03 Feb 2020: UPSC Exam Comprehensive News Analysis

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A. GS 1 Related

Nothing here for today!!!

B. GS 2 Related

Category: POLITY AND GOVERNANCE

1. 'Rituals vital to Sabarimala temple's essential practices'

Context:

Supreme Court case hearing in the Sabarimala case.

Background:

- The constitution bench, led by the Chief Justice of India, will be framing issues on a series of petitions, concerning the **contradictions between the equal right of women to worship and the right to religious practices**.
- These petitions concern multiple faiths and this would also include the issue of Sabarimala temple's prohibition of women of menstruating age.

Arguments against state intervention:

Right to religious practices and beliefs:

- The right to religious practices and beliefs cannot be made subservient to the right to equality. **The concept of "constitutional morality" cannot be used to override religious practices** in a society where religion plays a substantial role.

Essential practices:

- Rituals, ceremonies, observances, and sacrifices performed by devotees are integral components of the **essential practices associated with the temple**.
- Devotees demonstrate their devotion and reverence to the disposition of Lord Shree Ayyappa as a Naishtika Brahmachari by strictly adhering to codes that have been in practice from time immemorial.

Applicability of Article 14:

- **Codes, which are non-secular, cannot be subjected to the test of Article 14,** which talks about the right to equality.

Institutional morality:

- People intending to worship at the temple have to **subscribe to its "institutional morality".**
- A person who does not subscribe to the code has no locus standi to call into question the essential practices and customs of the temple.

The character of the temple:

- Though the temple in question is of a public character, its essential character is of an **unincorporated family temple.**
- Notably, **the Kerala Hindu Places of Public Worship (Authorisation of Entry) Rules, 1965**, does not govern the temple.
- The members of the donor family who consist of the Pandalam royal family, have a right and duty to protect the temple's age-old rituals.

C. GS 3 Related

Category: ECONOMY

1. Money earned in India by NRIs will be taxed: FM

Context:

Union Budget 2020-21 proposal.

Background:

- The Finance Bill proposed major policy changes to **prevent tax abuse by** citizens who don't pay taxes anywhere in the world. One such proposal was to tax Indian citizens staying abroad if they are not taxable in their home country.
- There were concerns that this provision would bring Indian workers' income in **zero-tax jurisdictions, like the UAE,** into the Indian tax net.
- Kerala Chief Minister had expressed strong disagreement over the provision amid concerns that it will hurt Indians working in the Middle East, who are **contributing foreign exchange to the country through remittances.**

Details:

- The Finance Minister has sought to allay fears by clarifying that **only money earned in India by NRIs will be taxed**. Notably, only income derived from an Indian business or profession will be taxable for such citizens.

Read more on the Union Budget 2020.

2. No call yet on the quantum of LIC stake sale

Context:

Union Budget 2020-21.

Background:

- The budget proposes an ambitious **target of ₹2.1 lakh crore as disinvestment proceeds for the financial year 2020-21.** Department of Investment and Public Asset Management aims to shore up this number through **PSU privatization and stake sale.**
- As part of the disinvestment process, the government is planning to sell a part of its stake in the Life Insurance Corporation of India (LIC) through an initial public offering.

Details:

- The disinvestment target has two components - Rs 120,000 crore from disinvestment receipts and Rs 90,000 crore from disinvestment of PSU banks and financial institutions.
- **The ₹90,000-crore target factors in proceeds from LIC's initial public offer** and the sale of the government's residual stake in IDBI Bank.
- The government is yet to take a call on the quantum of its stake to be offloaded from LIC.
- There could be legal hurdles in the government's proposal to sell its stakes in LIC, given that it might need **possible amendments to the LIC Act, 1956**, since the act states that the capital of the LIC will be wholly subscribed by the Government of India.
- The **LIC policyholders enjoy sovereign guarantee under the LIC Act, 1956.**

- The sale of BPCL, CONCOR and Shipping Corporation of India is also sought to be concluded by the first half of 2020-21.

3. Removal of DDT will boost investments: CBDT

Context:

Union Budget 2020-21.

Background:

- The budget proposed the **removal of the Dividend Distribution Tax (DDT) payable by companies.**
- **Currently**, companies are required to **pay a 15% tax plus applicable surcharge and cess on the dividends.** Further, investors who receive more than ₹10 lakh as a dividend in a financial year have to pay a 10% tax on such income.
- **The Centre has removed 15% tax plus applicable surcharge and cess on dividends, currently paid by companies.** The dividend will now be taxed only in the hands of the investors.

Significance:

<u>The benefit to the non-residents:</u>

- Currently, **non-residents are being taxed at a higher rate than the treaty rate** with the possibility of no tax credit in the home country.
- With dividend now being proposed to be taxed in the hands of the investors at their applicable slab rate, non-residents would get some relief with respect to the tax payable.
- This would help **increase the attractiveness of the Indian equity market.**

<u>Addressing inequity in dividend taxation:</u>

- While the DDT is applicable at a rate of 15%, the **effective rate reaches to 20.56% due to surcharge and cess**. Additionally, individuals were required to pay another 10% plus surcharge if the dividend income exceeded ₹10 lakh in a fiscal.
- A single rate of taxation is always unfair and morally wrong as it favours taxpayers who are in higher tax brackets and works against those who are in lower tax brackets, thus leading to inequity in dividend taxation.
- **The government believes that the new regime would encourage individuals in the low-income bracket to invest in the capital market** as the tax incidence would drop significantly. A person with an income up to ₹5 lakh will not have to pay tax on dividend income as against 20.56% paid by them indirectly.
- The taxpayers in the low-income budget would benefit from the abolition of the DDT as the tax to be paid by them on their dividend income would be less than what they were earlier paying indirectly through it.

<u>Increase investments:</u>

- The proposal will make more investors look at **debt mutual fund products** since, under the prevailing framework, the effective DDT on such products was between 38% and 50%.
- The proposed move which will avoid double taxation applicable to dividends and bring down

effective rates will help **increase investments.**

4. ‘An act of walking the tightrope on fiscal deficit’

Context:

Union budget 2020-21.

Details:

Fiscal stimulus:

- The RBI, in the backdrop of slowing economic growth, had called for a fiscal stimulus to revive the economy. Considering that the government intends to limit its deviation from the fiscal deficit limits and also the fact that there is *very limited fiscal room for stimulus*, especially due to corporate tax cuts, the government has not announced such a fiscal stimulus.
- The government has resorted to the escape clauses in the FRBM (Fiscal Responsibility and Budget Management Act), pushing up the deficit to 3.8% in FY20 and 3.5% in FY21.
- **The total expenditure has increased by 13%, with a higher increase in capital expenditure**.

Agriculture:

- The budget lays out a **long term plan for the agricultural sector, detailing 16 broad initiatives** that would help achieve the government’s objective of doubling farmer’s incomes.
- The government intends to **make the agricultural sector more market-oriented** through the promotion of **contract farming, land leases, etc.**

Financial sector stress:

- In an aim to address the ailing Non-Banking Financial Corporations (NBFCs), the budget proposed a **reduction in the NBFC’s limit for eligibility for debt recovery**.
- **Under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002**, the current eligibility limit is Rs.500 crore of asset size or loan size of Rs.1 crore. This limit has now been proposed to be reduced to Rs.100 crore of asset size or Rs.50 lakh loan size.
- This reduction in limit would mean that now Non-Banking Financial Corporations' debt recovery can enforce the security interest for lower size loans and help improve their ability to **recover smaller loans and improve the financial health of NBFCs, easing some stress in the sector.**

5. ‘Budget a boost to business confidence’

Context:

Union Budget 2020-21.

Positives of the budget:

- The Budget has boosted business confidence for Indian companies through the following measures:

- The proposal for a taxpayers' charter to prevent harassment by officials.
- **Increasing the investment limit of foreign portfolio investors (FPI) in corporate bonds.**
- Allowing **sovereign wealth funds to invest in infrastructure.**
- Making the Dividend Distribution Tax (DDT) applicable to individuals instead of companies.

- The current Budget has laid emphasis on **investments in science departments**. Key scientific departments have received an across-the-board increase of 10% or more.
  - Key research areas like **genomics initiative, Quantum mechanics** have received attention and rightly so.
  - This will help harness the potential of Science & Technology for developing **future technologies that will enable India to take a leadership position globally.**

Concerns:

- The budget **may not serve the intended objective of boosting consumption spending** as the reduction in the tax rates will not increase disposable income in the hands of the salaried middle class, as exemptions are being withdrawn.
- The transferring of DDT's incidence to investors will also lead to a reduction of money in the hands of the retail investor.

6. Centre rejects advice on special grants for States

Context:

15th Finance Commission's recommendations from its interim report.

Details:

<u>Special grants:</u>

- **The 15th Finance Commission** had recommended **special grants** worth ₹6,764 crores to States in 2020-21, to ensure that these states do not receive an amount less than the previous year's allocation.
- **The Centre has rejected this recommendation** on the lines that it seeks to introduce a new principle in allocation as against the already set criteria for allocation.

<u>Accepted recommendations:</u>

- Major recommendations accepted by the Centre include:
  - Granting the **states 41% share of the divisible pool of tax collections**.
  - The suggested **grants-in-aid and post-devolution revenue deficit grants** for 14 States.
  - The **grants to local bodies.**
  - Other grants like **disaster-related grants and sectoral grants.**

Category: AGRICULTURE

1. Farmers threaten stir if procurement policy is changed

Context:

The Commission for Agricultural Costs and Price (CACP) has recommended a review of the open-ended procurement policy of the government.

Background:

- The Central Government extends price support to wheat and paddy **through the Food Corporation of India (FCI)** and State Agencies.
- **Procurement at Minimum Support Price (MSP) is open-ended** i.e., whatever foodgrains are offered by the farmers, within the stipulated procurement period and which conforms to the quality specifications prescribed by the Government of India, are purchased at MSP by the Government agencies including FCI for the central pool.

Opposition to the recommendation:

- Several farmers and farmers' bodies in Punjab and Haryana have expressed concerns over the recommendations and have expressed opposition to such a move.
- **Farmers in Punjab and Haryana are heavily dependant on the cultivation of wheat and paddy** and its subsequent purchase at the MSP. Any move to stop or limit the purchase of wheat and rice at MSP by the government would severely affect the livelihood of the farmers.
- Given that **wheat and rice are basic food items,** the current policy also helps ensure the **food security of the nation by maintaining sufficient buffers.**
- A few Agri-experts have also noted that the current open-ended procurement policy is in the **best interest of the country and farmers.**

Reasons for the recommendation:

- The major reason behind the CACP's recommendation was the **mounting food stocks** and considerable wastage due to lack of sufficient storage facilities.
- The present open-ended procurement policy was **adversely affecting crop diversification** in the country and making agriculture unsustainable in certain regions.

Way forward:

- In order to bring crop diversification in India, the government should ensure a mechanism where farmers can get an **assured remunerative price for crops cultivated by them** other than wheat and paddy.

Category: ENVIRONMENT AND ECOLOGY

1. 2,130 Kerala islands now under CRZ cover

Context:

New inclusions to the **Coastal Regulation Zone (CRZ)** in Kerala.

Details:

- The new list was prepared by the **National Centre for Earth Science Studies**, Thiruvananthapuram, for the Kerala Coastal Zone Management Authority.
- **2,130 backwater islands of Kerala**, including Maradu, have been brought under the Coastal

Regulation Zone (CRZ) regime.
- The places included in the list have been witness to **some major CRZ violations.**

Significance:

- The move will lead to **restrictions being imposed on development activities in these areas.**
- No new development activity will be permitted in these islands in an **area between the High Tide Line (HTL) and 50 meters towards the landward side**, which is the CRZ area of these islands.
- This will limit the **detrimental effect of human activities on the fragile coastal eco-system.**

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: POLITY AND GOVERNANCE

1. 15th Finance Commission's interim report

Context

- The report of the 15th Finance Commission headed by N K Singh was tabled in Parliament.

The Finance Commission and its purpose

- The Finance Commission is a body set up under Article 280 of the Constitution, primarily to recommend measures and methods on how revenues, which the government earns through various taxes, need to be distributed between the Centre and the states.
  - The First Finance Commission was constituted in 1951 headed by KC Neogy.
- With this, the framers of the Constitution were seeking to address the **vertical imbalance** between the taxation powers and expenditure and responsibilities of the federal government and the states, and the **horizontal imbalance**, or inequality, between states that were at different stages of development.
- Ensuring inclusiveness is, therefore, a key mandate of the Finance Commission. That means assigning weights to things like population, the fiscal distance between the top-ranked states and the others, etc.

Who appoints the Finance Commission and what are the qualifications for Members?

- The Finance Commission, which is headed by a Chairman and has four other members, is appointed by the President under Article 280 of the Constitution.
- As per the provisions contained in the **Finance Commission [Miscellaneous Provisions] Act, 1951** and **the Finance Commission (Salaries & Allowances) Rules, 1951,** the chairman of the Commission is selected from among persons who have had experience in public affairs.

- The Finance Commission Rules, 1951, lay down the criteria for being members of the constitutional body: those having special knowledge of finance and accounts of government with wide knowledge and experience in financial matters and in administration, or with special knowledge of economics, and those who have been qualified to be appointed as a judge of a High Court.

Interim Report of 15th FC

- The interim report of the 15th Finance Commission has largely preserved the devolution of its predecessor.
- As part of an effort to balance the principles of fiscal needs, equity and performance, as well as the need to ensure stability and predictability in transfers, the criteria for the horizontal sharing of taxes among States have been rearranged.
  - A crucial new parameter, demographic performance, has been added to the mix.
- Having been mandated to adopt the population data from the 2011 Census, the commission has incorporated the additional criterion to ensure that States that have done well on demographic management are not unfairly disadvantaged.
  - And since the norm also indirectly evaluates performance on the human capital outcomes of education and health, it has been assigned a weight of 12.5%.
  - This should address the concerns voiced by several States over the switch to the 2011 Census from the 1971 data.

Changes introduced by 15th FC

- The 15th Finance Commission has recommended reducing states share by 1% from Centre's divisible pool **to 41% in 2020-21 as against 42%**
  - The one percentage point cut has come on account of the re-organisation of the erstwhile State of Jammu & Kashmir.
  - While the former State's estimated share based on the parameters for horizontal devolution would have been about 0.85%, the commission has cited the **security and other special needs of the two territories to enhance their aggregate share to 1%**, which would be met by the Centre.

In its report, the FC has tweaked the criteria and weights under which funds are allocated to States.

- **Population of a State:** 15 per cent weight (*down from 17.5 per cent allocated by the 14th Finance Commission*) has been assigned.
- **Weight for demographic performance**: It has been increased to 12.5 per cent (*as against 10 per cent allocated by the 14th Finance Commission*).
- **Income Distance *(difference of a state's per capita income from that of the state with the highest per capita income)*:** It has reduced the weight for income distance from 50% to 45%.
- **"Tax Effect":** The 15th FC report has introduced a new criteria, the **"tax effect",** for states, with 2.5% weightage.

Local Bodies

The commission's effort to improve the granularity in devolution to local bodies has generated some interesting results.

- Urban local bodies, especially municipalities in cities with populations of more than one million, are set to get a larger share of the pie.

Other Recommendations

- The Commission also suggested that the country needs an overarching fiscal framework for Centre as well as states, on the lines of the FRBM Act, which would lay down accounting, budgeting and auditing standards to be followed at all levels of the government.
- The Commission has also been critical of the Union and State governments' tendency to finance spending through off-budget borrowings and via parastatals.
- It has done well to ask that such extra-budgetary liabilities be clearly earmarked and eliminated in a time-bound manner.

Formula used by 14th FC

Criteria	13th Commission Weight(%)	14th Commission Weight (%)
Population 1971	25	17.5
Population 2011	0	10
Income Distance	47.5	50
Fiscal Discipline	15	0
Area	10	15
Forest Cover	0	7.5
Sum	100	100

The formula had five elements:

- Population as of 1971 with a weight of 17.5%;
- Demographic Change reflecting population shifts between 1971 and 2011 with a weight of 10%;
- Fiscal Capacity measured by the income distance method with a weight of 50%; and
- Area with a weight of 15%;
- Forest cover with a weight of 7.5%.

Category:ECONOMY

1. Falling short of aspirations

Introduction

This article analyses the budget on four important aspects:

- Skill development allocation
- On flagship welfare schemes
- Getting private investment
- Bonds and startups

1. Skill development allocation

- According to the Finance Minister, India is in need of skilled labour and there is a demand for teachers, paramedical staff and caregivers.
- Industry is looking for candidates who are talented, well-educated and is ready to pay them well, but it requires candidates with **quality education and skills.**
- The Indian youth fail on both fronts due to the poor quality of education and lack of opportunities to acquire practical skills.

Still, the Finance Minister has allocated a paltry ₹3,000 crore for skill development.

- Skilling will require **massive investment and concerted efforts**.
- The Budget could have **given tax incentives to companies** to provide internships and on-site vocational training to unemployed youth.
- The country cannot afford to let the world's largest workforce waste this way.

2. On flagship welfare schemes

The **Budget falls well short of expectations when it comes to boosting demand**. Budgetary allocations for the Pradhan Mantri KIsan SAmman Nidhi (PM-KISAN) and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) are disappointing.

- The **MGNREGA** is allocated ₹61,500 crore (2020-21), which is less than ₹71,000 crore for the current fiscal year (2019-20).
    - In current times when the levels of unemployment are at their peak, the demand for employment under the MGNREGA will only increase.
    - All of this would require much higher allocations for the scheme, which are entirely justified as the MGNREGA expenditure is also known to have high multiplier effects through boosting consumption demand in rural areas.
- Going by 2019, disbursement under the **PM-KISAN** will also be less than budgeted, unless the beneficiary base is expanded. This is unfortunate.
- These two schemes are **good instruments for income transfers to small and marginal farmers**, landless labour who spend most of their income and generate demand for a wide range of goods and services.
- Budgetary allocations for health and education are also well below what is needed.

Higher disbursement under these schemes would have benefited most sectors of the economy.

On the positive side

- The focus on schemes such as **micro-irrigation schemes** for 100 water-stressed districts is welcome.
- The allocation of ₹1.7 lakh crore for **transportation infrastructure** is also a welcome step.

Recommendation

- Rural roads, cold storage, and logistical chains are crucial for the growth of income and employment in rural India, as the multiplier effects of rural infrastructure investment on growth and employment are large and extensive.
- There is a need for investment in these segments and one should also monitor where the money is invested and how it is spent.
- If it materializes it will lend credence to the government's stated commitment to revive the investment cycle — to spur job-creating growth.

3. Getting private investment

- The Budget has taken steps in a hope of private infrastructure investment through public-private partnership (PPP) and external sovereign wealth funds by giving 100% tax exceptions in the Budget.
- But private investment depends on the cost of capital along with the certainty of returns.
- Many projects have been stalled in **contractual disputes with government departments and various regulatory hurdles**.
- All these factors make infrastructure investment unnecessarily risky and render these projects

unattractive for investors.

4. Bonds and startups

a. Bonds

- The fundamental problem of infrastructure finance is the asset-liability mismatch which can be addressed only by developing **a vibrant 'corporate bond market**. However, the focus of the Budget is the multiple schemes for government bonds mainly through the **additional room for foreign portfolio investors** and exchange-traded funds in government bonds. These are welcome moves but are not enough.
- A well-developed bond market should **draw upon domestic insurance funds**, pension funds and mutual funds which are capable of investing in corporate bonds across different schemes.

b. Start ups

1. *Employee Stock Option Plan (ESOP)*

It is an employee benefits scheme that enables employees of a company to **purchase a certain number of shares of that company**.

- The price of the stock, referred to as Exercise Price, is either pre-decided at a lower rate than their existing market value or an employee is offered a certain percentage of his/her monthly stipend in the form of the company's stocks.
- It is an efficient tool that improves remuneration mechanism and employee retention.

Budget 2020 on ESOP

- At present, ESOPs are taxable as perquisites at the time of exercise, which leads to cash-flow problems for employees who do not sell the shares immediately and continue to hold the same for the long term.
- Budget 2020 has proposed to defer ESOP taxation in the hands of the employees of Startup companies.
    - Employees will now have to **pay tax not at the time of allotment of securities but at the time of exit from the company or selling the shares** or for a period of 5 years, whichever is earlier.

2. *Angel tax*

- An Angel Investment is an investment made by an angel investor. An Angel investor, more often than not, invests only in startups or new companies that are yet to get great recognition. Such investors identify promising startups and invest heavily in them in return for ownership, equity or convertible debt.
- Angel tax in India is a unique tax where a startup has to pay a certain percentage of the angel investment they receive to the Government of India, under specified conditions.
- **But that the Budget has not abolished the angel tax** that results in harassment of start-ups and their investors is unfathomable.

Other important initiatives

- Another welcome feature is the scheme to allow the non-banking financial companies into the Trade Receivables Discounting System (TReDS) — an ecosystem that aims to facilitate the financing and settling of trade-related transactions of small entities with corporate and other buyers, including government departments and public sector undertakings.

- To reduce the compliance burden on small retailers, traders and shopkeepers who comprise the Small and Medium-sized Enterprises (SMEs) sector, the threshold for audit of the accounts has been increased from ₹1 crore to ₹5 crores for those entities that carry out less than 5% of their business transactions in cash.
- The Finance Minister has recognized the need to revive the dying spirit of the private sector. Accordingly, she has assured **decriminalization of several civil offences by firms under the Companies Act**.
    - The abolition of dividend distribution tax, and the assurance that tax-related disputes will be considered with compassion might deliver the expected results provided these promises are fulfilled in letter and spirit.

Conclusion

- Everything considered, the future of the economy will depend on whether the government walks the talk in terms of public investment and the promises made to different sections of society including the taxpayer and companies.

Category:HEALTH

1. No room for panic: On novel coronavirus

Context

- World Health Organisation (WHO) has declared the novel coronavirus outbreak in China as a 'public health emergency of international concern'.

To read about the article : Check CNA dated 31 Jan 2020

Steps to be taken

- Individuals with symptoms of Coronavirus should be first isolated and public awareness has to be raised.
    - This is essential so that they report to a hospital when symptoms show up later or in case of contact with a person who has travelled to China recently.
- There is evidence that those who appear to be **healthy despite being infected** can spread it even during the incubation period. Also, cases have been reported wherein **people have not exhibited symptoms** in spite of being infected.
- In both instances, thermal screening at airports, which is largely helpful, would fail to detect infected people — as in the case of the Kerala patients.
- Hence, **time-tested measures which include handwashing and hand hygiene, wearing protective gear** while attending to sick people and covering one's mouth and nose properly when coughing or sneezing will drastically reduce the infection risk.

Also read: Wuhan Coronavirus

F. Tidbits

Nothing here for today!!!

G. Prelims Facts

1. 'Haryana's Harappan site to create jobs'

- The Union Budget proposes to develop the **Harappan site at Hisar's Rakhigarhi village, as an iconic site and set up a national museum.**
- **Rakhigarhi is the largest Harappan site in the Indian subcontinent.**
- The initiative would stop the destruction of the site and also help showcase India's rich cultural heritage to the world. Developing the village as an iconic site would **increase tourism and create jobs for the locals.** The announcement would help students, archaeologists and researchers.
- Besides Rakhigarhi, **Hastinapur in Uttar Pradesh, Shivsagar in Assam, Dholavira in Gujarat and Adichanallur in Tamil Nadu** will also be developed as iconic sites with national museums.

H. UPSC Prelims Practice Questions

Q1. Which of the following is wrongly paired?

State: State Bird

a. Arunachal Pradesh: Great Hornbill
b. Gujarat: Greater Flamingo
c. Goa: Indian Roller
d. Rajasthan: Great Indian Bustard

Answer: c

Explanation:

Goa: Flame throated bulbul

Indian roller is the state bird of Karnataka, Telangana and Odisha.

Q2. Which of the following statements is/are correct?

1. Bandipur National Park comprises primarily of deciduous forests.
2. Bandipur National Park is flanked by the Kabini river and the Moyar river.

Options:

a. I only
b. 2 only
c. Both 1 and 2
d. Neither 1 nor 2

Answer: c

Explanation:

- Bandipur National Park, established in 1974 as a tiger reserve under Project Tiger, is a national park located in the Indian state of Karnataka.
- Along with the adjacent Nagarhole National Park, it is one of the premier Tiger Reserves in the country.
- Bandipur has a typical tropical climate with distinct wet and dry seasons. The dry and hot period usually begins in early March and can last till the arrival of the monsoon rains in June.
- The park's dominant biomes include dry deciduous forests, moist deciduous forests and shrublands.
- The park is flanked by the Kabini river in the north and the Moyar river in the south. The Nugu river runs through the park.

Q3. Which of the following statements is/are correct?

1. The Food Corporation of India is a statutory body under the Ministry of Agriculture and Farmers' Welfare.
2. FCI is involved in the procurement of wheat and rice only.

Options:

a. 1 only
b. 2 only
c. Both 1 and 2
d. Neither 1 nor 2

Answer: d

Explanation:

- The Food Corporation of India is an organization created and run by the Government of India and also run by state Governments. It is a statutory body under the Ministry of Consumer Affairs, Food and Public Distribution, Government of India.
- Food Corporation of India recently ventured into the procurement of pulses in various regions from the crop year 2015–16, and pulses are procured at market rate, which is a sharp deviation from its traditional minimum support price-based procurement system.

Q4. Which of the following is wrongly matched?

a. Rakhigarhi: Haryana
b. Shivsagar: Assam
c. Adichanallur: Kerala
d. Hastinapur: Uttar Pradesh

Answer: c

Explanation:

Rakhigarhi in Haryana, Hastinapur in Uttar Pradesh, Shivsagar in Assam, Dholavira in Gujarat and Adichanallur in Tamil Nadu will be developed as iconic sites with national museums.

I. UPSC Mains Practice Questions

1. Discuss the constitutional provisions with respect to the Finance Commission of India and its significance in the Indian framework. Analyze the major recommendations as per the interim report of the 15th Finance Commission. (10 marks, 150 words)
2. The budget lays out a long term plan for the agricultural sector, detailing 16 broad initiatives that would help achieve the government’s vision of doubling farmers' incomes. Critically examine. (10 marks, 150 words)