WBCS (Main) Exam. Paper – V Practice Set

Answers with Explanation

1. (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.

   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.
2. (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.
3. (a) Article 54- Election of the president.

   Article 75- Appointment of the PM and council of ministers.

   Article 164- Appointment of the CM and council of Ministers of a state.
4. (b) Finance, property Contracts and Suits are mentioned in part XII. The union territory in Part V, The executive of states in part IV and Relation of states in part XI of the constitution.
5. (c) Emergency Provision-Germany Fundamental Rights-U.S.A Parliamentary System-U.K Directive principles of State Policy-Ireland
6. (b) Ninth Schedule- Added by Ist amendment in 1951. Contains acts & orders related to land tenure, land tax, railways, industries. {Right of property not a fundamental right now}.

   Tenth Schedule- Added by 52nd amendment in 1985. Contains provisions of disqualification of grounds of defection Eleventh Schedule- By 73rd amendment in 1992 Contains provisions of Panchayati Raj Twelfth Schedule- By 74th amendment in 1992 Contains provisions of Municipal Corporation.
7. (a)
8. (c)
9. (a)
10. (b) The seven current union territories are:
    - Andaman and Nicobar Islands.
    - Chandigarh.
    - Dadra and Nagar Haveli.
    - Daman and Diu.
    - Delhi (National Capital Territory of Delhi)
    - Lakshadweep.
    - Puducherry (Pondicherry)
11. (b) Prohibition of discrimination – Article-15 Prohibition of employment of children in factories–Article-24

    Protection against arrest and detention in certain cases- Article 22

    Abolition of untouchability- Article-17
12. (c) is correct, Article 39-A Free legal Aid

    Article- 43- Living wage of workers.

    Article- 44 – Uniform Civil Code.

    Article- 50- Separation of Judiciary.

    Articles mentioned above are the part of Directive principles of the state policy.
13. (b) President- Upholding the constitution and the law;

    Judge of the supreme court- Faith and allegiance to the constitution of India; Members of Parliament Faithful Discharge of Duties; Minister for the Union-Secrecy of Information
14. (b) The value of the vote of an electing member of parliament equals.
15. (b) Mohd. Hidayatullah and Shankar Dayal Sharma have held the office of the vice-president of India.
16. (b)
17. (a)
18. (c)
19. (b)
20. (b)
21. (b)

22. (b) India's head of state is the president who is elected to a five-year renewable term by an electoral college consisting of the elected members of both houses of parliament and the elected members of the legislative assemblies of all the states. Effective executive power rests with the Council of Ministers, headed by the prime minister, who is chosen by the majority party or coalition in the Lok Sabha and is formally appointed by the president. অ্যাচিভার্স

Whenever the office becomes vacant, the new President is chosen by an electoral college consisting of the elected members of both houses of Parliament (M.P.), the elected members of the State Legislative Assemblies (Vidhan Sabha) of all States and the elected members of the legislative assemblies (M.L.A.) of two Union Territories i.e., National Capital Territory (NCT) of Delhi and Union Territory of Puducherry.

23. (d) A state of emergency in India refers to a period of governance under an altered constitutional setup that can be proclaimed by the President of India, when he/she perceives grave threats to the nation from internal and external sources or from financial situations of crisis.

Every Proclamation shall be laid before each House of Parliament and shall, except where it is a Proclamation revoking a previous Proclamation, cease to operate at the expiration of two months unless before the expiration of that period it has been approved by resolutions of both Houses of Parliament: Provided that if any such Proclamation (not being a Proclamation revoking a previous Proclamation) is issued at a time when the House of the People is dissolved or the dissolution of the House of the People takes place during the period of two months referred to in this clause. অ্যাচিভার্স

24. (d) All bills passed by the Parliament can become laws only after receiving the assent of the President. After a bill is presented to him, the President shall declare either that he assents to the Bill, or that he withholds his assent from it. As a third option, he can return a bill to the Parliament, if it is not a money bill or a constitutional amendment bill, for reconsideration. When, after reconsideration, the bill is passed and presented to the President, with or without amendments, the President cannot withhold his assent from it.

25. (a) When a bill has been passed, it is sent to the President for his approval. The President can assent or withhold his assent to a bill or he can return a bill, other than a money bill which is recommended by president himself to the houses, with his recommendations. The president can exercise absolute veto on aid and advice of council of ministers. Following position can be arrived by reading article 111 of Indian constitution with article 74. The president may also effectively withhold his assent as per his own discretion, which is known as pocket veto. If the president returns it for reconsideration, the Parliament must do so, but if it is passed again and returned to him, he must give his assent to it. অ্যাচিভার্স

26. (c) Mohammad Hidayatullah was the eleventh Chief Justice of India, serving from February 25, 1968 to December 16, 1970, and the sixth Vice-President of India, serving from August 20, 1977 to August 20, 1982. He also served as the Acting President of India from July 20, 1969 to August 24, 1969.

27. (d) Justice Leila Seth was the first woman Chief Justice of High Court.

28. (b) Panchayat Raj is a system of governance in which gram panchayats are the basic units of administration.

It has 3 levels: Gram (village, though it can comprise more than one village), Janpad (block) and Zilla (district).

29. (c) The sole object of the Article 32 of the Constitution of India is the enforcement of the fundamental rights guaranteed under Part III of the Constitution of India. By including Article 32 in the Fundamental Rights, the Supreme Court has been made the protector and guarantor of these Rights. অ্যাচিভার্স

30. (a) Right to equality is an important right provided for in Articles 14, 15, 16, 17 and 18 of the constitution. Article 17 of the constitution abolishes the practice of untouchability. Article 18 of the constitution prohibits the State from conferring any titles.

31. (a) The 73rd and 74th constitutional amendments dealt with the organization of local governments in India: Panchayats and Nagarpalikas respectively.

These amendments, while elaborating the powers, functions and other aspects related to decentralized governance, provided for reservation to women in such bodies.

32. (d) Dr. B. R. Ambedkar, the chairman of the Drafting committee called the fundamental right to constitutional remedies as the heart and soul of the Indian constitution. According to this right, a person can move the Supreme Court in case of violation of their fundamental rights. In the Constitution, this right is enshrined in Article 32.

33. (a) Lok Nayak Jaya Prakash Narayan advocated party less democracy and the concept of Lok-ummidwar. In 1957, Narayan formally broke with the Praja Socialist Party in order to pursue lokniti [Polity of the people], as opposed to rajniti [Polity of the state]. By this time, Narayan had become convinced that lokniti should be non-partisan in order to build a consensus based, classless, participatory democracy which he termed Sarvodaya.

34. (b) Rajendra Prasad was one of the architects of the Indian Republic, having served as the president of the Constituent Assembly and later as the first president of independent India. Prasad is the only president to have been elected twice for the office. In 1962, after serving twelve years as the president, he announced his decision to retire.

35. (a) 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. It originated in a conference convened by Prime Minister Jawaharlal Nehru of India in September-October of 1961. It is chaired by the Prime Minister of India.

36. (c) The Republican Party of India was founded by Dr. B. R. Ambedkar.

37. (a) Chandni Chowk in Delhi is the smallest (area-wise) Lok Sabha constituency in India.

38. (a) Secularism in India:

• Conditions in India were different and to respond to the challenge they posed, the makers of the Constitution had to work out an alternative conception of secularism. They departed from the western model in two ways and for two different reasons.

• Option 1 is correct: The state simply had to interfere in the affairs of religion. Such intervention was not always negative. The state could also help religious communities by giving aid to educational institutions run by them. Thus, the state may help or hinder religious communities depending on which mode of action promotes values such as freedom and equality.

• In India separation between religion and state did not mean their mutual exclusion but rather principled distance, a rather complex idea that allows the state to be distant from all religions so that it can intervene or abstain from interference, depending upon which of these two would better promote liberty, equality and social justice.

• Option 2 is correct: If one community was dominated by another, then its members would also be significantly less free. If, on the other hand, their relations were equal, marked by an absence of domination, then its members would also walk about with dignity, self-respect and freedom.

• Thus, the Indian Constitution grants rights to all religious communities such as the right to establish and maintain their educational institutions. Freedom of religion in India means the freedom of religion of both individuals and communities.

• Option 3 is incorrect: The term 'mutual exclusion' means both religion and state must stay away from the internal affairs of one another. The state must not intervene in the domain of religion; religion likewise should not dictate state policy or influence the conduct of the state. In other words, mutual exclusion means that religion and state must be strictly separated.

39. (b) • The word fundamental suggests that these rights are so important that the Constitution has separately listed them and made special provisions for their protection. The Fundamental Rights are so important that the Constitution itself ensures that they are not violated by the government.

• Statement 1 is incorrect: Fundamental Rights are different from other rights available to us. While ordinary legal rights are protected and enforced by ordinary law, Fundamental Rights are protected and guaranteed by the constitution of the country. Ordinary rights may be changed by the legislature by ordinary process of law making, but a fundamental right may only be changed by amending the Constitution itself.

• Statement 2 is correct: Besides this, no organ of the government can act in a manner that violates them. Judiciary has the powers and responsibility to protect the fundamental rights from violations by actions of the government.

• Executive as well as legislative actions can be declared illegal by the judiciary if these violate the fundamental rights or restrict them in an unreasonable manner. However, fundamental rights are not absolute or unlimited rights. Government can put reasonable restrictions on the exercise of our fundamental rights.

40. (d) • Article 21 declares that no person shall be deprived of his life or personal liberty except according to procedure established by law. This right is available to both citizens and non-citizens. In the famous Gopalan case (1950), the Supreme Court has taken a narrow interpretation of Article 21.

• In the Maneka Gandhi case (1978), the Supreme Court took a wider interpretation of Article 21 and held that the 'right to life' as embodied in Article 21 is not merely confined to animal existence or survival but it includes within its ambit the right to live with human dignity and all those aspect of life which go to make a man's life meaningful, complete and worth living.

• Statement 1 is correct: Right to reputation has been an integral part of Article 21 of the Constitution. Every individual has a right to live a dignified life. Reputation and honor are connected with dignity and thus, constitute an inalienable part of human life. In the recent judgment of Subramanian Swamy v. Union of India, the apex court held that the reputation of an individual is a basic element under Article 21 of the Constitution.

• Statement 3 is correct: Supreme Court in Attorney General of India v. Lachma Devi held that the direction for the public execution of the death sentence by Rajasthan High Court was unconstitutional and violative of Article 21. It was further made clear that death by public hanging would be a barbaric practice. Even if the crime for which the accused has been found guilty is barbaric it would be a shame on the civilized society to reciprocate the samsara.

• The Supreme Court has reaffirmed its judgment in the Menaka case in the subsequent cases. It has declared the following rights as part of Article 21:

• Right against solitary confinement.

• Right to speedy trial.

• Right against handcuffing.

• Right against bonded labor.

• Right to social security and protection of the family o Right against bar fetters

41. (b) • Each of the two Houses of Parliament has different bases of representation. The Rajya Sabha represents the States of India. It is an indirectly elected body. Residents of the State elect members to the State Legislative Assembly. The elected members of the State Legislative Assembly in turn elect the members of the Rajya Sabha.

• Statement 1 is incorrect: The system of representation adopted for the Rajya Sabha is different from that in the USA. The number of members to be elected from each State has been fixed by the fourth schedule of the Constitution. In the USA, every state has equal representation in the Senate. This ensures equality of all the states. But this also means that a small state would have the same representation as the larger states.

• Statement 2 is correct: States with larger population get more representatives than States with smaller population get. Thus, a more populous State like Uttar Pradesh sends 31 members to the Rajya Sabha, while a smaller and less populous State like Sikkim has one seat in the Rajya Sabha.

• Members of the Rajya Sabha are elected for a term of six years. They can get re-elected. All members of the Rajya Sabha do not complete their terms at the same time. Every two years, one third members of the Rajya Sabha complete their term and elections are held for those one third seats only. Thus, the Rajya Sabha is never fully dissolved. Therefore, it is called the permanent House of the Parliament.

42. (b) The Rajya Sabha has equal powers with Lok Sabha in the following matters:

• Introduction and passage of ordinary bills.

• Introduction and passage of Constitutional amendment bills.

• Introduction and passage of financial bills involving expenditure from the Consolidated Fund of India.

• Election and impeachment of the president.

• Election and removal of the Vice-President.

However, Rajya Sabha alone can initiate the removal of the vice-president.

• Making recommendation to the President for the removal of Chief Justice and judges of Supreme Court and high courts, chief election commissioner and comptroller and auditor general.

• Approval of ordinances issued by the President.

• Approval of proclamation of all three types of emergencies by the President.

The Rajya Sabha has been given four exclusive or special powers that are not enjoyed by the Lok Sabha:

• It can authorize the Parliament to make a law on a subject enumerated in the State List (Article 249).

• It can authorize the Parliament to create new All India Services common to both the Center and states (Article 312).

• It alone can initiate a move for the removal of the vice-president. (Article 67).

• If Proclamation of Emergency or President's rule or financial emergency is issued when:

• the Lok Sabha has been dissolved or

• the dissolution of the Lok Sabha takes place within the period allowed for its approval,

• then the proclamation can remain effective even if it is approved by the Rajya Sabha alone.

43. (d) • Statement 1 is correct: In the Parliamentary system as existing in India, the members of the Cabinet have to be members of the Parliament. A minister who is not a member of Parliament has 6 months to become a member. Otherwise, he ceases to be a minister.

• Article 75(3):The Council of Ministers shall be collectively responsible to the House of the People. This principle is called "collective responsibility." The principle of collective responsibility is the bedrock of Parliamentary or Cabinet form of Government.

• A government stays in power until it enjoys the confidence of the Lok Sabha.

• Statement 2 is correct: There are two heads in a Parliamentary form of government:

• De-jure: the President, who is the Head of state.

• De-facto: the Prime Minister, who is the Head of the Government.

• Statement 3 is correct: The Cabinet is headed by the Prime Minister. The Prime Minister shall be appointed by the President. Other Ministers shall be appointed by the President on the advice of the Prime Minister. The Minister shall hold office during the pleasure of the President.

• Before a Minister enters upon his office, the President shall administer to him the oaths of office and of secrecy.

44. (d) • The Preamble of the Constitution of India presents the principles of the Constitution and indicates the sources of its authority:

• We, The PEOPLE OF INDIA, having solemnly resolved to Constitute India into a '(SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC) and to secure to all its citizens:

• Objective: JUSTICE, social, economic and political;

• LIBERTY of thought, expression, belief, faith and worship;

• EQUALITY of status and of opportunity; and to promote among them all

• FRATERNITY assuring the dignity of the individual and the (Unity and integrity of the Nation);

• IN OUR CONSTITUTION ASSEMBLY this twenty-sixth day of November, 1949 do HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION. hence the option (d) is correct.

45. (c) • Article 368 provides for two types of amendments, that is, by a special majority of Parliament and also through the ratification of half of the states by a simple majority.

• Those provisions of the Constitution which are related to the federal structure of the polity can be amended by a special majority of the Parliament and also with the consent of half of the state legislatures by a simple majority. There is no time limit within which the states should give their consent to the bill. The following provisions can be amended in this way:

i) Election of the President and its manners.

ii) Extent of the executive power of the Union and the states.

Article 73 about Extent of the executive power of the Union.

iii) Supreme Court and high courts.

iv) Distribution of legislative powers between the Union and the states.

v) Any of the lists in the Seventh Schedule.

vi) Representation of states in Parliament.

vii) Power of Parliament to amend the Constitution and its procedure (Article 368 itself).

• Formation of new states and alteration of areas, boundaries or names of existing states can be amended by a simple majority of the two Houses of Parliament. অ্যাচিভার্স

46. (d) • Statement 1 is correct: 'Directive Principles of State Policy' denotes the ideals that the State should keep in mind while formulating policies and enacting laws. These are the constitutional instructions or recommendations to the State in legislative, executive and administrative matters.

• According to Article 36, the term 'State' in Part IV has the same meaning as in Part III dealing with Fundamental Rights. Therefore, it includes the legislative and executive organs of the central and state governments, all local authorities and all other public authorities in the country.

• Statement 2 is incorrect: The Directive Principles resemble the 'Instrument of Instructions' enumerated in the Government of India Act of 1935. In the words of Dr. B R Ambedkar, 'the Directive Principles are like the instrument of instructions, which were issued to the Governor General and to the Governors of the colonies of India by the British Government under the Government of India Act of 1935. অ্যাচিভার্স

• Statement 3 is correct: The Directive Principles, though non-justiciable in nature, help the courts in examining and determining the constitutional validity of a law. The Supreme Court has ruled many a times that in determining the constitutionality of any law, if a court finds that the law in question seeks to give effect to a Directive Principle, it may consider such law to be 'reasonable' in relation to Article 14 (equality before law) or Article 19 (six freedoms) and thus save such law from unconstitutionality.

47. (b) • Statement 1 is incorrect: The Parliament can abridge or take away any of the Fundamental Rights by enacting a constitutional amendment act and such a law will not be void under Article 13. But in the Golak Nath case (1967), the Supreme Court reversed its earlier stand. In that case, the constitutional validity of the Seventeenth Amendment Act (1964), which inserted certain state acts in the Ninth Schedule, was challenged.

• The Parliament reacted to the Supreme Court's judgment in the Golak Nath case (1967) by enacting the 24th Amendment Act (1971). This Act amended Articles 13 and 368. It declared that the Parliament has the power to abridge or take away any of the Fundamental Rights under Article 368 and such an act will not be a law under the meaning of Article 13. অ্যাচিভার্স

• Statement 2 is correct: The Supreme Court in the Minerva Mills case (1980) invalidated this provision as it excluded judicial review which is a 'basic feature' of the Constitution. Applying the doctrine of 'basic structure' with respect to Article 368, the court held that:

• "Since the Constitution had conferred a limited amending power on the Parliament, the Parliament cannot under the exercise of that limited power enlarge that very power into an absolute power. Indeed, a limited amending power is one of the basic features of the Constitution and, therefore, the limitations on that power cannot be destroyed.

48. (b) • Statement 1 is incorrect: The Supreme Court can, with the approval of the president, make rules for regulating generally the practice and procedure of the Court. The Constitutional cases or references made by the President under Article 143 are decided by a Bench consisting of at least five judges.

• All other cases are usually decided by a bench consisting of not less than three judges. The judgements are delivered by the open court. All judgements are by majority vote but if differing, then judges can give dissenting judgements or opinions. অ্যাচিভার্স

• Statement 2 is correct: The Constitution declares Delhi as the seat of the Supreme Court. But, it also authorizes the chief justice of India to appoint other places or places as seats of the Supreme Court. He can take decisions in this regard only with the approval of the President.

• This provision is only optional and not compulsory. This means that no court can give any direction either to the President or to the Chief Justice to appoint any other place as a seat of the Supreme Court.

49. (d) • The state legislature occupies a pre-eminent and central position in the political system of a state. Articles 168 to 212 in Part VI of the Constitution deal with the organization, composition, duration, officers, procedures,

privileges, powers and so on of the state legislature. Though these are similar to that of Parliament, there are some differences as well.

i) Statement 1 is correct: if he holds any office of profit under the Union or state government (except that of a minister or any other office exempted by state legislature),

ii) if he is of unsound mind and stands so declared by a court,

iii) if he is an undischarged insolvent,

iv) if he is not a citizen of India or has voluntarily acquired the citizenship of a foreign state or is under any acknowledgement of allegiance to a foreign state, and

v) if he is so disqualified under any law made by Parliament.

• Accordingly, the Parliament has prescribed a number of additional disqualifications in the Representation of People Act (1951). These are similar to those for Parliament. These are mentioned here:

(A) He must not have been found guilty of certain election offenses or corrupt practices in the elections.

(B) He must not have been convicted for any offense resulting in imprisonment for two or more years. But, the detention of a person under a preventive detention law is not a disqualification.

(C) He must not have failed to lodge an account of his election expenses within the time.

(D) He must not have any interest in government contracts, works or services.

(E) Statement 2 is correct: He must not have been convicted for promoting enmity between different groups or for the offense of bribery.

(F) Statement 3 is correct: He must not have been punished for preaching and practicing social crimes such as untouchability, dowry and sat.

50. (d) • Statement 1 is incorrect: The president from time to time summons each House of Parliament to meet. But, the maximum gap between two sessions of Parliament cannot be more than six months.

• Statement 2 is correct: According to the Constitution, the Parliament should meet at least twice a year. There are usually three sessions in a year, viz,

i) the Budget Session (February to May);

ii) the Monsoon Session (July to September); and

iii) the Winter Session (November to December).

• A 'session' of Parliament is the period spanning between the first sitting of a House and its prorogation (or dissolution in the case of the Lok Sabha). During a session, the House meets everyday to transact business. The period spanning between the prorogation of a House and its reassembly in a new session is called 'recess'.

• Statement 3 is correct: The President of India is not a member of either House of Parliament and does not sit in the Parliament to attend its meetings, he is an integral part of the Parliament. This is because a bill passed by both the Houses of Parliament cannot become law without the President's assent.

• He also performs certain functions relating to the proceedings of the Parliament, for example, he summons and prorogues both the Houses, dissolves the Lok Sabha, addresses both the Houses, issues ordinances when they are not in session, and so on.

51. (d) Gross National Product

• Gross National Product (GNP) is the GDP of a country added with its net income from abroad. In gross National Product, the trans-boundary economic activities of an economy is also taken into calculation. The items which are counted in the segment 'Income from Abroad' are given below:

• Private Remittances: This is the net outcome of the money which inflows and outflows on account of the 'private transfers' by Indian nationals working outside of India (to India) and the foreign citizens working in India (from their home countries).

• Interest on External Loans: The net outcome on the front of the interest payments, i.e., balance of inflow and outflow (on the money borrowed by the economy) of external interests. In the case of India it has always been negative as the economy has been a 'net borrower' from the world economies.

• External Grants: The net outcome of the external grants i.e., the balance of such grants which flow to and from India. Today, India produces more such grants than it receives. India receives grants from few countries as well as UN agencies (like the UNDP) and offers several developmental and humanitarian grants to foreign nations. In the wake of globalization, grant outflows from India have increased as its economic diplomacy aims at playing a bigger role at international level.

52. (c) • Though there were no such announcements or proposals while India launched its reforms in 1991, in the coming times, many 'generations' of reforms were announced by the governments. A total of three generations of reforms have been announced till date, while experts have gone to suggest the fourth generation, too.

• First Generation Reforms (1991–2000): The broad coordinates of the First Generation of reforms may be seen as under:

(a) Promotion to Private Sector: This included various important and liberalizing policy decisions, i.e., 'de-reservation' and 'de-licencing' of the industries, abolition of the MRTP limit, abolition of the compulsion of the phased-production and conversion of loans into shares, etc.

(b) Public Sector Reforms: The steps taken to make the public sector undertakings profitable and efficient, their disinvestment (token), their corporatisation, etc., were the major parts of it.

(c) External Sector Reforms: They consisted of policies like, abolishing quantitative restrictions on import, switching to the floating exchange rate, full current account convertibility, reforms in the capital account, permission to foreign investment.

(d) Financial Sector Reforms: Several reform initiatives were taken up in areas such as banking, capital market, insurance, mutual funds, etc.

(e) Tax Reforms: This consisted of all the policy initiatives directed towards simplifying, broadbasing, modernizing, checking evasion, etc.

53. (d) • Statement 1 is incorrect: Bottleneck Inflation takes place when the supply falls drastically and the demand remains at the same level. Such situations arise due to supply-side hurdles, hazards or mismanagement which is also known as 'structural inflation'. This could be put in the 'demand-pull inflation' category.

• Statement 2 is incorrect: Core Inflation: This nomenclature is based on the inclusion or exclusion of the goods and services while calculating inflation. Popular in western economies, core inflation shows price rise in all goods and services excluding energy and food articles. Since 2015–16, a new core-core inflation is also measured by India which excludes food, fuel and light, transport and communication.

• Statement 3 is correct: Galloping Inflation: This is a 'very high inflation' running in the range of double-digit or triple digit (i.e., 20 percent, 100 per cent or 200 percent in a year). In the decades of 1970s and 1980s, many Latin American countries such as Argentina, Chile and Brazil had such rates of inflation–in the range of 50 to 700 per cent.

• Contemporary journalism has given some other names to this inflation–hopping inflation, jumping inflation and running or runaway inflation.

54. (c) • BASE EFFECT: Base effect refers to the impact of the rise in price level (i.e., last year's inflation) in the previous year over the corresponding rise in price levels in the current year (i.e., current inflation).

• If the price index had risen at a high rate in the corresponding period of the previous year, leading to a high inflation rate, some of the potential rise is already factored in, therefore, a similar absolute increase in the Price index in the current year will lead to a relatively lower inflation rate.

• On the other hand, if the inflation rate was too low in the corresponding period of the previous year, even a relatively smaller rise in the Price Index will arithmetically give a high rate of current inflation.

• Let's assume - 2000 as a Base Year and the index for 100 is 50. For 2019 it is 120. So the inflation rate is 20% and for 2019, it is 125. So comparing the previous year, the inflation rate for 2019 has risen by 5%. But the base effect for 2 years (2018-2019), the inflation rate has risen by 25%. The inflation is computed on the Basis of the price levels that are summarized into an index.

55. (b) • In every economy it is necessary for the central bank to know the stock (amount/level) of money available in the economy only then it can go for suitable kind of credit and monetary policy.

• Simply put, credit and monetary policy of an economy is all about changing the level of the money flowing in the economic system. But it can be done only when we know the real flow of money. That's why it is necessary to first assess the level of money flowing in the economy.

• Following the recommendations of the Second Working Group on Money Supply (SWG) in 1977, RBI has been publishing four monetary aggregates (component of money), viz., M1, M2, M3 and M4 (are basically short terms for Money-1, Money-2, Money-3 and Money-4) besides the Reserve Money. These components used to contain money of differing liquidities:

• M1 = Currency and coins with people + Demand deposits of Banks (Current & Saving Accounts) + Other deposits of the RBI.

• M2 = M1 + Demand deposits of the post offices (i.e., saving schemes' money).

• M3 = M1 + Time/Term deposits of the Banks (i.e., the money lying in the Recurring Deposits and the fixed Deposits).

• M4 = M3 + total deposits of the post offices (both, Demand and Term/Time Deposits).

56. (c) • Statement 1 is correct: The GDP deflator, also called implicit price deflator, is a measure of inflation. It is the ratio of the value of goods and services an economy produces in a particular year at current prices to that of prices that prevailed during the base year. This ratio helps show the extent to which the increase in gross domestic product has happened on account of higher prices rather than increase in output.

• Since the deflator covers the entire range of goods and services produced in the economy as against the limited commodity baskets for the wholesale or consumer price indices it is seen as a more comprehensive measure of inflation.

• Statement 2 is correct: GDP price deflator measures the difference between real GDP and nominal GDP. Nominal GDP differs from real GDP as the former doesn't include inflation, while the latter does. As a result, nominal GDP will most often be higher than real GDP in an expanding economy.

57. (b) • Statement 1 is incorrect: It has been developed by the National Payments Corporation of India (NPCI), the Department of Financial Services, the Ministry of Health and Family Welfare, and the National Health Authority.

• Statement 2 is correct: It is an end-to-end digital transaction and does not require any physical issuance (card/voucher) hence leading to cost reduction e-RUPI is a person and purpose-specific cashless digital payment solution. It is a contactless instrument for digital payment. It is based on a QR code or SMS string-based evoucher, which is delivered to the mobile of the beneficiaries.

• The system will eliminate the need for any physical interface, mobile banking, debit, or credit cards by simply and directly allowing the beneficiary to avail the benefits by redeeming the codes at specific centers.

58. (b) • Article 292 of the Indian Constitution states that the Government of India can borrow amounts specified by the Parliament from time to time. Article 293 of the Indian Constitution mandates that the State Governments in India can borrow only from internal sources. Thus the Government of India incurs both external and internal debt, while State Governments incur only internal debt.

• Public debt is the total liabilities of the central government contracted against the Consolidated Fund of India. It is further classified into internal and external debt. Internal debt is categorized into marketable and non-marketable securities

• Public Debt in India includes only Internal and External Debt incurred by the Central Government. Hence option 2 and option 3 are correct.

• Internal Debt includes liabilities incurred by resident units in the Indian economy to other resident units, while External Debt includes liabilities incurred by residents to non-residents. The major instruments covered under Internal Debt are as follows:

• Dated Securities: Primarily fixed coupon securities of short, medium and long term maturity which have a specified redemption date. These are the single-most important component of financing the fiscal deficit of the Central Government (around 91 % in 2010-11) with average maturity of around 10 years.

• Treasury-Bills: Zero coupon securities that are issued at a discount and redeemed at face value at maturity. These are issued to address short term receipt-expenditure mismatches under the auction program of the Government. These are primarily issued in three tenors, 91,182 and 364 day.

59. (b) • Statement 1 is correct: The call money market is an important segment of the money market where borrowing and lending of funds take place on overnight basis. Prudential limits, in respect of both outstanding borrowing and lending transactions in the call money market for each of these entities, are specified by the RBI.

• Statement 2 is incorrect: Participants in the call money market in India currently include scheduled commercial banks (SCBs)–excluding regional rural banks, cooperative banks (other than land development banks), insurance.

• In recent times, several changes have been introduced by the RBI in this market. By April 2016, banks were allowed to borrow only 1 percent of their NDTL (net demand and time liabilities, i.e., total deposit of the banks, in layman term) under overnight facility at repo rate.

• For the rest of 0.75 per cent of their NDTL, they may use the term repos of different tenors. In a sense, since late 2013, RBI has been discouraging banks to use repo route and switch over to term repos for their requirements of the short-term funds. Promoting stability and signaling better cost of loans are the main objectives of this changed stance.

60. (b) • The total foreign currencies (of different countries) an economy possesses at a point of time is its 'foreign currency assets/reserves'. The Forex Reserves (short for 'foreign exchange reserves') of an economy are its 'foreign currency assets' added with its gold reserves, SDRs (Special Drawing Rights) and Reserve Tranche Position (RTP) in the IMF.

• In a sense, the Forex reserves is the upper limit upto which an economy can manage foreign currency in normal times if need be.

• By January 2020 (as per the RBI), the details related to India's forex reserves were as given below (compared with January 2019): Foreign exchange reserves were at US$ 461.2 billion (up from US$ 397 billion). This included Gold Reserves of US$ 28 billion and India's total Special Drawing Rights (SDRs) of US$ 13.1 billion with the IMF (inclusive of Reserve Tranche Position, i.e., 25 percent of the total SDRs if they have not been used).

• Forex provided an import cover of 11 months (down from 11.5 months). Import cover of reserves is a trade-based indicator of reserve adequacy, which is an important parameter in gauging a country's ability to absorb external shocks. Forex cover ratio of external debt was at 82.5 percent (up from 77.8 per cent).

61. (d) • Different countries have different methods of determining their currency's exchange rate. It can be determined through Flexible Exchange Rate, Fixed Exchange Rate or Managed Floating Exchange Rate.

• Statement 1 is incorrect: Flexible Exchange Rate is determined by the market forces of demand and supply. It is also known as Floating Exchange Rate. Suppose the demand for foreign goods and services increases (for example, due to increased international traveling by Indians), then, the demand curve shifts upward and right to the original demand curve. The increase in demand for foreign goods and services result in a change in the exchange rate.

• Fixed Exchange Rates: In this exchange rate system, the Government fixes the exchange rate at a particular level.

• Statement 2 is incorrect: Without any formal international agreement, the world has moved on to what can be best described as a managed floating exchange rate system. India also follows a managed floating rate system. It is a mixture of a flexible exchange rate system (the float part) and a fixed rate system (the managed part).

• Under this system, also called dirty floating, central banks intervene to buy and sell foreign currencies in an attempt to moderate exchange rate movements whenever they feel that such actions are appropriate. Official reserve transactions are, therefore, not equal to zero.

62. (b) • Statement 1 is incorrect: The importance of institutional credit in boosting the rural economy has been clear to the Government right from its early stages of planning. The Reserve Bank of India (RBI) at the insistence of the Government of India, constituted a Committee to Review the Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) in 1979, under the Chairmanship of Shri B. Sivaraman, former member of Planning Commission.

• The Committee's report (1979) outlined the need for a new organizational device for providing undivided attention, forceful direction and pointed focus to credit related issues linked with rural development. It is a statutory body established in 1982 under the Parliamentary Act National Bank for Agriculture and Rural Development Act, 1981.

• Statement 2 is correct: It is mandated to facilitate credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas.

63. (c) The Forex reserve of India is consistently increasing before COVID Pandemic. It was expected to decrease for the last 2 years. Despite all the disruptions caused by the global pandemic, India's balance of payments remained in surplus throughout the last two years. This allowed the Reserve Bank of India to keep accumulating foreign exchange reserves. So, Statement 1 is correct.

Forex Reserves:

1. China - \$3,222.4 billion (November 2021)
2. Japan - \$1,259.9 billion (January 2022)
3. Switzerland - \$985.1 billion (March 2022)
4. India - \$ 634 billion (31st December 2021)

So, Statement 2 is correct.

64. (b) Not just SCBs, even NBFCs and Urban Cooperative Banks are mandated to maintain Capital to Risk-weighted Asset Ratio. Based on economic situations, RBI may change the CRAR {not changed on monthly basis}. Currently, CRAR for SCBs – 9%.

So, Statement 1 is not correct.

Capital to Risk-weighted Asset Ratio (CRAR) of SCBs increased from 15.84 per cent at end September 2020 to 16.54 per cent at end September 2021 on account of its improvement of Capital for both public and private sector banks. The improvement in CRAR levels of PSBs was due to capital infusion by the government alongside fund raising from the markets, while private sector banks tapped capital from market sources.

So, Statement 2 is correct.

Statement 3 is correct.

65. (b) NARCL was incorporated on 7th July 2021 and NARCL will majorly be owned by Public Sector Banks. Canara bank is the Sponsor with shareholding of upto 12 per cent. So, Statement 1 is not correct.

An Asset Reconstruction Company (ARC) Limited and Asset Management Company (AMC) would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization. In line with this vision, two entities viz. National Asset Reconstruction Company Limited (NARCL), and India Debt Resolution Company Limited (IDRCL) have been formed.

IDRCL was incorporated on 3rd September 2021 and will have minimum of 51 per cent ownership of Private sector Banks and balance will be held by Public Sector Banks.

NARCL would be capitalized through a combination of equity and debt from various Banks and will have a finite life of 5 years. It may acquire stressed assets of about 2 lakh crore approx in multiple phases within the extant regulations of RBI under 15:85 structure, implying that the consideration for acquisition will be 15 per cent in Cash and 85 per cent in Security Receipts.

NARCL won't acquire stressed asset of RRBs. So, Statement 2 is correct and 3 is not correct.

66. (a) Unified Payments Interface (UPI) is currently the single largest retail payment system in the country in terms of volume of transactions. In December 2021, 4.6 billion transactions worth 8.26 lakh crore were carried out by UPI. One of the initial objectives of UPI was to replace cash for low value transactions. As per detailed transaction data of NPCI, 50 per cent of transactions through UPI were below 200. On 1st November 2018, 'UPI as a payment option in IPO' was introduced as a new payment channel to the retail investors by SEBI. Bhutan recently became the first country to adopt UPI standards for its QR code.

The Digital Payments Index of RBI, captures the extent of digitization of payments across the country. The index captures (i) Payment Enablers (weight 25%), (ii) Payment Infrastructure – Demand-side factors (10%), (iii) Payment Infrastructure – Supply-side factors (15%), (iv) Payment Performance (45%) and (v) Consumer Centricity (5%). The Digital Payments Index increased from 100 in March 2018 (base period) to 304.06 in September 2021.

67. (a) Beekeeping is an agro-based activity which is being undertaken by farmers/ landless labourers in rural area as a part of the Integrated Farming System. Beekeeping has been useful in pollination of crops, thereby, increasing income of the farmers/beekeepers by way of increasing crop yield and providing honey and other high value beehive products, viz.; bee wax, bee pollen, propolis, royal jelly, bee venom, etc. Diversified agro climatic conditions of India provide great potential and opportunities for beekeeping/honey production and export of honey. India's export of honey has increased by about 110 per cent between 2013-14 to 2019-20. অ্যাচিভার্স

National Beekeeping & Honey Mission (NBHM) aims for the overall promotion and development of scientific beekeeping in the country to achieve the goal of Sweet Revolution? which is being implemented through National Bee Board (NBB). So, Option (a) is correct.

68. (a) India receives the highest FDI equity inflows from Singapore (8.1 US Billion as 2021-22 and share percentage 25.9 as 2021-22).

69. (a) Deadweight loss can be stated as the loss of total welfare or the social surplus due to reasons like taxes or subsidies, price ceilings or floors, externalities and monopoly pricing. It is the excess burden created due to loss of benefit to the participants in trade which are individuals as consumers, producers or the government.

Deadweight loss is more associated with tariffs and most of the subsidies contribute well to the welfare of the society and are quantitatively measurable than tariffs. So, Statement 1 is correct. অ্যাচিভার্স

According to Theory of Optimal Intervention, a tariff would raise the domestic price of imports and allow the protected industry's output price to rise to the same level. Domestic consumers would then have to pay the higher price. But if a subsidy were used, the domestic price would still be the duty-free import price, and the subsidy received by the domestic industry would allow it to compete with imports at world prices. Consumers would not be taxed, and the subsidy option would be regarded as the more efficient one.

Example: অ্যাচিভার্স

Tariff Imposition:

Domestic Price of a Pen A = Rs.10

Price of an imported Pen B before tariff = Rs.8

Price of an imported Pen B after tariff = Rs. 12

Now the Domestic Producer will increase his cost of Pen A to Rs.12 for higher profit.

Use of Subsidy: অ্যাচিভার্স

Domestic Price of a Pen A = Rs.10

Price of an imported Pen B without tariff = Rs.8

Price of Pen A after giving Rs.2 subsidies to domestic producer by Government = Rs.8

The domestic consumer will end up paying Rs.12 if tariff is imposed but they will pay Rs.10 if subsidies are given. So, the Price of a product is increased when tariff is imposed to imported goods.

Also, Increase in price of a product will decrease its demand.

But, when subsidy is given, the domestic market price will get distorted because people will tend to buy subsidised products more than the higher market priced products and thus demand will get increased for subsidised products. So, Statement 2 is not correct.

70. (d) According to the framework on Global Minimum tax introduced by OECD/G20, it has 2 pillars. Pillar one: The „largest and most profitable? MNCs need to pay taxes. At least 20% of the profit of the companies above the profit margin of 10% would be reallocated and taxed in the countries where they operate. অ্যাচিভার্স

Pillar two: Global minimum corporate tax rate is set at 15% in order to avoid any undercutting. India's current corporate tax rate is 22%.

India need not increase its tax rates to bring them on par with the global minimum tax rate. So, Statement 1 is not correct.

The Double Taxation Avoidance Agreement or DTAA is a tax treaty signed between India and another country (or any two/multiple countries) so that taxpayers can avoid paying double taxes on their income earned from the source country as well as the residence country.

India need to revoke Digital services tax components like Equalisation Levy but it need not revoke DTAA which is a tax treaty between two countries. So, Statement 2 is not correct.

71. (d) When any two people or entities agree to create credit in a formal economy, they can pledge both Tangible (car, house, commodity etc..) as well as Intangible (Patents, Trademarks, Copyrights,

etc..) assets as collateral. So, Statement 1 is not correct. অ্যাচিভার্স

It is not always necessary that in a formal economy, the total liability of a borrower to exceed the amount credited to him.

Example: A Farmer getting loan from Bank. Later he may need to repay the Loan along with the Interest or through the government's Policies, the Farmer may get a Loan waiver/subsidy to the Loan. So, Statement 2 is not correct.

72. (b) Today, for digital transactions, if a person send money from HDFC bank to ICICI bank, RBI acts an intermediary for settling that payment through payment settlement systems like RTGS. Both HDFC and ICICI bank both hold RTGS settlement accounts at RBI. When RBI receives the request from HDFC bank, it debits money from HDFC's RTGS settlement account and adds the same amount to ICICI?s RTGS settlement account. RBI then communicates the same to ICICI bank which credits money to receiver's account.

The need for this procedure is: even if we transfer money digitally, there is a physical currency backing it. HDFC bank won't go directly to ICICI bank to hand over the physical currency. So, RBI acts as an intermediary. But for CBDC, there is no need for such intermediaries as there is no physical currency backing. অ্যাচিভার্স

CBDCs would also potentially enable a more real-time and cost-effective globalization of payment systems. It is conceivable for an Indian importer to pay its American exporter on a real time basis in digital Dollars, without the need of an intermediary. This transaction would be final, as if cash dollars are handed over, and would not even require that the US Federal Reserve system is open for settlement. Time zone difference would no longer matter in currency settlements – there would be no, 'Herstatt' risk.

So, Statement 1 is correct.

Availability of CBDC makes it easy for depositors to withdraw balances if there is stress on any bank. Flight of deposits can be much faster compared to cash withdrawal. On the other hand, just the availability of CBDCs might reduce panic „runs? since depositors have

knowledge that they can withdraw quickly. So, Statement 2 is correct. অ্যাচিভার্স

Seignorage value is the difference between the intrinsic (production) value and the representative value which accrues to the issuer. CBDC will get higher seigniorage value to the Government due to lower transaction costs. So, Statement 3 is not correct. অ্যাচিভার্স

73. (b) • The Market Intervention Scheme (MIS) is a price support mechanism implemented at the request of state governments for the procurement of perishable and horticultural commodities in the event of a fall in market prices. Hence statement 1 is not correct.

• Its objective is to protect the growers of these horticultural/agricultural commodities from making distress sales in the event of a bumper crop. It is implemented when there is at least a 10% increase in production or a 10% decrease in the ruling rates over the previous normal year.

• Under the MIS, a pre-determined quantity at a fixed Market Intervention Price (MIP) is procured by NAFED as the central agency. The area of operation is restricted to the concerned state only. Hence statement 2 is correct.

• Proposal of MIS is approved on the specific request of State/UT Government, if they are ready to bear 50% loss (25% in case of North-Eastern States), if any, incurred on its implementation.

• Under MIS, funds are not allocated to the States. Instead, the central share of losses as per the guidelines of MIS is released to the State Governments/UTs, for which MIS has been approved based on specific proposals received from them. অ্যাচিভার্স

74. (d) • Under Article 112 of the Constitution of India, the Annual Financial Statement has to distinguish the expenditure of the Government on revenue account from other expenditures. The government Budget, therefore, comprises of Revenue Budget and Capital Budget. The Revenue Budget consists of the revenue receipts of the Government (tax revenues and other revenues like interest and dividends on investments made by the Government, fees, and other receipts for services rendered by the Government) and the expenditure met from these revenues.

• Revenue expenditure does not result in the creation of assets for the Government of India while Capital Expenditure is related to the creation of Assets, Capital expenditure also includes investment by the government that yields profits or dividends in the future. অ্যাচিভার্স

• Revenue Expenditure relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to state governments and other parties (even though some of the grants may be meant for the creation of assets). Pensions and Subsidies, Salaries, and interest payments on market loans form a part of the revenue expenditure of the Government. Hence options 1, 2 and 4 are correct.

• Effective Revenue Deficit is the difference between revenue deficit and grants for the creation of capital assets. It signifies the amount of capital receipts that are being used for actual consumption expenditure of the Government.

• Purchase of new weapons and weapon systems such as missiles, tanks, fighter jets, and submarines requires extensive capital investment. Nearly a third of the central government's capital expenditure goes into the defense sector, mostly for weapon purchases. Hence the purchase of Rafale jets forms a part of Capital expenditure. Hence option 3 is not correct. অ্যাচিভার্স

75. (d) • Statutory Liquidity Ratio: The statutory liquidity ratio refers to that proportion of total deposits which the commercial banks are required to keep with themselves in a liquid form. Commercial banks generally make use of this money to purchase government securities.

• Thus, the statutory liquidity ratio, on the one hand, is used to siphon off the excess liquidity of the banking system, and on the other, it is used to mobilize revenue for the government. SLR is a tool for controlling liquidity in the domestic market via manipulating bank credit. Hence statement 2 is correct.

• Marginal Standing Facility: Marginal Standing Facility (MSF) rate refers to the rate at which the scheduled banks can borrow funds overnight from RBI against government securities. MSF is a very short-term borrowing scheme for scheduled commercial banks. Banks may borrow funds through MSF during severe cash shortage or acute shortage of liquidity. Hence statement 1 is correct. অ্যাচিভার্স

• The MSF is the last resort for banks once they exhaust all borrowing options including the liquidity adjustment facility by pledging through government securities, which have a lower rate (i.e. repo rate) of interest in comparison with the MSF. অ্যাচিভার্স

• The MSF would be a penal rate for banks and the banks can borrow funds by pledging government securities within the limits of the statutory liquidity ratio. The scheme has been introduced by RBI with the main aim of reducing volatility in the overnight lending rates in the inter-bank market and to enable smooth monetary transmission in the financial system.

• MSF, being a penal rate, is always fixed above the repo rate. The MSF would be the last resort for banks once they exhaust all borrowing options including the liquidity adjustment facility by pledging government securities, where the rates are lower in comparison with the MSF. Hence statement 3 is correct.

• MSF represents the upper band of the interest corridor with repo rate at the middle and reverse repo as the lower band. অ্যাচিভার্স

76. (c) • The Bretton Woods system of monetary management established the rules for commercial and financial relations among the United States, Canada, Western European countries, Australia, and Japan after the 1944 Bretton Woods Agreement. The Bretton Woods system was the first example of a fully negotiated monetary order intended to govern monetary relations among independent states

• The Bretton Woods Institutions are the World Bank and the International Monetary Fund (IMF). They were set up at a meeting of 43 countries in Bretton Woods, New Hampshire, the USA in July 1944. Their aims were to help rebuild the shattered postwar economy and to promote international economic cooperation.

• The World Bank: The World Bank is an international financial institution that provides loans and grants to the governments of low- and middle-income countries for the purpose of pursuing capital projects. It is headquartered in Washington D.C. অ্যাচিভার্স

• The IMF: The International Monetary Fund (IMF) is an international financial institution, headquartered in Washington, D.C., consisting of 190 countries. Its stated mission is "working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

• WTO: The World Trade Organization (WTO) is an intergovernmental organization that regulates and facilitates international trade. Governments use the organization to establish, revise, and enforce the rules that govern international trade. It is headquartered in Geneva, Switzerland.

• WEF: The World Economic Forum is an international non-governmental and lobbying organization based in Cologny, canton of Geneva, Switzerland. It was founded on 24 January 1971 by German engineer and economist Klaus Schwab.

• Hence, option (c) is the correct answer.

77. (d) • According to National Commission for Enterprises in the Unorganised Sector, an unorganized sector refers to production or service-oriented enterprise owned by individuals or self employed workers and if workers are employed, then the total number of workers cannot exceed 10.

Central Statistical Organisation uses the term organized enterprise as small units with ten or more workers with power or 20 or more workers without power for the manufacturing sector. Hence, statement 1 is not correct.

• The term 'unorganized worker' is defined in India under Section 2(m) of the Unorganized Workers Social Security Act, 2008. An unorganized worker is a home-based worker or a self-employed worker or a wage worker in the unorganized sector and includes a worker in the organized sector who is not covered by any of the Acts pertaining to welfare Schemes as mentioned in Schedule II of Unorganized Workers Social Security Act, 2008. Hence, statement 2 is not correct.

• The unorganized workers are essentially those who do not have the benefit of pension, provident fund, gratuity, maternity leave etc. and work mostly on daily/hourly wages. They are not represented by active trade unions.

78. (c) • Recent context: Former Twitter CEO Jack Dorsey recently announced his vision for a new decentralized web platform that is being called Web 5.0 and is being built with an aim to return "ownership of data and identity to individuals".

• What do the terms Web 1.0, Web 2.0 and Web 3.0 mean?

• Web 1.0 was the first generation of the global digital communications network. It is often referred to as the "read-only" Internet made of static web-pages that only allowed for passive engagement.

• Web 2.0 was the "read and write" Internet. Users were now able to communicate with servers and other users leading to the creation of the social web. This is the World Wide Web that we use today.

• Web 3.0 is an evolving term that is used to refer to the next generation of Internet – a "read-write execute" web – with decentralization as its bedrock. It leverages the blockchain technology and will be driven by Artificial Intelligence and machine learning.

• Web 4.0 services will be autonomous, proactive, content-exploring, self-learning, collaborative, and content-generating agents based on fully matured semantic and reasoning technologies as well as AI. They will support adaptive content presentation that will use the Web database via an intelligent agent. Examples might be services interacting with sensors and implants, natural-language services, or virtual reality services.

• What is Web 5.0?

• Web 5.0 is aimed at building an extra decentralized web that puts you in control of your data and identity.

• Simply put, Web 5.0 is Web 2.0 plus Web 3.0 that will allow users to 'own their identity' on the Internet and 'control their data'. Hence statement 2 is correct.

• Both Web 3.0 and Web 5.0 envision an Internet without threat of censorship–from governments or big tech, and without fear of significant outages. Hence statement 1 is correct.

79. (a) • In WTO terminology, subsidies in general are identified by "boxes" which are given the colours of traffic lights: green (permitted), amber (slow down – i.e. need to be reduced), red (forbidden). In agriculture, things are, as usual, more complicated. The Agriculture Agreement has no red box, although domestic support exceeding the reduction commitment levels in the amber box is prohibited; and there is a blue box for subsidies that are tied to programmes that limit production.

• Amber Box: Nearly all domestic support measures considered to distort production and trade (with some exceptions) fall into the amber box. These include measures to support prices, or subsidies directly related to production quantities.

• Green Box: The green box is defined in Annex 2 of the Agriculture Agreement. In order to qualify, green box subsidies must not distort trade, or at most cause minimal distortion. They have to be government funded (not by charging consumers higher prices) and must not involve price support.

• They tend to be programmes that are not targeted at particular products, and include direct income supports for farmers that are not related to (are "decoupled" from) current production levels or prices.

They also include environmental protection and regional development programmes.

• Green box" subsidies are therefore allowed without limits, provided they comply with the policy specific criteria. Hence, statement 1 is correct.

• India's Public distribution system does not come under the Green Box. Hence, statement 2 is not correct.

• Blue Box: This is the "amber box with conditions" — conditions designed to reduce distortion. Any support that would normally be in the amber box, is placed in the blue box if the support also requires farmers to limit production. At present there are no limits on spending on blue box subsidies.

80. (c) • Article 292 of the Indian Constitution states that the Government of India can borrow amounts specified by the Parliament from time to time. Article 293 of the Indian Constitution mandates that the State Governments in India can borrow only from internal sources. Thus the Government of India incurs both external and internal debt, while State Governments incur only internal debt. As per the recommendations of the 12th Finance Commission, access to external financing by the States for various projects is facilitated by the Central Government, which provides the sovereign guarantee for these borrowings.

From April 1, 2005, all general category states borrow from multi-lateral and bilateral agencies (World Bank, ADB etc.) on a back-to-back basis viz. the interest cost and the risk emanating from currency and exchange rate fluctuations are passed on to States. In the case of special category states (North-eastern states, Himachal, Uttarakhand and J&K), external borrowings of state governments are given by the Union Government as 90 per cent loan and 10 per cent grant.

• In India, total Central Government Liabilities constitute the following three categories;

[i] Internal Debt. [ii] External Debt. [iii] Public Account Liabilities

• Public Debt in India includes only Internal and External Debt incurred by the Central Government.

Internal Debt includes liabilities incurred by resident units in the Indian economy to other resident units, while External Debt includes liabilities incurred by residents to non-residents.

• The major instruments covered under Internal Debt are as follows:

• Dated Securities: Primarily fixed coupon securities of short, medium and long-term maturity which have a specified redemption date. These are the single most important component of financing the fiscal deficit of the Central Government (around 91 % in 2010-11) with an average maturity of around 10 years. Hence option 2 is correct.

• Treasury-Bills: Zero-coupon securities that are issued at a discount and redeemed in face value at maturity. These are issued to address short term receipt-expenditure mismatches under the auction program of the Government. These are primarily issued in three tenors, 91,182 and 364 days.

• 14-Day Treasury Bills.

• Securities issued to International Financial Institutions: Securities issued to institutions viz. IMF, IBRD, IDA, ADB, IFAD etc. for India's contributions to these institutions etc. Hence option 1 is correct.

• Securities issued against 'Small Savings': All deposits under small savings schemes are credited to the National Small Savings Fund (NSSF). The balance in the NSSF (net of withdrawals) is invested in special Government securities.

• Market Stabilization Scheme (MSS) Bonds: Governed by a MoU between the GoI and the RBI, MSS was created to assist the RBI in managing its sterilization operations. GoI borrows under this scheme from the RBI, while proceeds from such borrowings are maintained in a separate cash account with the latter and is used only for redemption of T-bills /dated securities raised under this scheme. Hence option 3 is correct.

• Gross External Debt, is defined as the outstanding amount of those actual current liabilities, that require payment(s) of principal and/or interest by the debtor, in the future as per the terms laid out in the contract between the debtor and the creditor and that are owed to non-residents by the residents of the economy.

• In India, (Gross) External Debt is classified primarily into Long term and Short term:

• Long-Term debt is further classified into (a) Multilateral Debt (b) Bilateral Debt (c) 'IMF' signifying SDR allocations to India by the IMF (c) Export Credit (d) (External) Commercial Borrowings (e) NRI Deposits and (d) Rupee Debt. Hence option 4 is not correct.

• Short Term Debt is classified into (a) Trade Credits (of up to 6 months and above 6 months and up to 1 year) (b) Foreign Institutional Investors' (FII) Investment in Government Treasury-Bills and Corporate Securities (c) Investment in Treasury-bills by foreign Central Banks and International Institutions etc. and (iv) External Debt liabilities of the Central Bank and Commercial Banks.

81. (b) • Bank rate is the rate at which central bank lends money to the commercial banks by buying their eligible rated securities-bills of exchange or commercial paper.

• A change in bank rate affects other market rates of interest. An increase in bank rate leads to an increase in other rates of interest, and conversely, a decrease in bank rate results in a fall in other rates of interest.

Bank rate is also referred to as the discount rate. A deliberate manipulation of the bank rate by the Reserve Bank to influence the flow of credit created by the commercial banks is known as bank rate policy.

• An increase in bank rate results in an increase in the cost of credit or cost of borrowing. This in turn leads to a contraction in demand for credit. A contraction in demand for credit restricts the total availability of money in the economy, and hence loans taken by the commercial banks become more expensive. Hence statement 1 is not correct.

• The RBI can influence money supply by changing the rate at which it gives loans to the commercial banks. This rate is called the Bank Rate in India. By increasing the bank rate, loans taken by commercial banks become more expensive; this reduces the reserves held by the commercial bank and hence decreases money supply. A fall in the bank rate can increase the money supply. Hence statement 2 is correct.

• An increase in bank rate leads to decrease in reserves of the banks, which decreases the money supply in the economy.

• A low (or high) bank rate encourages banks to keep the smaller (or greater) proportion of their deposits as reserves, since borrowing from RBI is now less (or more) costly than before. As a result, banks use a greater(or smaller) proportion of their resources for giving out loans to borrowers or investors, thereby enhancing (or depressing) the multiplier process via assisting(or resisting) secondary money creation. In short, a low (or high) bank rate reduces(or increases) rdr and hence increases (or decreases) the value of the money multiplier, which is (1 + cdr)/(cdr + rdr). Thus, for any given amount of high-powered money, H, total money supply goes up.

• Penal rates are linked with Bank Rates. For instance, if a bank does not maintain the required levels of CRR and SLR, then RBI can impose a penalty on such banks.

• Nowadays, the bank rate is not used a tool to control money supply, rather LAF (Repo Rate) is used to control the money supply in the economy.

82. (c) • The currency deposit ratio (cdr) is the ratio of money held by the public in currency to that they hold in bank deposits. cdr = CU/DD. If a person gets Re 1 she will put Rs 1/(1 + cdr) in her bank account and keep Rs cdr/(1 + cdr) in cash. Hence statement 1 is correct.

• It reflects people's preference for liquidity. It is a purely behavioral parameter that depends, among other things, on the seasonal pattern of expenditure. For example, cdr increases during the festive season as people convert deposits to cash balance for meeting extra expenditures during such periods. Hence statement 2 is correct.

83. (a) • Fiscal Responsibility and Budget Management (FRBM) became an Act in 2003. The objective of the Act is to ensure inter-generational equity

in fiscal management, long-run macroeconomic stability, better coordination between fiscal and monetary policy, and transparency in the fiscal operation of the Government. অ্যাচিভার্স

• FRBM Act provides a legal institutional framework for fiscal consolidation. It is now mandatory for the Central government to take measures to reduce the fiscal deficit, eliminate revenue deficit and generate revenue surplus in the subsequent years. The Act binds not only the present government but also the future Government to adhere to the path of fiscal consolidation. The Government can move away from the path of fiscal consolidation only in case of natural calamity, national security and other exceptional grounds that Central Government may specify. Hence statement 2 is not correct.

• Further, the Act prohibits borrowing by the government from the Reserve Bank of India, thereby, making monetary policy independent of fiscal policy. The Act bans the purchase of primary issues of the Central Government securities by the RBI after 2006, preventing monetization of government deficit. The Act also requires the government to lay before the parliament three policy statements in each financial year namely Medium Term Fiscal Policy Statement; Fiscal Policy Strategy Statement and Macroeconomic Framework Policy Statement. Hence statement 1 is correct. অ্যাচিভার্স

• Through Finance Act 2012, amendments were made to the Fiscal Responsibility and Budget Management Act, 2003 through which it was decided that in addition to the existing three documents, the Central Government shall lay another document-the Medium Term Expenditure Framework Statement (MTEF) - before both Houses of Parliament in the Session immediately following the Session of Parliament in which Medium-Term Fiscal Policy Statement, Fiscal Policy Strategy Statement and Macroeconomic Framework Statement are laid.

• The concepts of the "Effective Revenue Deficit" and "Medium Term Expenditure Framework" statement are the two important features of the amendment to the FRBM Act in the direction of expenditure reforms. Effective Revenue Deficit is the difference between revenue deficit and grants for the creation of capital assets. This will help in reducing the consumptive component of the revenue deficit and create space for increased capital spending. Effective revenue deficit has now become a new fiscal parameter. The "Medium-term Expenditure Framework" statement will set forth a three-year rolling target for expenditure indicators. অ্যাচিভার্স

84. (d) • Special Drawing Rights (SDR) is an international reserve asset, created by the IMF in 1969 to supplement its member countries' official reserves. To date, a total of SDR 660.7 billion (equivalent to about US$943 billion) have been allocated.

• The value of the SDR is based on a basket of five currencies—the U.S. dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling.

• Currencies included in the SDR basket have to meet two criteria: the export criterion and the freely usable criterion.

• The SDR serves as the unit of account of the IMF and other international organizations. The SDR is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies.

• The SDR value in terms of the U.S. dollar is determined daily based on the spot exchange rates observed at around noon London time. Hence, option (d) is correct.

• The IMF has the authority to prescribe other holders of SDRs, nonmembers, member countries that are not SDR Department Participants. SDRs cannot be held by private entities or individuals. অ্যাচিভার্স

85. (b) • The National Sample Survey Organization (NSSO) provides three different estimates of employment and unemployment based on different approaches / reference periods used to classify an individual's activity status. These are the

• Usual status approach with a reference period of 365 days preceding the date of survey. Hence statement 1 is not correct.

• Current weekly status approach with a reference period of seven days preceding the date of survey

• Current daily status approach with each day of the seven days preceding date of survey as the reference period. Hence statement 2 is correct.

অ্যাচিভার্স

• The Usual Status approach to measuring unemployment uses a reference period of 365 days i.e. one year preceding the date of the survey of NSSO for measuring unemployment. This approach records only those persons as unemployed who had no gainful work for a major time during the 365 days preceding the date of the survey and are seeking or are available for work. Thus, the estimates of unemployment obtained on the basis of the usual status approach are expected to capture long-term unemployment.

• The usual status approach to measuring unemployment fails to capture the short-term fluctuations in employment and unemployment caused due to seasonality in labour markets. However, Current Weekly Status (CWS) measures these short-term fluctuations very well owing to its shorter reference period of a week. Hence statement 3 is correct.

• The Current Weekly Status (CWS) approach to measuring unemployment uses seven days preceding the date of the survey as the reference period.

• A person is considered to be employed if he or she pursues any one or more of the gainful activities for at least one-hour on any day of the reference week. On the other hand, if a person does not pursue any gainful activity, but has been seeking or available for work, the person is considered as unemployed.

• The current daily status approach to measuring unemployment seeks to ascertain the activity status of an individual for each day of the reference week. It reports time disposition of an individual on each day of the reference week. This means that in addition to recording the activity being pursued, time-intensity is also recorded in quantitative terms for each day of the reference week.

86. (d) • Recent Context: While setting aside National Green Tribunal (NGT) ban on construction at Rushikonda Hills in Visakhapatnam, Supreme Court said that NGT is subordinate to the High Court in so far as territorial jurisdiction is concerned.

• While High Courts are established by the Constitution, Tribunals are established under the Constitution, Acts of Parliament or State Legislatures. Hence, statement 1 is not correct.

• While High Courts consist of judicial members only, Tribunals consist of a mix of judicial members and experts with special knowledge. Hence, statement 2 is not correct.

• Tribunals are limited to the laws under which they are set while High Courts have the power to use all the enacted laws before making a decision. Hence, statement 3 is not correct.

87. (c) • The Local Area Banks (LABs) are small private banks, conceived as low cost structures which would provide efficient and competitive financial intermediation services in a limited area of operation, i.e., primarily in rural and semi-urban areas, comprising three contiguous districts.

• LABs were set up to enable the mobilization of rural savings by local institutions and, at the same time, to make them available for investments in the local areas. Hence statement 1 is correct.

• Since LABs are being set up in district towns, their activities are focused on the local customers with lending primarily to agriculture and allied activities, small scale industries, agro-industrial activities, trading activities and the non-farm sector.

• LABs are also required to observe the priority sector lending targets at 40% of net bank credit (NBC) as applicable to other domestic banks such as scheduled commercial banks. Hence statement 2 is correct.

• Within the above target, these banks will adhere to the requirement of lending at least 25% of their priority sector deployments (10% of NBC) to the weaker sections.

• In 2014, RBI has permitted LABs to be converted into small finance banks subject to them meeting the prescribed eligibility criteria.

88. (c) • Recently, a delegation of MLAs from Gujarat visited the Uttar Pradesh Legislative Assembly to learn about the novel e-Vidhan system for paperless proceedings that has been recently adopted by the UP state assembly.

• e-Vidhan is a Mission Mode Project to digitize and make the functioning of State Legislatures paperless. This is part of Digital India programme and the Ministry of Parliamentary Affairs, being the Nodal Ministry for this project, desires to roll out e-Vidhan as NeVA covering all 40 Houses including two Houses of Parliament and thereby putting all them on a single platform and proving the theory of 'One Nation One Application'. Hence, statement 2 is correct.

• NeVA is a work-flow system deployed on NIC Cloud, MeghRaj which helps the Chair of the House to conduct the proceedings of the House smoothly, Members to carry out their duties in the House efficiently and to conduct Legislative Business of the House in a Paperless manner. Hence, statement 1 is correct. অ্যাচিভার্স

• NeVA is a device neutral and member centric application created to equip them to handle diverse House Business smartly by putting entire information regarding member contact details, rules of procedure, list of business, notices, bulletins, bills, starred/unstarred questions and answers, papers laid, committee reports etc. in their hand held devices/ tablets and equip all Legislatures/ Departments to handle it efficiently. NeVA will completely eliminate the process of sending out a notice/request for the collection of data.

89. (d) • Recent Context: Organization of Islamic Cooperation (OIC) and the six-member Gulf Cooperation Council (GCC) strongly opposed the remarks defaming Islam and the Prophet Muhammad by the now-suspended and expelled BJP leaders Nupur Sharma and Naveen Kumar Jindal. অ্যাচিভার্স

• Over the five years from 2017 through 2021, Iran and the GCC member states comprising the UAE, Saudi Arabia, Bahrain, Oman, Kuwait and Qatar accounted for a 15.3% share of India's cumulative two-way merchandise trade of $3.98 trillion in that period, according to statistics available on the UN Comrade database.

• Of the $609 billion of exports and imports that the seven countries accounted for in this period, the UAE contributed the lion's share of $277.4 billion, or almost 7%, making it one of India's largest trading partners. Saudi Arabia was next with $153 billion. Hence statement 2 is not correct.

• India's dependence on Gulf countries for its energy needs:

• Observer Research Foundation (ORF) analysed that the share of Gulf countries of India's total crude oil imports has remained fairly stable over the past 15 years at around 60%. Hence statement 1 is not correct. অ্যাচিভার্স

• The ORF study found that in 2020-21, India's top oil exporter was Iraq with a share of over 22%, followed by Saudi Arabia – at around 18%.

• UAE, Kuwait and Oman were other Gulf countries among the top-10 suppliers of crude oil to India in 2020-21.

90. (c) • According to Article 112 of the Indian Constitution, the Union Budget of a year is referred to as the Annual Financial Statement. It is a statement of the estimated receipts and expenditure of the Government in a financial year (which begins on 01 April of the current year and ends on 31 March of the following year). In addition to it, the Budget contains:

• Estimates of revenue and capital receipts,

• Ways and means to raise the revenue,

• Estimates of expenditure, অ্যাচিভার্স

• Details of the actual receipts and expenditure of the closing financial year and the reasons for any deficit or surplus in that year, and

• The economic and financial policy of the coming year, i.e., taxation proposals, prospects of revenue, spending program, and introduction of new schemes/projects.

• Fiscal Deficit: It is the gap between the government's expenditure requirements and its receipts. This equals the money the government needs to borrow during the year. A surplus arises if receipts are more than expenditures.

Fiscal Deficit = Total expenditure – (Revenue receipts + Non-debt creating capital receipts)

• From the financing side: Gross fiscal deficit = Net borrowing at home + Borrowing from RBI + Borrowing from abroad. The gross fiscal deficit is a key variable in judging the financial health of the public sector and the stability of the economy. অ্যাচিভার্স

• Gross Primary Deficit is Gross Fiscal Deficit minus Net interest liabilities. Net Primary Deficit is Net Fiscal Deficit minus net interest payments. The net interest payment is interest paid minus interest receipt. A shrinking primary deficit indicates progress towards fiscal health. Hence statement 2 is correct.

• Effective Revenue deficit is a term introduced in the Union Budget 2011-12. While revenue deficit is the difference between revenue receipts and revenue expenditure, the present accounting system includes all grants from the Union Government to the state governments/Union territories/other bodies as revenue expenditure, even if they are used to create assets. Such assets created by the sub-national governments/ bodies are owned by them and not by the Union

Government. Nevertheless, they do result in the creation of durable assets; an effective revenue deficit excludes those revenue expenditures (or transfers) in the form of grants for the creation of capital assets.

• In short, Effective Revenue Deficit is the difference between revenue deficit and grants for the creation of capital assets. Effective Revenue Deficit signifies that amount of capital receipts that are being used for actual consumption expenditure of the Government. Hence statement 1 is correct.

91. (c) • Prime Minister Narendra Modi is going to inaugurate the Sant Tukaram Shila Mandir in the temple town of Dehu in Pune district.

• Sant Tukaram Maharaj was a 17th-century Marathi poet and Hindu Saint.

• He worshipped the famous deity of Vishnu known as Vitthala (or Vitobha) in Pandhapur, Maharastra. He was part of an important Vaishnava tradition known as Dasa Kuta and which is still influential today. Other poet saints such as Namdev (1270–1350) also came in this line.

• The Bhakti saint Sant Tukaram had sat on this piece of rock for 13 continuous days when challenged about the authenticity of the Abhangas he had written.

• Sant Tukaram and his work are central to the Warkari sect spread across Maharashtra. His message about a casteless society and his denial of rituals had led to a social movement. Sant Tukaram is credited with starting the Wari pilgrimage.

• The Wari sees lakhs of devotees congregating in the temple towns of Dehu and Alandi to accompany the padukas of Sant Tukaram and Sant Dyaneshwar respectively as they start for Pandharpur. Participants finish their sowing before they set off. The pilgrims reach Pandharpur on the day of Ekadashi with the Chief Minister performing the mahapuja.

• Hence, option (c) is the correct answer.

92. (a) • Recent Context: India looks forward to joining the NSG, says External Affairs Minister Jaishankar.

• Multilateral Export Control Regimes (MECR) are voluntary and non-binding agreements created by the major supplier countries that have agreed to co-operate in their effort to prevent and regulate the transfer of certain military and dual use technology. It aims at preventing the proliferation of Weapons of Mass Destruction.

• They are independent of the United Nations.

• Their regulations apply only to members and it is not obligatory for a country to join.

• India is now a member of three of the four MECRs, except the Nuclear supplier Group. Hence option (a) is the correct answer.

• Wassenaar Arrangement:

• The Wassenaar Arrangement is a voluntary export control regime. The Arrangement, formally established in July 1996, has 42 members who exchange information on transfers of conventional weapons and dual-use goods and technologies.

• Dual-use refers to the ability of a good or technology to be used for multiple purposes - usually peaceful and military.

• Wassenaar Arrangement's Secretariat is in Vienna, Austria.

• India was inducted to the Wassenaar Arrangement on 7 December, 2017 as the 42nd member.

• Nuclear Suppliers Group:

• The Nuclear Suppliers Group (NSG) is a group of nuclear supplier countries that seeks to contribute to the non-proliferation of nuclear weapons through the implementation of two sets of Guidelines for nuclear exports and nuclear-related exports.

• The NSG came into being as a response to the 1974 nuclear tests by India.

• It has 48 participating governments.

• India is not a member of the NSG because all its efforts were consistently blocked by China and some other members.

• India's bid for membership being blocked on the ground of India being a non-signatory to the nuclear non-proliferation treaty.

• Australia Group:

• It is an informal association of member states that aims to minimize risk of proliferation of chemical and biological weapons.

• The formation of the Australia Group (AG) in 1985 was prompted by Iraq's use of chemical weapons during the Iran-Iraq War (1980-1988).

• India joined the Australia Group (AG) on 19 January 2018.

• Missile Technology Control Regime (MTCR):

• It is an informal political understanding among states that seek to limit proliferation of missiles and missile technology.

• Formed in 1987 by G-7 countries.

• It is not legally binding.

• India was inducted into the Missile Technology Control Regime in 2016 as the 35th member.

93. (c) • The expenditure method is a system for calculating gross domestic product (GDP) that combines consumption, investment, government spending, and net exports. It is the most common way to estimate GDP.

• In an economy, there are three main agencies, which buy goods and services. These are: Households, Firms, and the Government.

• It says everything that the private sector, including consumers and private firms, and government spend within the borders of a particular country, must add up to the total value of all finished goods and services produced over a certain period of time.

• This final expenditure is made up of the sum of 4 expenditure items, i.e GDP= C+I+G+X-M namely:

• Consumption (C): Personal Consumption made by households, the payment of which is paid by households directly to the firms which produced the goods and services desired by the households. Hence option 1 is correct.

• Investment Expenditure (I): Investment is an addition to the capital stock of an economy in a given time period. It includes capital expenditures by firms on assets, such as equipment, production facilities, and plants.

• It is to be noted that final investment includes investment on capital goods and not on intermediate goods. Hence option 2 is not correct and option 3 is correct.

• Government Expenditure (G): It represents expenditures by the government on defense and nondefense goods and services, such as weaponry, health care, and education.

• Government expenditure on pension schemes, scholarships, unemployment allowances etc. are not included in this as all of them come under transfer payments. Hence option 4 is not correct.

• Net Exports (X-IM): Expenditure on foreign-made products (Imports) are expenditure that escapes the system, and must be subtracted from total expenditures. In turn, goods produced by domestic firms which are demanded by foreign economies involve expenditure by other economies on our production (Exports), and are included in total expenditure. The combination of the two gives us Net Exports.

94. (d) • The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. Its five institutions share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development. The Five institutions include o International Bank for Reconstruction and Development (IBRD): The world's largest development bank, IBRD provides financial products and policy advice to help countries reduce poverty and extend the benefits of sustainable growth to all of their people.

• International Development Association (IDA): It is the part of the World Bank that helps the world's poorest countries. Established in 1960, IDA aims to reduce poverty by providing zero to low-interest loans (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions. Hence, pair 2 is not correctly matched.

• International Finance Corporation (IFC): IFC, a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries. Hence, pair 1 is not correctly matched.

• Multilateral Investment Guarantee Agency (MIGA): MIGA's goal is to promote foreign direct investment into developing countries to support growth. Hence, pair 3 is correctly matched.

• International Centre for Settlement of Investment Disputes (ICSID): ICSID is the world's leading institution devoted to international investment dispute settlement. It has extensive experience in this field, having administered the majority of all international investment cases.

95. (b) • The GDP measures the aggregate production of final goods and services taking place within the domestic economy. It refers to total market value of all the final goods and services produced in an economy in a given period of time. For India, this time period is from 1st April to 31st March.

• This means it measures the value of final goods and services produced within a geographic boundary regardless of the nationality of the individual or firm. Therefore, goods and services produced by a foreign national within the territory of India, is also calculated in GDP. Hence statement (b) is the correct answer.

• In GDP, only the final output of such goods and services are included.

• The rule that only finished or final goods must be counted is necessary to avoid double or triple counting of raw materials, intermediate products, and final products. For example, the value of automobiles already includes the value of the steel, glass, rubber, and other components that have been used to make them.

• As the GDP takes into account only the goods and services produced within the domestic territory, the goods and services produced by Indian citizens in foreign territory is not included.

• GDP does not take into account externalities such as pollution from refinery of crude oil. Externalities refer to the benefits (or harms) a firm or individual causes to another for which they are not paid (or penalized).

• Externalities do not have any market in which they can be bought and sold. For example, let us suppose there is an oil refinery that refines crude petroleum and sells it in the market. The output of the refinery is the amount of oil it refines. We can estimate the value-added of the refinery by deducting the value of intermediate goods used by the refinery (crude oil in this case) from the value of its output. The value-added of the refinery will be counted as part of the GDP of the economy. But in carrying out the production the refinery may also be polluting the nearby river. This may cause harm to the people who use the water of the river.

• Hence their utility will fall. Pollution may also kill fish or other organisms of the river on which fish survive. As a result, the fishermen of the river may be losing their income and utility. Such harmful effects that the refinery is inflicting on others, for which it does not have to bear any cost, are called externalities.

• In this case, the GDP is not taking into account such negative externalities. Therefore, if we take GDP as a measure of the welfare of the economy we shall be overestimating the actual welfare. This was an example of a negative externality. There can be cases of positive externalities as well. In such cases, GDP will underestimate the actual welfare of the economy.

96. (a) • The Green Revolution refers to the large increase in the production of food grains resulting from the use of high-yielding variety (HYV) seeds, especially for wheat and rice. In India, the Green Revolution was mainly led by M.S. Swaminathan. Hence statement 2 is correct.

• The use of these HYV seeds required the use of fertilizer and pesticide in the correct quantities as well as a regular supply of water (reliable irrigation facilities); the application of these inputs in correct proportions is vital. The farmers who could benefit from HYV seeds required reliable irrigation facilities as well as the financial resources to purchase fertilizer and pesticides. As a result, in the first phase of the green revolution (the approximately mid-1960s up to the mid1970s), the use of HYV seeds was restricted to the more affluent states such as Punjab, Andhra Pradesh, and Tamil Nadu.

• As per famous economist C.H. Hanumantha Rao, a good proportion of the rice and wheat produced during the green revolution period (available as marketed surplus) was sold by the farmers in the market. As a result, the price of food grains declined relative to other items of consumption. Hence statements 1 and 3 are not correct.

• The government provided loans at a low-interest rate to small farmers and subsidized fertilizers so that small farmers could also have access to the needed inputs. Since the small farmers could obtain the required inputs, the output on small farms equaled the output on large farms in the course of time. As a result, the green revolution benefited small as well as rich farmers.

97. (c) • The Gross Domestic Product (GDP) deflator is a measure of general price inflation. It is calculated by dividing nominal GDP by real GDP and then multiplying by 100. Therefore, it is a ratio of nominal GDP to the real GDP. Hence statement 1 is correct.

• GDP Deflator = Nominal GDP/Real GDP x 100

• Nominal GDP is the market value of goods and services produced in an economy, unadjusted for inflation (It is the GDP measured at current prices). Real GDP is nominal GDP, adjusted for inflation to reflect changes in real output (It is the GDP measured at constant prices). Therefore, it indicates the change in prices of commodities from the base year to the current year.

• For example, suppose a country only produces bread. In the year 2000, it had produced 100 units of bread, the price was Rs 10 per bread.GDP at the current price was Rs 1,000. In 2001 the same country produced110 units of bread at a price of Rs 15 per bread. Therefore nominal GDP in 2001 was Rs. 1,650 (=110 × Rs 15). Real GDP in 2001 calculated at the price of the year 2000 (2000 will be called the base year) will be 110 × Rs 10 = Rs 1,100.

• The GDP deflator is1,650/1,100 = 1.50 (in percentage terms this is 150 per cent). This implies that the price of bread produced in 2001 was 1.5 times the price in 2000. Which is true because the price of bread has indeed gone up from Rs 10 to Rs 15.

• GDP deflator reflects the prices of all domestically produced goods and services in the economy whereas, other measures like CPI and WPI are based on a limited basket of goods and services, thereby not representing the entire economy (the basket of goods is changed to accommodate changes in consumption patterns, but after a considerable period of time).

• CPI and WPI) may differ from GDP deflators because

• The goods purchased by consumers do not represent all the goods that are produced in a country. GDP deflator takes into account all such goods and services.

• CPI includes prices of goods consumed by the representative consumer, hence it includes prices of imported goods. GDP deflator does not include prices of imported goods.

• The weights are constant in CPI – but they differ according to the production level of each good in the GDP deflator. Hence statement 2 is correct.

• Changes in consumption patterns or the introduction of new goods and services or structural transformation are automatically reflected in the deflator which is not the case with other inflation measures.

• However, WPI and CPI are available on a monthly basis whereas GDP deflator comes with a lag (yearly or quarterly, after quarterly GDP data is released). Hence, the monthly change in inflation cannot be tracked using a GDP deflator, limiting its usefulness.

98. (c) • Labor force (also called work force) is the total number of people employed or seeking employment in a country or region. One is classified as 'not in labor force', if he or she was engaged in a relatively longer period in any one of the non-gainful activities.

• The unemployment rate is defined as the percentage of persons unemployed among the persons in the labor force. Hence statement 1 is correct.

• It is calculated as follows:

• Unemployment rate = (Unemployed Workers / Total labor force) × 100

• The Worker participation rate is defined as the percentage of total workers (main and marginal) to the total population. Hence statement 2 is correct.

• It is calculated as follows:

• Work participation rate = (Total Workers / Total Population) × 100

99. (a) • Recent context: The Indian Farmers Fertiliser Cooperative (IFFCO) has started commercial production of 'nano urea liquid', a first-of-its-kind product.

• Liquid nano Urea is a patented chemical nitrogen fertiliser developed by IFFCO's Nano Biotechnology Research Centre at Kalol with nano nitrogen particles. Hence statement 3 is correct.

• Nano urea is bio available to plants because of its desirable particle size about 20-50 nm and more surface area (10,000 times over 1 mm urea prill) and number of particles (55,000 nitrogen particles over 1 mm urea prill). Hence, Nano Urea increases its availability to crop by more than 80% resulting in higher Nutrient Use efficiency. Hence statement 2 is correct.

• One nanometre is equal to a billionth of a metre.

• It is sprayed directly on the leaves of plants and gets absorbed by the stomata-pores found on the epidermis of leaves.

• Benefits of Nano urea:

• Improved agricultural produce with reduced urea consumption as the efficiency of liquid nano urea is as high as 85-90% in comparison to 25% of conventional urea.

• Significant reduction in urea imports, government subsidies and logistics cost.

• Reduced soil, water and air pollution from urea, improving quality of underground water and reduction in global warming. Hence statement 1 is correct.

• Higher shelf life as no issue of caking on coming into contact with moisture.

• Other Potential Nanotechnology Opportunities in Agriculture

• Use of Nanoformulations of herbicides, pesticides and other fertilizers.

• Use of Nanosensors to identify diseases and residues of agrochemicals.

• For genetic improvement of plants to increase productivity, nutritional value or shelf life.

100. (a) • Fiscal policy is the use of government revenue collection (mainly taxes but also non-tax revenues such as divestment, loans) and expenditure (spending) to influence the economy. Through fiscal policy, the government of a country controls the flow of tax revenues and public expenditure to navigate the economy. If the government receives more revenue than it spends, it runs a surplus, while if it spends more than the tax and non-tax receipts, it runs a deficit.

• Contractionary fiscal policy is when the government either cuts spending or raises taxes. It gets its name from the way it contracts the economy. It reduces the amount of money available for businesses and consumers to spend.

• This policy involves raising taxes or cutting government spending, so that (Government spending < Tax revenue) it cuts upon the aggregate demand (thus, economic growth) and reduces the inflationary pressures in the economy.

• The following can be potential traits of Contractionary Fiscal Policy as they aid in increasing the revenue of the government:

• Decreased expenditure in infrastructure development such as the building of schools, hospitals

• Decrease in Subsidies and pensions

• Increased Tax rates (specially on sin goods, so as to increase the revenue available)

• Cutting incentives of employees to work, stagnation of wages

• All these traits and methods, involve shrinking or contracting the economy, the money left in the hands of the consumer decreases, leading to decrease in the Purchasing power, which theoretically leads to reduced inflation.

• Hence option (a) is the correct answer

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