

IASbaba's Daily Quiz

January 27, 2017

Q.1) The Ministry of Home Affairs will issue the industrial licences for defence manufacturing which includes electronic aerospace and defence equipment. Consider the following statements

1. Previously it was issued by Department of Industrial Policy and Promotion (DIPP) under Ministry of Commerce and Industry
2. With the notification of Arms Rule, 2016, Items configured for military use will be handled by Home Ministry instead of DIPP

Which of the following statements is/are correct?

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

Q.1) Solution (c)

The Ministry of Home Affairs will issue the industrial licences for defence manufacturing which includes electronic aerospace and defence equipment. Previously it was issued by Department of Industrial Policy and Promotion (DIPP) under Ministry of Commerce and Industry. The participation of private sector in defence manufacturing was allowed since 2001 subject to licensing from DIPP under Industries (Development and Regulation) Act, 1951. However with the notification of Arms Rule, 2016, Items configured for military use will be handled by Home Ministry instead of DIPP.

In News - <http://www.thehindubusinessline.com/economy/policy/home-ministry-will-now-issue-defence-industrial-licences/article9500149.ece>

Q.2) Consider the following statements about National Clean Energy Fund (NCEF)

1. It is created for funding research and innovative projects in clean energy technologies
2. An Inter-Ministerial Group (IMG) chaired by Finance Secretary approves the projects/schemes eligible for financing under the NCEF
3. Creation of NCEF was announced in the Union Budget 2015-16

Which of the following statements is/are correct?

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

IASbaba's Daily Quiz

January 27, 2017

- c) 1 and 3
- d) All of the above

Q.2) Solution (a)

The National Clean Energy Fund (NCEF) is a fund created in 2010-11 using the carbon tax - clean energy cess - for funding research and innovative projects in clean energy technologies of public sector or private sector entities, upto the extent of 40% of the total project cost. Assistance is available as a loan or as a viability gap funding, as deemed fit by the Inter-Ministerial group, which decides on the merits of such projects.

The Fund is designed as a non-lapsable fund under Public Accounts and with its secretariat in Plan Finance II Division, Department of Expenditure, Ministry of Finance.

Creation of NCEF was announced in the Union Budget 2010-11.

An Inter-Ministerial Group, chaired by the Finance Secretary in Ministry of Finance (and comprising of Secretaries of Departments of Expenditure and Revenue at Ministry of Finance, Principal Scientific Advisor to the Government of India, a representative of Planning Commission and a Representatives of Ministry sponsoring the proposal and other Ministries concerned with that specific proposal) recommends projects eligible for funding under NCEF.

In News - http://www.business-standard.com/article/economy-policy/most-of-the-rs-54-000-cr-national-clean-energy-fund-remains-unused-117012500013_1.html

Q.3) Consider the following statements about Investor-state dispute settlement (ISDS)

1. It is a system through which individual companies can sue countries for alleged discriminatory practices
2. ISDS is found in the Energy Charter Treaty of which India is a signatory
3. It is contained in NAFTA and proposed TPP

Which of the following statements is/are correct?

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

IASbaba's Daily Quiz

January 27, 2017

Q.3) Solution (b)

ISDS is an instrument of international public law, it is a neutral international arbitration procedure.

ISDS seeks to provide an impartial, law-based approach to resolve conflicts.

It is a system through which individual companies can sue countries for alleged discriminatory practices.

It is contained in a number of bilateral investment treaties, in certain international trade treaties, such as NAFTA (chapter 11), and the proposed TPP (chapters 9 and 28) and CETA (sections 3 and 4) agreements.

ISDS is also found in international investment agreements, such as the Energy Charter Treaty.

The Energy Charter Treaty (ECT) is an international agreement which establishes a multilateral framework for cross-border cooperation in the energy industry. The treaty covers all aspects of commercial energy activities including trade, transit, investments and energy efficiency. The treaty is legally binding, including dispute resolution procedures. India is not a member of Energy Charter Conference.

In News - <http://www.thehindu.com/business/India-rejects-attempts-by-EU-Canada-for-global-investment-agreement/article17083034.ece>

Q.4) Canary Islands is located in

- a) Pacific Ocean
- b) Indian Ocean
- c) Atlantic Ocean
- d) None of the above

Q.4) Solution (c)

The Canary Islands also known as the Canaries, are an archipelago and autonomous community of Spain located on the Atlantic Ocean, 100 kilometres (62 miles) west of Morocco. The Canaries are among the outermost regions (OMR) of the European Union proper. It is also one of the eight regions with special consideration of historical nationality recognized as such by the Spanish Government.

IASbaba's Daily Quiz

January 27, 2017

In News - <http://www.thehindu.com/todays-paper/tp-national/Global-travel-sector-zooms-in-on-lucrative-gay-market/article17080984.ece>

Q.5) Which of the following statements about 'vote-on-account (VOA)' is/are correct?

- a) A VOA in the strict sense deals only with the expenditure side of the government's budget, whereas an interim budget has to include both expenditure and receipts
- b) A VOA cannot be for a period longer than six
- c) No changes are made to tax and duty structures and no new schemes are announced in vote-on-account
- d) All of the above

Q.5) Solution (d)

What is Vote-on-account?

- Vote-on-account literally means a vote on the accounts of the government. Usually, the annual budget is presented by the end of February after which it is discussed — details of the budget are scrutinized by a Parliamentary committee and it is finally passed by mid-May.
- However, this time, this could be in the middle of elections or another government could be in power depending on the election schedule.
- During elections and till a new government takes over, the caretaker government needs funds for various routine items of expenditure — like staff salaries — without which there would be a financial crisis. According to the Constitution, the government cannot spend any money without Parliament's approval.
- Hence, vote-on-account is taken whereby a government gets parliamentary approval to run the government for a few months, using funds drawn from the Consolidated Fund of India.

How is a vote-on-account different from the full budget or an interim budget?

- While the words vote-on-account and interim budget are often interchangeably used, a vote-on-account in the strict sense deals only with the expenditure side of the government's budget, whereas an interim budget has to include both expenditure and receipts.
- Generally, a vote-on-account is for two or three months, usually till the time it is replaced by a regular budget.

IASbaba's Daily Quiz

January 27, 2017

- It cannot be for a period longer than six months as the Constitution stipulates that the gap between two Parliament sittings cannot be more than six months.
- A regular full budget is a complete statement on the financial position of the government for a full year based on expenditures during the period and proposals for financing them. Thus, it gives details of how money is to be spent and how it will be raised by the government.

Why ever have a vote-on-account and not a full-fledged budget?

- Constitutionally, there is no distinction between a caretaker government and a regular one. The government could technically present a full budget.
- However, by convention, a government that is at the end of its tenure opts for a vote-on-account since it is regarded as improper that an outgoing government should impose its policies on its successor.
- There is also the fear that in election years a full budget would tempt governments to resort to populism while ignoring financial prudence.
- Interim budgets have also been used by governments taking office just before the financial year begins to get Parliamentary approval for immediate spending, giving them time to work out a more thought-out budget later in the year.

By convention, what are the restrictions on a vote-on-account?

- Vote on account gives the revised estimates of expenditure incurred by the government and revised estimates of government revenue from different sources in the financial year coming to an end.
- These estimates provide an assessment of how efficiently the government spent its resources and how effective its policies of mobilizing tax and non-tax revenues were.
- Typically, no changes are made to tax and duty structures and no new schemes are announced. However it can extend coverage or allocate more money to an existing scheme. The finance minister can also use the vote-on-account speech to give indications of what he would like to do if given an opportunity after the elections.
- Thus, it is often used to indicate his intentions on economic policy just before elections and he can make many promises, something most finance ministers have done in their vote-on-account speeches.

In News - <http://timesofindia.indiatimes.com/elections/news/dont-announce-any-scheme-for-poll-bound-states-in-union-budget-ec-tells-government/articleshow/56742740.cms>