

**IASbaba's Daily Prelims Test [Day 45]**

**TOPIC: Economy - Public Sector, India Year Book and Current Affairs**

**1. Some of the industries are covered under compulsory licensing under the Industries (Development & Regulation) Act, 1951 which is reviewed on an ongoing basis. Which of the following industries requires compulsory licensing?**

1. Distillation and brewing of alcoholic drinks.
2. Drugs and Pharmaceuticals
3. Electronic Aerospace and defense equipment
4. Specified Hazardous chemicals

**Select the correct code from below.**

1. 1, 3 and 4 only
2. 1 and 4 only
3. 1, 2 and 4 only
4. All the above

**Ans: (1)**

**Explanation:**

The list of items covered under compulsory licensing under the Industries (Development & Regulation) Act, 1951 is reviewed on an ongoing basis. At present, only five industries are under compulsory licensing mainly on account of environmental, safety and strategic considerations. They are:

1. Distillation and brewing of alcoholic drinks.(Licensing ceased by DIPP in compliance with Supreme Court Order of 29.1.1997 in Bihar Distillery case which ruled that industries engaged in manufacture of potable alcohol would be under the jurisdiction of the States).
2. Cigars and cigarettes of tobacco and manufactured tobacco substitutes.
3. Electronic Aerospace and defense equipment: all types.
4. Industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches.

5. Specified Hazardous chemicals i.e. (i) Hydrocyanic acid and its derivatives, (ii) Phosgene and its derivatives and (iii) Isocyanates & diisocyanates of hydrocarbon, not elsewhere specified (example Methyl isocyanate).

**2. Consider the following statement regarding 'Disinvestment'.**

1. Disinvestment always implies change in management.
2. Privatization is a form of disinvestment.
3. According to present disinvestment policy, Government has to retain management control of the Public Sector Undertakings.

**Which of the above statements are correct?**

1. 1 and 2 only
2. 2 and 3 only
3. 1 and 3 only
4. All the above

**Ans: (2)**

**Explanation:**

There is a difference between disinvestment and privatization. Privatization implies a change in ownership resulting in a change in management. But disinvestment need not always imply change in management. Disinvestment is actually dilution of the stake of the government in a public enterprise. If the dilution is less than 50 percent the government retains management even though disinvestment takes place. It is not privatized. But if the dilution is more than 50 percent there is transfer of ownership and management. It will be called privatization. Thus disinvestment is wider than privatization. Privatization implies disinvestment but disinvestment does not necessarily imply privatization. Only when disinvestment goes beyond 51 percent it implies privatization.

The extent of dilution of the government's stake is determined as part of the policy of disinvestment. According to present disinvestment policy, Government has to retain majority shareholding, i.e. at least 51% and management control of the Public Sector Undertakings.

**3. The industries which are of fundamental importance for the development of other industries are termed as 'core industries'. Which of the following are considered as core industries?**

1. Coal
2. Textiles
3. Crude Oil
4. Natural Gas
5. Petroleum Refinery Products

**Select the correct code from below.**

1. 1, 2, and 4 only
2. 1, 3, 4 and 5 only
3. 3 and 4 only
4. 1, 3 and 4 only

**Ans: (2)**

**Explanation:**

Eight core industries are Coal, Crude Oil, Natural Gas, Petroleum Refinery Products, Fertilizers, Steel, Cement, and Electricity.

**4. Companies Act, 2013, under section 135 provides for 'corporate social responsibility (CSR)'. Which of the following expenditure can be considered as CSR?**

1. Salaries paid by the companies to regular CSR staff as well as to volunteers.
2. Renewable energy projects.
3. Sponsorships of TV programmes.
4. Donation to IIM, Ahmadabad for conservation of buildings and renovation of classrooms.

**Select the correct code from below.**

1. 1 and 2 only
2. 2 and 3 only
3. 1, 2 and 4 only
4. All the above

**Ans: (3)**

**Explanation:**

<http://timesofindia.indiatimes.com/business/india-business/Govt-provides-clarity-on-CSR-activities-under-Companies-Act/articleshow/36833349.cms>

[http://www.mca.gov.in/Ministry/pdf/General\\_Circular\\_21\\_2014.pdf](http://www.mca.gov.in/Ministry/pdf/General_Circular_21_2014.pdf)

**5. The Government of India constituted the National Investment Fund (NIF), into which the proceeds from disinvestment of Central Public Sector Enterprises are channelized. Which of the following is/are correct regarding National Investment Fund?**

1. NIF is a part of 'Public Accounts'.
2. The NIF corpus is managed by Public Sector Fund Managers.
3. The allocations out of the NIF will be decided in the Government Budget.

**Select the correct code from below.**

1. 2 only
2. 1 and 2 only
3. 2 and 3 only
4. 1 and 3 only

**Ans: (4)**

**Explanation:**

The Government on 17th January, 2013 has approved *restructuring of the National Investment Fund* (NIF) and decided that the disinvestment proceeds with effect *from* the fiscal year 2013-14 will be credited to the existing 'Public Account' under the head NIF and they would remain there until withdrawn/invested for the approved purpose; and decided to do away with the management of the disinvestment proceeds by the Fund Managers of NIF.

The allocations out of the NIF will be decided in the Government Budget. For F.Y. 2013-14 Government have approved allocations from the NIF towards spending on recapitalization of Public Sector banks and capital expenditure of Indian Railways.

**6. Which of the following is/are not correct regarding the 'National Manufacturing Policy'?**

1. Enhancing the share of manufacturing in GDP to 25%.
2. Creating 100 million jobs over a decade.
3. Empower rural youth by imparting necessary skill sets to make them employable.
4. Establishment of National Investment and Manufacturing Zones (NIMZs) with land area of at least 1000 hectares.

**Select the correct code from below.**

1. 1 and 2 only
2. 1, 2 and 4 only
3. 1, 2 and 3 only
4. None of the above

**Ans: (3)**

**Explanation:**

The Government of India has announced a national manufacturing policy with the objective of enhancing the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs. It also seeks to empower rural youth by imparting necessary skill sets to make them employable. Establishment of National Investment and Manufacturing Zones (NIMZs) – green field integrated Industrial Townships with state –of-the-art infrastructure and land use on the basis of zoning; clean and energy efficient technology and requisite social infrastructure. NIMZ proposed with land area of at least 5000 hectares.

<http://www.pib.nic.in/newsite/erelease.aspx?relid=78807>

**7. Consider the following statements regarding 'Index of Industrial Production'.**

1. The current base year for the IIP series in India is 2004-05.
2. In India the index is compiled using figures of mining, manufacturing and electricity sectors only.
3. National Industrial Classification (NIC)-2004 is used to calculate the new IIP series.

**Which of the above statements are correct?**

1. 1 and 2 only
2. 2 and 3 only
3. 1 and 3 only
4. All the above

**Ans: (4)**

**Explanation:**

The new series of index was released on 10th June 2011. The base year of IIP for the new series is 2004-05, as against 1993-94 for the old series. National Industrial Classification (NIC)-1987 was used in the old series whereas for the new series, NIC-2004 has been used.

[http://www.arthapedia.in/index.php?title=Index\\_of\\_Industrial\\_Production](http://www.arthapedia.in/index.php?title=Index_of_Industrial_Production)

**8. Which of the following sector/activities is/are reserved for public sector in India?**

1. Atomic Energy
2. Railway electrification
3. Mass rapid transport system
4. Construction, operation and maintenance of passenger terminals

**Select the correct code from below.**

1. 1 and 2 only
2. 1 only
3. 1, 2 and 4 only
4. All the above

**Ans: (2)**

**Explanation:**

The two industries that are reserved for the public sector at present are as follows:

(a) Atomic Energy (Production, separation or enrichment of special fissionable materials and substances and operation of the facilities) and,

(b) Railway Operations other than construction, operation and maintenance of the following:

(i) Suburban corridor projects through Public Private Partnership;

(ii) High speed train projects;

(iii) Dedicated freight lines;

(iv) Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities;

(v) Railway Electrification;

- (vi) Signaling systems;
- (vii) Freight terminals;
- (viii) Passenger terminals;
- (ix) Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivity to main railway line; and
- (x) Mass Rapid Transport Systems.

**9. The main objective of the 'Maharatna scheme' is to empower mega CPSEs to expand their operations and emerge as global giants. Which of the following are correct regarding eligibility criteria for CPSEs to grant Maharatna status?**

1. Having Navratna status.
2. The CPSEs need not be listed on Indian stock exchanges.
3. An average annual net worth of more than Rs.15,000 crore during the last 3 years.
4. Should have significant global presence/international operations.

**Select the correct code from below.**

1. 1 and 3 only
2. 1, 2 and 3 only
3. 1, 3 and 4 only
4. All the above

**Ans: (3)**

**Explanation:**

Eligibility Criteria for grant of Maharatna status:

The CPSEs meeting the following eligibility criteria are considered for Maharatna status:-

- a) Having Navratna status
- b) Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations
- c) An average annual turnover of more than Rs.25,000 crore during the last 3 years
- d) An average annual net worth of more than Rs.15,000 crore during the last 3 years
- e) An average annual net profit after tax of more than Rs.5,000 crore during the last 3 years
- f) Should have significant global presence/international operations.

**10. An industry is considered as 'sick' when**

1. At the end of a financial year, accumulated losses are equal to or more than its net worth.
2. It should have completed five years of incorporation under the Companies Act, 1956.
3. It must have had more than 50 workers on any given day of 12 months prior to the financial year in which sickness is claimed.
4. It should have a factory license.

**Select the correct code from below.**

1. 1, 2 and 3 only
2. 2, 3 and 4 only
3. 1, 3 and 4 only
4. All the above

**Ans: (4)**

**Explanation:**

<http://bifr.nic.in/introduction.htm>

<http://www.livemint.com/Money/7IMZs2a6SjdnHDTlwyrxKL/Dejargoned-sick-company.html>

**11. Which of the following are correctly matched?**

**Multipurpose Project**

1. Pancheshwar Project
2. Bargi Project
3. Matatilla Project
4. Hasdeo Bango Project

**River**

- i. Sharda River
- ii. Narmada River
- iii. Betwa River
- iv. Mahanadi

**Select the correct code/s**

1. 1, 2, 3 and 4
2. 1, 3 and 4
3. 2 and 3
4. 1 and 4



Solution- 1

All are correct

**12. 'One Belt, One Road' Initiative of China will pass through which of the following?**

1. Black Sea
2. Mediterranean Sea
3. Caspian Sea
4. Red Sea
5. Yellow Sea

**Select the correct code/s**

1. 1, 2, 3, 4 and 5
2. 2, 3, 4 and 5
3. 2, 3 and 4
4. 1, 2 and 4

Solution- 4

One Belt, One Road includes- **New Silk Road plus Maritime Silk Route**

New Silk Route- Near Istanbul, it will cross Black Sea

Maritime Silk Route- Stretches till Greece through Red Sea and Mediterranean Sea

See this Map and try to make more questions around this. Like places and some symmetry around the geography of regions associated with it. We will also post more questions 😊



**13. Consider the statements**

1. It is India's first Dinosaur Site
2. This Jurassic period site houses the fossils of flora
3. 15 km from Gadchiroli, near Maharashtra's border with Andhra Pradesh.

**Correct option**

1. Wadadham Fossil Park
2. Salkhan Fossil Park
3. Ghughua Fossil Park
4. Indroda Fossil Park

Solution- 1

<http://indianexpress.com/tag/wadadham-fossil-park/>

**14. India is second largest in production of Fishery in the world. Consider the statement in this regard**

1. India has utilized more than 70% of its fisheries potential
2. Gujarat is the leading producer in India followed by Andhra Pradesh
3. Inland fish production is more than marine fish production
4. Both Coastal and Deep Sea Fishery falls under State Government

**Select the WRONG option**

1. 1 and 3
2. 2 and 4
3. Only 1
4. 1, 2 and 4

Solution- 4

India's fishery potential is hugely untapped. AP is the leading producer. Coastal fishery is under State but Deep Sea Fishing is governed by UNION due to Scientific Research and jurisdiction under EEZ.

**15. Which of the following animals have suicidal tendencies or self-destruction or autothysis?**

1. Carpenter ant
2. Bat
3. Pea aphid
4. cat
5. Termites
6. Dogs

**Select the correct code**

1. 1, 2, 3, 4, 5 and 6
2. 2, 3, 4 and 6
3. 2 and 5
4. 1, 3, 5 and 6

Solution- 4

Read about Autothysis from Google ☺

**16. Consider the following statements**

1. It has four World Heritage Sites next highest to Russia in Central Asia
2. Samarkand is one the World Heritage Site
3. It has Caspian Sea to the West and Afghanistan to the South

**Select the correct code**

1. Kazakhstan
2. Uzbekistan
3. Tajikistan
4. Turkmenistan

Solution- 2

Samarkand is in Uzbekistan ☺ [Those who knew this, will easily solve]

**17. Consider the following statements**

1. Arab State of Persian Gulf consists of seven states namely Iraq, Kuwait, Saudi Arab, Bahrain, Qatar, UAE and Oman
2. All are part of Gulf Cooperation Council (GCC)
3. India has Free Trade Agreement (FTA) with GCC country, UAE.

**Select the correct code**

1. 1, 2, 3
2. 1 and 2
3. Only 1
4. None

Solution- 3

First statement is correct but in second statement, GCC excludes Iraq. India is under negotiation with GCC. Two rounds have been done but no ratification yet.

**18. Consider the following statements**

1. It is one the World Heritage Sites and an Ancient University of Indian Subcontinent
2. It was a major centre of learning for Buddhism, Jainism and Hinduism.
3. It became a renowned centre of Buddhist religion and culture during the royal Patronage of Pala Dynasty.
4. It was established by Dharmapala of Pala Dynasty

**Select the correct code**

1. Nalanda
2. Takshashila
3. Vikramshila
4. Somapura

Solution- 4

Somapura Mahavihara was established by Dharmapala of Pala dynasty during late 8th century in Bengal (Now in Bangladesh) and flourished for 400 years till 12th century. The University spread over 27 acres of land of which the main complex was 21 acres was one of the largest of its kind. It was a major center of learning for Baudha Dharma (Buddhism), Jina Dharma (Jainism) and Sanatana Dharma (Hinduism). Even today one can find ornamental terracotta on its outer walls depicting the influence of these three traditions.

<http://whc.unesco.org/en/list/322>

**19. Consider the following**

1. Royal Hill of Ambohimanga
2. Rock Shelters of Bhimbetka
3. The Persian Garden
4. Osun-Osogbo Sacred Grove

What is the relation between above regions?

1. They are newly inscribed World Heritage Sites
2. They are Cultural Landscapes of World Heritage
3. They are nominated members of World Heritage
4. They are World heritage in danger

Solution- 2

<http://whc.unesco.org/en/culturallandscape/#1>

**20. Consider the following regarding National Mission for Clean Ganga (NMCG)**

1. The GoI has availed loan from International Development Bank and International Bank for Reconstruction and Development (IBRD) to facilitate this project.
2. The Secretary to the Government of India, Ministry of Water Resources, River Development and Ganga Rejuvenation (MoWR, RD & GR) is the current Chairman of the Government Council of NMCG.
3. NMCG has been assigned the implementation of the World Bank assisted project of NGRBA and had taken loan from World Bank.

**Select the correct code**

1. 1, 2 and 3
2. 2 and 3
3. 1 and 2
4. Only 3

Solution- 1

India Year Book- Water Resources

<http://envfor.nic.in/sites/default/files/nmcg-ad-05062014.pdf>