in/index.php?title=Open_Acreage_License_Policy_\(OALP\)](http://www.arthapedia.in/index.php?title=Open_Acreage_License_Policy_(OALP))

7. India's tax-to-GDP ratio is well below the emerging market economies. In this context, which of the following feasible measures government can take to increase tax income?

1. Increasing the indirect tax rate
2. Implementation of Goods and Service tax
3. Increasing the tax base
4. Promotion of formal banking and digital transactions

Select the correct answer using the code given below:

- (a) 2 and 3 only
- (b) 2, 3 and 4 only

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

Solution: D

All the above measures help to increase the tax income of government.

8. When the Reserve Bank of India cuts the repo rate by 50 basis points, which of the following likely to happen?

- (a) India's GDP growth rate increases drastically
- (b) Foreign Institutional Investors will bring more capital into our country
- (c) Scheduled Commercial Banks may cut their lending rates
- (d) It may drastically reduce the liquidity to the banking system

Solution: C

A **decrease** in the **repo rate** means the commercial banks can borrow more money from RBI at a cheaper **rate**, meaning lending **rates** for consumers may **decrease**.

9. Consider the following statements

1. Agni-5 is a surface-to-surface missile which can carry nuclear warhead weighing 1.5 tonnes to a distance of over 5,000 km.
2. The Kalvari class is a class of nuclear powered attack **SUBMARINES** based on the **SCORPÈNE**-class **SUBMARINE** being built for the **INDIAN** Navy.

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

Solution: A

About Agni-5 Ballistic Missile:

It is a surface-to-surface missile which can carry nuclear warhead weighing 1.5 tonnes to a distance of over 5,000 km and is the longest missile in India's arsenal capable of reaching most parts of China.

The missile features many new indigenously-developed technologies, including the very high accuracy Ring Laser Gyro based Inertial Navigation System (RINS), and the most

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modern and accurate Micro Navigation System (MINS) which improves the accuracy of the missile.

The Kalvari class is a class of **diesel-ELECTRIC attack submarines** based on the Scorpène-class submarine being built for the Indian Navy. The submarines are designed by **FRENCH NAVAL** defence and energy company DCNS and are being manufactured by Mazagon Dock Limited in Mumbai.

10. Which of the following are the major changes in taxation sharing mechanism between Union and state governments after Goods and Service Tax (GST) reforms?

1. Goods & Services Tax Council is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax.
2. States have no power to impose and appropriate any kind of indirect taxes.

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

Solution: A

Goods & Services Tax Council is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax. The GST Council is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States.

States have power to impose indirect taxes on Petrol, Alcohol etc.

11. Which of the following is an objective of SARFAESI Act, 2002?

- (a) Recommendation of minimum wages for the workers.
- (b) Provides adequate provisions for the implementation of priority sector lending
- (c) Rationalization of Union budget to increase fiscal consolidation
- (d) Empowers banks to recover loans.

Solution: D

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The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest **Act, 2002** (also known as the **SARFAESI Act**) is an Indian law. It allows banks and other financial institution to auction residential or commercial properties(of Defaulter) to recover loans.

12. The Financial Stability Report (FSR) is released by

- (a) Reserve Bank of India
- (b) Department of Economic Affairs
- (c) Ministry of Commerce and Industry (India)
- (d) Department of Revenue

Solution: A

RBI releases Financial Stability Report. The FSR reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability, as also the resilience of the financial system. The Report also discusses issues relating to development and regulation of the financial sector.

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=45862

13. **PRIORITY SECTOR LENDING** is an important role given by the Reserve Bank of India (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors. In this context, consider the following statements:

- 1. Priority sector lending (PSL) should constitute 40 percent of Adjusted Net Bank Credit
- 2. Banks who fail to lend stipulated PSL are subjected to suspension of bank license

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

Solution: A

Lending by a commercial bank for certain sectors which are identified as “priority sector” by the central bank (Reserve Bank of India) is called as priority sector lending.

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Priority sector lending (PSL) should constitute 40 percent of Adjusted Net Bank Credit [ANBC] or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.

To the extent of shortfall in the achievement of target, banks may be required to invest in Rural Infrastructure Development Fund (RIDF) established with National Bank for Agriculture and Rural Development (NABARD) and other Funds with NABARD or National Housing Bank (NHB) or Small Industries Development Bank of India (SIDBI) or Micro Units Development Refinance Agency Bank (MUDRA Ltd)., as decided by the Reserve Bank from time to time, or purchase priority sector lending certificates (PSLC).

Banks who fail to lend stipulated PSL **are not** subjected suspension of bank license

14. Consider the following statements regarding MUDRA Bank:

1. It is responsible for registration and regulation of Micro Finance Institutions (MFI's)
2. It directly lends fund to the disadvantaged groups.
3. Loans can be lend without collateral

Select the correct answer using the codes given below.

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

Solution: D

Micro Units Development Refinance Agency (MUDRA) Bank is a **refinance institution** (Doesn't lend directly to consumers or target group) for micro-finance institutions. MUDRA is conceived not only as a refinance institution and but also as a regulator for the micro finance institutions (MFIs).

The MUDRA Bank is primarily be responsible for –

- 1) Laying down policy guidelines for micro/small enterprise financing business
- 2) Registration of MFI entities
- 3) Regulation of MFI entities
- 4) Accreditation /rating of MFI entities

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- 5) Laying down responsible financing practices to ward off indebtedness and ensure proper client protection principles and methods of recovery
- 6) Development of standardized set of covenants governing last mile lending to micro/small enterprises
- 7) Promoting right technology solutions for the last mile
- 8) Formulating and running a Credit Guarantee scheme for providing guarantees to the loans which are being extended to micro enterprises
- 9) Creating a good architecture of Last Mile Credit Delivery to micro businesses under the scheme of Pradhan Mantri Mudra Yojana.

15. Which of the following statements best describes 'core inflation'?

- (a) It is a measure of inflation which excludes items that face volatile price movement, notably food and energy.
- (b) It is a measure of inflation especially due to food grains, edible oil and fuel.
- (c) It is a measure of inflation in regions of high economic activities.
- (d) It is a measure of inflation of goods produced by core industries of the economy.

Solution: A

Core Inflation is also known as underlying inflation, is a measure of inflation which excludes items that face volatile price movement, notably food and energy. In other words, Core Inflation is nothing but Headline Inflation minus inflation that is contributed by food and energy commodities.

16. Consider the following statements regarding 'Ayushman Bharat Health Scheme'

1. There will be cap on family size and age in the scheme and benefit cover will also include pre and post-hospitalization expenses.
2. State governments are entitled to use existing trust or society for the implementation of the scheme.
3. The target beneficiaries of the proposed scheme will be more than 10 crore families belonging to poor and vulnerable population based on SECC database.

Which of the statement given above is/are correct?

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

(d) 1, 2 and 3

Solution: A

Highlights of Ayushman Bharat Health Scheme

Highlights of the scheme:

- **Coverage:** The scheme has the benefit cover of Rs. 5 lakh per family per year. To ensure that nobody is left out (especially women, children and elderly) **there will be no cap** on family size and age in the scheme. The benefit cover will also include pre and post-hospitalization expenses.

- **Target:** The target beneficiaries of the proposed scheme will be more than 10 crore families belonging to poor and vulnerable population based on SECC database. Benefits of the scheme are portable across the country and a beneficiary covered under the scheme will be allowed to take cashless benefits from any public/private empanelled hospitals across the country.

Who is eligible?

- It will be an entitlement based scheme with entitlement decided on the basis of deprivation criteria in the SECC database.

Implementation Strategy:

- At the national level to manage, an Ayushman Bharat National Health Protection Mission Agency (AB-NHPMA) would be put in place. States/ UTs would be advised to implement the scheme by a dedicated entity called State Health Agency (SHA).
- They can either use an existing Trust/ Society/ Not for Profit Company/ State Nodal Agency (SNA) or set up a new entity to implement the scheme. States/ UTs can decide to implement the scheme through an insurance company or directly through the Trust/ Society or use an integrated model.

17. The Reserve Bank has initiated steps to set up a wide-based digital Public Credit Registry (PCR). In this context, which of the following statements are correct?

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1. Public Credit Registry tries to capture details of all borrowers, including wilful defaulters and also the pending legal suits in order to check financial delinquencies.
2. It includes data from entities like market regulator SEBI, the corporate affairs ministry, Goods and Service Tax Network (GSTN) and the Insolvency and Bankruptcy Board of India (IBBI).
3. PCR would help to improve India's ease of doing business parameters at the World Bank.

Select the correct answer using the code given below

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

Solution: D

The Reserve Bank has initiated steps to set up a wide-based digital Public Credit Registry (PCR) to capture details of all borrowers, including wilful defaulters and also the pending legal suits in order to check financial delinquencies.

The PCR will also include data from entities like market regulator SEBI, the corporate affairs ministry, Goods and Service Tax Network (GSTN) and the Insolvency and Bankruptcy Board of India (IBBI) to enable the banks and financial institutions to get 360 degree.

The PCR is the culmination of recommendations given by the committee headed by Y.M. Deosthalee. The idea behind creating the public registry is to collate the financial information of individual and corporate borrowers under one platform, inclusive of financial delinquencies, pending legal suits, and willful defaulters. The objective is to strengthen the credit culture of the Indian economy.

It is suggested that the PCR will improve India's ease of doing business parameters at the World Bank.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-starts-process-to-set-up-digital-public-credit-registry-for-capturing-all-details-of-borrowers/articleshow/66496220.cms>

18. Consider the following pairs:

Islands

Sea/Ocean

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1. Assumption Island : Pacific Ocean
2. Spratly Island : East China Sea
3. Marshall Islands : Atlantic Ocean

Which of the pairs given above is/are correct?

- (a) 2 only
- (b) 1 and 3 only
- (c) 3 only
- (d) None

Solution: D

Assumption Island is a small island in the Outer Islands of Seychelles north of Madagascar, with a distance of 1,135 km south-west of the capital, Victoria, on Mahé Island. In 2018, Seychelles and India signed an agreement to build and operate a joint military facility on a portion of the island.

The Spratly Islands are a disputed group of islands, islets and cays and more than 100 reefs, sometimes grouped in submerged old atolls, in the South China Sea. The archipelago lies off the coasts of the Philippines, Malaysia, and southern Vietnam.

The Marshall Islands are a sprawling chain of volcanic islands and coral atolls in the central Pacific Ocean, between Hawaii and the Philippines.

19. Consider the following statements.

1. Agriculture Census is conducted for every 10 years in India
2. Decennial census is conducted by Registrar General and Census Commissioner, India under Ministry of Statistics and Programme Implementation.
3. Bihar is the most thickly populated state followed by West Bengal.

Which of the statements given above is/are correct?

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

Solution: C

Every five years, an **agricultural census is conducted** in India. First such **census** was **done** in 1970s and the reference year for the first **Agriculture**

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Census was 1970-71. Under this scheme, centre provides funds to states and entire work is **done** by the states only.

The responsibility of conducting the decennial Census rests with the Office of the Registrar General and Census Commissioner, India under Ministry of Home Affairs, Government of India. The decennial Census of India has been conducted 15 times.

It may be of historical interest that though the population census of India is a major administrative function; the Census Organisation was set up on an ad-hoc basis for each Census till the 1951 Census. The Census Act was enacted in 1948 to provide for the scheme of conducting population census with duties and responsibilities of census officers.

The Government of India decided in May 1949 to initiate steps for developing systematic collection of statistics on the size of population, its growth, etc., and established an organisation in the Ministry of Home Affairs under Registrar General and ex-Officio Census Commissioner, India.

This organisation was made responsible for generating data on population statistics including Vital Statistics and Census. Later, this office was also entrusted with the responsibility of implementation of Registration of Births and Deaths Act, 1969 in the country.

State	Population	Area	Population Density
Uttar Pradesh	199,812,341	240,928 km ²	828/km ²
Maharashtra	112,372,972	307,713 km ²	365/km ²
Bihar	103,804,637	94,163 km ²	1,102/km ²
West Bengal	91,347,736	88,752 km ²	1,029/km ²

<http://www.censusindia.gov.in/2011-common/aboutus.html>

20. Consider the following statements

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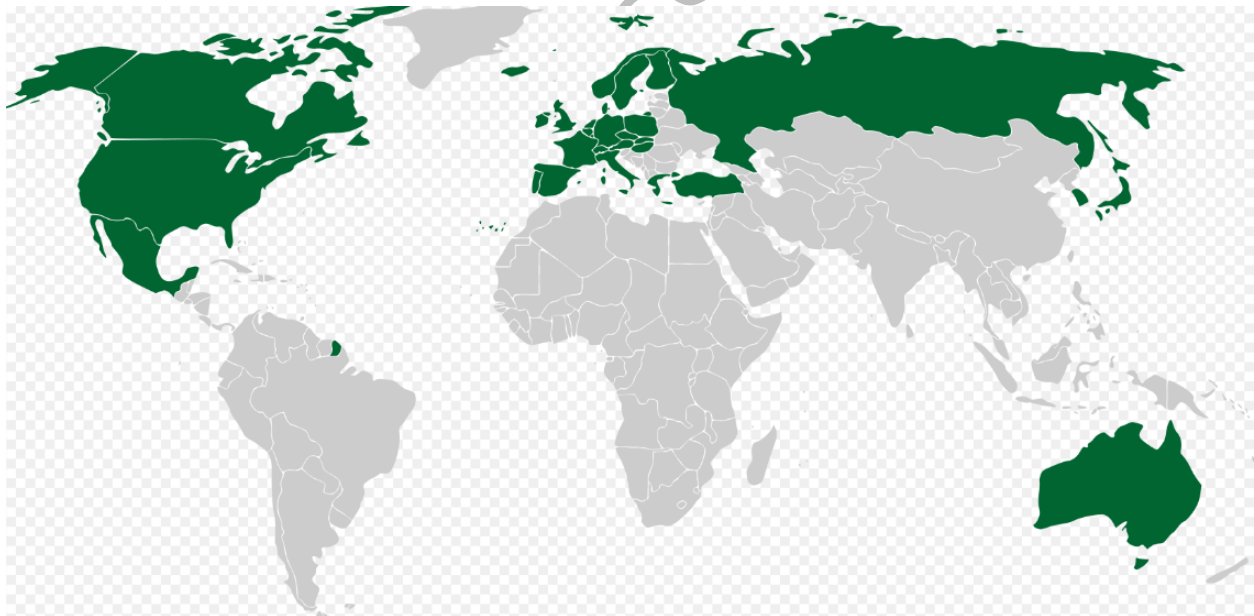
1. The Nuclear Energy Agency (NEA) is an intergovernmental agency that is organized under the Organisation for Economic Co-operation and Development (OECD).
2. India is not a member state of Nuclear Energy Agency.
3. India's total installed nuclear energy capacity is around 15000 MW

Which of the statements given above is/are correct?

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

Solution: C

The Nuclear Energy Agency (NEA) is a specialised agency within the Organisation for Economic Co-operation and Development (OECD), an intergovernmental organisation of industrialised countries, based in Paris, France.



India has around 22 nuclear reactors in operation in 7 nuclear power plants, having a total installed capacity of around 7000 MW.

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21. Which among the following releases the biennial Environmental Performance Index report?

- (a) Yale University and Columbia University in collaboration with the World Economic Forum
- (b) Cornell University and INSEAD the World Health Organisation
- (c) Institute for Health Metrics and Evaluation and World Bank
- (d) United Nations Environment Programme.

Solution: A

India is among the bottom five countries on the Environmental Performance Index 2018, plummeting 36 points from 141 in 2016, according to a biennial report by Yale and Columbia Universities along with the World Economic Forum.

Its overall low ranking — 177 among 180 countries — was linked to poor performance in the environment health policy and deaths due to air pollution categories.

The report was released on the sidelines of the ongoing World Economic Forum in Davos, Switzerland.

22. The term 'Jobless growth' is often seen in the news, which of the following measures can aid in resolving the issue?

- 1. Promotion of investments in small scale industries
- 2. Implementation of Skill India programme
- 3. Policy support to sunrise industries.

Select the correct answer using the code given below

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

Solution: C

23. Consider the following statements regarding the major institutions of the European Union (EU).

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1. The European Commission is the EU's executive arm.
2. The European Parliament (EP) is, partly indirectly elected and partly nominated, a parliamentary institution of the European Union (EU).

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

Solution: A

The European Commission is the EU's executive arm. It takes decisions on the Union's political and strategic direction. Every year the Commission produces a report on the results achieved with the EU budget and how the previous year's budget was managed.

The European Parliament (EP) is the directly elected parliamentary institution of the European Union (EU). Together with the Council of the European Union (the Council) and the European Commission, it exercises the legislative function of the EU.

The Parliament is composed of 751 members, who represent the second-largest democratic electorate in the world (after the Parliament of India) and the largest trans-national democratic electorate in the world (375 million eligible voters in 2009). It has been directly elected every five years by universal suffrage since 1979.

24. Consider the following statements regarding 'Invest India'

1. 'Invest India' is India's official agency dedicated to investment promotion and facilitation
2. Invest India is a profit based single window facilitator, set up in 2010 for prospective overseas investors.
3. Invest India is set up as a joint venture company between the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry, Federation of Indian Chambers of Commerce and Industry (FICCI), and State Governments of India.

Which of the statements given above is/are correct?

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

(d) 1, 2 and 3

Solution: C

‘Invest India’ is India’s official agency dedicated to investment promotion and facilitation. It is a **not-for-profit**, single window facilitator, set up in 2010 for prospective overseas investors and to those aspiring Indian investors desiring to invest in foreign locations, and acts as a structured mechanism to attract investment. Invest India is essentially an Investment Promotion Agency in India.

Structure & Mandate

Operationalized in early 2010, Invest India is set up as a joint venture company between the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry (35% equity), Federation of Indian Chambers of Commerce and Industry (FICCI) (51% equity), and State Governments of India (0.5% each).

Thus, essentially, Invest India is a private company, unlike India Brand Equity Foundation - another investment promotion agency in India set up by the same Ministry – Ministry of Commerce & Industry.

The core mandate of Invest India is investment promotion and facilitation. It provides sector-specific and state-specific information to a foreign investor, assists in expediting regulatory approvals, and offers hand-holding services. Its mandate also includes assisting Indian investors to make informed choices about investment opportunities overseas.

[http://www.arthapedia.in/index.php?title=Invest India](http://www.arthapedia.in/index.php?title=Invest_India)

25. Consider the following statements

1. The **GENERALIZED SYSTEM OF PREFERENCES** (GSP) is a U.S. trade program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 4,800 products.
2. India has been the biggest beneficiary of the GSP regime and accounted for over a quarter of the goods that got duty-free access into the US in 2017.
3. Export–Import Bank of India supports MSME’s by providing wide range of products and services offered at all stages of the business cycle, starting from import of technology and export product development to export production, export marketing, pre-shipment and post-shipment and overseas investment.

Which of the statements given above is/are **incorrect**?

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

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- (c) 1 and 2 only
- (d) None

Solution: D

The Generalized System of Preferences (GSP) is a U.S. trade program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 4,800 products from 129 designated beneficiary countries and territories. GSP was instituted on January 1, 1976, by the Trade Act of 1974.

India has been the biggest beneficiary of the GSP regime and accounted for over a quarter of the goods that got duty-free access into the US in 2017.

The announcement by the United States that it intends to “terminate” India’s designation as a beneficiary of its Generalised System of Preferences (GSP) could be a big blow for India’s competitiveness in items groups such as garments, engineering, and intermediary goods in the American market.

Export–Import Bank of India is a finance institution in India, established in 1982 under Export-Import Bank of India Act 1981. Since its inception, Exim Bank of India has been both a catalyst and a key player in the promotion of cross border trade and investment.

Commencing operations as a purveyor of export credit, like other export credit agencies in the world, Exim Bank India has, over the period, evolved into an institution that plays a major role in partnering Indian industries, particularly the Small and Medium Enterprises, in their globalisation efforts, through a wide range of products and services offered at all stages of the business cycle, starting from import of technology and export product development to export production, export marketing, pre-shipment and post-shipment and overseas investment.

Day 3 (17th March 2019) –Revision Test

1. India has imposed **ANTI-DUMPING DUTY** on various products from China in the recent past. In this context, which of the following best describes ‘Anti-Dumping’ duty?

- (a) a protectionist tariff imposed on foreign imports that are priced below fair market value.
- (b) an import tax imposed on certain goods in order to prevent piracy.
- (c) tax imposed on the import of the goods pertaining to core industrial sectors.
- (d) None of the statements (a), (b) and (c) are correct.

Solution: A

An **anti-dumping duty** is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value. **Dumping** is a process where a company exports a product at a price lower than the price it normally charges in its own home market.

2. Consider the following statements regarding 'most-favored-nation' (MFN) status in international trade:

1. It is one of the important principle of GATT agreement conceived by WTO.
2. If any country grants one country a special favour such as lower customs duty same would need to be extended to all other WTO members under MFN.

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

Solution: C

Under the World Trade Organisation (WTO) agreements, countries cannot normally discriminate between their trading partners. If any country grants one country a special favour such as a lower customs duty rate for one of their products the same would need to be extended to all other WTO members. This principle is known as most-favoured-nation (MFN) treatment.

MFN is so important a principle that it is the first article of the **General Agreement on Tariffs and Trade (GATT)**, which governs trade in goods. MFN is also a priority in the General Agreement on Trade in Services (GATS) (Article 2) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Article 4). Together, those three agreements cover all three main areas of trade handled by the WTO.

[http://www.arthapedia.in/index.php?title=Most-favoured-nation_\(MFN\)](http://www.arthapedia.in/index.php?title=Most-favoured-nation_(MFN))

3. World Investment report is brought out by

- (a) World Economic Forum
- (b) OECD
- (c) IMF

(d) UNCTAD

Solution: D

The **World Investment Report** has been published annually since 1991 by United Nations Conference on Trade and Development.

Each year's Report covers the latest trends in foreign direct investment around the World and analyses in depth one selected topic related to foreign direct investment and development.

4. Which among the following is/are likely to result in current account surplus of Balance of Payments (BoP)?

1. Steep fall in global crude oil prices
2. Increase in the remittances received from abroad.
3. External commercial borrowing

Select the correct answer using the code given below

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

Solution: B

External Commercial borrowing is a part of Capital account.

5. Participatory Notes commonly known as P-Notes are one of the instruments of foreign investment. In this context, consider the following statements:

1. These are financial instruments used by overseas investors that are not registered with the SEBI to invest in Indian securities.
2. The investors enjoy the voting rights in relation to shares invested through the P - Notes.

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

Solution: A

Participatory Notes, also called P-Notes or just PNs are instruments that are issued by registered FIIs to overseas investors who want to invest in the stock markets in India, without registering themselves with the market regulatory authority SEBI. PNs are not used within India but by investors abroad. Hence, they are also known as offshore derivative instruments. They are used by clients of FIIs who do not wish to directly participate in the stock market in India, but do it through the FIIs using PNs

The PN holder also does not enjoy any voting rights in relation to security/shares referenced by the PN.

6. Consider the following statements:

1. Present India's foreign exchange reserves is around 600 billion dollar.
2. Ministry of Trade and Commerce manages foreign exchange reserve 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

Solution: D

India Foreign Exchange Reserves



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Forex reserve in India is around 400 billion dollar and not even touched 500 billion dollar.

Reserve Bank of India manages foreign exchange reserve in India.

7. With reference to World Trade Organization Affairs (WTO) affairs, which of the following best describes Special Safeguard Mechanism (SSM)?

- (a) Mechanism provided for the developed countries to raise tariffs to deal with cheap goods from the developing nations.
- (b) Mechanism to restrict the imports of disease infected agricultural products from other countries.
- (c) Mechanism to curb the imports of goods whose manufacturing process has violated International labor norms
- (d) A tool that will allow developing countries to raise tariffs temporarily to deal with import surges or price falls.

Solution: D

It is a tool that will allow developing countries to raise tariffs temporarily to deal with import surges or price falls.

https://www.wto.org/english/thewto_e/glossary_e/ssm_e.htm

8. Free trade agreement facilitates free movement of goods and services with other countries. In this context India has a Free Trade Agreement with which of the following countries/groups?

- 1. ASEAN
- 2. Sri Lanka
- 3. European Union

Select the correct answer using the code given below

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

Solution: B

India has free trade agreements with ASEAN, Sri Lanka.

India doesn't have FTA with European Union.

9. Which of the following statements best describes 'Hard Currency'

- (a) It is a currency having wide circulation in international market.
- (b) It is a currency used during the balance of payment crisis.
- (c) **IT** is a **CURRENCY** widely accepted around the world as a form of payment for goods and services.
- (d) None of the statements (a), (b) and (c) are correct.

Solution: C

HARD CURRENCY refers to money that is issued by a nation that is seen as politically and economically stable. **HARD CURRENCIES** are widely accepted around the world as a form of payment for goods and services and may be preferred over the domestic **CURRENCY**.

10. Qualified Foreign Investors (QFI) mechanism has been enabled to deepen and infuse more foreign funds into Indian capital market. In this context, QFIs are allowed to make investments in

- 1. G-Securities, T-Bills and Commercial Papers
- 2. Equity shares offered through public offers
- 3. Corporate bonds listed/to be listed on recognized stock exchanges

Select the correct answer using the code given below

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

Solution: D

The Qualified Foreign Investor (QFI) is sub-category of Foreign Portfolio Investor and refers to any foreign individuals, groups or associations, or resident, however, restricted to those from a country that is a member of Financial Action Task Force (FATF) or a country that is a member of a group which is a member of FATF and a country that is a signatory to International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding (MMOU).

QFIs are allowed to make investments in the following instruments by opening a demat account in any of the SEBI approved Qualified Depository Participant (QDP):

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- Equity and Debt schemes of Indian mutual funds,
- Equity shares listed on recognized stock exchanges,
- Equity shares offered through public offers
- Corporate bonds listed/to be listed on recognized stock exchanges
- G-Securities, T-Bills and Commercial Papers

11. Consider the following statements

1. Right to keep and bear arms in United States is a constitutional right.
2. India's law allows citizens to own and carry guns, but it is not a right enshrined in the constitution.
3. After Independence, India's arms laws are largely influenced by British arms acts.

Which of the statements given above is/are correct?

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

Solution: D

The right to keep and bear arms in the United States is a fundamental right protected by the Second Amendment to the United States Constitution, part of the Bill of Rights, and by the constitutions of most U.S. states.

India already had some of the strictest gun laws in the world, a vestige of British colonial rule, which aimed to disarm its subjects. Indian law allows citizens to own and carry guns, but it is not a right enshrined in the constitution. Getting a gun license in India is a difficult task that can take years.

India's arms laws are largely influenced by British arms act which made it impossible for most Indians to own weapons.

12. Which of the following statements best describes 'External Debt'?

- (a) It comprises of all foreign currency denominated debt owned by the central and state governments, Indian companies and Indian residents.
- (b) It comprises of all foreign currency denominated debt owned by the central and state governments only

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- (c) It comprises of all foreign currency denominated debt owned by Indian companies and residents only
- (d) None of the statements (a), (b) and (c) are correct.

Solution: A

Source: Indian Economy by Sanjiv Verma

13. Government of India formulated Members of Parliament Local Area Development Scheme (MPLAD) scheme for the overall development of Parliamentary constituencies. In this context, consider the following statements:

1. Nominated members of the both the houses of Parliament are kept out of MPLAD scheme.
2. It is implemented by Ministry of Parliamentary Affairs.

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

Solution: D

The Members of Parliament Local Area Development Division is entrusted with the responsibility of implementation of Members of Parliament Local Area Development Scheme (MPLADS). Under the scheme, each MP has the choice to suggest to the District Collector for works to the tune of Rs.5 Crores per annum to be taken up in his/her constituency.

It is implemented by Ministry of Statistics and Programme Implementation.

The Rajya Sabha Members of Parliament can recommend works in one or more districts in the State from where he/she has been elected.

The Nominated Members of the Lok Sabha and Rajya Sabha may select any one or more Districts from any one State in the Country for implementation of their choice of work under the scheme. The Ministry has issued the guidelines on MPLADS Scheme including implementation and monitoring of the scheme. The Department has initiated all necessary steps to ensure that the scheme is successfully implemented in the field.

<https://www.mplads.gov.in/mplads/Default.aspx>

14. Which of the following statements best describes 'Triffin Dilemma or Impossible Trinity'?

- (a) Theory that states it is impossible for any central bank to manage exchange rate, closed current account and independent monetary policy all at the same time.
- (b) It is impossible to maintain current account deficit, fiscal deficit and budget deficit at same time.
- (c) Theory that states it is impossible for any central bank to manage exchange rate, open current accounts and independent monetary policy all at the same time.
- (d) None of the statements (a), (b) and (c) are correct.

Solution: C

Triffin Dilemma refers to theory that states it is impossible for any central bank to manage exchange rate, open current accounts and independent monetary policy all at the same time.

Source: Indian Economy by Sanjiv Verma.

15. Consider the following statements regarding 'Market Economy Status' granted by World Trade Organization (WTO)?

- 1. It can be granted only for the developed economies which follow competitive market principle.
- 2. No country in Asia has been granted market economy status by WTO so far.

Which of the statements given above is/are correct?

- 1. 1 only
- 2. 2 only
- 3. Both 1 and 2
- 4. Neither 1 nor 2

Solution: D

It can also be granted for developing and emerging economies. Japan already has market economy status.

<http://www.tradeenforcement.org/market-economy-status>

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16. Foreign trade facilitates the growth of domestic economy and aids in increasing foreign exchange reserve. With reference to foreign trade, consider the following statements:

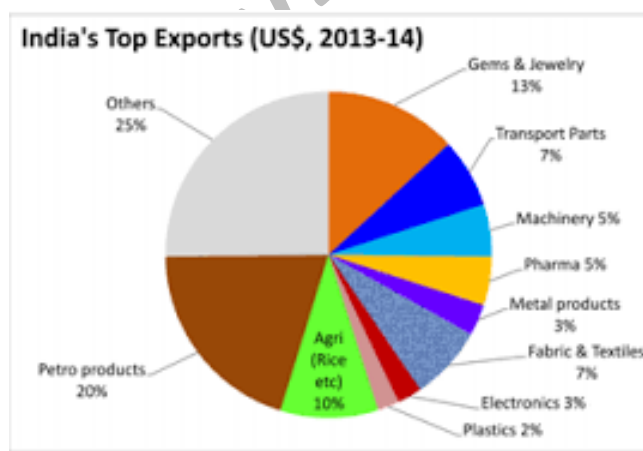
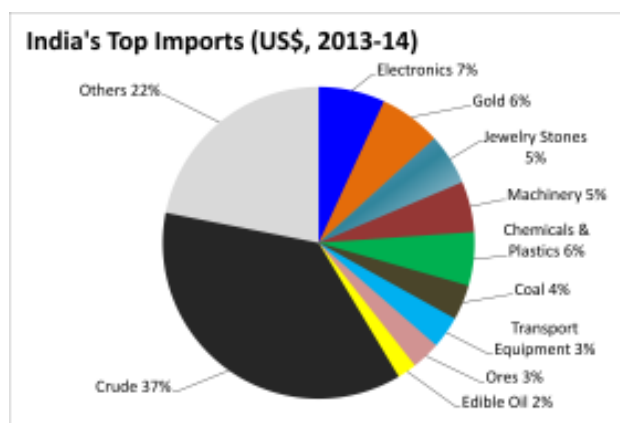
1. INDIA'S SHARE IN WORLD EXPORTS IS AROUND 10% IN 2017-2018 FISCAL YEAR.
2. Crude oil and its processed products are the principal commodity of both import and exports respectively in India.

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

Solution: B

India's share in world exports is around 1.6%.



17. Consider the following pairs

Navigation System		Developed/Owned by
1. GALILEO	-	European Union
2. GLONASS	-	Russia
3. QUASI-ZENITH	-	South Korea

Which of the pairs given above is/are matched correctly?

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

Solution: C

GLONASS is an acronym, which stands for Globalnaya Navigazionnaya Sputnikovaya Sistema, or Global Navigation Satellite System. **GLONASS is Russia's version of GPS (Global Positioning System).**

List of Global Navigation Satellite Systems:

- GPS of the United States of America.
- Galileo of the European Union.
- IRNSS or NAVIC of India.
- Quasi-Zenith Satellite System (QZSS) of Japan

18. Consider the following statements

1. Oxytocin hormone plays an important role in reproduction, child birth and lactation.
2. Oxytocin is used to increase the size of vegetables such as pumpkins.
3. Recently, Ministry of Health and Family Welfare banned the import of Oxytocin and its formulations.

Which of the statements given above is/are correct?

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

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

Solution: D

The Ministry of Health and Family Welfare has restricted the manufacture of Oxytocin formulations for domestic use to public sector only. Coupled with this, it has also banned the import of Oxytocin and its formulations. The order comes into effect from July 1.

Only Karnataka Antibiotics & Pharmaceuticals Ltd. (KAPL), a public sector company, will manufacture this drug for domestic use. It will supply the drug to registered hospitals and clinics in public and private sector directly.

The drug is widely misused in the dairy industry. Oxytocin is also used to increase the size of vegetables such as pumpkins, watermelons, eggplants, gourds, and cucumbers.

Learning: Oxytocin has also been dubbed the hug hormone, cuddle chemical, moral molecule, and the bliss hormone due to its effects on behaviour, including its role in love and in female reproductive biological functions in reproduction

19. Consider the following statements

1. Inter-linking of Himalayan and Peninsular rivers is the main objective of National Water Mission
2. Bureau of Energy Efficiency (BEE) was established in March 2002, as a statutory body by the Government of India under the Energy Conservation Act 2001.
3. Minister of Water Resources, River Development & Ganga Rejuvenation is the chairperson of National Council for River Ganga (Rejuvenation, Protection and Management), Authority.

Which of the statement given above is/are correct?

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

Solution: D

The National Water Mission under the National Action Plan for Climate Change envisages the following five goals :

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Goal 1: Comprehensive water data base in public domain and assessment of the impact of climate change on water resource,

Goal 2: Promotion of citizen and state actions for water conservation, augmentation and preservation

Goal 3: Focused attention to vulnerable areas including over-exploited areas

Goal 4: Increasing water use efficiency by 20%

Goal 5: Promotion of basin level integrated water resources management

Bureau of Energy Efficiency (BEE) was established in March 2002, as a statutory body by the Government of India under the Energy Conservation Act 2001.

- It is responsible for spearheading the improvement of energy efficiency of the economy through various regulatory and promotional instruments. The primary goal of BEE is to reduce the energy intensity in the Indian economy.
- It coordinates with State level agencies and energy consumers to perform functions and exercise powers that may be necessary for efficient use of energy and its conservation in India.

National Council for River Ganga (Rejuvenation, Protection and Management), as an Authority under the Chairperson of Hon'ble Prime Minister, in place of the existing NGRBA for overall responsibility for superintendence of pollution prevention and rejuvenation of river Ganga Basin.

20. The General Data Protection Regulation (GDPR) is a regulation that intends to strengthen and harmonise data protection law frameworks across the

- (a) European Union
- (b) G 20 Nations
- (c) OECD countries
- (d) G – 7 countries

Solution: A

The General Data Protection Regulation 2016/679 is a regulation in EU law on data protection and privacy for all individuals within the European Union and the European Economic Area. It also addresses the export of personal data outside the EU and EEA areas.

21. Consider the following statements with reference to the International North-South Transport Corridor:

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1. India, Iran, Azerbaijan and Russia are its founder members.
2. The corridor connects the Indian Ocean and Persian Gulf to the Caspian Sea via Iran, then connects Northern Europe via Russia.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Both 1 and 2

Solution: B

International North-South Transport Corridor (INSTC), is a multi modal transportation established in **2000** by **Iran, Russia and India (Founding Members)** for the purpose of promoting transportation cooperation among the Member States. This corridor connects **India Ocean** and **Persian Gulf** to the **Caspian Sea** via Islamic republic of Iran, then is connected to **St. Petersburg** and North European via Russian Federation.

The INSTC has been expanded to include eleven new members, namely: Republic of **Azerbaijan**, Republic of **Armenia**, Republic of **Kazakhstan**, **Kyrgyz** Republic, Republic of **Tajikistan**, Republic of **Turkey**, Republic of **Ukraine**, Republic of **Belarus**, **Oman**, **Syria**, Bulgaria (Observer).

22. Consider the following pairs

Military Operations	Region Involved
1. Operation Cactus	Maldives
2. Operation Pawan	Bangladesh
3. Operation Meghadoot	Siachen Glacier

Which of the pairs given above is/are correct?

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

(d) 3 only

Solution: C

Operation Meghadoot (1984)

In the late 1970s and early 1980s, Pakistan began organising tourist expeditions to the Siachen Glacier, disputed territory with India. Irked by this development, in April 1984 India initiated the successful Operation Meghdoot during which it gained control over all of the 70 kilometer (41 mile)-long Siachen Glacier and all of its tributary glaciers, as well as the three main passes of the Salto Ridge immediately west of the glacier—Sia La, Bilafond La, and Gyong La. It has been claimed that, India gained more than 1000 square miles (3,000 km²) of territory as a result of its military operations in Siachen.

Operation Pawan (1987-1990)

The Indian Peace Keeping Force (IPKF) carried out a mission in northern and eastern Sri Lanka

1987–1990 to disarm the Tamil Tigers under the terms of the Indo-Sri Lanka Accord. It was a difficult battle for the Indian Army, which was not trained for an unconventional war. After losing approximately 1,200 personnel and several T-72 tanks, India ultimately abandoned the mission in consultation with the Sri Lankan government. In what was labelled as Operation Pawan, the Indian Air Force flew about 70,000 sorties to and within Sri Lanka.

Operation Cactus (1998)

In 1988 a group of Maldivians led by Abdullah Luthufi tried to overthrow then Maldivian Government. The attempt was a failure due to the intervention of the Indian Armed Forces. The operation was code named as Operation Cactus INS Godavari and Betwa were used by the Indian Navy in the operation.

23. With the reference to “Indian Ocean Rim Association” (IORA), consider the following statements.

1. The IORA is a regional forum, bringing together representatives of Government, Business and Academia, for promoting co-operation and closer interaction among them.

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2. Singapore is the latest member to join IORA
3. 2017 Indian-Ocean Rim Association (IORA) Summit was the first IORA Summit.

Select the correct answer using the code given below

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

Solution: B

The Indian Ocean Rim Association (IORA), formerly known as the Indian Ocean Rim Initiative and Indian Ocean Rim Association for Regional Cooperation (IORARC), is an international organization consisting of coastal states bordering the Indian Ocean.

The IORA is a regional forum, tripartite in nature, bringing together representatives of Government, Business and Academia, for promoting co-operation and closer interaction among them.

It is based on the principles of Open Regionalism for strengthening Economic Cooperation particularly on Trade Facilitation and Investment, Promotion as well as Social Development of the region. The Indian Ocean Rim Association (IORA) is an international organization with 21 Member countries.

Maldives has now become the latest member of Indian Ocean Rim Association (IORA).

2017 Indian-Ocean Rim Association (IORA) Summit was the first IORA Summit.

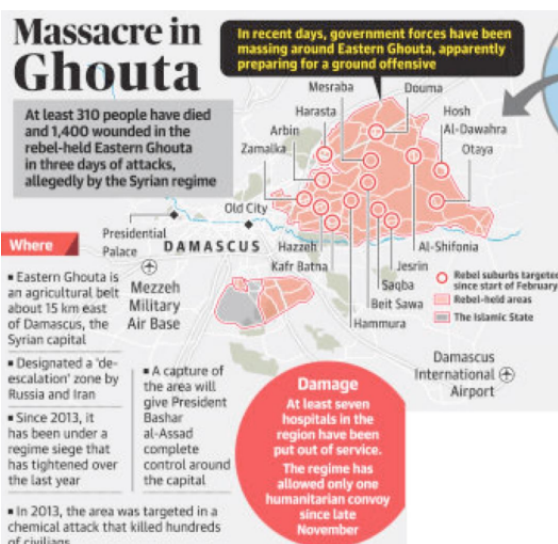
24. Consider the following statements

1. Turkey is the only country to share border with both Iran and Iraq
2. Ghouta is a city located in Iraq.

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

Solution: A



Ghouta city is located in Syria.

25. With the reference of Missile Technology Control Regime (MTCR) consider the following statements:

1. Aims to limit the proliferation of missile and other unmanned delivery systems that could be used for chemical or nuclear attacks.
2. It is an informal and voluntary partnership.
3. China, Israel, Pakistan and India are not the members of MTCR

Which of the statements given above is/are correct?

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

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

Solution: B

The Missile Technology Control Regime (MTCR) is a multilateral export control regime.

It is an informal and voluntary partnership among 35 countries to prevent the proliferation of missile and unmanned aerial vehicle technology capable of carrying above 500 kg payload for more than 300 km.

It aims to limit the proliferation of missile and other unmanned delivery systems that could be used for chemical or nuclear attacks.

India recently became the member of MTCR.

Day 4(18th March 2019) – Revision Test

1.Consider the following statements regarding Small Farmers' Agri-Business Consortium (SFAC) in India.

1. SFAC is constituted as a society to facilitate agri-business ventures by catalyzing private investment.
2. SFAC implements National Agriculture Market (e-NAM) Electronic Trading platform.

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

Solution: C

Small Farmers' Agri-Business Consortium (SFAC) as a Society in 1994 to **facilitate agri-business ventures by catalyzing private investment** through Venture Capital Assistance (VCA) Scheme in close association with financial institutions.

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The setting up of State level SFAC as counterpart agency of Central SFAC for agribusiness projects was part of the Scheme.

The **main functions** of SFAC are:

- (i) Promotion of development of small agribusiness through VCA scheme;
- (ii) Helping formation and growth of Farmer Producer Organizations (FPOs) / Farmer Producer Companies (FPCs);
- (iii) Improving availability of working capital and development of business activities of FPOs/FPCs through Equity Grant and Credit Guarantee Fund Scheme;
- (iv) **Implementation of National Agriculture Market (e-NAM)** Electronic Trading platform.

2. Consider the following statements regarding 'Drought Management in India'

- 1. There is no single, legally accepted definition of drought in India.
- 2. Drought will fall within the definition of "disaster" as defined in Disaster Management Act, 2005.
- 3. State Government is the final authority when it comes to declaring a region as drought affected

Which of the statements given above is/are correct?

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

Solution: D

All the statements are correct. Please refer below link for overall understanding of the drought issue in India.

<http://www.arthapedia.in/index.php?title=Drought>

3. Consider the following statements

- 1. Contract Farming defined under Concurrent List of the Seventh Schedule in constitution.
- 2. FDI up-to 100% under the automatic route, is not allowed in food processing Industries.

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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

Solution: A

Contract Farming can be carried out based on a pre-harvest agreement between buyers and producers. It is **defined under Concurrent List** of the Seventh Schedule of constitution; **however Agriculture is under State list.**

FDI up to 100%, under the automatic route, is allowed in food processing industries. Further, 100% FDI under Government route for retail trading, including through e-commerce, is permitted in respect of food products manufactured and/or produced in India.

4. Consider the following statements

1. Ministry of Health & Family Welfare administers Food Safety and Standards Act, 2006
2. Operation Greens aims to enhance production and reducing price volatility of Potato, Onion and Tomatoes.
3. National Programme for Organic Production (NPOP) is implemented by Ministry of Agriculture and Farmer's welfare.

Which of the statements given above is/are correct?

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

Solution: A

Food Safety and Standards Act, 2006 is an integrated food law that lays down standards and guidelines for consumer safety, protection of consumer health and regulation of the food sector. **It seeks to harmonise Indian standards with the**

international standards like CODEX and facilitates international trade in food articles.

It is a **comprehensive legislation for the sector and subsumes** the then existing acts and standards like Prevention of Food Adulteration Act(PFA) of 1954 ,Fruit Products Order of 1955, Meat Food Products Order of 1973, Vegetable Oil Products (Control) Order of 1947, Edible Oils Packaging (Regulation)Order of 1988, Solvent Extracted Oil, De- Oiled Meal and Edible Flour (Control) Order of 1967, Milk and Milk Products Order of 1992 and also any order issued under the Essential Commodities Act, 1955 relating to food .

Ministry of Health & Family Welfare administrates Food Safety and Standards Act, 2006

Operation Greens is a 500 crore project **on the lines of Operation Flood** for enhancing **production & reducing price volatility of fruits & vegetable**.

Operation Greens seeks to stabilize the supply of Tomato, Onion and Potato (TOP) crops and to ensure availability of TOP crops throughout the country round the year without price volatility.

The **Ministry of Food Processing Industries** has launched the scheme. NAFED will be the Nodal Agency to implement price stabilization measures.

Ministry of Commerce has implemented the National Programme for Organic Production (NPOP) since 2001. The objectives of NPOP are as under:

- 1) To provide the means of evaluation of certification programme for organic agriculture and products (including wild harvest, aquaculture, livestock products) as per the approved criteria.
- 2) To accredit certification programmes of Certification Bodies seeking accreditation.
- 3) To facilitate certification of organic products in conformity with the prescribed standards.
- 4) To facilitate certification of organic products in conformity with the importing countries organic standards as per equivalence agreement between the two countries or as per importing country requirements.
- 5) To encourage the development of organic farming and organic processing.

5. With reference to 'National Policy on Biofuels-2018' which was recently approved by the cabinet, consider the following statements:

1. With a thrust on Advanced Biofuels, the Policy indicates a viability gap funding scheme for 2G ethanol Bio refineries in addition to additional tax incentives, higher purchase price as compared to 1G biofuels.
2. The Policy encourages setting up of supply chain mechanisms for biodiesel production from non-edible oilseeds, Used Cooking Oil, short gestation crops.

Which of the statement(s) given above is/are correct?

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

Solution: C

National Policy on Biofuels – 2018.

Salient Features:

- i. The Policy categorises biofuels as "Basic Biofuels" viz. **First Generation (1G) bioethanol & biodiesel and "Advanced Biofuels" - Second Generation (2G) ethanol, Municipal Solid Waste (MSW) to drop-in fuels, Third Generation (3G) biofuels, bio-CNG etc.** to enable extension of appropriate financial and fiscal incentives under each category.
- ii. The Policy expands the scope of raw material for ethanol production by allowing use of Sugarcane Juice, Sugar containing materials like Sugar Beet, Sweet Sorghum, Starch containing materials like Corn, Cassava, Damaged food grains like wheat, broken rice, Rotten Potatoes, unfit for human consumption for ethanol production.
- iii. Farmers are at a risk of not getting appropriate price for their produce during the surplus production phase. Taking this into account, the Policy allows use of surplus food grains for production of ethanol for blending with petrol with the approval of National Biofuel Coordination Committee.
- iv. With a **thrust on Advanced Biofuels, the Policy indicates a viability gap funding scheme for 2G ethanol Bio refineries of Rs.5000 crore in 6 years in addition to additional tax incentives, higher purchase price as compared to 1G biofuels.**

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- v. **The Policy encourages setting up of supply chain mechanisms for biodiesel production from non-edible oilseeds, Used Cooking Oil, short gestation crops.**
- vi. Roles and responsibilities of all the concerned Ministries/Departments with respect to biofuels has been captured in the Policy document to synergise efforts.

6. Consider the following statements

1. Commercial banks are the largest institutional lenders for agriculture sector in India.
2. Kisan Credit Card enables the farmers to purchase agricultural inputs and draw cash to satisfy their consumption needs also.
3. Kisan Vikas Patra is a saving instrument where only farmers can invest money in the instrument.

Which of the statements given above is/are correct?

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

Solution: A

Commercial banks are the largest institutional lenders for agriculture sector in India.

Kisan Credit Card is a pioneering credit delivery innovation for providing adequate and timely credit to farmers under single window. It is a flexible and simplified procedure, adopting whole farm approach, including short-term, medium-term and long-term credit needs of borrowers for agriculture and allied **activities and a reasonable component for consumption needs.**

Kisan Vikas Patra (KVP) is a **saving instrument** launched by the Government for individual savers, wherein invested money doubled during the maturity period.

This savings scheme was first launched by the Government on 1 April, 1988 and was distributed through post offices. It was discontinued in 2011 and later reintroduced in 2014.

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The maturity period of the scheme is **around 100 months** and the money invested doubled on maturity. However, **KVP is not a tax saving instrument as it does not offer any income tax exemption.**

7. Consider the following statements regarding Khadi and Village Industry Commission (KVIC)

1. KVIC is a statutory body under the Ministry of Rural Development.
2. It promotes research in the production techniques and provide financial assistance for the Khadi and Village Industries sector.
3. It implements Prime Minister's Employment Generation Programme

Which of the statements given above is/are correct?

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

Solution: A

The **Khadi and Village Industries Commission (KVIC)** is a statutory body established by an Act of Parliament. In April 1957, it took over the work of former All India Khadi and Village Industries Board.

KVIC works under the overall guidance of **Ministry of Micro, Small and Medium Enterprises.**

The **KVIC is charged with the planning, promotion, organisation and implementation of programs** for the development of Khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary.

It **also implements** Prime Minister's Employment Generation Programme

8. International Financial Centre, first of its kind in India, is established in which state?

- (a) Maharashtra
- (b) Gujarat
- (c) West Bengal
- (d) Tamil Nadu

Solution: B

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GIFT (Gujarat International Finance Tec-City), India's first International Financial Services Centre, embodies this vision with conducive multi-service SEZ and an exclusive domestic zone.

A Fully integrated city with a walk to work culture, it has the next-in-class infrastructure, connectivity, people, technology and legal framework – emerging as a platform for businesses across the world.

9. What is /are advantages of Radio Frequency Identification (RFID) over Barcode system?

1. RFID can scan multiple items at once.
2. RFID readers are a way cheaper than barcode scanners.
3. Unlike barcodes, RFID tags do not require line of sight scanning.

Select the correct answer using the code given below.

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

Solution: C

Radio-Frequency Identification (RFID) is the use of radio waves to read and capture information stored on a tag attached to an object. A tag can be read from up to several feet away and does not need to be within direct line-of-sight of the reader to be tracked.

How does a RFID system work?

A RFID system is made up of two parts: a tag or label and a reader. RFID tags or labels are embedded with a transmitter and a receiver. The RFID component on the tags have

two parts: a microchip that stores and processes information, and an antenna to receive and transmit a signal. The tag contains the specific serial number for one specific object.

To read the information encoded on a tag, a two-way radio transmitter-receiver called an interrogator or reader emits a signal to the tag using an antenna. The tag responds with the information written in its memory bank. The interrogator will then transmit the read results to an RFID computer program.

RFID tags can be read at phenomenal speeds without any labor. RFID readers can scan up to 200 tags simultaneously.

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Unlike barcodes, RFID tags do not require line of sight scanning and can be read in bulk (e.g., by the pallet). RFID readers are costlier than barcode scanners.

10. 'Fiscal Monitor Report' is prepared by

- (a) European Central Bank
- (b) International Monetary Fund
- (c) International Bank for Reconstruction and Development
- (d) Organization for Economic Cooperation and Development

Solution: B

Key Publications of IMF

Publications

- 1. World economic outlook
- 2. Global financial stability report
- 3. Fiscal monitor
- 4. Regional economic prospects
- 5. Finance and Development

11. Consider the following statements regarding Warehouse Receipts

- 1. Warehouse Receipts are documents issued by warehouses to depositors against the commodities deposited in the warehouses.
- 2. Warehouse Receipts issued by registered warehouses would help farmers to seek loans from banks against the receipts.

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

Solution: C

Warehouse Receipts are documents **issued by warehouses** to depositors against the **commodities deposited in the warehouses**, for which the warehouse is the bailee.

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Warehouse Receipt is a **proof of storage**. It is an acknowledgement of the goods held by the warehouse keeper on behalf of the person named therein. It is a document issued by a warehouse keeper stating that he holds the goods mentioned in the receipt and is awaiting instructions from the person to whom it is addressed. It is a mere deposit receipt. **Banker can accept it as a security to grant loans.**

12. Consider the following statements

1. Open Market Sale Scheme refers to selling of food grains by government agencies directly to the poor at the distressed conditions.
2. Fair Price Shops are licensed under National Food Security Act, 2013 to distribute food grains under Targeted Public Distribution Scheme.
3. There is no official definition for Ration card in India

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 3 only
- (d) None

Solution: D

Open Market Sale Scheme (OMSS) refers to selling of foodgrains by Government / Government agencies at predetermined prices in the **open market from time to time** to enhance the supply of grains especially **during the lean season and thereby to moderate the general open market prices** especially in the deficit regions.

The **present form of OMSS comprises 3** schemes as under:

- (i) Sale of wheat to bulk consumers/private traders through e-auction.
- (ii) Sale of wheat to bulk consumers/private traders through e-auction by dedicated movement.
- (iii) Sale of Raw Rice Grade 'A' to bulk consumers/private traders through e-auction.

It doesn't include any provision of direct sale to poor and distressed farmers.

[http://www.arthapedia.in/index.php?title=Open_Market_Sale_Scheme_\(OMSS\)](http://www.arthapedia.in/index.php?title=Open_Market_Sale_Scheme_(OMSS))

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Fair Price Shop means a shop which has been **licensed to distribute essential commodities by an order issued under section 3 of the Essential Commodities Act, 1955**, to the ration card holders under the Targeted Public Distribution System.

The term is defined in Section 2(4) of National Food Security Act, 2013.

Ration card means a document issued under an order or authority of the State Government for the purchase of essential commodities from the fair price shops under the Public Distribution System (PDS) / Targeted Public Distribution System (TPDS).

Ration Card is issued per family. It is voluntary and not compulsory for citizens to acquire it. However, all those citizens who want to get subsidised food may need to get that.

Though ration cards have been in use for a very long time, the term got legally defined later in Section 2(16) of National Food Security Act, 2013.

13. Consider the following statements regarding Small Finance Banks (SFB's).

1. SFB's cannot lend to big corporates
2. SFB's cannot invest in mutual funds or insurance products.
3. It lends 75% of their total adjusted net bank credit to priority sector.

Which of the statements given above is/are correct?

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

Solution: C

What are small finance banks?

The small finance bank will primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities.

What they can do?

- Take small deposits and disburse loans.

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- Distribute mutual funds, insurance products and other simple third-party financial products.
- Lend 75% of their total adjusted net bank credit to priority sector.
- Maximum loan size would be 10% of capital funds to single borrower, 15% to a group.
- Minimum 50% of loans should be up to 25 lakhs.

What they cannot do?

- Lend to big corporates and groups.
- Cannot open branches with prior RBI approval for first five years.
- Other financial activities of the promoter must not mingle with the bank.
- It cannot set up subsidiaries to undertake non-banking financial services activities.
- Cannot be a business correspondent of any bank

14. Consider the following statements

1. Mahatma Gandhi National Rural Employment Guarantee Act, 2005 provides guarantee employment of 150 days for all age group.
2. State Governments are responsible for identification of beneficiaries for Targeted Public Distribution Scheme (TPDS) and issue of ration cards.
3. National Food Security Act also includes the provision of food-grains through Mid-Day Meal and integrated child development scheme.

Which of the statements given above is/are correct?

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

Solution: B

Mahatma Gandhi National Rural Employment Guarantee Act, 2005 provides guarantee employment of **100 days** for **adult age group (18+)**.

State Governments are responsible for identification of beneficiaries for Targeted Public Distribution Scheme (TPDS) and issue of ration cards. Based on the quantum of population, center will allocate the food grains to state.

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National Food Security Act includes the provision of foodgrains through Mid-Day Meal and integrated child development scheme along with provision of ration for BPL and APL categories.

15. Consider the following statements

1. Codex Alimentarius Commission (CAC) is an intergovernmental body with more than 180 members.
2. It was jointly established by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO) in 1990's.
3. Codex Alimentarius is recognized by the World Trade Organization as an international reference point for the resolution of disputes concerning food safety and consumer protection.

Which of the statements given above is/are correct?

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

Solution: D

The **Codex Alimentarius Commission (CAC)** is an intergovernmental body with **over 180 members**, within the framework of the Joint Food Standards Programme established by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO), with the purpose of protecting the health of consumers and ensuring fair practices in the food trade.

It was **established in 1960's**.

The **Codex Alimentarius is recognized by the World Trade Organization** as an international reference point for the resolution of disputes concerning food safety and consumer protection.

16. Consider the following statements

1. Ministry of Agriculture fixes the minimum buffer norms on quarterly basis
2. FCI also maintains the buffer stock of pulses along with major food grains.

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

Solution: B

- 1) **Buffer stock refers to a reserve of a commodity that is used to offset price fluctuations and unforeseen emergencies.** Buffer stock is generally maintained for essential commodities and necessities like food grains, pulses etc.
- 2) The concept of buffer stock was first introduced during the **IVth Five Year Plan (1969-74)**.
- 3) Buffer stock of food grains in the Central Pool is maintained by the Government of India (GOI) / Central Government for
 - a. meeting the prescribed minimum buffer stock norms for food security,
 - b. monthly release of food grains for supply through Targeted Public Distribution System (TPDS) and Other Welfare Schemes (OWS),
 - c. meeting emergency situations arising out of unexpected crop failure, natural disasters, etc., and
 - d. price stabilisation or market intervention to augment supply so as to help moderate the open market prices.
- 4) The **Cabinet Committee on Economic Affairs fixes the minimum buffer norms on quarterly basis: i.e as on 1st April, 1st July, 1st October and 1st January of every financial year.**
- 5) The latest norms set may be seen here. **On 15 December 2015**, it was decided by the **Government to create a buffer stock of pulses of 1.5 lakh tonnes** to control fluctuation of prices of pulses.
- 6) Government has engaged National Agricultural Cooperative Marketing Federation of India Limited (NAFED), Small Farmers Agri-business Consortium (SFAC) and Food Corporation of India (FCI) to procure pulses for buffer stock.

17. The Fair and Remunerative Price (FRP) of sugarcane is approved by

- (a) Commission for Agricultural Costs and Prices.

- (b) Directorate of Marketing and Inspection, Ministry of Agriculture
- (c) State government
- (d) Cabinet Committee on Economic Affairs

Solution: D

Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi has **approved Fair and Remunerative Price (FRP)** of sugarcane for sugar season 2018-19 keeping in view the interest of sugarcane farmers. It was **approved based on the recommendation of Commission for Agricultural Costs and Prices (CACP).**

18. Consider the following statements regarding Asian Infrastructure and Investment Bank (AIIB):

1. It is a multilateral development bank that aims to support the building of infrastructure in the Asia-Pacific region.
2. India and Japan holds second and third largest subscriptions of share of the bank respectively.
3. Headquarters of AIIB is located at Beijing.

Select the correct answer using the code given below.

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

Solution: B

Japan is not a member of AIIB.

19. Consider the following statements regarding 'World Intellectual Property Organization' (WIPO):

1. It is one of the specialized agency of European Union.
2. It was created to promote and encourage creative activity in the world.

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

Solution: B

The World Intellectual Property Organization is one of the 15 specialized agencies of the United Nations. WIPO was created in 1967 "to encourage creative activity, to promote the protection of intellectual property throughout the world".

20. With reference to the 'ASTRA missile', consider the following statements:

1. It is a surface to surface missile.
2. It is a single stage solid fuelled missile.
3. It is radar homing supersonic missile having speed of more than one Mach

Which of the statements given above is/are correct?

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

Solution: C

Astra is India's first beyond-visual-range (BVR) air-to-air missile indigenously designed and developed by Defence Research and Development Organisation (DRDO). It is intended to engage and destroy aerial targets with high manoeuvrability and supersonic speeds.

The missile's advanced air combat capabilities allow it to engage multiple high-performance targets.

Astra was planned to equip the Indian Air force's Su-30MKI and Mirage 2000 multirole combat fighters, and MiG-29 and MiG-21 Bison fighter jet platforms, as well as the Indian Navy's Sea Harrier jet fighter.

It will also be integrated with the Tejas light combat aircraft (LCA), which is manufactured by Hindustan Aeronautics Limited (HAL). The Astra BVR air-to-air missile is powered by a smokeless, single stage, solid fuel propulsion system. It can destroy enemy targets with a launch **SPEED** between **MACH** 0.4 and **MACH** 2.

<https://www.airforce-technology.com/projects/astra-beyond-visual-range-bvr-air-to-air-missile/>

21. Which of the following are the essential objective of 'Viability gap funding'?

- (a) Funding of social sector projects like housing, sanitation by tapping international funds.

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- (b) Investments made by the angel investors in budding companies
- (c) Financing of the projects having Public Private Partnership in the sectors of infrastructure.
- (d) Investment of government in overall development of the agricultural sector.

Solution: C

Viability literally means ability to survive successfully. VGF is an economic instrument (or scheme) of Government of India, launched in 2004 with the motive of supporting projects which come under public-private partnerships (PPP) model.

Basically, it is a grant to support projects that are economically justified but are not financially viable.

22. Consider the following pairs

State	State-Animals
1. Karnataka	Bengal Tiger
2. Tamil Nadu	Indian Elephant
3. Jammu & Kashmir	Snow Leopard
4. Meghalaya	Clouded Leopard

Which of the pairs given above is/are correct?

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

Solution: D

Karnataka's state animal is Indian Elephant, State animal of Tamil Nadu is Nilgiri Tahr, State animal of Jammu and Kashmir is Kashmir Stag.

23. 'Doha Development Agenda', is often seen in news, is

- (a) Trade-negotiation round of the World Trade Organization (WTO) objective was to lower trade barriers around the world.
- (b) Latest climate change agreement between the western and eastern world.
- (c) Agenda to eliminate all form of poverty by 2030.
- (d) Initiative of world community to entirely switch for renewable energy by 2045.

Solution: A

The Doha Development Round or Doha Development Agenda (DDA) is the trade-negotiation round of the World Trade Organization (WTO) which commenced in November 2001 under then director-general Mike Moore.

Its objective was to lower trade barriers around the world, and thus facilitate increased global trade.

24. Consider the following statements

1. **Pradhan Mantri Kisan Samman Nidhi** intended to provide direct income support to all farmers at the rate of 6,000 per year.
2. Pradhan Mantri Shram-Yogi Maandhan aims to provide unorganized sector workers a comprehensive social security coverage for their old age.

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

Solution: B

Pradhan Mantri Kisan Samman Nidhi (PMKISAN)

This fund is intended to provide direct income support at the rate of 6,000 per year. This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal instalments of ` 2,000 each. This will cover all farmers having land less than 2 acre. Around 12 crore small and marginal farmer families are expected to benefit from this.

Pradhan Mantri Shram-Yogi Maandhan'

It will cover unorganised sector workers. This scheme will cover all unorganized sector workers with income less than 15,000.

This pension yojana shall provide them an assured monthly pension of Rs. 3,000 from the age of 60 years on a monthly contribution of a small affordable amount during their working age.

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It is expected that at least 10 crore labourers and workers in the unorganised sector under this scheme.

25. Consider the following statements

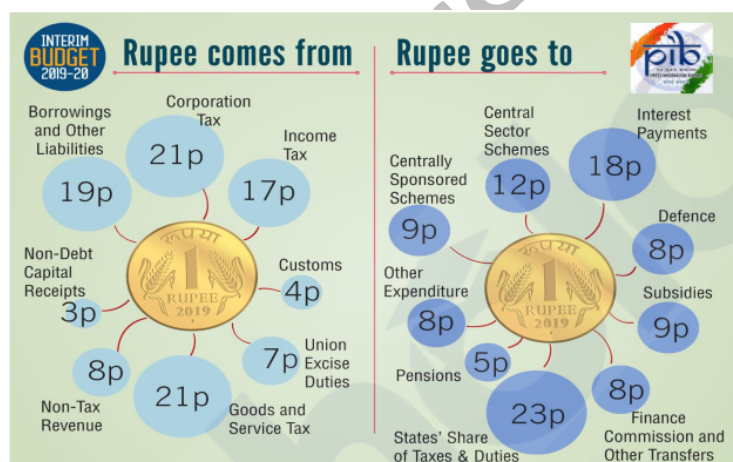
1. From last two fiscal years, food subsidies provided by the central government is greater than fertilizer subsidies
2. Interest Payment would be a major expenditure of government according to Budget 2019-2020.
3. In India, Budget is prepared by Department of Expenditure under Ministry of Finance.

Which of the statements given above is/are correct?

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

Solution: A

Subsidies: Food > Fertilizer > Petroleum > Interest subsidy > Others



In India, Budget is prepared by Department of Economic Affairs under Ministry of Finance.

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