

IASbaba 60 Day Plan – Day 21 Economics

Q.1) Consider the following statements

1. Walking inflation is the one which hovers between 3-10% a year and is harmful to the economy because it heats up economic growth too fast
2. During Galloping inflation money loses value so fast that business and employee income can't keep up with costs and prices
3. Stagflation is when economic growth is stagnant but there still is price inflation

Which of the above 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.1) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
Walking inflation is a type of strong, or pernicious, inflation is between 3-10% a year. It is harmful to the economy because it heats up economic growth too fast. People start to buy more than they need, just to avoid tomorrow's much higher prices. This drives demand even further so that suppliers can't keep up. More important, neither can wages. As a result, common goods and services are priced out of the reach of most people.	When inflation rises to 10% or more, it wreaks absolute havoc on the economy. Money loses value so fast that business and employee income can't keep up with costs and prices. Foreign investors avoid the country, depriving it of needed capital. The economy becomes unstable, and government leaders lose credibility. Galloping inflation must be prevented at all costs	Stagflation means a simultaneous increase in prices and stagnation of economic growth. Stagflation was first widely recognized after the mid-20th century, especially in the U.S. economy during the 1970's, which experienced persistently rapid inflation and high unemployment. Predominant economic theory at the time could not easily explain how stagflation could occur. Since the 1970's, rising price levels during periods of slow or negative economic growth have become the norm rather than an exceptional situation.

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Q.2) Which of the following phenomenon contradicts the economic theory of Philips curve?

- a) Deflation
- b) Re-inflation
- c) Stagflation
- d) Core inflation

Q.2) Solution (c)

Elimination

The Phillips curve is an economic concept developed by A. W. Phillips stating that inflation and unemployment have a stable and inverse relationship. The theory claims that with economic growth comes inflation, which in turn should lead to more jobs and less unemployment.

If one is clear about the concept of Philips curve, the answer can be easily known

Stagflation is a condition of slow economic growth and relatively high unemployment, or economic stagnation, accompanied by rising prices, or inflation. It can also be defined as inflation and a decline in gross domestic product (GDP).

Stagflation was long believed to be impossible because the economic theories that dominated academic and policy circles ruled it out of their models by construction. In particular the economic theory of the Phillips Curve, which developed in the context of Keynesian economics, portrayed macroeconomic policy as a trade-off between unemployment and inflation.

Since the 1970's, rising price levels during periods of slow or negative economic growth have become the norm rather than an exceptional situation.

Q.3) Consider the following statements

1. Cost-push inflation occurs due to increases in the cost of wages and raw materials while demand for the affected product remaining constant
2. Inflation can erode a consumer's purchasing power
3. Demand-pull inflation is characterized by "too many rupees chasing too few goods"

Which of the above statements is/are correct?

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

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d) All of the above

Q.3) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
<p>Cost-push inflation occurs when overall prices increase (inflation) due to increases in the cost of wages and raw materials. Higher costs of production can decrease the aggregate supply (the amount of total production) in the economy. Since the demand for goods hasn't changed, the price increases from production are passed onto consumers creating cost-push inflation.</p> <p>For cost-push inflation to take place, demand for the affected product must remain constant during the time the production cost changes are occurring. To compensate for the increased cost of production, producers raise the price to the consumer to maintain profit levels while keeping pace with expected demand.</p>	<p>Inflation is a measure of the rate of price increases in an economy for a basket of selected goods and services. Inflation can erode a consumer's purchasing power if wages haven't increased enough or kept up with rising prices.</p> <p>Suppose the inflation in the economy is 5% in a particular year with the wages remaining constant, then it will be a burden for the consumer since the value of money he possesses will decrease</p>	<p>Demand-pull inflation is the upward pressure on prices that follows a shortage in supply. Economists describe it as "too many rupees chasing too few goods."</p> <p>Demand-pull inflation is a tenet of Keynesian economics that describes the effects of an imbalance in aggregate supply and demand. When the aggregate demand in an economy strongly outweighs the aggregate supply, prices go up.</p> <p>This is the most common cause of inflation.</p>

Q.4) Which of the following is not an example of cost-push inflation?

- The increase in general level of prices due to increase in oil price
- 2012 floods in Punjab and Sindh region that resulted in widespread disruption in supplies
- Disruption of supply caused by natural disasters like Japan's earthquake in 2011
- The 2008 financial crisis, which resulted in asset inflation occurred in gold and oil

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Q.4) Solution (d)

Cost-push inflation is a form of inflation which arises from increase in the cost of production or decrease in the volume of production. In cost-push inflation, the aggregate supply curve shifts leftwards thereby pushing the prices up, and hence, the cost-push.

- Cost-push inflation most commonly arises due to supply shocks. For example, an increase in the price of oil increases the cost of production for almost all goods and services and results in immediate increase in inflation. Such inflation is cost-push inflation. Similarly labor strikes, wars, floods, etc. reduce supply and increase prices.
- In 2012, severe floods hit the Punjab and Sind provinces of Pakistan wiping away crops, shutting down refineries, killing cattle and creating widespread disruption in supplies. Increase in general level of prices ensued. What sort of inflation is this?
- Increase in price due to drop in aggregate supply is cost-push inflation.
- Natural disasters cause inflation by disrupting supply. A good example is right after Japan's earthquake in 2011. It disrupted the supply of auto parts. It also occurred after Hurricane Katrina. When the storm destroyed oil refineries, gas prices soared.

After the 2008 financial crisis, asset inflation occurred in gold and oil prices. Deflation occurred in housing prices and personal income. Demand-pull inflation continued in gold prices until they reached a record.

Q.5) Which of the following can be the causes for demand-pull inflation?

1. A growing economy
2. A low unemployment rate
3. Increased Government spending
4. Inflation expectations
5. Asset inflation

Choose the correct answer using the codes given below

- a) 1, 2, 3 and 5 only
- b) 2, 3, 4 and 5 only
- c) 1, 3, 4 and 5 only
- d) All of the above

Q.5) Solution (d)

When demand surpasses supply, higher prices are the result. This is demand-pull inflation.

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A low unemployment rate is unquestionably good in general, but it can cause inflation because more people have more disposable income.

Increased government spending is good for the economy, too, but it can lead to scarcity in some goods and inflation will follow.

Causes of Demand-Pull Inflation

- 1) A growing economy: When consumers feel confident, they spend more and take on more debt. This leads to a steady increase in demand, which means higher prices.
- 2) Asset inflation: A sudden rise in exports forces an undervaluation of the currencies involved.
- 3) Government spending: When the government spends more freely, prices go up.
- 4) Inflation expectations: Companies may increase their prices in expectation of inflation in the near future.
- 5) More money in the system: An expansion of the money supply with too few goods to buy makes prices increase.

Q.6) Consider the following statements about “Operation greens scheme”

1. It is a programme to boost production and processing of tomato, onion and potato only as part of an objective to check price volatility in them
2. It was announced during the annual budget of 2018-19 with an outlay of 50,000 crore

Which of the above statement/s is/are correct?

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

Q.6) Solution (a)

Operation Greens

In the budget speech of Union Budget 2018-19, a new Scheme “Operation Greens” was announced on the line of “Operation Flood”, with an outlay of Rs.500 crore to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management. Accordingly, the Ministry of Food Processing Industries has formulated a scheme for integrated development of Tomato, Onion and Potato (TOP) value chain.

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Objectives:

- Enhancing value realization of TOP farmers by targeted interventions to strengthen TOP production clusters and their FPOs, and linking/connecting them with the market.
- Price stabilization for producers and consumers by proper production planning in the TOP clusters and introduction of dual use varieties.
- Reduction in post-harvest losses by creation of farm gate infrastructure, development of suitable agro-logistics, and creation of appropriate storage capacity linking consumption centres.
- Increase in food processing capacities and value addition in TOP value chain with firm linkages with production clusters.
- Setting up of a market intelligence network to collect and collate real time data on demand and supply and price of TOP crops.

Q.7) Which of the following can be the causes for cost-push inflation?

1. Increase in wages
2. Business monopoly
3. Government regulation and taxes
4. Exchange rates
5. Rising production costs

Choose the correct answer using the codes given below

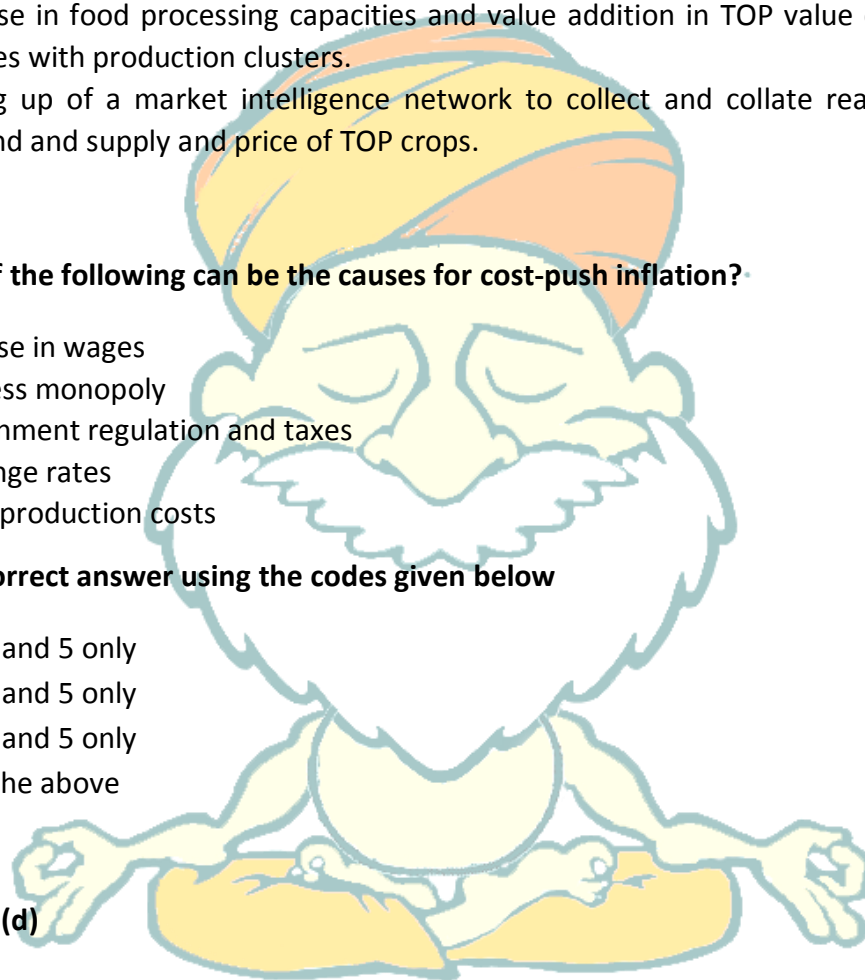
- a) 1, 2, 3 and 5 only
- b) 2, 3, 4 and 5 only
- c) 1, 3, 4 and 5 only
- d) All of the above

Q.7) Solution (d)

Cost-Push Inflation:

Simply it is the price rise due to increase in the production costs. As we have seen in case 1, the apple prices were increased because of the cost of production and transportation. This is Cost-push Inflation.

Some of the major causes of it are:



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- **Increase in wages:** With increase in wages of labours due to labour union or any other circumstance, the production costs increase, increasing the prices of product
- **Business monopoly:** When a company has monopoly over a particular product, it can decide the quantity and price of product, which can lead to increase of prices
- **Government regulation and taxes:** Indirect taxes directly increase the selling price of any product. Also, government regulations like imposing a restriction on particular resource or increasing MSP can lead to increase in the production costs of the product.
- **Exchange rates:** If there is a fall in exchange rates, importing raw materials cost increase hence increase in the prices of products
- **Rising production costs:** Rise in any of the four factors of production increases the cost of production.

Q.8) Which of the following is considered to be the advanced form of “mixed inflation”?

- a) Mark-up inflation
- b) Stagflation
- c) Dis-inflation
- d) Hyperinflation

Q.8) Solution (a)

Majority of the economists hold that, inflation is neither completely ‘demand pull’ nor completely ‘cost push’, the actual inflationary process contains the elements of both. Excess demand and increase in money wages operate at the same time, but it’s not necessary that they start at the same time.

Garner Akley put forward the theory of ‘**markup inflation**’. In simple words it is **an advanced explanation of ‘Mixed inflation’**. According to Akley first comes demand pull inflation, and it is led by cost push inflation. Markup inflation comes to happen when excess demand increases the prices, which stimulates the production. The increasing production creates excessive demand for the factors of production, and the excessive demand for the factors of production further raises the prices.

Q.9) Consider the following statements

1. Reflation refers to the situation where measures are taken to curb inflation
2. During deflation the purchasing power of money increases

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3. Consumer Price Index based inflation is called headline inflation

Choose the correct answer using the codes given below

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

Q.9) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
<p>Reflation: This term is used to refer the situation where measures are taken to curb deflation. Steps can be like fiscal policy (reducing taxes) or monetary policy (increasing money supply or reducing interest rates)</p>	<p>Deflation is a decrease in the general price level over a period of time. Deflation is the opposite of inflation. For economists especially, the term has been and is sometimes used to refer to a decrease in the size of the money supply (as a proximate cause of the decrease in the general price level). The latter is now more often referred to as a 'contraction' of the money supply. During deflation the demand for liquidity goes up, in preference to goods or interest. During deflation the purchasing power of money increases. Deflation is considered a problem in a modern economy because of the potential of a deflationary spiral and its association with the Great Depression, although not all episodes of deflation correspond to periods of poor</p>	<p>Consumer Price Index based inflation is called headline inflation</p>

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	economic growth historically.	
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Q.10) Which of the following brings out the “Consumer price index number for Rural population”?

- a) The Reserve Bank of India
- b) The Department of Economic affairs
- c) The Labour Bureau
- d) The National Statistical office

Q.10) Solution (d)

- The Consumer Price Index (CPI) tracks the change in retail prices of essential goods and services consumed by households
- The index tracks the price movement of the entire basket of goods and services at rural, urban as well as at an all-India level.
- The index has different weights attached to different items in the basket. The weight for a single item can also vary for the urban and rural index. For instance, food and beverages category carries 54.18% weight in the rural CPI, while it carries only 36.29% weight in the urban index.
- The change in index over a period of time is CPI inflation. CPI is widely used by most countries as a macroeconomic indicator of inflation, as a tool by governments and central banks for inflation targeting and for monitoring price stability, and as deflators in the national accounts. At present, the Reserve Bank of India targets CPI-based inflation to be within 2% of the 4% target.
- The **National Statistical Office (NSO), Ministry of Statistics and Programme Implementation brings out CPI** (Rural, Urban, Combined) on Base 2012=100 i=on a monthly basis.

Q.11) Consider the following statements

1. The GDP deflator measures the prices of all goods and services produced, whereas the CPI measures the prices of only the goods and services bought by consumers.
2. The weights are constant (in the basket) in CPI and WPI, but they differ according to production level of each goods and services in GDP deflator.
3. The GDP deflator includes only those goods produced domestically.

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Choose the correct answer using the codes given below

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

Q.11) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
The GDP deflator measures the prices of all goods and services produced, whereas the CPI or RPI measures the prices of only the goods and services bought by consumers. Thus, an increase in the price of goods bought by firms or the government will show up in the GDP deflator but not in the CPI or RPI.	The CPI or RPI assigns fixed weights to the prices of different goods, whereas the GDP deflator assigns changing weights. In other words, the CPI or RPI is computed using a fixed basket of goods, whereas the GDP deflator allows the basket of goods to change over time as the composition of GDP changes.	The GDP deflator includes only those goods produced domestically. Imported goods are not part of GDP and do not show up in the GDP deflator. For example, an increase in the price of Toyota made in Japan and sold in the U.K. affects the CPI or RPI, because the Toyota is bought by consumers in the U.K., but it does not affect the GDP deflator.

Q.12) Consider the following statements

1. Higher inflation will cause our exports to price more and imports to cost less.
2. Deflation favours the economy which invests in continuous technological advancements.
3. Zero inflation is bad for the economy as both the production and demand remains constant.

Select the correct answer using the codes given below

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

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

Q.12) Solution (d)

Statement 1	Statement 2	Statement 3
Correct	Correct	Correct
As you know, inflation makes your money less valuable. Higher inflation will cause our exports to price more and imports to cost less. Hence, there will be lesser exports and more imports worsening the Balance of payment.	Suppose if there occur continuous technological improvements: Most of the goods could be produced at a lower cost every year and hence prices can fall. This is definitely a good sign even though there would be a deflation. Also like how it happened with Japan, if most of the neighboring countries are having inflation, then the country with deflation has better competitive advantage as their goods obviously seem cheaper than other countries with inflation.	Inflation often (but not always) relates to growth. When there is 'Zero' or very minute inflation, then: <ul style="list-style-type: none">• money in the economy remains almost constant• Productions will be at constant and• Demand will also be at constant.• So, it's not good for growing economy.

Q.13) Consider the following statements

1. Consumer Price Index based inflation has consistently increased during the last 5 years.
2. GDP deflator has consistently increased during the last 5 years.
3. Wholesale Price Index based inflation has consistently increased during the last 5 years.

Choose the answer using the codes given below

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

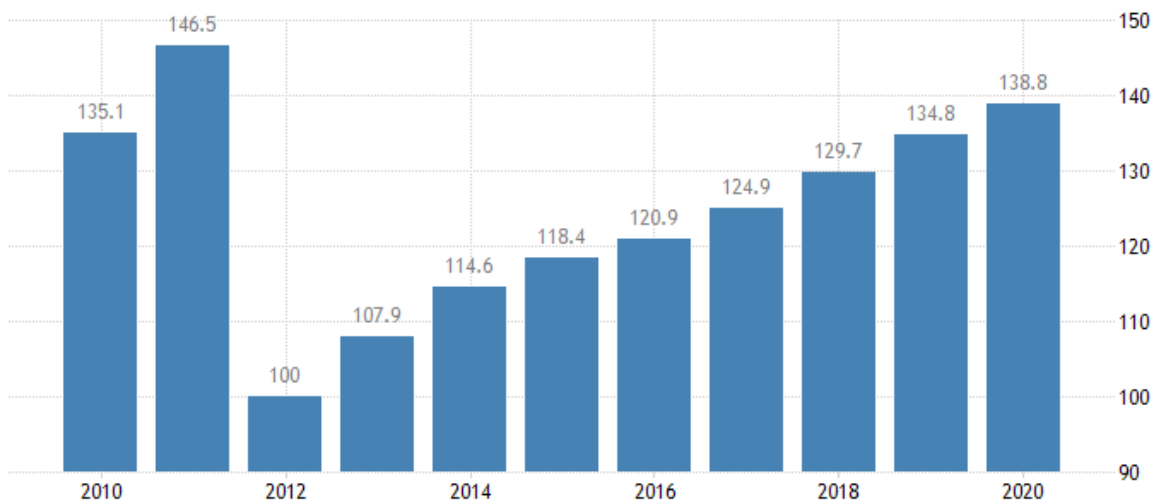
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Q.13) Solution (c)

Consumer price inflation in India increased to 7.59% in January of 2020 from 7.35% in December, above expectations of 7.4%. The inflation accelerated for the 6th straight month to the highest since May of 2014.



SOURCE: TRADINGECONOMICS.COM | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI)



SOURCE: TRADINGECONOMICS.COM | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI)

GDP Deflator in India increased to 138.80 points in 2020 from 134.80 points in 2019. As we can see from the above graph GDP deflator has increased consistently in the last 5 years.

The Whole sale price index has shown fluctuations in the last 5 years

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SOURCE: TRADINGECONOMICS.COM | OFFICE OF THE ECONOMIC ADVISOR, INDIA

Q.14) Which of the following refers to the distortion in a monthly inflation figure that results from abnormally high or low levels of inflation in the year-ago month?

- a) Base effect
- b) Domino effect
- c) Cost-push effect
- d) The mark-up effect

Q.14) Solution (a)

The base effect is the **distortion in a monthly inflation figure that results from abnormally high or low levels of inflation** in the year-ago month. A base effect can make it difficult to accurately assess inflation levels over time.

Inflation is often expressed as a month-over-month figure or a year-over-year figure. Typically, economists and consumers want to know how much higher or lower prices are today than they were one year ago. But a month in which inflation spikes may produce the opposite effect a year later, essentially creating the impression that inflation has slowed.

Example of Base Effect

Inflation is calculated based on price levels that are summarized in an index. The index may spike in June, for example, perhaps due to a surge in gasoline prices. Over the following 11 months, the month-over-month changes may return to normal, but when June arrives again its price level will be compared to those of a year earlier in which the index reflected a spike in

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gasoline prices. In that case, because the index for that month was high, the price change this June will be less, implying that inflation has become subdued when, in fact, the small change in the index is just a reflection of the base effect—the result of the higher index value a year earlier.

Q.15) The ‘inflation expectation survey’ of households in India is conducted by

- a) Central Statistical Organization
- b) National Sample Survey Organization
- c) Reserve Bank of India
- d) Ministry of Finance

Q.15) Solution (c)

The Reserve Bank released the results of the January 2020 round of the Inflation Expectations Survey of Households (IESH). The survey was conducted in 18 major cities and the results are based on responses from 5,868 urban households.

The survey is conducted at bi-monthly intervals by the Reserve Bank of India. It provides directional information on near-term inflationary pressures as expected by the respondents and may reflect their own consumption patterns. Hence, they should be treated as households’ sentiments on inflation.

Q.16) Which of the following conditions may necessitate the RBI to keep the policy rate at a higher level?

- 1. Inflation in the economy is high
- 2. Inflation expectation in the economy is high

Choose the correct answer using the codes given below

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

Q.16) Solution (c)

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RBI keeps the repo rate high or increases it when the inflation in the economy increases.

When "inflation expectation" of the people is high, i.e. they are expecting that in future inflation will increase, and then such a behavior of the people ultimately leads to higher inflation in the economy due to which RBI increases the repo rate.

So, both the statements are correct.

Q.17) Consider the following statements about Inflation targeting in India

1. Inflation target is set by the Government in consultation with RBI, once in every four years.
2. Inflation target is measured by the consumer price index-combined (CPI-C).
3. Inflation target is 4% (+/-) 2% for the period from August 5, 2016 to March 31, 2021.

Which of the above statement/s is/are correct?

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

Q.17) Solution (b)

Statement 1	Statement 2	Statement 3
Incorrect	Correct	Correct
Inflation target is set by the Govt. in consultation with RBI, once in every five years .	Inflation target is measured by the consumer price index-combined (CPI-C)	Inflation target is 4% (+/-) 2% for the period from August 5, 2016 to March 31, 2021. If the average inflation is more than the upper tolerance level of 4% + 2%, that is, 6%, or less than the lower tolerance level of 4%-2%, that is 2%, for any 3 consecutive quarters, it would mean a failure to achieve the inflation target.

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Q.18) Which of the following statements about inflation are correct?

1. Inflation benefits creditors
2. Inflation benefits debtors
3. Inflation benefits bondholders
4. Inflation benefits depositors

Select the correct answer using the code given below

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

Q.18) Solution (d)

- Creditor means the person who has given money to someone
- Debtor means who has taken money from someone
- Depositors means who has deposited money in banks or financial institutions
- Bondholders means person who is holding bonds

When a person holds physical asset whose price is denoted in Rupee then he benefits from price increase or inflation.

But a person who holds financial assets (like Rs 100 note) or any financial instrument which guarantees fix return of cash payments in future then he loses from price rise. This is because the purchasing power of rupee decreases due to inflation.

Hence, in case of inflation, depositors, creditors and bondholders will lose.

So, only 2nd statement is correct.

Q.19) Consider the following statements regarding Inflationary Gap

1. It describes the difference between the current level of real gross domestic product (GDP) and the anticipated GDP that would be experienced if an economy is at full employment.
2. It exists when the demand for goods and services exceeds production due to factors such as higher levels of overall employment, increased trade activities or increased government expenditure.

Which of the above statement/s is/are correct?

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

Q.19) Solution (c)

Statement 1	Statement 2
Correct	Correct
An Inflationary Gap is a macroeconomic concept that describes the difference between the current level of real gross domestic product (GDP) and the anticipated GDP that would be experienced if an economy is at full employment, also referred to as the potential GDP. For the gap to be considered inflationary, the current real GDP must be the higher of the two metrics.	The inflationary gap exists when the demand for goods and services exceeds production due to factors such as higher levels of overall employment, increased trade activities or increased government expenditure. This can lead to the real GDP exceeding the potential GDP, resulting in an inflationary gap. The inflationary gap is so named because the relative increase in real GDP causes an economy to increase its consumption, which causes prices to rise in the long run.

Q.20) Which of the following must decrease if a country is experiencing inflation?

- a) Wage level
- b) The output of goods and services
- c) The amount of money needed to purchase a given quantity of goods and services
- d) Purchasing Power

Q.20) Solution (d)

When a country faces inflation, we require more money to purchase a given quantity of goods and services and the purchasing power of rupee decreases. In case of inflation generally wages increases but nothing can be said about the output.

Q.21) 'Askot Wildlife Sanctuary' is located in

- a) Arunachal Pradesh
- b) Sikkim
- c) Uttarakhand

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d) Goa

Q.21) Solution (c)

Askot Musk Deer Sanctuary is located 54 km from Pithoragarh near Askot in Uttarakhand state of India. This sanctuary has been set up primarily with the object of conserving the musk deer (*Moschus leucogaster*) and its habitat.

Q.22) 'Teesta River' flows through

1. Sikkim
2. West Bengal
3. Bangladesh
4. Tibet
5. Bhutan

Select the correct code:

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

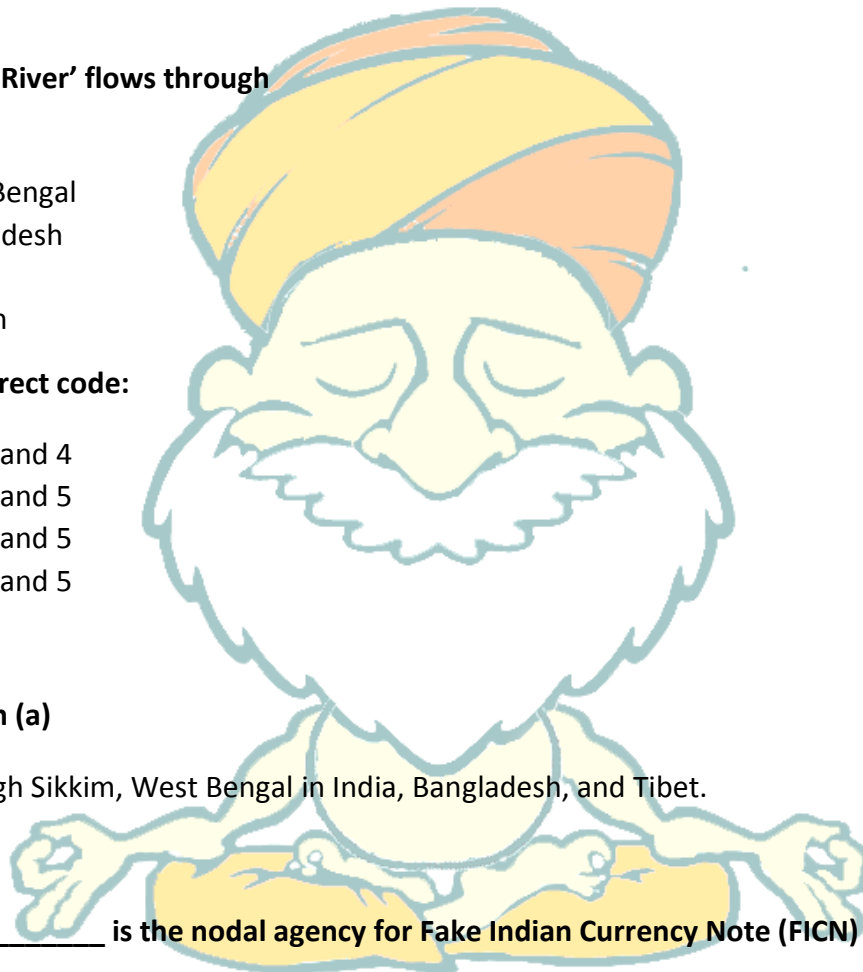
Q.22) Solution (a)

It flows through Sikkim, West Bengal in India, Bangladesh, and Tibet.

Q.23) _____ is the nodal agency for Fake Indian Currency Note (FICN) related cases.

- a) National Investigation Agency (NIA)
- b) Central Bureau of Investigation (CBI)
- c) Directorate of Enforcement (ED)
- d) Criminal Investigation Department (CID)

Q.23) Solution (a)



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The NIA is the nodal agency for FICN related cases.

Q.24) Consider the following statements with respect to 'Petroleum and Explosives Safety Organisation (PESO)'

1. It is responsible for the exploration, production, refining, of petroleum, natural gas, petroleum products, and liquefied natural gas in India.
2. It is under the aegis of the Ministry of Petroleum and Natural Gas (MOP&NG).

Select the correct statements

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

Q.24) Solution (d)

Petroleum And Explosives Safety Organisation (PESO) is a department formed by Government of India under Department for the Promotion of Industry and Internal Trade under Ministry of Commerce and Industry, to administer Explosives Act 1884, Explosive Substance Act, Petroleum Act 1934, Inflammable substance Act 1952 and Environment Protection Act 1986 to control import, export, transport, storage and usage of explosive materials, flammable materials, pressure vessels, cryogenic vessels, design and installation of all necessary and relevant infrastructure etc.

Q.25) Consider the following statements

1. Parts or the whole of the six northeastern States fall under the Sixth Schedule, which makes special provisions for tribal areas.
2. Sixth Schedule provides for separate Regional Councils for each area constituted as an autonomous region.

Select the correct statements

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2

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d) Neither 1 nor 2

Q.25) Solution (b)

The Sixth Schedule consists of provisions for the administration of tribal areas in Assam, Meghalaya, Tripura and Mizoram, according to Article 244 of the Indian Constitution.

Passed by the Constituent Assembly in 1949, it seeks to safeguard the rights of tribal population through the formation of Autonomous District Councils (ADC).

The governors of these states are empowered to reorganise boundaries of the tribal areas.

Along with ADCs, the Sixth Schedule also provides for separate Regional Councils for each area constituted as an autonomous region.

THINK!

- Hajong, Koch, Rabha, Boro and Mann Tribes

Q.26) 'International Co-operation Review Group (ICRG)' is associated with

- a) World Trade Organisation (WTO)
- b) Financial Action Task Force (FATF)
- c) International Atomic Energy Agency (IAEA)
- d) Basel Committee on Banking Supervision (BCBS)

Q.26) Solution (b)

The FATF continually identifies and reviews jurisdictions with strategic AML/CFT deficiencies that present a risk to the international financial system and closely monitors their progress. The FATF's International Co-operation Review Group (ICRG) oversees the process.

Q.27) Which of the following pairs is/are correctly matched?

1. Thengar Char – Bangladesh
2. Trak Island – Myanmar
3. Tulagi Island – Japan

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Select the correct code:

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

Q.27) Solution (a)

Thengar Char – Bangladesh

Trak Island – India

Tulagi Island – Solomon Islands

Q.28) 'Theyyam', a popular ritual form of worship is associated with which of the following states?

- a) Kerala
- b) Maharashtra
- c) Telangana
- d) Tamil Nadu

Q.28) Solution (a)

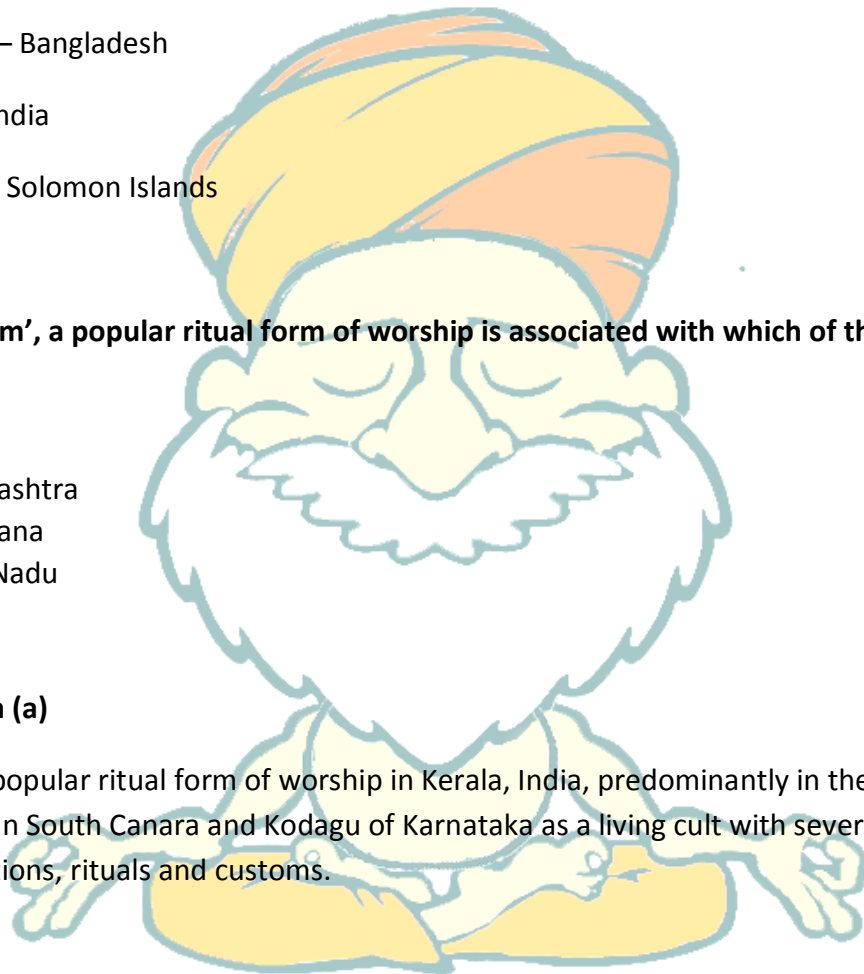
Theyyam is a popular ritual form of worship in Kerala, India, predominantly in the Kolathunadu area and also in South Canara and Kodagu of Karnataka as a living cult with several thousand-year-old traditions, rituals and customs.

Q.29) Which of the following pairs are correctly matched?

1. Anaval Pidi – Kerala
2. Kambala – Karnataka
3. Hori Habba – Maharashtra

Select the correct code:

- a) 1 and 2



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

Q.29) Solution (a)

Anaval Pidi – Kerala

Kambala – Karnataka

Hori Habba – Karnataka

Q.30) The 'Joint Declaration of Peace and Friendship' was in news recently. It is associated with which of the following countries?

- a) Ethiopia and Eritrea
- b) Israel and Palestine
- c) USA and North Korea
- d) Taiwan and China

Q.30) Solution (a)

The declaration marked a start to normalization of ties between Eritrea and Ethiopia .

