

**Q.1) The National Investment Fund (NIF) would be utilized for the following purposes:**

1. Recapitalization of private sector banks and private-sector insurance companies.
2. Investment by the government in RRBs, IIFCL, NABARD, Exim Bank.
3. Equity infusion in various metro projects.
4. Investment in Indian Railways towards capital expenditure.

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

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

**Q.1) Solution (b)**

In January 2013, the government approved restructuring of the 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year 2013–14 will be credited to the **existing 'Public Account' under the head NIF** and they would remain there until withdrawn/invested for the approved purpose. It was decided that the NIF would be utilized for the following purposes:

- Subscribing to the shares being issued by the CPSE including PSBs and public-sector insurance companies, on rights basis to ensure 51 per cent government ownership in them.
- Preferential allotment of shares of the CPSE to promoters, so that government shareholding does not go down below 51 per cent in all cases where the CPSE is going to raise fresh equity to meet its Capex programme.
- Recapitalization of public sector banks and public-sector insurance companies.
- Investment by the government in RRBs, IIFCL, NABARD, Exim Bank;
- Equity infusion in various metro projects;
- Investment in Bhartiya Nabhikiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.;
- Investment in Indian Railways towards capital expenditure.

**Do you know?**

**Disinvestment policy**

- Public Sector Undertakings are the wealth of the Nation and to ensure this wealth rests in the hands of the people, promote public ownership of CPSEs;
- While pursuing disinvestment through minority stake sale in listed CPSEs, the Government will retain majority shareholding, i.e. at least 51 per cent of the shareholding and management control of the Public-Sector Undertakings;

- Strategic disinvestment by way of sale of substantial portion of Government shareholding in identified CPSEs up to 50 per cent or more, along with transfer of management control.

**THINK!**

- Disinvestment through minority stake sale
- Strategic Disinvestment
- Comprehensive management of Gol's investment in CPSEs.

**Q.2) Consider the following pairs.**

Agency	Purpose
1. India Aspiration Fund	Quasi-equity and term-based short-term loans
2. SMILE	Venture Capital Financing
3. MUDRA	Refinance to commercial banks/NBFCs/cooperative banks for loans given to micro-units

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

- 1, 2 and 3
- 2 only
- 3 only
- 2 and 3 only

**Q.2) Solution (c)**

For supporting the financial needs of the small and medium enterprise sector and promote start-ups and entrepreneurship, various steps taken through Make in India.

- The **India Aspiration Fund** has also been set up under the SIDBI for venture capital financing to the MSME sector.
- **SIDBI Make in India Loan for Small Enterprises (SMILE)** launched to offer quasi-equity and term-based short-term loans to Indian SMEs on liberal terms.
- **Micro Units Development Refinance Agency (MUDRA)** Bank set up to provide development and refinance to commercial banks/NBFCs/cooperative banks for loans given to micro-units. MUDRA follow a 'credit-plus approach' by also providing several other services such as – financial literacy and addressing skill gaps, information gaps, etc.

**Do you know?**

- **Weavers Mudra Scheme:** Weavers Mudra Scheme was launched to provide concessional credit to the handloom weavers. Margin Money Assistance to a maximum of 10,000 per weaver and credit guarantee for a period of 3 years is also provided.

**THINK!**

- National Backward Classes Finance Development Corporation (NBCFDC)
- National Schedule Castes Finance Development Corporation (NSFDC)

**Q.3) Consider the following statements about Khadi and Village Industries Commission (KVIC):**

1. It is a quasi-judicial organization under the Ministry of MSME.
2. It is one of the major organizations in the decentralized sector for generating sustainable on-farm employment opportunities in rural areas.
3. It is concerned only with self-employment opportunities in rural areas.

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

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

**Q.3) Solution (d)**

Khadi and Village Industries Commission (KVIC) established under the Act of Parliament (No. 61 of 1956), and as amended in 1987 and 2006 is a **statutory organization under the Ministry of MSME and engaged in promoting and developing Khadi and Village Industries (KVI) for providing employment opportunities in the rural areas, thereby strengthening the rural economy.** KVIC has been identified as one of the major organizations in the **decentralized sector for generating sustainable non-farm employment opportunities in rural areas** at a low per capita investment. KVIC undertakes activities like skill improvement; transfer of technology; research and development; marketing etc. and **helps in generating employment/self-employment opportunities in rural areas.**

**Do you know?****Coir Industry Technology Upgradation Scheme (CITUS)**

The objectives of this component are,

- To provide modern infrastructure facilities to the production units resulting in improvement of productivity and quality.
- To support the establishment of new 'State of the Art' Coir Processing Units.
- To spread the industry to potential areas.
- To promote the enhanced utilization of available raw material.
- To create more employment opportunities, especially for women in rural areas.

**THINK!**

- Coir Vikas Yojana

**Q.4) Consider the following statements regarding Corporate Social Responsibility (CSR) trend in 2017:**

1. Maharashtra is at the top compared to other states when it comes to the number of CSR projects being implemented.
2. Education and healthcare accounted for more than 50% of the total CSR spends in 2017.
3. PSUs implemented more CSR projects than non-PSUs.

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

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

**Q.4) Solution (c)**

**Maharashtra, Uttar Pradesh, Tamil Nadu, Karnataka and Odisha are the top five states when it comes to the number of CSR projects being implemented.** These account for 32 percent (or 629 projects) of all CSR projects and initiatives underway in India. Maharashtra, meanwhile, has topped the list for three years in succession.

**In 2017, education and healthcare accounted for over 56 percent (Rs 4,045 crore) of the total CSR spends (Rs 7,215.9 crore) in India.** Both these sectors have traditionally been in focus. Expenditure towards education has grown a massive 92 percent over the last three years, from Rs 1,249 crore to Rs 2,404 crore. A part of it could be due to the government's push for the girl child's education through its 'Beti Padhao Beti Bachao' drive.

Public sector companies executed 22 percent (421) of all CSR projects in 2017 accounting for 31 percent of the total CSR expenditure. **Non-PSUs, on the other hand, implemented 78**

percent (1,474) of the projects. The average project cost, however, was higher for PSUs at Rs 5.1 crore than non-PSUs at Rs 3.2 crore.

#### Do you know?

- Only five percent of all CSR projects in 2017 was executed by companies not of Indian origin. These accounted for a mere three percent of overall CSR expenditure. The average project cost too was lower at Rs 2.1 crore compared to Indian companies' Rs 3.7 crore.

#### THINK!

- Scientific Social responsibility

**Q.5) Consider the following pairs.**

Industrial Policy	Feature
1. Industrial Policy-1948	India will be a mixed economy
2. Industrial Policy-1956	Reservation of Industries
3. Industrial Policy-1969	The Monopolistic and Restrictive Trade Practices (MRTP) Act
4. Industrial Policy-1973	Core Industries

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

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

**Q.5) Solution (c)**

**Industrial Policy Resolution, 1948 defined India will be a mixed economy.**

Industrial Policy 1956 mooted for **Reservation of Industries** A clear-cut classification of industries (also known as the Reservation of Industries) were affected with three schedules. Schedule A, B and C.

**Industrial Policy 1969 was basically a licencing policy** which aimed at solving the shortcomings of the licencing policy started by the Industrial Policy of 1956. The experts and industrialists (new comers) complained that the industrial licencing policy was serving just the opposite purpose for which it was mooted.

**The Monopolistic and Restrictive Trade Practices (MRTP) Act was passed.** The Act intended to regulate the trading and commercial practices of the firms and checking monopoly and concentration of economic power.

**The Industrial Policy Statement of 1973 introduced some new thinking into the economy with major ones being as follows:** A new classificatory term i.e., **core industries was created.** The industries which were of fundamental importance for the development of industries were put in this category such as iron and steel, cement, coal, crude oil, oil refining and electricity. In the future, these industries came to be known as basic industries, infrastructure industries in the country.

**Do you know?**

**New Industrial Policy 1991.**

The MRTP limit was Rs. 100 crores so that the mergers, acquisitions and takeovers of the industries could become possible. In 2002, a competition Act was passed which has replaced the MRTP Act. In place of the MRTP commission, the Competition Commission has started functioning (though there are still some hitches regarding the compositional form of the latter and its real functions and jurisdictions).

**THINK!**

- Types of disinvestments.

**Q.6) Which of the following are true about MSME sector:**

1. Cheap Labor and minimum overhead.
2. Encourages Inclusive Growth.
3. Creates large scale employment.

**Select the correct answer using the codes given below.**

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

**Q.6) Solution (a)**

MSME- an abbreviation of Micro, Small & Medium enterprises- is the pillar of economic growth in many developed and developing countries in the world. Often rightly termed as “the engine of growth” for India.

**Creates large scale employment:**

Since the enterprises falling in this sector require low capital to start the business, it creates huge employment opportunities for many unemployed youths. India produces about 1.2 million graduates per year, of the total number about 0.8 million are engineers. And, there is no economy in the world that can provide jobs to so many fresh graduates in one year. MSME is the boon for many of this fresh manpower.

**Encourages Inclusive Growth:**

About 50% of wealth in India is owned by just 100 people which is due to unequal distribution of wealth. Inclusive growth is on top of the agenda of Ministry for Medium, and Small, and Medium sized enterprises for several years. While poverty and deprivation are a deterrent to the development of India, including marginalized sections of society is a key challenge lying before the Ministry of MSME.

**Cheap Labor and minimum overhead:**

In large scale organizations, one of the key challenges is to retain the human resource through an effective human resource management professional manager. But in case of an MSME, the requirement of labor is less, and it does not need a highly skilled laborer. Hence, the indirect expenses incurred by the owner is also low.

**Do you know?**

- The contribution of MSME to other sectors has been immensely instrumental. It is the biggest employer after agriculture sector, despite the fact that agriculture sector's contribution to GDP is less than MSME. While it contributes about 45% to manufacturing sector, and perhaps 40% to Exports, it forms the highest share of Employment sector in India, contributing around 69% to it.

**THINK!**

- Impact of GST on MSME.

**Q.7) Consider the following statements about Udyog Aadhaar Memorandum (UAM):**

1. It had been notified under MSME Development Act, 2006.
2. UAM replaces the filing of Entrepreneurs' Memorandum.
3. Supporting documents are required at the time of online filing of UAM.

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

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

- c) 1 and 2 only
- d) None

**Q.7) Solution (a)****Udyog Aadhaar Memorandum (UAM)**

The Ministry in September-2015 **under the MSME Development Act, 2006** has notified that every MSME unit shall file Udyog Aadhaar Memorandum (UAM). This is a path breaking step to promote **ease-of-doing-business for MSMEs** in India as the UAM **replaces the filing of Entrepreneurs' Memorandum (EM part-I & II) with the respective States/UTs.**

While some of the States/UTs had made the process online, either by themselves or through the portal created by this Ministry, several States/ UTs were still relying on the manual way of filing EM. The cumbersome filing of EM has now been dispensed with and the entrepreneurs in the MSME sector just need to file online, a simple one-page UAM on <http://udyogaadhaar.gov.in> to instantly get a unique Udyog Aadhaar Number (UAN). **The information sought is on self-certification basis and no supporting documents are required at the time of online filing of UAM.**

**Do you know?**

**Framework for Revival and Rehabilitation of MSMEs** has thus been notified in May-2015 under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006. The salient features of the same are as follows:

- Identification of incipient stress.
- Committees for Distressed Micro, Small and Medium Enterprises.
- Corrective Action Plan (CAP) by the Committee with various Options.
- Restructuring Process.
- Prudential Norms on Asset Classification and Provisioning.
- Identification of Willful Defaulters and Non-Cooperative Borrowers

**THINK!**

- Scheme (LMCS)

**Q.8) In the Independence day speech, the PM urged for 'Zero effect, Zero defect'. What is the correct context for it?**

- a) Zero effect on the health of workers and Zero defect in the Finance Sheet.
- b) Zero defect in the manufactured goods by the industry and zero effect on the environment.



- c) Zero defect in the process of manufacturing and zero effect in inflation
- d) Zero defect in agricultural produce and zero effect on productivity.

**Q.8) Solution (b)****'Zero effect, Zero defect'**

Addressing the nation on India's 68th Independence Day, Hon'ble Prime Minister Shri Narendra Modi urged the industry, especially the Micro, Small and Medium Enterprises (MSMEs) of India, to manufacture goods in the country with "zero defects" and to ensure that the goods have "zero effect" on the environment.

"We should manufacture goods in such a way that they carry zero defect and that our exported goods are never returned to us. We should manufacture goods with zero effect that they should not have a negative impact on the environment".

**Q.9) Which of the following statements are correct regarding 'Green' GDP?**

1. It accounts for the total amount of agricultural goods produced in the country.
2. It accounts for the monetized loss of biodiversity and costs caused by climate change.

Select the code from following:

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

**Q.9) Solution (b)****Green GDP**

The green gross domestic product (green GDP or GGDP) is an index of economic growth with the environmental consequences of that growth factored into a country's conventional GDP. Green GDP monetizes the loss of biodiversity, and accounts for costs caused by climate change. Some environmental experts prefer physical indicators (such as "waste per capita" or "carbon dioxide emissions per year"), which may be aggregated to indices such as the "Sustainable Development Index".

Calculating green GDP requires that net natural capital consumption, including resource depletion, environmental degradation, and protective and restorative environmental initiatives, be subtracted from traditional GDP. Some early calculations of green GDP take into account one or two but not all environmental adjustments. These calculations can also be applied to net domestic product (NDP), which deducts the depreciation of produced capital from GDP. In each case, it is necessary to convert the resource activity into a monetary value, since it is in this manner that indicators are generally expressed in national accounts.

**Q.10) Which of the following categories of PSUs were created latest?**

- a) Navratnas
- b) Miniratnas
- c) Maharatnas
- d) All categories were created in the same year

**Q.10) Solution (c)**

Public Sector undertakings (PSUs) or CPSEs are mainly divided in Maharatna, Navratna, Miniratna Category I & II on the basis of their financial performance, net worth, revenue, profit etc. Guidelines for the criteria are issued by Department of Public Enterprises which is a nodal department for all CPSEs.

The eligibility criteria laid down by the Government for grant of Maharatna, Navratna and Miniratna status to Central Public Sector Enterprises (CPSEs) are following:

**Criteria for grant of Maharatna status :-**

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

- (i) Having Navratna status.
- (ii) Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations.
- (iii) Average annual turnover of more than Rs. 25,000 crore, during the last 3 years.
- (iv) Average annual net worth of more than Rs. 15,000 crore, during the last 3 years.

- (v) Average annual net profit after tax of more than Rs. 5,000 crore, during the last 3 years.
- (vi) Should have significant global presence/international operations.

Criteria for grant of Navratna status :-

The Miniratna Category – I and Schedule 'A' CPSEs, which have obtained 'excellent' or 'very good' rating under the Memorandum of Understanding system in three of the last five years, and have composite score of 60 or above in the six selected performance parameters, namely,

- (i) net profit to net worth,
- (ii) manpower cost to total cost of production/services,
- (iii) profit before depreciation, interest and taxes to capital employed,
- (iv) profit before interest and taxes to turnover,
- (v) earning per share and
- (vi) inter-sectoral performance.

Criteria for grant of Miniratna status :-

net worth are eligible to be considered for grant of Miniratna status.

Presently, there are 7 Maharatna, 16 Navratna and 71 Miniratna CPSEs.

Maharatna category was created latest in the year 2011.

**Q.11) National Investment Fund (NIF) is seen as a landmark step in restructuring of the PSUs. Which of the following statements are correct regarding NIF?**

1. It receives the proceedings from disinvestment in PSUs.
2. It is maintained as a part of Consolidated fund of India.

3. 75% of the annual income of the Fund will be used to finance selected social sector schemes, which promote education, health and employment.

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 (c)

#### National Investment Fund (NIF)

The Govt. of India constituted the National Investment Fund (NIF) on 3rd November, 2005, into which the proceeds from disinvestment of Central Public Sector Enterprises were to be channelized. The corpus of the fund was to be of permanent nature and the same was to be professionally managed in order to provide sustainable returns to the Govt., without depleting the corpus. NIF was to be maintained outside the Consolidated Fund of India.

The NIF was initialized with the disinvestment proceeds of two CPSEs namely PGCIL and REC, amounting to Rs 1814.45 crore.

#### Salient features of NIF:

- The proceeds from disinvestment of CPSEs will be channelised into the National Investment Fund which is to be maintained outside the Consolidated Fund of India
- The corpus of the National Investment Fund will be of a permanent nature
- The Fund will be professionally managed to provide sustainable returns to the Govt., without depleting the corpus. Selected Public Sector Mutual Funds will be entrusted with the management of the corpus of the Fund
- 75% of the annual income of the Fund will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the annual income of the Fund will be used to meet the capital investment requirements of profitable and revivable CPSEs that yield adequate returns, in order to enlarge their capital base to finance expansion/ diversification

The NIF corpus was thus managed by three Public Sector Fund Managers. The income from the NIF corpus investments was utilized on select social sector schemes, namely the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Accelerated Irrigation Benefits Programme (AIBP), Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY), Accelerated Power Development and Reform Programme, Indira Awas Yojana and National Rural Employment Guarantee Scheme (NREGS).

**Q.12) Which of the following Industries are reserved for Public Sector in India?**

1. Production of Atomic Energy
2. Separation and enrichment of fissionable material
3. High speed train project and dedicated Freight lines
4. Defence

**Select the code from following:**

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

**Q.12) Solution (a)**

**LIST OF INDUSTRIES RESERVED FOR THE PUBLIC SECTOR**

1. Atomic Energy (Production, Separation or enrichment of special fissionable materials and substances and operation of the facilities)
2. Railway operations other than construction, operation and maintenance of the following:\*\*
  - (i) Suburban corridor projects through PPP, (ii) High speed train project, (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 lines and (x) Mass Rapid Transport systems.

**Q.13) In which of the following sectors, 100% FDI is allowed in India?**

1. Infrastructure
2. Automotive
3. Pharmaceuticals
4. Railways

**Select the code from following:**

- a) 1 and 3

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

**Q.13) Solution (d)**

There are two routes by which India gets FDI.

- Automatic route: By this route FDI is allowed without prior approval by Government or Reserve Bank of India.
- Government route: Prior approval by government is needed via this route. The application needs to be made through Foreign Investment Facilitation Portal, which will facilitate single window clearance of FDI application under Approval Route. The application will be forwarded to the respective ministries which will act on the application as per the standard operating procedure. Foreign Investment Promotion Board (FIPB) which was the responsible agency to oversee this route was abolished on May 24, 2017. It held its last meeting on 17th April, which was the 245th meeting of the Board

**Following are some of major sectors for Foreign Direct Investment.**

**Infrastructure**

10% of India's GDP is based on construction activity. Indian government has invested \$1 trillion on infrastructure from 2012–2017. 40% of this \$1 trillion had to be funded by private sector. 100% FDI under automatic route is permitted in construction sector for cities and townships

**Automotive**

FDI in automotive sector was increased by 89% between April 2014 to February 2015. India is 7th largest producer of vehicles in the world with 17.5 million vehicles annually. 100% FDI is permitted in this sector via automatic route. Automobiles shares 7% of the India's GDP.

**Pharmaceuticals**

Indian pharmaceutical market is 3rd largest in terms of volume and 13th largest in terms of value. Indian pharma industry is expected to grow at 20% compound annual growth rate from 2015 to 2020. 100% FDI is permitted in this sector.

**Railways**

100% FDI is allowed under automatic route in most of areas of railway, other than the operations, like High speed train, railway electrification, passenger terminal, mass rapid transport systems etc.

### Textile

Textile is one major contributor to India's export. Nearly 11% of India's total export is textile. This sector has attracted about \$1647 million from April 2000 to May 2015. 100% FDI is allowed under automatic route.

**Q.14) Index of Industrial Production (IIP) is an index which helps us understand the growth of various sectors in the Indian economy. Which of the following statements are correct regarding IIP?**

1. Index of Industrial Production (IIP) is released by the Central Statistics Office (CSO) of the Ministry of Statistics and Programme Implementation.
2. The Eight Core Industries comprise 100% of the weight of items included in the Index of Industrial Production (IIP).
3. Out of the eight core industries, Cement has the least weightage in IIP.

**Select the code from following:**

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

**Q.14) Solution (b)**

**Index of Eight Core Industries (Base: 2011-12=100) April, 2017**

The Base Year of the Index of Eight Core Industries has been revised from the year 2004-05 to 2011-12 from April, 2017. The shift is in line with the new base year of Index of Industrial Production (IIP). The industries covered in the Index of Eight Core are namely Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. These remain the same as in the 2004-05 series. The revised basket of Eight Core Industries is aligned to the new series of IIP (2011-12) as far as possible. The revised Eight Core Industries have a combined weight of 40.27 per cent in the IIP. The detailed data based on the revised series since April, 2012 are given in Annexure.

The combined Index of Eight Core Industries stands at 118.6 in April, 2017, which is 2.5 % higher compared to the index of April, 2016. Its cumulative growth during April to March, 2016-17 was 4.8 %.

### **Coal**

Coal production (weight: 10.33 %) declined by 3.8% in April, 2017 over April, 2016. Its cumulative index increased by 3.2% during April to March, 2016-17 over corresponding period of the previous year.

### **Crude Oil**

Crude Oil production (weight: 8.98 %) declined by 0.6 % in April, 2017 over April, 2016. Its cumulative index declined by 2.5 % during April to March, 2016-17 over the corresponding period of previous year.

### **Natural Gas**

The Natural Gas production (weight: 6.88 %) increased by 2.0 % in April, 2017 over April, 2016. Its cumulative index declined by 1.0 % during April to March, 2016-17 over the corresponding period of previous year.

### **Refinery Products**

Petroleum Refinery production (weight: 28.04%) increased by 0.2 % in April, 2017 over April, 2016. Its cumulative index increased by 4.9 % during April to March, 2016-17 over the corresponding period of previous year.

### **Fertilizers**

Fertilizer production (weight: 2.63 %) increased by 6.2 % in April, 2017 over April, 2016. Its cumulative index increased by 0.2 % during April to March, 2016-17 over the corresponding period of previous year.

### **Steel**

Steel production (weight: 17.92 %) increased by 9.3 % in April, 2017 over April, 2016. Its cumulative index increased by 10.7 % during April to March, 2016-17 over the corresponding period of previous year.

### **Cement**



Cement production (weight: 5.37%) declined by 3.7 % in April, 2017 over April, 2016. Its cumulative index declined by 1.2 % during April to March, 2016-17 over the corresponding period of previous year.

### Electricity

Electricity generation (weight: 19.85%) increased by 4.7 % in April, 2017 over April, 2016. Its cumulative index increased by 5.9 % during April to March, 2016-17 over the corresponding period of previous year.

**Q.15) Recently the NITI Ayog has suggested Strategic Sale of nearly 25 PSUs, in this context consider the following statements with reference to Strategic Sale of PSUs**

1. In Strategic sale the government retains the majority ownership of the company
2. In Strategic sale the government's stake is sold to the highest bidder

**Which of the following statements is/are correct?**

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

### Q.15) Solution (b)

According to the Department of Disinvestment, in the strategic sale of a company, the transaction has two elements: Transfer of a block of shares to a Strategic Partner and Transfer of management control to the Strategic Partner.

Strategic sale takes place when more than 51% of shares go to the private sector strategic partner. This means the effective ownership of the company rests with the private partner.

Statement (1) is wrong. In 'Strategic Disinvestment', significant proportion of a Public Sector Unit's (PSU) share and the management control goes to a private sector which is considered as strategic partner. It is different from the ordinary disinvestment in which management of PSU is retained with Government.

### Do you know?

In keeping with its ongoing efforts to streamline the disinvestment process, the government (in 2017) transferred the role of advising the government on how to utilise the proceeds

from disinvestment from the Department of Investment and Public Asset Management (DIPAM) to the Department of Economic Affairs.

**Q.16) Indian capital goods industry is facing severe competition from Chinese companies over the last few years. The major factors responsible for increasing Chinese competitiveness are?**

1. Artificially appreciated Chinese currency.
2. Much lower interest rates.
3. Simpler labour laws.
4. Tax advantages and subsidies given by the Government.

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

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

**Q.16) Solution (b)**

The major factors responsible for increasing Chinese competitiveness are:

- Artificially depreciated Chinese currency
- Tax advantages and Government subsidies given by the Government
- Much lower interest rates
- Simpler labour laws
- Better infrastructure leading to lower cost of power, transportation and cluster approach helping specialisation of labour and engineering skills

**Q.17) Consider the following statements with reference to the Venture capitalists (VCs)**

1. They invest money collected from a pool of investors
2. They provide the seed capital to start a business
3. Investment by VCs can be either as debt or as equity

**Which of the following statements is/are correct?**

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

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

**Q.17) Solution (c)**

Venture capitalists are the mostly the Limited Liability Partnership firms/funds, which raises fund from different investors. As against Angel investment where the decision of investment rests with the individual, a Fund/ Portfolio Manager in Venture Capital firms is the one who hunts for promising deals to get the best returns for their investor's money.

VCs have fund/ portfolio managers to manage their investment portfolio. They have a dedicated and skilled team, which looks out for promising opportunities, and get the deal closed.

**Do you know?**

Venture Capitals generally invests in Growth stage (Series A) and forward, when the company has some proven numbers. As compared to angels they are less risk takers.

VC's investment can be either as equity or loan or a mix of both. If it is done by equity they demand a seat in the Board of the company.

**Q.18) Consider the following statements with reference to the Section 25 companies under the Companies Act, 1956**

1. These companies promote commerce, art, science, religion, charity or any other useful purpose
2. Section 25 companies do not have any profit motive
3. No PSU's can be registered as a section 25 company

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

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

**Q.18) Solution (a)**

A "Section 25" company is registered under Section 25 of the Companies Act, 1956. This section provides an alternative to those who want to promote charity without creating a

Trust or a Society for the purpose. It allows the formation of a company, which will exist as a legal entity in its own right, separate from the person promoting it. The crucial bit, however, is that any company under this section must necessarily re-invest any and all income towards promoting the said object or charity. In essence, unlike a regular company, where owners and shareholders can make profits or receive dividends, no money gets out of a Section 25 company.

Public Sector Enterprises having objects to promote commerce, art, science, religion, charity or any other useful purpose and not having any profit motive can be registered as non-profit company under section 25 of the Companies Act, 1956.

This section empowers the Central Government to grant a licence directing that such an association may be registered as a company with limited liability, without the addition of the words 'Limited' or 'Private Limited' to its name. Such companies are also called as the Non-profit or 'No Profit - No Loss' companies.

**Q.19) MRTP (Monopolies and Restrictive Trade Practices) Act was considered a hurdle in India's growth story. Which of the following are correct about MRTP Act?**

1. The act aimed to prevent concentration of economic power, provide for control of monopolies, and protect consumer interest.
2. A Monopolistic Trade Practice is that which represents abuse of market power in production and marketing of goods and services by eliminating potential competitors, charging unreasonably high prices, preventing or reducing competition, limiting technical development, deteriorating product quality, etc.
3. Currently it is the Competition Commission of India which is dealing with similar functions.

**Select the correct answer:**

- a) 1 only
- b) 2 only
- c) All of the above
- d) None of the above

**Q.19) Solution (c)**

1. The act came into force from 1st June, 1970. The act aims to prevent concentration of economic power, provide for control of monopolies, and protect consumer interest. Currently, the MRTP Act has been renamed as the Competition Act, 2002, with a few changes to it.

2. To ensure that the operation of the economic system does not result in the concentration of economic power in the hands of few. To provide for the control of monopolies and to prohibit monopolistic and restrictive trade practices. After the amendment of the act in 1984, a 4th objective was introduced, which was Regulation of Unfair Trade Practices.

3. The MRTP Act extends to the whole of India except Jammu and Kashmir. Unless the Central Government otherwise directs, this act SHALL NOT apply to: Any undertaking owned or controlled by a Government company Any undertaking owned or controlled by the Government Any undertaking owned or controlled by a corporation (not being a company established by or under any Central, Provincial or State Act)

4. Any trade union or other association of workmen or employees formed for their own reasonable protection as such workmen or employees. Any undertaking engaged in an industry, the management of which has been taken over by any person or body of persons under powers by the Central Government. Any undertaking owned by a co-operative society formed and registered under any Central, Provincial or State Act. Any financial institution.

5. A Monopolistic Trade Practice is that which represents abuse of market power in production and marketing of goods and services by eliminating potential competitors, charging unreasonably high prices, preventing or reducing competition, limiting technical development, deteriorating product quality, etc.

6. Poorly resourced commission. Inadequacy in dealing effectively with anti- competitive practices, due to lack of definitions, cumbersome procedures and scarce resources. Absence of specification of identifiable anti- competition practices. Anti-competition practices like cartels, predatory pricing, rigging etc. are not specifically mentioned in the MRTP Act.

7. At the time of drafting of the MRTP Act, the economic and trade milieu prevalent at that time constituted India only for its various provisions. However, ever since, there has been considerable movement towards liberalization, privatization and globalization (i.e. the New Economic Policy 1991). Hence, the law needed to yield to the changing scenario on both the economic and trade fronts.

8. It can be said that the MRTP Act was successful to an extent. However, due to scarcity of resources, lack of clearly defined procedures and cumbersome rules and regulations, the Act wasn't as effective as it was supposed to be. Also, the changing economic and trade environment (brought by the New Economic Policy, 1991) made it necessary for a change in the MRTP Act.

**Q.20) Term 'Fragile Five' is often in news. Identify the appropriate definition of the term:**

- a) It is a term coined to represent association of five major emerging national economies.
- b) It is a term coined to represent emerging market economies that have become too dependent on unreliable foreign investment to finance their growth ambitions.
- c) It is a term coined to represent five of the most economically weak eurozone nations during the European debt crisis.
- d) It is a term being used to describe markets which have witnessed economic turmoil in recent years.

**Q.20) Solution (b)**

Fragile Five is a term coined in August of 2013 by a financial analyst at **Morgan Stanley** to represent emerging market economies that have become too dependent on unreliable foreign investment to finance their growth ambitions.

The five members of the Fragile Five include:

1. Turkey
2. Brazil
3. India
4. South Africa
5. Indonesia

**Q.21) Consider the following statements about National Financial Reporting Authority (NFRA)**

1. The Companies Act 2013 provides for setting up NFRA.
2. NFRA will set accounting and auditing standards, monitor and enforce compliance with the standards, and oversee the accounting profession's record of ensuring compliance.

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

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

**Q.21) Solution (c)**

The **Companies Act 2013** provides for setting up a **National Financial Reporting Authority (NFRA)**. The recent report of Parliament's standing committee on finance on the Companies (Amendment) Bill 2016 has reopened what appeared to be the settled position on auditor regulation.

NFRA has a larger remit than NACAS (National Advisory Committee on Accounting Standards), which it is meant to replace. NACAS only recommends accounting standards. NFRA will set accounting and auditing standards, monitor and enforce compliance with the standards, and oversee the accounting profession's record of ensuring compliance. It will take away significant regulatory powers from the Institute of Chartered Accountants of India (ICAI).

Further reference: <http://www.thehindu.com/business/Economy/note-ban-firms-put-drew-17000-cr/article19987926.ece>

**Q.22) Consider the following statements about 'GAVI Alliance'**

1. It is an inter-governmental partnership to increase access to immunisation based in New York
2. 100% of GAVI's funding is from governments committed to Gavi's mission of saving children's lives
3. In 2014, India became the first implementing country donating to Gavi

**Select the correct statements**

- a) 1 and 2
- b) 1 and 3
- c) 3 Only
- d) None of the above

**Q.22) Solution (c)**

Gavi, the Vaccine Alliance is a public-private global health partnership committed to increasing access to immunisation in poor countries based in Geneva. The Alliance was officially launched in Davos, Switzerland in January 2000.

79% of Gavi's funding is from governments committed to Gavi's mission of saving children's lives. 21% of contributions come from the private sector, which is becoming a prominent component of Gavi's diversified financing strategy.

In 2014, India became the first implementing country donating to Gavi. The grant agreement was signed in January 2014, with India committing USD 4 million over a 4 year period from 2013-2016.

**Q.23) 'OPEX Model', is sometimes seen in news in the context of**

- a) Solar Energy
- b) Piped Natural Gas
- c) CNG Kits in vehicles
- d) Mining of Cryptocurrency

**Q.23) Solution (a)**

Capital expenditures (CAPEX) and operating expenses (OPEX) represent two categories of business expenses. Capital expenditures are the amounts that companies use to purchase major physical goods or services that will be used for more than one year.

OPEX (here) is a term used for a distinct model of solar Photo Voltaic installations. Under OPEX Model, a third party project developer finances and installs the solar PV system on rooftop owner/consumer's premises. Then, the project developer will sell all power output to him under a long-term agreement.

**Q.24) Consider the following statements about the 'Mogs'**

- 1. They are Arakanese descendants who migrated to Meghalaya
- 2. People belonging to the Mog community are the followers of Hinduism
- 3. 'Sangrai dance' is performed by the Mog community

**Select the correct statements**

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

**Q.24) Solution (d)**



The Mog are Arakanese descendants who migrated to Tripura through Chittagong Hill Tracts. Their language is grouped under Tibeto-Chinese family which is also linked with Assam-Burmese section of language.

Almost all the people belonging to the Mog community are the followers of Buddhism. The Mog Buddhists have close affinity with Burmese Buddhism in all socio-cultural and religious aspects. Their major concentrations are at Sabroom and Belonia in South Tripura.

'Sangrai dance' is performed by the Mog tribal community on the occasion of Sangrai festival during the month of Chaitra (in April) of the Bengali calendar year. The Mogs are one of the 19 tribes in Tripura.

Mogs are dependent on Jhum Cultivation.

**Q.25) Consider the following statements about 'Under2 Coalition'**

1. It is a commitment driven by state, regional and provincial governments to reduce their GHG emissions towards net-zero by 2050.
2. Telangana and Chhattisgarh are signatories to this pact from India

**Select the correct statements**

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

**Q.25) Solution (c)**

The Under2 Coalition – for which The Climate Group acts as Secretariat – is the world's premier sub-national government climate action network. It is led by state and regional governments committed to supporting the efforts of nations and delivering the goals of the Paris Agreement, to keep global temperature rises to below 2 degrees Celsius.

The Under2 Coalition brings together over 200 signatories and endorsers, spanning six continents and 43 countries committing to reduce their greenhouse gas (GHG) emissions by 2050.

Currently, Telangana and Chhattisgarh are signatories to this pact from India.

Read More - <https://www.theclimategroup.org/project/under2-coalition>

**Q.26) Consider the following statements about 'Plug Nursery'**

1. It is a technique wherein seedlings for different crops are nurtured under controlled environment in a net house
2. It is used for commercially raising vegetables and bedding plants

**Select the correct statements**

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

**Q.26) Solution (c)**

A plug nursery is an Israeli farming technique, wherein seedlings for different crops are nurtured under controlled environment in a net house.

The net house must have open space around it, and get six-eight hours of sunlight during the day.

The plug nursery predominantly uses media made from a mixture of coco peat, vermiculite, perlite and nutrients in a proportion of 8:1:1.

The seeds supplied by farmers will be sown in a tray of 10x10 pockets for seedlings. These seedlings are then supplied to farmers who use them in a net house. This type of plug is used for commercially raising vegetables and bedding plants.

