TARGET PRELIMS 2019

Question Bank (Vol I)
June 2018 till August 2018.

350+ Questions with Explanation, Approach, Related TopicsURLs.

Source: The Hindu, Indian Express, PIB, thewire.in, scroll.in, Govt Websites, Economic Times, Business Standard.
# Table of Contents

**ECONOMY**  
*Questions* .................................................................................................................. 02  
*Answers and Solutions* .................................................................................................. 06

**POLITY**  
*Questions* .................................................................................................................... 21  
*Answers and Solutions* .................................................................................................. 29

**ENVIRONMENT AND ECOLOGY**  
*Questions* ....................................................................................................................... 53  
*Answers and Solutions* .................................................................................................. 61

**SCIENCE AND TECHNOLOGY**  
*Questions* ....................................................................................................................... 88  
*Answers and Solutions* .................................................................................................. 94

**INTERNATIONAL RELATIONS**  
*Questions* ....................................................................................................................... 113  
*Answers and Solutions* .................................................................................................. 117

**GOVERNMENT SCHEMES**  
*Questions* ....................................................................................................................... 132  
*Answers and Solutions* .................................................................................................. 135

**MISCELLANEOUS**  
*Questions* ....................................................................................................................... 145  
*Answers and Solutions* .................................................................................................. 152
ECONOMY
Q1. Which of the following is the best description of the term 'Asian Premium' often seen in news?
   a) It is the money which developed countries agreed to give to the poor countries of Asia to avoid climate change.
   b) Extra charges being collected by OPEC countries from Asian countries when selling oil in comparison to Western countries.
   c) The total amount of investments Asian Countries received from World Bank in the last decade.
   d) The extra amount of FDI Asian Countries received in last few years due to their population and lack of development.

Q2. Consider the following about ‘Compact 2025’:
   1. It is an initiative for ending hunger and undernutrition by 2025.
   2. It has been started by Food Corporation of India (FCI).
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

Q3. ‘Consumer Confidence Survey’ often seen in the news is released by:
   a) NITI Aayog
   b) Ministry of Commerce and Industry
   c) The Reserve Bank of India
   d) Ministry of Consumer Affairs

Q4. Consider the following about ‘Directorate of Revenue Intelligence’:
   1. It is the apex anti-money laundering agency of India.
   2. It works under the Central Board of Indirect Taxes & Customs, Ministry of Finance, Government of India.
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

Q5. Consider the following about ‘Export Promotion Council for Handicrafts’:
   1. It is a non-profit organisation established under the Companies Act in the year 1986-87.
   2. It is an apex body of handicrafts exporters for promotion of exports of Handicrafts from 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

Q6. ‘Generalised System of Preferences’, often seen in the news is:
   a) A preferential tariff system extended by developed countries to developing countries.
   b) Non-discriminatory trade policy commitment offered by one country to another on a reciprocal basis.
   c) A preferential tariff system extended by India to African countries.
   d) A generalised system of mapping consumer preferences

Q7. Consider the following about ‘Global Real Estate Transparency Index’:
   1. The survey is released by United Nations Human Settlement Programme.
   2. In the latest edition (2018) of index, India has moved up one place due to improvement in market fundamentals, policy reforms, and liberalisation of FDI.
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

Q8. Which of the following best describes ‘Liberalised Remittance Scheme’ of RBI:
   a) All resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.
   b) All non-resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.
   c) All resident individuals, excluding minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.
   d) All foreigners are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.

Q9. Which of the following is the best description of the term ‘Mathew Effect’ sometimes seen in news?
   a) A social phenomenon wherein people who
already possess high economic or social status continue to do so over time
b) A social phenomenon wherein people who possess high economic or social status suddenly lose that status.
c) A social phenomenon wherein people who possess low economic or social status improve their status over time
d) Convergence of income between the poor and the rich.

Q10. Which of the following best describes ‘No-Fly List’?
a) It is a list prepared by the government, of people who are prohibited to travel through airways.
b) It is a list prepared by the government, of aircrafts which are prohibited from flying.
c) It is a list prepared by the government, of zones where private aircrafts are prohibited from entering.
d) It is a list prepared by the government of types of drones which are prohibited from flying near government premises.

Q11. Consider the following about ‘RAIL-MADAD’:
1. It is a mobile App to register complaints by passengers through mobile phone/web.
2. It relays real time feedback to passengers on the status of redressal of their complaints.
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

Q12. Consider the following about ‘Renewal Energy Dialogue’:
1. This dialogue is organised by Council on Energy, Environment and Water (CEEW).
2. It offers a platform for engaged deliberations on the role of different stakeholders in advancing renewable energy deployment, balancing both domestic priorities and international mitigation ambitions and commitments.
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

Q13. Consider the following about ‘Mission Solar Charkha’:
1. It is an initiative of The Ministry of New and Renewable Energy (MNRE).
2. Its main objective is to leverage low-cost, innovative technologies and processes for sustenance.
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

Q14. In which of the following locations Strategic Oil Reserves have not been established?
a) Visakhapatnam
b) Mangalore
c) Padur
d) Ambala

Q15. Which of the following state government has launched ‘Surya Shakti Kisan Scheme’?
a) Uttar Pradesh
b) Gujarat
c) Madhya Pradesh
d) Rajasthan

Q16. Consider the following statements about ‘UDYAM SANGAM’:
1. It is organised by The Ministry of Corporate Affairs.
2. The purpose of the Conclave is to encourage dialogue and partnership among various stakeholders of the MSME ecosystem and for promoting innovation and knowledge sharing on MSME related issues.
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

Q17. Consider the following statements about ‘Unorganised Worker Identification Number’:
1. It is an initiative of The Ministry of Corporate Affairs under Unorganized Workers’ Social Security Act, 2008.
2. It will improve unorganised workers’ access to all social security schemes.
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

Q18. Consider the following about ‘Water Productivity Mapping of Major Indian Crops Report’:
1. The report is released by Niti Aayog.
2. The report presents for the first time, maps on the water productivity of ten major Indian crops across cultivating districts and states. 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

Q19. Consider the following about ‘Zero Budget Natural Farming’:
1. ‘Zero budget’ farming promises to end a reliance on loans and drastically cut production costs, ending the debt cycle for desperate farmers.
2. Under this initiative there is no use of chemicals.
3. The movement first evolved in Karnataka.
Which of the statements given above is/are correct?
   a) 3 only
   b) 1 and 2 only
   c) 2 only
   d) All of the above

Q20. With reference to ‘Financial stability report’, consider the following statements:
1. It is released by the Ministry of Finance.
2. It reflects the overall assessment of the stability of India’s financial system and its resilience to risks emanating from global and domestic factors.
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

Q21. With reference to ‘Prompt Corrective Action (PCA) Framework’, consider the following statements:
1. It is a set of guidelines by the Securities and Exchange Board of India (SEBI) to private companies for improving their financial condition.
2. It is a framework for improving the financial condition of the scheduled commercial banks.
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

Q22. What is/are possible factor for depreciation of rupees?
   a) Rise in international crude oil prices.
   b) Tightening of U.S. monetary policy
   c) Both a and b
   d) None of the above

Q23. With reference to ‘Insolvency and Bankruptcy Code (IBC), 2016’, consider the following statements:
1. It deals primarily with insolvency issues in the banking sector.
2. Timeline for Insolvency resolution process is 2 years under IBC, 2016.
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

Q24. With reference to ‘Deposit Insurance and Credit Guarantee Corporation (DICGC)’, consider the following statements:
1. It is a subsidiary of Life Insurance Corporation.
2. It provides insurance to deposits up to 10 lakhs.
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

Q25. ‘Compact2025’, sometimes seen in the news, is related to
   a) It is an initiative for ending hunger and undernutrition by 2025.
   b) It is an initiative for increasing forest cover up to 30 percent all over the world by 2025.
   c) It is an initiative for the elimination of gender inequality by 2025.
   d) It is an initiative for increasing primary health coverage by 2025.

Q26. With reference to ‘Consumer Confidence Survey’, consider the following statements:
1. It is released by the Central Statistics Office (CSO)
2. This Survey is being used by the Reserve Bank as one of the important inputs for monetary Policy formulation.
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
Q27. With reference to ‘Liberalized Remittance Scheme (LRS)’, consider the following statements:
1. It was launched by the Ministry of Corporate Affairs.
2. Regulations for the scheme are provided under the Foreign Contribution (Regulation) Act, 2010.
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

Q28. ‘MADAD (Mobile Application for Desired Assistance During travel)’, recently in the news is related to
   a) Monitoring the Non-performing assets (NPA) of banks
   b) Monitoring drop out rate in primary schools
   c) Promotion of girl education in India
   d) Expedite and streamline passenger grievance redressal

Q29. With reference to ‘Monetary Policy Committee’, consider the following statements:
1. The committee was created in 2016 to bring transparency and accountability in fixing India’s Fiscal Policy.
2. All members of the committee are nominated by the Government of India.
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

Q30. Consider the following Statements about Advance Pricing Agreement:
1. It is an agreement between the taxpayer and the tax authority regarding transfer pricing in the future.
2. The agreement will be binding on both the taxpayer and the tax authorities.
Which of the above statement is/are correct?
   a) 1 only
   b) 2 only
   c) Both 1 and 2
   d) Neither 1 nor 2

Q31. Which of the following sequence is correct about share capital in Regional Rural Banks?
   a) Union Government>Sponsor Bank>State Government
   b) Sponsor Bank>State Government>Union Government

Q32. Consider the following statements about Atal Pension Yojana:
1. All workers in the unorganized sector up to the age of 60 years are eligible for the scheme.
2. On the death of the subscriber, the spouse will receive 50% of the normal pension amount.
Which of the above statement is/are correct?
   a) 1 only
   b) 2 only
   c) Both 1 and 2
   d) Neither 1 nor 2

Q33. Which of the following statements is incorrect about the e-way bill?
   a) It is mandatory for interstate movement of goods of value more than Rs. 50,000 in motor vehicles.
   b) Only GST registered entities can register in the e-way bill portal.
   c) The Validity of e-Way Bill is fixed as one day for every 100 Kms which can be extended.
   d) A single e-way bill can be generated for multiple consignments.

Q34. ‘Cabotage Law’, recently seen in the news, is related to
   a) Shipping
   b) Civil Aviation
   c) Military Aviation
   d) Space Exploration

Q35. Consider the following statements about ‘Green bond’
1. The first Green bond was issued by the European Investment Bank (EIB) in 2007.
2. The bond is voluntary and only issued by a financial institution.
3. A Green bond is functionally a debt instrument, like any other bond.
Which of the statements given above is/are correct?
   a) 1 only
   b) 1 and 3 only
   c) 2 only
   d) 1, 2 and 3
Q1.

Answer: B

Explanation

Asian Premium is extra charges being collected by OPEC countries from Asian countries when selling oil in comparison to Western countries.

The Asian Premium has its origins in the late 1980s when Saudi Arabia, the de-facto OPEC leader, adopted a marker based price system for its oil exports – West Texas Intermediate (WTI) for the US, Brent for Europe and Dubai/Oman for Asia. The Asian marker was costlier than the American and European ones, and did not fully reflect market dynamics. This was due to lack of substantial production centers (other than in the Gulf region) and oil derivatives market in Asia. Also Asian countries, dependent heavily on oil imports, were essentially price-takers. In short, the oil exporters used their superior bargaining power to squeeze Asian oil importers while charging less to their American and European customers.

Approach: There was a news ‘Scrap ‘Asian Premium’ on oil’. So always be cautious while reading the newspaper. Otherwise you won’t even get the idea how to handle this question.

Related Topics: OPEC countries.

Q2.

Answer: A

Explanation

STATEMENT 1 is correct: Compact2025 is an initiative for ending hunger and undernutrition by 2025.

STATEMENT 2 is incorrect: It has been started by The International Food Policy Research Institute (IFPRI)

To help countries develop and implement strategic actions for food security and nutrition, Compact2025 employs the following approaches and activities:

- Engaging countries: Compact2025 begins with an initial focus on four countries—Bangladesh, Ethiopia, Malawi, and Rwanda—which seek to accelerate their progress toward ending hunger and undernutrition.

- Stimulating knowledge and innovation: It creating a Knowledge and Innovation (K&I) Hub to provide policymakers and practitioners with pragmatic, evidence-based guidance on scaling up success stories to end hunger and undernutrition.

- Supporting existing initiatives and partnerships

Approach: To tackle this question you need to be very well prepared with current affairs.

Related Topics: International Food Policy Research Institute and Food Corporation of India
Q3.  
Answer: C  
Explanation

CONSUMER CONFIDENCE SURVEY

It is released by RBI. The survey seeks responses on households’ perceptions and expectations on the general economic situation, the employment scenario, the overall price situation and their own income and spending.

Recent survey (Dec 2018) was conducted in 13 cities: Ahmedabad; Bengaluru; Bhopal; Chennai; Delhi; Guwahati; Hyderabad; Jaipur; Kolkata; Lucknow; Mumbai; Patna; and Thiruvananthapuram.

Approach: Always keep a watch on the surveys and indices released by Government. They have a high chances of coming in the exam.

Q4.  
Answer: B  
Explanation:

STATEMENT 1 is incorrect: The Directorate of Revenue Intelligence is the apex anti-smuggling agency of India.

STATEMENT 2 is correct: It works under the Central Board of Indirect Taxes & Customs, Ministry of Finance, Government of India.

It is tasked with detecting and curbing smuggling of contraband, including drug trafficking and illicit international trade in wildlife and environmentally sensitive items, as well as combating commercial frauds related to international trade and evasion of Customs duty.

Q5.  
Answer: C  
Explanation

EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

STATEMENT 1 is correct: It is a non-profit Organisation, with an object to promote, support, protect, maintain and increase the export of handicrafts.

STATEMENT 2 is correct: It is an apex body of handicrafts exporters for promotion of exports of Handicrafts from country and projecting India’s image abroad as a reliable supplier of high quality of handicrafts goods & services and ensured various measures keeping in view of observance of international standards and specifications.

Export Promotion Council for Handicrafts (EPCH) was established under the Companies Act in the year 1986-87.

Approach: All these councils, organisations and committees are very important. So always give them time when you see them in the news.
Q6.  
Answer: A  
Explanation

Generalized System of Preferences (GSP) is a preferential tariff system extended by developed countries (also known as preference giving countries or donor countries) to developing countries (also known as preference receiving countries or beneficiary countries).

It involves reduced MFN Tariffs or duty-free entry of eligible products exported by beneficiary countries to the markets of donor countries.

Benefits of GSP:

1) Indian exporters benefit indirectly - through the benefit that accrues to the importer by way of reduced tariff or duty free entry of eligible Indian products
2) Reduction or removal of import duty on an Indian product makes it more competitive to the importer - other things (e.g. quality) being equal.
3) This tariff preference helps new exporters to penetrate a market and established exporters to increase their market share and to improve upon the profit margins, in the donor country.

Most Favoured Nation: Non-discriminatory trade policy commitment offered by one country to another on a reciprocal basis.

Q7.  
Answer: B  
Explanation

‘Global Real Estate Transparency Index’

STATEMENT 1 is incorrect: The survey is released by JLL, a property consultancy company.

STATEMENT 2 is correct: India has improved its ranking by one notch to 35th in the global real estate transparency index, driven by policy reforms and liberalisation of FDI rules in property as well as retail sectors.

The 2018 Index covers 100 markets, from the mature economies of Western Europe and North America to opaque markets in Africa, Asia and Latin America. Based on 186 different indicators, the index reveals a truly global picture of real estate market transparency. It is a bi-annual survey. According to the survey, the UK is at the top position followed by Australia and the US. France, Canada, Netherlands, New Zealand, Germany, Ireland and Sweden are in the top 10 in the list of 100 countries.

Q8.  
Answer: A  
Explanation

‘Liberalized Remittance Scheme’ : Under the Liberalized Remittance Scheme, all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both. Further, resident individuals can avail of foreign exchange facility for the purposes mentioned in Para 1 of Schedule III of FEM (CAT) Amendment Rules 2015, dated May 26, 2015, within the limit of USD 2, 50,000 only. The Scheme was introduced on February 4, 2004, with a limit of USD 25,000. The LRS limit has been revised in stages consistent with prevailing macro and micro economic conditions. In case of remitter being
a minor, the LRS declaration form must be countersigned by the minor’s natural guardian. The Scheme is not available to corporates, partnership firms, HUF, Trusts etc.

Q9.
Answer: A
Explanation

MATHEW EFFECT: Also known as accumulated advantage, this refers to a social phenomenon wherein people who already possess high economic or social status continue to do so over time. By the same logic, people with the low economic or social status struggle to improve their status.

Approach: This question deals with Economics and was asked from current affairs. Sometimes UPSC picks concepts like these from newspapers.

Q10.
Answer: A
Explanation

NO-FLY-LIST: It is a list prepared by the government of people who are prohibited to travel through airways.

Approach: The news related to No-Fly List became very popular in recent time and this is why having a basic knowledge of this term becomes necessary.

Q11.
Answer: C
Explanation

RAIL-MADAD

STATEMENT 1 is correct: Shri Piyush Goyal, Minister of Railways & Coal launched a new App “Rail Madad” – An App to expedite & streamline passenger grievance redressal.

STATEMENT 2 is correct: It relays real time feedback to passengers on the status of redressal of their complaints- the passenger gets an instant ID through SMS on registration of complaint followed by a customized SMS communicating the action taken there on by Railway.

RPGRAMS (Railway Passenger Grievance Redressal and Management System), which has been developed by Northern Railway (Delhi Division) and comprises many novel features including ‘Rail Madad’ – a mobile App to register complaints by passengers through mobile phone/web.

RPGRAMS integrates all the passenger complaints received from multiple modes (14 offline/online modes currently) on a single platform, analyzes them holistically and generates various types of management reports which enable the top management to continuously monitor the pace of grievance redressal as well as evaluate the performance of field units/ trains/ stations on various parameters viz cleanliness, catering, amenities etc. It also identifies weak/deficient areas and laggard trains/stations for undertaking focused corrective actions.

Approach: Since the app was launched recently so it is very important for us. You have to always keep a track of all newly launched Government Apps and Portals.
Q12.
Answer: C
Explanation

Renewal Energy Dialogue

STATEMENT 1 is correct: This dialogue is organised by CEEW, Shakti Sustainable Energy Foundation (SSEF), Ministry of New and Renewable Energy (MNRE), International Energy Agency (IEA), International Solar Alliance (ISA), Renewable Energy Policy Network for the 21st Century (REN21).

STATEMENT 2 is correct: The CEEW Renewable Energy Dialogue offers a platform for engaged deliberations on the role of different stakeholders in advancing renewable energy deployment, balancing both domestic priorities and international mitigation ambitions and commitments.

The Dialogue brings together several national and international stakeholders from the renewable energy community to deliberate on the drivers and challenges facing the sector, both in India and globally. The second edition of RE Dialogue will have a specific focus on market needs, creation and trends. With participants from all relevant stakeholder communities and multiple geographies, the Dialogue will aim to reduce information asymmetries and make incisive calls for impactful actions.

Approach: These types of questions are frequently asked by UPSC from Current Affairs. So always make notes of this type of news.

Related Topics: Other related organisations and events in the renewable energy sector.

Q13.
Answer: B
Explanation

MISSION SOLAR CHARKHA

STATEMENT 1 is incorrect: The Solar Charkha Mission is a Ministry of Micro Small & Medium Enterprises (MSME) initiative launched during June 2018. The Khadi and Village Industries Commission (KVIC) would implement the programme.

STATEMENT 2 is correct: To leverage low-cost, innovative technologies and processes for sustenance.

BACKGROUND: A pilot project on Solar Charkha was implemented at Khanwa village, Nawada District of Bihar in 2016. Based on the success of the pilot project, Government of India has accorded approval to set up 50 such clusters with a budget of Rs. 550 Crore for 2018-19 and 2019-20. The scheme is envisaged to generate direct employment nearly to one lakh persons in the approved Fifty (50) clusters.

The objectives of the Scheme are as follows:
1. To ensure inclusive growth by generation of employment, especially for women and youth, and sustainable development through solar charkha clusters in rural areas.
2. To boost rural economy and help in arresting migration from rural to urban areas.
3. To leverage low-cost, innovative technologies and processes for sustenance.

Approach: Government Schemes are always very important. Never leave any government scheme specially the newly launched schemes and initiatives.
Related Topics: All the related schemes of Government.

Q14.
Answer: D
Explanation

ISPRL (INDIAN STRATEGIC PETROLEUM RESERVE LIMITED) has already constructed underground rock caverns for storage of 5.33MMT of crude oil at three locations, viz. Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT).

Recently Union Cabinet has approved establishment of additional 6.5 Million Metric Tonnes (MMT) Strategic Petroleum Reserve (SPR) facilities at two locations, i.e. Chandikhol in Odisha and Padur in Karnataka, including construction of dedicated SPMs (Single Point Mooring) for the two SPRs.

Approach: This question was in news and important since this related to our energy security. Never leave any news which is strategically important for India.

Q15.
Answer: B
Explanation

The Gujarat government recently launched a solar power scheme for farmers- Suryashakti Kisan Yojana (SKY) enabling them to generate electricity for their captive consumption as well as sell the surplus power to the grid and earn an extra buck.

As per the scheme, farmers having existing electricity connection will be given solar panels as per their load requirements. The State and Central governments will give 60 per cent subsidy on the cost of project.

The farmer is required to take 5 per cent cost, while 35 per cent will be provided to him as an affordable loan with interest rates of 4.5-6 per cent. The scheme duration is 25 years, which is split between 7-year period and 18-year period.

Approach: Not only central government schemes but also some state government schemes are also important sometimes.

Related Topics: Look for more out of the box state schemes.

Q16.
Answer: B
Explanation

UDYAM SANGAM

STATEMENT 1 is incorrect: The Ministry of Micro Small & Medium Enterprises (MSME), organized National Conclave (UdyamSangam) on 27th June 2018 on the occasion of UN MSME Day.

STATEMENT 2 is correct: The purpose of the Conclave is to encourage dialogue and partnership among various stakeholders of the MSME ecosystem and for promoting innovation and knowledge sharing on MSME related issues.

The program will focus on agri businesses, arts and village enterprises, manufacturing and services sector MSMEs and corporates, health and traditional medicine sector ventures, social enterprises, women led enterprises, divyaang entrepreneurs, young
entrepreneurs, enterprises steered by citizens from socially and economically backward communities and areas, entrepreneurs from North-east states and special category states such as Jammu and Kashmir, Himachal Pradesh and Uttarakhand and those from aspirational districts.

It will outline challenges and opportunities for each of the sectors and stakeholder groups and explore solutions in the areas of access to finances, knowledge services and markets, the role of technology, innovation and infrastructure and media and communication in the growth of the MSME sector.

Approach: This type of question are frequently asked by UPSC from current affairs. So always make notes of this type of news.

Q17. Answer: B
Explanation

Unorganised Worker Identification Number

STATEMENT 1 is incorrect: It is an initiative of The Ministry of Labour and Employment under Unorganized Workers’ Social Security Act, 2008.

STATEMENT 2 is correct: Under this Act, there is a provision to issue a unique national Unorganized Worker Identification Number making use of the State Administration, in order to improve access to all social security schemes.

Ministry of Labour & Employment (MoLE) being the administrative Ministry is mandated to provide technical support and guidelines for the conduct of registration of unorganized workers.

‘Unorganized Sector’ includes an enterprise engaged in production and sale of goods or providing services where less than 10 workers are employed, irrespective of whether or not the employer provides equipment, materials or other inputs.

Q18. Answer: B
Explanation

WATER PRODUCTIVITY MAPPING OF MAJOR INDIAN CROPS REPORT

STATEMENT 1 is incorrect: The report is released by NABARD
STATEMENT 2 is correct: The report presents for the first time, maps on the water productivity of ten major Indian crops across cultivating districts and states.

This study on Water Productivity Mapping of Major Indian Crops explores two primary questions: Are the existing cropping patterns in India in line with the natural water resource endowments of various regions? Are these cropping patterns sustainable from a water-use perspective?

The broad findings of the study indicate that there are regions in India which are heading towards unsustainable agriculture with highly skewed distribution of water for certain crops. Rice in Punjab and sugarcane in Maharashtra are classic examples of highly inefficient, iniquitous, and unsustainable use of water resources.

The study seeks to inform targeted policies and investment interventions for meeting the twin objectives of “har khet ko pani” (water to every field) and ‘more crop per Drop’.

12
Approach: Never miss any report related to agriculture as it is one such area where you can expect a question every year.

Q19.
Answer: D
Explanation

ZERO BUDGET NATURAL FARMING
Zero Budget Natural Farming (ZBNF) is a set of farming methods, and also a grassroots peasant movement, which has spread to various states in India.

The movement first evolved in Karnataka state was born out of collaboration between Mr Subhash Palekar, who put together the ZBNF practices, and the state farmers association Karnataka Rajya Raitha Sangha (KRRS), a member of La Via Campesina (LVC).

‘Zero budget’ farming promises to end a reliance on loans and drastically cut production costs, ending the debt cycle for desperate farmers.

The word ‘budget’ refers to credit and expenses, thus the phrase ‘Zero Budget’ means without using any credit, and without spending any money on purchased inputs. Natural farming’ means farming with Nature and without chemicals.

Approach: Agriculture is a very important concept. When preparing for agriculture topic one should prepare it from different angles like economic, social, political etc. Always treat any news related to agriculture important.

Q20.
Answer: B
Explanation:

STATEMENT 1 is incorrect as ‘Financial stability report’ is released by the Reserve Bank of India. It is not released by the Ministry of Finance.

STATEMENT 2 is correct as Financial stability report reflects the overall assessment of the stability of India’s financial system and its resilience to risks emanating from global and domestic factors.

Approach: There was news regarding ‘Financial stability report released by RBI. So we should prepare important analysis of these reports.

Q21.
Answer: B
Explanation:

STATEMENT 1 is incorrect as ‘Prompt Corrective Action (PCA) Framework is a set of guidelines for a scheduled commercial bank that is weak in terms of identified indicators including – poor asset quality, insufficient capital, and insufficient profit or losses. This was released by RBI.

STATEMENT 2 is correct as it is a framework for improving the financial condition of the scheduled commercial banks.

Approach: There was news regarding ‘Prompt Corrective Action (PCA) Framework’ released by RBI. So we should prepare an analysis of these reports.
Q22.
Answer: c)  
Explanation:

Due to the rise in international crude oil prices, the current account deficit (CAD) of India will increase. In such a situation, the Supply of rupees has to increase. Due to an increase in the supply of rupee, there will be depreciation of rupees. It is a simple demand and supply rule. So option (a) is correct.  
Option (b) is also correct as due to Tightening of U.S. monetary policy, a supply of dollars will decrease in India. It will lead to an increase in the supply of rupees as compared to the dollar.

So option (a) and option (b) both are correct
So option(c) will be the correct option.

Factors that Affect Foreign Exchange Rates:

1. Inflation Rates
Changes in market inflation cause changes in currency exchange rates. A country with a lower inflation rate than another’s will see an appreciation in the value of its currency. The prices of goods and services increase at a slower rate where inflation is low. A country with a consistently lower inflation rate exhibits a rising currency value while a country with higher inflation typically see depreciation in its currency and is usually accompanied by higher interest rates.

2. Interest Rates
Changes in interest rate affect currency value and dollar exchange rate. Forex rates, interest rates, and inflation are all correlated. Increases in interest rates cause a country's currency to appreciate because higher interest rates provide higher rates to lenders, thereby attracting more foreign capital, which causes a rise in exchange rates.

3. Country’s Current Account / Balance of Payments
A country’s current account reflects balance of trade and earnings on foreign investment. It consists of total number of transactions including its exports, imports, debt, etc. A deficit in current account due to spending more of its currency on importing products than it is earning through sale of exports causes depreciation. Balance of payments fluctuates exchange rate of its domestic currency.

4. Government Debt
Government debt is public debt or national debt owned by the central government. A country with government debt is less likely to acquire foreign capital, leading to inflation. Foreign investors will sell their bonds in the open market if the market predicts government debt within a certain country. As a result, a decrease in the value of its exchange rate will follow.

5. Terms of Trade
Related to current accounts and balance of payments, the terms of trade is the ratio of export prices to import prices. A country's terms of trade improves if its exports prices rise at a greater rate than its imports prices. This results in higher revenue, which causes a higher demand for the country's currency and an increase in its currency's value. This results in an appreciation of the exchange rate.

6. Political Stability & Performance
A country's political state and economic performance can affect its currency strength. A country with less risk for political turmoil is more attractive to foreign investors, as a result, drawing investment away from other countries with more political and economic
stability. Increase in foreign capital, in turn, leads to an appreciation in the value of its domestic currency. A country with sound financial and trade policy does not give any room for uncertainty in the value of its currency. But, a country prone to political confusions may see a depreciation in exchange rates.

7. Recession
When a country experiences a recession, its interest rates are likely to fall, decreasing its chances to acquire foreign capital. As a result, its currency weakens in comparison to that of other countries, therefore lowering the exchange rate.

8. Speculation
If a country’s currency value is expected to rise, investors will demand more of that currency in order to make a profit in the near future. As a result, the value of the currency will rise due to the increase in demand. With this increase in currency value comes a rise in the exchange rate as well.

Q23.
Answer: D
Explanation:
STATEMENT 1 is incorrect as Insolvency and Bankruptcy Code (IBC), 2016 deals primarily with insolvency issue in the corporate sector and not the banking sector. The basic idea of the new law is that when an enterprise (individual, firm or corporation person) defaults, the resolution process completes in time bound manner.

STATEMENT 2 is incorrect as the Timeline for Insolvency resolution process is 6 months under IBC, 2016. And not 2 years.

Q24.
Answer: D
Explanation:
STATEMENT 1 is incorrect as Deposit Insurance and Credit Guarantee Corporation (DICGC) is a subsidiary of the Reserve Bank of India.
STATEMENT 2 is incorrect as it provides insurance to deposits up to 1 lakhs and not up to 10 lakhs.

Approach:
There was news regarding The Financial and Deposit Insurance Bill, 2017. So we should know about Deposit Insurance and Credit Guarantee Corporation (DICGC).

Q25.
Answer: A
Explanation:
Compact2025 is an initiative for ending hunger and undernutrition by 2025. It brings stakeholders together to set priorities, innovate and learn, fine tune actions, build on successes, and share lessons to accelerate progress. The Compact2025 objective of ending hunger and undernutrition is fully consistent with and supportive of SDG 2 (End hunger, achieve food security and improved nutrition and promote sustainable agriculture) and cuts across many others (e.g. Goal 1: End poverty in all its forms everywhere, and Goal 3: Ensure healthy lives and promote well-being for all at all ages).

Q26.
Answer: B
Explanation:

STATEMENT 1 is incorrect as ‘Consumer Confidence Survey’ is released by RBI and not by the Central Statistics Office (CSO).

STATEMENT 2 is correct as Consumer Confidence Survey is being used by Reserve Bank as one of the important inputs for monetary policy formulation

Approach: There was news regarding Consumer Confidence Survey report released by the RBI. So we should read about the provisions of this report.

Q27. Answer: D

Explanation:

STATEMENT 1 is incorrect as LRS is a facility provided by the RBI for all resident individuals including minors to freely remit up to a certain amount in terms of US Dollar for current and capital account purposes or a combination of both.

STATEMENT 2 is incorrect as Regulations for the scheme are provided under the Foreign Exchange Management Act, 1999 (FEMA) and not under the Foreign Contribution (Regulation) Act, 2010.

Approach: There was news regarding changes in rules of LRS. So we should prepare these schemes.

Related topics: Read about provisions of FCRA and FEMA

Q28) Answer: D

Explanation:

MADAD (Mobile Application for Desired Assistance During travel) is an application to expedite and streamline passenger grievance redressal. It relays real-time feedback to passengers on the status of redressal of their complaints- the passenger gets an instant ID through SMS on registration of complaint followed by a customized SMS communicating the action taken thereon by Railway.

Q29. Answer: D

Explanation:

STATEMENT 1 is incorrect as the Monetary Policy Committee was created in 2016 to bring transparency and accountability in fixing India’s Monetary Policy and not the fiscal policy of India.
Fiscal Policy of India is decided by the Ministry of finance.

STATEMENT 2 is incorrect as three members of the committee are nominated by the Government of India and not all the members are nominated by the Government of India.

Q30. Answer: c

Explanation:

Both the STATEMENTS 1 and 2 are correct
An Advance Pricing Agreement is an agreement between a taxpayer and tax authority determining the transfer pricing methodology for pricing the tax payer's international transactions for future years. The methodology is to be applied for a certain period of time and it is based on the fulfillment of certain terms and conditions. It is done in the format of unilateral, bilateral and multilateral agreements. It shall be binding on all entities in the agreement.
It reduces the tax uncertainty and number of tax litigation. It also makes the country as a favorable destination of investments.

Approach: Be aware of the measures taken to avoid windfall by corporates in transfer pricing.

Related Topics: Base erosion and profit shifting.

Q31. Answer: A
Explanation:

Regional Rural Banks are established under the RRB Act, 1976. Section 6 of this act proposed the share capital by the Union Government, Sponsor Bank, and the State Government in the ratio of 50:35:15 respectively. The sponsor bank will any of the public sector banks in the region. The main aim of the bank is to reach the rural areas of India and achieve financial inclusion. There are around 56 RRB functioning in various parts of India.

Approach: Static economy topic, do revision of the facts.


Q32. Answer: D
Explanation:

STATEMENT 1 is incorrect: Age limit - 28 to 40 years of age.
STATEMENT 2 is incorrect: The same pension will be given to the spouse.

Atal Pension Yojana (APY) addresses the old age income security of the working poor and the longevity risks among the workers in the unorganized sector. The age limit for eligibility is between 18 and 40 years of age. Persons covered under the statutory social security schemes are not eligible for the APY. The minimum years of contribution should be 20 years. The same pension is payable to Spouse after the death of the Subscriber. Return of indicative pension wealth to nominees after the death of the spouse. Contributions to the Atal Pension Yojana is eligible for tax benefits similar to the National Pension System (NPS).

Approach: Atal Pension Yojana is one of the major social security tools introduced to the unorganized sector workers. Be aware of the major social security measures.

Related Topics: Pradhan Mantri Shram-Yogi Maandhan and New Pension System.

Q33. Answer: B
Explanation:

STATEMENT 2: Registered GST Taxpayers can register in the e-Way Bill Portal using
GSTIN. Unregistered person or Transporters can enroll in the e-Way Bill System by providing their PAN and Aadhaar. Supplier or Recipient or Transporter can generate the e-Way Bill. Hence it is incorrect. e-Way Bill is mandatory for Inter-State movement of goods of consignment value exceeding Rs.50,000/- in a motorized conveyance. The Validity of e-Way Bill is fixed as one day for every 100 Kms or part thereof. The validity can be extended online before the expiry. Consolidated e-Way Bill can be generated for a vehicle carrying multiple consignments. Registered GST Taxpayers can register in the e-Way Bill Portal using GSTIN. Unregistered person or Transporters can enroll in the e-Way Bill System by providing their PAN and Aadhaar. Supplier or Recipient or Transporter can generate the e-Way Bill.

Approach: E-way bill is an important initiative under the GST, hence be aware of the provisions.

Related Topics: Anti-profiteering authority

Q34.
Answer: A
Explanation:

Cabotage is a term of maritime law. It refers to transit of a vessel along the coast of a nation for the purpose of the trade from one port to another within the territorial limits of that nation. Usually, this coastal trading is regulated by the national law of the host nation. The terms coastal trade or coastal trading is more used now instead of cabotage. Hence the option A is correct.

Approach: Current affairs based question – Stick to your newspapers and monthly current affairs magazines.

Related Topic: Admiralty law in India

Q35.
Answer: B
Explanation:

STATEMENT 2 is incorrect
The bond is voluntary and may be issued by a financial institution, the government or even a company to raise funds for a defined period. The issuer has to ensure that the proceeds are invested in green projects, such as renewable energy, energy efficiency, projects leading to reduced carbon emissions, etc.

The first Green bond was issued by the European Investment Bank (EIB) in 2007. At that time, the size of the issuance was relatively small. Again in 2008 World Bank also issued the green bond. A Green bond is functionally a debt instrument, like any other bond. It offers a fixed return, and a promise to use the proceeds to finance or refinance, in part or fully, new or existing sustainable projects.

Approach: Study in detail about different climate financing mechanism