

WBCS Mains Exam. (Paper - V) – Practice Set

Answer with Explanation

1. (d) The main objective of the directive principles of state policy, mentioned in the constitution of India, is to establish social and economic democracy in the country though they also address political issues. They act as a check on the government, theorized as a yardstick in the hands of the people to measure the performance of the government and vote it out of power if it does not fulfill the promises made during the elections. The Directive Principles are non-justifiable rights of the people. শ্রেয়সিউর্স
2. (a) The state election commission, chairman of the state PSC, and the advocate General of the state are appointed by the governor. A judge of the High Court is appointed by the President.
3. (a) The National commission for scheduled castes is established by the Article 388 of the constitution of India whereas rest are established by acts of the parliament. National Commission for Scheduled Castes is an Indian constitutional body established with a view to provide safeguards against the exploitation of Scheduled Castes and to promote and protect their social, educational, economic and cultural interests, special provisions were made in the Constitution.
4. (b) The 'Progress of the nation' is not mentioned in the preamble of the Indian constitution.
5. (c) The amendment in the Directive Principle of state policy needs for a special majority of the Parliament where the amendment in the election of the president and its manner needs for a special majority of the parliament. শ্রেয়সিউর্স
6. (c) The fundamental rights mentioned in the constitution of India are not permanent in nature and they can be abolished by the parliament as the Right to property was abolished. The Forty-Fourth Amendment of 1978 deleted the right to property from the list of fundamental rights. A new provision, Article 300-A, was added to the constitution which provided that "no person shall be deprived of his property save by authority of law". Thus if a legislature makes a law depriving a person of his property, there would be no obligation on the part of the State to pay anything as compensation. The aggrieved person shall have no right to move the court under Article 32.
7. (c) Constitution (118th Amendment) Bill, 2012 resolves to make special provisions for Hyderabad -Karnataka region. The provisions of Article 371(J) of the constitution, aimed at bringing about all-round development in six districts of the Hyderabad-Karnataka region — Gulbarga, Yadgir, Bellary, Bidar, Raichur and Koppal, will come into effect straightway with governor H.R. Bhardwaj approving relevant notification, ensuring reservation in employment and education. শ্রেয়সিউর্স
The Governor has approved four important notifications as provided for under the 118th amendment — Article 371 (J) — to the constitution and, among other things, this will enable the formation of the Hyderabad-Karnataka Region Development Board Order 2013. Henceforth, the Governor would play a significant role in the development of the region.
8. (d) Art. 14 to 18 are the fundamental rights to equality. They are equally before law (14), prohibition of discrimination (15), Equality of opportunity (16), Abolition of untouchability (17) and abolition of Titles (18). শ্রেয়সিউর্স
9. (b) The word minority is not defined in the constitution of India, yet it recognizes two types of minorities, based on religion and language. The minorities commission is a statutory body constituted in 1993 by an act of Parliament.
10. (c) The finance commission can only advise the president on financial matters such as distribution of the net proceeds of taxes between the Union and the states.
11. (a) The states and UTs of India are specified in the first schedule. So to form a new state and alteration of area requires the amendment of first schedule of the constitution. First Schedule (Articles 1 and 4) lists the states and territories of India, lists any changes to their borders and the laws used to make that change. শ্রেয়সিউর্স
12. (d) According to Dr. B.R Ambedkar, right to constitution remedies is the very soul of the constitution and very heart of it. Right to

constitutional remedies is mentioned in articles from 32 to 35. It empowers the citizens to move to a court of law in case of any denial of the fundamental rights. For instance, in case of imprisonment, the citizen can ask the court to see if it is according to the provisions of the law of the country. If the court finds that it is not, the person will have to be freed.

প্র্যাচিভর্স

13. (a) Article 54- Election of the president.

Article 155- Appointment of the PM and council of ministers.

Article 164- Appointment of the CM and council of Ministers of a state.

14. (c) Article 14- Equality before Law

Article 15- Prohibition of Discrimination

Article 16- Equality of Opportunity

Article 17- Abolition of untouchability

Article 18- Abolition of titles.

প্র্যাচিভর্স

15. (a) The words ‘SOCIALIST’, ‘SECULAR’ and ‘UNITY’ & ‘INTEGRITY’ were added by the 42nd Amendment in 1976.

16. (b) The Government of India Act 1935 introduced the provincial autonomy and provided for an all India federation.

Indian Councils Act of 1909 -The right of separate electorate was given to the Muslims.

Government of India Act, 1919: The Act provided a dual form of government (a “dyarchy”) for the major provinces.

প্র্যাচিভর্স

- The government of India act 1858: The Company’s territories in India were to be vested in the Queen, the Company ceasing to exercise its power and control over these territories. India was to be governed in the Queen’s name.

17. (c) Under the citizenship Act 1955, a person cannot be a citizen of India by Nationalisation.

18. (c) The citizenship act 1955 has been amended in 1986, 1992, 2003 and 2005.

19. (c) Mandamid’s for “we order,” a writ (more modernly called a “writ of mandate”) which orders a public agency or governmental body to perform an act required by law when it has neglected or refused to do so.

A writ of prohibition is a writ directing a subordinate to stop doing something the law prohibits.

প্র্যাচিভর্স

20. (a) Protection of monuments of national importance is not included in the Directive Principle of State Policy.

21. (a) Central Information Commission is a High powered independent body and not a Constitutional body.

প্র্যাচিভর্স

22. (d) The given bodies like NDC, Interstate council, NWRC and NIC are headed by the Prime Minister of India. NDC-The National Development Council (NDC) or the Rashtriya Vikas Parishad is the apex body for decision making and deliberations on development matters in India, presided over by the Prime Minister. It was set up on 6 August 1952 to strengthen and mobilize the efforts and resources of the nation in support of the Plan, to promote common economic policies in all vital spheres, and to ensure the balanced and rapid development of all parts of the country. Prime Minister Dr. Manmohan Singh has reconstituted the Inter-State Council. NWRC- National Water Resources Council was set up by the Government of India in March 1983. The Prime Minister is the Chairman. The National Integration Council (NIC) is a group of senior politicians and public figures in India that looks for ways to address the problems of communalism, casteism and regionalism.

23. (b) In general, the Dinesh Goswami committee (1990) was concerned with electoral reforms. The Goswami Committee on electoral reforms stated that irregularities in electoral rolls are exacerbated by purposeful tampering done by election officials who are bought by vested interests or have partisan attitudes.

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24. (d) State legislature assemblies, both houses of the parliament form part of the electoral college for the election of the president. An electoral college is a set of electors who are selected to elect a candidate to a particular office. Often these represent different organizations or entities, with each organization or entity represented by a particular number of electors or with votes weighted in a particular way.

প্র্যাচিভর্স

25. (b) The term of Lok Sabha can be extended during the period of national emergency by a law of parliament for six months at a time for any length of time.

26. (d) A formal impeachment is not required for vice-president’s removal, he can be removed by a resolution of the Rajya Sabha passed by an effective majority and agreed to by the Lok Sabha.

27. (b)
28. (d) The features of parliamentary government in India are:
1. Nominal and Real Executive
 2. Majority Party Rule.
 3. Collective Responsibility
 4. Political homogeneity
 5. Double Membership
 6. Leadership of the Prime Ministers
 7. Dissolution of the Lower House
 8. Secrecy
 9. Fusion of Powers
29. (c) The National Integration Council (NIC) is a group of senior politicians and public figures in India that looks for ways to address the problems of communalism, casteism and regionalism is chaired by Prime Minister. The Prime Minister is the Chairman of National Water Resources Council. The National Development Council (NDC) or the Rashtriya Vikas Parishad is the apex body for decision making and deliberations on development matters in India, presided over by the Prime Minister. The Inter-State Council shall consist of:
- (a) Prime Minister - Chairman
 - (b) Chief Ministers of all States - Member
 - (c) Chief Ministers of Union Territories having a Legislative Assembly and Administrators of UTs not having a Legislative Assembly - Member
 - (d) Six Ministers of Cabinet rank in the Union Council of Ministers to be nominated by the Prime Minister – Member
30. (c) The Rajya Sabha is also known as “Council of States” or the upper house. Its members are indirectly elected by members of legislative bodies of the States. The Rajya Sabha has 250 members in all. Elections to it are scheduled and the chamber cannot be dissolved. Each member has a term of six years and elections are held for one-third of the seats after every two years. The composition is specified in Article 80 of the Constitution of India.
31. (b) An uncodified or unwritten constitution is a type of constitution where the fundamental rules of government take the form of customs, usage, precedent and a variety of statutes and legal instruments. Current example of such a constitution is United Kingdom of Great Britain and Northern Ireland where there is no defining document that can be termed “the constitution”. Because the political system evolved over time, rather than being changed suddenly in an event such as a revolution, it is continuously being defined by acts of Parliament and decisions of the Law Courts.
32. (c) The Constitution was enacted/adopted by the Constituent Assembly on 26 November 1949, and came into effect on 26 January 1950. The date 26 January was chosen to commemorate the Purna Swaraj declaration of independence of 1930. With its adoption, the Union of India officially became the modern and contemporary Republic of India and it replaced the Government of India Act 1935 as the country’s fundamental governing document.
33. (d) Indian Penal Code is the main criminal code of India. It is a comprehensive code, intended to cover all substantive aspects of criminal law. It was drafted in 1860 and came into force in colonial India during the British Raj in 1862. It has since been amended several times and is now supplemented by other criminal provisions.
34. (c) The first temporary 2-day president of the Constituent Assembly was Dr Sachidanand Sinha. Later, Rajendra Prasad was elected president of the Constituent Assembly.
35. (b) The Constitution has made the Supreme Court as the custodian and protector of the Constitution. The Supreme Court decides disputes between the Centre and the Units as well as protects the Fundamental Rights of the citizens of India.
36. (a) The provincial part of the Government of India Act, 1935 basically followed the recommendations of the Simon Commission. Simon Commission had proposed almost fully responsible government in the provinces. Under the 1935 Act, provincial dyarchy was abolished; i.e. all provincial portfolios were to be placed in charge of ministers enjoying the support of the provincial legislatures.
37. (b) The Constitution of India was framed by Constituent Assembly that was formed on 9 December 1946. It was formed following negotiations between Indian leaders and members of the 1946 Cabinet Mission to India.

The Indian Constitution was adopted on 26 November 1949 and came into force on 26 January 1950.

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38. (d) The right to property, also known as the right to protection of property, is a human right and is understood to establish an entitlement to private property. Right to property was originally a fundamental right, but is now a legal right.
39. (d) India is a democratic country. People of India elect their representative through direct franchise and representatives elect the government to make or amend rules & regulations and to carry out day to day functioning of governance. One basic principle of democracy is that people are the source of all political power. In a democracy, people rule themselves through institutions of self-governance.
40. (c) The Fundamental Duties of citizens were added to the Constitution by the 42nd Amendment in 1976, upon the recommendations of the Swaran Singh Committee that was constituted by the government earlier that year. Originally ten in number, the Fundamental Duties were increased to eleven by the 86th Amendment in 2002, which added a duty on every parent or guardian to ensure that their child or ward was provided opportunities for education between the ages of six and fourteen years.
41. (b) The term “mandamus” literally means “command.” Mandamus is a judicial remedy which is in the form of an order from a superior court to any government subordinate court, corporation or public authority to do or forbear from doing some specific act which that body is obliged under law to do or refrain from doing, as the case may be, and which is in the nature of public duty and in certain cases of a statutory duty.
42. (b) The Forty-second Amendment of the Constitution of India, enacted in 1976, laid down the Fundamental Duties of Indian citizens to the nation. The amendment inserted Article 51A to create a new part called IV-A in the Constitution, which prescribed the fundamental duties to the citizens.
43. (b) The Directive Principles of State Policy, embodied in Part IV of the Constitution, are directions given to the State to guide the establishment of an economic and social democracy, as proposed by the Preamble.
44. (b) An important fundamental right dealing with children is Article 24 which deals with prohibition of Employment of Children in Factories, etc. It states that no child below the age of fourteen years shall be employed to work in any factory or mine or engaged in any other hazardous employment.
45. (a) Political Equality means granting equal citizenship to all members of the state, and also, to ensure conditions that allow the citizens to participate in the affairs of the state. Political equality brings along with it certain rights such as right to vote, right to contest elections, right to criticize the government etc.
46. (a) When the Constituent Assembly started the work of drafting the Constitution, Pt. Jawaharlal Nehru proposed the ‘Objectives Resolution’ on December 13, 1946. The ‘Resolution’ highlighted the objectives and laid down the ‘national goals’. The ‘Objective Resolution’ passed by the Constituent Assembly on January 22, 1947, ultimately became the Preamble to the Constitution of India.
47. (b) Mandamus is a judicial remedy which is in the form of an order from a superior court to any government subordinate court, corporation or public authority to do or forbear from doing some specific act which that body is obliged under law to do or refrain from doing, as the case may be, and which is in the nature of public duty and in certain cases of a statutory duty.
48. (a) At the commencement of the constitution of India, persons domiciled in the territory of India as on 26 November 1949 automatically became Indian citizens by virtue of operation of the relevant provisions of the Indian Constitution coming into force. The majority of the constitutional provisions came into force on 26 January 1950.
49. (b) The Constitution of India initially recognised 7 fundamental rights: Right to equality, Right to freedom, Right against exploitation, Right to freedom of religion, Cultural and Educational rights, Right to constitutional remedies and Right to property. Under the 44th Amendment Act, right to property ceased to be a Fundamental right.
50. (b) The Directive Principles of State Policy are guidelines or principles given to the central and state governments of India, to be kept in mind

while framing laws and policies. The principles have been inspired by the Directive Principles given in the Constitution of Ireland and also by the principles of Gandhism. The Directive Principles of State Policy are contained in Part IV, Articles 36-51 of the Indian constitution.

51. (d) GDP is the total final value of goods and services produced within the domestic territory of a country in a specified time period (generally a financial year). অ্যুচিভর্স

The concept of domestic territory (economic territory) is different from the geographical or political territory of a country. Domestic territory of a country includes the following:

- Political frontiers of the country including its territorial waters.
- Ships, and aircrafts operated by the residents of the country between two or more countries for example, Air India's services between different countries. অ্যুচিভর্স
- Fishing vessels, oil and natural gas rigs and floating platforms operated by the residents of the country in the international waters or engaged in extraction in areas where the country has exclusive rights of operation.
- Embassies, consulates and military establishments of the country located in other countries, for example, Indian embassy in U.S.A., Japan etc. It excludes all embassies, consulates and military establishments of other countries and offices of international organisations located in India. অ্যুচিভর্স

Thus, domestic territory may be defined as the political frontiers of the country including its territorial waters, ships, aircrafts, fishing vessels operated by the residents of the country, embassies and consulates located abroad etc.

52. (a)

53. (c) Capital formation means production of capital goods. Production of capital goods leads to future production of goods and services and hence economic growth. So, statement (iii) is true অ্যুচিভর্স

Production of capital goods increases the capital stock in the economy but does not tell whether there is any increase in efficiency of that capital. Efficiency is measured as how much output is produced from how much of inputs. So, we can't say that ICOR will increase or decrease with capital formation.

54. (c) Marginal productivity of labour

$$= \frac{\text{Change in output}}{\text{Change in labour}}$$

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Marginal productivity of labour means how much extra production will increase by adding one extra labour. When a factory is running at peak production, then its production cannot be increased even by adding more labourers. So, marginal productivity of labour will be zero.

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55. (b) India's services exports are around 7.7% of GDP in 2018-19, while merchandise exports are around 12.1% of GDP. India's services imports are around 4.6% of GDP in 2018-19. India's services trade has been consistently in surplus for the last decade.

56. (a)

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57. (a) RBI intervenes in the forex market to contain volatility in exchange rate of Rupee with respect to dollar. There is no targeted band in which RBI tries to keep the Rupee Dollar exchange rate.

For example, if Rupee starts depreciating slowly over a period of time and it moves to \$1 = Rs 85, then RBI may not intervene in the forex market.

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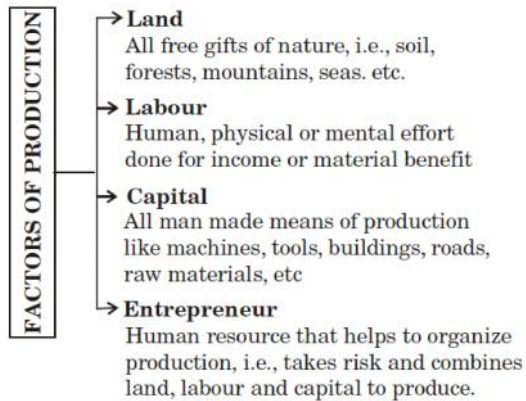
58. (c) RBI carries out the general banking business of the governments through its own offices and commercial banks, both public and private, appointed as its agents (called Agency Banks). Section 45 of the Reserve Bank of India Act, 1934, provides for appointment of scheduled commercial banks as agents at all places or at any place in India.

A network comprising the Government Banking Division of RBI and branches of agency banks appointed under Section 45 of the RBI Act carry out the government transactions. At present all the public sector banks and select private sector banks act as RBI's agents. Only designated branches of agency banks can conduct government banking business.

59. (d) As per section 26 of the RBI Act 1934, on recommendation of the Central Board the Central Government may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, any series of bank notes of any denomination shall cease to be legal tender.

60. (c) The inflation target is decided by the Government of India in consultation with RBI
61. (a) The Reserve Bank has been conducting Consumer Confidence Survey (CCS) since June 2010. The survey captures qualitative responses on questions pertaining to economic conditions, household circumstances, income, spending, prices and employment prospects. The survey results are based on the views of the respondents and are not necessarily shared by the Reserve Bank of India. It is conducted in 6 rounds in a year. অ্যাকাউন্ট
62. (a) An oligopoly is a market form in which a market or industry is dominated by a small number of sellers (oligopolists). Because there are few sellers, each oligopolist is likely to be aware of the actions of the others. The decisions of one firm influence, and are influenced by, the decisions of other firms. Businesses that are part of an oligopoly share some common characteristics: they are less concentrated than in a monopoly, but more concentrated than in a competitive system. This creates a high amount of interdependence which encourages competition in non price related areas, like advertising and packaging. The tobacco companies, soft drink companies, and airlines are examples of an imperfect oligopoly.
63. (a) Some goods are known as inferior goods. With inferior goods, there is an inverse relationship between real income and the demand for the good in question. If real incomes rise, the demand for an inferior good will fall. If real incomes fall (in a recession, for instance), the demand for an inferior good will rise.
Example: Bus travel. As people get richer, they are more likely to buy themselves a car, or use a taxi, rather than rely on the more inferior bus, so the demand for bus travel falls as real incomes rise. অ্যাকাউন্ট
64. (a) Operating surplus is an accounting concept used in national accounts statistics (such as United Nations System of National Accounts (UNSNA) and in corporate and government accounts. It is the balancing item of the Generation of Income Account in the UNSNA. It may be used in macro-economics as a proxy for total pre-tax profit income, although entrepreneurial income may provide a better measure of business profits. In UNSNA, “implicit (imputed) rents” on land owned by the enterprise and the “implicit (imputed) interest” chargeable on the use of the enterprise’s own funds are excluded from operating surplus. অ্যাকাউন্ট
65. (d) Production function specifies the output of a firm, an industry, or an entire economy for all combinations of inputs. The relationship of output to inputs is non-monetary; that is, a production function relates physical inputs to physical outputs, and prices and costs are not reflected in the function. অ্যাকাউন্ট
66. (d) Adam Smith is best known for two classic works: The Theory of Moral Sentiments (1759), and An Inquiry into the Nature and Causes of the Wealth of Nations (1776). The latter, usually abbreviated as The Wealth of Nations, is considered his magnum opus and the first modern work of economics. Smith is cited as the father of modern economics and is still among the most influential thinkers in the field of economics today. অ্যাকাউন্ট
67. (d) In accounting, gross profit or sales profit is the difference between revenue and the cost of making a product or providing a service, before deducting overhead, payroll, taxation, and interest payments. $\text{Gross profit} = \text{Net sales (total receipts)} - \text{Cost of goods sold (total expenditure)}$. অ্যাকাউন্ট
68. (b) Marginal cost is the change in total cost that arises when the quantity produced changes by one unit. That is, it is the cost of producing one more unit of a good. In general terms, marginal cost at each level of production includes any additional costs required to produce the next unit.
69. (c) Microeconomics is the branch of economics concerned with isolated parts of the economy, for example, individual people, firms or industries. It involves such topics as the theory of prices and of the firm. অ্যাকাউন্ট
70. (b) There are 4 factors of production; land, labour, capital and entrepreneurship. The demand for the factors of production is a derived demand. That means these factors of production are demanded because there is a demand for the end product they produce. অ্যাকাউন্ট
71. (b) Some economists have classified factors into two categories, land and labour (or nature and man) on the ground that they are the only original or primary factors. It is said that capital has no independent origin and is merely the outcome

of combined efforts of land and labour. However, other economists include all man-made instruments for production in the category of Capital. It includes machines, tool, factories, buildings, canals, roads, raw materials, etc, which play vital role in production.



72. (d) A perfectly competitive industry is comprised of a large number of relatively small firms that sell identical products. Each perfectly competitive firm is so small relative to the size of the market that it has no market control, it has no ability to control the price. In other words, it can sell any quantity of output it wants at the going market price. This translates into a horizontal or perfectly elastic demand curve. অ্যাচিভার্স
73. (b) **The RBI transferred its (accumulated) surplus reserve to its annual income and then this annual income was transferred to Govt. of India as dividend.** Dividend from PSUs (RBI is a PSU which is 100% owned by Govt. of India) is considered as non-tax revenue receipts.
74. (a) Grants in aid by the Centre to the States will always be revenue expenditure for the Centre. Whether States spend it on capital expenditure or revenue expenditure, does not matter.
75. (a) Most of the taxes in the country are imposed on value (Quantity X Price) and not on quantity. So, tax revenue collection depends on the value of production i.e. Nominal GDP অ্যাচিভার্স
76. (c) Receipts under Public Account mainly flow from the sale of Savings Certificates, contributions into General Provident Fund, Public Provident Fund, Security Deposits and Earnest Money Deposits (a kind of security deposits) received by the government. It also includes schemes like Kisan Vikas Patra,

Sukanya Samridhi Scheme etc. In respect of such deposits, the government is acting as a Banker or Trustee and refunds the money after the completion of the contract/ event.

All government borrowings through Treasury bills and Dated securities goes to Consolidated fund of India. অ্যাচিভার্স

77. (d) Suppose GST on car of Rs. 5 lacs is Rs. 1 lakh. Now if I purchase one car then I will pay Rs. 1 lakh tax and if my income is Rs. 10 lacs then tax as a percentage of income will be:

$$\frac{1 \text{ lakh} \times 100\%}{10 \text{ lakhs}} = 10\%$$

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Suppose the same car a rich person purchases whose income is Rs 10 crores then tax as a percentage of his income will be:

$$\frac{1 \text{ lakh} \times 100\%}{10 \text{ crores}} = 0.1\%$$

So, a rich person pays less tax as a percentage of his income, hence GST is regressive. In similar way all indirect taxes are regressive in nature. অ্যাচিভার্স

Income tax is progressive, as poor people need to pay less tax rate as compared to rich people.

78. (d) All landholding farmers' families, which have cultivable landholding in their names are eligible to get benefit under the PM-KISAN scheme, in which government gives Rs. 6000 annually in three instalments of Rs. 2000 each. The following category of farmers are not eligible:

- Institutional land-holders

Farmer families in which one or more of its members belong to following categories:

- Former and present holders of constitutional posts অ্যাচিভার্স
- Former and present Ministers/ State Ministers and former/present Members of Lok sabha/ Rajya sabha/ state Legislative Assemblies/ State Legislative councils, former and present Mayors of Municipal corporations, former and present Chairpersons of District Panchayats.
- All serving or retired officers and employees of Central/ State Government Ministries / Offices/Departments and its field units Central or State PSEs and Attached offices

/Autonomous institutions under Government as well as regular employees of the Local Bodies

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- All superannuated/retired pensioners Rs.10,000/-or more
- All Persons who paid Income Tax in last assessment year
- Professionals like Doctors, Engineers' Lawyers, Chartered Accountants, and Architects registered with Professional bodies and carrying out profession by undertaking practices.

Through PM-KISAN scheme, money will reach in the hands of the poor farmer which will ultimately increase the demand in the rural areas and may result in higher inflation.

79. (b) PM-AASHA Scheme is aimed at ensuring remunerative prices to the farmers for their produce as announced in the Union Budget for 2019. The new Umbrella Scheme includes the mechanism of **ensuring remunerative prices to the farmers** and is comprised of three sub schemes:

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- Price Support Scheme
- Price Stabilization Scheme
- Pilot of Private Procurement and Stockist Scheme

80. (c) Poverty gap is the ratio by which the mean income of the poor falls below poverty line as a proportion of poverty line.

Poverty gap is used to reflect the intensity of poverty.

81. (a) Wage rates for workers under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005 are notified and revised annually based on **Consumer Price Index-Agricultural Labourers (CPI-AL)** by the Central Government in accordance with the provisions of Section 6(1) of the Mahatma Gandhi NREGA. The revised wage rates are made applicable from 1st April of the year.

A Committee under the chairpersonship of former Additional Secretary, Ministry of Rural Development was constituted to study among other things the appropriate index for revising MGNREGA wages. The Committee recommended using **Consumer Price Index-Rural** instead of the existing CPI-AL for

revising MGNREGA wages every year. The Committee also recommended use of annual average instead of the existing practice of using December month index only. The recommendations of the Committee are under consideration in consultation with the Ministry of Finance (*This is the status as on January 2019. No information is available whether it has been approved or not, that's why I am assuming that till now it has not been approved*).

82. (a) প্র্যাচিভর্স

83. (b) BRICS bank has five members but any country which is a member of United Nations is eligible to become a member of BRICS bank.

84. (c) The economy settles at a much lower growth rate post-recession.

85. (c) The Supreme Court in Centre for Environmental Law v Union of India 2013 ruled that

Ecocentrism is nature-centred, where humans are part of nature and non-humans have intrinsic value.

In other words, human interest does not take automatic precedence and humans have obligations to non-humans independently of human interest.

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The principle of eco-centrism was relied upon by the Court in highlighting the importance of protecting the fauna and flora.

The need for eco-centrism:

- In ethical terms: ecocentrism expands the moral community (and ethics) from being just about ourselves. It means we are not concerned only with humanity; we extend respect and care to all life, and indeed to terrestrial and aquatic ecosystems themselves.

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- In ecological terms: ecocentrism reminds us that all life is interdependent and that both humans and nonhumans are absolutely dependent on the ecosystem processes that nature provides. An anthropocentric conservation ethic alone is wholly inadequate for conserving biodiversity.

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86. (b) These are regulated by the Non-Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021.

Guidelines on Liquidity Risk Management Framework: All non-deposit taking HFCs with

asset size of ₹100 crore and above and all deposit taking HFCs (irrespective of asset size) shall pursue liquidity risk management, which inter alia should cover adherence to gap limits, making use of liquidity risk monitoring tools and adoption of stock approach to liquidity risk. It will be the responsibility of the Board of each HFC to ensure that the guidelines are adhered to. The internal controls required to be put in place by HFCs as per these guidelines shall be subject to supervisory review. **প্র্যাচিভার্স**

Guidelines on Maintenance of Liquidity Coverage Ratio (LCR): HFCs shall maintain a liquidity buffer in terms of LCR, which will promote resilience of HFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. Implementation of Indian Accounting Standards: HFCs shall maintain a prudential floor in respect of impairment allowances and follow instructions on regulatory capital.

S2 is wrong because NBFCs do not issue cheques. **প্র্যাচিভার্স**

87. (a) The deposit insurance scheme is mandatory for all banks and no bank can voluntarily withdraw from it. However, the DICGC has the power and right to cancel the registration of an insured bank if it fails to pay the premium for three consecutive half-year periods. If a bank is no more under the DICGC's coverage following the defaults, then depositors are notified through newspapers.

Who are insured by the DICGC? **প্র্যাচিভার্স**

The corporation covers all commercial and co-operative banks, except in Meghalaya,

Chandigarh, Lakshadweep and Dadra and Nagar Haveli. **Only primary cooperative societies are NOT insured by the DICGC. All bank deposits—savings, fixed, current and recurring—payable in India are covered.** However, the DICGC does not include the following types of deposits:

- Deposits of foreign governments **প্র্যাচিভার্স**
- Deposits of central/state governments
- Inter-bank deposits
- Deposits of the state land development banks with the state co-operative bank

- Any amount due on account of any deposit received outside India **প্র্যাচিভার্স**
- Any amount specifically exempted by the DICGC with previous approval of RBI.

88. (c) **The Reserve Bank of India was set up on the basis of the recommendations of the Royal Commission on Indian Currency and Finance also known as the Hilton-Young Commission.** **প্র্যাচিভার্স**

- 1926: Royal Commission on Indian Currency (Hilton Young Commission) recommends the establishment of a central bank to be called the 'Reserve Bank of India'.
- 1931: Indian Central Banking Enquiry Committee revives the issue of the establishment of the Reserve Bank of India as the Central Bank for India. **প্র্যাচিভার্স**
- 5 March 1934: Reserve Bank of India Act, 1934, (II of 1934) constitutes the statutory basis on which the Bank is established.

89. (c) **Parliamentary committees draw their authority from Article 105 (on privileges of Parliament members) and Article 118 (on Parliament's authority to make rules for regulating its procedure and conduct of business).** Significance: Committee reports are usually exhaustive and provide authentic information on matters related to governance. Bills that are referred to committees are returned to the House with significant value addition.

However, Parliament is not bound by the recommendations of committees. **প্র্যাচিভার্স**

What are the types of committees?

1. 'Standing' committees: Their existence is uninterrupted and usually reconstituted on an annual basis. Some standing committees are departmentally related.
2. 'Select' committees formed for a specific purpose, for instance, to deliberate on a particular bill. Once the Bill is disposed of, that select committee ceases to exist. **প্র্যাচিভার্স**
3. Finance committees are considered to be particularly powerful. The three financial committees are the Public Accounts Committee, the Estimates Committee and the Committee on Public Undertakings.

90. (c) They can defend all of the above – not much elaboration is required since the concept has been covered in previous tests.

For instance, if a person's "Right to Vote" is infringed, he can move the High court for infringement of a constitutional right. SC cannot be approached for issuing a writ petition.

High court also enforces legal rights, and should be approached in case of its infringement.

Fundamental rights are enforced by both SC and HCs.

অ্যাকাডেমিক্স

91. (d) An APA is an agreement between a taxpayer and the tax authority determining the Transfer Pricing methodology for pricing the tax payer's international transactions for future years.

• Purpose: An APA provides certainty with respect to the tax outcome of the tax payer's international transactions.

The Finance Act, 2012, inserted sections 92CC and 92 CD in the ITA to provide the legal basis for APA in India. • An APA can be one of the three types – unilateral, bilateral and multilateral:

1. Unilateral APA is an APA that involves only the taxpayer and the tax authority of the country where the taxpayer is located.

2. Bilateral APA (BAPA) is an APA that involves the tax payer, associated enterprise (AE) of the taxpayer in the foreign country, tax authority of the country where the taxpayer is located and the foreign tax authority.

অ্যাকাডেমিক্স

3. Multilateral APA (MAPA) is an APA that involves the taxpayer, two or more AEs of the tax payer in different foreign countries, tax authority of the country where the taxpayer is located and the tax authorities of AEs.

92. (b)

অ্যাকাডেমিক্স

93. (a) The human microbiota is the aggregate of microorganisms that resides on or within any of a number of human tissues and biofluids, including the skin, mammary glands, placenta, seminal fluid, uterus, ovarian follicles, lung, saliva, oral mucosa, conjunctiva, biliary and gastrointestinal tracts. **They include bacteria, archaea, fungi, protists and viruses.**

Though micro-animals can also live on the human body, they are typically excluded from this definition. The human microbiome refers specifically to the collective genomes of resident microorganisms.

অ্যাকাডেমিক্স

The traditional estimate is that the average human body is inhabited by ten times as many

nonhuman cells as human cells, but more recent estimates have lowered that ratio to 3:1 or even to approximately the same number.

Some microorganisms that colonize humans are commensal, meaning they co-exist without harming humans; others have a mutualistic relationship with their human hosts

অ্যাকাডেমিক্স

These organisms play a key role in many aspects of host physiology, ranging from metabolism of otherwise complex indigestible carbohydrates and fats to producing essential vitamins, maintaining immune systems and acting as a first line of defense against pathogens.

অ্যাকাডেমিক্স

India has proposed a project that would study and map the human microbiome across the country. The project will include collection of saliva, stool and skin swabs of 20,000 Indians across various ethnic groups from different geographical regions. India provides for a wide range of research with more than 4,500 ethnic groups and presence of two global biodiversity hotspots (Himalayan range and Western Ghats).





অ্যাকাডেমিক্স

94. (b) Investment" is a broader concept that includes investment in all kinds of capital assets, whether physical property or financial assets. In economic statistics and accounts, capital formation can be valued gross, i.e., before deduction of consumption of fixed capital (or "depreciation"), or net, i.e., after deduction of "depreciation" write-offs. The net valuation method views "depreciation" as the compensation for the cost of replacing fixed equipment used up or worn out, which must be deducted from the total investment volume to obtain a measure of the "real" value of investments; the depreciation writeoff compensates and cancels out the loss in capital value of assets used due to wear & tear, obsolescence, etc.

অ্যাকাডেমিক্স

95. (c) Primarily there are three methods of measuring national income. The methods are product method, income method and expenditure method. Product method is given by Dr. Alfred Marshall, income method by A.C. Pigou and expenditure method by Dr. Irving Fisher. The 'Investment Method' is used for trading properties where evidence of rates is slight, such as hotels, cinema, car park and etc.

অ্যাকাডেমিক্স

96. (d) Effective Demand is “the demand in which the consumer are able and willing to purchase at conceivable price” simply saying if the product price is low more will buy; but if the rates go high then the quantity of the demand goes down. Keynes used two terms: Aggregate Demand Function or Price and Aggregate Supply Function or Price to explain the determination of effective demand. 
97. (a) National Income is the total value of all goods and services produced in the economy during a particular period of time. 
98. (d) Gross National Product [GNP] is the gross value of all the final products without deducting the depreciation of fixed capital. Net National Product [NNP] is the value of net output in an economy during a period of one year. The difference between the GNP and NNP is equal to Capital depreciation. 
99. (b) Market segmentation is a marketing strategy which refers to the aggregating of prospective buyers into groups, or segments, having similar needs, wants, or demand characteristics. Its objective is to design a marketing mix that precisely matches the expectations of customers in the targeted segment. 
100. (c) The Innovation Theory of Profit was proposed by Joseph. A. Schumpeter, who believed that an entrepreneur can earn economic profits by introducing successful innovations. In other words, innovation theory of profit posits that the main function of an entrepreneur is to introduce innovations and the profit in the form of reward is given for his performance.



