
Test is part of Rau's IAS Test series for Preliminary Exam 2024



GENERAL STUDIES (PAPER-I)
ECONOMIC AND SOCIAL DEVELOPMENT-1

Test ID
0033

Time Allowed: 1 Hour

Maximum Marks: 100

INSTRUCTIONS

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET DOES NOT HAVE ANY UNPRINTED OR TORN or MISSING PAGES OR ITEMS, ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
2. This Test Booklet contains **50** items (questions). Each item is printed in **English Only**. Each item comprises four responses (answers). You will select the response which you want to mark on the Answer Sheet. In case you feel that there is more than one correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each item.
3. You have to mark all your responses **ONLY** on the separate Answer Sheet (OMR sheet) provided. Read the directions in the Answer Sheet.
4. **All** items carry equal marks.
5. Before you proceed to mark in the Answer Sheet the response to various items in the Test booklet, you have to fill in some particulars in the Answer Sheet as per instructions contained therein.
6. After you have completed filling in all your responses on the Answer Sheet and the examination has concluded, you should hand over to the Invigilator **only the Answer Sheet**. You are permitted to take away with you the Test Booklet.
7. **Penalty for wrong answers:**
THERE WILL BE PENALTY FOR WRONG ANSWERS MARKED BY A CANDIDATE IN THE OBJECTIVE TYPE QUESTION PAPERS.
 - (i) There are four alternatives for the answer to every question. For each question for which a wrong answer has been given by the candidate, **one-third** of the marks assigned to that question will be deducted as penalty.
 - (ii) If a candidate gives more than one answer, it will be treated as a **wrong answer** even if one of the given answers happens to be correct and there will be same penalty as above to that question.
 - (iii) If a question is left blank, i.e., no answer is given by the candidate, there will be **no penalty** for that question.

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1. With reference to the types of economic systems, consider the following statements:

1. In a capitalist society, the goods produced are distributed among the people, on the basis of their ability to buy goods and services.
2. In a socialist society, the government decides what goods are to be produced, in accordance with the demand of the society.

Which of the statements given above is/are correct?

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

2. Which of the following statements **does not reflect** the goals of the Five Year Plans in India?

- (a) It aimed at an increase in the efficiency of productive capital and services.
- (b) It promoted changes in the social outlook, such as the recognition that women should have the same rights as men.
- (c) It gave importance to self-reliance, which prohibited imports of those goods.
- (d) It favoured the policies that reduced inequality in the distribution of wealth.

3. With reference to the economic policies of the colonial government in India, consider the following statements:

1. It transformed the country into a consumer of raw materials.
2. The colonial government took significant steps to estimate India's national income and per capita income.

Which of the statements given above is/are correct?

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

4. With reference to the agricultural sector under the British colonial rule, consider the following statements:

1. The sector experienced some growth due to the enhanced agricultural productivity.
2. Commercialization of agriculture resulted in relatively higher yield of crops in certain areas of the country.

Which of the statements given above is/are correct?

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

5. With reference to the industrial sector under the British colonial rule, consider the following statements:

1. In this period, the demand of the Indian consumer market was met by the indigenous industrial base.
2. The cotton textile industries were mainly concentrated in the eastern parts of the country.
3. There was a limited participation of the public sector in the industry.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

6. With reference to the foreign trade under the British colonial rule, consider the following statements:

1. More than half of India's foreign trade became restricted to Britain.
2. During this period, India generated a large export surplus.

Which of the statements given above is/are correct?

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

7. With reference to the demographic conditions of British India, consider the following statements:

1. Various details about the population of British India were first collected through a census in 1921.
2. The population growth rate after the census of 1921 became very high.

Which of the statements given above is/are correct?

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

8. Consider the following statements:

Statement-I: The colonial dispensation took measures for developing the inland trade and sea lanes.

Statement-II: The inland waterways were able to compete with the railways that traversed parallel to it.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I
- (b) Both Statement-I and Statement-II are correct and Statement-II is not the correct explanation for Statement-I
- (c) Statement-I is correct but Statement-II is incorrect
- (d) Statement-I is incorrect but Statement-II is correct

9. With reference to Prasanta Chandra Mahalanobis, consider the following statements:

1. His ideas for the First Five Year Plan outlined the fundamental concepts and objectives of Indian planning.
2. He established the Indian Statistical Institute (ISI) and started a journal called Sankhya.

Which of the statements given above is/are correct?

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

10. With reference to the 'land ceiling policy', consider the following statements:

1. The purpose of the land ceiling policy was to increase the concentration of land ownership.
2. This policy benefited the poorest of the agricultural labourers.
3. Land reforms were successful in most states, except Kerala and West Bengal.

How many of the above statements is/are **incorrect**?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

11. With reference to the Green Revolution, consider the following statements:

1. In its first phase, the Green Revolution was restricted to the wheat-growing regions only.
2. The Green Revolution benefited the rich farmers only.
3. A good proportion of rice and wheat produced during this period was consumed by the farmers themselves.
4. The spread of the Green Revolution technology enabled India to achieve self-sufficiency in food grains.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

12. With reference to the Industrial Policy Resolution of 1956, consider the following statements:

1. This Resolution classified the industries into two categories.
2. Licence from the government was mandatory for the establishment of new industries.
3. The government's licensing policy ensured production of goods in excess of demand.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

13. With reference to the industrial sector post-independence, consider the following statements:

1. The industrial sector became well diversified, largely due to the growth of the private sector.
2. Governmental policies enabled the development of indigenous electronics industry.

Which of the statements given above is/are correct?

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

14. With reference to the growth of employment and Gross Domestic Product (GDP) in India, consider the following statements:

1. The employment growth rate and GDP growth rate matched during the first forty (40) years of the independence (1950-1990).
2. During the late 1990s, employment growth started declining and there was a widening gap between GDP growth and employment.

Which of the statements given above is/are correct?

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

15. With reference to the trends in employment patterns during 1972-2018, consider the following statements:

1. The percentage of the people employed in the secondary sector has witnessed a significant decline post-1990s liberalisation, privatisation and globalisation reforms.
2. During the period from 1972-2018, self-employment continues to be the major employment provider.

Which of the statements given above is/are correct?

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

16. With reference to 'cyclical unemployment', consider the following statements:

1. It occurs when there is a mismatch between the jobs and the skill required for the job in the job seeker.
2. An increase in cyclical unemployment would contribute to pushing up inflation.

Which of the statements given above is/are correct?

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

17. With reference to 'structural unemployment', consider the following statements:

1. This kind of unemployment occurs when a shortfall of demand for goods and services results in a lack of jobs being available for those who want to work.
2. Structural unemployment tends to be longer lasting than other types of unemployment.
3. Structural unemployment exists even when the economic conditions are good.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

18. With reference to 'frictional unemployment', consider the following statements:

1. Frictional unemployment occurs when the people move between jobs in the labour market.
2. This type of unemployment is generally shorter term and, like structural unemployment, may not influence wages or inflation.

Which of the statements given above is/are correct?

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

19. Consider the following statements with reference to the Kudumbashree Mission:

1. 'Kudumbashree' is being implemented as a social sector programme in Kerala.
2. The main target of the Mission is to reduce the Maternal Mortality Rate by making healthcare accessible.

3. The Mission operates through a three-tier governance structure.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

20. With reference to the 'Saansad Adarsh Gram Scheme', consider the following statements:

1. The Ministry of Statistics and Programme Implementation prepares the guidelines for the Scheme.
2. The Scheme envisages developing three 'Adarsh Grams' per year to improve the standard of living in the rural areas.
3. The Village Development Plan under the Scheme has to be approved both by the Gram Sabha and the District Level Committee.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

21. Consider the following statements with reference to 'Mission Antyodaya':

1. The Mission was adopted as part of the 12th Five Year Plan.
2. It aims to converge government interventions for rural development with the Gram Panchayats as the basic planning unit.
3. The Mission relies on the Socio-Economic and Caste Census, 2011, for the targeted implementation of the scheme.

How many of the above statements is/are **incorrect**?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

22. With regard to the National Rurban Mission, consider the following statements:

1. The Mission was launched as part of an infrastructural development programme under the Department of Urban Development.
2. A 'Rurban Cluster' shall be kept within a single block/Tehsil for administrative convenience.
3. There is a similar process for the selection of all the categories of clusters under the Mission.
4. The 'Percentage of Girls Enrolled in Secondary Schools' is one of the parameters for selecting clusters under the Mission.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

23. Consider the following statements with reference to the 'Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)':

1. Under the MGNREGS, the Central Government has the sole authority to make rules and amend the regulations.
2. As per one of the provisions of the Scheme, one-third of the stipulated workforce must be women.
3. Social audit under the Scheme has been made a mandatory provision.
4. The Scheme offers an unemployment allowance, if no employment is provided within fifteen days of submitting an application.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

24. With reference to the 'concepts of stocks and flows', consider the following statements:

1. The Gross Domestic Product (GDP) is a flow that is measured in currency units per year.
2. While the flows are determined at a particular point of time, the stocks are calculated over a period of time.

Which of the statements given above is/are correct?

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

25. With reference to the Gross Domestic Product (GDP) of an economy, consider the following statements:

1. The profits earned by a Korean-owned car factory, located in India, will be included in the GDP of India.
2. The wages of a citizen of India, working in Saudi Arabia, will be included in the Indian GDP.

Which of the statements given above is/are correct?

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

26. With reference to the Gross Domestic Product (GDP) of an economy, consider the following statements:

1. Since 2015, India has been calculating the GDP at the basic prices, rather than at the market prices.
2. The GDP at the basic prices is derived by deducting the GDP at the market prices with net of product taxes and subsidies.

Which of the statements given above is/are correct?

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

27. Which of the following best describes the National Income of the Indian economy?

- (a) Net Domestic Product at market prices.
- (b) Net National Product at factor cost.
- (c) Gross Domestic Product at factor cost.
- (d) Gross National Product at market prices.

28. Which of the following best describes the National Disposable Income of an economy?

- (a) It is the sum of the Gross Domestic Product at market prices and other current transfers from the rest of the world.
- (b) It is the sum of the Net Domestic Product at market prices and other current transfers from the rest of the world.
- (c) It is the sum of the Gross National Product at market prices and other current transfers from the rest of the world.
- (d) It is the sum of the Net National Product at market prices and other current transfers from the rest of the world.

29. Consider the following components:

- 1. Factor income from the Gross Domestic Product accruing to the private sector.
- 2. National debt interest.
- 3. Net factor income from abroad.
- 4. Current transfers from the government.

How many of the above is/are the component(s) of Private Income of the Indian economy?

- (a) Only one
- (b) Only two
- (c) Only three
- (d) All four

30. With reference to the GDP Deflator, consider the following statements:

- 1. It is the ratio of the nominal GDP and inflation of the corresponding year.
- 2. It takes into account all the goods and services produced in a country.
- 3. The weights of goods and services differ according to the production levels of the economy.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

31. With reference to the Gross Domestic Product (GDP) of an economy, consider the following statements:

- 1. In case the GDP of the country is rising, welfare will rise as a consequence.
- 2. Domestic services performed by women at home are not counted in the GDP of a country.
- 3. The GDP is calculated after subtracting the negative externalities.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

32. Consider the following statements with reference to the term 'Capital' in the economy:

- 1. It includes only resources that are tangible in nature.
- 2. Depletion in the capital refers to the loss of value of assets due to obsolescence.
- 3. The outcomes from the 'capital good flow', create private benefits only.

How many of the above given statements is/are **incorrect**?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

33. Consider the following statements:

1. The total fertility rate (TFR) is the average number of children who would be born to any women in her lifetime.
2. Replacement level fertility represents the level at which a population exactly doubles itself from one generation to the next.

Which of the statements given above is/are correct?

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

34. With reference to National Family Health Survey (NFHS); consider the following statements:

1. NITI Aayog is the designated nodal agency, responsible for providing coordination and technical guidance for the survey.
2. It is a multi-round biennial survey conducted since the First five years plans.

Which of the statements given above is/are correct?

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

35. With reference to The Code on Wages, 2019; consider the following statements:

1. The Code provides for universal minimum wage across employments in organized as well as unorganized sector.
2. The Code mandates the appropriate state Governments to fix floor wages as per their prevailing economic realities.
3. The new code has rationalised and subsumed the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

36. Occupational Safety, Health and Working Conditions (OSH) Code, 2020; consider the following statements:

1. This code has subsumed Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
2. This code provides protection from abuse and exploitation to all categories of organized and unorganized workers including migrant workers.

Which of the statements given above is/are correct?

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

37. With reference to The Code on Social Security, 2020; consider the following statements:

1. Under the code, the term 'wages' include any overtime compensation, house rent, and conveyance allowance.
2. The Establishment which are already registered under any Central Act do not require to obtain registration under this Code.

Which of the statements given above is/are correct?

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

38. With reference to National Pension System (NPS), consider the following statements:

1. It offers a single type of account which does not offer liquidity of investments and withdrawals.
2. On exit or retirement, a minimum of 60% of the corpus is to be mandatorily utilized in purchasing an annuity from a life insurance company
3. It offers different models for Central and state government employees, corporate employees and other citizens of India aged between 18 - 65 years to join NPS.

How many of the statements given above are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

39. With reference to Sustainable Development Goals (SDG), consider the following statements:

1. SDG 1 targets to ensure that all men and women have equal rights to economic resources by 2030.
2. SDG 2 targets to double the agricultural productivity and incomes of small-scale food producers by 2030.

Which of the statements given above is/are correct?

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

40. With reference to Trade Unions Act, 1926, consider the following statements:

1. As per the Act, the central government has exclusive power to appoint a person to be the Registrar of Trade Unions for each State.

2. Under this Act, any twenty or more members of a Trade Union may apply for registration of the Trade Union.

Which of the statements given above is/are correct?

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

41. With reference to the Pradhan Mantri Fasal Bima Yojana, consider the following statements:

1. A uniform premium of 2% of the maximum insurance charges is payable by the farmers.
2. In case of post-harvest losses, coverage is available upto a maximum period of 14 days from the harvesting for those crops.
3. The selection of the implementing agency from amongst the empanelled insurance companies is done by the respective State Government.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

42. Which of the following statements, related to the National Food Security Act (NFSA), 2013, is correct?

- (a) The NFSA seeks to provide food security to 75% of India's population.
- (b) The food grains under the NFSA are provided at uniform subsidised prices.
- (c) The NFSA provides maternity benefits worth Rs. 6,000 to the pregnant and lactating mothers.
- (d) There is no provision of food security allowance under the NFSA.

43. With reference to the First Five-Year Plan, consider the following statements:

1. It was based on the Harrod-Domar Model.
2. The growth targets envisaged at the start of the Plan were not achieved.

Which of the statements given above is/are correct?

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

44. With reference to the Second Five-Year Plan, consider the following statements:

1. The Plan focussed on rapid industrialization by setting up of heavy and basic industries.
2. Acute shortage of forex led to the pruning of the development targets.
3. The Plan was a thorough failure in reaching the targets.

How many of the above statements is/are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

45. With reference to the Fifth Five-Year Plan, consider the following statements:

1. The implementation of the Family Planning Programmes was amongst the major targets of the Plan.
2. 'Garibi Hatao' and attainment of self-reliance were the two main objectives of this Plan.

Which of the statements given above is/are correct?

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

46. With reference to the Sixth Five-Year Plan, consider the following statements:

1. The Plan aimed at accelerating the food grain production.
2. In the last year of this Plan, many parts of the country faced severe famine conditions and reduced agricultural output.

Which of the statements given above is/are correct?

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

47. With reference to the Ninth Five-Year Plan, consider the following statements:

1. Worsening Balance of Payments position was a key issue during the launch of the Plan.
2. The Plan assigned priority to agriculture and rural development.
3. It envisaged an active role of both the Indian and the foreign private sector.

How many of the above statements is/are **incorrect**?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

48. Consider the following pairs:

S.N.	Type of SDG	Related to
1.	SDG-4	Reduced inequalities
2.	SDG-6	Clean Water and Sanitation
3.	SDG-14	Life below water

How many of the above pairs is/are correctly matched?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

49. Consider the following statements:

1. *Agenda 21* was adopted at the Earth Summit in Rio de Janeiro, Brazil.
2. The Johannesburg Declaration is an agreement to focus particularly on "the worldwide conditions that pose severe threats to the sustainable development of our people."

Which of the statements given above is/are correct?

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

50. Consider the following committees:

1. Lakdawala Committee
2. Tendulkar Committee
3. Alagh Committee

How many of the above committees are related to poverty estimation in India?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

Answers & Explanations *of*

TEST ID: 0033
GENERAL STUDIES (PAPER – I)

**Economic and Social
Development-1**

 **Rau's IAS**
Study Circle
— Since 1953 —

ANSWERS & EXPLANATIONS OF

Economic and Social Development-1

GS Paper-I (0033)

1. Answer: (a)

Explanation:

In a market economy, also called capitalism, only those consumer goods will be produced that are in demand, i.e., goods that can be sold profitably, either in the domestic or in the foreign markets. If cars are in demand, cars will be produced and if bicycles are in demand, bicycles will be produced. If labour is cheaper than capital, more labour-intensive methods of production will be used and vice-versa.

In a capitalist society, the goods produced are distributed among the people, not on the basis of what the people need, but on the basis of 'Purchasing Power' – the ability to buy goods and services. That is, one has to have the money in the pocket to buy it.

In a socialist society, the government decides what goods are to be produced, in accordance with the needs of the society. It is assumed that the government knows what is good for the people of the country and, so, the desires of individual consumers are not given much importance. The government decides how goods are to be produced and how they should be distributed.

2. Answer: (c)

Explanation:

A Plan should have some clearly specified goals. The goals of the Five Year Plans were: Growth, modernization, self-reliance and equality. This does not mean that all the Plans have given equal importance to all these goals.

Due to limited resources, a choice has to be made in each Plan about which of the goals is to be given primary importance.

Nevertheless, the planners have to ensure that, as far as possible, the policies of the Plans do not contradict these four goals.

Growth: It refers to the increase in the country's capacity to produce the output of goods and services within the country. It implies either a larger stock of productive capital, or a larger size of supporting services, like transport and banking, or an increase in the efficiency of productive capital and services.

Modernization: To increase the production of goods and services, the producers have to adopt new technology.

However, modernization does not refer only to the use of new technology, but also to changes in the social outlook, such as the recognition that women should have the same rights as men.

Self-reliance: A nation can promote economic growth and modernization by using its own resources or by using resources imported from other nations. The first seven Five Year Plans gave importance to self-reliance, which means avoiding imports of those goods which could be produced in India itself. This policy was considered a necessity in order to reduce our dependence on foreign countries, especially for food.

Equality: It is important to ensure that the benefits of economic prosperity reach the poor sections as well, instead of being enjoyed only by the rich. So, in addition to growth, modernization and self-reliance, equity is also important. Every Indian should be able to meet his or her basic needs, such as food, a decent house, education and health care, and inequality in the distribution of wealth should be reduced.

3. Answer: (d)**Explanation:**

The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country, than with the development of the Indian economy. **Such policies brought about a fundamental change in the structure of the Indian economy — transforming the country into a supplier of raw materials and consumer of finished industrial products from Britain.**

Obviously, the colonial government never made any sincere attempt to estimate India's national income and per capita income. Some individual attempts, which were made to measure such incomes, yielded conflicting and inconsistent results.

Among the notable estimators, viz., Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai, it was Rao, whose estimates, during the colonial period, were considered very significant.

4. Answer: (b)**Explanation:**

India's economy, under the British colonial rule, remained fundamentally agrarian — about 85 percent of the country's population lived mostly in the villages and derived livelihood, directly or indirectly, from agriculture. However, despite being the occupation of such a large population, the agricultural sector continued to experience stagnation and, not infrequently, unusual deterioration.

Agricultural productivity became low, though, in absolute terms, the sector experienced some growth, due to the expansion of the aggregate area under cultivation.

There was, of course, some evidence of a relatively higher yield of cash crops in

certain areas of the country due to the commercialization of agriculture.

But, this could hardly help the farmers in improving their economic condition as, instead of producing food crops, now they were producing cash crops, which were to be ultimately used by the British industries back home.

Despite some progress made in irrigation, India's agriculture was starved of investment in terracing, flood-control, drainage and desalination of soil.

While a small section of the farmers changed its cropping pattern from food crops to commercial crops, a large section of the tenants, small farmers and share-croppers neither had the resources and the technology, nor had incentive to invest in agriculture.

5. Answer: (a)**Explanation:**

As in the case of agriculture, and also in manufacturing, India could not develop a sound industrial base under the colonial rule. Even as the country's world famous handicraft industries declined, no corresponding modern industrial base was allowed to come up to take the place of the former.

In the unfolding economic scenario, the decline of the indigenous handicraft industries created, not only massive unemployment in India, but also a new demand in the Indian consumer market, which was now deprived of the supply of the locally made goods. This demand was profitably met by the increasing imports of the cheap manufactured goods from Britain.

During the second half of the nineteenth century, modern industry began to take root in India, but its progress remained very slow. Initially, this development was confined to the setting up of cotton and jute textile mills.

The cotton textile mills, mainly dominated by the Indians, were located in the western parts of the country, namely, Maharashtra and Gujarat, while the jute mills, dominated by the foreigners, were mainly concentrated in Bengal.

Subsequently, the iron and steel industries began coming up in the beginning of the twentieth century. The Tata Iron and Steel Company (TISCO) was incorporated in 1907. A few other industries in the fields of sugar, cement, paper etc., came up after the Second World War.

Another significant drawback of the new industrial sector was the very limited area of operation of the public sector. This sector remained confined only to the railways, power generation, communications, ports and some other departmental undertakings.

6. Answer: (c)

Explanation:

India has been an important trading nation since the ancient times. But, the restrictive policies of commodity production, trade and tariff, pursued by the colonial government, adversely affected the structure, composition and volume of India's foreign trade.

Consequently, India became an exporter of primary products, such as raw silk, cotton, wool, sugar, indigo, jute etc., and an importer of finished consumer goods, like cotton, silk and woollen clothes, and capital goods like light machinery, produced in the factories of Britain.

For all practical purposes, Britain maintained a monopoly control over India's exports and imports. As a result, more than half of India's foreign trade was restricted to Britain, while the rest was allowed with a few other countries, like China, Ceylon (Sri Lanka) and Persia (Iran).

The most important characteristic of India's foreign trade throughout the colonial period was the generation of a large export surplus. But, this surplus came at a huge cost to the country's economy. Several essential commodities, like food grains, clothes, kerosene etc., were scarcely available in the domestic market.

Furthermore, this export surplus did not result in any flow of gold or silver into India. Rather, this was used to make payments for the expenses incurred by an office set up by the colonial government in Britain, expenses on war, again fought by the British government, and the import of invisible items, all of which led to the drain of Indian wealth.

7. Answer: (d)

Explanation:

Various details about the population of British India were first collected through a census in 1881. Though suffering from certain limitations, it revealed the unevenness in India's population growth.

Subsequently, every ten years, such census operations were carried out. Before 1921, India was in the first stage of demographic transition.

The second stage of transition began after 1921. However, neither the total population of India, nor the rate of population growth at this stage was very high.

8. Answer: (c)

Explanation:

Along with the development of roads and railways, the colonial dispensation also took measures for developing the inland trade and sea lanes.

However, these measures were far from satisfactory. The inland waterways, at times, also proved uneconomical, as in the case of the Coast Canal on the

Orissa coast. Though the canal was built at a huge cost to the government exchequer, yet, it failed to compete with the railways, which soon traversed the region running parallel to the canal, and had to be ultimately abandoned.

The introduction of the expensive system of electric telegraph in India, similarly, served the purpose of maintaining law and order. The postal services, on the other hand, despite serving a useful public purpose, remained inadequate.

9. Answer: (b)

Explanation:

Prasanta Chandra Mahalanobis was born in 1893 in Calcutta. He was educated at the Presidency College in Calcutta, and at Cambridge University in England. His contributions to the subject of statistics brought him international fame.

In 1945, he was made a Fellow (member) of Britain's Royal Society, one of the most prestigious organizations of scientists; only the most outstanding scientists are made the members of this Society.

Planning, in the real sense of the term, began with the Second Five Year Plan. The Second Plan, a landmark contribution to development planning in general, laid down the basic ideas regarding the goals of Indian planning; this Plan was based on the ideas of Mahalanobis. In that sense, he can be regarded as the architect of Indian planning.

Mahalanobis established the Indian Statistical Institute (ISI) in Calcutta and started a journal, Sankhya, which still serves as a respected forum for the statisticians to discuss their ideas. Both, the ISI and Sankhya, are highly regarded by the statisticians and the economists all over the world to this day.

10. Answer: (c)

Explanation:

Land ceiling was another policy to promote equity in the agricultural sector. This means fixing the maximum size of land which could be owned by an individual. **The purpose of the land ceiling was to reduce the concentration of land ownership in a few hands.**

The abolition of intermediaries meant that some 200 lakh tenants came into direct contact with the government – they were, thus, freed from being exploited by the Zamindars. The ownership conferred on the tenants gave them the incentive to increase output and this contributed to growth in agriculture. **However, the goal of equity was not fully served by the abolition of the intermediaries.**

In some areas, the former Zamindars continued to own large areas of land, by making use of some loopholes in the legislation. There were cases where the tenants were evicted and the landowners claimed to be self-cultivators (the actual tillers), claiming ownership of the land; and even when the tillers got ownership of the land, the poorest of the agricultural labourers (such as the share-croppers and the landless labourers) did not benefit from land reforms.

Land reforms were successful in Kerala and West Bengal, because these States had governments committed to the policy of land to the tiller. Unfortunately, other States did not have the same level of commitment and vast inequality in landholding continues to this day.

11. Answer: (b)

Explanation:

- Green Revolution refers to the large increase in production of food grains, resulting from the use of high yielding

variety (HYV) seeds, especially for wheat and rice.

- The use of these seeds required the use of fertilizers and pesticides in the correct quantities, as well as regular supply of water. The application of these inputs in correct proportions is vital.
- The farmers, who could benefit from the HYV seeds, required reliable irrigation facilities, as well as the financial resources to purchase fertilizers and pesticides.
- As a result, in the first phase of the Green Revolution (approximately mid-1960s to mid-1970s), the use of the HYV seeds was restricted to the more affluent states, such as Punjab, Andhra Pradesh and Tamil Nadu. Further, the use of the HYV seeds primarily benefited the wheat-growing regions only.
- In the second phase of the Green Revolution (mid-1970s to mid-1980s), the HYV technology spread to a larger number of states and benefited a wider variety of crops.
- The spread of the Green Revolution technology enabled India to achieve self-sufficiency in food grains. India no longer had to be at the mercy of America, or any other nation, for meeting its food requirements.
- While the nation had immensely benefited from the Green Revolution, the technology involved was not free from risks. One such risk was the possibility that it would increase the disparities between the small and the big farmers—since only the big farmers could afford the required inputs, thereby reaping most of the benefits of the Green Revolution.
- **Fortunately, these fears did not come true because of the steps taken by the government. The government provided loans at a low interest rate to the small farmers,**

and subsidized fertilizers, so that the small farmers could also have access to the needed inputs. Since the small farmers could obtain the required inputs, the output on small farms equalled the output on large farms in the course of time. As a result, the Green Revolution benefited the small, as well as the rich farmers. The risk of the small farmers being ruined, when pests attack their crops, was considerably reduced by the services rendered by the research institutes established by the government.

- **A good proportion of rice and wheat produced during the Green Revolution period (available as marketed surplus) was sold by the farmers in the market.** As a result, the price of food grains declined relative to other items of consumption. The low-income groups, who spend a large percentage of their income on food, benefited from this decline in relative prices.

12. Answer: (a)

Explanation:

The Industrial Policy Resolution (IPR) 1956: In accordance with the goal of the State controlling the commanding heights of the economy, the Industrial Policy Resolution of 1956 was adopted. This Resolution formed the basis of the Second Five Year Plan, the Plan which tried to build the basis for a socialist pattern of society.

This Resolution classified the industries into three categories: The first category comprised the industries which would be exclusively owned by the government;

The second category consisted of the industries in which the private sector could supplement the efforts of the public sector, with the government taking the sole responsibility for starting new units;

The third category consisted of the remaining industries, which were to be in the private sector.

Although there was a category of industries left to the private sector, the sector was kept under State control through a system of licences. No new industry was allowed unless a licence was obtained from the government.

This policy was used for promoting industry in the backward regions. It was easier to obtain a licence if the industrial unit was established in an economically backward area. In addition, such units were given certain concessions, such as tax benefits and electricity at a lower tariff. The purpose of this policy was to promote regional equality.

Even an existing industry had to obtain a licence for expanding output or for diversifying production (producing a new variety of goods). **This was meant to ensure that the quantity of goods produced was not more than what the economy required.** Licence to expand production was given only if the government was convinced that the

economy required a larger quantity of goods.

13. Answer: (b)

Explanation:

The proportion of GDP contributed by the industrial sector increased in the period from 13 per cent in 1950-51 to 24.6 per cent in 1990-91. The rise in the industry's share of GDP is an important indicator of development. The six per cent annual growth rate of the industrial sector during the period is commendable.

- No longer was the Indian industry restricted largely to cotton textiles and jute. **In fact, the industrial sector became well diversified by 1990, largely due to the public sector.** The promotion of small-scale industries gave opportunities to those people who did not have the capital to start large firms to get into business.
- Protection from foreign competition enabled the development of the indigenous industries in the areas of electronics and automobile sectors, which otherwise could not have developed.

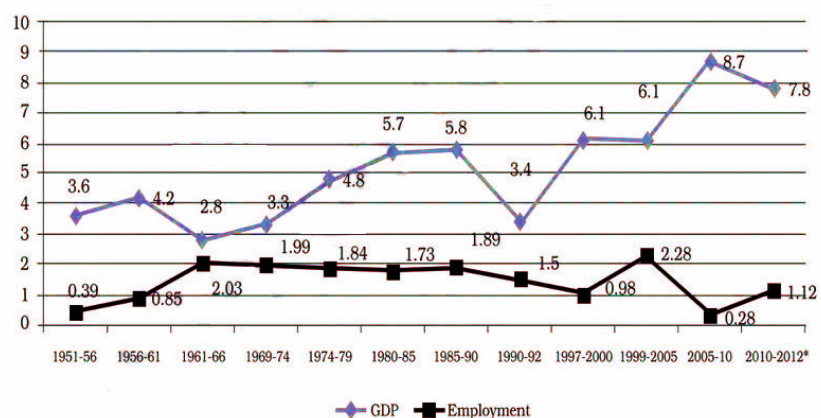
14. Answer: (b)

Explanation:

- Nearly seventy years of planned development have been aimed at the expansion of the economy through increase in national output and employment. **During the period 1950-2010, Gross Domestic Product (GDP) of India grew positively and was higher than the employment growth.**

However, there was always fluctuation in the growth of GDP. During this period, employment grew at the rate of not more than 2 per cent.

Chart 6.3: Growth of Employment and Gross Domestic Product, 1951-2012 (%)



- During the late 1990s, employment growth started declining and reached the level of growth that India had in the early stages of planning. During these years, we also find a widening gap between the growth of GDP and employment. This means that in the Indian economy, without generating employment, we have been able to produce more goods and services. **The scholars refer to this phenomenon as 'jobless growth'.**

15. Answer: (b)

Explanation:

- The distribution of workforce by the industrial sectors shows a substantial shift from farm work to non-farm work. In 1972-73, about 74 per cent of the workforce was engaged in primary sector and in 2011-12, this proportion has declined to about 50 per cent. **Secondary and service sectors have showed promising future for the Indian workforce. One may notice that the shares of these sectors have increased from 11 per cent to 24 per cent and from 15 per cent to 27 per cent, respectively.**

Trends in Employment Pattern (Sector-wise and Status-wise), 1972-2018 (in %)

Item	1972-73	1983	1993-94	2011-2012	2017-2018
Sector					
Primary	74.3	68.6	64	48.9	44.6
Secondary	10.9	11.5	16	24.3	24.4
Services	14.8	16.9	20	26.8	31.0
Total	100.0	100.0	100.0	100.0	100.0
Status					
Self-employed	61.4	57.3	54.6	52.0	52.2
Regular Salaried Employees	15.4	13.8	13.6	18.0	22.8
Casual Wage Labourers	23.2	28.9	31.8	30.0	25.0
Total	100.0	100.0	100.0	100.0	100.0

- The distribution of workforce in different status indicates that over the last five decades (1972-2018), the people have moved from self-employment and regular salaried employment to casual wage work. Yet, self-employment continues to be the major employment provider.

16. Answer: (d)

Explanation:

- Cyclical unemployment occurs with the changes in the economic activity over the business cycle.** During an economic downturn, a shortfall of demand for goods and services results in a lack of jobs being available for those who want to work. Businesses experiencing weaker demand might reduce the amount of the people they employ, by laying off

the existing workers, or hiring fewer new workers. As a result, the people looking for work will also find it harder to become employed. The opposite situation occurs when demand strengthens.

- An increase in cyclical unemployment might suggest that the economy is operating below its potential. With more people competing for jobs, businesses might offer lower wage increases,**

which would contribute to lower inflation. The policies that stimulate aggregate demand, such as the 'expansionary monetary policy', can help reduce this type of unemployment (because businesses experiencing stronger demand are likely to employ more people).

17. Answer: (b)

Explanation:

- **Structural unemployment occurs when there is a mismatch between the jobs that are available and the people looking for work. This mismatch could be because the jobseekers do not have the skills required to do the available jobs, or because the available jobs are a long way from the jobseekers.**
- Structural unemployment tends to be longer lasting than other types of unemployment. This is because it can take a number of years for the workers to develop new skills or move to a different region to find a job that matches their skills. As a result, the workers, who are unemployed because of structural factors, are more likely to face long-term unemployment (for more than 12 months).
- In contrast to 'cyclical unemployment', structural unemployment exists even when the economic conditions are good. In theory, this type of unemployment should not directly influence wages or inflation, and is best addressed through the policies that focus on skills and the supply of labour.

18. Answer: (c)

Explanation:

- Frictional unemployment occurs when the people move between jobs in the labour market, as well as when the

people transition into and out of the labour force. Movement of workers is necessary for a flexible labour market and helps achieve an efficient allocation of labour across the economy. However, the people may not find jobs immediately, and need to invest time and effort in searching for the right job. Businesses also spend time searching for the suitable candidates to fill job vacancies. As a result, the people looking for jobs are not matched immediately with vacancies and may experience a period of temporary unemployment.

- This type of unemployment is generally shorter term (less than one month). Frictional unemployment is likely to occur at all points of the business cycle and, like structural unemployment, may not influence wages or inflation.

19. Answer: (b)

Explanation:

'Kudumbashree' is a women-oriented community-based poverty reduction programme, being implemented in Kerala.

- In 1995, a thrift and credit society was started as a small savings bank for poor women with the objective to encourage savings.
- The thrift and credit society mobilized Rs. 1 crore as thrift savings.
- These societies have been acclaimed as the largest informal banks in Asia in terms of participation and savings mobilized.

The Mission was launched with the support of the Government of India and NABARD (The National Bank for Agriculture and Rural Development).

- The Mission operates through a three-tier structure, consisting of:
 - Neighbourhood Groups (NHGs) at the primary level

- Area Development Societies (ADS) at the ward level
- Community Development Societies (CDS) at the local government level. This structure forms a large network of Self-Help Groups.

The goal of Kudumbashree is to eliminate absolute poverty within a specific time-frame of 10 years, with the active involvement of the local self-governments.

20. Answer: (a)

Explanation:

The Saansad Adarsh Gram Scheme comes under the Ministry of Rural Development. The following steps have been taken by the Ministry of Rural Development for the successful implementation of the Saansad Adarsh Gram Yojana (SAGY) Gram Panchayats:

- The Ministry has brought out a compilation of 127 Central Sector and Centrally Sponsored and 1,806 State Schemes for convergence under the SAGY.
 - This document serves as a ready reckoner, especially for the Members of the Parliament, District and Village level officials about the different schemes for possible convergence at the GP level.
 - This document is available on the SAGY website (saanjhi.gov.in) and is updated periodically.
- 24 Schemes of 17 Ministries of the Government of India have been amended/appropriate advisories have been issued to accord priority to the SAGY in respective schemes.

Saansad Adarsh Gram Yojana (SAGY) was launched in 2014 on the birth anniversary of Lok Nayak Jai Prakash Narayan.

- The goal was to develop three Adarsh Grams by March, 2019, of which one was to be achieved by 2016.

- **Thereafter, five such Adarsh Grams (one per year) will be selected and developed by 2024.**

- The Scheme places equal stress on nurturing the values of national pride, patriotism, community spirit, self-confidence and on developing infrastructure.
- The SAGY will keep the soul of the rural India alive, while providing its people with quality access to basic amenities and opportunities to enable them to shape their own destiny.

The Saansad Adarsh Gram Yojana (SAGY) converges the resources available from a range of existing Central Sector, Centrally Sponsored and State Schemes to achieve the programme objectives and as such, no additional funding is deemed necessary. The Gram Panchayats under the guidance of the MPs follow a structured process of environment-creation, social-mobilization, situation analysis, participatory development planning, resource-mapping and execution.

Formulation of Village Development Plan (VDP) and approval:

First of all, a working group is to be set up by the District Collector, consisting of officials and outside professionals/experts to draw up the draft village development plan on the basis of the needs prioritized by the people.

- The Village Development Plan would broadly cover activities from the eight sectors listed in the SAGY Guideline: Personal Development, Human Development, Social Development, Economic Development, Environmental Development, Basic Amenities and Infrastructure, Social Security and Good Governance.
- The Village Development Plan is to be moved for approval only after obtaining the Consent of the Member of the Parliament.

- The comments/suggestions of the MP are to be incorporated in the VDP.
- The VDP is to be approved at two levels, first at the Gram Sabha and then at the District Level Committee, chaired by the District Collector. The activities approved by the Gram Sabha need to be projectized and placed before the District Level Committee for approval.

21. Answer: (a)

Explanation:

The Twelfth Five Year Plan went into effect on April 1, 2012, and ran for five years, from 2012 to 2017. Faster, Sustainable, and More Inclusive Growth, is the slogan of the Twelfth Plan. The final authority that gave final approval to the Five Year Plans was the National Development Council (NDC).

Adopted in the Union Budget 2017-18, Mission Antyodaya is a convergence and accountability framework, aiming to bring optimum use and management of resources allocated by 27 Ministries/Department of the Government of India under various programmes for the development of the rural areas. It is envisaged as a State-led initiative, with the Gram Panchayats as the focal points of convergence efforts.

- Annual survey in the Gram Panchayats across the country is an important aspect of Mission Antyodaya framework.
- It is carried out coterminous with the People's Plan Campaign (PPC) of the Ministry of Panchayat Raj and its purpose is to lend support to the process of participatory planning for Gram Panchayat Development Plan (GPDP).
- A Gram Panchayat is the basic unit for monitoring transformation and for ranking on the basis of objective criteria.

- Given the diverse size of the Gram Panchayats, 5,000 Clusters, comprising nearly 50,000 Gram Panchayats, have been selected by the States purposively for implementing the 'Mission Antyodaya' framework.
- Mission Antyodaya encourages partnerships with network of professionals, institutions and enterprises to further accelerate the transformation of rural livelihoods.
- Self Help Groups (SHG) are the enablers to convergence approach due to their social capital and their proven capacity for social mobilization.
- The thrust is not only on physical infrastructure, but also on social infrastructure with strengthening of agriculture, horticulture, animal husbandry activities with utmost priority given to the SHG expansion in Mission Antyodaya clusters.
- The Framework makes use of technology to ensure that the benefits reach those who are most deserving as per the Socio-Economic Caste Census (2011) data.

22. Answer: (b)

Explanation:

Shyama Prasad Mukherji Rurban Mission (SPMRM): SPMRM is a scheme launched by the Ministry of Rural Development (MoRD) in 2016 to deliver integrated project-based infrastructure in the rural areas, which will also include the development of economic activities and skill development.

- A predecessor to SPMRM was the Provision of Urban Amenities to Rural Areas (PURA), announced in 2003.
- Large parts of the rural areas in the country are not stand-alone settlements, but part of a cluster of settlements, which are relatively proximate to each other.

- These clusters typically illustrate potential for growth, have economic drivers, and derive locational and competitive advantages. These clusters, once developed, can then be classified as 'Rurban'.

The larger outcomes envisaged under this Mission are:

- Bridging the rural-urban divide, viz., economic, technological and those related to facilities and services.
- Stimulating local economic development with emphasis on reduction of poverty and unemployment in the rural areas.
- Spreading development in the region.
- Attracting investment in the rural areas.

A 'Rurban cluster', would be a cluster of geographically contiguous villages with a population of about 25,000 to 50,000 in the plains and the coastal areas, and with a population of 5,000 to 15,000 in the deserts, hilly or tribal areas.

- As far as practicable, the clusters of villages would follow administrative convergence units of the Gram Panchayats and shall be within a single block/Tehsil for administrative convenience.
- **There will be two categories of clusters under the NRuM: Non-Tribal and Tribal.**
- **The process of selection will vary for each of these categories.**

Non-Tribal: For the selection of the Non-Tribal clusters, the Ministry would provide a list of leading sub-districts to each State, within which the clusters could be identified. The selection of these sub-districts by the Ministry would be based on the parameters, such as:

- Decadal growth in the rural population;
- Decadal growth in the non-farm work force participation; and
- Presence of economic clusters.

The State Governments could select the clusters and, while doing so, could include the following performance parameters:

- Decadal growth in the rural population;
- Decadal growth in the non-farm work force participation;
- Percentage enrolment of girls in secondary schools; and
- Percentage households with bank accounts under the Pradhan Mantri Jan Dhan Yojana.

Tribal: For the identification of the tribal clusters, the Ministry would select the leading sub-districts falling within the top 100 tribal districts of the country, based on the Scheduled Tribes population. The selection of these sub-districts would be based on parameters, such as:

- Decadal growth in the tribal population;
- Current tribal literacy rate;
- Decadal growth in the non-farm work force participation;
- Decadal growth in rural population; and
- Presence of economic clusters.

23. Answer: (c)

Explanation:

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), also known as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) is an Indian legislation, enacted on August 25, 2005.

- The MGNREGA provides a legal guarantee for one hundred days of employment in every financial year to the adult members of any rural household, willing to do public work-related unskilled manual work at the statutory minimum wage.

• **The Ministry of Rural Development (MRD),**

Rural the

Government of India, is monitoring the entire implementation of this scheme, in association with State Governments.

- This Act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or unskilled work to the people living below poverty line in rural India.
- Roughly one-third of the stipulated work force must be women.
- Adult members of the rural households submit their name, age and address, with photo, to the Gram Panchayat. The Gram Panchayat registers households after making enquiry and issues a job card. The job card contains the details of the adult member enrolled and his/her photo. Registered person can submit an application for work in writing (for at least fourteen days of continuous work) either to the Panchayat or to the Programme Officer.
- The Panchayat/Programme Officer will accept the valid application and issue dated receipt of application, letter providing work will be sent to the applicant and also displayed at the Panchayat office. The employment will be provided within a radius of 5 km. If it is above 5 km, extra wage will be paid.
- Within 15 days of submitting the application or from the day work is demanded, wage employment will be provided to the applicant.
- Right to get unemployment allowance in case employment is not provided within fifteen days of submitting the application or from the date when work is sought.
- Social audit of MGNREGA works is mandatory, which lends to accountability and transparency.
- It is the Gram Sabha and the Gram Panchayat which approve the shelf of

works under MGNREGA and fix their priority.

Mahatma Gandhi NREGA	Mahatma Gandhi NREGS
The Mahatma Gandhi National Rural Employment Guarantee Act (Mahatma Gandhi NREGA) is the foundation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (Mahatma Gandhi NREGS) and provides guaranteed employment	The Mahatma Gandhi National Rural Employment Guarantee Scheme (Mahatma Gandhi NREGS). created as directed in Mahatma Gandhi NREGA and the means to implement the Act so that the guarantee comes into effect
The Central Government specified the features and conditions for guaranteed employment in Mahatma Gandhi NREGA 2005	The State Governments have to incorporate all features of Mahatma Gandhi NREGA in the State Mahatma Gandhi NREGS as mentioned in Schedule-I and condition of employment as mentioned in Schedule-II of Mahatma Gandhi NREGA
The Central Government has powers to make rules and to amend Mahatma Gandhi NREGA	The State Governments have powers to make rules and amend the concerned State scheme
Mahatma Gandhi NREGA has been notified through the Gazette of	Mahatma Gandhi NREGS of a State has been notified through the

India Extraordinary notification and is National legislation	Official Gazette of concerned State
Mahatma Gandhi NREGA was notified on 7 th September 05	Different States have notified Mahatma Gandhi NREGS on different dates but within a year of Mahatma Gandhi NREGA notification

24. Answer: (a)**Explanation:**

The concepts of stocks and flows are important concepts.

Often we hear the statements like, 'the average salary of someone is Rs. 10,000' or 'the output of the steel industry is so many tonnes' or 'so many rupees in value'. But, these are incomplete statements, because it is not clear whether the income which is being referred to is yearly or monthly or daily income, and surely that makes a huge difference.

Thus income, or output, or profits are the concepts that make sense only when a time period is specified. These are called the 'flows', because they occur in a period of time. Therefore, we need to delineate a time period to get a quantitative measure of these. Since a lot of accounting is done annually in an economy, many of these are expressed annually, like annual profits or production. **Flows are defined over a period of time.**

In contrast, capital goods or consumer durables, once produced, do not wear out or get consumed in a delineated time period. In fact, capital goods continue to serve us through different cycles of production. The buildings or machines in the factories are there, irrespective of the specific time period. There can be

addition to, or deduction from, these if a new machine is added or a machine falls in disuse and is not replaced. These are called the 'stocks'. **Stocks are defined at a particular point of time.**

To further understand the difference between stock variables and flow variables, let us take the following example:

Suppose a tank is being filled with water coming from a tap. The amount of water, which is flowing into the tank from the tap per minute, is a flow. But, how much water there is in the tank, at a particular point of time, is a stock concept.

The Gross Domestic Product (GDP) represents the value of the final goods produced by the economy during a given year. The GDP is a flow that is measured in dollars, euros, or other currency units per year.

25. Answer: (a)**Explanation:**

The Gross Domestic Product (GDP) measures the aggregate production of final goods and services taking place within the domestic economy during a year. But, the whole of it may not accrue to the citizens of the country.

- **For example, a citizen of India, working in Saudi Arabia, may be earning her wage and it will be included in the Saudi Arabian GDP.** But legally speaking, she is an Indian.
- Whereas, the profits earned by the Korean-owned Hyundai car factory will be included in the GDP of India.

26. Answer: (b)**Explanation:**

- **Since 2015, we calculate the GDP at market prices, rather than at factor cost.** 'Factor cost' is 'market price', excluding indirect taxes and subsidies.

- To calculate the GDP at the market prices, first we calculate the GDP at the basic prices and then we separately add the government's total indirect taxes and subtract subsidies.

27. Answer: (b)

Explanation:

Net National Product (NNP) at factor cost is the National Income.

- $\text{NNP at factor cost} = \text{NNP at market prices} - (\text{Indirect taxes} - \text{Subsidies})$.
- $\text{NNP at factor cost} = \text{NNP at market prices} - \text{Net indirect taxes}$.

$(\text{Net indirect taxes} = \text{Indirect taxes} - \text{Subsidies})$

28. Answer: (d)

Explanation:

National Disposable Income:

$\text{National Disposable Income} = \text{Net National Product at market prices} + \text{Other current transfers from the rest of the world}$.

The idea behind the National Disposable Income is that it gives an idea of what is the maximum amount of goods and services the domestic economy has at its disposal. Current transfers from the rest of the world include items, such as gifts, aids, etc.

29. Answer: (c)

Explanation:

In India, a few other aggregate income categories are also used in National Income accounting:

Private Income = Factor income from **Net Domestic Product** accruing to the private sector + **National debt interest** + **Net factor income from abroad** + **Current transfers from the government** + Other net transfers from the rest of the world

30. Answer: (b)

Explanation:

The ratio of the nominal GDP to the real GDP gives us an idea of how the prices have moved from the base year (the year whose prices are being used to calculate the real GDP) to the current year. In the calculation of the real GDP and the nominal GDP of the current year, the volume of production is fixed. Therefore, if these measures differ, it is only due to the change in the price level between the base year and the current year.

The ratio of the nominal GDP to the real GDP is a well-known index of prices. This is called the GDP Deflator. Thus, if GDP stands for the nominal GDP and gdp stands for the real GDP then, $\text{GDP Deflator} = \text{GDP}/\text{gdp}$.

The CPI (Consumer Price Index) (and analogously the WPI - Wholesale Price Index) may differ from the GDP Deflator because:

- The goods purchased by the consumers do not represent all the goods which are produced in a country. **The GDP Deflator takes into account all such goods and services.**
- The CPI includes the prices of the goods consumed by the representative consumer, hence it includes the prices of the imported goods. The GDP Deflator does not include the prices of the imported goods.
- The weights are constant in the CPI, but they differ according to the production level of each goods in the GDP Deflator.

31. Answer: (a)

Explanation:

We may be tempted to treat a higher level of GDP of a country as an index of greater well-being of the people of that country (to account for price changes, we may take the value of the real GDP, instead of the nominal GDP).

But, there are at least three reasons why this may not be correct:

1. **Distribution of GDP – How uniform is it:** If the GDP of the country is rising, the welfare may not rise as a consequence. This is because the rise in the GDP may be concentrated in the hands of a very few individuals or firms. For the rest, the income may, in fact, have fallen. In such a case, the welfare of the entire country cannot be said to have increased.
2. **Non-monetary exchanges:** Many activities in an economy are not evaluated in monetary terms. For example, the domestic services women perform at home are not paid for. The exchanges which take place in the informal sector without the help of money are called barter exchanges. In barter exchanges, the goods (or services) are directly exchanged against each other. But, since money is not being used here, these exchanges are not registered as part of the economic activity.
3. **Externalities:** Externalities refer to the benefits (or harms) a firm or an individual causes to another, for which he is not paid (or penalized). Externalities do not have any market in which they can be bought and sold. In carrying out the production, the refinery may also be polluting the nearby river. This may cause harm to the people who use the water of the river. Hence, their well-being will fall. Pollution may also kill fish or other organisms of the river on which the fish survive. As a result, the fishermen of the river may be losing their livelihood. Such harmful effects, that the refinery is inflicting on others, for which it will not bear any cost, are called externalities. **In this case, the GDP is not taking into account such negative externalities.**

32. Answer: (c)

Explanation:

A country can turn physical resources like land into physical capital like factories and it can also turn human resources like nurses, farmers, teachers, students into human capital like engineers and doctors.

Societies need sufficient human capital in the first place—in the form of competent people who have themselves been educated and trained as professors and other professionals. The economic value of a worker's experience and skills is referred to as human capital. **As a result, it is an intangible asset or characteristic that does not (and cannot) appear on a company's balance sheet.** Human capital is thought to boost productivity and consequently profits. **The more a firm invests in its personnel, the better its prospects of productivity and success increase. Human capital is an intangible asset not listed on a company's balance sheet. Human capital is said to include qualities like an employee's experience and skills.**

Human capital creates both **private and social benefits**, whereas **physical capital creates only private benefit**. That is, **benefits from a capital good flow to those who pay the price for the product and services produced by it.**

Depletion is used for measuring the systematic reduction in the value of mineral assets or natural resources while depreciation is used for measuring the systematic reduction in the value of the fixed assets/tangible or intangible assets.

33. Answer: (a)

Explanation:

- **The Total Fertility Rate (TFR) -- which is the average number of children who would be born to any**

women in her lifetime – has declined from 2.2 in 2015-16 to 2.0 in 2019-21. It was revealed in the fifth round of the National Family Health Survey, or NFHS-5, conducted over two years starting in 2019.

- India's TFR of two is currently below the replacement level of fertility of 2.1 children per woman. **Replacement level fertility represents the level at which a population exactly replaces itself from one generation to the next**, thus leading to zero population growth if the level sustained over a sufficiently long period.

34. Answer: (d)

Explanation:

- **The Ministry of Health and Family Welfare (MOHFW), Government of India, designated the International Institute for Population Sciences(IIPS) Mumbai, as the nodal agency, responsible for providing coordination and technical guidance for the survey.** IIPS collaborated with a number of Field Organizations (FO) for survey implementation. Each FO was responsible for conducting survey activities in one or more states covered by the NFHS.
- The National Family Health Survey (NFHS) is a large-scale, multi-round survey conducted in a representative sample of households throughout India. **Three rounds of the survey have been conducted since the first survey in 1992-93.** The survey provides state and national information for India on fertility, infant and child mortality, the practice of family planning, maternal and child health, reproductive health, nutrition, anaemia, utilization and quality of health and family planning services.

35. Answer: (b)

Explanation:

- The Code on Wages, 2019, provides for universal minimum **wage across employments in organized and unorganized sector.**
- **The Code mandates the Central Government to fix floor wage** and that the minimum rates of wages fixed by the appropriate Governments shall not be less than the floor wage.
- The Code prohibits gender discrimination in matters related to wages and recruitment of employees for the same work or work of similar nature done by an employee. Every employee, drawing wages not exceeding a monthly amount as notified by the Central or State Government, and having put in at least 30 days of work in an accounting year, will be entitled to an annual bonus at the rate of 8.33% of wages earned or Rs. 100, whichever is higher.
- The Code on Wages, 2019, has been notified on 08 August 2019, and **the provisions of the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976, have been rationalised and subsumed therein.**

36. Answer: (c)

Explanation:

- In order to safeguard the interest of the migrant workers, the Central Government had enacted the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979. **This Act has now been subsumed in the Occupational Safety, Health and Working Conditions (OSH) Code, 2020.**
- The OSH Code, provides for decent working conditions, minimum wages,

grievances redressal mechanisms, toll free helpline, **protection from abuse and exploitation, and social security to all category of organized and unorganized workers including migrant workers.**

37. Answer: (d)

Explanation:

- Under the Social Security Code, the term "wages" includes all kinds of remunerations capable of being expressed in monetary terms including basic pay, dearness allowance, and retaining allowance. **However, it does not include any overtime compensation, house rent, conveyance allowance, gratuity upon termination, or any retrenchment compensation.**
- The Code deals with social security organisations, employees' compensation, provident fund, gratuity, Employees' State Insurance Corporation, social security for construction workers, unorganised workers, gig workers, and platform workers. **Every establishment shall mandatorily obtain registration under this Code, including the establishments already registered under any Central Act.** Workers under different categories shall be required to register under applicable Chapters in the Code. Further, any business in the process of closure shall apply for registration cancellation under this Code.

38. Answer: (a)

Explanation:

- **NPS offers two types of accounts, namely Tier-I and Tier-II. Tier-I account is the pension account having restricted withdrawals. Tier-II is a voluntary account which offers liquidity of investments and**

withdrawals. It is allowed only when there is an active Tier-I account in the name of the subscriber. The contributions accumulate over a period of time till retirement grows with market linked returns.

- **On exit/retirement/superannuation, a minimum of 40% of the corpus is mandatorily utilized to procure a pension for life by purchasing an annuity from a life insurance company and the balance corpus is paid as lumpsum.**
- NPS platform offers different models to suit the different segments of users. These include:
 - **The Government model** for the Central and State Government Employees NPS is mandatorily applicable on Central Government employees (except Armed Forces) recruited on or after 01.01.2004. Subsequently, all State Governments excluding West Bengal have also adopted NPS for their employees. Govt. employees make a monthly contribution at the rate of 10% of their salary and a matching contribution is paid by the Govt. For central Govt. employees, the employer's contribution rate has been enhanced to 14% w.e.f. 01.04.2019.
 - **The Corporate Model:** Companies can adopt NPS for their employees with contribution rates as per the employment conditions.
 - **The All Citizens Model:** The All Citizens Model of the NPS allows all citizens of India aged between 18 - 65 years to join NPS on a voluntary basis.

39. Answer: (c)

Explanation:

- SDG 1 aims at achieving No poverty by 2030. Eradicating extreme poverty

for all people everywhere by 2030 is a pivotal goal of the 2030 Agenda for Sustainable Development. Among several targets, **Target 1.4 states that by 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources**, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

- Sustainable Development Goal 2 is about creating a world free of hunger by 2030. **Target 2.3 states that - By 2030, double the agricultural productivity and incomes of small-scale food producers**, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

40. Answer: (d)

Explanation:

- The appropriate Government shall appoint a person to be the Registrar of Trade Unions for each State. The appropriate Government may appoint as many Additional and Deputy Registrars of Trade Unions as it thinks fit for the purpose of exercising and discharging, the powers and functions so specified. In this Act **'the appropriate Government'** means, in relation to Trade Unions whose objects are not confined to one State, the Central Government, and in relation to other Trade Unions, the State Government. So both central and state governments can appoint the registrar.

- The Act defines **the Mode of registration - Any seven or more members of a Trade Union may, by subscribing their names to the rules of the Trade Union and by otherwise complying with the provisions of this Act with respect to registration, apply for registration of the Trade Union under this Act.**

41. Answer: (b)

Explanation:

The Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW) has designated/empanelled the Agriculture Insurance Company of India (AIC), and some private insurance companies, presently to participate in the Government sponsored agriculture/crop insurance schemes, based on their financial strength, infrastructure, manpower and expertise etc. The selection of the insurance companies from amongst the empanelled insurance companies to act as the implementing agency shall be done by the concerned State Governments for the implementation of the scheme in their respective State.

Premium - 2% (Kharif); 1.5% (Rabi and oilseeds); and 5% (Horticulture crops).

Post-Harvest Losses (Individual farm basis): The coverage is available upto a maximum period of 14 days from the harvesting for those crops which are kept in "cut and spread" condition to dry in the field after harvesting, against specific perils of cyclone/cyclonic rains, unseasonal rains throughout the country.

42. Answer: (c)

Explanation:

The National Food Security Act (NFSA), 2013, provides food and nutritional security by ensuring access to adequate quantities of quality food at affordable

prices. Thus, it strengthens Article 21 enshrined in the Constitution.

The National Food Security Act (NFSA), 2013:

- **Coverage:** Upto 75% of the rural population and 50% of the urban population (67% of the total population).

Entitlement:

- **Priority households:** 5 kg/person/month.
- **Antyodaya households:** 35 kg/household/month.
- **Subsidised prices of Rs. 3/2/1 per kg for rice, wheat and coarse grains.**
- **Nutritional Support:** Meals for the pregnant women and lactating mothers (PWLML), and children (6 months-14 years).
- Maternity benefit of Rs 6,000 for PMLM.
- **Women Empowerment:** The eldest woman (18 years and above) is considered as the head of the household for issuing the ration cards.
- Grievance redressal at the District and State levels.
- Accountability through social audits and Vigilance Committees.
- **Food security allowance in case of non-supply of food.**

43. Answer: (a)

Explanation:

First Five-Year Plan (1951-56):

- It was based on the Harrod-Domar Model.
- Influx of the refugees, severe food shortage and mounting inflation confronted the country at the onset of the First Five Year Plan.
- The Plan focussed on agriculture, price stability, power and transport.

- It was a successful Plan, primarily because of good harvests in the last two years of the Plan. The objectives of rehabilitation of the refugees, food self-sufficiency and control of prices were more or less achieved.
- **The target growth was 2.1%, whereas the actual growth was 3.6%.**

44. Answer: (b)

Explanation:

Second Five-Year Plan (1956 - 61):

- **Target Growth:** 4.5%; **Actual Growth:** 4.3%.
- Simple aggregative Harrod-Domar Growth Model was again used for the overall projections and the strategy of resource allocation to the broad sectors, as agriculture and industry was based on two and four sector model prepared by Prof. P. C. Mahalanobis. (The Plan is also called the Mahalanobis Plan).
- The Second Plan was conceived in an atmosphere of economic stability. It was felt that agriculture could be accorded lower priority.
- The Plan focussed on rapid industrialization, heavy and basic industries. Advocated huge imports through foreign loans.
- The Industrial Policy Resolution, 1956, was based on the establishment of a socialistic pattern of society as the goal of the economic policy.
- Acute shortage of forex led to the pruning of the development targets. Price rise was also seen (about 30%) vis a vis decline in the earlier Plan and **the Second Five-Year Plan was only moderately successful.**

45. Answer: (b)

Explanation:

Fifth Five-Year Plan (1974-79):

- **Target Growth:** 4.4%; **Actual Growth:** 4.8%.

- The final draft of the Fifth Five-Year Plan was prepared and launched by D.P. Dhar, in the backdrop of economic crisis arising out of runaway inflation, fuelled by hike in oil prices and failure of the government takeover of the wholesale trade in wheat.
- **It proposed to achieve two main objectives:** 'Removal of poverty' (Garibi Hatao) and 'attainment of self-reliance'.
- Promotion of a high rate of growth, better distribution of income and significant growth in the domestic rate of savings were seen as the key instruments.
- Due to high inflation, cost calculations for the Plan proved to be completely wrong and the original public sector outlay had to be revised upwards. After the promulgation of Emergency in 1975, the emphasis shifted to the implementation of the Prime Minister's 20 Point Programme. The Fifth Five-Year Plan was relegated to the background and, when Janta Party came to power in 1978, the Plan was terminated.
- **The implementation of the Family Planning Programmes was amongst the major targets of the Fourth Five Year Plan.**

46. Answer: (b)

Explanation:

Sixth Five Year Plan (1980 - 85):

- **Target Growth:** 5.2%; **Actual Growth:** 5.7%.
- The Plan focussed on increase in the national income, modernization of technology, ensuring continuous decrease in poverty and unemployment through schemes for transferring skills (TRYSEM- Training of Rural Youth for Self Employment) and (IRDP-Integrated Rural Development Program), and providing slack season employment (NREP- National Rural Employment Guarantee Programme), controlling population explosion etc.
- Broadly, the Sixth Five-Year Plan could be taken as a success, as most of the targets were realized, even though during the last year (1984-85), many parts of the country faced severe famine conditions and agricultural output was less than the record output of the previous year.
- **The Seventh Five-Year Plan aimed at accelerating the food grain production, increasing employment opportunities and raising productivity with focus on 'food, work and productivity'.**

47. Answer: (a)

Explanation:

Ninth Five-Year Plan (1997- 2002):

- **Target Growth:** 6.5% **Actual Growth:** 5.4%.
- The Plan, prepared under the United Front Government, focussed on "Growth with Social Justice and Equality".
- The Ninth Five Year Plan aimed to depend predominantly on the private sector – Indian, as well as foreign (FDI), and the State was envisaged to increasingly play the role of the facilitator and increasingly involve itself with the social sector, viz., education, health etc., and infrastructure where private sector participation was likely to be limited.
- It assigned priority to agriculture and rural development with a view to generate adequate productive employment and eradicate poverty.
- **Worsening Balance of Payments position, rising debt burden, widening budget deficits, recession in the industry and inflation were the key issues during the launch of the Eighth Five-Year Plan.**

48. **Answer: (b)**

Explanation:



49. **Answer: (c)**

Explanation:

In June 1992, at the Earth Summit in Rio de Janeiro, Brazil, more than 178 countries adopted Agenda 21, a comprehensive plan of action to build a global partnership for sustainable development to improve human lives and protect the environment.

The Johannesburg Declaration on Sustainable Development was adopted at the World Summit on Sustainable Development (WSSD), sometimes referred to as Earth Summit 2002, at which the Plan of Implementation of the World Summit on Sustainable Development was also agreed upon.

In terms of the political commitment of parties, the Declaration is a more general statement than the Rio Declaration. It is an agreement to focus particularly on "the worldwide conditions that pose severe threats to the sustainable development of our people."

50. **Answer: (c)**

Explanation:

A total of 415 million people moved out of poverty in India within just 15 years from 2005/2006 to 2019/2021, the United Nations (UN) said recently, highlighting the remarkable achievement by the world's most populous nation.

The latest update of the global **Multidimensional Poverty Index (MPI)** was released by the **United Nations Development Programme (UNDP)** and the **Oxford Poverty and Human Development Initiative (OPHI)** at the University of Oxford.

It said that 25 countries, including India, successfully halved their global MPI values within 15 years, showing that rapid progress is attainable. These countries include Cambodia, China, Congo, Honduras, India, Indonesia, Morocco, Serbia, and Vietnam.

Alagh Committee, Lakdawala Committee, Tendulkar Committee, and C Rangarajan Committee suggested the poverty line for poverty estimation in India.