

Q.1) Consider the following statements about Negotiable Warehousing Receipts (NWR):

1. Enables farmers to seek loans from banks against NWRs.
2. It allows farmers to avoid distress sale.
3. It encourages scientific warehousing of goods.
4. It helps to increase liquidity in rural areas.

Which of the above statements is/are correct?

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

Q.1) Solution (d)

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

Warehouse Receipts may be either non-negotiable or negotiable. NWRs can be traded, sold, swapped and used as collateral to support borrowing. It is defined in the Warehousing (Development and Regulation) Act, 2007 (WDR Act). NWR was launched first in 2011 and are regulated by the Warehousing Development and Regulatory Authority (WDRA).

Benefits of NWR

- It helps farmers to **seek loans from banks against NWRs** and this way NWRs become a prime tool of trade.
- It allows farmers to extend the sales period of modestly perishable products beyond the harvesting season **and avoid distress sale.**
- It **allows transfer of ownership of a commodity** stored in a warehouse without having to deliver it physically.
- NWRs can enhance banks' interest in lending in respect of farm goods deposited by farmers in the registered warehouses **which can increase liquidity in the rural areas** and encourage **scientific warehousing of goods.**

Do you know?**Warehouse (Development and Regulation) Act, 2007**

- To make provisions for the development and regulation of warehouses, negotiability of warehouse receipts etc.
- Warehousing Development and Regulatory Authority (WDRA) is implementing body.

THINK!

- National Commodity and Derivative Exchange.

Q.2) Which of the following statement is correct about International Road Federation (IRF)?

- a) The IRF is global non-governmental, not-for-profit organization.
- b) The IRF is global intergovernmental organization.
- c) The IRF is global Civil Society movement.
- d) The IRF is international private for-profit entity.

Q.2) Solution (a)

The IRF is global non-governmental, not-for-profit organization with mission to encourage and promote development and maintenance of better, safer and more sustainable roads and road networks.

IRF seeks to promote **social and economic benefits of sustainable and environmentally sound road transport infrastructure** at all levels of society.

It helps to put in place technological solutions and management practices that provide **maximum economic and social returns from national road investments**.

It provides a wide base of expertise for planning road development strategy and policy for governments and financial institutions in all aspects of road policy and development.

Do you know?

- Intelligent Transportation Systems visualizes information and communication technology (ICT) and advanced vehicular technologies, helping mobile vehicles and infrastructure communicate on a real-time basis.

THINK!

- National Intelligent Transportation System Policy

Q.3) Centre has announced a recapitalization plan for the Public-Sector Banks (PSBs) through issuance of recapitalization bonds. Consider the benefits of recap bonds.

1. There will be less burden on taxpayer.
2. Government can avoid crowding out private borrowings.

3. The method is potential solution for the structural problems in the banking system.

Which of the above statements is/are correct?

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

Q.3) Solution (d)

The recapitalization plan is a three-part package: Rs. 18000 crores from the budget, Rs. 58000 crores that banks can raise by diluting their equity and Rs. 1.35 lakh crore through issuance of recap bonds.

Recapitalization Bonds approach

- It refers to using equity money in order to restructure an institution's debt.
- The bonds can be issued either directly by the government or through a holding company.
- The government will issue bonds to the banks for a share of the bank's Equity.
- The annual interest on these bonds and the principal on redemption will be paid by the central government.
- These bonds can be sold off by the banks in the market when in need of capita

Benefits of Recapitalization Bonds

- The government need not to raise immediate tax revenues to fund the mounting bill on bank recapitalization, **which means less burden on the taxpayer.**
- Borrowing directly from the banking system instead of the markets, **the government can avoid crowding out private borrowings or distorting market yields.**
- Recapitalization Bonds does not strain the banking finances, because lending to the government is safest for their loan funds. In any case, public sector banks tend to invest well in excess of their Statutory Liquidity Ratio requirements in government securities.

Limitation of Recapitalization Bonds

- **The method is not the solution for the structural problems in the banking system** that have been created by the bad loan menace, poor governance systems, badly judged lending decisions, and the repeated overlooking of doubtful accounts of potential NPAs. The nature of capital infusion shows that it is a kind of bailout offering and not necessarily trying to aid the banks in growth.

- The credit demand of loans is weak in the current market, which could have negative impact on banking operation.

Do you know?

- The Insolvency and Bankruptcy Board of India (IBBI) is the **regulator for overseeing** insolvency proceedings and entities like Insolvency Professional Agencies (IPA), Insolvency Professionals (IP) and Information Utilities (IU) in India.

THINK!

- PARA

Q.4) Select the most appropriate statement regarding Domestic Systemically Important Banks (D-SIBs)

- a) Banks whose assets exceed 1% of GDP are considered part of this group.
- b) D-SIB means that the bank is too big to fail.
- c) D-SIB means all the nationalized banks
- d) D-SIB means banks that work on behalf of Government's foreign dealings.

Q.4) Solution (b)**D-SIB means that the bank is too big to fail.**

According to the RBI, some banks become systemically important due to their size, cross-jurisdictional activities, complexity and lack of substitute and interconnection. Banks whose assets exceed 2% of GDP are considered part of this group. The RBI stated that should such a bank fail, there would be significant disruption to the essential services they provide to the banking system and the overall economy.

The too-big-to-fail tag also indicates that in case of distress, the government is expected to support these banks. Due to this perception, these banks enjoy certain advantages in funding. It also means that these banks have a different set of policy measures regarding systemic risks and moral hazard issues.

Q.5) Consider the following statements about Sampoorna Bima Gram Yojana (SBG) yojana.

1. It is launched by Ministry of Social Justice and Empowerment.
2. It intends to provide affordable life insurance services to people living in rural areas of the country through the postal network
3. Coverage of all households in the identified Sampoorna Bima Gram village is the primary objective of this scheme.

Which of the above statements is/are correct?

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

Q.5) Solution (b)

Ministry of Communications launched Sampoorna Bima Gram Yojana (SBG) yojana and also expanded the coverage of Postal Life Insurance. It aims to provide **affordable life insurance services** to people living in rural areas of the country through the postal network.

Under Sampoorna Bima Gram (SBG) Yojana, at least one village (having a minimum of 100 households) will be identified in each of the revenue districts of the country, wherein endeavor will be made to cover all households of that identified village with a minimum of one RPLI (Rural Postal Life Insurance) policy each. **Coverage of all households in the identified Sampoorna Bima Gram village is the primary objective of this scheme.**

Do you know?

- Postal Life Insurance (PLI), introduced in 1884, is one of the oldest life insurance schemes for benefit of Government and semi-Government employees. Rural Postal Life Insurance (RPLI), introduced on March 24, 1995 on recommendations of Malhotra Committee, provides insurance cover to people residing in rural areas, especially weaker sections and women living in rural areas. Low Premium and High Bonus is the unique feature of PLI and RPLI schemes.

THINK!

- Insurance Regulatory and Development Authority of India

Q.6) Which of the following is not the Market Infrastructure Institution?

- a) State Bank of India
- b) Bombay Stock Exchange

- c) Central Depository Services Ltd
- d) Indian Clearing Corporation Ltd

Q.6) Solution (a)

Market Infrastructure Institutions (MII)

These institutions are systemically important for the country's financial development and serve as the infrastructure necessary for the securities market.

They include stock exchanges, depositories and clearing corporations.

- BSE is stock exchange
- CDSL is Depository
- Indian Clearing Corporation Ltd is clearing corporation
- Whereas SBI is Banking Institution, So doesn't come under the definition of Market Infrastructure Institutions

Do you know?

- Recently, SEBI constituted a committee under **former RBI deputy governor R. Gandhi** to review the norms for Market Infrastructure Institutions (MII).

THINK!

- Domestic Systemically Important Banks (D-SIBs)

Q.7) Universal Service Obligation Fund aims to

- a) Provide accessible and affordable health to poor and vulnerable Indians through Ayushman Bharat.
- b) Subsidies the rooftop solar energy for the clients through National Solar Mission.
- c) Provide non-discriminatory access to quality ICT services at affordable prices to people in rural and remote areas.
- d) Provide accessible and affordable electricity through Saubhagya scheme.

Q.7) Solution (c)

Universal Service Obligation Fund:

It aims to provide non-discriminatory access to quality ICT services at affordable prices to people in rural and remote areas through subsidy support to incentivizing telecom service providers to venture forth and provide services to such target beneficiaries.

It was envisaged in National Telecom Policy, 1999 and was given statutory status through Indian Telegraph (Amendment) Act, 2003.

The resources are raised through a 'Universal Access Levy (UAL)', which would be a percentage of the revenue earned by the operators under various licenses.

Do you know?

- Bharat Net Project is funded through Universal Service Obligation Fund (USOF). It is being implemented by a special purpose vehicle (SPV) named Bharat Broadband Network Ltd (BBNL) set up under Companies Act

THINK!

- Telecom Regulatory Authority of India.

Q.8) Which of the following statements are correct regarding Pradhan Mantri Suraksha Bima Yojna?

1. The scheme is available to age group of 40 – 70 years.
2. The risk coverage under the scheme is Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability.
3. The premium of Rs.12 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility.

Select the code from following:

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

Q.8) Solution (b)

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

- The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis.

- Aadhar would be the primary KYC for the bank account.
- The risk coverage under the scheme is Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability.
- The premium of Rs.12 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one installment.
- The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose.

Q.9) Which of the following statements is/are correct regarding Headline Inflation?

1. Headline inflation is a measure of the total inflation within an economy, including commodities such as food and energy prices.
2. It is highly volatile and prone to inflationary spikes

Select the code from following:

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

Q.9) Solution (c)

Headline Inflation

Headline inflation is a measure of the total inflation within an economy, including commodities such as food and energy prices (e.g., oil and gas), which tend to be much more volatile and prone to inflationary spikes. On the other hand, "core inflation" (also non-food-manufacturing or underlying inflation) is calculated from a price index minus the volatile food and energy components. Headline inflation may not present an accurate picture of an economy's inflationary trend since sector-specific inflationary spikes are unlikely to persist.

Think

- Core Inflation

Q.10) Green Accounting is seen as an important step towards Sustainable development. Which of the following statements correctly defines Green Accounting?

- a) It accounts for all the biological resources in monetary terms.
- b) It is a type of accounting that attempts to factor environmental costs into the financial results of operations.
- c) It is a type of accounting that extrapolates the impact on environment in monetary terms of the proposed Greenfield projects.
- d) It is the accounting of wildlife resources so that a quota can be maintained for exploitation of these resources.

Q.10) Solution (b)**Green accounting**

Green accounting is a type of accounting that attempts to factor environmental costs into the financial results of operations. It has been argued that gross domestic product ignores the environment and therefore policymakers need a revised model that incorporates green accounting.

The major purpose of green accounting is to help businesses understand and manage the potential quid pro quo between traditional economics goals and environmental goals. It also increases the important information available for analyzing policy issues, especially when those vital pieces of information are often overlooked. Green accounting is said to only ensure weak sustainability, which should be considered as a step toward ultimately a strong sustainability.

Q.11) Government of India has decided to do away with Five year Plan process and replace it with 15 year Vision Document. Which of the following statements regarding 15 year Vision document are correct?

- 1. The first 15 year Vision doc has come into effect since Financial year 2014 -15.
- 2. It will be formulated with central objective of eradicating poverty.
- 3. It will come along with a 7 year National Development Agenda which will lay down schemes and targets.

Select the code from following:

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

Q.11) Solution (b)**15 year Vision Document**

In May 2016, the Prime Minister's Office advised the NITI Aayog, its premier, independent think tank, to prepare a Fifteen Year Vision, Seven Year Strategy and Three Year Action Agenda. The Fifteen Year Vision and Seven Year Strategy document spanning 2017-18 to 2031-32 is in progress. The Action Agenda covers the period from 2017-18 to 2019-20, the last years of the Fourteenth Finance Commission.

How does the Vision, Strategy and Action Agenda exercise differ from the Five Year Plan process?

The 12th Five Year Plan was the last of the Five Year Plans. With an increasingly open and liberalized economy and given the new realities of the global economy, we needed to rethink the tools and approaches to conceptualizing the development process. The Vision, Strategy and Action Agenda framework will allow us to better align the development strategy with the changed reality of India.

An Overview of the Three Year Action Agenda

In preparing the Agenda, the NITI Aayog sought and received inputs from State Governments, Union Territories and Ministries of the Central Government. Extensive consultations were held with groups of scientists, economists, journalists, voluntary organizations, industry associations and experts in education, health, culture, transport and other fields. Numerous experts and institutions provided useful written inputs.

Q.12) The Phrase 'Hindu Growth Rate' was coined by the economist Raj Krishna. Hindu growth rate denotes the growth rate of –

- a) Indian Agriculture
- b) GDP
- c) Population
- d) Soft power of India

Q.12) Solution (b)**Hindu rate of growth**

The phrase **Hindu rate of growth**, was christened by famous anti-establishment economist **Raj Krishna**, who used it to describe India's unsatisfactory growth trend, which at the time (1950-80) was stuck at 3.5 to 4% per year. He was a staunch opponent of the

government's pro-socialist, protectionist and interventionist policies, popularly known as 'license-permit-quota-raj', a term that refers to the copious licences, tedious regulations and accompanying red tape that were necessary to set up businesses in India between 1947 and 1990.

The rate of growth reflected the Hindu philosophy of contentment (a state of happiness and satisfaction) and good karma (action, work or deed), which are essential traits for leading a better afterlife. Small rate of growth alone does not characterise Hindu rate of growth. Prolonged low growth rate, but not an economic contraction, is not sufficient to be deemed as the Hindu rate of growth. In addition to growth being low and extending over a long period of time, the term also captures a low per-capita GDP, by factoring in the population growth.

Q.13) In which of the following census, the decadal increase in population was less than the previous decade i.e. number of person added in the population were less than the previous decade?

1. 1991
2. 1921
3. 1951
4. 2011

Select the code from following:

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

Q.13) Solution (b)

Factual question

The population added from 1911 – 1921 was less than the number added from 1901 – 1911. The reason behind this was plague and famine which killed almost $1/4^{\text{rd}}$ of India's population.

Since then only in 2011 this happened that population added from 2001 – 2011 was less than the number added during 1991 – 2001. The reason behind this is economic development and implementation of India's population policy.

Q.14) Which of the following statements are correct regarding Neeranchal watershed Program?

1. The scheme will be implemented with the assistance of World bank
2. The project is implemented by the Union Ministry of Rural Development.
3. It seeks to ensure access to irrigation to every farmland (Har Khet Ko Pani) and for efficient use of water (Per Drop More Crop).

Select the code from following

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

Q.14) Solution (d)

Neeranchal Watershed Program

For achieving the major objectives of the Watershed Component of the Pradhan Mantri Krishi Sinchayi Yojana (PMKSY) and for ensuring access to irrigation to every farm (Har Khet Ko Pani) and efficient use of water (Per Drop More Crop), Neeranchal is primarily designed to address the following concerns:

- bring about institutional changes in watershed and rainfed agricultural management practices in India,
- build systems that ensure watershed programmes and rainfed irrigation management practices are better focussed, and more coordinated, and have quantifiable results,
- devise strategies for the sustainability of improved watershed. management practices in programme areas, even after the withdrawal of project support,
- through the watershed plus approach, support improved equity, livelihoods, and incomes through forward linkages, on a platform of inclusiveness and local participation.

Neeranchal will translate into better implementation outcomes of PMKSY. The programme will lead to reducing surface runoff of rainwater, increasing recharge of ground water and better availability of water in rainfed areas resulting in incremental rainfed agriculture productivity, enhanced milk yield and increased cropping intensity through better convergence related programmes in project areas.

The total cost of the project is Rs. 2142.30 crore of which the Government's share is Rs. 1071.15 crore (50 percent) and rest is the loan component from the World Bank.

Q.15) Consider the below pairs with regard to economic schools of thought:

1. Classical school : : Strongly believed in the efficiency of Free Markets to generate economic development.
2. Modern school : : Believed in government's interference and influence in the economic process.

Which of the above given pairs is/are correct?

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

Q.15) Solution (c)

Two school of thoughts – Classical economics and Modern/Keynesian economics

Classical School

- Main idea – Markets works best when they are left alone (Laissez Faire)
- Main proponent – Adam Smith
- No/smallest role to government
- Strongly believes in the efficiency of Free Markets to generate economic development or the Automatic Self-Adjustment Mechanism.
- In other words, economy would always return to the full employment level of real output through an automatic self adjustment mechanism.

Modern School:

- Main proponent – John Maynard Keynes
- Skeptic about free-market or Laissez Faire
- Believe in government's interference and influence in the economic process

Q.16) Consider the below given pairs in regard to 4 Main Phases of a Business Cycle:

1. Boom : : Business activity at high level with increasing income, output and employment at macro level
2. Recession : : Gradual fall of income, output and employment with business activity in a low gear
3. Depression : : Unprecedented level of under employment and unemployment, drastic fall in income, output and employment
4. Recovery : : Steady rise in the general level of prices, income, output and employment

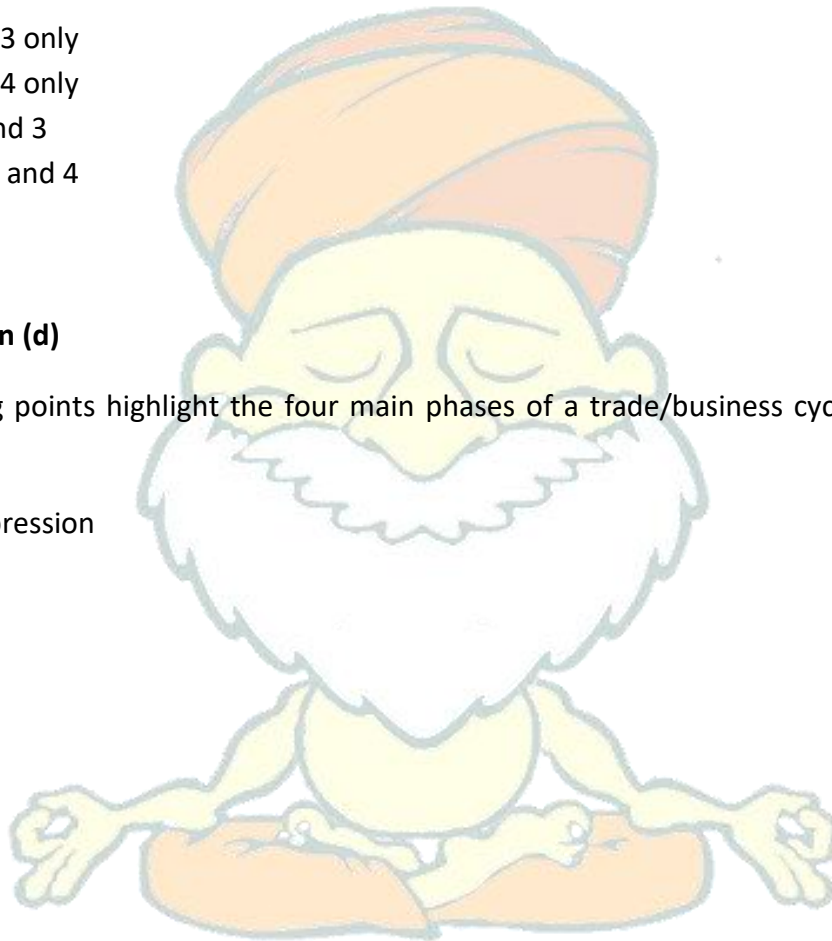
Which of the above given pairs is/are correct?

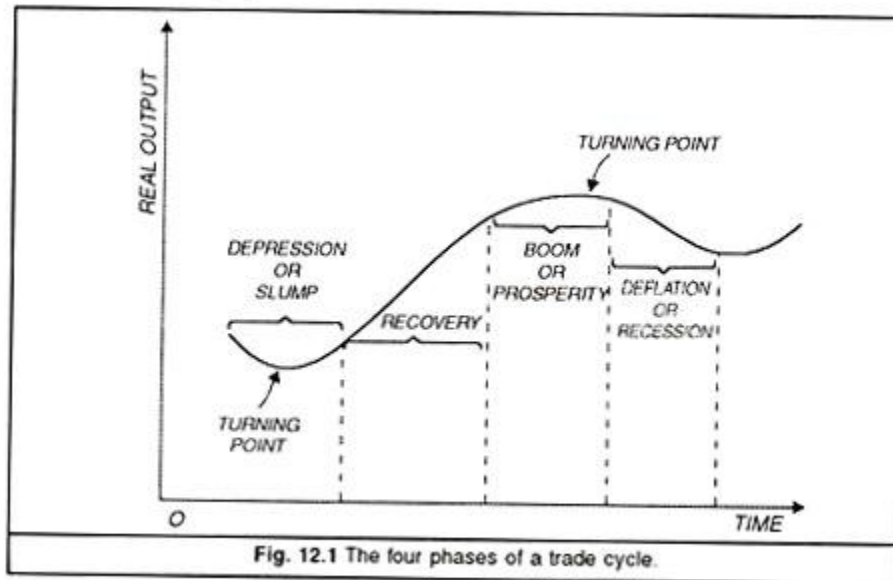
- a) 2 and 3 only
- b) 1 and 4 only
- c) 1, 2 and 3
- d) 1, 2, 3 and 4

Q.16) Solution (d)

The following points highlight the four main phases of a trade/business cycle. The phases are:

1. Slump/Depression
2. Recovery
3. Boom
4. Deflation.





Boom

During a boom, the economy is growing and output is high. Consumer spending is also at a high, with many willing to borrow money in order to fund their purchases. High mortgage lending by banks and building societies helps the growing figure of house prices. Unemployment is likely to be at a low, so much so businesses may find it difficult to recruit new employees. There will be a strong demand for goods and services and, combined with an increase in wages (as businesses compete to employ a limited supply of workers) inflation may increase. Businesses may not be able to cope with the increased demand, instead demand is likely to shift towards imported goods. Encouraged by the strong demand, businesses tend to increase their investment spending in order to maximise their capacity. The number of new businesses created will be at record numbers, having been attracted by the possibility of high profits.

Recession

If GDP is growing at a very low rate, the terms 'recession' or 'downturn' are usually applied. During this time the rate of economic growth begins to fall. Due to the decrease in growth, unemployment levels rise, this leads onto even lower demand growth. Businesses will find it increasingly difficult to push through price increases, causing the rate of inflation to fall. Many businesses will see a fall off in the growth of sales; profit growth will also falter and may even become negative. The demand for imported goods will fall as the rate of growth in overall spending by UK customers slows.

Slump/Depression

If economic growth becomes negative then it's referred to either as a 'slump' or 'depression'. During a slump unemployment is relatively high and inflation is low. Falls in

demand will often lead to workers being laid off. It will become difficult for businesses to increase their prices without sacrificing sales. Investment by business will be low, and there will be spare capacity in the economy.

Recovery

During recovery the economy starts to pick up, the rate of GDP increases, moving from a negative position to a positive one. Unemployment, too, begins to fall as businesses are able to take on more workers in order to cope with the rise in economic activity. Inflation may increase alongside the rate of growth demand, and businesses will begin to increase their investment spending as business confidence increases.

Q.17) Incremental Capital Output Ratio (ICOR) is calculated to know the production efficiency of an economy. Which of the following statements are correct about ICOR?

- a) There is no relation between the value of ICOR and efficiency.
- b) It depends on the type of economic system.
- c) Higher the value of ICOR higher is the efficiency
- d) Lower the value of ICOR higher is the efficiency

Q.17) Solution (d)

The **incremental capital output ratio (ICOR)** is a metric that assesses the marginal amount of investment capital necessary for an entity to generate the next unit of production. Overall, a higher ICOR value is not preferred because it indicates that the entity's production is inefficient. The measure is used predominantly in determining a country's level of production efficiency.

ICOR is calculated as:

$$\text{ICOR} = \frac{\text{Annual Investment}}{\text{Annual Increase in GDP}} = 1/\text{efficiency}$$

The ICOR indicate additional unit of capital or investment needed to produce an additional unit of output. The utility of ICOR is that with more and more investment, the capital output ratio itself may change and hence the usual capital output ratio will not be useful.

Q.18) Choose the correct answer from below statements with regard to 'Blue Bonds' in India:

- a) These bonds are used to specifically finance water infrastructure
- b) It is an Indian innovation which fund the development of sustainable fisheries
- c) Sale of these bonds will be linked to a fisheries-management plan to develop the country's semi-industrial and artisanal fishing sectors
- d) All of the above

Q.18) Solution (a)

Blue Bonds are bonds used to specifically finance water infrastructure. Globally blue bond issuances have crossed \$10 billion, with India yet to enter the market.

Following global trends, the upcoming year is poised to witness the first 'blue bond' issuance in India. Given the rising financing gap in India's water sector, it is imperative to utilise such innovative mechanisms for water infrastructure augmentation.

Q.19) Which of the following correctly defines the term 'crowding out effect'?

- a) It is an investment process under which general public is kept out
- b) It is an economic theory which believes that more expenditure in social security generates economic growth
- c) It is an economic theory which believes that rise in public sector spending drive down or even eliminate private sector spending
- d) None of the above

Q.19) Solution (b)

Crowding out is an economic concept that describes a situation where government spending and borrowing reduces overall private sector consumption and investment. Crowding out can be caused by an expansionary fiscal policy financed by increased taxes, borrowing or both.

(Or)

Crowding out effect is an economic term referring to government spending driving down private sector spending or even eliminate private sector spending.

Crowding out can refer to when government borrowing absorbs all the available lending capacity in the economy. This causes interest rates to rise. As a result, private businesses and individuals find it cost prohibitive to borrow money to fund growth and expansion. This, in turn, can create a downturn in the economy, which lowers tax revenue and thus increases the need for the government to borrow even more money.

Crowding out can also refer to the government conducting activities that were traditionally performed by the private sector. For instance, an increase in government investment and grants to private businesses crowds out the financial entities, such as venture capital firms, that traditionally do this themselves.

Q.20) The Industrial Output data is captured and monitored, primarily, through two statistical activities - Annual Survey of Industries (ASI) and Index of Industrial Production (IIP). Consider the below statements in regard to it:

1. The ASI is conducted annually, whereas IIP on a monthly basis.
2. The ASI survey is computed and published by the National Sample Survey Office (NSSO).
3. The IIP index is computed and published by the Central Statistical Organisation (CSO).

Which of the statements given above is/are correct?

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

Q.20) Solution (b)

The Industrial Output data is captured and monitored, primarily, through two statistical activities –

1. Annual Survey of Industries (ASI) on an annual basis and
2. Index of Industrial Production (IIP) on a monthly basis.

(Important): In 2017, Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation revised the base year of Index of Industrial Production (IIP) and Wholesale Price Index (WPI) to 2011-12 base years, replacing the 2004-05 base years.

About Annual Survey of Industries (ASI)

The Annual Survey of Industries (ASI) is the principal source of industrial statistics in India. It provides information about the composition and structure of organised manufacturing sector comprising activities related to manufacturing processes, repair services, gas and water supply and cold storage.

The ASI is conducted annually under the Collection of Statistics Act, since 1959, to obtain comprehensive and detailed statistics of industrial sector with the objective of estimating the contribution of registered manufacturing industries as a whole to the national income.

About 'Index for Industrial Production'

The Index of Industrial Production (IIP) is an index which shows the growth rates in different industry groups of the economy in a stipulated period of time. The IIP index is computed and published by the Central Statistical Organisation (CSO) on a monthly basis.

IIP is a composite indicator that measures the growth rate of industry groups classified under,

1. Broad sectors, namely, Mining, Manufacturing and Electricity
2. Use-based sectors, namely Basic Goods, Capital Goods and Intermediate Goods.

The IIP is compiled on the basis of data sourced from 16 ministries/ administrative departments. Data for IIP are collected by various source agencies under different Acts/statutes.

Q.21) Among the below given statements about different income measures, identify the incorrect statement –

- a) National Income measures the stock of commodities held by the nationals of a country at a point of time.
- b) Personal Income is the total money income received by individuals and households of a country from all possible sources before direct taxes.
- c) Gross National Income is the sum of a nation's gross domestic product (GDP) plus net income received from overseas.
- d) Per Capita Income of a country is derived by dividing the national income of the country by the total population of a country.

Q.21) Solution (a)

A national income estimate measures the volume of commodities and services turned out during a given period, counted without duplication. Thus, a total of national income measures the flow of goods and services in an economy. National Income is a flow and not a stock. As contrasted with national wealth which measures the stock of commodities held by the nationals of a country at a point of time, national income measures the productive power of an economy in a given period to turn out goods and services for the satisfaction of human wants. Hence, statement (a) is incorrect.

There are various concepts of National Income. The main concepts of NI are: GDP, GNP, NNP, NI, PI, DI, and PCI. These different concepts explain about the phenomenon of economic activities of the various sectors of the various sectors of the economy.

Gross Domestic Product (GDP)

The most important concept of national income is Gross Domestic Product. Gross domestic product is the money value of all final goods and services produced within the domestic territory of a country during a year.

Gross National Product (GNP)

Gross National Product is the total market value of all final goods and services produced annually in a country plus net factor income from abroad. Thus, GNP is the total measure of the flow of goods and services at market value resulting from current production during a year in a country including net factor income from abroad.

Personal Income (PI)

Personal Income is the total money income received by individuals and households of a country from all possible sources before direct taxes.

$PI = NI - \text{Corporate Income Taxes} - \text{Undistributed Corporate Profits} - \text{Social Security Contribution} + \text{Transfer Payments}$

Disposable Income (DI)

The income left after the payment of direct taxes from personal income is called Disposable Income. Disposable income means actual income which can be spent on consumption by individuals and families. Thus, it can be expressed as:

$DI = PI - \text{Direct Taxes}$

From consumption approach,

$DI = \text{Consumption Expenditure} + \text{Savings}$

Per Capita Income (PCI)

Per Capita Income of a country is derived by dividing the national income of the country by the total population of a country. Thus,

$PCI = \text{Total National Income} / \text{Total National Population}$

Q.22) 'SPARK (Systematic Progressive Analytical Real-time Ranking)' and 'Personalised After-training Rapid Assessment System (PARAS)' are associated with which of the following ministries?

- Ministry of Housing & Urban Affairs
- Ministry of Skill Development and Entrepreneurship
- Ministry of Social Justice & Empowerment

d) Ministry of Labour & Employment

Q.22) Solution (a)

SPARK and PARAS are measures taken under Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) of the Ministry of Housing and Urban Affairs.

A system of ranking of states and cities named as SPARK (Systematic Progressive Analytical Real-time Ranking) has been put in place by the Ministry to infuse competitive spirit amongst the States and cities.

Personalised After-training Rapid Assessment System (PARAS) has been launched by the Ministry to seek feedback regarding skill training directly from the beneficiaries.

Q.23) Consider the following statements about 'Perform Achieve and Trade Scheme (PAT)'

1. It aims to improve energy efficiency in industries by trading in energy efficiency certificates in energy intensive sectors
2. It is a component of the National Mission for Enhanced Energy Efficiency (NMEEE)

Select the correct statements

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

Q.23) Solution (c)

Perform Achieve and Trade Scheme (PAT) is a component of the National Mission for Enhanced Energy Efficiency (NMEEE) which is one of the eight missions under the National Action Plan on Climate Change (NAPCC). NMEEE aims to strengthen the market for energy efficiency by creating conducive regulatory and policy regime and has envisaged fostering innovative and sustainable business models to the energy efficiency sector.

PAT scheme is a regulatory instrument to reduce specific energy consumption in energy intensive industries, with an associated market based mechanism to enhance the cost effectiveness through certification of excess energy saving which can be traded.

Q.24) Which of the following is/are correctly matched?

1. Pashupatinath Temple – Nepal
2. Angkor Wat – Cambodia
3. Vat Phou – Laos

Select the correct code:

- a) 1 and 2
- b) 1 Only
- c) 1, 2 and 3
- d) 2 Only

Q.24) Solution (c)

Vat Phou is a ruined Khmer Hindu temple complex in southern Laos.

Angkor Wat is a temple complex in Cambodia and the largest religious monument in the world, on a site measuring 162.6 hectares. It was originally constructed as a Hindu temple dedicated to the god Vishnu for the Khmer Empire, gradually transforming into a Buddhist temple towards the end of the 12th century.

Pashupatinath Temple is a famous and sacred Hindu temple complex that is located on the banks of the Bagmati River, north-east of Kathmandu in the eastern part of Kathmandu Valley.

Q.25) Operation “Olive Branch” was launched by

- a) Russia
- b) France
- c) Egypt
- d) Turkey

Q.25) Solution (d)

In January 2018, the Turkish military launched a military operation, code-named Operation Olive Branch by Turkey, in the SDF-controlled Afrin District and the Tell Rifaat Sub district.

Q.26) Which of the following countries forms ‘South Asia Growth Quadrangle (SAGQ)’?

1. Bangladesh
2. Bhutan
3. Sri Lanka
4. India
5. Nepal

Select the correct code:

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

Q.26) Solution (b)

The South Asia Growth Quadrangle (SAGQ) was launched in April 1997 by the Foreign Ministers of Bangladesh, Bhutan, India, and Nepal.

Think

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