



## ANSWERS & EXPLANATIONS GENERAL STUDIES (P) TEST – 4147 (2024)

### Q 1.C

- Input subsidies and investments in various types of infrastructure and institutions are important policy instruments contributing to the growth and development of the agriculture sector and the income of producers. Both the Union and the State Governments have used these instruments to promote agriculture as well as the welfare of producers and consumers.
- Initially, input subsidy was provided mainly for fertilizers. The primary aim of this was to encourage the use of chemical fertilizers, which was found to significantly enhance growth in productivity and output. Fertilizer subsidy is mainly provided by the Union Government. The other major subsidies provided to the agriculture sector are: **interest subvention on institutional agricultural credit**, subsidy on crop insurance and subsidy on power supply to agriculture (which is borne by State Governments).
- The second policy instrument – public investment in agriculture – **includes public expenditure on medium, major and minor irrigation, agriculture R&D and extension, cooperative institutions, and land and soil improvement programmes.**
- **Hence option (c) is the correct answer.**

### Q 2.C

- Rice and wheat derive maximum benefit from the MSP regime as well as input subsidies, because of the higher use of fertilizers and higher proportion of area under irrigation. Rice, wheat, sugarcane and cotton, which get highest input subsidy and output price support among all agri commodities, show an annual growth rate of 1.39 per cent in the last decade.
- On the other hand, horticultural crops, for which there is no price intervention by the government, experienced annual growth of 3.47 per cent. The output of the livestock sector increased at the rate of 5.84 per cent per annum, which is four times the growth in crops highly supported by the government. **The highest growth rate is achieved in the fishery sector, which is largely free from government intervention in the form of input subsidies and output price. Hence statement I is correct and statement II is not correct.**

**Box 1: Classification of agricultural commodities in terms of public intervention and output price support and input subsidies**

Commodity	Support on output side	Input subsidy	Total direct support	Growth rate during 2011-12 to 2020-21
Rice, wheat, cotton and sugarcane	Very strong MSP and procurement.	Very high.	Very high	1.39
Coarse cereals, pulses, oilseeds	MSP for some produce.	Small	Small	2.44
Fruits and vegetables	Nil	High	Small	3.47
Dairy and other livestock products	Institutional support through cooperative marketing of milk	Nil	Little	5.84
Fishery	Nil	Nil	Nil	8.97

### Q 3.B

- Asia's first Export Processing Zone (EPZ) was set up in Kandla in 1965, followed by the establishment of seven more EPZs in the country. Subsequently, the Special Economic Zones (SEZs) Policy was announced in April 2000 wherein various new features were incorporated.
- **The Special Economic Zones Act, 2005, was passed by Parliament in May 2005 & received Presidential assent on the 23rd of June 2005. The SEZ Act 2005, supported by SEZ Rules, came into effect on 10th February 2006.**
- The main objectives of the SEZ Act are:
  - Generation of additional economic activity
  - Promotion of exports of goods and services
  - Promotion of investment from domestic and foreign sources
  - Creation of employment opportunities
  - Development of infrastructure facilities
- In terms of the SEZ Act, of 2005, an SEZ may be set up either jointly or severally by the Central Government, State Govt. or any person for the manufacture of goods or rendering services or for both or as a free trade warehousing zone.
- **FDI up to 100% is allowed through the automatic route for manufacturing activities in Special Economic Zones (SEZs). Hence statement 1 is correct.**
- There is no minimum land area requirement for setting up a Special Economic Zone for Information Technology or Information Technology Services, Biotech, or Health (other than hospital) services.
- **Fiscal benefits and duty concessions offered to SEZ Developers and units**
  - 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for the first 5 years, 50% for the next 5 years thereafter, and 50% of the ploughed-back export profit for the next 5 years.
  - Exemption from Central Sales Tax, Exemption from Service Tax, and Exemption from State Sales Tax. **These have now subsumed into GST and supplies to SEZs are zero rated under IGST Act, 2017. Hence statement 2 is correct**
  - Single window clearance for Central and State level approvals.
- **Exemption from Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act has been withdrawn w.e.f. 01.04.2012.**
  - **Hence statement 3 is not correct.**

### Q 4.D

- The period for **First Five Year Plan** in India was from 1951 to 1956. As the Indian economy was facing the problem of large scale food grain imports and pressure of price rise, the plan accorded the highest priority to agriculture including irrigation and power projects. It was based on the **Harrod-Domar Model** and **emphasised on role of capital accumulation's dual character**, i.e., increasing the national income and also increasing the production capacity.
- **Nehru-Mahalanobis Model** was adopted in **Second Five Year Plan from 1956-61**. The strategy emphasised on **investment in heavy industries** in order to achieve industrialization for rapid economic development. It aimed to make economy self-reliant and overcome capital constraints.
- **Hence, the statement-I is not correct and statement-II is correct.**

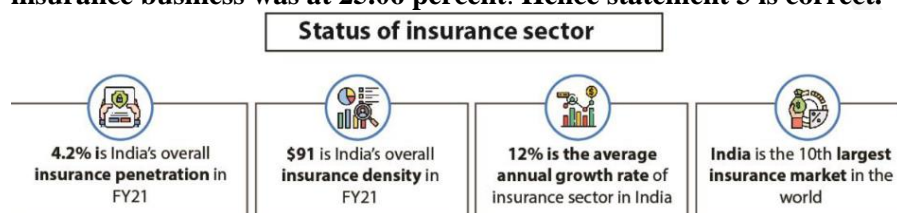
### Q 5.C

- **Recent context:** The Border Roads Organisation (BRO) has successfully utilised an indigenous road construction technology to build high-altitude bituminous road sections at the Sela tunnel and LGG-Damteng-Yangste (LDY) road near the India-China border in Arunachal Pradesh.
- **The indigenous technology, 'Rejupave', developed by India's oldest and premier road research organisation, CSIR-Central Road Research Institute (CSIR-CRRI), is beneficial in constructing high-altitude bituminous roads at low and sub-zero temperature conditions.**
- The 'Rejupave' technology has been successfully utilised by the BRO to produce low-temperature bituminous mixes for the construction of bituminous roads at Sela tunnel and LDY road site at an altitude of 14,000 feet and 18,000 feet.
- This technology brings down the production and rolling temperature of bituminous mixes by 30 degrees Celsius to 400 degrees Celsius with negligible heat loss in the bituminous mix during transit, despite long haulage time amid snowfall. It will increase the working window of road construction companies of BRO.

- The use of 'Rejupave' technology will not only help the BRO to construct roads at sub-zero temperature but also bring down the greenhouse gas emissions in the pristine eco-sensitive mountainous environment of Arunachal Pradesh.
- **Hence option (c) is the correct answer.**

#### Q 6.C

- **Insurance penetration** is used as an indicator of insurance sector development within a country and is **calculated as the ratio of total insurance premiums to gross domestic product in a given year.**
- insurance penetration is a key performance indicator that gauges the degree of insurance coverage within a specific demographic, geographic region, or economic sector. A higher insurance penetration rate indicates a greater prevalence of insurance usage and a more comprehensive risk mitigation strategy within the target population.
- Insurance penetration is measured as the percentage of insurance premiums to GDP. **Hence statement 1 is correct.**
- **Insurance penetration** which was 2.71 percent in 2001 has **steadily increased** to 3.76 percent in 2019 (Life 2.82 percent and Non-Life 0.94 percent) and **4.2%** in FY 2021. **Hence statement 2 is correct.**
- The rate of Life and non-life **insurance penetration in India is 4.2% whereas globally it is 6.9%.**
- The share of life **insurance business** for India was high at **74.94 percent** while the share of **non-life insurance business** was at **25.06 percent.** **Hence statement 3 is correct.**



#### Q 7.A

- **Recent context:** Ministry of Environment, Forest, and Climate Change submits proposals for Wetland City Accreditation under the Ramsar Convention on Wetlands for cities of Indore, Bhopal and Udaipur.
- **These are the first three Indian cities for which nominations have been submitted for WCA** based on the proposals received from respective State Wetlands Authorities in collaboration with the Municipal Corporations. Chennai and Kolkata does not have Wetland City Accreditation. **Hence statement 2 is not correct.**
  - The wetlands situated in and around these cities provide a plethora of benefits to its citizens in terms of flood regulation, livelihood opportunities, and recreational and cultural values.
  - **Sirpur Wetland (Ramsar site in Indore), Yashwant Sagar (Ramsar site closer to Indore), Bhoj Wetland (Ramsar Site in Bhopal), and several Wetlands (Lakes) in and around Udaipur are lifelines to these cities.**
- **Wetland City Accreditation (WCA):** Recognizing the importance of wetlands in urban and peri-urban environments and to take appropriate measures to conserve and protect these wetlands, the Ramsar Convention during COP12 held in the year 2015 approved a voluntary Wetland City Accreditation system under Resolution XII.10 which recognizes cities which have taken exceptional steps to safeguard their urban wetlands. **Hence statement 1 is correct.**
- The Wetland City Accreditation scheme aims to further promote the conservation and wise use of urban and peri-urban wetlands, as well as sustainable socio-economic benefits for local populations.
  - Additionally, the Accreditation seeks to encourage cities that are close to and dependent on wetlands, primarily Wetlands of International Importance, but also wetlands with other conservation category status, to develop and strengthen a positive relationship with these valuable ecosystems.
- To be formally accredited, a candidate for the Wetland City Accreditation should satisfy the standards used to implement each of the six international criteria mentioned Operational Guidance for WCA of the Ramsar Convention on Wetlands.
  - **This voluntary scheme** provides an opportunity for cities that value their natural or human-made wetlands to gain international recognition and positive branding opportunities for their efforts in demonstrating strong positive relationships with wetlands.

#### Q 8.A

- **Ministry of Labour & Employment, Government of India launched the e-Shram portal (eshram.gov.in) on 26th August 2021 for the creation of a comprehensive National Database of Unorganised Workers verified and seeded with Aadhaar.**

- **It is the first-ever national database of unorganized workers including agricultural workers, domestic workers, construction workers, gig and platform workers, etc.**
- Any worker who is a home-based worker, self-employed worker, or a wage worker working in the unorganized sector and not a member of ESIC or EPFO, is called an unorganized worker.
  - The unorganized sector comprises establishments/ units which are engaged in the production/ sale of goods/ services and employ less than 10 workers. These units are not covered under ESIC & EPFO.
- The e-Shram portal is meant to register and support unorganized workers by providing them with a Universal Account Number (UAN). eShram portal captures details of workers such as name, permanent address, current address, occupation, educational qualification, skill type, etc. eShram portal allows registration under 30 broad occupation sectors and around 400 occupations.
- The portal provides multiple modes of registration, through self-registration as well as assisted mode registration to facilitate a smooth registration process. Self-registration includes registration through the e-Shram portal and the Unified Mobile Application for New-age Governance (UMANG) mobile app.
- **There are no income criteria for registering on eShram as an unorganized worker. However, he/she should not be an income tax payee. Hence statement 3 is correct.**
- Universal Account Number is a 12-digit number uniquely assigned to each unorganized worker after registration on the e-Shram portal. UAN number will be a permanent number i.e. once assigned, it will remain unchanged for the worker's lifetime.
- **Any worker who is unorganized and aged between 16-59, is eligible to register on the eShram portal. Hence statement 1 is not correct.**
- **Agriculture labourers and landless farmers are eligible for registration in the e-Shram portal. Other farmers are not eligible. Hence statement 2 is not correct.**
- eShram has been integrated with the National Career Service (NCS) Portal. An unorganized worker can register on NCS using his/ her Universal Account Number (UAN).

#### Q 9.A

- At the conception of the **Third Five Year Plan (1961-66)**, it was felt that the Indian economy had entered a take-off stage. The plan aimed to make India '**self-reliant**' and '**self-generating**' economy as it focused on both heavy industrialization and food grains production.
- **During the 3rd FYP following developments took place:**
  - **Unit Trust of India (UTI)** was established in 1963.
  - **Industrial Development Bank of India** was set up in 1964.
  - **Food Corporation of India** was established in 1965.
- **National Programme for family planning was launched in 1952 (1st FYP), National Bank for Agriculture and Rural Development was established in 1982 (6th FYP) and Jawahar Rozgar Yojana was launched 1989 (7th FYP).**
- **Hence, option (a) is the correct answer.**

#### Q 10.A

- **Insurance** is a financial arrangement in which an **individual or entity pays a premium to an insurance company in exchange for protection or coverage against potential financial losses**. The insurance company, in turn, agrees to compensate or cover the specified losses or damages as outlined in the insurance policy.
- To achieve the objective of "**insurance for all**", IRDAI has been highly active and the insurance industry has witnessed many initiatives and developments by the regulator in terms of both innovation and regulation.
- **Bima Sugam** is an **online portal**, a one-stop shop for all insurance-related queries, policy purchases, claim settlement, and insurance advice. **Hence pair 1 is not correctly matched.**
- The main objective of **Bima Vahak** is to **form a women-centric, dedicated distribution channel** that will ensure the accessibility and availability of insurance in **every nook and corner of the country**. The Bima Vahaks, both corporate and individual, will be authorized to undertake activities like the collection of proposal information and know-your-customer (KYC) documents and coordinate claims-related services. **Hence pair 2 is not correctly matched.**
- Bima Vistaar is a social safety net product targeting untapped geographies. **Hence pair 3 is correctly matched.**



### Q 11.B

- The program will provide three months of mentorship, advisory, and capacity-building support to the selected incubators. **It is a joint effort by the Department for Promotion of Industry and Internal Trade (DPIT), Invest India, and Villgro (Company). Hence statement 1 is not correct.**
- The National Incubator Capacity Development Program is a hands-on training program designed for incubator managers which will act as a growth hack for incubators to help them become sustainable.
- The prime objective of this cohort-based hybrid capacity development and enhancement program is to build the capacity of Incubators in India to achieve the following objectives:
  - Providing long-term handholding and mentorship support to incubator managers
  - Enhancing capacities of incubators, especially across emerging cities
  - Providing better infrastructure for entrepreneurs to grow
- **Eligibility criteria**
  - **The incubator should be an incorporated/registered entity in India. Hence statement 2 is not correct.**
  - **The incubator should have at least 5 startups incubated in the current or last financial year. Hence statement 3 is correct.**
  - The incubator should have a minimum of 5 employees
  - Special emphasis on Incubators established in Tier-2 and Tier-3 cities
  - Willingness to learn by adopting the incubation process
  - A maximum of 2 participants, both from Sr. Management (Director, CEO, Head, etc.), and from mid-management (Incubation/Portfolio Manager, etc.)
- **Hence option (b) is the correct answer.**

### Q 12.D

- The basic convention applied in constructing a balance of payments statement is that every recorded transaction is represented by two entries with equal values.
- One of these entries is designated a credit with a positive arithmetic sign; the other is designated a debit with a negative sign.
- In principle, the sum of all credit entries is identical to the sum of all debit entries, and the net balance of all entries in the statement is zero.
- Compilation of a BoP Account follows a double-entry accounting system where every external transaction is presented by two entries, a credit and a debit, with exact equal values but in opposite sign. So, the double-entry accounting system is adopted. **Hence, Statement-II is correct.**
- In practice, however, the accounts frequently do not balance. Data for balance of payments estimates often are derived independently from different sources; as a result, there may be a summary net credit or net debit (i.e., net errors and omissions in the accounts). A separate entry, equal to that amount with the sign reversed, is then made to balance the accounts. Because inaccurate or missing estimates may be offsetting, the size of the net residual cannot be taken as an indicator of the relative accuracy of the balance of payments statement. **Hence, Statement-I is not correct.**
- **Hence, option (d) is the correct answer.**

### Q 13.C

- **In December 2021, 112 World Trade Organizations members co-sponsored a Joint Statement on Investment Facilitation for Development, in which they recognize the Consolidated Document by the Coordinator as the basis for their ongoing negotiations and state their objective to conclude the text negotiations by the end of 2022. Hence, option (c) is the correct answer.**
- Launched in 2017 by a group of developing and least-developed WTO members, the Joint Initiative aims at developing a multilateral agreement on Investment Facilitation for Development that will improve the investment and business climate, and make it easier for investors in all sectors of the economy to invest, conduct their day-to-day business and expand their operations. Facilitating greater participation of developing and least-developed members in global investment flows also constitutes a core objective of the future Agreement. The initiative does not cover market access, investment protection and investor-state dispute settlement.
- India is not very keen to take part in this negotiation. India's reservations against the investment facilitation discussions on the sidelines of the WTO are twofold:
  - Investment doesn't belong to the WTO: To the extent investment is related to trade, it is already included in the TRIMs agreement and under mode 3 related to FDI in the General Agreement on

Trade in Services (GATS). Rules on football (trade) can't, for example, be applied to tennis (investment);

- The plurilateral route of negotiations under which investment facilitation is being discussed has no legitimacy in the WTO. India has naturally not participated in the discussions and has not formally commented on the successive texts.

#### Q 14.C

- In the foreign exchange market, depreciation is a situation when the domestic currency loses its value in front of a foreign currency if it is market-driven. It means depreciation in a currency can only take place if the economy follows the floating exchange rate system. **Hence, option (a) is not correct.**
- In the foreign exchange market when the exchange rate of a domestic currency is cut down by its government against any foreign currency, it is called devaluation. It means official depreciation is devaluation. **Hence, option (b) is not correct.**
- Revaluation is a term used in the foreign exchange market which means a government increasing the exchange rate of its currency against any foreign currency. It is official appreciation. **Hence, option (c) is the correct answer.**
- In the foreign exchange market, if a free-floating domestic currency increases its value against the value of a foreign currency, it is appreciated. **Hence, option (d) is not correct.**

#### Q 15.B

- **Recent context: The US Secretary of State Lloyd Austin announced a joint maritime security initiative called Operation Prosperity Guardian to aid the safe movement of ships in the Red Sea.**
- The recent attacks by Houthi rebels on ships passing via the Red Sea, a crucial trade route that connects the Mediterranean Sea and the Indian Ocean, have prompted this initiative.
- Combined Maritime Forces (CMF) is a multi-naval taskforce that has 39 members – including India, Australia, Bahrain, Brazil, Canada, Egypt, France, Germany, Pakistan, the Philippines, Sri Lanka, the United Kingdom, the United States and Yemen.
  - Operation Prosperity Guardian will be coordinated by the Combined Task Force 153, which was set up in April 2022 to improve maritime security in the Red Sea, Bab el-Mandeb and the Gulf of Aden.
  - Combined Task Force 153 (CTF 153) is one of the five task forces operated by Combined Maritime Forces (CMF).
- **Hence option (b) is the correct answer.**

#### Q 16.C

- The U.S. has emerged as India's biggest trading partner in 2022-23.
- According to the provisional data of the Commerce Ministry, the bilateral trade between India and the U.S. has increased to \$128.55 billion in 2022-23 as against \$119.5 billion in 2021-22. It was \$80.51 billion in 2020-21.
- America is one of the few countries with which India has a trade surplus. In 2022-23, India had a trade surplus of \$28 billion with the U.S. In 2022-23, the UAE with \$76.16 billion, was the third largest trading partner of India. It was followed by Saudi Arabia (\$52.72 billion), and Singapore (\$35.55 billion). **Hence statement 1 is correct.**
- The data showed that China was India's top trading partner from 2013-14 till 2017-18 and also in 2020-21.
- Before China, the UAE was the country's largest trading partner.
- In 2022-23, the export data for India (commodity-wise and percentage share in total exports of various commodities) is as follows:
  - Engineering Goods (24.10%)
  - Petroleum Products (20.55%)
  - Gems And Jewellery (8.55%)
  - Organic and Inorganic Chemicals (6.80%)
  - Others (6.48%). **Hence, statement 2 is correct.**

#### Q 17.A

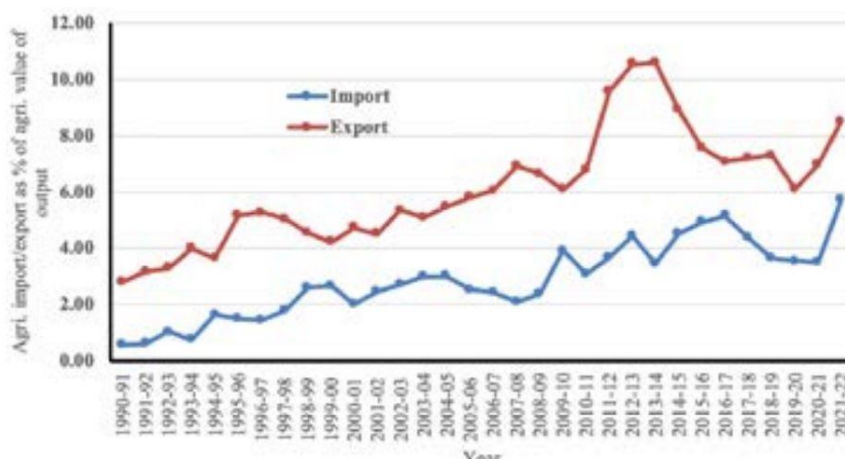
- **Parliament passed the Inland Vessels Act, of 2021**, which aims to **replace over 100 years old Inland Vessels Act, of 1917** and usher in a new era in the inland water transport sector, and **also to promote ease of doing business**. The Bill will regulate the safety, security, and registration of inland vessels.

- It is aimed at developing India's inland waterways as a viable, thriving mode of transport, especially for cargo. The inland waterways network spans **close to 15,000 km across rivers**, channels, backwaters, creeks, etc. The government wants to promote inland waterways, especially as a supplement to **freight movement across India**. This mode of transport has been recognized worldwide as environmentally friendly and economical, especially for cargo that does not depend on the speed of delivery.
- The Act aims to introduce a **uniform regulatory framework** for inland vessel navigation **across the country**. **Hence statement 1 is correct.**
- The **central government will maintain an electronic centralized record** of data on inland vessels. These records will include information on: (i) registration of vessels, (ii) crew and manning, and (iii) certificates issued. **Hence statement 2 is not correct.**
- The registration certificate will be **valid across the country** and not only in a particular state. **Hence statement 3 is not correct.**
- **Mechanically propelled inland vessels** with Indian ownership must be registered with the **Registrar of Inland Vessels** whereas non-mechanically propelled inland vessels register with **local governments**.
- **Hence option (a) is the correct answer.**

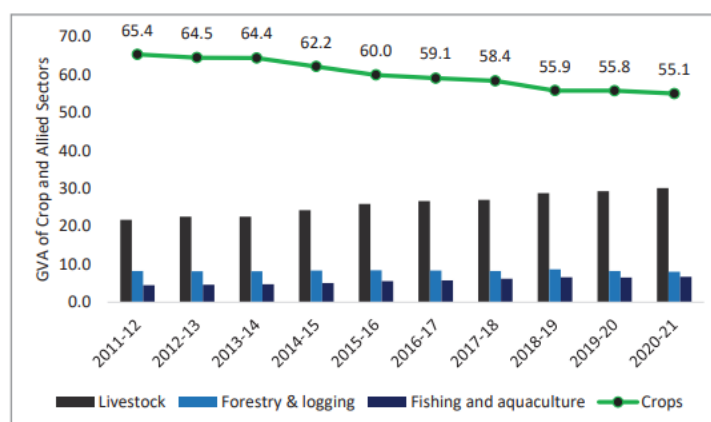
#### Q 18.D

- Since economic reforms began in 1991, India has remained a net exporter of agri-products, with agri-exports touching 2.52 lakh crores and imports at 1.47 lakh crores in FY 2019-20. The major export destinations were USA, Saudi Arabia, Iran, Nepal and Bangladesh. The top agriculture and related products exported from India were marine products, basmati rice, buffalo meat, spices, non-basmati rice, cotton raw, oil meals, sugar, castor oil and tea. While India occupies a leading position in the global trade of aforementioned agri-products, its total agri-export basket accounts for a little over 2.5 per cent of world agri-trade. **Hence statement 1 is not correct.**

**Trend in import and export of agriculture including fishery, 1990-91 to 2021-22.**



**Figure VIII.7: Though the Crop sector is still the major contributor to agriculture GVA, the livestock sector is catching up (per cent)**



Source: Based on data of MoSPI.

- From the above infographic, we can see that Crop sector is the largest contributor to agriculture GVA. **Hence statement 2 is not correct.**

### Q 19.D

- FTP 2023 is a policy document which is based on continuity of time-tested schemes facilitating exports as well as a document which is nimble and responsive to the requirements of trade.
  - The policy is based on the principles of trust and partnership with exporters and aims at process re-engineering and automation to facilitate ease of doing business for exporters.
  - The government aims to increase India's overall exports to USD 2 trillion by 2030, with equal contributions from the merchandise and services sectors. **Hence statement 1 is correct.**
  - The government also intends to encourage the use of the Indian currency in cross-border trade, aided by a new payment settlement framework introduced by the RBI in July 2022.

#### SALIENT FEATURES

- ▶ Targets **\$2 trillion** exports by 2030
- ▶ Continuous and responsive framework with no end date
- ▶ Making rupee a global currency
- ▶ Making India a trade hub
- ▶ Digitisation and faster processing of applications
- ▶ Amnesty scheme for shortfall in export obligations
- ▶ Restructuring of Department of Commerce
- ▶ Over 50% reduction in threshold for recognition of star trade houses
- The EPCG Scheme**, which allows import of capital goods at zero Customs duty for export production, is being further rationalized. Some key changes being added are:
  - Prime Minister Mega Integrated Textile Region and Apparel Parks (PM MITRA) scheme has been added as an additional scheme eligible to claim benefits under CSP(Common Service Provider) Scheme of EPCG.
  - Dairy sector to be exempted from maintaining Average Export Obligation – to support the dairy sector to upgrade the technology. **Hence statement 3 is correct.**
  - Battery Electric Vehicles (BEV) of all types, Vertical Farming equipment, Wastewater Treatment and Recycling, Rainwater harvesting system and Rainwater Filters, and Green Hydrogen are added to Green Technology products – will now be eligible for reduced Export Obligation requirement under EPCG Scheme. **Hence statement 2 is correct.**
- The FTP aims at building partnerships with State governments and taking forward the Districts as Export Hubs (DEH) initiative** to promote exports at the district level and accelerate the development of grassroots trade ecosystem.
  - District specific export action plans to be prepared for each district outlining the district specific strategy to promote export of identified products and services. **Hence statement 4 is correct.**

### Q 20.B

- Recent Context:** To develop India into a merchanting trade hub, the FTP 2023 has introduced provisions for merchanting trade.
- Merchanting trade involves shipment of goods from one foreign country to another foreign country without touching Indian ports, involving an Indian intermediary. **Hence option (b) is the correct answer.**
- Merchanting trade of restricted and prohibited items under export policy would now be possible. However, this will be subject to compliance with RBI guidelines, and won't be applicable for goods/items classified in the CITES and SCOMET list.
- In course of time, this will allow Indian entrepreneurs to convert certain places like GIFT city etc. into major merchanting hubs as seen in places like Dubai, Singapore and Hong Kong.

### Q 21.A

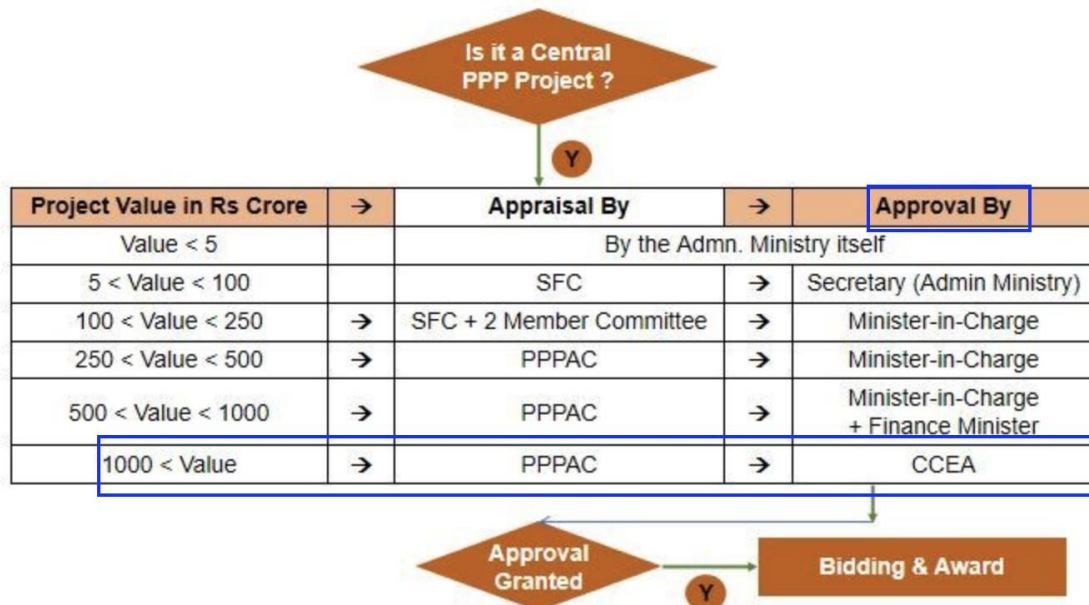
- The Agriculture Export Policy 2018 is framed with a focus on agriculture export-oriented production, export promotion, better farmer realization and synchronization within policies and programmes of the Government of India.
- INDIA'S AGRICULTURE EXPORT POLICY- OBJECTIVES
  - To double agricultural exports from present ~US\$ 30+ Billion to ~US\$ 60+ Billion by 2022 and reach US\$ 100 Billion in the next few years thereafter, with a stable trade policy regime.
  - To diversify our export basket, and destinations and boost high-value and value added agricultural exports including a focus on perishables.
  - To promote novel, indigenous, organic, ethnic, traditional and non-traditional Agri products exports.



- To provide an institutional mechanism for pursuing market access, tackling barriers and deal with sanitary and phytosanitary issues. **Hence option 1 is correct.**
- **To strive to double India's share in world agri exports by integrating with global value chain at the earliest. Hence option 2 is not correct.**
- Enable farmers to get benefit of export opportunities in overseas market.

#### Q 22.D

- The Government of India has streamlined the appraisal and approval mechanism for Central Sector PPP projects to ensure speedy appraisal of projects, eliminate delays, and have uniformity in appraisal mechanisms.
- The Cabinet Committee on Economic Affairs (CCEA) in its meeting on October 27, 2005, approved the procedure for approval of Central Sector Public Private Partnership (PPP) projects.
  - **Under this decision, in 2006, the Government of India (GOI) notified the appraisal mechanism by setting up the Public Private Partnership Appraisal Committee (PPPAC) for the appraisal of PPP projects in the Central Sector. Hence statement 1 is not correct.**
  - The Kelkar Committee to evaluate PPP in India was a committee set up to study and evaluate the extant public-private partnership (PPP) model in India. The committee was set up by India's central government and headed by Vijay Kelkar. The committee was set up following the 2015 Union budget of India.
- The appraisal and approval authority for a Central Sector Project is as follows:



- **For projects worth above 1000 crores, appraisal and approval are not given by the Public Private Partnership Appraisal Committee (PPPAC). Approval is given by the Cabinet Committee on Economic Affairs. Hence statement 2 is not correct.**

#### Q 23.A

- DMH-11 Variety refers to a genetically modified hybrid variety of mustard known as Dhara Mustard Hybrid-11 or DMH-11. It has been developed by researchers at **The Centre for Genetic Manipulation of Crop Plants, at the University of Delhi. Hence statement 1 is not correct.**
- DMH-11 is a result of a cross between two varieties: Varuna and Early Heera-2. Such a cross wouldn't have happened naturally and was done after introducing genes from two soil bacterium called barnase and barstar. Barnase in Varuna induces a temporary sterility because of which it can't naturally self-pollinate. Barstar in Heera blocks the effect of barnase allowing seeds to be produced. The result is DMH-11 (where 11 refers to the number of generations after which desirable traits manifest) that not only has better yield but is also fertile. DMH-11 is a transgenic crop because it uses foreign genes from a different species.
- **Dhara Mustard Hybrid-11 is a genetically modified hybrid variety of the mustard species Brassica juncea. Hence statement 2 is not correct.**
- The Genetic Engineering Appraisal Committee (GEAC), India's apex regulator of genetically modified plants and food products, has approved the environmental release of Dhara Mustard Hybrid-11 (DMH-11), a genetically engineered variant of mustard. **If approved for commercial cultivation it would be the first genetically modified food crop available to Indian farmers. Hence statement 3 is correct.**

#### Q 24.C

- **Recent context: An indigenous rifle, named 'Ugram', developed in less than 100 days, was unveiled by India's Defence Research Development Organisation (DRDO).**
- The Armament Research and Development Establishment (ARDE), which is a unit of Hyderabad-based private firm Dvipa Armour India Private Limited and DRDO, has developed the 'Ugram' rifle.
- The rifle will be able to deploy rounds of 7.62 mm calibre, which will make it more ferocious compared to rifles which use 5.62 mm calibre rounds. An example of a rifle using 5.62 mm calibre rounds is the INSAS rifle, which is used popularly by the armed forces in India, including paramilitary forces.
- The newly-created rifle weighs four kg and will have an effective range of 500 metres, which is nearly five football fields.
- **Hence option (c) is the correct answer.**

#### Q 25.C

- **The Eighth Five Year Plan (8th FYP) (1992-97) was launched in a typically new economic environment. The economic reforms were already started in July 1991 with the initiation of structural adjustment in macro-stabilisation policies associated by the worsening balance of payment, higher fiscal deficit and unsustainable rate of inflation.**
- **Imperative planning** refers to **authoritative planning by direction or command** where one central authority decides all aspects of planning, whereas, **Indicative planning is flexible in nature**, where, **the government acts as a facilitator and encourages private sector role** in the economy.
- **8th FYP was the first plan** which went for an introspection of the macro-economic policies by recasting the planning model from Imperative and Directive (hard) to **Indicative (soft) plan** as the plan was **based on Rao-Manmohan Singh model of liberalisation. Hence, statement 1 is correct.**
- **The targeted growth rate for Eighth Five Year Plan was 5.6%, while, the actual growth rate achieved during the planned was 6.8 percent. Hence, statement 2 is correct.**

#### Q 26.A

- **Capital account convertibility** implies **freedom to convert local financial assets into foreign financial assets and vice versa** at market determined rates of exchange.
- Reserve Bank of India (RBI) constituted **Tarapore Committee** to suggest a road map for **convertibility of rupee on capital account**. Tarapore Committee-I and Tarapore Committee-II were constituted in 1997 and 2006 respectively. **Hence, statement 1 is correct.**
- **Indian rupee has been made fully convertible in current account** since 1994, however, the rupee is **only partially convertible on capital account** - it means prior approval of RBI or Government of India is still needed. **Hence, statement 2 is not correct.**
- Capital account transactions in India are regulated under the **Foreign Exchange and Management Act (FEMA), 1999**. It is a highly liberalised version of earlier Foreign Exchange and Regulation Act (FERA), 1973. **Hence, statement 3 is not correct.**

#### Q 27.A

- **New Industrial Policy of 1991 (NIP,1991)** aimed to correct the distortions and weaknesses of the industrial structure of India that had developed in last four decades. The policy shifted the **emphasis from regulation to development**.
- **NIP,1991 focused on the following reforms:**
  - **Abolition of compulsory industrial licencing** for all industries **except 18**.
  - **The Foreign Investment Promotion Board (FIPB) was also established** to promote FDI in India. **Hence, statement 1 is correct.**
  - It reduced the **number of industries reserved for public sector** from 17 as (per 1956 policy) to **only 8. Hence, statement 2 is not correct.**
  - It allowed industries with automatic approvals (within specified parameters) for the undertaking **technology agreements with foreign counterparts.**
  - **Dilution of protections** earlier provided to **small scale industries** in order to promote their competitiveness.

#### Q 28.D

- The system of minimum support prices (MSP), which was started in 1965 for wheat, now covers 22 crops (barring sugarcane). The Union Government announces a fair and remunerative price (FRP) for sugarcane, which is a statutory minimum price.

- The government of India announces Minimum Support Prices (MSP) for major agricultural commodities of Fair Average Quality (FAQ) **each year in both Crop seasons after taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP)**. In addition, MSP for toria and de-husked coconut is also fixed on the basis of MSPs of rapeseed & mustard and copra respectively. **Hence option (d) is the correct answer.**
- The Union Budget for 2018-19 announced that farmers in India would be given an MSP of at least one and a half times the cost of production. Accordingly, **the Government has been increasing the MSP for all 22 Kharif, Rabi and other commercial crops with a margin of at least 50 per cent over the all-India weighted average cost of production since the agricultural year 2018-19.**
- Given nutritional requirements and changing dietary patterns and to achieve self-sufficiency in pulses and oilseeds production, **the Government has fixed relatively higher MSP for pulses and oilseeds.**

#### Q 29.B

- Himalayan wolves are found in various countries across the Himalayas, including India, Nepal, and parts of Tibet. They inhabit high-altitude areas and are adapted to the harsh mountainous terrain. One assessment noted that some area of wolf habitat is also available in Uttarakhand and Sikkim states of India, where a few more individuals is present. **Hence statement 1 is not correct.**
- The animal has been categorised as 'Vulnerable' on the IUCN Red List. The assessment was done on June 27, 2023. The Himalayan Wolf is classified as 'Vulnerable' based on a population size estimate of 2,275-3,792 mature individuals based on the best available data. **Hence statement 2 is correct.**
- Apart from the Himalayan Wolf, India is also home to the Indian/Common/Peninsular Wolf (*Canis lupus pallipes*) that is found in the plains and the Deccan Plateau. The semi-arid savanna grasslands and rocky areas of the Deccan plateau, in Karnataka, Maharashtra, Telangana, and Andhra Pradesh, along with some areas of Gujarat, Madhya Pradesh, and Rajasthan are among the last strongholds of the Indian wolf. **Hence statement 3 is not correct.**

#### Q 30.B

- **Recent context:** The Restructuring of Coal Controller Organisation has been approved by Ministry of Finance.
- **The Coal Controller's Organization is a subordinate Office of Ministry of Coal**, having its offices at Kolkata, Delhi and field Offices at Dhanbad, Ranchi, Bilaspur, Nagpur, Sambalpur and Kothagudem. **Hence statement 1 is not correct.**
  - The Coal Controller Organisation performs various functions under different statutes/rules to ensure fair production and commercial transactions of coal including quality surveillance.
- **Functions of Coal Controller Organisation**
  - Inspection of collieries so as to ensure the correctness of the class, grade or size of coal.
  - To issue directives for the purpose of declaration and maintenance of grades of coal of a seam mined in a colliery.
  - **To act as the appellate authority in case of dispute between consumers and owner arising out of declaration of grade and size of coal. Hence statement 2 is correct.**
  - To regulate disposal of stock of coal or the expected output of coal in the colliery.
  - Quality surveillance with respect to maintenance of grade, loading of coal in wagons/ trucks according to laid down procedures regarding grades and sizes.
  - To grant opening / re-opening permission of coal mine, seam or a section of seam or to sub-divide a mine.
  - Assessment and collection of excise duty levied on all raw coal raised and dispatched.
  - Submission of monthly coal data to different ministries of Central and State Government, national and international organization.

#### Q 31.B

- **Industrial Policy Resolution of 1948** introduced a **system of mixed economy** in India. It laid stress on **protecting cottage and small-scale industries** by giving them priority status and emphasised on **workers getting fair wages and social security** for harmonious industrial relations. **Hence, pair 1 is correctly matched.**
- **Industrial policy resolution of 1956** was based on **PC Mahalanobis Model**. It laid emphasis on **heavy industries** and priority was given to industrial development in backward regions of the country. **Hence, pair 2 is correctly matched.**

- **Industrial Policy Statement of 1969** introduced **Monopolies and Restrictive Trade Practises Act (MRTP), 1969** on basis of recommendations by **Dutt Committee** to ensure that operation of the economy does not result in concentration of economic power in hands of few. MRTP act was later abolished and the replaced by **Competition Act 2002**. Hence pair 3 is not correctly matched.

#### Q 32.B

- In the year 1875, the Government of India established the India Meteorological Department, bringing all meteorological work in the country under a central authority. Mr. H. F. Blanford was appointed Meteorological Reporter to the Government of India. The first Director General of Observatories was Sir John Eliot who was appointed in May 1889 at Calcutta headquarters. **Hence statement 1 is correct.**
- National Center for Seismology (NCS) is the nodal agency of the Government of India for monitoring earthquake activity in the country. NCS maintains the National Seismological Network of 155 stations each having state of art equipment and spreading all across the country. NCS monitors earthquake activity all across the country through its 24x7 around-the-clock monitoring center. NCS also monitors earthquake swarm and aftershock by deploying a temporary observatory close to the affected region. **Hence statement 2 is not correct.**
- The Director General of Meteorology is the Head of the India Meteorological Department, with headquarters at New Delhi. **Hence statement 3 is not correct.**
- **Mandate of IMD:**
  - To take meteorological observations and to provide current and forecast meteorological information for optimum operation of weather-sensitive activities like agriculture, irrigation, shipping, aviation, offshore oil explorations, etc.
  - To warn against severe weather phenomena like tropical cyclones, norwesters, duststorms, heavy rains and snow, cold and heat waves, etc., which cause destruction of life and property.
  - To provide meteorological statistics required for agriculture, water resource management, industries, oil exploration and other nation-building activities.
  - To conduct and promote research in meteorology and allied disciplines. **Hence statement 4 is correct.**

#### Q 33.A

- **G20 TechSprint 2023 was organised to promote innovative solutions to improve cross-border payments.** G20 TechSprint 2023 is a joint initiative of the Reserve Bank of India (RBI) and the Bank for International Settlements (BIS) Innovation Hub.
- The G20 nations have agreed to promote cross-border payments, as outlined in the G20 Roadmap for Enhancing Cross-border Payments. Further, on the sidelines of the G20 summit, India has proposed to expand its presence for cross-border bill payments in the UK through the Bharat Bill Payment System (BBPS).
- **Hence, option (a) is the correct answer.**

#### Q 34.D

- **Free Trade Agreements (FTAs):**
  - FTAs are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariff and non tariff barriers on substantial trade between them.
  - FTAs, normally cover trade in goods (such as agricultural or industrial products) or trade in services (such as banking, construction, trading etc.). **FTAs can also cover other areas such as intellectual property rights (IPRs), investment, government procurement and competition policy, etc. Hence option (d) is the correct answer.**
- **Preferential Trade Agreement (PTA):** In a PTA, two or more partners agree to reduce tariffs on agreed number of tariff lines. The list of products on which the partners agree to reduce duty is called positive list. India MERCOSUR PTA is such an example. However, in general PTAs do not cover substantially all trade.
- **The Key difference between an FTA and a PTA is that while in a PTA there is a positive list of products on which duty is to be reduced; in an FTA there is a negative list on which duty is not reduced or eliminated.** Thus, compared to a PTA, FTAs are generally more ambitious in coverage of tariff lines (products) on which duty is to be reduced.
- **Comprehensive Economic Cooperation Agreement (CECA) and Comprehensive Economic Partnership Agreement (CEPA):** These terms describe agreements which consist of an integrated package on goods, services and investment along with other areas including IPR, competition etc. The



India Korea CEPA is one such example and it covers a broad range of other areas like trade facilitation and customs cooperation, investment, competition, IPR etc.

- **Custom Union:** In a Customs union, partner countries may decide to trade at zero duty among themselves, however they maintain common tariffs against rest of the world. An example is Southern African Customs Union (SACU) amongst South Africa, Lesotho, Namibia, Botswana and Swaziland. European Union is also an outstanding example.
- **Common Market:** Integration provided by a Common market is one step deeper than that by a Customs Union. A common market is a Customs Union with provisions to facilitate free movements of labour and capital, harmonize technical standards across members etc. European Common Market is an example.
- **Economic Union:** Economic Union is a Common Market extended through further harmonization of fiscal/monetary policies and shared executive, judicial & legislative institutions. European Union (EU) is an example.
- **Early harvest scheme** is a precursor to a free trade agreement (FTA) between two trading partners. This is to help the two trading countries to identify certain products for tariff liberalisation pending the conclusion of FTA negotiation. It is primarily a confidence building measure. The EHS has been used as a mechanism to build greater confidence amongst trading partners to prepare them for even bigger economic engagement.

#### Q 35.B

- **Recent context:** The Government of India, with the approval of the President of India, has constituted the Sixteenth Finance Commission, in pursuance to Article 280(1) of the Constitution. Dr Arvind Panagariya, former Vice-Chairman, NITI Aayog, and Professor, Columbia University will be the Chairman.
- Article 280 of the Constitution of India provides for a Finance Commission as a quasi judicial body. It is constituted by the president of India every fifth year or at such earlier time as he considers necessary.
- **The Finance Commission consists of a chairman and four other members to be appointed by the president. They hold office for such period as specified by the president in his order.** They are eligible for reappointment. **Hence statement 1 is correct and statement 2 is not correct.**
- The Constitution authorises the Parliament to determine the qualifications of members of the commission and the manner in which they should be selected. Accordingly, the Parliament has specified the qualifications of the chairman and members of the commission. The chairman should be a person having experience in public affairs and the four other members should be selected from amongst the following:
  - A judge of high court or one qualified to be appointed as one.
  - A person who has specialised knowledge of finance and accounts of the government.
  - A person who has wide experience in financial matters and in administration.
  - A person who has special knowledge of economics.
- The Finance Commission is required to make recommendations to the president of India on the following matters:
  - The distribution of the net proceeds of taxes to be shared between the Centre and the states, and the allocation between the states of the respective shares of such proceeds.
  - **The principles that should govern the grants-in-aid to the states by the Centre (i.e., out of the consolidated fund of India). Hence statement 3 is correct.**
  - The measures needed to augment the consolidated fund of a state to supplement the resources of the panchayats and the municipalities in the state on the basis of the recommendations made by the state finance commission.
  - Any other matter referred to it by the president in the interests of sound finance.
- The commission submits its report to the president. He lays it before both the Houses of Parliament along with an explanatory memorandum as to the action taken on its recommendations.

#### Q 36.B

- **Recent context:** World Employment and Social Outlook, Global Risks Report, World Economic Situation and Prospects reports have been released.
- **World Employment and Social Outlook report is released by International Labour Organisation.**
  - The International Labour Organization is a United Nations agency whose mandate is to advance social and economic justice by setting international labour standards.
  - Founded in October 1919 under the League of Nations, it is one of the first and oldest specialised agencies of the UN.

- **Global Risks Report is released by World Economic Forum.**
  - The World Economic Forum is an international non-governmental organization for public-private sector collaboration based in Cologny, Canton of Geneva, Switzerland. It was founded on 24 January 1971 by German engineer Klaus Schwab.
  - Other reports by World Economic Forum are
    - ✓ Energy Transition Index
    - ✓ Global Competitiveness Report
    - ✓ Global Gender Gap Report
    - ✓ Global Travel and Tourism Report
- **World Economic Situation and Prospects is a report produced by the United Nations Department of Economic and Social Affairs (UN DESA), in partnership with the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions.**
- Reports by IMF are World Economic Outlook, Global Financial Stability Report.
- **Hence option (b) is the correct answer.**

#### Q 37.D

- The Global Water Monitor report for 2023, published by the Global Water Monitor consortium. The Global Water Monitor Consortium is a partnership of several individuals and organizations who share a mission to make global water information more current and available for public interest and debate. Together, they have developed the Global Water Monitor ([www.globalwater.online](http://www.globalwater.online)), a web-based data explorer where users can find detailed current and past climate and water information. The 2023 Global Water Monitor report reveals that
  - Over 77 countries endured their highest average annual temperatures in the last 45 years.
  - 2023 was the hottest year on record and this also affected the water cycle in various ways, from intensifying cyclones and other rainfall systems to exacerbating drought and fire activity.
  - The global water cycle in 2023 was influenced by the shift to El Nino conditions, a climate anomaly that occurs in the Pacific at intervals of 2–7 years. It was also influenced by increasing sea surface temperatures due to global warming. Warming conditions increase the strength and rainfall intensity associated with storm systems such as tropical cyclones. “There were a relatively large number of such events in 2023 and the human and economic toll was large.
  - The year 2023 ranked second in relative air humidity, continuing a trend towards drier average and extreme conditions.
  - Despite warmer and drier conditions, high annual soil water conditions were observed in many regions. The water content in the soil over the land area was 3.5 per cent above the 1998-2005 average.
- **Hence option (d) is the correct answer.**

#### Q 38.D

- **The civil aviation industry** in India has emerged as one of the fastest growing industries in the country during the last three years and can be **broadly classified into** scheduled air transport service which includes **domestic and international airlines**, non-scheduled **air transport service** which consists of charter operators and air taxi operators, **air cargo service**, which includes air transportation of cargo and mail.
- In the financial year 2022, the **total air passenger traffic in India reached more than 105 million** passengers. It was a huge increase compared to the previous year. whereas the **total freight tonnage** handled at Indian airports in the financial year 2022 was **3.14 million metric tons**. The majority of this was international freight. **Hence statement 1 is not correct.**
- In FY23 (as of June 2023), airports in India pegged the **domestic passenger traffic to be 76.73 million**, a 19.1% YoY growth, and **international passenger traffic to be 16.24 million**, a 35% YoY growth, over the same period last year. **Hence statement 2 is not correct.**
- As per the data of the World Bank **India is the fourth largest air passenger market whereas 25th largest air freight market.** **Hence statement 3 is not correct.**

#### Q 39.D

- The theory of economic development clearly states that the share of agriculture in the total economy declines with economic progress or growth of the economy. This share refers to both share in national income (output) and total employment (workforce).
- In 1950-51, 69 per cent of the total workforce of the country was engaged in agriculture and they contributed 53 per cent of the national income. By 1970-71, the share of the agriculture sector in

employment turned out to be slightly higher, but its share in national income declined by close to 20 per cent. **The share of the agriculture sector in employment further declined to 46.5 percent in 2020-21. Hence statement 1 is not correct.**

- The decline in agriculture's share in national income was faster than the decline in its share in the national workforce and this meant that disparities in per worker income between agriculture and non-agriculture further widened. In 2010-11, the income of one agricultural worker turned out to be less than one-fifth of the average income accruing to a non-agriculture worker. This trend in rising income disparity reversed after 2010-11, as the share of agriculture in the workforce fell much faster than the drop in its share in national income. **As a result, income per agriculture worker in 2020-21 turned out to be 29 per cent of the income of a non-agriculture worker.** A major factor in this has been the relatively faster increase in agricultural prices, translating into faster growth in nominal income of the agriculture sector in recent years. **Hence statement 2 is not correct.**

#### Q 40.C

- **'Sarvodaya Plan'** was inspired by Vinoba Bhave's idea of Sarvodaya and was **drafted by Jai Prakash Narayan in 1950.**
- The plan emphasised on **promotion of agriculture and small cottage industries.** It suggested **freedom from foreign technology** and stressed upon **need for land reforms** in India. It further recommended for **decentralised and participatory planning.**
- **Hence, option (c) is the correct answer.**

#### Q 41.D

- **The Agreement on Agriculture (AoA) is a WTO treaty that was negotiated during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and formally ratified in 1994 at Marrakesh, Morocco.**
  - The AoA came into effect in 1995. According to its provisions, developing countries were to complete their reduction commitments by 2000 and developed countries by 2004.
  - It covers products that are normally considered part of agriculture but excludes forestry and fishery products and also rubber, sisal, jute, coir and abaca.
- **The provisions of the WTO Agreement on Agriculture relate mainly to three broad categories:**
  - **Market Access:**
    - ✓ **Tariffication:** implies all non-tariff barriers to be abolished and converted to tariffs.
    - ✓ **Tariff reduction:** Developing countries were obligated to reduce tariffs by 24% in 10 years.
    - ✓ **Access opportunities:** Minimum access equal to 3% of domestic consumption in 1986-88 will have to be established for the year 1995 rising to 5% at the end of the implementation period.
    - ✓ **Least developed countries do not have to make commitments to reduce tariffs or subsidies.**
  - **Export subsidies:**
    - ✓ Developed countries are mandated to reduce their export subsidy volume by 21% and expenditure by 36% in 6 years, in equal installment (from 1986-1990 levels).
    - ✓ Developing countries need to reduce export subsidy volume by 14% and expenditure by 24% over ten years in equal instalments.
  - **Domestic support:**
    - ✓ It calls for reduction in domestic subsidies that distorts free trade and fair price.
    - ✓ Aggregate Measurement of Support (AMS) is to be reduced by 20% over a period of 6 years by developed countries and 13% over a period of 10 years by developing countries.
- **The Agreement on Agriculture (AoA) divides domestic support into:**
  - **Trade distorting** - all trade distorting subsidies are placed under **Amber box** which is qualified in accordance with Aggregate Measure of Support (both product and non product specific). These include measures to support prices, or subsidies directly related to production quantities.
    - ✓ AoA stipulates reduction of total AMS by 20% for developed countries over a period of 6 years while by 13% over a period of 10 years by developing countries.
    - ✓ Policies amount to domestic support under this category of less than 5% of value of production for developed countries and less than 10% for developing countries are excluded from any reduction commitments also called de minimis subsidies.
  - **Non trade distorting or minimal trade distorting:**
    - ✓ **Green box** includes assistance given through environmental assistance programmes like research training and extension, marketing information, rural infrastructure etc.. Support under it is excluded from any reduction commitments and is not subject to any upper limit.

- ✓ They have to be government-funded (not by charging consumers higher prices) and must not involve price support. They include government services such as research, disease control, infrastructure and food security. **They also include payments made directly to farmers that do not stimulate production, such as certain forms of direct income support, assistance to help farmers restructure agriculture, and direct payments under environmental and regional assistance programme. Hence option (d) is the correct answer.**
- **Blue box** This is the "amber box with conditions"- designed to reduce distortion and includes direct payments in the form of price deficiency, direct payment to limit production. It is also exempted from reduction commitments but has an upper limit.
- **Special and Differential box** includes measures taken by developing countries, otherwise subject to reduction like investment subsidies, input subsidies.
- **The Agriculture Agreement prohibits export subsidies on agricultural products unless the subsidies are specified in a member's lists of commitments.** Where they are listed, the agreement requires WTO members to cut both the amount of money they spend on export subsidies and the quantities of exports that receive subsidies.

#### Q 42.A

- **What are Special Drawing Rights (SDR) in IMF?**
  - The SDR is an international reserve asset, created by the IMF in 1969 to supplement its member countries' official reserves. It is an interest-bearing - international reserve asset, which can be exchanged for freely usable currencies. **Hence, statement 1 is not correct.**
  - The value of the SDR is based on a basket of five major currencies—the US dollar, the euro, the Chinese renminbi (RMB), the Japanese yen, and the British pound sterling.
  - The Chinese RMB was included in the SDR basket Effective October 1, 2016.
  - The Board also decided at that time that the weights of each currency would be 41.73 per cent for the U.S. dollar, 30.93 per cent for the Euro, 10.92 per cent for the Chinese yuan, 8.33 per cent for the Japanese yen, and 8.09 per cent for the Pound sterling.
  - The SDRs are allocated to the member countries in proportion to their quota subscriptions.
  - Only IMF members can participate in the SDR facility. **Hence, statement 2 is correct.**
  - SDRs being costless as it is just book entry in the Special Drawing Account of the IMF, is often called paper gold.
  - Whenever such paper gold is allocated, it gets a credit entry in the name of the participating countries in the said account. It is to be noted that SDRs, once allocated to a member, are owned by it and operated by it to overcome BOP deficits. **Hence, statement 3 is correct.**
- **Criteria for inclusion in the SDR basket**
  - Export criterion: The issuer of currency is an IMF member or a monetary union, that includes IMF members, and is one of the top five exporters of the world.
  - Determined to be "freely usable" currency by the IMF: Currency is widely used to make payments for international transactions and is widely traded in the principal exchange markets.

#### Q 43.B

- SGBs are government securities denominated in grams of gold. They are substitutes for holding physical gold. **Investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity.** The Bond is issued by Reserve Bank on behalf of Government of India. **Hence statement 1 is not correct.**
- Persons resident in India as defined under Foreign Exchange Management Act, 1999 are eligible to invest in SGB. Eligible investors include individuals, HUFs, trusts, universities and charitable institutions. Individual investors with subsequent change in residential status from resident to non-resident may continue to hold SGB till early redemption/maturity.
- **The Bonds are issued in denominations of one gram of gold and in multiples thereof. Minimum investment in the Bond shall be one gram with a maximum limit of subscription of 4 kg for individuals, 4 kg for Hindu Undivided Family (HUF) and 20 kg for trusts and similar entities notified by the government from time to time per fiscal year (April – March). Hence statement 2 is correct.**
- The Bonds bear interest at the rate of 2.50 per cent (fixed rate) per annum on the amount of initial investment. Interest will be credited semi-annually to the bank account of the investor and the last interest will be payable on maturity along with the principal.
- Bonds are sold through offices or branches of Nationalised Banks, Scheduled Private Banks, Scheduled Foreign Banks, designated Post Offices, Stock Holding Corporation of India Ltd. (SHCIL) and the authorised stock exchanges either directly or through their agents.



- The nominal value of Gold Bonds shall be in Indian Rupees fixed on the basis of simple average of closing price of gold of 999 purity, published by the India Bullion and Jewelers Association Limited, for the last 3 business days of the week preceding the subscription period.

#### Q 44.B

- The Micro, Small and Medium Enterprises Development Act, of 2006 aims at facilitating the promotion, development and enhancement of the competitiveness of micro, small, and medium enterprises.
- After 14 years since the MSME Development Act came into existence in 2006, a revision in the MSME definition was announced in the Atmnirbhar Bharat package on 13th May 2020.
  - The existing criterion of definition of MSMEs is based on the MSMED Act, 2006. It was different for manufacturing and services units. It was also very low in terms of financial limits. Since then, the economy has undergone significant changes.
- A new composite formula of classification for manufacturing and service units has been notified. Now, there will be no difference between the manufacturing and service sectors. Also, a new criterion of turnover is added.

Composite Criteria: Investment in Plant / Machinery			
Sl.No	Type of Enterprises	Investment in Plant and Machinery or Equipment	Turnover
1	Micro enterprises	Less than Rs.1 Crore	Less than Rs.5 Crore
2	Small enterprises	Less than Rs.10 Crore	Less than Rs.50 Crore
3	Medium enterprises	Less than Rs.50 Crore	Less than Rs.250 Crore

- **Exports are not counted in turnover for any enterprises whether micro, small or medium. This will encourage the MSMEs to export more and more without fearing to lose the benefits of an MSME unit.**
- **Hence option (b) is the correct answer.**

#### Q 45.A

- **Hard peg** is an exchange rate policy in which the central bank sets a fixed and unchanging value for the exchange rate. Soft peg is an exchange rate policy in which the government usually allows the market to set the exchange rate, but in some cases, especially if the exchange rate seems to be moving rapidly in one direction, the central bank will intervene. **Hence, statement 3 is not correct.**
- **The fixed currency regime** is a method of regulating exchange rates of world currencies brought by the International Monetary Fund. In this system exchange rate of a particular currency was fixed by the IMF keeping the currency in front of a basket of important world currencies. Different economies were supposed to maintain that particular exchange rate in future. Exchange rates of currencies were modified by the IMF from time to time.
- **In the floating exchange rate system**, a domestic currency is left free to float against a number of foreign currencies in its foreign exchange market and determine its own value. Such exchange rates, are also called as market driven or based exchange rates, which are regulated by factors such as the demand and supply of the domestic and the foreign currencies in the concerned economy. In 1973 the IMF allowed an option to its member countries to go for either of the currency systems. **Hence, statement 2 is correct.**
- **A managed-exchange-rate system** is a hybrid or mixture of the fixed and flexible exchange rate systems in which the government of the economy attempts to affect the exchange rate directly by buying or selling foreign currencies or indirectly, through monetary policy (i.e., by lowering or raising interest rates on foreign currency bank accounts, affecting foreign investment, etc.). Some of the major examples of the managed exchange-rate system have been given below:
  - Some countries allow to free float their currencies and allow the market forces to determine their exchange rate with rare government intervention. This is the idea from which the floating currency regime basically emerged. The USA and the EU are the major examples in this category.
  - Some economies have managed but flexible exchange rates, under which the governments buy or sell its currency to reduce day-to-day volatility of currency fluctuations and sometimes go for systematic intervention for desired objectives. Canada and Japan fall in this category, besides many developing countries. India too falls under this category which follows the dual currency regime since 1992–93 financial year.

- Some economies, particularly small ones, peg their currencies to a major currency or to a basket of currency in a fixed exchange rate—known as the pegging of currencies. At times, the peg is allowed to glide smoothly upward or downward—a system which is known as gliding or crawling peg. Some economies have a hard fix of a currency board. A currency board is working well in Hong Kong while the same failed in Argentina in 2002.
- Pegging is controlling a country's currency rate by tying it to another country's currency or steering an asset's price prior to option expiration. more
- Currency substitution is when a country uses a foreign currency in lieu of, or in addition to, its currency, mainly due to the former's stability. **Hence, statement 1 is not correct.**

#### Q 46.C

- **Balance of Payments (BoP)** summaries the economic transactions of an economy with the rest of the World (i.e. transactions between resident & non-resident entities) during a given period. **It comprises of current and capital & financial accounts.**
- As per Balance of Payment Manual (IMF), current account covers all transactions (other than those in financial items) that involve economic values and occur between resident and non-resident entities. Current account of the BoP, transactions can be classified into merchandise (exports and imports) and invisibles. Invisible transactions are further classified into three categories, namely:
  - **Services** - travel, transportation, insurance, Government not included elsewhere (GNIE) and miscellaneous (such as, communication, construction, financial, software, news agency, royalties, management and business services etc);
  - **Income (investment income & compensation of employees)** - Investment income covers receipts and payments of income associated, respectively, with residents' holdings of external financial assets and with residents' liabilities to non-residents. Investment income consists of direct investment income, portfolio investment income, and other investment income. **Hence, statement 1 is correct.**
  - **Current Transfers (grants, gifts, remittances, etc.)** which do not have any quid pro quo.
- The former balance of payments capital account has been redesignated as the capital and financial account as per the fifth edition of Balance of Payments Manual (IMF) and the revised account has two major components: - The Capital Account and The Financial Account. These are in accordance with the same accounts in the System of National Accounts (SNA). Assets represent claims on residents and liabilities represent indebtedness to non-residents.
- **Capital Account:** The major components of the capital account are (a) capital transfers and (b) **acquisition/disposal of non-produced, non-financial assets. Hence, statement 2 is correct.**
- **Financial Account:** The financial account records an economy's transaction in external financial assets and liabilities. All components are classified according to type of investment or by functional subdivision ((a) direct investment, (b) portfolio investment, (c) other investment, (d) reserve assets (external assets that are readily available to and controlled by monetary authorities for direct financing of payments imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes)).
- **Rupee Debt Service is the interest payments on and principal repayments on account of civilian and non-civilian debt.** It is shown under the capital account. **Hence, statement 3 is correct.**

#### Q 47.B

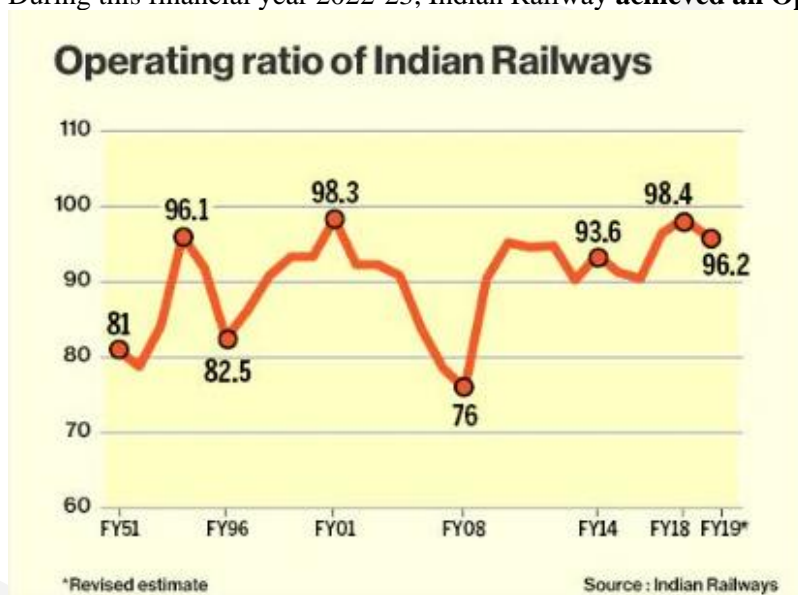
- This report "Green Hydrogen: Enabling Measures Roadmap for Adoption in India" by the World Economic Forum in collaboration with Bain and Company proposes a roadmap defined by five development goals, focused on encouraging the integration of green hydrogen to meet India's fuel demands and on disincentivizing the use of carbon-emitting fuel sources. Facilitating exports could be another economic incentive that the green hydrogen economy could provide. Also, the incremental value being created during the process of national decarbonization could be used to further aid domestic decarbonization goals.
- The findings of this report indicate that to achieve its ambitious goal of producing at least 5 MMTPA of green hydrogen production by 2030, India should work to reduce the cost of green hydrogen by lowering the associated renewable electricity expenses and investing in advances in electrolyser manufacturing, infrastructure, and innovative R&D.
- **Hence option (b) is the correct answer.**

Q 48.B

- **Telecom Technology Development Fund (TTDF)** aims to fund **R&D in rural-specific communication technology** applications and form synergies among academia, start-ups, research institutes, and the industry to build and develop the telecom ecosystem. Additionally, the Scheme aims to promote technology **ownership and indigenous manufacturing**, create a culture of technology co-innovation, reduce imports, boost export opportunities, and creation of Intellectual Property. **Hence statement 1 is not correct.**
- scheme, USOF is also targeting to develop standards to meet countrywide requirements and create the ecosystem for research, design, prototyping, use cases, pilots, and proof of concept testing, among others.
- The scheme entails **grants to only Indian companies and institutions** involved in the technology design, development, and commercialization of telecommunication products and solutions to enable affordable broadband and mobile services in rural and remote areas. **Hence statement 2 is correct.**
- **Universal Service Obligation Fund (USOF)**, a body under the **Department of Telecommunications**, launched the **Telecom Technology Development Fund (TTDF)** Scheme. **Hence statement 3 is correct.**

Q 49.D

- **The operating ratio** of a railway is a financial metric that **indicates the efficiency of its operations**. It's calculated by dividing the operating expenses of the railway by its operating revenue and then multiplying by 100 to get a percentage.
- **Operating Ratio = (Operating Expenses / Operating Revenue) \* 100**
- **A lower operating ratio is generally considered better** because it indicates that a **higher percentage of revenue** is available to cover non-operating costs like interest and taxes. It's a key performance indicator for railways, reflecting how well they manage their operational costs in relation to the revenue generated from their core transportation services.
- During this financial year 2022-23, Indian Railway **achieved an Operating Ratio of 98.14%.**



- **Hence option (d) is the correct answer.**

Q 50.B

- To bring better compliance with quality standards, the Ministry of Health and Family Welfare (MoHFW) notified the revised rules under Schedule M of the Drugs and Cosmetics Rules, 1945, in the Gazette of India on Saturday. Schedule M prescribes good manufacturing practices (GMP) for pharmaceutical products.
- Good Manufacturing Practices (GMP, also referred to as 'cGMP' or 'current Good Manufacturing Practice') is the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification.
- The first WHO draft text on GMP was adopted in 1968. In 1969, when the World Health Assembly recommended the first version of the WHO Certification Scheme on the quality of pharmaceutical products moving into the global market, it accepted the WHO GMP as an integral part of the Scheme.
- **Hence option (b) is the correct answer.**

#### Q 51.D

- The nominal effective exchange rate (NEER) and the real effective exchange rate (REER) are both indicators of a nation's competitiveness with its trading partners.
- The real effective exchange rate (REER) is the weighted average of a country's currency in relation to an index or basket of other major currencies. The weights are determined by comparing the relative trade balance of a country's currency against that of each country in the index.
- NEER is the average rate at which one nation's currency is valued in comparison with a basket of other currencies, weighted for the percentage of trade that each currency represents to that nation.
- The real exchange rate is the current price businesses and consumers will pay to buy a foreign product using their home currencies. For example, if the current U.S. exchange rate between the U.S. and Britain was \$1.38 U.S. dollars for one pound, an American consumer would need \$1.38 to buy one pound worth of goods. When Americans exchange dollars for pounds, the amount they receive is based on the real exchange rate. **Hence, statement 1 is not correct.**
- Forex traders sometimes refer to the NEER as the trade-weighted currency index. NEER is used in economic studies and for policy analysis on international trade. It is also used by forex traders who engage in currency arbitrage. A higher NEER coefficient (above 1) means that the home country's currency is usually worth more than an imported currency, and a lower coefficient (below 1) means that the home currency is usually worth less than the imported currency. **Hence, statement 2 is not correct.**
- An increase in a nation's REER is an indication that its exports are becoming more expensive and its imports are becoming cheaper. It is losing its trade competitiveness. **Hence, statement 3 is not correct.**
- REER can be used to measure the equilibrium value of a country's currency, identify the underlying factors of a country's trade flow, and analyze the impact that other factors, such as competition and technological changes, have on a country and ultimately on the trade-weighted index.

#### Q 52.B

- The Kerala Drug Control Department launched tests in the first week of January 2024 called Operation Amrith (AMRITH - Antimicrobial Resistance Intervention For Total Health) to prevent the overuse of antibiotics in the state. Operation Amrith is aimed at conducting surprise raids in retail medical shops for detecting OTC sale of antibiotics and also a Toll Free Number is provided (Toll Free No 18004253182) for lodging complaints against medical shops, according to the department.
- The Kerala government was the first state in India that came up with the state action plan on AMR, KARSAP, in 2018. Aligned with India's National Action Plan on AMR, Kerala's plan reflected a multi-sectoral approach. Besides human health aspects, it aimed to address animal and environmental dimensions of the AMR problem, which is crucial for the effective containment of AMR.
- **Hence option (b) is the correct answer.**

#### Q 53.B

- Production Linked Incentive, or PLI, scheme of the Government of India is a form of performance-linked incentive to give companies incentives on incremental sales from products manufactured in domestic units.
  - It is aimed at boosting the manufacturing sector and to reduce imports. The objective of these schemes entails Make in India, incentivizing foreign manufacturers to start production in India, and incentivizing domestic manufacturers to expand their production and exports.
- Keeping in view India's vision of becoming 'Atmanirbhar', **Production Linked Incentive (PLI) Schemes for 14 key sectors have been announced** with an outlay of Rs. 1.97 lakh crore (over US\$26 billion) to enhance India's Manufacturing capabilities and Exports.
- The 14 sectors (**as of December 2022**) are:
  - Mobile Manufacturing and Specified Electronic Components
  - Critical Key Starting Materials/Drug Intermediaries & Active Pharmaceutical Ingredients
  - **Manufacturing of Medical Devices**
  - Automobiles and Auto Components
  - Pharmaceuticals Drugs
  - **Specialty Steel**
  - Telecom & Networking Products
  - Electronic/Technology Products
  - White Goods (ACs and LEDs)
  - Food Products
  - Textile Products: MMF segment and technical textiles
  - High-efficiency solar PV modules



- Advanced Chemistry Cell (ACC) Battery
- **Drones and Drone Components**
- **As of now, the construction sector is not covered under the Production Linked Incentive scheme.**
- The purpose of the PLI Schemes is to attract investments in key sectors and cutting-edge technology; ensure efficiency bring economies of size and scale in the manufacturing sector and make Indian companies and manufacturers globally competitive.
- **Hence option (b) is the correct answer.**

#### Q 54.A

- The TMT project is a collaboration among various international partners, including institutions from the United States, Canada, Japan, India, and China. Its primary mission is to study a wide range of astronomical phenomena, including the distant universe, stars, planets, and galaxies. The telescope's large size and advanced technology will enable it to make groundbreaking observations and discoveries in astrophysics and cosmology. **Hence statement 1 is not correct.**
- This project is expected to create one of the largest visible-light telescopes in the world, which would have a 30 m prime mirror diameter, three times wider and with nine times more area than the current largest telescope. **Hence statement 2 is not correct.**
- It is designed to be one of the world's most powerful and capable optical telescopes, with a primary mirror that measures 30 meters (about 98 feet) in diameter. It will produce 12 times sharper images than the Hubble Space Telescope, which is the largest and most versatile telescope in the world till date. **Hence statement 3 is correct.**
- The Thirty Meter Telescope (TMT) is an advanced astronomical observatory planned for construction on Mauna Kea, a dormant volcano on the Big Island of Hawaii. The clarity and stability of the atmosphere above Maunakea allows incredibly detailed visual observations of the night sky. It is one of the best places on earth for TMT to capture the precise data needed to test fundamental theories of physics and detect the faint signatures of life on far-off worlds. **Hence statement 4 is not correct.**
- **Hence option (a) is the correct answer.**

#### Q 55.B

- In economics, Gresham's law is a monetary principle stating that "bad money drives out good". For example, if there are two forms of commodity money in circulation, which are accepted by law as having similar face value, the more valuable commodity money (**with greater intrinsic value**) will gradually disappear from circulation.
- **Hence option (b) is the correct answer.**

#### Q 56.B

- **Recent context:** Union Minister of Commerce & Industry, Piyush Goyal, announced today that India and the United Arab Emirates (UAE) are aiming to expand their bilateral trade to an impressive US\$ 100 Billion.
- **India has sought to establish ambitious project called 'Bharat Park', a trade zone in the UAE.** This initiative aims to house showrooms and warehouses for Indian goods, enabling countries worldwide to conveniently purchase Indian products with the assurance of secure payment systems in the UAE.
- India and UAE have a Comprehensive Economic Partnership Agreement (CEPA).
- India-UAE trade, valued at US\$ 180 million per annum in the 1970s, is today around US\$ 73 billion making UAE, India's third-largest trading partner for the year 2021-22 after US and China.
  - Moreover, UAE is the second largest export destination of India (after US) with an amount of over US\$ 28 billion for the year 2021-22. For UAE, India is the second largest trading partner for the year 2021 with an amount of around US\$ 45 billion (non-oil trade).
- **Hence option (b) is the correct answer.**

#### Q 57.B

- Corporate Social Responsibility (CSR) is a concept, in which companies decide voluntarily to contribute to a better society and a cleaner environment – a concept, whereby the companies integrate social and other useful concerns in their business operations **for the betterment of their stakeholders and society in general in a voluntary way.**
- Section 135 of the Companies Act, 2013 ("Act") provides that certain companies must mandatorily contribute a certain amount towards CSR activities. As per the Act, 'Corporate Social Responsibility' means and includes but is not limited to

- Projects or programs relating to activities specified in Schedule VII to The Act.
- Projects or programs relating to those activities which are undertaken by the Board of Directors of a company in ensuring the recommendation of the CSR Committee of the Board as per declared CSR Policy along with the conditions that such policy will cover subjects specified in Schedule VII of the Act.
- The provisions of CSR apply to every company fulfilling any of the following conditions in the preceding financial year:
  - **Net worth of more than Rs.500 crore**
  - **Turnover of more than Rs.1000 crore**
  - **Net profit of more than Rs.5 crore**
- The Board of Directors of every company for which the CSR provisions apply must ensure that the company spends in every financial year at least 2% of its average net profits made during the immediately preceding three financial years as per its CSR policy.
- If the company has not completed three financial years since its incorporation, it must spend 2% of its average net profits made during the immediately preceding financial years as per its CSR policy.
- **Hence option (b) is the correct answer.**

#### Q 58.B

- The New Industrial Policy of 1991 comes at the center of economic reforms that launched during the early 1990s.
- All the later reform measures were derived from the new industrial policy. The Policy has brought comprehensive changes in economic regulation in the country.
- As part of the policy, the role of the public sector has been redefined. A dedicated reform policy for the public sector including the disinvestment programme was launched under the NIP 1991. The private sector has given a welcome in major industries that were previously reserved for the public sector.
- **The policy has brought changes in the following aspects of industrial regulation**
  - Industrial delicensing policy or the end of red tape
    - ✓ The most important part of the new industrial policy of 1991 was the end of industrial licensing or the license raj or red tape.
    - ✓ **The industrial policy of 1991 has almost abandoned the industrial licensing system. It has reduced industrial licensing to fifteen sectors. At present only Tobacco items, Defense aerospace and warships, Hazardous chemicals, and Industrial explosives require industrial licensing in India. Hence statement 1 is not correct.**
  - Dereservation of the industrial sector
    - ✓ Under industrial deregulation, most of the industrial sectors were opened to the private sector as well. Previously, most of the industrial sectors were reserved for the public sector. Under the new industrial policy, only two sectors- atomic energy and railways are reserved for the public sector. All other sectors have been opened for private sector participation.
  - Reforms related to the Public sector enterprises
    - ✓ Reforms in the public sector were aimed at enhancing the efficiency and competitiveness of the sector. The government identified strategic and priority areas for the public sector to concentrate on. Similarly, loss-making PSUs were sold to the private sector. **The government has adopted a disinvestment policy for the restructuring of the public sector in the country.** at the same time, autonomy has been given to PSU boards for efficient functioning. **Hence statement 3 is correct.**
  - Foreign investment policy
    - ✓ Another major feature of the economic reform measure was it has given welcome to foreign investment and foreign technology. This measure has enhanced the industrial competition and improved the business environment in the country. Foreign investment including FDI and FPI were allowed. Similarly, loan capital has also been introduced in the country to attract foreign capital.
  - **Abolition of the MRTP Act**
    - ✓ **The New Industrial Policy of 1991 abolished the Monopoly and Restricted Trade Practice Act.** In 2010, the Competition Commission emerged as the watchdog in monitoring competitive practices in the economy. **Hence statement 2 is correct.**

### Q 59.B

- The investment climate in India has improved considerably since the opening up of the economy in 1991.
- Total FDI inflows in the country in the last 23 years (April 2000 - September 2023) are \$953.143 Bn while the total FDI inflows received in the last 9 years (April 2014 - September 2023) was \$615.73 Bn which amounts to nearly 65% of total FDI inflow in last 23 years.
- Total FDI inflows in the country in FY 22-23 is \$70.97 Bn and total FDI equity inflows stand at \$46.03 Bn.
- Mauritius (24%), Singapore (23%), USA (9%), Netherlands (7%), and Japan (6%) emerge as the top 5 countries for FDI equity inflows into India FY 2022-23.
- Automatic Route
  - Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from the Government of India for the investment.
- Government Route
  - Under the Government Route, before investment, approval from the Government of India is required. Proposals for foreign direct investment under the Government route, are considered by the respective Administrative Ministry/ Department.
- **100 Percent FDI is permitted in the following sectors**
  - Air Transport Services (non-scheduled and other services under the civil aviation sector)
  - Airports (Greenfield & Brownfield)
  - Autocomponents
  - Automobiles
  - Biotechnology (Greenfield)
  - Broadcast Content Services (Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels)
  - Capital Goods
  - Chemicals
  - Coal & Lignite
  - Construction Development: Townships, Housing, Built-up Infrastructure
  - Construction of Hospitals
  - Electronic Systems
  - **Food Processing**
  - Healthcare (Greenfield)
  - IT and BPM
  - Leather
  - Medical Devices
  - Mining and Exploration of metal and nonmetal ores
  - **Pharmaceuticals (Greenfield)**
- **In the defense sector, FDI through automatic routes is permitted up to 74% and beyond that up to 100 percent through government routes.**
- **Hence option (b) is the correct answer.**

### Q 60.A

- The pricing of sugarcane is governed by the statutory provisions of the Sugarcane (Control) Order, 1966 issued under the Essential Commodities Act (ECA), 1955.
- The Sugarcane (Control) Order, 1966 was amended in 2009 and the concept of the Fair and Remunerative Price (FRP) of sugarcane was introduced. **The FRP announced by the Cabinet Committee on Economic Affairs (CCEA) is decided on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP) in consultation with the State Governments and after taking feedback from associations of the sugar industry. Hence, statement 1 is correct.**
- The amended provisions of the Sugarcane (Control) Order, 1966 provides for fixation of FRP of sugarcane having regard to the following factors:-
  - cost of production of sugarcane
  - return to the growers from alternative crops and the general trend of prices of agricultural commodities
  - availability of sugar to consumers at a fair price
  - price at which sugar produced from sugarcane is sold by sugar producers
  - **recovery of sugar from sugarcane. Hence, statement 2 is correct.**
  - reasonable margins for the growers of sugarcane on account of risk and profits

- the realization made from the sale of by-products viz. molasses, bagasse and press mud or their imputed value
- If the support price announced by the Centre is not agreeable to the farmers, generally, State governments announce **State Advisory Price (SAP)**, which will be over and above the support price announced by the Centre. It varies from State to State and year to year.
- According to the Indian Sugar Mills Association (ISMA), some states declare state-specific sugarcane prices called State Advised Prices (SAP), which are as much a result of “differences in cost of production, productivity levels” as also “a result of pressure from farmers’ groups”. **SAP is announced by the states and there is no involvement of CACP. Hence, statement 3 is not correct.**

#### Q 61.B

- The Mines and Minerals (Regulation and Development) Act (1957) is an Act of the Parliament of India enacted to regulate the mining sector in India. It was amended in 2015, 2016 and 2023.
- For regulation, the Act classifies mining-related activities into
  - reconnaissance, which involves a preliminary survey to determine mineral resources,
  - prospecting, which includes exploring, locating, or proving mineral deposits, and
  - mining, the commercial activity of extraction of minerals.
- The Act defines reconnaissance operations as operations undertaken for preliminary prospecting and includes
  - aerial surveys,
  - geophysical, and
  - geochemical surveys. It also includes geological mapping.
- The Act provides for the following types of concessions: (i) a reconnaissance permit for reconnaissance, (ii) a prospecting licence for prospecting, (iii) a mining lease for undertaking mining, and (iv) a composite licence, for prospecting and mining and also exploration licence.
- The exploration licence will be issued for 29 minerals specified in the Seventh Schedule. These include gold, silver, copper, cobalt, nickel, lead, potash, and rock phosphate. These also include six minerals classified as atomic minerals under the Act: (i) beryl and beryllium, (ii) lithium, (iii) niobium, (iv) titanium, (v) tantalum, and (vi) zirconium. The 2023 Amendment Act declassifies them as atomic minerals.
  - **Unlike other minerals, the prospecting and mining of atomic minerals is reserved for government entities under the Act. Hence statement 2 is correct.**
- The exploration licence will be granted by the state government through competitive bidding. The central government will prescribe details such as the manner of the auction, terms and conditions, and bidding parameters for exploration licences through rules.
- **The exploration licence will be issued for five years.** A licensee may request for extension of up to two years by making an application to the state government. The application may be made after three years of issuance of the licence but before its expiry. **Hence statement 1 is not correct.**
- Under the Act, a prospecting licence allows activities in an area up to 25 square kilometres, and a single reconnaissance permit allows activities in an area up to 5,000 square kilometres.

#### Q 62.D

- The International Monetary Fund offers various types of loans that are tailored to countries' different needs and specific circumstances. Loans to low-income countries carry a zero-interest rate.
- The Rapid Credit Facility (RCF) of IMF provides rapid concessional financial assistance to low-income countries (LICs) facing an urgent balance of payments (BoP) need with no ex-post conditionality where a full-fledged economic program is neither necessary nor feasible. The RCF was created under the Poverty Reduction and Growth Trust (PRGT) as part of a broader reform to make the Fund's financial support more flexible and better tailored to the diverse needs of LICs, including in times of crisis. **Hence, statement 1 is not correct.**
- **The Rapid Financing Instrument (RFI)** provides rapid financial assistance, **which is available to all member countries** facing an urgent balance of payments need. The RFI was created as part of a broader reform to make the IMF's financial support more flexible to address the diverse needs of member countries.
- **The RFI replaced the IMF's previous emergency assistance policy** and can be used in a wide range of circumstances. Financial assistance under the RFI is provided in the form of outright purchases without the need for a full-fledged program or reviews. A member country requesting RFI assistance is required to cooperate with the IMF to make efforts to solve its balance of payments difficulties and to describe the



general economic policies that it proposes to follow. Prior actions may be required where warranted. **Hence, statement 2 is not correct.**

- **Other facilities are:**

- Extended Credit Facility (ECF) is provided to sustain medium- to long-term engagement in case of protracted balance of payments problems.
- Standby Credit Facility is provided to finance low-income countries with actual or potential short-term balance of payments and adjustment needs caused by domestic or external shocks, or policy slippages. It can also be used on a precautionary basis during times of increased risk and uncertainty.

#### Q 63.A

- The subsidies provided by the government to the agricultural sector (i.e., domestic support) is termed by the WTO as Aggregate Measure of Support (AMS). It is calculated in terms of product and input subsidies.
- The WTO argues that product subsidies like minimum support prices and input subsidies (non-product) like credit, fertilizers, irrigation and power will cut the production cost of farming and will give undue advantage to such countries in their access to the world market—such subsidies are called to cause ‘distortions’ to the world trade.
- Such subsidies are not permitted in one sense as they have a minimum permissible limit de minimis under the provisions which is 5 per cent and 10 per cent of their total agricultural output in the case of developed and developing countries, respectively.
- The agricultural subsidies, in the World Trade Organisation terminology, have in general been identified by ‘boxes’ which have been given the colours of the traffic lights—green (means permitted), amber (means slow down, i.e., to be reduced) and red (means forbidden).
- Article 6.2 of the Agriculture Agreement allows developing countries additional flexibility in providing domestic support.
- **The Social and Development Box (S & D Box)** allows the developing countries for some subsidies to the agriculture sector under certain conditions. These conditions revolve around human development issues such as poverty, minimum social welfare, health support, etc., especially for the segment of the population living below the poverty line. **Hence, statement 2 is correct.**
- Article 6.2 of the Agriculture Agreement allows developing countries additional flexibility in providing domestic support. The type of support that fits into the developmental category are measures of assistance, whether direct or indirect, designed to encourage agricultural and rural development and that are an integral part of the development programmes of developing countries.
- They include investment subsidies which are generally available to agriculture in developing country members, agricultural input subsidies generally available to low-income or resource-poor producers in developing country members, and domestic support to producers in developing country members to encourage diversification from growing illicit narcotic crops.
- Developing countries can forward such subsidies to the extent of less than 5 per cent of their total agricultural output. **Hence, statement 3 is not correct.**
- The WTO agreements contain special provisions which give developing countries special rights and allow other members to treat them more favourably. These are “special and differential treatment provisions” (abbreviated as S&D or SDT). The special provisions include
  - longer time periods for implementing agreements and commitments.
  - measures to increase trading opportunities for these countries.
  - provisions requiring all WTO members to safeguard the trade interests of developing countries.
  - support to help developing countries build the infrastructure to undertake WTO work, handle disputes, and implement technical standards.
  - provisions related to least-developed country (LDC) members. **Hence, statement 1 is not correct.**

#### Q 64.D

- **Tourism and Hospitality**, as one of India's largest service industries, plays an extraordinary role in driving the nation's growth and prosperity. The Tourism and Hospitality sector is an integral part of the **Make in India initiative**, serving as a vital economic catalyst that fuels job creation and rapid development. It acts as a stimulant for the growth of multi-use infrastructure, including world-class hotels, resorts, exquisite restaurants, efficient transportation networks (aviation, roads, shipping, and railways), and state-of-the-art healthcare facilities. The government has undertaken various measures to boost the Tourism sector.
- **NIDHI**: The Ministry of Tourism, with the help of State Governments and Union Territory Administrations, is making efforts to **register accommodation units in the country** in the Ministry's portal National Integrated Database of Hospitality Industry (NIDHI). The comprehensive **national**

**database** will help in creating policies and strategies for the promotion and development of tourism at various destinations.

- **SAATHI: System for Assessment, Awareness, and Training for the Hospitality Industry (SAATHI)** was launched in association with the Quality Council of India. The objective of the scheme is to sensitize the industry on the Covid regulations of the government and instill confidence amongst the staff and guests.
- **RCS - UDAN: Better connectivity is the critical component** for flourishing tourism in any region. With this objective, the Regional Connectivity Scheme (RCS- UDAN) was launched by the **Ministry of Civil Aviation** to facilitate/stimulate regional air connectivity by making it affordable.
- **LGSCATSS:** Under the **Loan Guarantee Scheme** for Covid Affected Tourism Service Sector (LGSCATSS) administered through the National Credit Guarantee Trustee Company (NCGTC).
- **PRASHAD:** This scheme focuses on **developing and identifying pilgrimage sites across India** to enrich the **religious tourism experience**. It aims to integrate pilgrimage destinations in a prioritized, planned, and sustainable manner to provide a complete religious tourism experience.
- **Hence, option (d) is the correct answer.**

#### Q 65.D

- Disinvestment is the action of government or organisations selling or liquidating assets or subsidiaries. Once the economics reforms started in India in 1991, disinvestment of public sector enterprises became a part of public sector reforms.
- **C. Rangarajan Committee on disinvestment** was formed in 1991 and produced the report in April 1993 recommending the percentage of equity shares for disinvestment to be below 49% in the industry reserved for public sector and more than 74% in other industries. **Hence, option (d) is the correct answer.**
- **Suresh Tendulkar Committee** was constituted in 2005 to review methodology for poverty estimation.
- **Chelliah committee** was appointed to layout the agenda for **reforming the Indian taxation system** in 1991.
- **Gadgil-Mukherjee committee** was formulated to device a **formula to determine the allocation of central assistance for state plans** in India.

#### Q 66.D

- 'Bubble baby syndrome,' known medically as Severe Combined Immunodeficiency (SCID) is very rare genetic disorder that causes life-threatening problems with the immune system. It is a type of primary immune deficiency. The disease is known as "living in the bubble" syndrome because living in a normal environment can be fatal to a child who has it. **Hence statement 1 is correct.**
- SCID is a pediatric emergency. Without treatment, babies are not likely to survive past their first birthday. The most common treatment is a stem cell transplant (also called a bone marrow transplant). This means the child receives stem cells from a donor. The hope is that these new cells will rebuild the child's immune system. **Hence statement 2 is not correct.**
- SCID babies are extremely susceptible to infections because their immune systems are severely compromised or non-functional. This condition earned its nickname because affected infants must be kept in a sterile environment, resembling a "bubble," to protect them from infections. SCID is typically caused by mutations in genes responsible for the development and functioning of immune cells. Without a properly functioning immune system, even minor infections can become life-threatening for these infants. **Hence statement 3 is correct.**

#### Q 67.A

- Recently, the provisions of the Minimum Wages Act, of 1948, have been rationalized and amalgamated in the Code on Wages Act, 2019, passed by the Parliament.
  - **Section 8(4) of the Code stipulates that the appropriate Government shall review or revise minimum rates of wages ordinarily at an interval not exceeding five years. Hence statement 1 is correct.**
- The government has taken measures for monitoring of compliance in respect of minimum wage rates, such as publicity of minimum rates of wages in the Chief Labour Commissioner (CLC) websites, display of minimum rates of wages by contractors at work sites/places, display of minimum rates of wages by principal employers in their websites.
- To have a uniform wage structure and to reduce the disparity in minimum wages across the country, the concept of National Floor Level Minimum Wage as a non-statutory measure was mooted based on the recommendations of the National Commission on Rural Labour (NCRL) in 1991.

- **Based on the increase in the Consumer Price Index, the Central Government has revised the National Floor Level Minimum Wage from Rs. 160/-to Rs.176/-per day with effect from 01.06.2017. Hence statement 2 is not correct.**

**Q 68.B**

- The automobile sector is a key driver of India's economic growth. In December 2022, India became the 3rd largest automobile market, surpassing Japan and Germany in terms of sales.
- India is the largest manufacturer of two-wheeler and three-wheeler vehicles and the world's fourth-largest manufacturer of passenger cars.
- **The sector's importance is gauged by the fact that it contributes 7.1 percent to the overall GDP and 49 percent to the manufacturing GDP while generating direct and indirect employment of 3.7 crore at the end of 2021. Hence statement 1 is not correct.**
- **100 percent FDI is permitted in the automobile sector. Hence statement 2 is correct.**

**Q 69.B**

- **Recent context:** Government has granted GI tags for over 17 products from Odisha, Arunachal Pradesh, West Bengal, and J&K.
- Geographical Indication (GI) is an indication used to identify goods having special characteristics originating from a definite geographical territory.
- The Geographical Indications of Goods (Registration and Protection) Act, 1999 seeks to provide for the registration and better protection of geographical indications relating to goods in India.
- It is governed and directed by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- **Kachchhi Kharek, is a indigenous variety of dates of Kutch, has become the second fruit of Gujarat to get a geographical indication (GI) tag.**
  - The presence of dates in Kachchh (Kutch) is believed to be around 400-500 years old.
  - It is believed that date palm groves along the north-western border of India have developed from the seeds thrown by the settlers, who used to visit Middle-East countries for Haj and also for trade from where they brought a lot of plant material.
- **The art form belongs to the Lanjia Saura community, a PVTG largely residing in the Rayagada district, Odisha.**
  - The Lanjia Saura paintings are a style of wall mural art. Those paintings also called ekons or the idital, and have a significant spiritual importance for the tribe.
  - The Lanjia Sauras are an indigent society today, and labour in preserving their culture - the iditals being an important part of it.
- **Kalonunia is one of the much known aromatic rice varieties of North Bengal.** Generally regarded as the 'Prince of rice', Kalonunia is said to have been a favourite of the Maharajah of Coochbehar, Nripendra Narayan.
  - The rice is also said to be used in offerings at the temple of Lord Madan Mohan. It is also noted for its black husk, from where it gets its name.
- Other GI tags
  - Odisha
    - ✓ Kapdaganda Shawl
    - ✓ Koraput Kala Jeera Rice
    - ✓ Similipal Kai Chutney
    - ✓ Nayagarh Kanteimundi Brinjal
    - ✓ Khajuri Guda
  - Arunachal Pradesh
    - ✓ Wancho Wooden Craft
    - ✓ Adi Kekir
  - West Bengal
    - ✓ Tangail Saree
    - ✓ Garad Saree
    - ✓ Korial Saree
    - ✓ Kalo Nunia Rice
    - ✓ Sundarban Honey
  - Jammu Kashmir
    - ✓ Ramban Anardana
- **Hence option (b) is the correct answer.**

### Q 70.C

- **Recent context: State Bank of India (SBI) has introduced SBI Green Rupee Term Deposit (SGRTD) scheme.**
- It seeks to mobilize funds to support environment friendly initiatives and projects. **Hence statement 1 is correct.**
- **This deposit scheme is open to resident individuals, non-individuals, and NRIs. Hence statement 2 is correct.**
- SGRTD offers investors the flexibility to choose from three distinct tenors: 1,111 days, 1,777 days, and 2,222 days. Currently, the scheme is available through the branch network, and will soon be made available through other digital channels such as YONO and Internet Banking Services (INB).
- Pre-mature withdrawal allowed is allowed under the scheme.
- **Green deposit means an interest-bearing deposit, received by the regulated entities (RE) for a fixed period the proceeds of which are earmarked for being allocated towards green finance as per RBI's notification dated April 11, 2023.**
  - The deposits raised under the framework are covered by the Deposit Insurance and Credit Guarantee Corporation.

### Q 71.B

- India felt the need for an efficient banking system as the banks were not functioning properly before India's economic liberalisation in 1991.
- **Narsimham Committee** was established in **August 1991** to **examine the functioning of banks in India.**
- Recommendations of the committee were:
  - **Reduction in Statutory Liquidity Ratio and Cash Reserve Ratio** to increase the productivity of the economy. **Hence option 1 is not correct.**
  - Determining the **interest rate based on market forces such as supply and demand for funds** instead of regulations by Government of India. **Hence option 2 is not correct.**
  - Establishment of an **Asset Reconstruction Fund** to take over the proportion of bad and doubtful debts from banks and the financial institutions. **Hence option 3 is correct.**
  - Moving away from the system of dual control by both RBI and banking divisions under the Ministry of Finance as it asked **only RBI to regulate the banking sector.** **Hence option 4 is correct.**
  - **Reducing the number of public sector banks** to the process of acquisition and mergers.
- **Hence, option (b) is the correct answer.**

### Q 72.B

- The ICI measures combined and individual performance of production of eight core industries viz. **Cement, Coal, Crude Oil, Electricity, Fertilizers, Natural Gas, Refinery Products and Steel.**
- The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP). The Base year is 2011-12 for the Index of Eight Core Industries.
- The compilation and release of the index are done by the Office of the Economic Adviser (OEA), the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry.
- The Index of Industrial Production is calculated and published by the Central Statistical Organisation (CSO) every month.
- **Hence option (b) is the correct answer.**

### Q 73.C

- Developing countries comprise a majority of the WTO membership. They are grouped as “developing countries” and “least developed countries”, in accordance with the criteria set out. There are no WTO definitions of “developed” and “developing” countries.
- Members announce for themselves whether they are “developed” or “developing” countries. However, other members can challenge the decision of a member to make use of provisions available to developing countries.
- **Advantages of Developing country status:**
  - Receive preferential treatment in terms of market access, loans, reduction in government support and technical assistance from international organisations.
  - **Longer transition period before they are required to fully implement WTO agreement. Hence, Statement-I is correct.**
  - Benefit from unilateral preference schemes of some of developed country members such as USA's Generalized System of Preferences (GSP).



- Favourable treatment concerning issues such as climate change responsibilities.
- **World Trade Organization (WTO) has not defined 'developed' and 'developing' countries and therefore member countries are free to announce whether they are 'developed' or 'developing'. Hence, Statement-II is not correct.**
- That a WTO member announces itself as a developing country does not automatically mean that it will benefit from the unilateral preference schemes of some of the developed country members such as the Generalized System of Preferences (GSP).
- In practice, it is the preference giving country which decides the list of developing countries that will benefit from the preferences.

#### Q 74.B

- In order to address the existing infrastructure gaps and mobilize investment in agriculture infrastructure, the Agriculture Infrastructure Fund (AIF) scheme was launched in 2020 with an objective to mobilize **a medium – long-term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through incentives and financial support. Hence statement 1 is not correct**
- AIF is a financing facility operational from the year **2020-21 to 2032-33 for the creation of post-harvest management infrastructure and community farm assets**, with benefits including 3 per cent interest subvention and credit guarantee support. **Hence statement 2 is correct.**
- Under this, a **provision of ₹1 lakh crore for 2020-21 to 2025-26** has been made, and interest subvention and credit guarantee assistance will be given until 2032-33. AIF scheme has the facility of convergence with any other scheme of the State or Central Government and can prove to be a milestone in investment in the agriculture sector. **Hence statement 3 is correct**

#### Q 75.D

- The Government of India is developing eleven (11) Industrial Corridor Projects as part of the National Industrial Corridor Programme across the country in a phased manner.
- **The National Industrial Corridor Development Programme is India's most ambitious infrastructure programme aiming to develop new industrial cities as "Smart Cities" and converging next-generation technologies across infrastructure sectors.**
- The Government of India is developing various industrial corridor projects as part of the National Industrial Corridor Programme which is aimed at the development of futuristic industrial cities in India which can compete with the best manufacturing and investment destinations in the world. The same will create employment opportunities and economic growth leading to overall socio-economic development.
- As per the approved institutional and financial structure for the industrial corridors, the Government of India, through the National Industrial Corridor Development & Implementation Trust (NICDIT), provides funds as equity/debt for the development of world-class trunk infrastructure in the industrial nodes/regions under industrial corridors and the States are responsible for making available contiguous and encumbrance free land parcels.
- **The following 11 industrial corridors are being developed by the Government of India in a phased manner:**
  - Delhi-Mumbai Industrial Corridor (DMIC)
  - Chennai-Bengaluru Industrial Corridor (CBIC)
  - **Amritsar-Kolkata Industrial Corridor (AKIC)**
  - East Coast Industrial Corridor (ECIC) with Vizag Chennai Industrial Corridor (VCIC)
  - Bengaluru-Mumbai Industrial Corridor (BMIC)
  - Extension of CBIC to Kochi via Coimbatore
  - Hyderabad-Nagpur Industrial Corridor (HNIC)
  - **Hyderabad-Warangal Industrial Corridor (HWIC)**
  - Hyderabad-Bengaluru Industrial Corridor (HBIC)
  - Odisha Economic Corridor (OEC)
  - **Delhi-Nagpur Industrial Corridor (DNIC)**
- **Guwahati-Kolkata Industrial Corridor is not an industrial corridor developed by the Government of India.**
- **Hence option (d) is the correct answer.**

#### Q 76.B

- **Patent** is covered under the Patent Act, 1970 & Patent Rules, 2003. It must qualify requirements of being novel, Inventive and having industrial utility. The term of protection is 20 years. **Hence, pair 1 is not correctly matched.**
- **Geographical Indications** is covered under the Geographical Indications Act, 1999 & GI Rules 2002 amended in 2020. It covers the goods bearing unique characteristics due to geographical linkage - agricultural goods, natural goods, manufactured goods, handicrafts and foodstuff. The term of protection is 10 years and renewed for 10 years on payment of additional fees. **Hence, pair 2 is correctly matched.**
- **Copyrights** is covered under the Copyrights Act 1957 & Copyrights Rules 2013. It covers the creative, artistic, literary, Musical and audio-visual works. The term of protection depends on the field: Authors' lifetime + 60 years for literary works; Producers - 60 years; Performers - 50 years; **Hence, pair 3 is correctly matched.**
- **Trade Secret** is covered under the common Law approach covered through IPC, Contract Act, IP Act and Copyright. It protects the confidential information having commercial value. The term of protection is till the time confidentiality is safeguarded. **Hence, pair 4 is not correctly matched.**
- **Trademarks** is covered under the Trademark Act 1999 & Trademark Rules 2017. It protects a brand name, logo, and design for a business or commercial enterprise. The term of protection is 10 years and renewed for 10 years on payment of additional fees.
- **Designs** is covered under the Designs Act 2000 & Designs (Amendment) Rules 2021. It covers new or original designs (ornamental/visual appearance discernible to the human eye) which can be replicated industrially. The term of protection is 10 + 5 years.
- **Semiconductor** is covered under the Integrated Circuits Layout Design Act 2000 & Rules 2001. It protects a layout of transistors and other circuitry elements including lead wires connecting such elements and expressed in any manner in semiconductor integrated circuits. The term of protection is 10 Years.
- **Plant Varieties** is covered under the Protection of Plant Varieties and Farmers Rights Act (PPVFR), 2001. It covers the traditional varieties and landraces, all developed varieties (non-traditional and non-landrace) in trade/use for older than 1 year and not older than 15 years or 18 years (in case of trees and vines), and new plant varieties. The term of protection is 6-10 years.

#### Q 77.A

- **United Nations Conference on Trade and Development (UNCTAD)** released a report titled 'A World of Debt'. Debt increased faster in developing countries than in developed countries over the last decade. Almost 30% of global public debt is owed by developing countries (India's public debt-2815 USD billion).
- **World Economic Forum (WEF)** released **the Future of Jobs Report 2023**. The fourth edition (first edition in 2016) of this bi-annual series explores how jobs and skills will evolve over the next five years (2023-2027). It tracks the labour-market impact of the Fourth Industrial Revolution, green and energy transitions, supply chain shifts etc. **Hence, pair 1 is correctly matched.**
- **The International Debt Report (IDR)** is an annual publication of **the World Bank** featuring external debt statistics and analysis for the 122 countries that report to the World Bank Debtor Reporting System. IDR 2023 includes:
  - analyses of external debt stocks and flows as of end-2022 for these countries;
  - the macroeconomic and debt outlook for 2023 and beyond;
  - a focus on improved public debt transparency and the quality of debt reporting;
  - a discussion of the need for innovative approaches to debt management;
  - a commentary on how the International Debt Statistics database serves as an indispensable resource for researchers and policymakers; and
  - a one-page snapshot of relevant debt indicators and a summary of debt stocks and flows for six years (2010 and 2018–22) for each country, plus global income group and regional aggregates. **Hence, pair 2 is not correctly matched.**
- **The World Investment Report** is released by **the United Nations Conference on Trade and Development (UNCTAD)**. It focuses on trends in foreign direct investment (FDI) worldwide, at the regional and country levels and emerging measures to improve its contribution to development. It also provides an analysis of global value chains and the operations of multinational enterprises, with special attention to their development implications. **Hence, pair 3 is not correctly matched.**

### Q 78.A

- Recently, the Prime Minister of India visited the Kalaram Mandir on the banks of the Godavari in the Panchavati area of Nashik, Maharashtra. It was built in 1792 with the efforts of Sardar Rangarao Odhekar. **Hence statement 1 is not correct.**
- It is a temple situated in Panchavati area of the Nashik. The temple derives its name from a black statue of Rama. The literal translation of kalaram is "black Rama". The sanctum sanctorum also houses the statues of the goddess Sita and the god Lakshmana. Thousands of devotees visit the temple every day. **Hence statement 2 is correct.**
- In 1930, B R Ambedkar and the Marathi teacher and social activist Pandurang Sadashiv Sane, known as Sane Guruji, led an agitation to demand access for Dalits to Hindu temples. Ambedkar organised a large protest outside this temple on 2 March 1930, in order to enter into the temple. **Hence statement 3 is not correct.**

### Q 79.A

- NITI Aayog released the third edition of 'The Export Preparedness Index (EPI) 2022'. Export Preparedness Index (EPI) is released by NITI Aayog in association with Institute for Competitiveness.
- It presents a comprehensive analysis of India's export performance in FY22, along with its sector-specific and district-level merchandise export trends. **Hence, statement 1 is correct.**
- **EPI includes four pillars –Policy; Business Ecosystem; Export Ecosystem; Export Performance.**
- These pillars are further based on ten sub-pillars – Export Promotion Policy; Institutional Framework; Business Environment; Infrastructure; Transport Connectivity; Export Infrastructure; Trade Support; R&D Infrastructure; Export Diversification; and Growth Orientation. **Hence, statement 2 is correct.**
- **States are classified into four categories: coastal, landlocked, Himalayan, and UTs/small states.** Most 'Coastal States' performed well, with Tamil Nadu, Maharashtra, and Karnataka being top performers. Haryana, Uttarakhand and Goa topped under landlocked, Himalayan, and UTs/small states categories. **Hence, statement 3 is not correct.**
- Over 99% of districts are covered under the 'One District One Product' scheme.
- Ten commodities (engineering goods, petroleum products etc.) account for nearly 80% of India's total exports. 49% of India's exports go to only ten destinations.

### Q 80.C

- **Recent context:** India comes under fire at WTO for avoiding questions on MSP subsidy.
- **Peace Clause was agreed to at the WTO's Bali Ministerial meeting in December 2013 that allowed developing countries to breach subsidy limits on food crops subject to certain conditions being met related to notifications on the PSH programmes and food security. Hence statements 1 and 3 are correct.**
- The peace clause allows developing countries to breach the subsidy ceiling without being dragged into dispute by members, for rice. However, it comes with tough notification requirements and conditions, all of which are difficult to follow.
- Notification conditionalities mentioned in the Bali peace clause:
  - A separate notification on all PSH programmes involves giving details of all MSP operations and numbers related to procurement, storage and disbursement not only for rice but other items covered under the programmes, including wheat and pulses.
  - **India's MSP programmes are under scrutiny at the WTO, as it is the first country to invoke the Bali 'peace clause' to justify exceeding its 10% ceiling (of the total value of rice production) for rice support in 2018-2019 and 2019-2020. Hence statement 2 is correct.**
  - India informed the WTO that the value of its rice production in 2019-20 was \$46.07 billion while it gave subsidies worth \$6.31 billion, or 13.7 percent as against the permitted 10 per cent.
  - India said that under its public stockholding programmes for food security purposes, rice, wheat, coarse cereals and pulses, among others, are acquired and released in order to meet the domestic food security needs of the country's poor and vulnerable population, and "not to impede commercial trade or food security of others. For these reasons only the breach of the de minimis limits for rice is covered by the peace clause.
  - Government does not undertake exports on a commercial basis from public stockholdings. Additionally, open market sales of food grains from public stockholding are made provided the buyer gives an undertaking of not exporting from such purchase

#### Q 81.D

- NABARD came into existence on 12 July 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC). It was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on 05 November 1982. Set up with an initial capital of Rs.100 crore, its' paid up capital stood at Rs.14,080 crore as on 31 March 2020. Consequent to the revision in the composition of share capital between Government of India and RBI, NABARD today is fully owned by Government of India.
- **Rural Infrastructure Development Fund:** Government of India created the RIDF in NABARD in 1995-96, with an initial corpus of Rs.2,000 crore. With the allocation of Rs.29,848 crore for 2020-21 under RIDF XXVI, the cumulative allocation has reached Rs.3,78,348 crore, including Rs. 18,500 crore under Bharat Nirman. **Hence, option 1 is correct.**
- **Long Term Irrigation Fund:** LTIF was operationalized in NABARD during 2016-17 for fast tracking the completion of the 99 identified Medium and Major Irrigation projects, spread across 18 states, in mission mode by December 2019. Subsequently, GoI approved the funding for Polavaram project in Andhra Pradesh, North Koel project in Bihar and Jharkhand, Relining of Sirhind & Rajasthan Feeders in Punjab and Shahpur kandi Dam in Punjab under the ambit of LTIF. Further, GoI has since approved the continuation of the arrangement for funding of the 99 prioritised projects under PMKSY-AIBP and CADWM beyond December 2019. **Hence, option 2 is correct.**
- **Micro Irrigation Fund:** Micro Irrigation Fund with a corpus of Rs.5000 crore has been operationalized in NABARD from 2019-20. Ministry of Agriculture and Farmers Welfare (MoA&FW), Government of India is the Nodal Ministry. The objective of the fund is to facilitate State Govts. efforts in mobilizing additional resources for expanding coverage under micro irrigation and incentivizing its adoption beyond provisions of PMKSY-PDMC. **Hence, option 3 is correct.**
- **Alternative Investment Funds (AIFs):** To give a fillip to sustainable and equitable growth in agriculture, agro processing, industry and services sectors in rural areas, making contribution to professionally managed SEBI registered Alternative Investment Funds (AIFs) under Categories I and II, having exposure to Agriculture and Rural sector, has been identified as yet another important tool. **Such investments are covered under Section 26 of NABARD Act, 1981. Hence, option 4 is correct.**

#### Q 82.B

- **Recent context: Proba-3 space mission by European Space Agency (ESA) is set to be launched in 2024.**
- **Proba-3 is the world's – first precision formation flying mission. A pair of satellites will fly together maintaining a fixed configuration as a 'large rigid structure' in space to prove formation flying technologies and rendezvous experiments.**
- The mission will demonstrate formation flying in the context of a large-scale science experiment. The two satellites will together form a 144-m long solar coronagraph to study the Sun's faint corona closer to the solar rim than has ever before been achieved.
- Beside its scientific interest, the experiment will be a perfect instrument to measure the achievement of the precise positioning of the two spacecraft. It will be enabled using a wide variety of new technologies.
- Proba-3 is devoted to the demonstration of technologies and techniques for highly-precise satellite formation flying. It consists of two small satellites launched together that will separate apart to fly in tandem, to prepare for future multi-satellite missions flying as one virtual structure.
- Proba-3 will be a laboratory in space to validate strategies, guidance, navigation and control and other algorithms, such as relative GPS navigation, previously tried in ground simulators. These techniques and simulators developed in the frame of Proba-3 will then be available more widely, becoming instrumental in the preparation of future missions.
- **Hence option (b) is the correct answer.**

#### Q 83.C

- **The Mines and Minerals (Development and Regulation) Amendment Act, 2023** regulates the mining sector. **The Act amends the Mines and Minerals (Development and Regulation) Act, of 1957.**
- With a focus on Critical Minerals, the amendment introduces Major Reforms in the Mining Sector **Six Minerals omitted from the list of Twelve Atomic Minerals** are **Lithium** bearing minerals, **Titanium** bearing minerals and ores, Beryl and other **beryllium-bearing** minerals, Niobium and Tantalum bearing minerals, and **Zirconium**-bearing minerals. **Hence statement 1 is correct.**
- The Act empowered the **Central Government to exclusively** auction mineral concessions for critical minerals specified in Part D of the First Schedule of the Act. **Hence statement 2 is correct.**



- **Auction premiums and other statutory payments** shall be received by the **State Government** and not the Central government. **Hence statement 3 is not correct.**
- The Act defines **reconnaissance** operations as operations undertaken for preliminary prospecting and includes (i) aerial surveys, (ii) geophysical, and (iii) geochemical surveys. It also includes geological mapping. The Act prohibits **pitting, trenching, drilling, and sub-surface excavation as part of reconnaissance.** The Bill allows these prohibited activities. **Hence statement 4 is correct.**

#### Q 84.B

- **Direct-to-mobile (D2M)** is a proposed broadcasting technology capable of transmitting multimedia content to consumers' smartphones **without requiring an active internet connection.** Allowing handsets to capture terrestrial television (TV) signals, it can stream live TV. **Hence statement 1 is correct.**
- In the "D2M Broadcast 5G Broadband Convergence Roadmap for India" paper, published by IIT Kanpur in 2022, it is **noted that currently available mobile devices do not support this technology** because it requires the ATSC 3.0 standard. ATSC 3.0 represents the latest version of the Advanced Television Systems Committee standards, designed to define how television signals from different networks, including terrestrial, satellite, and cable networks, are broadcasted and interpreted by devices. **Hence statement 2 is not correct.**
- This new-age technology is a combination of broadband and broadcast that uses mobile phones to capture territorial digital TV signals. Using D2M, **multimedia content, including live TV matches, can be streamed to phones** directly without using the internet. **Hence statement 3 is not correct.**
- D2M technology functions in a **manner akin to listening to FM radio on a smartphone**, where a receiver taps into radio frequencies. Another comparison is direct-to-home (DTH) broadcasting, in which a dish antenna receives broadcast signals directly from satellites and transmits them to a receiver, known as a set-top box. **Hence statement 4 is correct.**
- **Hence option (b) is the correct answer.**

#### Q 85.A

- **The National Jute Board (NJB) is the apex body for the promotion of Indian Jute. Set up under the "National Jute Board Act, 2008"**, the Board is chaired by the Secretary, Ministry of Textiles, Government of India. The Board's prime objective is to provide better marketing of jute products, although it addresses itself to multi-dimensional activities. **Hence statement 1 is correct.**
- **The Headquarters of the National Jute Board is in Kolkata**, with regional representations in Jute growing areas and in other areas for marketing of the Jute Products. **Hence statement 2 is not correct.**
- The board engages in research and human resource development programmes to explore new and innovative use of jute with the idea of enabling both the organized as well as the decentralized sectors to compete and increase the global share of Indian jute goods consumption.
- National Jute Board (NJB) is under the administrative control of the Ministry of Textiles, Government of India. **Hence statement 3 is not correct.**

#### Q 86.D

- **Recent context** : Financial Intelligence Unit India (FIU IND) issued show-cause notices to 9 offshore virtual digital asset service providers (VDA SPs), including Binance, Kucoin, Huobi, Bitfinex and MEXC Global, among others. This was for "operating illegally" without complying with the provisions of the Prevention of Money Laundering Act, 2002 (PMLA).
- **Financial Intelligence Unit – India was set by the Government of India vide O.M. dated 18th November 2004 as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. It is an organisation under the Department of Revenue, Government of India which collects financial intelligence about offences. It is not a statutory body set up under the Fugitive Economic Offenders Act.** Hence statement 1 is not correct.
- FIU-IND is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes.
- **FIU-IND is an independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.** Hence statement 2 is not correct.

### Q 87.C

- **Hydrocarbon Exploration and Licensing Policy (HELP)** is an exploration and production policy of the Government of India that **replaced the New Exploration Licensing Policy (NELP)**. The objective of the policy is to enhance domestic oil and gas production by intensifying exploration activity and investment.
- India imports **more than 80% of its crude oil requirements**, which makes the country heavily dependent on foreign sources of supply. To address the huge financial burden, the HELP was launched in 2016.
- **The main features of the policy are Uniform licenses for exploration and production of all forms of hydrocarbon. Single license** that covers exploration and production of all types of hydrocarbon. conventional & unconventional resources e.g. oil and gas, coal-bed methane, shale oil, gas hydrates, etc. There were **previously different policy frameworks for different hydrocarbon** exploration operations. **Hence option 1 is correct.**
- **Open acreage policy.** Through this, an **explorer can study and bid for any block** in accordance with its competitive advantage. **Hence option 2 is correct.**
- **Revenue sharing model.** This encourages cost efficiency in mining operations by **replacing the profit-sharing contract** established by NELP. The contractor pays the government a share of its revenue (net of royalty) as per the contract. **Hence option 3 is not correct.**
- **Marketing and pricing freedom.** The contractor is free to sell crude oil in the domestic market through a transparent bidding process. **Hence option 4 is correct.**

### Q 88.A

- To further ease the process of access to food, the Government launched a citizen-centric and technology-driven scheme **in 2019 called the One Nation One Ration Card (ONORC) scheme**. The ONORC system **enables intra-state and inter-State portability of ration cards**. It helps the migrant beneficiaries access their food security entitlements from any fair price shop (FPS) of their choice by using the same ration card after biometric/Aadhaar authentication on electronic Point of Sale (e-PoS) devices at the FPS. **Hence statement 1 is correct.**
- Presently, the national/inter-state portability is enabled in all 36 States/UT, covering 100 per cent of the total NFSA population. **Hence statement 2 is correct.**
- **Benefits:**
  - **This system allows all NFSA beneficiaries, particularly migrant beneficiaries, to claim either full or part foodgrains from any Fair Price Shop (FPS) in the country through an existing ration card with biometric/Aadhaar authentication in a seamless manner.** The system also allows their family members back home, if any, to claim the balance of foodgrains on same the ration card. **Hence statement 3 is not correct.**
  - Apart from this, ONORC will also give the beneficiaries the opportunity to choose their own dealer. With many cases of misallocation, the beneficiary can switch to another FPS shop instantly, if there is any case of foul play.

### Q 89.A

- **The National Infrastructure Investment Fund (NIIF)** is a fund manager that invests in infrastructure and related sectors in India. An institution anchored by the Government of India, NIIF is a collaborative investment platform for international and Indian investors with a mandate to invest equity capital in domestic infrastructure.
- NIIF benefits from its association with the Government yet is independent in its investment decisions. **NIIF is a government-backed entity** established to provide **long-term capital** to the country's infrastructure sector. **Hence statement 1 is correct.**
- **The Indian government has a 49% stake in NIIF** with the rest held by foreign and domestic investors. With the Centre's significant stake, NIIF is considered India's **quasi-sovereign wealth fund**. **Hence statement 2 is not correct.**
- The **Governing Council** of NIIF, is **chaired by the Finance Minister** and not by the Prime Minister of India. **Hence statement 3 is not correct.**
- **NIIF manages capital invested currently through four funds: Master Fund** focuses on core infrastructure and operating assets. **Private Markets Fund** invests largely in equity and equity-linked instruments, **the Strategic Opportunities Fund** invests in funds managed by third-party managers in infrastructure and **the India-Japan Fund** invests in environment preservation in India.

#### Q 90.D

- Due to differing growth rates registered by different items within agriculture commodities, the composition of the agriculture (crop + livestock) sector has undergone significant change over the decades. These changes are largely driven by technology and market (demand), though government intervention has also been a major determinant.
- **Changes in the composition of the Indian agriculture sector:**
  - Cereals constituted the largest commodity group within the agriculture sector in the early 1970s, with a 37.1 per cent share in the value of total agriculture, that is, crop and livestock products. Their share declined by one-third between 1970-71 and 1995-96 and by another one-third in the next 25 years. **In 2020-21 cereals constitute 16.7 percent of the value of total agriculture. The value of fruits and vegetables is more than the cereals. Hence statement 1 is not correct.**
  - **A similar decline is also seen in the share of pulses and oilseeds and other crops. Fruits and vegetables are the only group which show an increase in their share over time. It is interesting to note that in value terms fruits and vegetables are almost as large as all cereals and pulses taken together. Hence statements 2 and 3 are not correct.**

**Table 3: Changes in composition of agriculture sector**

Agri commodity/ group	Share (%)		
	1970-71	1995-96	2020-21
Cereals	37.1	25.3	16.7
Pulses	4.7	4.2	3.9
Oilseeds	8.2	8.2	5.2
Fruits and vegetables	12.4	14.6	19.4
Other crops, by products	22.6	22.0	17.9
Milk group	10.2	17.4	24.3
Meat group	1.6	3.8	8.1
Eggs	0.5	0.9	1.2
Other livestock products	2.8	3.5	3.3

- **Source:** Estimates based on National Accounts Statistics data, MoSPI.

#### Q 91.C

- **Recent Context:** As part of its “Global Policy Agenda” unveiled at Marrakesh, the International Monetary Fund (IMF) has called for urgent support from members to increase its quota resources and to secure funding for the Poverty Reduction and Growth Trust (PRGT) and Resilience and Sustainability Trust (RST) to benefit the poorest members. **Hence option (c) is the correct answer.**
- All IMF members have access to the General Resources Account on non-concessional loans. The IMF also provides concessional financial support to its low-income members through the Poverty Reduction and Growth Trust (PRGT), which has three lending facilities:
  - **Extended Credit Facility (ECF):** Sustained medium- to long-term engagement in case of protracted balance of payments problems.
  - **Standby Credit Facility (SCF):** Financing for low-income countries with actual or potential short-term balance of payments and adjustment needs caused by domestic or external shocks, or policy slippages. It can also be used on a precautionary basis during times of increased risk and uncertainty.
  - **Rapid Credit Facility (RCF):** One-off disbursement for low-income countries facing urgent balance of payments needs. Repeated disbursements over a limited period are possible in case of recurring or ongoing balance of payments needs.
- **All PRGT lending facilities are concessional. The three facilities have different maturities and grace periods and are currently interest free.**
  - In 2015, the interest rate on RCF financing was set permanently at zero to further enhance support for PRGT-eligible countries in fragile situations and those hit by natural disasters.
  - Financing under the ECF and SCF carries a zero-interest rate with a grace period of 5½ years and 4 years, respectively, and a final maturity of 10 years and 8 years, respectively.
  - The grace period and final maturity for RCF repayments are the same as for the ECF, 5½ years and 10 years, respectively.
  - The IMF reviews interest rates for the PRGT’s concessional facilities every two years,

#### Q 92.D

- According to the public policy experts, notably, World Bank and WIPO, suggestions for increasing the number of patents include (a) create and support world-class universities, (b) cut bureaucratic red-tape, and foster (c) an entrepreneurial culture.
- **Statement 1 is correct:** Universities act as incubation centres for innovation, research and development. Hence, promotion and support for the development of world-class institutions will lead to more number of patents.
- **Statement 2 is correct:** Government data indicate that it typically takes 5-7 years for a patent application to be examined and approved, along with the process being expensive. Hence, cutting down on red-tape will help increase the number and faster clearing of patent applications.
- **Statement 3 is correct:** Start-ups materialize path-breaking technologies and help convert ideas and concepts into reality, thus promoting research and innovation. Patent count and application trends indicates how effective a country's innovation policies are. India's patent output raises doubts about its innovation support system. Data from the World Intellectual Property Organisation (WIPO) show that in 2015 in India, just about 46,000 patent applications were filed, and 6000 patents were awarded. Compared to that, China witnessed filing of 1.1 million patent applications and 360,000 awards. The Global Innovation Index, 2017, ranks India 60th out of 127 economies.

#### Q 93.A

- The Public Distribution System (PDS) evolved as a system of management of scarcity and for distribution of food grains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. **PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under to a household or a section of the society.**
- **PDS is operated under the joint responsibility of the Central and the State Governments.** The Central Government, through Food Corporation of India (FCI), has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments. The operational responsibility including allocation within State, identification of eligible families, issue of Ration Cards and supervision of the functioning of Fair Price Shops (FPSs) etc., rest with the State Governments. Under the PDS, presently the commodities namely wheat, rice, sugar and kerosene are being allocated to the States/UTs for distribution. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as pulses, edible oils, iodized salt, spices, etc.

#### Q 94.B

- **International Finance Corporation IFC—a sister organization of the World Bank and member of the World Bank Group** is the largest global development institution focused exclusively on the private sector in developing countries. It was established in 1956, as the **private-sector arm of the World Bank Group, to advance economic development by investing in for-profit and commercial projects for poverty reduction and promoting development. Hence statement 1 is not correct.**
- The IFC's stated aim is to create opportunities for people to escape poverty and achieve better living standards by mobilizing financial resources for private enterprise, promoting accessible and competitive markets, supporting businesses and other private-sector entities, and creating jobs and delivering necessary services to those who are poverty stricken or otherwise vulnerable. Whereas the International Development Association (IDA) **helps the world's poorest countries by providing loans and grants (not interest-free) for programs that boost economic growth, reduce inequalities, and improve people's living conditions. Hence statement 3 is not correct.**
- **IFC issued 2 billion rupees—or nearly \$30 million—in 15-year Masala bonds in March, marking the longest-dated offshore rupee bond to be issued.** The issuance was listed on the London Stock Exchange and proceeds of the bonds will be used to advance private sector development in India. IFC's Masala Bond program has played an important role in deepening India's capital markets, prompting the Reserve Bank of India to authorize Indian companies to issue similar bonds in offshore markets. Under the Masala bond program, IFC has issued bonds worth almost 110 billion rupees, including the first green Masala bond to support climate-smart investment in India. Fourteen private sector development projects in India have received Masala-bond financing so far. **Hence, statement 2 is correct.**



#### Q 95.D

- The predominance of informal sources of credit for farmers is a concern. As per the NSSO 70th round data (relating to January to December 2013), 40 per cent of the funds of farmers still come from informal sources. Local money lenders account for almost 26 per cent share of total agricultural credit. These borrowings are at significantly higher rates of interest. **Hence, statement 1 is not correct.**
- The ratio of agricultural credit to agricultural GDP has increased from 12 per cent in 2001-02 to around 40 per cent in 2016-17. The Government's priority to enhance capital formation in agriculture arrested the declining trend in the share of long term credit in agriculture over past few years in 2016-17, when it rose to 35 per cent. **Hence, statement 2 is not correct.**

#### Q 96.D

- The Economic survey 2015-16 pointed out the fact that 'regulatory cholesterol' was one of the disincentives for firms to scale up and employ labour. **Complex labour laws and lack of freedom to hire and fire** has meant that firms have increasingly resorted to outsourcing and hiring of contractual labour to save costs. This has led to increased informalisation of the work force. **Hence, option 1 is correct.**
- Moving the work force to the formal sector needs skill development and training of the population. **It is reported that only 2% of India's youth have had vocational training thus creating a huge demand supply mismatch in the formal sector. Hence, option 2 is correct.**
- **Financial inclusion reduces inequality by providing an opportunity of availing credit from formal financial institutions to the poor, who lack collateral, credit history and connections. There is enough literature and evidence that suggests that access to financial services has a positive impact on self-employment** business activities, household consumption, and overall well-being among lower income groups. Poor families in informal economies of developing countries (like India) manage their financial activities (like saving and borrowing) in informal ways. Informal mechanisms like family and friends, rotating savings schemes, the moneylender, hoarding are insufficient and unreliable and can be very expensive. Financial accessibility as promised by the PMJDY would certainly help generate higher savings. **Hence, option 3 is correct.**

#### Q 97.D

- The key challenge that the horticulture sector faces in India are **post-harvest losses, availability of quality planting material and lack of market access for horticultural produce of small farmers.** The combined wastage (harvest and post-harvest) for horticulture crops between 5 to 15 per cent in the case of fruits and vegetables is very high, compared to the range of 5 to 6 percent in the case of cereals, around 6 to 8 per cent for pulses and 5 to 10 per cent for oilseeds.
- Mission for Integrated Development of Horticulture (MIDH) tries to address some of these challenges. The export growth of fresh fruits and vegetables in terms of value is around 14 per cent and of processed fruits and vegetables is around 16 per cent.
- **Hence option (d) is the correct answer.**

#### Q 98.D

- **Basis of International Trade**
  - **Difference in national resources:** The world's national resources are unevenly distributed because of differences in their physical make up i.e. geology, relief soil and climate.
  - **Size of population:** Densely populated countries have large volume of internal trade but little external trade because most of the agricultural and industrial production is consumed in the local markets. Standard of living of the population determines the demand for better quality imported products because with low standard of living only a few people can afford to buy costly imported goods.
  - **Extent of foreign investment:** Foreign investment can boost trade in developing countries which lack in capital required for the development of mining, oil drilling, heavy engineering, lumbering and plantation agriculture. By developing such capital intensive industries in developing countries, the industrial nations ensure import of food stuffs, minerals and create markets for their finished products. This entire cycle steps up the volume of trade between nations.
  - **Population factors:** The size, distribution and diversity of people between countries affect the type and volume of goods traded.
  - **Transport:** In olden times, lack of adequate and efficient means of transport restricted trade to local areas. Only high value items, e.g. gems, silk and spices were traded over long distances. With expansions of rail, ocean and air transport, better means of refrigeration and preservation, trade has experienced spatial expansion.

#### Q 99.A

- It is generally agreed that it was necessary to use subsidies to provide an incentive for adoption of the new HYV technology by farmers in general and small farmers in particular.
- When electricity and water are provided at a subsidised rate or free, they will be used wastefully without any concern for their scarcity. Farmers will cultivate water intensive crops if water is supplied free. Fertiliser and pesticide subsidies result in overuse of resources which can be harmful to the environment. **Hence, statement 1 is correct.**
- Prices of goods are determined in the market. It is important to understand that prices are signals about the availability of goods. Some economists point out that subsidies do not allow prices to indicate the supply of a good as it distorts demand supply chain. **Hence, statement 2 is not correct.**
- It does not benefit the target group and it is a huge burden on the government's finances some believe that the government should continue with agricultural subsidies because farming in India continues to be a risky business. Eliminating subsidies will increase the inequality between rich and poor farmers and violate the goal of equity. These experts argue that if subsidies are largely benefiting the fertiliser industry and big farmers, the correct policy is not to abolish subsidies but to take steps to ensure that only the poor farmers enjoy the benefits. **Hence, statement 3 is not correct.**

#### Q 100.B

- **All of the above steps are taken by the government to improve ease of doing business in India.**
- **The WTO's Trade Facilitation Agreement** represents an important milestone by creating an international framework for reducing trade costs. India considers 'Trade Facilitation' to be particularly important for developing countries. Even modest reductions in the cost of trade transactions would have a positive impact on trade for both the developed and the developing world. As per its commitment India ratified the Trade Facilitation Agreement (TFA) in April 2016. The objectives of this agreement are in consonance with India's "Ease of Doing Business" initiative.
- **The GST is a game changing reform introduced by the government.** It is expected that implementation of GST will facilitate the creation of one common market in the country by removing tax barriers; eliminate cascading of taxes thereby reducing cost of production of manufacturing goods; and enhance ease of doing business by cutting down transaction costs associated with the complex tax regime. The implementation of GST is also going to cover the unorganized sector industries.
- **A real estate investment trust (REIT)** is a platform that allows investors to make securitised real estate investments in small amounts. It works much like a mutual fund, pooling funds from various investors into one basket. REITs are regulated and managed as a trust, which means there is accountability and audit of how investor funds are used. Real estate is often considered an unorganised sector and there can be ambiguity in transaction values. Hence it will also improve ease of doing in the real sector.

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