

**ECONOMY - 24<sup>th</sup> March 2024**

1.c

**Explanation:****Off-budget financing:**

- Off-budget financing refers to a financial arrangement where certain government expenditures or revenues are kept outside the official budget or accounting system.
- These transactions **might not be directly recorded in the government's primary budget**, leading to a potential lack of transparency in the overall financial picture.
- Off-budget financing can involve various strategies such as public enterprises, special funds, or external borrowing that isn't included in the regular budget calculations.
- While such practices can help achieve specific policy goals, they can also obscure the true extent of government spending and revenue, leading to concerns about accountability and accuracy in fiscal reporting.
- Typically, when the central government intends to execute a scheme or project, it requests Public Sector Undertakings (PSUs) to borrow funds.
- However, **this borrowing is considered a liability for the central government, and both the principal and interest payments are covered by the central government. (Hence statements 1 and 2 are correct)**
- Despite this, such borrowing doesn't get factored into the central government's borrowing figures and is excluded from its fiscal deficit calculations.
- No off-budget borrowing was projected for the fiscal years 2022-23 and 2023-24. **(Hence statement 3 is correct)**

2.c

**Explanation:**

- **Statutory Liquidity Ratio:** The statutory liquidity ratio pertains to the portion of total deposits that commercial banks are mandated to maintain in a readily available form. This money is often employed by commercial banks to acquire government securities. Consequently, the statutory liquidity ratio serves the dual purpose of absorbing excess liquidity within the banking system and generating revenue for the government. It is a tool for managing liquidity in the domestic market through the manipulation of bank credit. **(Hence statement 2 is correct)**

- Marginal Standing Facility: The Marginal Standing Facility (MSF) rate designates the rate at which scheduled banks can temporarily borrow funds from the Reserve Bank of India (RBI) overnight, using government securities as collateral. MSF is a brief borrowing mechanism mainly intended for scheduled commercial banks, employed during times of severe cash shortages or acute liquidity deficits. **(Hence statement 1 is correct)**
- The MSF serves as a last resort for banks when they have exhausted all other borrowing avenues, including the liquidity adjustment facility, by pledging government securities that carry lower interest rates, such as the repo rate.
- The MSF rate is established as a penal rate for banks and is always higher than the repo rate. It functions as a safety net for banks, accessible only after they have explored all other options, including pledging government securities within the limits defined by the statutory liquidity ratio. The introduction of the MSF by the RBI aims to curtail fluctuations in overnight lending rates in the inter-bank market and facilitate a smoother transmission of monetary policy throughout the financial system. **(Hence statement 3 is correct)**

3.c

**Explanation:**

- In order to safeguard the invaluable data of the esteemed government research institution, the Indian Council of Agricultural Research (ICAR), the Agriculture Minister inaugurated a **data recovery centre named 'KRISHI MEGH' on August 11, 2020**. This centre, part of the National Agricultural Research & Education System - Cloud Infrastructure and Services, has been established in Hyderabad. The primary data centre of ICAR currently resides at the Indian Agricultural Statistics Research Institute (IASRI) in Delhi, which is situated in a seismic zone, posing a risk of data loss. Therefore, the establishment of a data recovery centre in a secure location is crucial to preserve our vital agricultural-related information.
- The data recovery centre, known as Krishi Megh, is situated at the National Academy of Agricultural Research Management (NAARM) in Hyderabad. Krishi Megh aims to integrate the ICAR-Data Centre at ICAR-IASRI in New Delhi with the Disaster Recovery Centre at ICAR-NAARM in Hyderabad. This initiative has been launched under the National Agricultural Higher Education Project (NAHEP), funded jointly by the Government of India and the World Bank. **(Hence both the statements are correct)**
- The selection of NAARM, Hyderabad, as the location for Krishi Megh is strategic due to its distinct seismic zone when compared to the Data Centre at ICAR-IASRI in New Delhi. Moreover, Hyderabad offers a suitable environment with skilled IT professionals and favourable

climatic conditions, including low humidity levels that can be controlled within the data centre environment.

#### 4.d

##### Explanation:

##### Consolidated Sinking Fund (CSF)

- The State Governments, in partnership with the Reserve Bank of India (RBI), hold the Consolidated Sinking Fund (CSF).
- The primary purpose of the CSF is to ensure a protective measure that aids in the orderly settlement of their financial obligations.
- State Governments possess the choice to make use of the Special Drawing Facility (SDF), which is made available by the Reserve Bank. This facility is supported by the assets held within the CSF.
- The interest rate linked to this facility is maintained at a level below the repo rate, contributing to its cost-effectiveness. **(Hence all the statements are correct)**

#### 5.c

##### Explanation:

- Inflation refers to the sustained increase in the general price level of goods and services in an economy over a period of time. It results in the reduction of the purchasing power of money, leading to higher costs for consumers and businesses alike.
- Inflation can be caused by factors such as increased demand, supply shortages, rising production costs, or changes in currency value. It is typically measured using indices like the Consumer Price Index (CPI) or the Producer Price Index (PPI).
- For example, imagine a scenario where the cost of a product rises from Rs. 70 to Rs. 80, resulting in a Rs. 10 increase. For an individual with a modest income of Rs. 1000, this marks a 1% tax burden. In contrast, for a higher-income individual earning Rs. 1,00,000, the same increase translates to a mere 0.01% tax. Consequently, while a person with limited means is expending 1% of their income due to the price increase, a wealthier individual is only allocating 0.01% of their earnings. **This signifies a regressive system**, as the tax percentage is comparatively lower for individuals with higher income and disproportionately higher for those with lower income. **(Hence option c) is correct)**

6.b

**Explanation:**

- Opportunity cost refers to **the value of the next best alternative that is forgone when a decision is made**. In other words, it's the potential benefit or value that you give up when you choose one option over another. This concept is often used in economics to analyse the trade-offs involved in decision-making and hence this concept is crucial in determining a business's capital structure. **(Hence option b) is correct)**
- **Here's an example of opportunity cost:** Imagine you have a free evening and you have to decide between studying for an upcoming exam or going to a social event with your friends. If you choose to study, the opportunity cost would be the enjoyment and social interaction you miss out on at the event. On the other hand, if you go to the event, the opportunity cost would be the time you could have spent studying and potentially getting a better grade on the exam. In both cases, you're giving up something valuable (either socialising or studying) to choose one option over the other.

7.c

**Explanation:****Deglobalisation**

- Deglobalisation is the concept where countries work to decrease global economic integration by implementing protectionist tactics, like imposing tariffs or trade limitations. This is done to give precedence to their own industries and lower reliance on international trade. Such shifts are frequently influenced by economic nationalism, political shifts, or changes in public opinion.
- It is the economic globalisation that contributes to climate change and not the economic deglobalisation. Globalisation and not the deglobalisation that helps to reduce the negative consequences of **climate change as it has the potential to diffuse climate friendly technologies globally through cooperation and collaboration. (Hence 1 is incorrect)**
- Risks of deglobalisation have risen markedly since the Russian invasion of Ukraine. The war also greatly compounds the preexisting adversaries like rising inflation, supply chain disruptions etc. Hence the war also shows up deglobalisation trend. **(Hence 2 is correct)**
- BREXIT is a unique example of deglobalisation that will hurt Britain's economy as trade ties with the EU are weakened. BREXIT shows up the failure of globalisation. **(Hence 3 is correct)**

- The global economy faced a setback in terms of worldwide economic integration due to the COVID-19 pandemic, leading to a decline in world trade. The crisis heightened global apprehensions about the extent of supply chain integration. To address worries about insufficient domestic production of medical supplies, protective gear, and medicines, countries implemented export restrictions. This period also saw instances of protectionism and vaccine nationalism across nations. **(Hence 4 is correct)**
- Global foreign direct investment (FDI) flows showed a strong rebound in 2021, up 77% to an estimated \$1.65 trillion, from \$929 billion in 2020, surpassing their pre-COVID-19 level, according to UNCTAD's investment trends monitor. **(Hence 5 is incorrect)**

### 8.b

#### Explanation:

- **The Barbell strategy in investing aims to strike a risk-reward balance by investing in both high-risk and low-risk assets**, avoiding moderate-risk options. This approach is commonly applied in fixed-income investments and can extend to equity markets as well. The primary objective is to reduce an investor's overall risk exposure while maintaining a presence in higher-risk, higher-yield assets. **(Hence option b) is correct)**
- The Economic Survey demonstrated how the Barbell Strategy was utilised to mitigate the impact of the Covid pandemic on India. This involved a combination of safety measures for vulnerable segments and adaptive policy adjustments based on real-time information. Instead of its conventional Waterfall method, India opted for the Barbell policy approach when confronted with the widespread spread of Covid within the country.

### 9.d

#### Explanation:

- **Gross Domestic Product (GDP)** represents the value of a nation's economic output, accounting for the value of goods and services produced minus the value of inputs used in production. GDP can also be calculated as the sum of personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment.
- Statement 1 accurately points out that GDP fails to reveal income distribution, which significantly affects individuals' well-being. While a 5% increase in GDP per capita might signify

an overall rise, it could mask disparities where some groups experience more significant growth while others experience stagnation or decline.

- Statement 2 correctly highlights that GDP doesn't consider technological advancements that enhance well-being. For instance, the internet has enabled people to directly book travel, a non-GDP counted activity that makes GDP growth an inadequate gauge of improved welfare.
- Statement 3 accurately identifies another drawback of GDP—it excludes non-market activities contributing to household welfare. Since GDP relies on market prices for valuation, it omits the value of activities outside formal markets.
- Statement 4 correctly points out that GDP doesn't encompass externalities, which are unaccounted benefits or detriments caused by one party on another. These externalities lack a market for valuation and aren't part of GDP calculations. For instance, an oil refinery's pollution impact on a nearby river wouldn't be factored into GDP.

10.c

**Explanation:**

- **Frictional unemployment** emerges when individuals switch jobs, careers, locations, or enter and exit the labor force. It can result from mismatches between workers and employers due to incomplete information. Typically, individuals leave their current jobs and **subsequently seek new positions aligned with their preferences**. This transition period involves time for job applications and employer selection, leading to a temporary state of unemployment. This type of unemployment is referred to as frictional or transitional, and it consistently exists within the economy. **(Hence option c) is correct**.
- Structural unemployment arises from various factors, such as workers not possessing the necessary job skills, shifts in government policy, technological changes, or geographical limitations that prevent job relocation. Additionally, individuals might be reluctant to work due to inadequate wage levels. This situation leads to a significant disparity between the skills employers require and the skills workers possess. Structural unemployment becomes evident when employment opportunities exist and individuals are eager to work, but the available workforce lacks the required qualifications to fill vacant positions.
- Cyclical unemployment refers to the type of unemployment that arises due to economic downturns or recessions. During these periods, overall demand for goods and services declines, leading to reduced production and layoffs by businesses. As a result, people become unemployed because of weakened economic activity. This form of unemployment is directly tied to the

business cycle and tends to rise during economic contractions and fall during periods of economic expansion.

11.c

**Explanation:**

- The World Bank, in collaboration with the UNESCO Institute for Statistics, has introduced the concept of '**Learning Poverty.**' This term signifies the inability to read and comprehend a basic text by the age of 10. **(Hence option c) is correct)**
- The World Bank emphasises the importance of every child acquiring the skill of reading by the age of 10. Reading acts as a crucial pathway to further learning as a child progresses through their educational journey. Conversely, the inability to read effectively closes off this pathway. Moreover, when children struggle with reading, it often indicates that educational systems are inadequately structured to facilitate learning in subjects like mathematics, science, and the humanities. While it's still possible to learn later in life with significant effort, children who are unable to read by age 10, or at the latest, by the completion of primary school, generally face difficulties in mastering reading skills as they advance in their educational pursuits.

12.d

**Explanation:**

- Upon joining the International Monetary Fund (IMF), a nation is allocated a QUOTA, which is determined based on factors including the country's GDP (50%), degree of openness (30%), economic variability (15%), and international reserves (5%). QUOTAs are expressed in Special Drawing Rights (SDRs), the IMF's standard unit of account. India, for instance, possesses a QUOTA of 2.76%, China's is 6.41%, and the United States holds a QUOTA of 17.46%.
- A member's QUOTA subscription designates the maximum financial commitment the member must extend to the IMF. Upon joining the IMF, the subscription must be paid in full, with up to 25% in SDRs or widely recognised currencies (such as the US dollar, Euro, Yen, Pound, or Yuan), and the remaining 75% in the member's domestic currency. These QUOTAs are intended to undergo review every five years.
- Moreover, a member's QUOTA determines the extent of financial assistance they can receive from the IMF. For instance, a member is eligible to borrow up to 145% of its QUOTA annually and 435% cumulatively, with potential exceptions in exceptional circumstances. Notably, the IMF exclusively extends loans to member countries.

- QUOTAs serve to determine several key aspects:
  - Subscription, reflecting the maximum financial commitment a member must provide. **(Hence 1 is correct)**
  - Voting power and participation in IMF decision-making. **(Hence 2 is correct)**
  - A country's allocation share of SDRs. **(Hence 3 is correct)**
  - Borrowing capacity for potential financial support from the IMF. **(Hence 4 is correct)**
- In August 2021, the IMF executed its most substantial allocation of 456.5 billion SDRs, resulting in a total SDR allocation of approximately 650 billion. Among the allocated SDRs, India received 12.57 billion SDRs, equivalent to 2.75% of the total allocation. India's overall SDR holdings surged from 1.09 billion SDRs to 13.66 billion SDRs, reflecting a significant increase.

13.a

**Explanation:**

- The Central Government annually adjusts the wage rates for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) workers, relying on the **Consumer Price Index-Agricultural Labourers (CPI-AL)** as per Section 6(1) of the Mahatma Gandhi NREGA. These revised rates take effect from April 1st each year. **(Hence option a) is correct)**
- To determine the appropriate index for wage revisions, a Committee led by a former Additional Secretary of the Ministry of Rural Development was established. This Committee suggested switching to the Consumer Price Index-Rural and using an annual average instead of the December month index. The recommendations are currently being reviewed in collaboration with the Ministry of Finance.
- It's important to note that MGNREGA wages can vary across different states due to variations in minimum wages.

14.b

**Explanation:**

- Tax buoyancy is an economic term that refers to the responsiveness of tax revenue to changes in the country's gross domestic product (GDP). It indicates how effectively tax revenue grows or declines in relation to changes in economic activity. **(Hence statement 1 is correct)**

- When the economy grows, tax revenues tend to increase due to higher incomes, consumption, and economic transactions.
- Tax buoyancy measures the **elasticity of tax revenue** with respect to changes in GDP. **If tax revenue grows more than proportionately with GDP, it is considered positive tax buoyancy, indicating that the tax system is generating higher revenue as the economy expands.** On the other hand, if tax revenue grows less than proportionately with GDP, it is termed negative tax buoyancy, indicating a weaker revenue performance during economic growth. **(Hence statement 2 is correct)**
- Tax buoyancy is an important indicator for governments to assess the effectiveness of their tax policies and revenue collection mechanisms. It can help policymakers understand the degree to which the tax system responds to economic changes and whether adjustments are needed to ensure stable revenue generation.
- Tax buoyancy is calculated by dividing the percentage change in tax revenue by the percentage change in **nominal GDP**. **(Hence statement 3 is incorrect)**
- For instance, if the nominal GDP experiences a growth of 12% and the tax revenue growth for a specific year is 15%, the tax buoyancy would be  $15\% / 12\% = 1.25$ . This value indicates the increase in tax revenue in relation to each percentage change in GDP. A tax buoyancy exceeding one signifies a positive scenario for the economy.

15.b

**Explanation:**

- Employment Elasticity (of growth) is a measure of percentage change in employment associated with 1 percentage change in economic growth.  $\text{Employment elasticity} = \frac{\% \text{ change in employment}}{\% \text{ change in economic growth}}$  **(Hence statement 1 is incorrect).**
- An employment elasticity of 0.01 signifies that for every 1 percentage point growth in GDP, employment sees a mere 0.01 percent rise. The employment elasticity has been consistently declining, dropping from 0.4 during the 1990s to 0.2 in 2014, and now resting at 0.1.
- When fresh investments take place in the economy, it triggers economic growth, concurrently fostering job creation. However, if the economic growth is driven by an increase in (factory) capacity utilisation, assuming that the utilisation was **low due to certain reasons** before, rather than by new investments, the job creation impact may be limited. **(Hence statement 2 is correct)**

16.d

**Explanation:**

- While suggesting the Minimum Support Price (MSP), CACP considers a comprehensive range of factors. It's important to highlight that while the cost of production significantly influences the determination of MSP, it's not the sole factor responsible for determining the MSP. All the given factors will be considered while suggesting MSP for different crops.
- Knowledge base
- The government declares a Minimum Support Price (MSP) that is set to be a minimum of 50% over the "All-India weighted average Cost of Production." It's important to note that the MSP remains uniform across the entire country. Calculating the cost of production involves three distinct approaches:
  - A2: (Average of actual paid-out costs): This method encompasses expenses like input purchases, electricity, fertilisers, etc. **Lease payments for land/equipment and wages for hired labor are also accounted for.** However, when family labor is used, it's not included in this cost, as it isn't an out-of-pocket expense.
  - A2 + FL (Encompasses actual paid-out cost + estimated value of family labor): In this scenario, **if the farmer relies on family labor**, the calculation involves determining the cost the farmer would incur if the same labor was hired from the market. This value is then added to A2, which is referred to as the imputed value of family labor.
  - C2 (More comprehensive and includes rentals and imputed interest on owned land and fixed capital assets, in addition to A2 + FL): Under this method, if a farmer owns land, costs associated with rentals are added, even if no actual rent is paid. This accounts for the hypothetical cost if the land were rented.
- The government ensures the MSP is set at a level of at least 50% over the "A2 + FL" cost.

**(Hence all of the above factors are considered)**

17.c

**Explanation:**

ANTARDRISHTI, a **Financial Inclusion** Dashboard introduced by the RBI, has been recently launched. This dashboard offers the necessary tools to evaluate and track the advancement of financial inclusion by capturing pertinent indicators. Moreover, this platform facilitates the measurement of the degree of financial exclusion in intricate geographical regions nationwide, thus enabling targeted solutions for such areas. **(Hence option c) is correct)**

18.d

**Explanation:****Ways and Means Advances (WMA):**

- In its capacity as the government's banker, the Reserve Bank of India extends provisional loan arrangements to both central and state governments. These provisional loans, known as Ways and Means Advances (WMA), offer a method to address transitory imbalances in the government's revenue and expenditure streams. **Hence statement 3 is incorrect**
- The WMA initiative is designed to bridge temporary gaps arising in the government's financial inflows and outflows. When the government requires immediate funds, it can make use of this facility provided by the RBI. WMA operates as a lending scheme by the RBI for a duration of 90 days, implying that the government is required to clear the outstanding balance within this time frame.
- The interest rate levied on WMA is currently aligned with the repo rate. The mutually agreed-upon limits for WMA are determined by discussions between the RBI and the Government of India. This initiative ensures that the government can access short-term funds promptly when needed to manage its financial operations efficiently.
- Let's illustrate this with an example:
- Consider the upcoming fiscal year, 2022-23, where the central government anticipates a deficit of Rs. 50 lakh crore. To cover this deficit, the government plans to issue bonds worth Rs. 50 lakh crore, which can take the form of Treasury bills or Dated securities. However, let's assume that on June 20, 2023, despite having already arranged for the Rs. 50 lakh crore borrowing, the government faces a cash need for the following 30 days.
- In such a scenario, the Central Government has two options. It can either secure a loan from the Reserve Bank of India (RBI), termed 'ways and means advance', or issue a short-term bond known as 'cash management bills,' with a maturity period of 30 days. It's crucial to recognise that after the 30-day period, the government is obligated to repay the borrowed amount.
- In essence, 'ways and means advance' and 'cash management bills' are not created to cover the government's planned borrowing requirement, often referred to as the fiscal deficit. Instead, they serve as solutions for temporary mismatches between cash receipts and payments, addressing immediate cash needs for disbursements.
- The distinction between 'Ways and Means Advance' (WMA) and 'Cash Management Bills' (CMB) lies in their nature and tradability. **WMA is a loan facility provided by the RBI and is not tradable.** On the other hand, CMBs are bonds issued by the Government of India (GoI) in the market, and they are tradable securities. While CMBs are exclusively for the Central

Government, WMAs are available for both the Centre and the State governments. (Hence statement 1 and 2 are incorrect)

- The Central Government pays interest on WMA at the repo rate or potentially even higher.

19.a

**Explanation:**

**Payment banks**

- The establishment of payment banks is geared towards fostering financial inclusion by extending small savings accounts and facilitating payment and remittance services to migrant labourers, low-income households, small businesses, unorganised sector entities, and other users.
- The realm of activities for payment banks will encompass the following:
  - Accepting demand deposits, be it savings or current, up to a limit of Rs. 2 lakhs exclusively, without dealing in time deposits. (Hence statement 1 is incorrect)
  - Abstaining from engaging in lending activities.
  - Providing ATM/debit card issuance, excluding credit cards.
  - Offering payments and remittance services through diverse channels. (Hence statement 4 is correct)
  - Assuming the role of a Banking Correspondent (BC) for another bank. (Hence statement 3 is correct)
  - Dispensing uncomplicated financial products such as mutual funds or insurance offerings.
- Payment banks are mandated to uphold the Cash Reserve Ratio (CRR) and the Statutory Liquidity Ratio (SLR). All public deposits are required to be invested in government securities or placed in other commercial banks, thereby barring any lending activities. This safeguard ensures the safety of public deposits in payment banks. The establishment of payment banks serves specialised purposes, falling within the realm of differentiated banks. (Differentiated banks are constrained either in terms of geographical scope or operational aspects, in contrast to universal banks that operate without such restrictions). (Hence statement 2 is correct)

20.d

**Explanation:**

- Non-Banking Financial Companies (NBFCs) engage in a process of borrowing from banks and subsequently lending, while also opting to **issue bonds within the financial markets to generate funds**. These raised funds are then lent out at a higher interest rate. Additionally, NBFCs access financial resources from overseas through debt financing, known as **External Commercial Borrowing (ECB)**. Short-term financial needs are met by issuing Commercial Papers (CP) in the money market.
- In a mutual fund context, NBFCs attract investments as they issue debt instruments to mutual funds, which in turn are lent out. The principal sources of wholesale funding for NBFCs primarily encompass:
  - Banks, primarily through term loans, with the rest being funded by non-convertible debentures and commercial paper.
  - Debt mutual funds, facilitated by non-convertible debentures and commercial paper.

**(Hence all statements are correct)**

21.c

**Explanation:**

- A Soil Health Card (SHC) is an issued report card provided to farmers once every three years, conveying the state of their soil across 12 parameters. Alongside, it includes recommendations for utilising fertilisers and other soil enhancements effectively.
- The current consumption pattern of Nitrogen - Phosphorus - Potassium (NPK) in the country is significantly skewed towards an imbalanced ratio of 4:2:1. SHC serves to offer comprehensive field-specific soil fertility reports, facilitating the appropriate distribution of fertilisers.
- The promotion of an integrated nutrient system is anticipated to curtail chemical fertiliser usage by 20%, thus **alleviating the fiscal burden on the Government**. This step is essential, as the fertiliser sector contributes significantly to the total subsidies and power consumption within the nation. **(Hence statement 1 is incorrect)**
- India relies on substantial fertiliser imports to meet its requirements, such as importing around 25-30% of the Urea demand. Therefore, employing fertiliser usage based on soil tests will lead to **reduced import costs, fostering enhanced yields per unit of cultivation**.
- With the passage of time, Soil Health Cards (SHC) can ascertain alterations in soil health **stemming from land management practices**.

22.b

**Explanation:****The Agricultural Produce Market Committee (APMC)**

- Agricultural marketing falls under the jurisdiction of state (provincial) governments as per the Indian Constitution. While intra-state trading is within the purview of state governments, inter-state trading falls under the authority of the Central or Federal Government.
- The Agricultural Produce Market Committee (APMC) is a legally established market committee instituted by a State Government to oversee trading activities involving specific notified agricultural, horticultural, or livestock products. This framework operates under the Agricultural Produce Market Committee Act, issued by the respective state government. **(Hence statements 1 and 2 are correct).**
- After a designated area is designated as a market area and falls under the jurisdiction of a Market Committee, wholesale marketing activities are restricted. APMCs Acts stipulate that the initial sale of notified agricultural commodities such as cereals, pulses, and edible oilseeds produced in the region must occur under the supervision of the APMC.
- This is carried out through licensed commission agents, with the payment of applicable taxes and fees. It's important to note that APMCs levy a market fee on buyers and a licensing fee on commission agents, who act as intermediaries between buyers and farmers. **(Hence statement 3 is incorrect)**
- Exporters, processors, and retail chain operators are not permitted to directly procure from farmers, as the products are required to follow regulated market channels and involve licensed traders.

23.c

**Explanation:****Impact bonds**

- Impact bonds are innovative financial tools that harness private sector investment and expertise to achieve specific outcomes. They shift the focus from mere inputs to emphasising performance and results. Rather than traditional financing where governments or donors fund a project upfront, impact bonds involve private investors, often referred to as risk investors, who initially provide funding for an initiative. Repayment to these investors is contingent upon the accomplishment of agreed-upon outcomes, introduced as 'outcome funders'. **(Hence statement 1 is incorrect and rest are correct)**

- An impact bond, categorised as a form of results-based financing, entails an investor contributing upfront capital for social services programs. This investment is then repaid, often with added interest, based on the program's successful attainment of predetermined goals. Notably, in social impact bonds, the repayment comes from the government, whereas in development impact bonds, a third party, typically a donor organisation or a foundation, facilitates the repayment.
- In October 2021, the National Skill Development Corporation (NSDC) collaborated with global partners to launch a groundbreaking 'Impact Bonds' initiative involving a \$14.4 million fund dedicated to skill development in India. This endeavour aims to benefit 50,000 youth within a span of four years, equipping them with job-ready skills. Approximately 60% of the targeted group comprises women and girls. The overarching objective is to provide them with vocational training and skills, enabling access to wage-employment in sectors vital for post-Covid-19 recovery, including healthcare, retail, logistics, and apparel.
- The stakeholders involved will collaborate to bolster the effectiveness of interventions, support research, and enhance the impact of the skill development program. The training will be facilitated through NSDC's affiliated training partners.

24.a

**Explanation:**

Since June 2010, the Reserve Bank has been executing the **Consumer Confidence Survey (CCS)**. This survey gathers subjective insights regarding economic conditions, household situations, income, expenditures, pricing, and employment opportunities. The survey's findings are derived from respondents' perspectives and may not necessarily align with those of the Reserve Bank of India. **(Hence option a) is correct)**

25.d

**Explanation:**

- The concept of inflation premium involves the additional return that investors request when committing to a long-term security where the potential impact of inflation on real returns is significant.
- To illustrate, consider a scenario where the current inflation rate stands at 6%, and bonds are being issued with a coupon or interest rate of 8%. This implies a real interest rate of 2%, a reasonably favourable prospect that might motivate investment in bonds.

- However, if there's a widespread anticipation that inflation may rise over the long haul, purchasing bonds with an 8% interest rate could potentially lead to diminished real returns in the future, owing to the projected inflation increase. As a result, individuals might perceive the risk of future inflation and consequently, seek an additional interest rate (return) beyond 8% to offset the heightened inflation risk. This supplementary interest or return demanded by investors is referred to as the 'inflation premium'. **(Hence option d) is correct)**

26.b

**Explanation:**

- India's Gini coefficient, which measures income inequality, has experienced an augmentation. This coefficient rose to 35.7% in 2011 and further escalated to 47.9% in 2018. **(Hence Statement 1 is incorrect)**
- The Lorenz curve, introduced by American economist Max Lorenz in 1905, graphically represents the distribution of wealth. On this curve, an ideal equality of wealth distribution is indicated by a straight diagonal line, while the actual distribution is depicted by the curve beneath it. **(Hence Statement 2 is correct)**
- Often, the Gini index is visually depicted through the Lorenz curve. The Lorenz curve illustrates the income (or wealth) distribution by plotting the population percentile by income on the horizontal axis and cumulative income on the vertical axis. The Gini coefficient is calculated by subtracting the area under the Lorenz curve from the area below the line of perfect equality and then dividing by the area under the line of perfect equality. **(Hence Statement 3 is correct)**

27.d

**Explanation:**

The WTO's Trade-Related Investment Measures (TRIMS) Agreement is founded on the premise that a robust link exists between trade and investment. The imposition of limitations on investment has the potential to distort trade. **Numerous constraints on investment**, which inhibit trade, are deemed impermissible. These include conditions such as **mandating local content**, **imposing export obligations**, stipulating **domestic employment requirements**, and **necessitating technology transfer**. **(Hence all are correct)**

28.c

**Explanation:**

- Counter-cyclical fiscal policy is a strategy employed by governments to manage the economic fluctuations that occur during different phases of the business cycle. The business cycle consists of periods of economic growth (expansion or boom) and economic contraction (recession). The goal of counter-cyclical policy is to stabilize the economy by taking actions that run opposite to the prevailing trends in the cycle. In this context, the given statements can be explained:
- The government employs counter-cyclical policy to temper an overheating economy during periods of economic expansion: During periods of economic expansion or boom, when the economy is growing rapidly and potentially overheating, the government might use counter-cyclical measures to cool down the economy. This could involve reducing government spending and increasing taxes to slow down excessive growth and prevent inflation from getting out of control. **(Hence statement 1 is correct)**
- Within the framework of counter-cyclical policy, the government boosts expenditures and decreases taxes when the economy experiences a downturn: When the economy is in a downturn or recession, characterized by decreased economic activity and rising unemployment, the government might enact counter-cyclical measures to stimulate economic growth. This could involve increasing government spending on projects and programs to create jobs and boost demand, while also reducing taxes to encourage consumer and business spending. **(Hence statement 2 is correct)**

29.a

**Explanation:****Regional Rural Banks**

- Regional Rural Banks were established through the Regional Rural Banks Act of 1976 to stimulate rural economic growth by extending credit and other services, especially to small farmers, agricultural labourers, artisans, and small entrepreneurs.
- While the Reserve Bank enforces financial regulations over RRBs, supervisory authority rests with NABARD. **(Hence statement 1 is incorrect)**
- The equity for RRBs was furnished by the Central Government, the relevant State Government, and the sponsor bank in a ratio of 50:15:35. **(Hence statement 2 is incorrect)**
- CRAR, also known as Capital Adequacy Ratio, gauges a bank's capital against its risk-weighted assets and liabilities. This criterion, established by central banks, is not applicable to RRBs. **(Hence statement 3 is correct).**

- However, the norms governing income recognition, asset classification, and provisioning, which are relevant to commercial banks, do extend to RRBs.

30.c

**Explanation:**

**RBI Retail Direct scheme**

- As a part of the ongoing endeavours to enhance retail participation in government securities and streamline accessibility, the RBI has introduced the 'RBI Retail Direct scheme,' a comprehensive solution aimed at facilitating individual investors' engagement in government securities (G-secs).
- Under the provisions of the 'RBI Retail Direct' scheme, individual retail investors will be empowered to establish and manage the 'Retail Direct Gilt Account' (RDG Account) with the RBI. This account can be initiated through an exclusive online portal designed for the scheme. Through this online platform, registered users will gain entry to the primary issuance of G-secs and the NDS-OM (Negotiated Dealing System-Order Matching system). **(Hence both statements are correct)**
- The Negotiated Dealing System-Order Matching system (NDS-OM), which the Reserve Bank introduced in August 2005, is an electronic, screen-based, anonymous, order-driven trading platform for conducting transactions in Government securities. This platform, owned by the Reserve Bank and maintained by CCIL, operates alongside the existing over-the-counter (OTC) or phone market for Government securities.
- The NDS-OM enhances transparency in secondary market dealings of Government securities, allowing members to place direct bids (buy orders) and offers (sell orders) on the NDS-OM screen.
- The scope of government securities, covered by this scheme, encompasses:
  - Government of India Treasury Bills
  - Government of India dated securities
  - Sovereign Gold Bonds (SGB)
  - State Development Loans (SDLs)

31.d

**Explanation:**

- The cumulative obligation of the country's monetary authority, RBI, is referred to as the monetary base or high-powered money. This encompasses currency (notes and coins in circulation among the public and the cash reserves of commercial banks) as well as deposits retained by the Government of India and commercial banks within the RBI.
- Vault cash pertains to the physical currency maintained within a financial institution's vault for daily operational requirements. These elements represent demands that the general public, government, or banks possess against the RBI, thus constituting the liabilities of the RBI. **(Hence option d) is the correct).**

32.b

**Explanation:**

- Government earnings are categorised into two main groups: Revenue Receipts and Capital Receipts.
- Revenue receipts encompass earnings that do not result in government obligations or a decrease in government assets. This category includes both tax receipts and non-tax receipts, such as fees, fines, income derived from **spectrum and public enterprises, as well as grants-in-aid from foreign governments**. These receipts represent the current income acquired by the government from various sources. **(Hence statements 2 and 3 are correct)**
- On the other hand, government receipts that either (i) create obligations, like borrowing, or (ii) diminish assets, like **disinvestment**, are termed capital receipts. Therefore, when the government acquires funds by either incurring a liability or selling off its assets, it falls under the classification of capital receipts. Consequently, the disinvestment of public sector undertakings is classified as a part of capital receipts. **(Hence statement 1 is incorrect)**

33.b

**Explanation:**

Fiscal slippage refers to a situation where a government deviates from its planned fiscal targets, such as budget deficits or debt levels. This can occur when actual expenditures exceed projected spending or when revenues fall short of estimates. It often leads to an imbalance in the government's finances, potentially impacting economic stability and policy objectives.

This can have several potential consequences for the economy.

- A rise in bond yield: Fiscal slippage can lead to increased borrowing by the government to cover the deficit. When there's more borrowing in the market, the demand for government bonds increases. However, if the supply of bonds exceeds demand, bond prices decrease, and consequently, bond yields (interest rates) rise. Investors would demand higher yields to compensate for the perceived increased risk associated with the government's fiscal mismanagement. **(Hence statement 1 is correct)**
- An increase in market interest rates: Fiscal slippage is more likely to lead to an increase in market interest rates. When the government borrows more to cover its deficit, it competes with other borrowers in the market for funds. This increased demand for borrowing can push interest rates higher, not lower. **(Hence statement 2 is incorrect)**
- An upsurge in aggregate demand: Fiscal slippage can result in higher government spending and potentially tax cuts to stimulate the economy. This can lead to increased disposable income for individuals and higher government expenditure, both of which can contribute to higher aggregate demand. However, whether this actually happens depends on the specific policies implemented by the government in response to the fiscal slippage. **(Hence statement 3 is correct)**

34.c

**Explanation:**

- The implementation of GST has resulted in a decreased count of taxes, establishing a uniform tax rate that is applicable nationwide to all goods and services. This standardisation of taxes is referred to as tax **harmonisation**. In the case of exports, the government refunds the GST paid to suppliers, effectively eliminating GST across the entire supply chain. This practice is known as 'zero-rated' exports. **(Hence both the statements are correct)**
- During the introduction of the Goods and Services Tax (GST) by the Central government, concerns arose among states regarding potential drops in tax revenue and limitations on their ability to impose extra taxes within the GST framework. To address these worries, the Indian government calculated the annual growth of state indirect taxes for three consecutive years—2012-13 to 2013-14, 2013-14 to 2014-15, and 2014-15 to 2015-16—and determined an average annual growth rate of 14%. The government assured states that if their indirect revenue growth fell below 14% annually post-GST implementation, a Cess would be imposed on luxury and demerit goods. The revenue generated would then be provided to states as compensation over a five-year period from July 1, 2017, to June 30, 2022. To facilitate this, the Goods and Services Tax (Compensation to States) Act 2017 was enacted.

- Under this framework, the Indian government collects the GST compensation cess, placing it in the Consolidated Fund of India before transferring it to the "GST Compensation Fund" within the Public Account of India. This is because the money is earmarked for states and not considered the government's funds. Eventually, the funds are transferred to the respective states and union territories.
- Following the initiation of GST, revenue shortfalls arose and states received compensation. However, the COVID-19 pandemic exacerbated these shortfalls to an extent where increasing cess on luxury and demerit goods would not suffice to cover the significant deficit. As of November 2020, a dispute emerged regarding how to address this situation. Ultimately, a resolution was reached that the "Centre" (Central government) would borrow the additional shortfall amount caused by the pandemic. This borrowed amount would then be provided to states in the form of a loan on a "back-to-back" basis. States would be responsible for repaying the principal and interest on this loan in the future. Notably, the borrowing cost for the Centre is lower compared to that for states due to the Centre's inability to default and its stronger credit rating.

### 35.b

#### Explanation:

- The primary source of income or revenue for the government stems from taxes and duties imposed. This funding is allocated towards both operational and developmental requirements. Typically, the government's income can be categorised into two main types: revenue receipts and capital receipts.
- Capital receipts encompass earnings that result in liabilities or diminish financial assets. In contrast, non-debt receipts are those that do not burden the government with future repayment obligations.

#### Non-debt capital receipts can be categorised as follows:

- **Loan and advance recoveries:** This category comprises the retrieval of loans and advances from state governments, union territories with legislatures, foreign governments, and public sector undertakings (PSUs) and other autonomous entities. However, these recoveries constitute only a minor portion of overall non-debt capital receipts. Hence statement 1 is correct
- **Miscellaneous Capital Receipts:** This covers the income generated through the divestment of public sector undertakings. This income is further divided into:
  - **Disinvestment proceeds**

- Strategic disinvestment
  - **Listing of PSUs on stock markets**
  - Issuance of bonus shares (**Hence statement 2 is correct**)
- Debt Receipts necessitate repayment by the government. Roughly a quarter of government expenditure is funded through borrowing. Capital receipts involve loans from the general public, foreign governments, and the Reserve Bank of India (RBI). Examples of debt capital receipts encompass a range of instruments such as market loans, special securities issued to public-sector banks, various types of securities, short-term borrowings, treasury bills, securities linked to small savings, state provident funds, relief bonds, saving bonds, gold bonds, external debt, and more. These represent instances of debt capital receipts. (**Hence statement 3 is incorrect**)

36.d

**Explanation:**

- Any foreign borrowing by the government or other entities creates a debt or liability for our nation. When we acquire shares of a foreign company, these shares become assets for us (our nation) and liabilities for the respective foreign country or company. Consequently, any Foreign Direct Investment (FDI) made in India, often accomplished through shares, becomes a liability for both the Indian company and the country.
- For instance, if my company borrows from abroad, the debt paper held by the foreign bank becomes an asset for the foreign country or bank and a liability for my company or country.
- The Net International Investment Position (NIIP) quantifies the disparity between the foreign assets held by our nation (including individuals, companies, and the government) and the foreign ownership of our nation's assets.
- As FDI inflow into our country increases, it augments the liability burden for our company or country, or conversely, it enlarges the foreign ownership of our nation's assets held by foreigners. Accumulating more foreign borrowings or FDI investments burdens us, as we will eventually need to repay these through interest, principal, or dividends.
- Foreign exchange reserves, held by our residents like the Reserve Bank of India (RBI), essentially constitute claims on non-residents. Thus, a higher amount of foreign currency assets strengthens our NIIP position, enhancing our overall economic standing.
- (**Hence all statements are correct**)

37.b

**Explanation:****Disguised unemployment**

Disguised unemployment refers to a situation in which more people are employed in a job than actually required for its efficient functioning, leading to reduced individual productivity. It commonly occurs in agriculture, where extra workers engage in tasks that could be handled by a smaller workforce without affecting output. This results in marginal or zero marginal productivity, indicating that if some of these surplus workers were to leave, overall production wouldn't be affected.

In such case if we add more capital, then production may increase but if we add more labour then production will not increase. **(Hence statement 1 is incorrect but statement 2 is correct)**

So, marginal productivity of capital = change in production / change in capital = will be positive change in capital

but marginal productivity of labour = change in production / change in labour = will be zero change in labour

**38.a****Explanation:**

- The BRICS New Development Bank (NDB), often referred to as the BRICS Bank, is a multilateral financial institution established by the BRICS countries – Brazil, Russia, India, China, and South Africa. It was established in 2014 to provide funding for infrastructure and sustainable development projects in emerging economies and developing countries. The NDB aims to support projects that have a positive impact on economic growth, social progress, and environmental sustainability.
- The bank's primary focus areas include renewable energy, transportation, water supply, and other infrastructure projects that promote sustainable development. The NDB operates alongside other international financial institutions but aims to provide an alternative source of funding for projects that align with the development priorities of its member countries.
- BRICS bank has five members but any country which is a member of United Nations is eligible to become a member of BRICS bank.

**39.c****Explanation:****Foreign Direct Investment (FDI)**

- Foreign Direct Investment (FDI) refers to the investment made by individuals, businesses, or entities from one country into another country's economy. It involves acquiring a substantial ownership stake or control in a foreign company, establishment, or project. FDI is a significant source of capital flow between countries and is aimed at establishing lasting interest, influence, and control in the host country's economy. It can provide benefits such as job creation, technology transfer, and economic growth, but also raises concerns related to sovereignty, market concentration, and national security.
- Foreign Direct Investment (FDI) is permissible in sectors through either the Automatic route or the Government route.
- Under the Automatic Route, neither non-resident nor Indian companies require approval from the Government of India. In contrast, the Government route necessitates obtaining prior approval from the Indian government. Proposals for foreign investment under the Government route are reviewed by the respective Administrative Ministry/Department.

**Sectors where 100 percent FDI through the automatic route is authorised include:**

- Agriculture & Animal Husbandry, encompassing Floriculture, Horticulture, Apiculture, and Controlled Cultivation of Vegetables & Mushrooms
- Development and Production of Seeds and Planting Material
- Animal Husbandry (including dog breeding), Pisciculture, and Aquaculture (**Hence 4 is correct**)
- Mining and Exploration of metal and non-metal ores, including diamond, gold, silver, and precious ores, but excluding titanium bearing minerals and its ores (**Hence 3 is correct**)
- Broadcasting
- Teleports (up-linking HUBs/Teleports)
- Direct to Home (DTH) services (**Hence 1 is correct**)
- Cable Networks (Multi System operators operating at the National, State, or District level and involved in digitalisation and addressability upgrades)
- Mobile TV
- Head end-in-the Sky Broadcasting Service (HITS)

**Sectors that are prohibited for FDI include:**

- Lottery Business, including government/private lotteries and online lotteries.
- Chit Funds.
- Trading in Transferable Development Rights (TDR).
- Manufacturing of Cigars, cheroots, cigarillos, and cigarettes (tobacco or tobacco substitutes).

- Gambling and betting, including casinos.
- Nidhi Companies. **(Hence 2 is incorrect)**
- Real Estate Business or Construction of Farm Houses.

40.d

**Explanation:**

- Minimum Export Price (MEP) establishes a lower price limit beyond which exports are prohibited. The imposition of MEP is a measure aimed at restricting exports to avert potential disruptions in domestic supply chains and to prevent undue price hikes. This strategy is primarily devised to safeguard the interests of consumers.
- For instance, consider a scenario where the global market price for onions stands at \$600 per ton. To ensure domestic availability and stable pricing, the government could declare an MEP of \$650 per ton. This effectively implies that exporters cannot engage in transactions below the \$650 per ton threshold. Given the lower international price of \$600 per ton, this discourages exports. **(Hence statements 1 and 2 are correct)**
- Minimum Import Price (MIP), on the other hand, signifies the minimum price level below which imports are disallowed. MIP is introduced with the intention of curbing imports and shielding domestic producers, particularly farmers.
- To illustrate, if the international price of wheat drops to, let's say, Rs. 15 per kilogram, and the domestic price remains at Rs. 18 per kilogram, the cheaper imported wheat could inundate the Indian market, resulting in reduced purchases from local farmers. To safeguard the interests of these farmers, the government may set an MIP of, say, Rs. 20 per kilogram. This would mean that importers from India cannot procure wheat below Rs. 20 per kilogram. Realistically, Indian importers would be disinclined to purchase above this price, given the availability of domestically-produced wheat at Rs. 18 per kilogram. **(Hence statements 3 and 4 are correct)**

41.d

**Explanation:**

**Reflation:**

- Reflation is an economic concept that refers to the deliberate efforts taken by a government or central bank to stimulate economic growth and increase prices, particularly in times of sluggish

economic activity or deflationary pressures. Reflationary measures aim to reverse deflation (a general decrease in prices) and promote economic recovery.

**Reflation involves a combination of fiscal and monetary policies:**

- **Fiscal Stimulus:** This involves increased government spending or tax cuts to boost consumer and business spending. By injecting more money into the economy, fiscal stimulus stimulates demand for goods and services, which in turn can lead to increased production, job creation, and economic growth.
- **Monetary Stimulus:** Central banks use monetary policy tools, such as lowering interest rates or engaging in quantitative easing (buying financial assets to inject money into the economy). Lower interest rates make borrowing cheaper, encouraging businesses and consumers to borrow and spend, thereby boosting economic activity.
- The goal of reflation is to create a positive economic cycle: increased spending leads to higher production, which generates more income and consumption, driving further economic growth. By addressing deflationary pressures and stimulating economic activity, reflation aims to maintain price stability, increase employment, and prevent the economy from falling into a prolonged period of stagnation.
- Reflation is particularly relevant during periods of economic downturns or when inflation is extremely low. However, it's important to strike a balance between stimulating the economy and avoiding excessive inflation. If reflationary policies are overly aggressive, they could lead to an overheated economy and high inflation, which could have negative consequences in the long run. **(Hence all the statements are correct)**

42.a

**Explanation:**

**Niger (Ramtil) cultivation:**

- Niger (Ramtil) is cultivated in rainfed conditions during Kharif, late Kharif, and Rabi seasons. It can be grown as a sole crop or mixed with little millet, finger millet, pearl millet, groundnut, or pulse crops in various states. **(Hence statement 2 is incorrect)**

**Masoor (Lentil) cultivation**

- Masoor (Lentil) is a starchy pulse used in making bread and cakes. It is cultivated during the early winter months, with suitable temperatures around 18-20 degrees Celsius and rainfall of about 100 cm. Therefore, it is classified as a Rabi crop. **(Hence statement 2 incorrect)**

**India's role in pulse production, consumption, and trade:**

- India holds the distinction of being the world's leading producer, importer, and consumer of pulses. This accounts for approximately 25% of global production, 15% of international trade, and 27% of global consumption. **(Hence statement 1 is correct).**

**Minimum Support Price (MSP) for Niger (Ramtil) cultivation:**

- Niger or Ramtil (*Guizotia abyssinica*) is one of the 14 kharif crops for which the government releases a Minimum Support Price (MSP) annually. This lesser-known oilseed commands one of the highest MSPs, which is established based on production costs and market demand. In the 2020-21 season, its cultivated area shrank by 80%, reaching just over 0.1 million hectares. This is the smallest area among the 14 kharif crops with MSP.
- The cultivation area for Niger has consistently diminished over the past three decades. In contrast, mustard cultivation has expanded to 84.76 lakh hectares (an increase of 24.9%). **(Hence statement 3 is incorrect)**

43.a

**Explanation:****Definition and Importance:**

Coal is a combustible black or brownish-black sedimentary rock primarily composed of carbon, along with varying amounts of other elements like hydrogen, sulphur, oxygen, and nitrogen. It has been a vital energy resource for centuries due to its role in power generation, industrial processes, and heat production.

**Types of Coal:**

Coal can be classified into four main types based on its carbon content and energy content:

- Anthracite: Highest carbon content, hard, glossy, and low in impurities. Provides high heat output but is less abundant.
- Bituminous: Contains a higher carbon content compared to sub-bituminous and lignite coal. Widely used for electricity generation.
- Sub-Bituminous: Lower carbon content, higher moisture content, and typically found in newer coal deposits.
- Lignite: Lowest carbon content and highest moisture content. Often referred to as “brown coal.”

**Uses of Coal:**

- Electricity Generation: Coal is a major source of energy for electricity generation in power plants.
- Industrial Processes: It is used in industries such as steel, cement, and paper manufacturing.
- Heating: Coal has been used for heating homes, buildings, and industrial facilities.
- Cooking and Charcoal Production: In some regions, coal is used for cooking and producing charcoal.

India ranks as the world's second-largest coal producer and consumer, with China securing the top position in both production and consumption. **(Hence statement 1 incorrect and 2 is correct)**

Additionally, the USA closely follows India in terms of coal production and consumption.

During the fiscal year 2021-22, India's coal production amounted to 778 million metric tons, while coal imports, encompassing both coking and non-coking coal, totaled approximately 209 million metric tons. **(Hence statement 3 is incorrect)**

44.d

**Explanation:**

**Gross Domestic Product (GDP)**

Gross Domestic Product (GDP) encompasses the total value of goods and services produced within a nation's domestic territory during a specific timeframe, typically a financial year. It's important to note that the economic concept of domestic territory deviates from a country's geographic or political boundaries.

The domestic territory of a nation comprises:

- The political boundaries, encompassing territorial waters.
- Ships and aircraft operated by the country's residents, even when traversing between multiple countries, such as Air India's cross-country services.
- Fishing vessels, oil and natural gas rigs, and floating platforms operated by the nation's residents in international waters or areas where exclusive operating rights are held.
- Embassies, consulates, and military establishments of the country situated in foreign nations, such as the Indian embassy in the USA and Japan. This excludes foreign embassies, consulates, military establishments, and international organisation offices within India.
- In essence, domestic territory can be defined as a nation's political frontiers, including territorial waters, along with ships, aircraft, fishing vessels operated by its residents, and overseas diplomatic missions. Should an activity take place in international waters or airspace not claimed

by any nation, that activity will be integrated into the GDP of the country whose residents own the said business or engage in the activity.

**(Hence all are included in India's GDP)**

45.b

**Explanation:**

Seigniorage pertains to the profit/income generated through the creation of money, offering governments a means to raise funds without resorting to traditional taxation. Central banks amass seigniorage as profit, which can subsequently be channeled to the central government. **(Hence option b) is correct)**

This profit is obtained in the following manners:

- When issuing currency, the reserves maintained by the RBI yield interest income based on the total currency in circulation (minus currency production costs).
- Interest is accrued from bank balances held with central banks, stemming from the necessity for banks to maintain reserves to fulfil their stipulated requirements. These reserves could be in the form of interest-free balances (CRR) or at rates below the market norm.
- The concept of the inflation tax arises, calculated as the product of the inflation rate and the monetary base. (The value of currency held by the public diminishes due to inflation, leading to a reduction in the liability of the RBI.)

46.b

**Explanation:**

Depreciation refers to the gradual decrease in the value of an asset over time due to wear and tear, obsolescence, or other factors. It's an accounting method used to allocate the cost of an asset over its useful life, reflecting its declining value on a company's financial statements. This concept is particularly important when calculating the true financial position of a business and determining the appropriate amount of expense to recognise each accounting period.

**The depreciation of the rupee can have several effects on the Indian economy:**

- **Export Competitiveness:** A weaker rupee makes Indian exports more affordable for foreign buyers, potentially boosting exports and improving the trade balance. **(Hence statement 1 is correct)**

- Import Costs: Imports become more expensive due to the depreciated rupee, leading to higher costs for imported goods, including raw materials and essential commodities. **(Hence statement 2 is correct)**
- Inflation: The increased cost of imports can contribute to higher inflation, affecting the overall cost of living for citizens.
- Current Account Deficit: While exports may increase, the higher import costs can also widen the current account deficit as the country spends more on imports.
- Foreign Debt: If a country has foreign-denominated debt, a weaker rupee can increase the burden of repaying such debt. **(Hence statement 3 is incorrect)**
- Investor Confidence: A depreciating currency might erode investor confidence as it raises concerns about economic stability and attractiveness for foreign investment.
- Tourism: A weaker currency can make India a more attractive destination for foreign tourists due to the increased affordability of goods and services.
- Remittances: For Indian expatriates sending money back home, a weaker rupee means their remittances will have higher purchasing power in India.
- Monetary Policy: The central bank might need to adjust its monetary policy to manage inflation and exchange rate fluctuations.
- Speculation: Currency depreciation can attract speculative activities in the forex market, potentially exacerbating currency volatility.
- Government Finances: If India imports a significant amount of goods, a depreciating rupee can strain government finances due to higher costs of imports, including oil.

47.a

**Explanation:**

- Currency in circulation encompasses both notes and coins. While all currency notes (excluding one-rupee notes) are considered liabilities of the RBI, one-rupee notes and coins are produced by the Government of India and thus are its liabilities. **(Hence statement 1 is incorrect).**
- It's important to note that not all currency in circulation contributes to the money supply. Specifically, only the currency held by the public is considered part of the money supply. Currency held by banks is not included in the money supply calculation. **(Hence statement 2 is incorrect).**
- The equation for currency in circulation is:  $\text{Currency in circulation} = \text{Currency with the public} + \text{Currency with banks}$ .

- Despite one-rupee notes and coins being minted by the Government of India, the RBI is responsible for circulating all currency notes and coins in the economy according to the RBI Act of 1934. **(Hence statement 3 is correct)**

48.c

**Explanation:**

- The "Bharat Bond ETF" is an exchange-traded fund created to enable investment in bonds issued by Central Public Sector Enterprises (CPSEs), Central Public Financial Institutions (CPFIs), and other government organizations in India.
- The purpose of these ETFs is to improve investor liquidity, strengthen the corporate bond market, and offer a dependable and consistent investment choice. **(Hence statement 1 is correct)**
- Each ETF has specific maturity dates and investors can select from various ETFs with different maturity periods.
- These ETFs are listed on stock exchanges, facilitating convenient buying and selling for investors.
- Although the primary audience for these ETFs is institutional investors, retail investors can also participate by investing in them through the secondary market. **(Hence statement 4 is correct)**
- The introduction of Bharat Bond ETFs contributes to the advancement of the Indian bond market and provides an avenue for investors to engage in government-linked debt securities. **(Hence statement 2 is correct)**
- The minimum bond size is set at Rs. 1000, **enabling retail individuals to make purchases. (Hence statement 3 is incorrect)**
- This provision serves to deepen the "corporate bond market" by making it accessible to a broader audience.

49.a

**Explanation:**

- The Reserve Bank of India (RBI) employs an open market sale of government securities equal to the foreign exchange inflow amount, thus maintaining the levels of high-powered money and total money supply. This practice, known as sterilisation, guards the economy against unfavourable external impacts, keeping things balanced. **(Hence statement 1 is correct).**

- To counter the risks of currency appreciation or inflation, central banks often engage in sterilisation of capital flows. This process involves temporarily reducing the domestic component of the monetary base (comprising bank reserves and currency) to counterbalance the influx of reserves. Theoretically, this can be achieved through methods like encouraging overseas private investment or permitting foreign borrowing from the local market. Traditionally, open market operations have been the primary means of sterilisation. Additional techniques include measures like raising the cash reserve ratio (CRR) for commercial banks or imposing limits on total extended credit. **(Hence statement 2 is incorrect)**

50.d

**Explanation:**

- The origins of Priority Sector Lending (PSL) date back to 1966 when Morarji Desai recognised the necessity to enhance credit accessibility for agriculture and small industries. Nevertheless, the formal definition of the Priority Sector was established after a Reserve Bank of India (RBI) report was presented to the National Credit Council in 1972.
- With the intention of extending timely and sufficient credit to specific sectors, production services, manufacturing, individuals, and groups on a priority basis, some eligible categories within the priority sector include:
  - Agriculture: Farm Credit (Agriculture and Allied Activities), lending for Agriculture Infrastructure and Ancillary Activities
  - Crop loans for traditional/non-traditional plantations, horticulture, and allied activities
  - **Loans under the Kisan Credit Card Scheme**
  - **Overdraft facility for Pradhan Mantri Jan-Dhan Yojana (PMJDY) account holders**
  - **Export credit under agriculture and MSME sectors**
  - **Housing and Education loans**
  - Social Infrastructure
  - **Renewable Energy**
  - Artisans, village and cottage industries, with individual credit limits not exceeding 71 lakhs
  - Beneficiaries of Government Sponsored Schemes like National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM), and Self-Employment Scheme for Rehabilitation of Manual Scavengers (SMS)
  - Scheduled Castes and Scheduled Tribes

(Hence all are considered as Priority Sector Lending of Banks)

51.b

**Explanation:**

**Public Distribution System (PDS): Overview, Functioning, Limitations, and Revamping**

**Overview and Functioning of PDS:**

- PDS plays a vital role in ensuring **food security by supplying subsidized food grains to the poor.**
- It prevents open-market price fluctuations by controlling the distribution of commodities. **(Hence statement 1 is correct)**
- The Indian PDS is a comprehensive network established in response to food shortages during World War II.
- It ensures accessible supplies to consumers across the country through fair price shops (FPS).
- Key commodities distributed: Wheat, Rice, Sugar, Kerosene, Edible oil, etc.
- Ministry of Consumer Affairs, Food and Public Distribution oversees the system.
- **Department of Food and Public Distribution** is responsible for overseeing the procurement and storage of food grains in the Ministry of Consumer Affairs, Food and Public Distribution. **(Hence statement 2 is incorrect)**
- Tamil Nadu stands out for effective PDS implementation.

**Limitations of the Current PDS:**

- Identification of eligible households remains a challenge.
- Discrepancies between food grain procurement and production levels.
- Insufficient storage facilities for food grains.
- High food subsidy burden on the government.
- Leakage and diversion of food grains intended for the poor.
- Lack of adequate infrastructure, including FPS and storage facilities.

**Revamping the PDS:**

- The introduction of Targeted Public Distribution System (TPDS) aimed to provide subsidised food to the poor.

- TPDS involves procuring food grains from farmers and delivering them to ration shops for beneficiaries.
- The National Food Security Act, 2013, made the right to food justiciable.
- Focus on identifying eligible households accurately.
- Emphasis on strengthening procurement and storage facilities.
- Addressing issues related to food subsidy management.
- Implementing measures to prevent leakage and diversion.
- Exploring alternatives to enhance TPDS efficiency.

#### Objectives of the Public Distribution System:

- Ensure availability of essential commodities at fair prices to all, especially vulnerable sections.
- Correct supply-demand imbalances and **prevent hoarding and black marketing. (Hence statement 3 is correct)**
- Distribute basic necessities equitably, promoting social justice.
- Stabilize prices and availability of mass consumption goods.
- Support poverty-alleviation programs, rural employment, and educational feeding initiatives.

52.b

#### Explanation:

#### Revamping the PDS:

- The introduction of Targeted Public Distribution System (TPDS) aimed to provide subsidised food to the poor.
- TPDS involves procuring food grains from farmers and delivering them to ration shops for beneficiaries.
- The National Food Security Act, 2013, made the right to food justiciable.
  - **It made it a justiciable right:** The Act elevated the right to food to a justiciable right, meaning that individuals could now seek legal remedies if their right to access food was not upheld. **(Hence statement 1 is correct)**
- Focus on identifying eligible households accurately.
- Emphasis on strengthening procurement and storage facilities.
- Addressing issues related to food subsidy management.

- Implementing measures to prevent leakage and diversion.
- Exploring alternatives to enhance TPDS efficiency.

### About National Food Security Act

#### Implementation and Alignment

- Act signed into law on 12th September 2013 (retroactive to 5th July 2013).
- Aligned with Goal Two of the UN Sustainable Development Goals.
- Goal 2 focuses on ending hunger and achieving food security by 2030. **(Hence statement 2 is correct)**
- Beneficiaries categorized into Priority Households (PHH) and Antyodaya Anna Yojana (AAY) households.
- Entitlement: 35 kg of food grains per month (5 kg per person per month).
- Costs: Wheat at Rs. 2 per kg, rice at Rs. 3 per kg, and coarse grains at Rs. 1 per kg. (No revisions in food grain prices in Union Budget 2022.) **(Hence statement 3 is incorrect)**

#### Objectives and Coverage

- Objective: Ensuring adequate, high-quality food for a healthy life.
- Includes schemes like Mid-Day Meal Scheme (MDMS), Public Distribution System (PDS), and Integrated Child Development Services (ICDS).
- Implemented across all States and Union Territories.

53.c

#### Explanation:

#### Logistical Management of Public Distribution System (PDS):

#### Procurement of Food Grains:

- Food grains procured for TPDS from farmers at Minimum Support Price (MSP).
- Central government oversees procurement from Food Corporation of India and State Agencies.
- Centralized and decentralized procurement methods:
- Centralized: Done by FCI directly from farmers.
- Decentralized: Implemented by 10 states/UTs on behalf of FCI, aiming for local procurement.

#### Identification of Beneficiaries:

- Centre and states identify Below Poverty Line (BPL) households through a process involving data from NSSO and Planning Commission.
- No identification for Above Poverty Line (APL) households; eligible households can apply for a ration card.
- Ration card allocation based on criteria like landholding, clothing, food security, and livelihood means. **(Hence statement 1 is correct)**

**Ration Card Issuance:**

- Ration card provided by State Governments for purchasing essential commodities at Fair Price Shops.
- Different types of cards for APL, BPL, and Antyodaya families.
- Application process, documentation, spot inquiries for proof of residence, issuance timeline.

**Storage Management:**

- Central government maintains minimum buffer stock for emergencies.
- **Food Corporation of India (FCI)** responsible for central pool stock storage. **(Hence statement 2 is correct)**
- Storage in covered godowns, silos, and open spaces (CAP).
- FCI hires space from various agencies to accommodate stock.
- CAG noted sub-optimal use of storage capacity in FCI and states.

**Allocation of Food Grains:**

- Central government allocates food grains to states for distribution to BPL, AAY, and APL families.
- BPL and AAY allocation based on identified households.
- **APL allocation based on central pool stock availability and past off-take by states. (Hence statement 3 is correct)**
- Ad-hoc allocations during emergencies.

**Transportation of Food Grains:**

- Food grains transported via Roadways and Railways.
- Choice depends on volume and distance.
- Roadways for short distances, railways for long distances.

**Fair Price Shop (FPS) Operations:**

- Also known as ration shops.
- Issue food grains based on ration card.
- Licensed by state government to sell grains at lower prices.

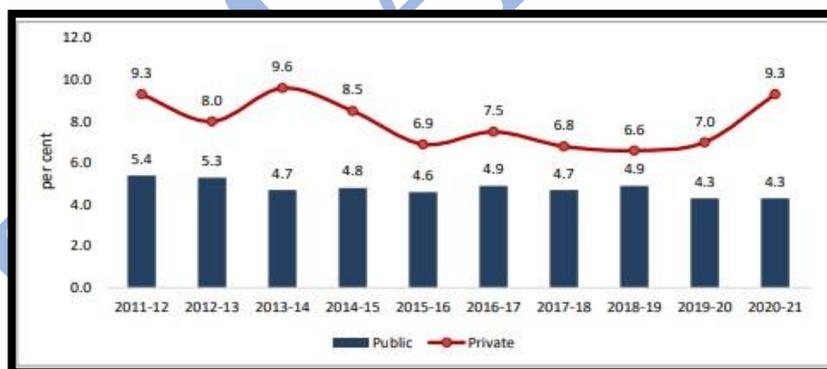
**Consumers:**

- Individuals purchasing food grains from FPS at Minimum Market Price.
- Need a valid ration card for purchasing.

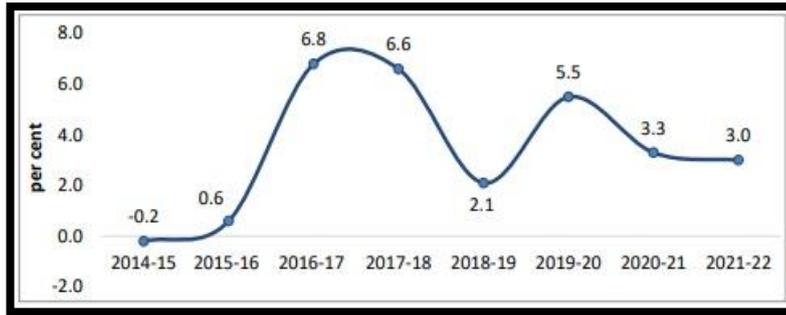
54.d

**Explanation:****Crowding in of Private investment in agriculture:**

Private investments in agriculture actually witnessed an increase even in the aftermath of the Covid-19 pandemic. This surprising trend can be attributed to several factors. Firstly, the pandemic highlighted the essential nature of the agricultural sector, emphasizing its role in ensuring food security. This recognition prompted both local and international investors to channel funds into agriculture, considering it a relatively stable and recession-resistant sector. **(Hence statement 1 is incorrect)**

**Despite Covid-19 shock agriculture and allied sector shows resilient growth**

Despite the adverse effects of the Covid-19 shock, the agriculture and allied sectors managed to achieve positive growth during the fiscal year 2019-20. Notably, their resilience became evident as they not only withstood the initial challenges posed by the pandemic but also managed to recover and exhibit further positive growth in subsequent periods. **(Hence statement 2 is incorrect)**



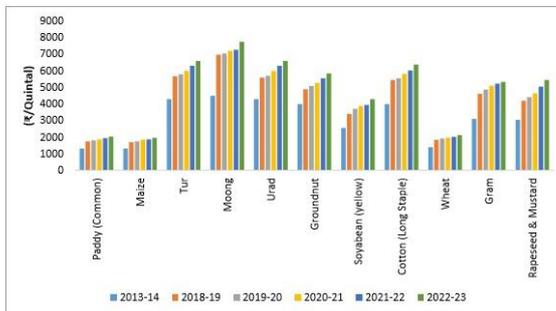
55.c

**Explanation:**

### Production of Food grains

- **Record Food grain Production:** Fourth Advance Estimates for 2021-22 reveal a consistent increase in food grain and oil seed production Year-on-Year (YoY). **(Hence statement 1 is correct)**
- **Pulses Production:** Notably, the production of pulses has exceeded the five-year average of 23.8 million tonnes. This indicates a positive trend in pulses production.
- **Climate Impact:** Changing climate patterns have negatively affected agriculture. In 2022, an early heat wave during the wheat-harvesting season led to decreased wheat production. Furthermore, deficient rainfall and delayed monsoons in the Kharif season resulted in a reduced sown area for paddy cultivation.
- **Paddy Cultivation:** First Advance Estimates for 2022-23 (Kharif only) indicate a decrease of about 3.8 lakh hectares in paddy cultivation area compared to the previous year (2021-22 Kharif season).
- **Rabi Season Expansion:** In the current rabi season, the area under rabi paddy has increased by 6.6 lakh hectares compared to the previous year (as of January 12, 2023).
- **Kharif Food Grains Production:** First Advance Estimates for 2022-23 (Kharif only) project total food grain production of 149.9 million tonnes, surpassing the average Kharif food grain production of the preceding five years (2016-17 to 2020-21).
- **Kharif Rice Production:** Despite the decrease in Kharif paddy cultivation area, the estimated production of Kharif rice for 2022-23 is 104.9 million tonnes, which is higher than the average Kharif rice production of the previous five years (2016-17 to 2020-21), which stood at 100.5 million tonnes. **(Hence statement 2 is correct)**

56.c

**Explanation:****Minimum Support Price for selected Kharif and Rabi Crops (₹/Quintal):**

- MSP for Cost of Production Assurance: The 2018-19 Union Budget introduced a significant measure wherein Indian farmers would be ensured a Minimum Support Price (MSP) that is at least one and a half times the cost of production. **(Hence statement 1 is correct)**

- Progressive MSP Implementation: Since the agricultural year 2018-19, the Government has consistently increased the MSP for all 22 Kharif, Rabi, and other commercial crops. This increase is set with a margin of a minimum of 50 per cent over the all-India weighted average cost of production. **(Hence statement 2 is correct)**
- Focus on Nutritional Requirements: Considering the evolving dietary habits and nutritional needs, the Government has taken steps to achieve self-sufficiency in the production of pulses and oilseeds. This has led to the establishment of relatively higher MSPs for these specific crops. **(Hence statement 3 is correct)**

57.b

**Explanation:****Organic and Natural Farming Benefits:**

- Organic and natural farming offers chemical-free food grains and crops, enhancing soil health and reducing environmental pollution.
- India boasts 44.3 lakh organic farmers, the highest globally. **(Hence statement 1 is correct)**
- Approximately 59.1 lakh hectares were dedicated to organic farming by 2021-22.

**Sikkim's Pioneering Organic Endeavor:**

- **Sikkim** voluntarily embraced organic farming, commencing the process in 2010.
- It became the world's first fully organic state, inspiring similar goals in other regions like Tripura and Uttarakhand. **(Hence statement 2 is incorrect)**

**Government Initiatives to Promote Organic Farming:**

- The Government introduced **two dedicated schemes:**

- Paramparagat Krishi Vikas Yojana (PKVY)
- Mission Organic Value Chain Development for North Eastern Region (MOVCDNER)
- PKVY is implemented in clusters, with a focus on forming Farmer Producer Organisations (FPOs).
- Financial assistance, including incentives for organic inputs, is provided to farmers under PKVY.
- Namami Gange Programme covers a significant land area under organic farming.
- MOVCDNER encourages organic farming of niche crops in the North East Region through FPOs. **(Hence statement 3 is correct)**

#### Natural Farming Promotion:

- Bhartiya Prakratik Krishi Paddhati (BPKP) sub-scheme under PKVY launched in 2019-20.
- BPKP supports adoption of traditional indigenous practices, including Zero-Budget Natural Farming (ZBNF).
- Focus areas include capacity building, training, champion farmer demonstrations, and on-field guidance.
- BPKP has led to 4.09 lakh hectares of land adopting natural farming in eight states.
- Andhra Pradesh, Chhattisgarh, Kerala, Himachal Pradesh, Jharkhand, Odisha, Madhya Pradesh, and Tamil Nadu.

58.b

#### Explanation:

#### Agriculture Infrastructure Fund (AIF):

- The AIF, operational from 2020-21 to 2032-33, supports the establishment of **post-harvest** management infrastructure and community farming assets. **(Hence statement 1 is incorrect)**
- It offers benefits like 3% interest subvention and credit guarantee assistance. **(Hence statement 2 is correct)**
- A provision of ₹1 lakh crore for 2020-21 to 2025-26 has been allocated, with interest subvention and credit guarantee extending until 2032-33.
- The AIF scheme can collaborate with other State or Central Government programs, showcasing potential for significant investments in agriculture. **(Hence statement 3 is correct)**

#### Sanctioned Projects and Funding:

- Since its inception, a total of ₹13,681 crore has been sanctioned for agricultural infrastructure across the country.
- More than 18,133 projects have been covered, encompassing diverse areas such as:
  - 8,076 warehouses
  - 2,788 primary processing units
  - 1,860 custom hiring centers
  - 937 sorting & grading units
  - 696 cold store projects
  - 163 assaying units
  - Approximately 3613 other post-harvest management projects and community farming assets.

59.d

**Explanation:**

**Climate-Smart Farming Practices:**

- Climate-smart farming practices are gradually being embraced, including the adoption of clean energy sources like solar power for irrigation.
- Farmers are motivated to contribute surplus solar-generated electricity to the local grid.
- Initiatives are underway to implement crop yield prediction models employing artificial intelligence and the use of drones for monitoring soil and crop health.
- Smart farming practices promote crop diversification, enabling farmers to reduce their reliance on monsoons for water. **(Hence option d) is more suitable than other)**

**Agritech Start-Ups:**

- India boasts a thriving ecosystem of over 1,000 agritech start-ups.
- These start-ups play a crucial role in assisting farmers in enhancing their farming techniques and practices.

60.c

**Explanation:**

**Allied Sectors: Animal Husbandry, Dairying, and Fisheries Growth:**

- Livestock, forestry & logging, and fishing & aquaculture, collectively referred to as allied sectors, are progressively emerging as sources of robust growth and potential avenues for improved farm incomes.

**Livestock Sector Advancements:**

- From 2014-15 to 2020-21, the livestock sector has exhibited a Compound Annual Growth Rate (CAGR) of 7.9% (at constant prices).
- Its contribution to the total agriculture Gross Value Added (GVA) at constant prices has elevated from 24.3% in 2014-15 to 30.1% in 2020-21. **(Hence statement 1 is correct)**

**Fisheries Sector Growth:**

- Since 2016-17, the fisheries sector has maintained an average annual growth rate of around 7%.
- It holds a share of approximately 6.7% in the total agriculture GVA. **(Hence statement 2 is correct)**

**Implications of Higher Growth in Allied Sectors:**

- The notable growth in allied sectors compared to the crop sector has significant implications, underscoring the increasing significance of the former in the overall agricultural Gross Value Added. **(Hence statement 3 is correct)**

**Committee's Recognition of Allied Sectors:**

- The Committee on Doubling Farmers' Income (DFI, 2018) acknowledges the rising importance of allied sectors.
- Dairying, livestock, poultry, fisheries, and horticulture are recognized as high-growth engines.
- The committee recommends a focused policy framework and a corresponding support system to bolster the growth of the allied sector.

**61.a****Explanation:****Types of Agriculture Subsidies:****Explicit Input Subsidies:**

- Specialized cost subsidies provided to farmers to reduce input costs before production.
- Primarily targeted at small and marginal farmers who struggle to afford quality inputs.

- Aim to enhance productivity by incorporating modern technologies. **(Hence statement 1 is correct)**

**Implicit Input Subsidies:**

- Subsidies that aren't direct payments but rather influence input prices indirectly.
- Example: Lower electricity costs that affect the cost of production inputs.

**Output Subsidies:**

- Domestic market prices maintained at levels higher than they would be due to trade restrictions.

**Classification Based on Payment Method:**

Direct Subsidies: Involve direct transfers or payments to recipients.

Indirect Subsidies: Don't involve direct payments but offer advantages like lower prices, credit, insurance, etc.

**Indirect Subsidies:**

- No direct cash transfers; instead, benefits provided through mechanisms like price reduction, welfare support, affordable credit, etc.
- Often tied to input usage and closely related to the volume of input payments.
- Instances include tax code adjustments and non-cash advantages to enhance competitiveness.
- Represents around 2% of India's GDP.
- Examples of Indirect Subsidies: **(Hence statement 2 is incorrect)**
  - MSP (Minimum Support Price) Subsidy: Setting product prices lower than market rates.
  - Fertilizer Subsidy: Lowering the cost of fertilizers to aid farmers.
  - Credit Subsidy: Offering agricultural loans at reduced interest rates.
  - Irrigation Subsidy: Providing support for affordable irrigation options.

62.c

**Explanation:****Unified Farmer Service Platform (UFSP)**

Unified Farmer Service Platform (UFSP) serves as a unified system with Core Infrastructure, Data, Applications, and Tools, facilitating seamless interoperability among public and private IT systems within the agriculture ecosystem across the country. **(Hence statement 1 is correct)**

**The roles of UFSP include:**

- Central Agency Role: Comparable to UPI in e-Payments, UFSP acts as a central agency within the agricultural ecosystem.
- Registration Facilitation: UFSP enables registration for both Service Providers (public and private) and Farmer Services. **(Hence statement 2 is correct)**
- Enforcement of Service Rules: UFSP enforces essential rules and validations during the service delivery process.
- Standard Repository: It serves as a repository for all relevant standards, APIs (Application Programming Interface), and formats.
- Data Exchange Medium: UFSP facilitates data exchange among various schemes and services, ensuring comprehensive service delivery to farmers. **(Hence statement 3 is correct)**

63.b

**Explanation:****Methods of Irrigation:****Surface Irrigation:**

- Water flows over land surface, varied amounts at different times.
- Techniques: basin, border, furrow, uncontrolled flooding.

**Basin Irrigation:**

- Suited for crops like rice, submerging roots.
- Not ideal for crops intolerant of prolonged wetness.

**Furrow Irrigation:**

- Trenches carry water between rows.
- Suitable for row and tree crops, avoids direct plant contact. **(Hence pair 1 is correctly matched)**

**Border Irrigation:**

- Field divided, strips between ridges flooded.
- Extension of basin irrigation for long fields.

**Uncontrolled Flooding:**

- Water spread without control.
- Suitable for pastures; inexpensive. **(Hence pair 3 is incorrectly matched)**

**Sprinkler Irrigation:**

- Water sprayed, resembling rainfall.
- Ideal for uneven lands, shallow soils; many crops except paddy. **(Hence pair 2 is correctly matched)**

**Well and Tube Well Irrigation:**

- Popular in India, contributed to Green Revolution.
- Types: shallow, deep, tube wells.

**Canal Irrigation:**

- Significant source, especially in northern plains.
- Types: Inundation (rainy season), Perennial (year-round).

**Tank Irrigation:**

- Small bunds store rainwater.
- Important in various Indian regions.

**Drip Irrigation:**

- Efficient, delivers water and nutrients directly.
- Reduces erosion, weeds; high initial cost.

**Surge Irrigation:**

- Pulsed water supply, faster advance rates.

**Ditch Irrigation:**

- Rows of plants in ditches, watered through canals.

**Sub-Irrigation:**

- Water allowed from below, conserves water and nutrients.
- Used in crops with high water tables, conserving resources.

64.a

**Explanation:**

**Micro Irrigation Fund (MIF) for Irrigation:**

**Initiative Approval:**

- Cabinet Committee on Economic Affairs (CCEA) approved an initial corpus of Rs. 5,000 crores for a dedicated MIF under **Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)** in NABARD. **(Hence statement 1 is incorrect)**

**Allocation and Loan Extension:**

- MIF allocation: Rs. 2,000 crores in 2018-19 and Rs. 3,000 crores in 2019-20.
- NABARD extends loans to state governments under MIF.
- Proposed lending rate: 3% lower than NABARD's cost of raising funds.

**Loan Repayment:**

- States repay loans over a total of seven years, including a two-year grace period.
- Estimated financial implication of interest subvention: about Rs. 750 crores.

**Benefits:**

- MIF complements Per Drop More Crop (PDMC) Component of PMKSY effectively.
- Aims to bring around 10 lakh ha of land under irrigation using innovative micro irrigation projects. **(Hence statement 2 is correct)**
- Facilitates states in resource mobilization, additional subsidy implementation, and achieving annual targets.

**Implementation Strategy:**

- States access MIF for integrated irrigation projects, including PPP mode.
- Supports micro irrigation through top-up subsidies.
- Available for Farmers Producers Organizations (FPOs), Cooperatives, State Level Agencies with state guarantee or collateral.
- Funds accessible for innovative cluster-based Community Irrigation Projects.

**Advisory and Steering Committees:**

- Advisory Committee provides policy direction, coordination, and project monitoring.

- Steering Committee examines and approves state projects.

**Coverage:**

- Micro Irrigation Fund (MIF) covers the entire nation.
- Encourages states lagging in micro irrigation adoption to benefit from the fund.
- State-driven community and innovative projects expand micro irrigation coverage. **(Hence statement 3 is correct)**

**65.b****Explanation:****A. Rice Cultivation and Climate in India:**

India holds a vital role in rice cultivation, with substantial areas devoted to it.

**Historical Origins:**

- Indica rice's initial domestication traced to Eastern Himalayan foothills, extending to Southeast Asia.
- Japonica variety domesticated from wild rice in southern China, introduced to India.

**Wild Rice Persistence:**

- Perennial wild rice endures in Assam and Nepal.
- Emerged around 1400 BC in southern India after domestication in northern plains.

**Climate Diversity:**

- Rice thrives under varying altitudes and climates across India.
- Cultivated from 8 to 35°N latitudes, sea level to 3000 meters.

**Climatic Requirements:**

- Rice demands a hot, humid environment.
- Flourishes in high humidity, prolonged sunlight, and consistent water supply.
- Requires 150-300 cm rainfall and deep clayey and loamy soil. **(Hence statement 1 is correct)**
- Temperature Range:
  - Average temperature requirement: 21 to 37°C. **(Hence statement 2 is incorrect)**
  - Maximum temperature tolerance: 40 to 42°C.

**B. Wheat Cultivation and Adaptability in India:**

- Wheat serves as India's primary cereal crop.
- Indian wheat is mostly soft/medium-hard, medium protein, akin to U.S. hard white wheat.
- Central and western India's wheat tends to be hard, with high protein and gluten content.
- India produces 1.0-1.2 million tons of durum wheat, mainly in Madhya Pradesh.
- Market challenges prevent separate marketing of Indian durum wheat.

**Evolution of Wheat Scenario:**

- In 1961, the Government initiated assessment to enhance crop productivity.
- Due to governmental efforts and the 'Green Revolution,' India shifted from importing to self-dependence in wheat production.

**Adaptability and Climate:**

- Wheat thrives across tropical, sub-tropical, temperate, and cold regions, including far north (beyond 60-degree latitude).
- Withstands severe cold and snow, resumes growth in spring.
- Suited for sea level up to 3300 meters.
- Flourishes in cool, moist growth period and dry, warm ripening weather.
- Temperature and Germination:
  - Optimal germination temperature: 20-25°C.
  - Rain after sowing hampers germination, encourages seedling blight.
  - Unsuitable for warm, damp climates.

**Challenges and Seasonality:**

- Excessive high/low temperatures, drought during heading and flowering stages are detrimental.
- Cloudy, humid conditions encourage rust attack.
- Primarily a rabi (winter) season crop in India. **(Hence statement 3 is correct)**

66.a

**Explanation:**

**Various cropping systems are practiced in India:**

- **Monocropping:** Planting only one crop season after season in a field, which can negatively impact soil health. **(Hence statement 1 is correct)**
- **Crop Rotation:** Altering the types of crops grown in the field each season or year, enhancing soil structure, fertility, and aiding in weed, pest, and disease management. **(Hence statement 2 is incorrect)**
- **Sequential Cropping:** Cultivating two crops successively in the same field within a single year.
- **Intercropping:** Simultaneously growing two or more crops in the same field.
- **Mixed Intercropping:** Planting the main crop in rows and interspersing intercrop seeds, like cover crops, between them. **(Hence statement 3 is correct)**
- **Row Intercropping:** Planting both the main crop and intercrop in separate rows, facilitating easier weeding and harvesting compared to mixed intercropping.
- **Strip Cropping:** Sowing wide strips of multiple crops across the field.

67.c

**Explanation:**

**Pulses Stock Monitoring by Indian Government:**

- In response to concerns about potential yield reduction due to heavy rain and hailstorms in late March and early April, the Indian government has initiated the monitoring of pulse stock levels within the country.
- **India's Pulse Production:** India holds the title of the world's largest pulse producer, contributing to 25% of global production. **(Hence statement 1 is correct)**
- The pulse production for the year 2021-22 totaled 27.3 million tonnes, and this year's target was set at 29.55 million tonnes.
- **Pulse Consumption:** India stands as the largest consumer of pulses, accounting for 27% of global consumption.
- **Pulse Imports:** Additionally, India is the largest importer of pulses, covering 14% of the global pulse trade. **(Hence statement 3 is correct)**
- **Major Pulse Crops:** The significant pulse crops grown in India include Gram (41% share), Tur (16% share), Urad, and Moong.
- **Top Producing States:** Rajasthan, Madhya Pradesh, Maharashtra, Uttar Pradesh, and Karnataka are the leading states for pulse cultivation in India.

- Geographical Conditions: These crops flourish in regions with temperatures ranging from 20-27°C and rainfall between approximately 25-60 cm. The ideal soil type is sandy-loamy.
- Cropping Pattern: Pulse crops are often cultivated in rotation with other crops to maintain soil health and productivity. **(Hence statement 2 is correct)**
- State Procurement of Pulses for Mid-day Meals: The Indian government has advised states to acquire pulses for mid-day meals under the PM-POSHAN program from NAFED.
- Reason Behind the Direction: The directive stems from the government's practice of maintaining buffer stocks of pulses through NAFED.
- The government seeks states to source from NAFED to benefit from economies of scale and obtain subsidized rates for student meals.
- Government Initiatives: India has implemented the National Food Security Mission for Pulses, Pulses Development Scheme, and Technological Mission on Pulses to support pulse cultivation and enhance production.

68.c

**Explanation:**

**Revised Domestic Natural Gas Pricing Guidelines:**

- The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi, has sanctioned updated domestic natural gas pricing guidelines.
- These guidelines apply to gas produced from nomination fields of ONGC/OIL, NELP blocks, and pre-NELP blocks, with PSC stipulating Government's price approval.
- The pricing formula is set at 10% of the monthly average of the Indian Crude Basket, subject to monthly notification.
- ONGC & OIL-produced gas from nomination blocks will have an Administered Price Mechanism (APM) with a floor and ceiling. New wells or interventions will receive a 20% premium over APM price.
- A detailed notification will be issued separately.

**Objectives of the New Guidelines:**

- The guidelines aim to ensure stable pricing for domestic gas consumers and provide producer protection from **market fluctuations while incentivizing production enhancement**.
- The government targets raising the share of natural gas in India's primary energy mix from 6.5% to 15% by 2030.

- The reforms aim to boost natural gas consumption, contribute to emission reduction targets, and move towards net-zero emissions. **(Hence statement 1 is correct)**

**Consumer Protection and Price Reduction:**

- These reforms continue the government's initiatives to shield consumers from international gas price hikes.
- The allocation of domestic gas to the City Gas Distribution sector is increased significantly.
- This will lead to reduced prices of Piped Natural Gas (PNG) for households and Compressed Natural Gas (CNG) for transport. **(Hence statement 2 is correct)**
- Lower prices will alleviate the fertilizer subsidy burden and support the domestic power sector.

**Incentives for Investment and Increased Production:**

- By introducing floor prices and premium for new wells, the reforms encourage ONGC and OIL to make long-term investments in the upstream sector.
- This will enhance natural gas production, thereby decreasing dependence on fossil fuel imports.

**Changes from Previous Guidelines:**

- Previous pricing guidelines relied on four gas trading hubs with significant time lag and volatility.
- The revised guidelines link prices to crude oil, aligning with industry practices and global liquidity.
- The Indian Crude Basket price from the previous month will determine APM gas prices.

**69.b****Explanation:****PM-KUSUM Scheme Deadline Extension:**

- The Ministry of New and Renewable Energy (MNRE) has extended the deadline to achieve 30,000 MW solar power capacity in rural India under PM-KUSUM to March 2026. **(Hence statement 1 is correct)**
- PM-KUSUM was initiated by MNRE in 2019.
- Aims to install off-grid solar pumps in rural areas and reduce reliance on the grid in connected areas.

**Components of PM-KUSUM:**

- Establishment of 10,000 MW decentralized ground-mounted grid-connected renewable power plants.
- Installation of 20 lakh solar-powered agriculture pumps.
- Conversion of 15 lakh grid-connected agriculture pumps into solar pumps.

**Objectives of PM-KUSUM:**

- Enable farmers to set up solar power capacity on their land and sell it to the grid.
- Enhance farmers' income by allowing them to sell surplus solar power. **(Hence statement 2 is correct)**
- **The scheme never talked about urban areas (Hence statement 3 is incorrect)**

**Significance of the Scheme:**

- Augments farmers' income by selling excess solar energy, increasing rural electrification.
- Aids in curbing climate impact by promoting efficient groundwater use and transitioning from diesel.
- Potential reduction of up to 32 million tonnes of CO<sub>2</sub> emissions per year.
- Creates employment opportunities in solar project installation, maintenance, and operation.
- Empowers rural communities with energy autonomy and control.

**Challenges Associated:**

- Financial and logistical challenges due to high project costs and limited financing.
- Depletion of water tables due to subsidized electricity, affecting water resources.
- Regulatory barriers for grid integration and technical stability concerns.

**Future Directions:**

- Success relies on consensus between the Centre, States, and stakeholders.
- Encouragement for farmers to adopt drip irrigation to conserve water and energy.
- Scheme attractiveness through competitive benchmark pricing and addressing implementation challenges.

70.c

**Explanation:****National Infrastructure Pipeline (NIP):**

- The NIP was introduced to enhance project readiness and attract investments in both economic and social infrastructure, crucial for achieving the goal of becoming a \$5 trillion economy by FY 2025. **(Hence statement 1 is correct)**
- It encompasses various sectors to stimulate employment, income generation, and overall economic competitiveness.

**Importance of NIP:**

- \$5 Trillion Target: NIP aids in achieving the \$5 trillion GDP target by necessitating around \$1.4 trillion (Rs. 100 lakh crore) investment in infrastructure.
- Inclusive Growth: Equitable availability of robust infrastructure is vital for sustainable and inclusive broad-based growth.
- Addressing Poor Infrastructure: Shortcomings in diverse sectors have hindered the nation's growth potential.
- Boosting Investor Confidence: NIP improves investor confidence through meticulous project preparation, active monitoring, reduced stress exposure, and lowered NPAs.

**Objectives of NIP:**

- Societal Inclusivity: NIP fosters businesses, employment, improved living standards, and equal access to infrastructure, promoting societal inclusivity.
- Economic Activity and Fiscal Space: It drives economic activity, expands fiscal capacity by enhancing government revenue, and optimizes spending on productive areas.
- Planned Development: NIP ensures project planning, **reduced aggressive bidding**, and elevated access to finance via investor trust. **(Hence statement 2 is incorrect)**

**Significance of NIP:**

- Economic Growth: NIP is vital to expedite the \$4.5 trillion infrastructure spending needed by 2030 to sustain current growth.
- Employment and Inclusive Growth: Well-structured NIP spawns projects, businesses, jobs, better living conditions, and equitable infrastructure access. **(Hence statement 3 is correct)**
- Fiscal Efficiency: Developed infrastructure boosts economic activity, enlarges the government's tax base, and focuses spending on productive domains. **(Hence statement 4 is correct)**

- Enhanced Projects: NIP ensures effective project planning, decreased bidding intensity, minimized project failures, and greater capital access through heightened investor confidence.
- Agriculture and Rural Development: It enhances agricultural and rural infrastructure, including irrigation and rural projects.
- Connectivity: NIP improves rural and national connectivity through road and railway investments.

**Limitations of NIP:**

- Banking Strain: NIP could strain the recovering banking sector, potentially worsening NPA problems.
- Complex Implementation: NIP's extensive scale demands intricate implementation and requires coordination across government levels.
- Land Acquisition Challenges: Land procurement poses difficulties for infrastructure projects' completion.
- Displacement and Rehabilitation: NIP's magnitude necessitates tackling the challenges of displacement and rehabilitation of affected communities.

**71.b****Explanation:****Logistics Performance Index (LPI):**

- The index by the **World Bank** to assist countries in recognizing trade logistics challenges and opportunities for enhancement. **(Hence statement 1 is incorrect)**
- Helps countries improve their trade logistics performance.
- 139 countries ranked in the 2023 LPI edition.
- 2023 LPI focused only on international aspects, unlike earlier editions that included domestic surveys.
- Singapore was the best ranked country on the LPI 2023
- India's LPI ranking improved by 6 places to **38th** in 2023 compared to 2018. **(Hence statement 2 is correct)**

**Reasons for India's Improvement:**

- Government investment in trade-related infrastructure linking ports to economic centers.

- Enhancement of port productivity via private sector involvement and electronic port systems.
- Implementation of tracking solutions - radio frequency identification tags for containers.
- Cargo tracking reducing dwell-time at Visakhapatnam port from 32.4 to 5.3 days.
- Average container dwell time in India decreased to 2.6 days.
- Substantial reduction in dwell time at Indian ports, reaching about three days.
- Impressive port operational efficiency with an average turnaround time (TRT) of only 0.9 days.
- Result of investments in port and shipping infrastructure, technological advancements, and public-private partnerships.
- Capacity at major ports increased from 871 MMT in 2015 to 1,617 MMT in 2023.
- Total Indian port capacity increased from 1,560 MMT in 2015 to over 2,600 MMT.
- Nearly 150% rise in operationalization value of PPP projects at major ports from Rs 16,000 crore in 2015 to over Rs 40,000 crore in 2022-23. **(Hence statement 3 is correct)**

72.c

**Explanation:**

**Jal Marg Vikas Project (JMVP):**

The Jal Marg Vikas Project (JMVP) was introduced during the July 2014 Budget Speech by the Indian Finance Minister. It is being executed by the Inland Waterways Authority of India (IWAI) under the Ministry of Shipping, Government of India, and is receiving financial backing from the World Bank. The project is projected to reach completion by the year 2023. **(Hence statement 1 is correct)**

**What is JMVP?**

- JMVP focuses on developing National Waterways in India for national integration and reducing road and rail congestion, carbon footprint, and resource depletion.
- IWAI, a statutory body under the Ministry of Shipping, is responsible for project development and regulation.
- Encompasses Uttar Pradesh, Bihar, Jharkhand, and West Bengal.

**Main Objectives:**

- Develop a navigable fairway between Varanasi and Haldia, covering 1380 km with a 3-meter depth.

- Estimated project cost: Rs. 5369 crores, targeted for completion in six years.

**Project Goals:**

- Introduce an environmentally friendly and cost-effective mode of transport. **(Hence statement 2 is correct)**
- Lower logistics costs within the country.
- Establish multi-modal and inter-modal terminals, ferry services, navigation aids, and Roll on - Roll off (Ro-Ro) facilities.
- Contribute to socio-economic development and generate employment.

**Initiatives Undertaken:**

- Multi-modal terminal construction at Varanasi (estimated cost: Rs. 169.59 crore).
- Multi-modal terminal construction at Haldia, West Bengal (cost: Rs. 517.36 crore).
- Construction of a multi-modal terminal at Sahibganj (awarded cost: Rs. 280.90 crore, awarded in October 2016).
- New navigation lock construction at Farakka Barrage (estimated cost: Rs. 359.19 crore).
- Development of a navigable fairway between Varanasi and Haldia (1380 km, 3-meter depth).
- Development of Kolkata and Patna terminals under Public-Private-Partnership (PPP) mode by IWAI.
- Designing vessels for navigation on NW-1 through a contract signed in August 2016.
- Establishment of River Information Services (RIS) on National Waterway-1.

73.c

**Explanation:**

- Greenfield Airport: A greenfield airport refers to an airport that is built from scratch on undeveloped land, often away from existing urban areas. This type of airport is designed to meet modern standards and accommodate future growth. **(Hence pair 1 is correctly matched)**
- Brownfield Airport: A brownfield airport refers to an existing airport that undergoes significant renovations, expansions, or upgrades. This term is used to indicate that the airport is being developed further without starting from scratch. **(Hence pair 2 is correctly matched)**
- Reliever Airport: Reliever airports are smaller airports located near major airports, designed to help reduce congestion and provide additional capacity for general aviation and smaller aircraft.

- Joint-Use Airport: A joint-use airport is one that serves both civilian and military operations. The infrastructure and facilities are shared by both civilian and military aircraft. **(Hence pair 3 is correctly matched)**
- Satellite Airport: A satellite airport is a smaller airport that serves as an additional facility for a larger airport. It helps alleviate congestion and provides more convenient options for travelers.
- Non-Towered Airport: Non-towered airports do not have an air traffic control tower. Pilots communicate with each other using radio frequencies to coordinate takeoffs, landings, and other activities.
- Seaplane Base: A seaplane base is an airport located on water bodies, designed to cater to seaplane operations. Seaplanes can take off and land on both water and runways.
- Spaceport: A spaceport is a facility designed for launching and receiving spacecraft. It includes launch pads, control centers, and other infrastructure for space travel.

74.d

**Explanation:**

**Kavach initiative**

The "Kavach" initiative is a significant railway safety program introduced by Indian Railways to enhance safety measures and prevent accidents on the rail network. The initiative focuses on leveraging technology and modern methods to bolster safety standards and minimize risks associated with train operations. "Kavach" translates to "shield" in English, symbolizing the project's aim to act as a protective shield against potential mishaps and accidents.

**Key aspects of the Kavach initiative include:**

- Advanced Safety Technologies: The initiative incorporates cutting-edge technologies such as trackside sensors, CCTV cameras, advanced signaling systems, and real-time monitoring to detect potential hazards and ensure swift response in case of emergencies.
- **Enhanced Infrastructure:** "Kavach" involves the strengthening of railway tracks, bridges, and other critical infrastructure to ensure their robustness and durability, reducing the likelihood of accidents due to structural failures. **(Hence 3 is incorrect)**
- Automated Warning Systems: The initiative integrates automated warning systems at level crossings, which use lights, alarms, and barriers to alert road users about approaching trains, thereby minimizing accidents at these crossings.

- Safety Training and Awareness: "Kavach" emphasizes safety training for railway personnel and passengers, creating awareness about safe practices, emergency protocols, and the importance of adhering to safety guidelines.
- Targeted Upgrades: The program identifies accident-prone areas and strategically upgrades them with appropriate safety measures to mitigate risks.
- **Collaboration:** The "Kavach" initiative involves collaborations with technical experts, research institutions, and relevant stakeholders to develop and implement effective safety strategies. **(Hence 1 is correct)**
- **Data-Driven Approaches:** The initiative utilizes data analytics to identify patterns and potential risk factors, enabling proactive interventions and focused safety improvements. **(Hence 2 is correct)**
- **Continuous Monitoring:** Ongoing monitoring and evaluation of safety measures are integral to the initiative, ensuring that the implemented strategies remain effective and responsive to changing circumstances. **(Hence 4 is correct)**

75.a

**Explanation:**

**ICRA's Report on Indian Aviation Industry:**

- Domestic Air Passenger Traffic: In May 2023, the domestic air passenger traffic in India reached around 131.8 lakh, showing a marginal increase of approximately 2.3% compared to April 2023's 128.9 lakh. Furthermore, there was a year-on-year growth of around 15% compared to May 2022. Notably, the passenger traffic in May 2023 was about 8% higher than the pre-Covid levels of May 2019.
- Airlines' Capacity Deployment: During May 2023, the airlines deployed approximately 1.4% more capacity than May 2022, successfully reaching the pre-Covid levels witnessed in May 2019.
- Passenger Load Factor (PLF): The domestic aviation industry operated at an estimated passenger load factor of around 94% in May 2023. This marks a significant improvement from approximately 83% in May 2022 and around 90% in May 2019 (pre-Covid levels).
- Challenges Faced by the Industry: Despite the positive trends, the domestic aviation sector continues to face challenges due to high Aviation Turbine Fuel (ATF) prices and INR depreciation against the US\$. These factors significantly affect the airlines' cost structure. While

ATF prices experienced a sequential decline in the past five months, they remain elevated when compared to the pre-Covid era.

- **Efforts for Profitability:** Airlines are working to manage profitability margins by adjusting fare hikes to match input cost increases. The supply-chain challenges, including spare parts availability and engine issues, have led to the grounding of certain aircraft, impacting the airlines' overall capacities and cash flow generation.
- **Outlook and Recovery:** ICRA's outlook on the Indian aviation industry has improved from **Negative to Stable due to the rapid recovery in domestic passenger traffic**. This trend is expected to continue in FY2024. Improved pricing power, better yields, and the revenue per available seat kilometer - cost per available seat kilometer (RASK-CASK) spread have contributed to this positive outlook. **(Hence option a) is correct)**

76.c

**Explanation:**

**Infrastructure Development in Budget 2023-24:**

- **Diverse Facets of Infrastructure:** Infrastructure is recognized globally as a pivotal growth catalyst, conventionally involving physical assets like roads, ports, and power lines. However, India's growth trajectory has embraced social and digital infrastructure alongside physical development.
- **Budget's Three-Dimensional Emphasis:** Budget 2023 accentuates three infrastructure dimensions—physical, social, and digital—to stimulate inclusive growth. Strategic investments in these domains accelerate connectivity, job creation, private investments, and resilience against global economic challenges.
- **Previous Focus and Future Vision:** Budget 2022-23 prioritized economic revival through infrastructure investments. The forthcoming budget continues this emphasis, aligning with India's ambition to achieve a USD 5 trillion economy by 2025.
- **Proposed Budget Allocation in 2023-24:**
  - **Capital Expenditure Trend:** India's capital expenditure as a percentage of GDP escalated from 1.7% in 2014 to nearly 2.9% in 2022-23.
  - **Infrastructure Allocation:** A substantial allocation of Rs 10 lakh crore (3.3% of GDP) is designated for infrastructure development in the 2023-24 budget—a threefold increase from 2019. **(Hence statement 1 is correct)**
- **Largest Sector Allocations:**

- Ministry of Railways: Record-high allocation of Rs 2.4 lakh crore, around nine times the 2013-14 allocation. **(Hence statement 2 is correct)**
- Ministry of Road Transport and Highways: Budget augmented by 36%, reaching about Rs 2.7 lakh crore.
- Boost for States: The Centre supplements its direct capital investment with a year-long extension of a 50-year interest-free loan to state governments. This strategy encourages infrastructure spending and complementary policy actions, with a significantly augmented outlay of Rs 1.3 lakh crore. The outcome is decentralized urban and peri-urban infrastructure development across regions.
- PM Awas Yojana: A 66% surge in allocations for the PM Awas Yojana will not only provide housing for rural workers but also stimulate job creation.

77.a

**Explanation:**

**Emergency Credit Line Guarantee Scheme (ECLGS):**

The Emergency Credit Line Guarantee Scheme (ECLGS) is a pivotal component of the Atma Nirbhar Bharat package introduced to support Micro, Small, and Medium Enterprises (MSMEs) during the COVID-19 pandemic. This scheme, designed to stimulate economic recovery, emphasizes the development of physical, social, and digital infrastructure. Launched in May 2020, ECLGS has evolved and expanded over time, with the introduction of ECLGS 4.0 in May 2021. This latest version targets the healthcare sector by providing support for on-site oxygen generation plants and offers loans at a capped interest rate of 7.5%. The scheme's evolution reflects a strategic effort to address the evolving challenges posed by the pandemic and to foster inclusive growth.

**Key Features of ECLGS**

- Additional funding of up to Rs. 3 lakh crores for MSMEs and MUDRA borrowers. **(Hence statement 1 is correct)**
- Part of AtmaNirbhar Bharat Abhiyan.
- Guaranteed Emergency Credit Line (GECL) facility extended.
- Applicable for loans from announcement to October 31, 2020 (later extended).
- Guarantees issued up to Rs. 3 lakh crore or September 3, 2021.
- Disbursement permitted up to December 31, 2021.

**Objectives of ECLGS**

- Provide 100% guarantee coverage to lending institutions. **(Hence statement 2 is correct)**
- Increase access to funding for MSMEs and MUDRA borrowers.
- Mitigate economic distress, offer low-cost credit.
- Restart manufacturing and boost operational liabilities.

#### Eligibility Criteria

- Turnover up to Rs. 250 crore (FY 2019-20), outstanding loans up to Rs. 50 crore (Feb 29, 2020). **(Hence statement 3 is incorrect)**
- GECL credit up to 20% of outstanding credit (Feb 29, 2020).
- Maximum loan amount: Rs. 5 crores.

#### Tenor & Interest Rates

- Initial 4-year loan tenure, 1-year moratorium.
- Interest rates capped: 9.25% for banks, 14% for NBFCs.
- NCGTC doesn't charge Guarantee Fee.

#### Expansion: ECLGS 4.0

- May 2021: Introduced ECLGS 4.0.
- 100% guarantee cover to healthcare sector for loans up to Rs. 2 crores, interest at 7.5%.
- Eligible borrowers get a 5-year tenure.
- Additional assistance under ECLGS 1.0 to eligible borrowers.
- Rs. 500 crore loan ceiling under ECLGS 3.0 discontinued.
- Max additional assistance limited to 40% or Rs. 200 crores.

#### About National Credit Guarantee Trustee Company Limited

- Established in 2014 under Companies Act, 1956.
- Wholly-owned by Government of India.
- Role: Design credit guarantee programs, share lending risk, facilitate financial access.

78.c

#### Explanation:

#### Human Development Index

- Importance of Human Development: Human development is crucial for social advancement. Challenges like the Covid-19 pandemic's impact and the Russia-Ukraine conflict have affected global development trends.
- Global Decline in Human Development: In response to pandemic and conflict effects, the global Human Development Index (HDI) declined. UNDP reported that around 90% of nations saw reduced HDI values in 2020 or 2021, marking a 32-year stall in global human development. **(Hence statement 1 is correct)**
- India's HDI Ranking: India ranked 132 out of 191 countries in the 2021/2022 HDI report. Its HDI value of 0.633 in 2021 places it in the medium human development category, down from 0.645 in 2019. However, India's HDI surpasses South Asia's average and has shown a consistent upward trend since 1990 due to investments in social infrastructure, healthcare, and education. **(Hence statement 2 is correct)**
- Gender Inequality in India: India's Gender Inequality Index (GII) was 0.490 in 2021, ranking 122nd globally. This score is better than South Asia's GII (0.508) and close to the world average (0.465). These figures reflect the government's efforts in promoting inclusive growth, social protection, and gender-responsive development policies.

Table VI.2: India's position and trends in the Global HDI 2021

	HDI 2021		HDI Rank 2020	Life expectancy at birth (years)	Expected years of schooling (years)	Mean years of schooling (years)	Gross national income per capita (2017 PPP \$)
	Rank	Value					
Switzerland	1	0.962	3	84.0	16.5	13.9	66,933
Norway	2	0.961	1	83.2	18.2	13.0	64,660
United Kingdom	18	0.929	17	80.7	17.3	13.4	45,225
Japan	19	0.925	19	84.8	15.2	13.4	42,274
United States	21	0.921	21	77.2	16.3	13.7	64,765
China	79	0.768	82	78.2	14.2	7.6	17,504
Brazil	87	0.754	86	72.8	15.6	8.1	14,370
South Africa	109	0.713	102	62.3	13.6	11.4	12,948
Indonesia	114	0.705	116	67.6	13.7	8.6	11,466
<b>India</b>	<b>132</b>	<b>0.633</b>	<b>130</b>	<b>67.2</b>	<b>11.9</b>	<b>6.7</b>	<b>6,590</b>
<b>South Asian region</b>		0.632		67.9	11.6	6.7	6,481
<b>World average</b>		0.732		71.4	12.8	8.6	16,752

Source: 2021/2022 Human Development Report, UNDP

79.a

**Explanation:****e-Shram Portal and Dignity of Labor:**

- The Government's focus on enhancing the dignity of labor involves safeguarding workers' interests and promoting welfare in **both organized and unorganized sectors. (Hence statement 1 is incorrect)**
- The Ministry of Labour and Employment (MoLE) has initiated the eShram portal, a platform to create a comprehensive National database of unorganized workers.
- This database is verified through Aadhaar and collects crucial details such as name, occupation, address, educational background, skills, etc.
- The portal's aim is to improve employability and extend social security scheme benefits to unorganized workers, including migrants, gig workers, and more.

#### Significance and Scope of e-Shram Portal:

- The e-Shram portal marks the first-ever national database for unorganized workers, spanning various categories such as migrant laborers, construction workers, gig workers, etc. **(Hence statement 2 is correct)**
- The portal's integration with NCS and ASEEM portals streamlines service provision and support.

#### Registration and Demographics:

- By December 31, 2022, the e-Shram portal had successfully registered over 28.5 crore unorganized workers.
- Female registrations constituted 52.8% of the total, and the age group of 18-40 years made up 61.7% of registrations.
- The state-wise distribution showed Uttar Pradesh (29.1%), Bihar (10.0%), and West Bengal (9.0%) accounting for nearly half of all registrations.

#### Sector-wise Distribution:

- The majority of registrations came from the **agricultural sector**, comprising 52.4% of the total. **(Hence statement 3 is incorrect)**
- Domestic and household workers contributed 9.8% of registrations, while construction workers constituted 9.1%.

80.d

#### Explanation:

#### National Career Service (NCS) Project:

- Launched in July 2015, NCS is an integrated platform offering diverse employment and career-related services.
- Aims to bridge the gap between job seekers and employers, and provide training and career guidance. **(Hence option d) is correct)**
- NCS facilitates job fairs through an online module, engaging model career centers, nodal officers, job seekers, and employers.

**Registrations and Activity Statistics:**

- As of January 5, 2023, NCS has seen registrations of 2.8 crore jobseekers and 6.8 lakh employers.
- Mobilized 2.5 lakh active vacancies and 1.2 crore total vacancies.
- Organized over 9,100 job fairs within the project's framework.

**Partnerships and Training Initiatives:**

- NCS partnered with the private sector under the DigiSaksham program to offer free online/offline "Career Skills" training.
- The training equips jobseekers with soft skills, digital skills, and advanced computing areas.

**Collaborations and Integrations:**

- Collaborates with the Ministry of Education, AICTE, and All India Survey of Higher Education to reach students.
- Integrates with EPFO and ESIC for employer-candidate connections.
- Linked with DigiLocker for document upload and faster hiring.

**Ecosystem Expansion and Integrations:**

- Linked with e-Shram, Udyam, and Skill India portal, enhancing job search and matching.
- E-Shram integration led to over 10 lakh registrations and 1.2 lakh candidates shortlisted for jobs.
- Skill India portal integration added 46 lakh skilled candidates.

**International Job Opportunities:**

- Introduced an 'International Job' module in March 2022, enabling employers registered with the Ministry of External Affairs to post international job opportunities.
- Over 400 recruiting agents registered, posting more than 1400 international vacancies.

81.d

**Explanation:****Ayushman Bharat Pradhan Mantri – Jan Arogya Yojana (AB PM-JAY):**

- AB PM-JAY is the world's largest health insurance scheme designed to reduce the out-of-pocket expenses (OOPE) of target beneficiaries related to healthcare costs.
- The scheme offers a health cover of ₹5 lakh per **family per year** for secondary and tertiary care hospitalization. **(Hence statement 1 is incorrect)**
- Over 10.7 crore poor and vulnerable families (approximately 50 crore beneficiaries) are covered, identified from the bottom 40% of the Indian population based on criteria like deprivation and occupation from the Socio-Economic Caste Census 2011 (SECC 2011) and State schemes.
- As of January 4, 2023, about 21.9 crore beneficiaries have been verified under the scheme, including 3 crores through State IT systems.
- Around 4.3 crore hospital admissions, totaling ₹50,409 crore, have been authorized through a network of over 26,055 hospitals.

**The following categories of families are eligible for the benefits of this scheme:**

- Families living in one-room and kitchen homes.
- Families with no adult members aged between 16 and 59.
- Families in which female members lead the household with no adult male between 16 and 59.
- Families with no capable adult members to take care of disabled members.
- Families belong to SC/ST sections.
- Landless families obtain a significant portion of their livelihood from manual labour.
- Families in rural areas with shelter-less houses are deprived, live on charities, do manual hunting, primitive tribes, and legally liberated forced labour.
- Families in urban areas involved in the following occupations are eligible for this scheme: **(Hence statement 2 is incorrect)** (Household work, ragpicking, and begging, street vending, hawking, shoe making, or providing any other street services. Plumbers, labourers, masons, and construction workers, Security guards, welding workers are also eligible. Head load workers like Coolies, and sanitation workers. Artists, tailors, painters, and other craft workers. Transport workers like drivers, conductors, and rickshaw pullers. Shop workers such as waiters, delivery assistants, and helpers. Mechanics, Washermen, Electricians, and other repair workers.)

**Ayushman Bharat – Health and Wellness Centres (AB-HWCs):**

- The scheme envisions establishing 1.5 lakh AB-HWCs by upgrading SHCs and PHCs in rural and urban areas for comprehensive primary healthcare near communities.

- AB-HWCs offer Comprehensive Primary Health Care, including services for Reproductive & Child Health, Communicable and Non-Communicable Diseases.

**Statistics as of December 31, 2022:**

- The first HWC was inaugurated on April 14, 2018, in Chhattisgarh's Bijapur District.
- 1,54,070 HWCs are operational across the nation.
- Over 135 crore cumulative footfall.
- More than 87.0 crore cumulative screenings for Non-Communicable Diseases.
- More than 1.6 crore Wellness Sessions, including Yoga.
- Over 9.3 crore tele-consultations provided through the e-Sanjeevani teleconsultation platform via functional HWCs.

**Ayushman Bharat Digital Mission (ABDM):**

- ABDM aims to establish a secure online platform based on open, interoperable digital standards.
- This platform facilitates access and exchange of citizens' health records with their consent, including Health ID, Healthcare Professionals Registry, Health Facility Registry, and Health Records.
- It encourages the adoption of digital technologies in healthcare to enhance accessibility and affordability.

**Achievements as of January 10, 2023:**

- Ayushman Bharat health accounts (previously Health ID) created: 31,11,96,965.
- Verified facilities on health facility registry: 1,92,706.
- Verified healthcare professionals on healthcare professional registry: 1,23,442.
- Linked health records: 7,52,01,236.

82.d

**Explanation:**

**Pradhan Mantri Mudra Yojana (PMMY):**

- Launched in April 2015 to provide loans up to ₹10 lakh for income-generating activities in manufacturing, trading, services, and allied sectors. **(Hence statement 1 is correct)**
- Encompasses activities related to agriculture, such as poultry, dairy, beekeeping, etc.

- Both term loans and working capital needs are catered to under PMMY.
- Loans are disbursed by Member Lending Institutions (MLIs) including Banks, Non-Banking Financial Companies (NBFCs), and Micro Finance Institutions (MFIs).

**Key Features of PMMY:**

- Three products: 'Shishu' (loans up to ₹50,000), 'Kishore' (loans above ₹50,000 and up to ₹5 lakh), and 'Tarun' (loans above ₹5 lakh and up to ₹10 lakh) cater to different stages of growth and funding needs.
- No requirement for collateral during loan approval. **(Hence statement 2 is correct)**
- Interest rate determined by lending institution; interest charged only on overnight held money. **(Hence statement 3 is correct)**
- A Credit Guarantee Fund for Micro Units (CGFMU) guarantees loans to eligible micro units under PMMY by MLIs and overdrafts under Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts.
- Loans sanctioned to Self-Help Groups (SHGs) between ₹10 lakh to ₹20 lakh eligible for CGFMU coverage from FY21.

**Current Status:**

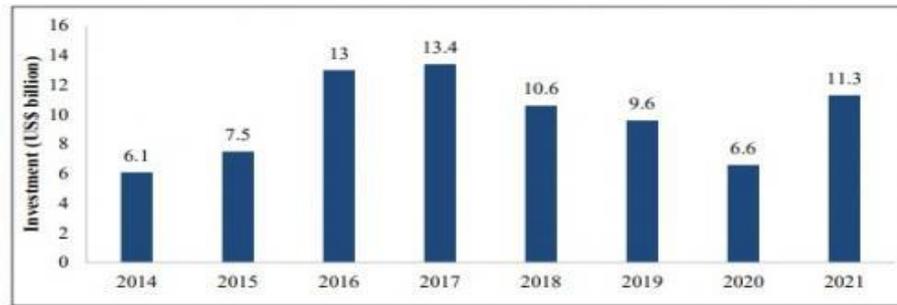
- Over 38.4 crore loans worth ₹21.5 lakh crore sanctioned since scheme inception.
- More than 8.2 crore loans totaling ₹6.8 lakh crore extended to new entrepreneurs/accounts, constituting around 21% of the total loans.
- Approximately 68% of the loans granted to women entrepreneurs. **(Hence statement 4 is correct)**

83.b

**Explanation:****Renewables 2022 Global Status Report**

- India is progressively emerging as a preferred destination for investments in renewable energy.
- Investment Data from Renewables 2022 Global Status Report:
- The period between 2014 and 2021 saw a total investment of US\$ 78.1 billion in renewables within India.
- Investment in renewable energy has consistently reached or exceeded US\$ 10 billion annually starting from 2016.

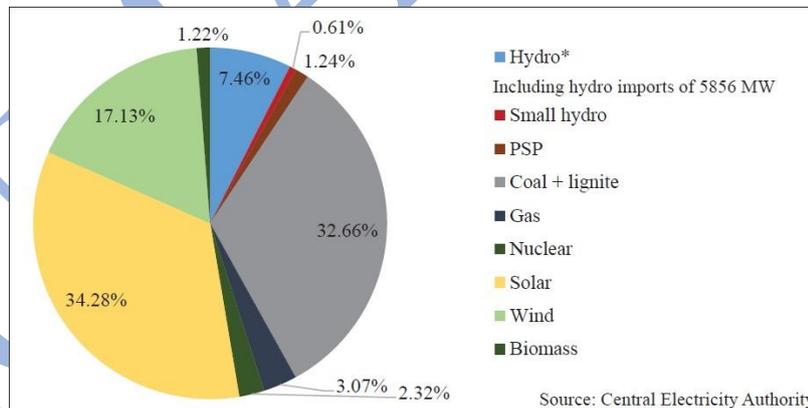
- There was a dip in investment during 2020, likely attributed to Covid-19 restrictions.
- However, Investment has decreased from 2018 to 2020 (**Hence statement 1 is incorrect**)



Source: REN 21. Renewables 2022 Global Status Report

### Central Electricity Authority (CEA) Projection:

- The CEA has outlined the ideal generation capacity mix to fulfill the electricity demands and energy needs for 2029-30.
- This projection considers enhanced efficiency and aims to minimize overall system expenses within technical and financial limitations.
- Estimated Installed Capacity by 2029-30:
  - The anticipated installed capacity by the end of 2029-30 is projected to exceed 800 GW.
  - Within this capacity, non-fossil fuel sources are expected to contribute more than 500 GW. (**Hence statement 2 is correct**)



84.c

### Explanation:

### Financial Inclusion:

- Definition: Financial inclusion aims to provide **accessible and affordable** financial products and services to individuals and businesses, regardless of their wealth or size. It seeks to remove barriers preventing participation in the financial sector for improved livelihoods. Also known as inclusive finance. (**Hence statement 1 is correct**)

- Objective: Extend financial services to a broader global population at reasonable costs.
- Scope: Encompasses various dimensions, including geographical regions, gender-specific consumers, specific age groups, and marginalized communities.
- Benefits: Promotes innovation, economic growth, and consumer knowledge.
- Enhances overall **quality of life by facilitating day-to-day living**, financial planning, risk management, and investments. **(Hence statement 2 is correct)**
- Fintech Advancements: Technological innovations, such as digital transactions, contribute to easier achievement of financial inclusion.
- Barriers Overcome: Various forces are addressing historical barriers to financial inclusion, providing previously inaccessible financial services to a wider audience.
- Financial Industry Role: The financial industry develops new methods to offer products and services globally, often generating profits. Fintech solutions play a crucial role in improving accessibility to financial services.
- **Inclusivity Dimensions:** Financial inclusion considers factors such as age, gender, race, geography, disability, and socioeconomic status. **(Hence statement 3 is correct)**
- Areas of Focus: Financial inclusion encompasses multiple concepts, including: Financial, economic, and entrepreneurial aspects.

85.a

**Explanation:**

**JAM Trinity:**

**Introduction:**

- JAM denotes Jan Dhan Yojana, Aadhaar, and Mobile number.
- Aim: Implement significant reform - direct subsidy transfers to the poor in independent India.
- Current subsidies, like PDS and MGNREGA, follow an indirect route and involve intermediaries.
- Issues: Costly to exchequer, prone to corruption, benefits don't reach intended beneficiaries.

**Advantages of JAM Trinity:**

- **Aadhaar enables** direct biometric identification of disadvantaged citizens. **(Hence option a) is correct)**

- Jan Dhan bank accounts and mobile phones allow direct fund transfers, eliminating intermediaries.
- Addresses issues of costliness, corruption, and leakages in existing subsidy schemes.
- Aims to uplift living standards of the poor, aligning with subsidy objectives.
- JAM Trinity showcases the government's efforts to enhance subsidy efficiency and reach the needy.
- Its integration with Aadhaar and mobile technology exemplifies effective governance and social support.

**Significance:**

- Government allocates 4.2% of GDP to subsidies, but inefficiencies persist.
- Current system lacks efficient targeting; benefits often captured by the affluent.
- Leakages are substantial: PDS rice, wheat, and sugar losses account for a significant percentage.
- JAM Trinity offers a potential solution by ensuring direct benefits to the intended recipients.

**Empowerment of JAM Trinity:**

- Jan Dhan scheme, linked with Aadhaar, aids Indians during COVID-19 lockdown.
- Swift and corruption-free money transfers to beneficiaries' bank accounts.
- Prime Minister highlights its role in providing immediate aid to millions.
- JAM Trinity acts as a safety net during lockdown, supporting households facing financial strain.

**86.b****Explanation:****In India, private participation in infrastructure programs supports various PPP models, including:**

- Management Contracts: These models include Build-Operate-Transfer (BOT), Design-Build-Finance-Operate-Transfer (DBFOT), Rehabilitate-Operate-Transfer (ROT), Hybrid Annuity Model (HAM), and Toll-Operate-Transfer (TOT).
- BOT Variants: Within the BOT model, two variants exist - BOT (Toll) and BOT (Annuity). The choice between them depends on the entity responsible for bearing the traffic risk.
- BOT (Toll): In this variant, the PPP concessionaire assumes the traffic risk.
- BOT (Annuity): In this case, the public authority bears the traffic risk.

**Build Operate Transfer (BOT)**

- Build Operate Transfer (BOT) is a **project delivery method commonly used in infrastructure and public-private partnership (PPP) projects**. It involves the collaboration between the public sector and private companies to design, finance, construct, operate, and eventually transfer infrastructure assets. The primary objective of BOT is to leverage private sector expertise and resources to develop essential public infrastructure while minimizing the financial burden on the government. **(Hence statement 1 is correct)**

**Here's how the Build Operate Transfer model works:**

- **Build:** In the initial phase, the private sector partner (usually a consortium or company) is responsible for designing, financing, and constructing the infrastructure project. This involves investing their own capital and arranging external funding for the project's construction.
- **Operate:** After the completion of the construction phase, the private sector partner operates and maintains the infrastructure facility for a specified period, often ranging from several years to a few decades. During this operational phase, the private partner is responsible for the facility's upkeep, maintenance, and ensuring its efficient functioning.
- **Transfer:** Once the agreed-upon period of operation and maintenance is completed, ownership of the infrastructure asset is transferred back to the public sector. At this point, the public sector assumes control over the facility's operation and maintenance. The transfer can be executed through various legal and contractual mechanisms, ensuring a seamless transition of ownership.

**Features and advantages of the Build Operate Transfer model include:**

- **Risk Sharing:** The private sector assumes a significant portion of the financial, operational, and performance risks associated with the project, **which can reduce the burden on the government. (Hence statement 2 is incorrect)**
- **Efficiency and Innovation:** Private sector partners often bring in expertise, technological know-how, and innovations that can lead to more efficient project delivery and operation.
- **Timely Execution:** Since the private sector is responsible for project financing and delivery, there is an incentive to complete the project on time and within budget.
- **Revenue Generation:** The private sector partner generates revenue through the operation of the facility during the contracted period, which can help offset their initial investment.
- **Public Benefit:** BOT projects can lead to the development of critical infrastructure that benefits the public, without imposing an **immediate financial burden on the government. (Hence statement 3 is correct)**

- Transparency and Accountability: The contractual agreements between the public and private sectors outline responsibilities, performance standards, and reporting mechanisms, ensuring accountability and transparency in project execution.

87.b

**Explanation:**

**One Nation One Ration Card (ONORC):**

**In the News:**

- Assam has now implemented One Nation One Ration Card (ONORC), making it the 36th State/UT to adopt the program. **(Hence statement 1 is correct)**
- This marks the complete nationwide implementation of ONORC, ensuring portable food security across India.
- The 'MERA RATION' mobile app has also been introduced to enhance the benefits of ONORC, offering real-time information in 13 languages.
- ONORC played a crucial role during the pandemic, ensuring subsidized food grains to National Food Security Act (NFSA) beneficiaries, especially migrant individuals.

**ONORC Concept:**

- National ration card for migrant workers and families to access PDS benefits from any fair price shop across India.
- Existing ration cards transformed into ONORC. **(No need to apply for new card) (Hence statement 3 is incorrect)**
- Universal ration card assigned to each NFSA beneficiary.
- Beneficiaries can buy subsidized food grains at destination city's fair price shop irrespective of origin. **(Hence statement 2 is correct)**
- Biometric authentication on ePoS devices at fair price shops.
- National portability via Integrated Management of Public Distribution System (IM-PDS) portal and Annavitran portal.

**Benefits of ONORC:**

- Facilitates subsidized food grain access from any Fair Price Shop across India.
- Ensures equitable rations for beneficiaries in different states.

- Immediate switching to alternative FPS in case of issues.
- Benefits women and disadvantaged groups, tackling social identity barriers.
- Supports UN's goal of eliminating hunger by 2030, enhancing India's Global Hunger Index rank.

#### Challenges:

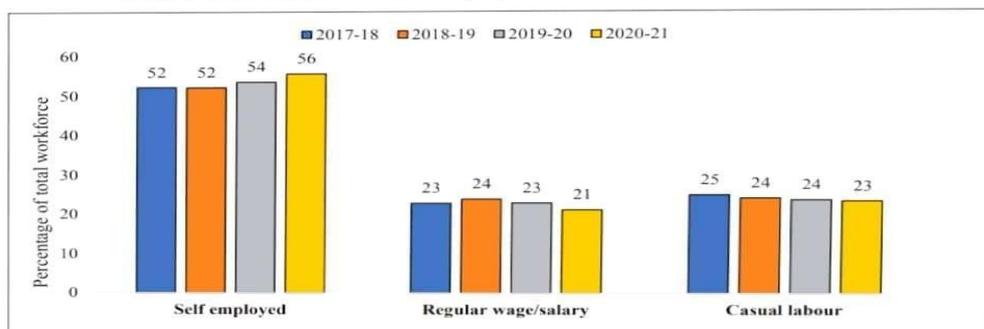
- Exclusion errors due to Aadhaar-linked processes, depriving certain sections without Aadhaar cards.
- Historical domicile-based schemes disrupted.
- Potential disruption of supplies at FPS due to migration-based demand changes.

#### Performance of the Scheme:

- Swift implementation covering 80 Crore beneficiaries since August 2019.
- Around 71 crore portable transactions since 2019, delivering food grains equivalent to about Rs 40,000 crore in food subsidy.
- Monthly average of about 3 crore portable transactions, providing NFSA and PMGKAY food grains with flexibility to beneficiaries.

88.d

Figure VI.3: Trends in broad employment status (Persons, rural+urban)



Source: Annual PLFS, MoSPI

#### Explanation:

##### Trends in broad employment status

In terms of employment categories, **there was an increase in the proportion of self-employed individuals** and a decrease in the percentage of regular wage/salaried workers in 2020-21 compared to 2019-20, influenced by trends in both rural and urban regions. Moreover, the portion of casual laborers diminished slightly, primarily due to changes in rural areas. **(Hence statement 1 is incorrect)**

##### Female Labor Force Participation Rate (FLFPR)

- In terms of industry of work, the proportion of workers engaged in agriculture experienced a slight increase from 45.6% in 2019-20 to 46.5% in 2020-21.
- The share of workers in **manufacturing saw a minor decline** from 11.2% to 10.9%. **(Hence statement 2 is incorrect)**
- The construction sector's share rose from 11.6% to 12.1%.
- The trade, hotel & restaurant sector's share decreased from 13.2% to 12.2% during the same period.
- These shifts may be attributed to Covid's impact on manufacturing and services employment (2020-21 data spans July 2020 to June 2021), while agricultural growth remained robust.
- The increase in the Female Labor Force Participation Rate (FLFPR) by 9.5 percentage points (pp) for usual status and 8.3 pp for Current Weekly Status (CWS) from 2017-18 to 2020-21 is a positive gender-related development.
- This rise could be due to improved rural facilities freeing up women's time and sustained agricultural growth.

89.b

**Explanation:**

**Zero-based budgeting differs from traditional budgeting in the following ways:**

Starting Point:

- Zero-Based Budgeting (ZBB): Begins the budgeting process from a baseline of zero, where each expense needs to be justified from scratch.
- Traditional Budgeting: Starts with the previous period's budget as a reference point and makes adjustments based on incremental changes. **(Hence statement 1 is correct)**

Approach:

- ZBB: Focuses on a thorough review of all expenses, requiring justification for every cost item.
- Traditional: Relies on historical data and often involves incremental adjustments to the previous budget.

Decision-Making:

- ZBB: Involves decision-makers critically evaluating all expenditures, eliminating unnecessary costs and reallocating resources based on current priorities.

- Traditional: Assumes that ongoing expenses are justified and mainly focuses on incremental changes.

#### Efficiency and Cost Control:

- ZBB: Emphasizes efficient allocation of resources by identifying and prioritizing essential expenses, thus promoting cost control.
- Traditional: May lead to inefficiencies as previous allocations are maintained without rigorous scrutiny. **(Hence statement 2 is correct)**

#### Flexibility:

- ZBB: Offers more flexibility to adapt to changing circumstances, as all expenses are evaluated from scratch.
- Traditional: May lack the adaptability needed in dynamic situations due to its reliance on historical data. **(Hence statement 3 is incorrect)**

#### Resource Allocation:

- ZBB: Ensures resources are allocated based on current needs and objectives, avoiding the trap of automatically carrying forward past allocations.
- Traditional: Could perpetuate inefficient resource allocation if historical spending patterns do not align with present requirements.

#### Budgeting Process:

- ZBB: Requires a more thorough and time-consuming process due to the need to justify every expense.
- Traditional: Can be quicker as it involves making adjustments to existing budget figures. **(Hence statement 4 is incorrect)**

#### Risk Management:

- ZBB: Provides a systematic approach to identifying risks associated with each expenditure, leading to better risk management.
- Traditional: May not thoroughly evaluate risks related to expenses carried over from previous budgets.

90.c

**Explanation:****Baba Kalyani Committee's Recommendations:**

- Committee Formation: A committee led by Mr. Baba Kalyani was established in 2018 to analyze India's existing Special Economic Zones (SEZs) and devise a strategic policy framework. **(Hence statement 1 is correct)**
- Renaming SEZs: Proposed renaming SEZs in India as "3Es" – Employment and Economic Enclaves. **(Hence statement 2 is correct)**
- Framework Shift: Recommended a shift in the framework from emphasizing export growth to fostering comprehensive employment and economic expansion.
- Differentiated Rules: Suggested distinct rules and procedures for manufacturing and service-oriented SEZs.
- Ease of Doing Business: Proposed improvements in the Ease of Doing Business (EoDB) environment for 3Es, including an integrated online portal for new investments.
- Sunset Clause Extension: Advocated for extending the Sunset Clause and retaining tax or duty benefits.
- Unified IFSC Regulator: Supported the establishment of a unified regulator for International Financial Services Centres (IFSCs).
- Dispute Resolution: Recommended utilizing arbitration and commercial courts for effective dispute resolution.

91.a

**Explanation:****The Law of Diminishing Marginal Utility:**

- The Law of Diminishing Marginal Utility is an important concept in economics that explains how the satisfaction or utility derived from consuming additional units of a good or service decreases as the quantity consumed increases, while all other factors remain constant. **(Hence statement 1 is correct)**
- In simpler terms, it suggests that as you consume more of a particular product or service, the additional satisfaction or happiness you derive from each additional unit will gradually decrease. This principle is rooted in the way humans tend to allocate their resources and make consumption choices.

**Here's a more detailed explanation of the concept:**

- Utility: In economics, utility refers to the level of satisfaction or pleasure that individuals derive from consuming goods and services. It's a subjective measure and can vary from person to person.
- Marginal Utility: Marginal utility refers to the additional satisfaction gained from consuming one more unit of a good or service. It's the change in total utility resulting from a small change in the quantity consumed.
- Law of Diminishing Marginal Utility: This law states that as a person consumes more units of a good or service within a given time period, holding all other factors constant (such as their preferences, income, and the prices of other goods), the marginal utility derived from each additional unit will decrease. In other words, the more you consume of something, the less each additional unit contributes to your overall satisfaction.

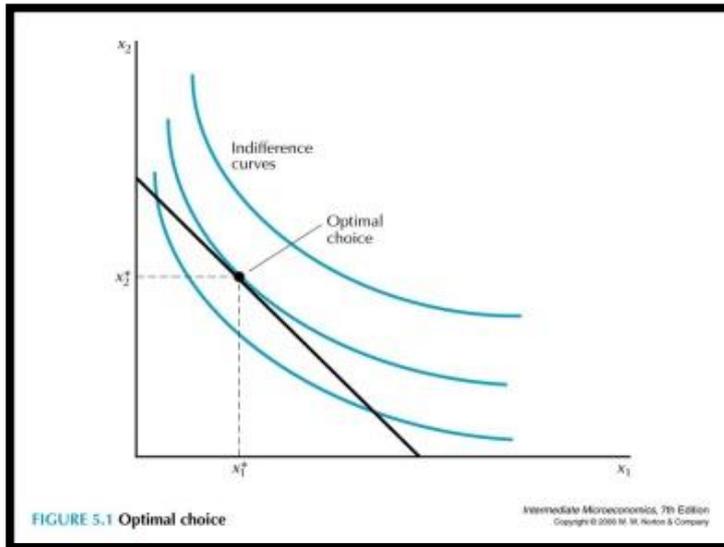
**This concept can be illustrated with a simple example using a common item like chocolate:**

- Let's say you love chocolate, and you have your first piece. The satisfaction you get from that first piece is high – it might be a 10 out of 10 in terms of utility. As you consume more pieces, your satisfaction still increases, but by smaller increments. The second piece might be a 9 out of 10 in terms of added satisfaction. The third might be an 8, the fourth a 6, and so on. Eventually, as you consume more and more pieces of chocolate, the incremental satisfaction decreases, approaching a point where you might not even want another piece because the added satisfaction is so low.
- This phenomenon is a fundamental aspect of consumer behavior and has implications for various economic decisions, including pricing, consumption patterns, and resource allocation. It also helps explain why people often diversify their consumption across a variety of goods and services rather than focusing solely on one, as the diminishing marginal utility of each item encourages a balanced consumption approach.
- The Law of Diminishing Marginal Utility suggests that as the consumption of single good increases, its marginal utility decreases. This reduction in satisfaction prompts individuals to **seek alternative goods**, leading to the **diversification of consumption across various items**.  
(Hence statement 2 is incorrect)

92.d

**Explanation:**

**Optimal Choice of the Consumer:**



- The optimal bundle for a consumer in economics refers to the combination of

goods and services that maximizes the consumer's satisfaction or utility, given their budget constraint. In other words, it's the combination of goods that provides the consumer with the highest level of satisfaction attainable given their income and the prices of the goods. **(Hence option d) is correct)**

- Higher indifference curves represent higher levels of utility, the optimal bundle is not necessarily located on the highest curve. It depends on the consumer's budget constraint and the prices of goods. **(Hence option a) is incorrect)**
- Maximizing total expenditure is not the goal of consumer optimization. Consumers aim to maximize their utility or satisfaction within their budget constraints. **(Hence option b) is incorrect)**
- This option is unlikely to be the optimal bundle. The origin of the graph usually represents zero consumption of both goods, and an optimal bundle typically involves positive consumption of goods that maximize utility. **(Hence option c) is also incorrect)**
- The optimal bundle is the combination of goods that a consumer can afford and that provides the highest level of satisfaction. It's the point where the budget line touches an indifference curve, indicating that the consumer is allocating their income in a way that makes them indifferent between alternative combinations of goods on that curve.

93.c

**Explanation:**

**Normal Goods:**

- Quantity demanded increases with consumer's income rise. **(Hence statement 1 is correct)**
- Demand for most goods rises with increasing income; these are normal goods.
- Consumer's demand for normal goods moves in the same direction as income.

**Inferior Goods:**

- Quantity demanded decreases with consumer's income rise. **(Hence statement 2 is correct)**
- Demand for certain goods moves opposite to income changes; these are inferior goods.
- Examples: Low-quality food items like coarse cereals.
- Income increase leads to decreased demand for inferior goods, and vice versa.

**Dynamic Nature of Goods:**

- A good can be normal or inferior based on different income levels.
- At low income, demand for inferior goods can rise with income.
- Beyond a point, higher income leads to reduced consumption of inferior goods.

**Complementary Goods:**

- Price rise of one complementary good reduces demand for the other. **(Hence statement 3 is incorrect)**
- Consumed together, e.g., tea and sugar, shoes and socks.
- Example: Higher sugar price decreases tea demand.
- Generally, demand moves opposite to price changes of complementary goods.

**Substitute Goods:**

- Price change in one good affects demand for its substitute.
- One can replace the other, e.g., tea and coffee.
- If coffee price increases, tea demand might increase (substitution effect).
- If coffee price decreases, tea demand might decrease.
- Demand usually follows the direction of price changes of substitute goods. **(Hence statement 4 is correct)**

94.a

**Explanation:****Analyzing Profit Maximization in Perfect Competition:****Defining Features of Perfect Competition:**

A perfectly competitive market is characterized by:

- Numerous buyers and sellers
- Production and sale of identical products by each firm
- Free entry and exit for firms

**Significance of Large Numbers:**

- Market participants are small compared to the overall market size.
- No individual can influence the market due to their size.

**Homogeneous Products:**

- All firms produce identical goods.
- Buyers can choose any firm as products are indistinguishable.

**Free Entry and Exit:**

- Firms can enter or leave the market easily.
- Crucial for maintaining a large number of firms.

**Perfect Information:**

- Buyers and sellers possess comprehensive knowledge about prices, quality, and the market.

**Price-Taking Behavior:**

- Key characteristic of perfect competition.
- Firms and buyers take the prevailing market price as given.

**Price-Taking for Firms:**

- Firm sets price at or below market price to maximize sales.
- Setting above market price leads to no sales.

**Price-Taking for Buyers:**

- Buyers prefer the lowest price but accept market price.

- Price lower than market price results in no sellers.

Reasonableness of Price-Taking:

- Applies when market has many firms and buyers are well-informed.
- When one firm deviates from market price, it loses all buyers.
- No adjustment issues due to numerous firms.
- Price-taking behavior in perfect competition is reasonable due to the large number of firms, informed buyers, and the direct impact of deviations from market price.

95.c

**Explanation:**

**Price Ceiling:**

It's not uncommon to encounter situations in which governments establish an upper cap on the price of specific goods. **This upper limit, imposed by the government, is referred to as a price ceiling.** Price ceilings are typically set for essential items like rice, wheat, kerosene, and sugar, and they are established below the market-determined price. This ensures affordability for sections of the population that might otherwise struggle to afford these goods. **(Hence statement 1 is correct)**

**Price Floor:**

In the case of certain goods and services, a decrease in price below a certain threshold isn't considered favorable. To address this, governments set **minimum prices, known as price floors, for these goods and services.** A price floor represents the government's lower limit on the price that can be charged for a specific good or service. Prominent examples of price floors include agricultural price support programs and minimum wage legislation. **(Hence statement 2 is correct)**

96.c

**Explanation:**

**Externalities in Economics:**

- Definition: Externalities refer to the unintended spillover effects of economic activities on parties not involved in the activity. These effects can be positive (beneficial) or negative (harmful). **(Hence statement 1 is correct)**

- Positive Externality: Occurs when an economic activity benefits third parties who are not part of the transaction. Examples include education leading to a more informed society and vaccinated individuals reducing the spread of diseases.
- Negative Externality: Arises when an economic activity imposes costs on third parties. Pollution from factories affecting air quality and noise pollution from construction are negative externalities.
- Impact: Externalities disrupt the efficiency of markets, as they lead to underproduction or overproduction of goods and services that result in external effects. Market prices don't reflect these external costs or benefits.
- Public Goods: Positive externalities can lead to the underproduction of public goods. Governments intervene to provide public goods due to their non-excludable nature. **(Hence statement 2 is correct)**
- Private Solutions and Government Intervention: In cases of externalities, private solutions might not be sufficient. Government intervention can involve taxes, subsidies, or regulations to internalize external costs or benefits.
- Coase Theorem: Proposed by Ronald Coase, it states that private parties can negotiate and reach efficient solutions to externalities without government intervention, given well-defined property rights.

#### **Name of Tax Imposed on Negative Externalities:**

The tax imposed on negative externalities to internalize the external costs is known as a "Pigouvian Tax" or "Corrective Tax." This tax is named after the British economist Arthur Pigou, who advocated for taxing activities that generate negative externalities to align private costs with social costs and restore market efficiency. The Pigouvian tax aims to reduce the quantity of the activity causing the externality and encourage a shift toward more socially beneficial alternatives. **(Hence statement 3 is correct)**

97.b

#### **Explanation:**

#### **Autonomous Consumption in Economics:**

- Definition: Autonomous consumption refers to the level of consumption expenditure that **occurs even when a person has no disposable income**. It represents the minimum amount of consumption that individuals or households undertake to meet basic needs. **(Hence option b) is correct)**
- Key Factors: Autonomous consumption is influenced by various factors:

- Basic Needs: Consumption necessary for survival, such as food, clothing, and shelter.
- Fixed Expenses: Certain fixed expenses like rent, utilities, and healthcare.
- Behavioral Patterns: Habitual spending on essentials regardless of income changes.
- Implications: Autonomous consumption establishes a consumption floor below which an individual or household will not reduce spending, even in the absence of income. It contributes to the stability of an economy during periods of economic downturn when income levels drop.
- Graphical Representation: In a consumption-income graph, the autonomous consumption level is represented by the point where the consumption axis intercepts the vertical axis.
- Relationship with Income: Autonomous consumption is the initial consumption when income is zero. As disposable income increases, consumption will exceed the autonomous level.
- Macroeconomic Implications: In the context of macroeconomics, autonomous consumption plays a role in calculating the equilibrium level of national income and output. It's a component of the aggregate expenditure model.
- Changes Over Time: Autonomous consumption can change due to shifts in societal norms, economic conditions, and policy changes that influence essential spending patterns.
- Interplay with Savings: Autonomous consumption influences savings. If income surpasses the autonomous level, savings are possible; if income falls below, individuals may dip into savings or take on debt.
- Policy Considerations: Understanding autonomous consumption aids policymakers in addressing poverty, income redistribution, and creating safety nets to ensure individuals can meet basic needs.
- In essence, autonomous consumption is the minimum level of spending individuals engage in even without income, highlighting the crucial role of essential consumption in economic stability and policy planning.

98.c

**Explanation:**

**Paradox of Thrift:**

The paradox of thrift is an economic concept that highlights the counterintuitive outcome of increased saving at the individual level leading to reduced aggregate demand and potentially hindering economic growth. It was popularized by economist John Maynard Keynes during the Great Depression. **(Hence statement 1 is correct)**

- **Increased Saving:** Individuals and households decide to increase their savings during uncertain times or economic downturns, aiming to build a financial cushion for the future.
- **Impact on Aggregate Demand:** While saving is prudent for individuals, when everyone collectively saves more, it reduces consumer spending on goods and services.
- **Aggregate Demand Reduction:** Lower consumer spending results in reduced demand for products, leading businesses to cut production and employment, potentially triggering a recession.
- **Multiplier Effect:** The reduction in consumer spending leads to a multiplier effect, where a decrease in one person's spending ripples through the economy, reducing incomes and demand further.
- **Businesses' Response:** Reduced demand prompts businesses to cut production, leading to job losses and decreased income for workers.
- **Worsening Cycle:** As income decreases due to job losses, individuals may feel even more compelled to save rather than spend, perpetuating the cycle.
- **Government Intervention:** The paradox highlights the potential role of government intervention through fiscal policy, such as increased government spending or tax cuts, to stimulate consumer spending and boost aggregate demand. **(Hence statement 2 is correct)**
- **Short-Term vs. Long-Term:** While saving is important for personal financial stability, the paradox of thrift underscores that what might be beneficial at an individual level can lead to unintended negative consequences at the economy-wide level.
- **Balancing Act:** The paradox highlights the balance between individual saving and the need for sustained economic activity to avoid prolonged recessions. **(Hence statement 3 is correct)**
- **Keynesian Economics:** The concept is central to Keynesian economics, which emphasizes the role of government intervention to stabilize the economy and maintain aggregate demand.

99.c

**Explanation:**

**Characteristics of Public Goods:**

Public goods are a distinct category of goods in economics that possess specific characteristics that set them apart from private goods. These characteristics help define the nature and provision of public goods:

Non-Excludability:

- Public goods are non-excludable, meaning individuals cannot be excluded from using or benefiting from the good, even if they don't pay for it. **(Hence statement 1 is correct)**
- It is challenging to prevent individuals from enjoying the benefits once the good is provided.

#### Non-Rivalrous Consumption:

- Public goods are non-rivalrous, implying that one person's use or consumption of the good does not diminish its availability for others. **(Hence statement 2 is correct)**
- The consumption of the good by one individual does not restrict its consumption by others.

#### Free Rider Problem:

- Due to non-excludability, individuals have an incentive to "free ride," enjoying the benefits without paying for them.
- This phenomenon poses challenges to financing the provision of public goods, as people may avoid contributing, assuming others will cover the cost.

#### Collective Consumption:

- Public goods are collectively consumed by society as a whole rather than by isolated individuals.
- Unlike private goods, **consumption cannot be attributed to a specific person**; it benefits everyone simultaneously. **(Hence statement 4 is correct)**

#### Market Failure:

- The characteristics of public goods lead to market failure, as private markets may not efficiently provide these goods due to the free rider problem and inability to charge consumers.

#### Role of Government:

- Governments often step in to provide public goods, as they ensure equitable distribution and overcome the free rider problem.
- Examples include national defense, public parks, street lighting, and clean air.

#### Optimal Provision:

- Determining the optimal quantity of a public good to provide is complex, as it involves weighing the costs and benefits for society.

#### Impure Public Goods:

- Some goods exhibit characteristics of both public and private goods (e.g., roads, education).

- They are partially non-excludable or non-rivalrous, leading to debates about their classification and provision.

Difficulty in Pricing:

- Public goods lack clear market prices due to non-excludability, making it challenging to determine their economic value. **(Hence statement 3 is incorrect)**

100.d

**Explanation:**

**Fiat Money:**

Fiat money is a type of currency that is issued by a government and declared as legal tender for **transactions within a country**. It holds value because the government maintains it as the medium of exchange and requires its acceptance for payments of debts, taxes, and goods and services. Unlike commodity money, which has intrinsic value (such as gold or silver), fiat money does not have inherent value but is accepted based on the authority and trust of the issuing government. **(Hence statement 1 is correct)**

**Characteristics of Fiat Money:**

- **Legal Tender:** Governments establish fiat money as the sole official currency for transactions and declare it acceptable for settling debts.
- **Intrinsic Value Absence:** Unlike commodity money, fiat money has no inherent value. Its value is not derived from the physical substance it's made of but from the government's authority. **(Hence statement 2 is correct)**
- **Government Control:** Governments have complete control over the issuance, supply, and management of fiat money. They can print, mint, or digitize it as needed. **(Hence statement 3 is correct)**
- **Acceptance and Trust:** The value of fiat money is rooted in the trust that people have in the government and its ability to maintain its value over time.
- **Unlimited Supply:** Governments have the power to create additional units of fiat money. However, excessive printing can lead to inflation, reducing the currency's purchasing power.
- **Flexible Management:** Governments can adjust the money supply to manage economic conditions like inflation, deflation, or recession.
- **Global Standard:** Most world economies use fiat money as the standard currency for international trade, exchange, and investment. **(Hence statement 4 is correct)**

- Electronic Form: Modern fiat money often exists in electronic form, as digital transactions become more common.

KUMAR'S IAS