

RBI Grade B 2021

PHASE 2 PAPER

Solution & Analysis

Economic and Social Issues



OBJECTIVE TYPE QUESTIONS

OECD INTERIM REPORT PASSAGE

Passage: An organisation which is headquartered in Paris, has collaborated and joined hands with an organisation headquartered in Washington, D.C.

One question on Interim Report released by OECD in March 2021 with title “Strengthening the recovery: The need for speed”. This Interim Report provides updates for global and G20 country projections made in the December 2020 issue of the OECD Economic Outlook (Number 108).

Q.1) Which one of the following organisations has released the report mentioned in the passage? (2 marks)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **MODERATE**
Topic – **INTERNATIONAL ECONOMIC INSTITUTIONS**

Options:

- (a) World Bank – Global Economic Prospects
- (b) IMF – World Economic Outlook
- (c) OECD – OECD Economic Outlook
- (d) WEF – Global Competitiveness Report
- (e) WTO – World Trade Monitoring Report

Answer: (c) OECD – OECD Economic Outlook

Explanation:



Strengthening the recovery: The need for speed

OECD Economic Outlook, Interim Report March 2021

<http://www.oecd.org/economic-outlook/march-2021/>

Q.2) What has been the most common measure taken by governments around the world to help alleviate the stress on cash-strapped small businesses, which was taken by 77% of the governments? (2 marks)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **TOUGH**
Topic – **INTERNATIONAL ECONOMIC INSTITUTIONS**

Options:

- (a) Moratorium in loan payments
- (b) Decrease in interest rate
- (c) Public loan guarantee
- (d) Cash Flow Loans
- (e) None of the above

Answer: (b) Decrease in Interest Rate

Q.3) As per the report mentioned in the passage, what is the GDP projection of India for fiscal year 2021-22? (2 marks)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **EASY**
Topic – **INTERNATIONAL ECONOMIC INSTITUTIONS**

Options:

- (a) 14.2%
- (b) 10%
- (c) 8%
- (d) 9.5%
- (e) 12.6%

Answer: (e) 12.6%

Explanation:

OECD Interim Economic Outlook Forecasts March 2021

Real GDP growth
Year-on-year % change

| | 2020 | 2021 | | 2022 | |
|--------------------|-------|------------------------|-----------------------------|------------------------|-----------------------------|
| | | Interim EO projections | Difference from December EO | Interim EO projections | Difference from December EO |
| World | -3.4 | 5.6 | 1.4 | 4.0 | 0.3 |
| G20 ¹ | -3.2 | 6.2 | 1.5 | 4.1 | 0.4 |
| Australia | -2.5 | 4.5 | 1.3 | 3.1 | 0.0 |
| Canada | -5.4 | 4.7 | 1.2 | 4.0 | 2.0 |
| Euro area | -6.8 | 3.9 | 0.3 | 3.8 | 0.5 |
| Germany | -5.3 | 3.0 | 0.2 | 3.7 | 0.4 |
| France | -8.2 | 5.9 | -0.1 | 3.8 | 0.5 |
| Italy | -8.9 | 4.1 | -0.2 | 4.0 | 0.8 |
| Spain ² | -11.0 | 5.7 | 0.7 | 4.8 | 0.8 |
| Japan | -4.8 | 2.7 | 0.4 | 1.8 | 0.3 |
| Korea | -1.0 | 3.3 | 0.5 | 3.1 | -0.3 |
| Mexico | -8.5 | 4.5 | 0.9 | 3.0 | -0.4 |
| Turkey | 1.8 | 5.9 | 3.0 | 3.0 | -0.2 |
| United Kingdom | -9.9 | 5.1 | 0.9 | 4.7 | 0.6 |
| United States | -3.5 | 6.5 | 3.3 | 4.0 | 0.5 |
| Argentina | -10.5 | 4.6 | 0.9 | 2.1 | -2.5 |
| Brazil | -4.4 | 3.7 | 1.1 | 2.7 | 0.5 |
| China | 2.3 | 7.8 | -0.2 | 4.9 | 0.0 |
| India ³ | -7.4 | 12.6 | 4.7 | 5.4 | 0.6 |
| Indonesia | -2.1 | 4.9 | 0.9 | 5.4 | 0.3 |
| Russia | -3.6 | 2.7 | -0.1 | 2.6 | 0.4 |
| Saudi Arabia | -4.0 | 2.6 | -0.6 | 3.9 | 0.3 |
| South Africa | -7.2 | 3.0 | -0.1 | 2.0 | -0.5 |

Note: Difference from December 2020 Economic Outlook in percentage points, based on rounded figures. World and G20 aggregates use moving nominal GDP weights at purchasing power parities.

1. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right.

2. Spain is a permanent invitee to the G20.

3. Fiscal years, starting in April.

Q.4) As per the passage, growing global economic interdependence means that the socio-economic prospects of OECD countries will be ever more tightly linked to that of (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKS**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **INTERNATIONAL ECONOMIC INSTITUTIONS**

Options:

- (a) Benefit of developed economies only
- (b) Benefit on on-developed economies only
- (c) Benefit of volatile economies only
- (d) Benefit of developing and transition economies
- (e) None of the above

Answer: (d) Benefit of developing and transition economies

Explanation:

Developing countries, with 80% of the world's population, will assume a central role in ensuring sustainable development in the 21st century. What occurs in developing countries will have a significant bearing on critical issues like preserving global peace and political stability and maintaining the viability of global commons, notably the earth's atmosphere and biological resources. In addition, growing global economic interdependence means that the socio-economic prospects of OECD countries will be ever more tightly linked to that of developing and transition countries. Non-member countries will play a critical role in expanding the global economy, combating poverty and achieving sustainable environmental and population balances. Although facing such issues as rapid population growth, food security and desertification, as well as destabilising health trends like the spread HIV/AIDS, non-member countries must seize the opportunities brought by globalisation, (for increased trade and investment linkages, more efficient resource use, and the transfer of capital, technology), and find sustainable means for dealing with its challenges. Central to the success of developing countries is the establishment of strong policy frameworks to help attract trade and investment and ensure that these flows benefit society. For many countries achieving these goals will require external assistance.

<https://www.oecd.org/greengrowth/sustainabledevelopmentcriticalissues-freeoverviewofthereport.htm#:~:text=In%20addition%2C%20growing%20global%20economic,of%20developing%20and%20transition%20countries>

Q.5) Which of the following country will be a major contributor in controlling population and environmental stress? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **EASY**

Topic – **INTERNATIONAL ECONOMIC INSTITUTIONS / SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL ISSUES**

Options:

- (a) China
- (b) Mexico
- (c) USA
- (d) UK
- (e) Canada

Answer: (a) China

Link from where the passage was picked up: <https://www.oecd-ilibrary.org/deliver/34bfd999-en.pdf?itemId=%2Fcontent%2Fpublication%2F34bfd999-en&imeType=pdf>

PASSAGE ON URABANISATION SCHEME (JNNURM / AMRUT)

Q.6) What is the full form of SAAP under the AMRUT scheme? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **URBANISATION AND MIGRATION**

Options:

- (a) Sovereign Annual Action Plan
- (b) State Annual Action Plan
- (c) State Augmented Action Plan
- (d) Scheme Action Annual Plan
- (e) None of the above

Answer: (b) State Annual Action Plan

Explanation:

Shri Durga Shanker Mishra, Secretary, Ministry of Housing and Urban Affairs (MoHUA) was informed that out of 136 projects taken up by the State of Haryana, 63 projects costing Rs. 693 crore have been completed and 73 projects worth Rs 1,875 crore are under implementation. The total approved **State Annual Action Plan (SAAP)** was Rs 2,566 crore for the state of Haryana.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1652949#:~:text=Review%20of%20Progress%20of%20AMRUT%20in%20Haryana%2C%20Punjab%20and%20Chandigarh&text=The%20total%20approved%20State%20Annual,for%20the%20state%20of%20Haryana>

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Q.7) Which of the following is not correct regarding the purpose of the scheme referred to in the paragraph? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **URBANISATION AND MIGRATION**

Options:

- (a) Ensure that every household has access to a tap with assured supply of water and a sewerage connection.
- (b) Increase the amenity value of cities by developing greenery and well maintained open spaces (parks).
- (c) Reduce pollution by switching to public transport or constructing facilities for non-motorized transport.
- (d) Preserve character of the soul of heritage city and facilitate inclusive heritage linked urban development by exploring various avenues including involving private sector.
- (e) None of the above

Answer: (d) Preserve character of the soul of heritage city and facilitate inclusive heritage linked urban development by exploring various avenues including involving private sector.

Explanation:

The purpose of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) is to (i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling).

The main objective of HRIDAY is to preserve character of the soul of heritage city and facilitate inclusive heritage linked urban development by exploring various avenues including involving private sector. Specific objectives are: Planning, development and implementation of heritage sensitive infrastructure.

Q.8) Financial sharing basis of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme between Centre and State is done on. (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **URBANISATION AND MIGRATION**

Options:

- (a) 60:40 basis
- (b) 50:50 basis
- (c) 70:30 basis
- (d) 80:20 basis
- (e) None of these

Answer: (b) 50:50 basis

Explanation:

Scheme Summary

| | |
|----------------|--|
| Launch Year | 2015 |
| Nodal Ministry | Ministry of Housing and Urban Affairs |
| Aim | Provide basic civic amenities like water supply, sewerage, urban transport, parks which will improve the quality of life for all, especially the poor and the disadvantaged. |
| Target | The Capacity Building component aims at training of 45000 personnel from the Mission Cities along with providing amenities like water supply, Sewerage etc. |
| Funding | <ul style="list-style-type: none">• The total outlay for AMRUT is Rs. 50,000 crore for five years from FY2015-16 to FY2019-20 and the Mission will be operated as a Centrally Sponsored Scheme.• The project fund is divided among States/UTs based on formula in which 50:50 weightage is being given to the urban population of each State/UT and number of statutory towns.• Central assistance will be to the extent of 50% of project cost for cities and towns with a population of up to 10 lakhs and one-third of the project cost for those with a population of above 10 lakhs. |

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Q.9) Which scheme has replaced the scheme mentioned in passage? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **URBANISATION AND MIGRATION**

Options:

- (a) PMAY
- (b) HRIDAY
- (c) AMRUT
- (d) Smart City Mission
- (e) None of the above

Answer: (c) AMRUT

Q.10) By how many years has the AMRUT scheme been extended? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **URBANISATION AND MIGRATION**

Options:

- (a) 2 Years
- (b) 3 Years
- (c) 4 Years
- (d) 5 Years
- (e) None of these

Answer: (a) 2 years

Explanation:

Unable to meet set targets for urban renewal in 500 cities, the Centre has decided to extend the mission period of its flagship initiative **Atal Mission for Rejuvenation and Urban Transformation (AMRUT)** by two more years.

<https://economictimes.indiatimes.com/news/politics-and-nation/mission-on-urban-renewal-extended-by-2-yrs-to-2022/articleshow/72861874.cms>

PASSAGE ON PM KISAN SCHEME

Q.11) In December 2020, how much money was credited into the accounts of beneficiary farmers under this scheme? (2 mark)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **EASY**
Topic – **INDIAN AGRICULTURE**

Options:

- (a) Rs 10,000 crore
- (b) Rs 18,000 crore
- (c) Rs 35,000 crore
- (d) Rs 13,000 crore
- (e) None of the above

Answer: (b) Rs 18,000 crore

Explanation:

As the farmers' protests continue unabated, Prime Minister Narendra Modi addresses nine crore farmers from six states via video conferencing on 25 December - former PM Atal Bihari Vajpayee's birth anniversary. In today's meeting, **PM Modi released the next installment of the financial benefits - ₹18,000 crore - under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN).**

<https://www.livemint.com/news/india/pm-modi-interacts-with-farmers-releases-rs-18-000-crore-pm-kisan-installment-11608876652381.html>

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Q.12) A fixed amount benefit is given to farmers after every 4 months under this scheme. How much do they get annually? (2 mark)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **EASY**
Topic – **INDIAN AGRICULTURE**

Options:

- (a) Rs 6000
- (b) Rs 10000
- (c) Rs 12000
- (d) Rs 8000
- (e) None of the above

Answer: (a) Rs 6000

Explanation:

1.15 Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)

What's in News?

- Referring to Government initiatives during the Pandemic for Agricultural Sector, the Minister informed that Centre has distributed Rs 75,000 Crore for procurement and other welfare measures for farmers including PM-KISAN.

Scheme Summary

| | |
|-----------------------|---|
| Launch Year | 2019; Effective from 2018 |
| Nodal Ministry | Ministry of Agriculture & Farmer's Welfare |
| Aim | To benefit 14.5 crore beneficiaries on the basis of the Agriculture Census, 2015-16 |
| Objective | To provide income support to all eligible land-holding farmers and their families |
| Eligibility | all farmer families in the country irrespective of the size of their landholdings |
| Funding | 100% funding by Central Government |
| Key Feature | An amount of Rs.6000/- per year in three equal installments of Rs 2,000 each every four months is released by the Central Government online directly into the bank accounts of the eligible farmers |

Schemes Tap October 2020

Q.13) All landholder farmers' families in the country are eligible for the PM-Kisan Scheme, except (2 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **INDIAN AGRICULTURE**

Statements

1. All Institutional Land holders
2. Former and present holders of constitutional posts
3. All serving or retired officers and employees of Central/ State Government Ministries /Offices/Departments
4. All Persons who paid Income Tax in last assessment year.
5. Professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects registered with Professional bodies and carrying out profession by undertaking practices.

Options:

Choose the correct option

- (a) 1, 2, 3 and 4 only
- (b) 1, 2, 3 and 5 only
- (c) 1, 2, 4 and 5 only
- (d) 2, 3, 4 and 5 only
- (e) All of the above

Answer: (c) 1, 2, 4 and 5 only

Explanation:

All landholder farmers' families in the country are eligible for the PM-Kisan Scheme, except those covered under the following exclusion criteria:

- (I) **All Institutional Land holders; and**
- (II) Farmer families in which one or more of its members belong to following categories :

Former and present holders of constitutional posts

Former and present Ministers/ State Ministers and former/present Members of Lok Sabha/ Rajya Sabha/ State Legislative Assemblies/ State Legislative Councils,former and

present Mayors of Municipal Corporations, former and present Chairpersons of District Panchayats.

All serving or retired officers and employees of Central/ State Government Ministries /Offices/Departments and its field units Central or State PSEs and Attached offices /Autonomous Institutions under Government as well as regular employees of the Local Bodies (Excluding Multi Tasking Staff / Class IV/Group D employees)

All Persons who paid Income Tax in last assessment year.

vi) Professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects registered with Professional bodies and carrying out profession by undertaking practices.

<https://pib.gov.in/newsite/PrintRelease.aspx?relid=190752>

PASSAGE ON RBI'S LIQUIDITY MANAGEMENT FRAMEWORK

The Reserve Bank of India (RBI) adopted a new liquidity management framework in which there would be no fixed daily liquidity injection operations, but the central bank would act whenever the banking system requires money. The _____ will remain the operating target of the monetary policy, the RBI said, which means it will *ensure enough liquidity to anchor the call rate at around the repo rate.*

Q.14) Which new liquidity management initiative has been adopted by RBI and also discussed in the passage? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **MONETARY AND FISCAL POLICY SINCE REFORMS OF 1991**

Options:

- (a) Open Market Operation
- (b) Long Term Repo Operation
- (c) Long Term Reverse Repo Operation
- (d) FX Swaps
- (e) All of the above

Answer: (b) Long Term Repo Operation.

Explanation:

When you're trying to solve a problem, it helps to take inspiration from your peers. The Reserve Bank of India, too, is not averse to taking cues from other central banks in

developed countries to come up with ideas to stimulate the economy during the slowdown. First, it took a leaf out of the US Fed's book and carried out 'Operation Twist', to quell rising rates. Now it is hoping to roll out long-term repo operations (LTROs), taking cues from the European Central Bank. On February 6, the RBI announced the infusion of ₹1 lakh crore into the system in phases, through the LTRO.

<https://www.thehindubusinessline.com/opinion/columns/slate/all-you-wanted-to-know-about-ltro/article30905209.ece>

Q.15) The operation discussed above is going to be linked to _____ for operations (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **MONETARY AND FISCAL POLICY SINCE REFORMS OF 1991**

Options:

- (a) Call Money Rate
- (b) Repo Rate
- (c) Reverse Repo Rate
- (d) Weighted average call rate
- (e) None of the above

Answer: (d) Weighted average call rate

Explanation:

The Reserve Bank of India (RBI) on Thursday adopted a new liquidity management framework in which there would be no fixed daily liquidity injection operations, but the central bank would act whenever the banking system requires money. The weighted average call rate (WACR) will remain the operating target of the monetary policy, the RBI said, which means it will ensure enough liquidity to anchor the call rate at around the repo rate.

https://www.business-standard.com/article/finance/monetary-policy-review-rbi-adopts-a-new-liquidity-management-framework-120020601929_1.html

Q.16) What is the meaning of the italicized line in the passage? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **MONETARY AND FISCAL POLICY SINCE REFORMS OF 1991**

Statements:

1. RBI will adopt Accommodative monetary policy.
2. RBI will adopt expansionary monetary policy.
3. RBI will adopt contractionary monetary policy.
4. The call rate inches above the repo rate, it would signal liquidity deficit and the central bank will bring its tools to infuse liquidity
5. If the call rate is below the repo rate, that would mean the banking system has surplus liquidity

Options:

- (a) 1 and 3 only
- (b) 2 and 3 only
- (c) 3 and 4 only
- (d) 4 and 5 only
- (e) None of the above

Answer: (d) 4 and 5

Explanation:

Which means if the call rate inches above the repo rate, it would signal liquidity deficit and the central bank will bring its tools to infuse liquidity. Similarly, if the call rate is below the repo rate, that would mean the banking system has surplus liquidity. In that case, the central bank can operate to suck out the liquidity through its operations.

https://www.business-standard.com/article/finance/monetary-policy-review-rbi-adopts-a-new-liquidity-management-framework-120020601929_1.html

Q.17) While getting rid of the 14 day fixed repo, the RBI said it will operate a 14-day term repo/reverse repo operation at a variable rate that would be conducted to coincide with the..... maintenance cycle: (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **MONETARY AND FISCAL POLICY SINCE REFORMS OF 1991**

Options:

- (a) Statutory Liquidity Ratio
- (b) Cash Reserve Ratio
- (c) Cash Deposit Ratio
- (d) Credit-Deposit Ratio
- (e) None of the above

Answer: (b) Cash Reserve Ratio

Under the Liquidity Management Framework, the instruments of liquidity management include fixed and variable rate repo/reverse repo auctions, outright open market operations (OMOs), forex swaps and other instruments as may be deployed from time to time to ensure that the system has adequate liquidity at all times. The framework also prescribes a 14-day term repo/reverse repo operation at a variable rate and conducted to coincide with the cash reserve ratio (CRR) maintenance cycle would be the main liquidity management tool for managing frictional liquidity requirements.

<https://www.thehindubusinessline.com/money-and-banking/rbi-to-conduct-225-lakh-crore-reverse-repo-auction/article30812367.ece>

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PRESS RELEASES

(328 kb)

Date : Feb 06, 2020

Liquidity facilities under revised Liquidity Management Framework

The revised Liquidity Management Framework has been announced in the [Statement of Developmental and Regulatory Policies on February 06, 2020](#). Accordingly, RBI liquidity facilities under the revised Liquidity Management Framework would be as under:

| Sl. No. | Instrument | Quantum | Periodicity/Timing |
|--|--|--|---|
| A. Instruments under LAF framework to manage short-term/transient liquidity | | | |
| 1. | 14-day variable-rate repo/reverse repo auction (Main operation) | Auction amount will be decided by the Reserve Bank and a single auction (either repo or reverse repo) will be conducted based on the assessment of liquidity conditions by the Reserve Bank. | On reporting Friday (2.30 PM – 3.00 PM) (If reporting Friday is a holiday, the auction will be conducted on preceding working day in Mumbai) |
| 2. | Variable Rate Term Repo/Reverse Repo auction (Tenor: overnight and up to 13 days) (Fine-tuning operations) | The auction amount will be decided by the Reserve Bank, based on an assessment of the liquidity conditions. | Discretionary |
| 3. | Fixed Rate Reverse Repo | No restriction on amount | Daily (Including Saturdays, Sundays and holidays) |
| 4. | Marginal Standing Facility (MSF) | Individual banks can draw funds up to Excess SLR + 2 per cent below SLR. | between 5.30 PM and 11.59 PM |
| 5. | FX Swaps | The amount will be decided by the Reserve Bank, based on the assessment of the liquidity conditions | Discretionary |
| 6. | Standing Deposit Facility (SDF) | The operational details of Standing Deposit Facility (SDF) will be issued separately. | |
| B. Instruments to manage durable liquidity | | | |
| 7. | Long Term Variable Rate Repo (LTR) Tenor: beyond 14 days | The auction amount will be decided by the Reserve Bank, based on an assessment of the liquidity conditions. | Discretionary |
| 8. | Long Term Variable Rate Reverse Repo (LTRR) Tenor: beyond 14 days | | |
| 9. | FX Swap Auctions | The auction amount will be decided by the Reserve Bank, based on an assessment of the liquidity conditions. | Discretionary |
| 10. | Open Market Operations (OMOs) | | |

OECD PASSAGE

Q.18 2030 Agenda for Sustainable Development Goals which has been agreed upon by all 193 member states was organised by? (2 Marks)

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL ISSUES**

Options:

- (a) United Nations Economic and Social Council
- (b) United Nations Security Council
- (c) United Nations Secretariat
- (d) United Nations General Assembly
- (e) None of the above

Answer: (d) United Nations General Assembly

Q.19 As per Economic Survey 2020-21, India's real GDP to record a 11.0% growth in FY2021-22 and nominal GDP to grow by 15.4% – the highest since independence due to:

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **PRIORITIES & RECOMMENDATIONS OF ECONOMIC SURVEY & UNION BUDGET**

Options:

- (a) continued normalization in economic activities as the rollout of Covid-19 vaccines gathers traction
- (b) subdued retail inflation in India, which will give the Reserve Bank of India the room to drop the policy rates and engender conditions to stimulate economic growth.
- (c) low fuel and energy prices that will give an edge to Indian industry.
- (d) record high consumer sentiments among Indian households.
- (e) All the above

Answer: (a) continued normalization in economic activities as the rollout of Covid-19 vaccines gathers traction

Explanation:

India's real GDP to record a growth of 11 per cent in 2021-22 and nominal GDP by 15.4 per cent-the highest since independence. The V-shaped economic recovery is supported by the initiation of a mega vaccination drive with hopes of a robust recovery in the services sector and prospects for robust growth in consumption and investment. The Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman presented the Economic Survey 2020-21 in Parliament today, which states that the rebound will be led by the low base and continued **normalization in economic activities as the rollout of COVID-19 vaccines gathers traction.**

https://pib.gov.in/newsite/erelevent.aspx?e_i=14#:~:text=The%20Union%20Minister%20for%20Finance,COVID%2D19%20vaccines%20gathers%20traction.

Q.21) _____ has recently provided _____ amount of funding for the implementation of Strengthening Teaching-Learning and Results for States (STARS) project of Ministry of Education. (1 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **TOUGH**

Topic – **SOCIAL SECTORS IN INDIA, HEALTH AND EDUCATION**

Options:

- (a) World Bank, US \$ 500 Million
- (b) New Development Bank, US \$ 500 Million
- (c) Asian Infrastructure Investment Bank, US \$ 500 Million
- (d) Asian Development Bank, US \$ 500 Million
- (e) International Monetary Fund, US \$ 500 Million

Answer: (a) World Bank, US \$ 500 million (approximately Rs. 3700 crore)

Explanation:

About **STARS** Project

| | |
|--------------------------|--|
| Ministry Involved | <ul style="list-style-type: none">• Launched as a new Centrally Sponsored Scheme under Department of School Education and Literacy, Ministry of Education (MOE). |
| Objective | <ul style="list-style-type: none">• To improve the quality and governance of school education in six States through Samagra Shiksha. |
| Funding | <ul style="list-style-type: none">• Total project cost of Rs 5718 crore with the financial support of World Bank amounting to US \$ 500 million (approximately Rs. 3700 crore). |

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Q.22) Under One Nation One Ration Card (ONORC) scheme additional borrowing limit of 0.25 percent of the Gross State Domestic Product (GSDP) is allowed to the States only on completion of both of the following actions: (i) Aadhar Seeding of all the ration cards and beneficiaries in the State (ii) Automation of all the FPSs in the State. Which of the following statements are correct regarding ONORC scheme? (1 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **HUMAN DEVELOPMENT / SOCIAL SECTOR**

Statements:

1. Enables the States in better targeting of beneficiaries.
2. Elimination of bogus/ duplicate/ineligible card holders resulting in enhanced welfare and reduced leakage.
3. To ensure seamless inter-state portability of a ration card, Aadhar seeding of all ration cards as well as biometric authentication of beneficiaries through automation of all Fair Price Shops (FPSs) with installation of electronic point of sale (e-PoS) devices are essential.
4. The reform especially empowers the migratory population mostly labourers.

Options:

- (a) 1, 2 and 3 only
- (b) 2, 3 and 4 only
- (c) 1, 3 and 4 only
- (d) 1, 2 and 4 only
- (e) All of the above

Answer: (e) All of the above

Explanation:

One Nation One Ration Card System is an important citizen centric reform. Its implementation ensures availability of ration to beneficiaries under National Food Security Act (NFSA) and other welfare schemes, especially the migrant workers and their families, at any Fair Price Shop (FPS) across the country.

The reform especially empowers the migratory population mostly labourers, daily wagers, urban poor like rag pickers, street dwellers, temporary workers in organised and unorganised sectors, domestic workers etc, who frequently change their place of dwelling to be self reliant in food security. This technology driven reform enables the migrant beneficiaries to get their entitled quota of food grains from any electronic point of sale (e-PoS) enabled fair Price Shops of their choice anywhere in the country.

The reform also enables the States in better targeting of beneficiaries, elimination of bogus/ duplicate/ineligible card holders resulting in enhanced welfare and reduced leakage. Further, to ensure seamless inter-state portability of a ration card, Aadhar seeding of all ration cards as well as biometric authentication of beneficiaries through automation of all Fair Price Shops (FPSs) with installation of electronic point of sale (e-PoS) devices are essential. Therefore, additional borrowing limit of 0.25 percent of the Gross State Domestic Product (GSDP) is allowed to the States only on completion of both of the following actions:

(i) Aadhar Seeding of all the ration cards and beneficiaries in the State

(ii) Automation of all the FPSs in the State.

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1704063>

Q.23) Recently at Trade-Related Aspects of Intellectual Property Rights (TRIPS) Council of WTO, India and South Africa proposed (1 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **INTERNATIONAL ECONOMIC INSTITUTIONS**

Options:

- (a) that Geographical Indication framework should be further strengthened to protect the livelihoods of traditional artisans.
- (b) a waiver for domestic market requirement for developing country exports to developed countries.
- (c) a waiver to help more countries get access to medicines and vaccines during the pandemic.
- (d) All of the above
- (e) None of the above

Answer: (c) a waiver to help more countries get access to medicines and vaccines during the pandemic.

India and South Africa have jointly moved a proposal at the WTO's TRIPS council for a waiver to help more countries get access to medicines and vaccines during the pandemic. Fifty-seven WTO members have backed the proposal, but the EU, U.S., Japan and Canada have opposed the idea stressing the importance of intellectual property for innovation.

<https://www.thehindu.com/business/trips-waiver-for-vaccines-key-to-growth/article33950900.ece>

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Q.24) With reference to Sovereign Gold Bonds, which of the following statements are correct? (1 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **PUBLIC FINANCE**

Statements:

1. Minors will not be allotted even if guardians apply on their behalf.
2. Discount of Rs 50 is applicable when person is applying online.
3. There is a risk of capital loss if price of gold declines.
4. SGB can be used as collateral for borrowing loans.

Options:

- (a) 1, 2 and 3 only
- (b) 2, 3 and 4 only
- (c) 1, 3 and 4 only
- (d) 1, 2 and 4 only
- (e) All of the above

Answer: (b) 2, 3 and 4 only

Explanation:

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The Bonds will be sold through Scheduled Commercial banks (except Small Finance Banks and Payment Banks), Stock Holding Corporation of India Limited (SHCIL), designated post offices, and recognised stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The features of the Bond are as under:

| Sl. No. | Item | Details |
|---------|------------------|--|
| 1 | Product name | Sovereign Gold Bond 2020-21 |
| 2 | Issuance | To be issued by Reserve Bank of India on behalf of the Government of India. |
| 3 | Eligibility | The Bonds will be restricted for sale to resident individuals, HUFs, Trusts, Universities and Charitable Institutions. |
| 4 | Denomination | The Bonds will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram. |
| 5 | Tenor | The tenor of the Bond will be for a period of 8 years with exit option after 5 th year to be exercised on the interest payment dates. |
| 6 | Minimum size | Minimum permissible investment will be 1 gram of gold. |
| 7 | Maximum limit | The maximum limit of subscription shall be 4 KG for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities per fiscal (April-March) notified by the Government from time to time. A self-declaration to this effect will be obtained. The annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchased from the Secondary Market. |
| 8 | Joint holder | In case of joint holding, the investment limit of 4 KG will be applied to the first applicant only. |
| 9 | Issue price | Price of Bond will be fixed in Indian Rupees on the basis of simple average of closing price of gold of 999 purity, published by the India Bullion and Jewellers Association Limited for the last 3 working days of the week preceding the subscription period. The issue price of the Gold Bonds will be 50 per gram less for those who subscribe online and pay through digital mode. |
| 10 | Payment option | Payment for the Bonds will be through cash payment (upto a maximum of ₹20,000) or demand draft or cheque or electronic banking. |
| 11 | Issuance form | The Gold Bonds will be issued as Government of India Stock under GS Act, 2006. The investors will be issued a Holding Certificate for the same. The Bonds are eligible for conversion into demat form. |
| 12 | Redemption price | The redemption price will be in Indian Rupees based on simple average of closing price of gold of 999 purity, of previous 3 working days published by IBJA Ltd. |
| 13 | Sales channel | Bonds will be sold through Commercial banks, Stock Holding Corporation of India Limited (SHCIL), designated post offices (as may be notified) and recognised stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange, either directly or through agents. |

<https://pib.gov.in/PressReleasePage.aspx?PRID=1614135>

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Q.25) Which of the following is an omnibus mobile app developed to help farmers by providing relevant information to them quickly. With click of a button, they can get the information on weather of current day and next 5 days, dealers, market prices, agro advisories, plant protection, IPM Practices etc. (1 mark)

Static or Current – **CURRENT**
1 marker or 2 marker – **1 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **MODERATE**
Topic – **INDIAN AGRICULTURE**

Options:

- (a) mKisan
- (b) eSuvidha
- (c) Farmer's Help
- (d) Kisan Suvidha
- (e) None of the above

Answer: (d) Kisan Suvidha

Explanation:

Kisan Suvidha is an omnibus mobile app developed by Department of Agriculture & Cooperation, Ministry of Agriculture and Farmers Welfare to help farmers by providing relevant information to them quickly. The app is available in multiple Indian languages.

<https://vikaspedia.in/agriculture/ict-applications-in-agriculture/kisan-call-center-app>

Q.26) How many of these apps are part of Digital India mission in health care. (1 mark)

Static or Current – **CURRENT**
1 marker or 2 marker – **1 MARKER**
Economics or Social Issues – **SOCIAL ISSUES**
Difficulty Level – **EASY**
Topic – **SOCIAL SECTORS IN INDIA, HEALTH AND EDUCATION**

Options:

- (a) e-sanjeevani
- (b) NIKSHAY
- (c) Kilkari
- (d) ANMOL
- (e) All of the above

Answer: (e) All of the above

Q.27) Which of the following benefits have been announced in Union Budget 2021-22 for Startups? (1 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **PRIORITIES & RECOMMENDATIONS OF ECONOMIC SURVEY & UNION BUDGET**

Statements:

1. Residency limit for an Indian to set up one person company has been reduced from 182 days to 120 days.
2. Loans ranging from Rs 10 lakhs to Rs 50 lakhs will be given to women / SC / ST for brownfield projects
3. In order to incentivize startups it is proposed to extend eligibility period to claim tax holiday by one more year till 31st March 2022.
4. Government has announced revision in definition of small companies by increasing their threshold for paid up capital from not exceeding Rs 50 lakh to not exceeding Rs 2 crore and turnover from not exceeding Rs 2 crore to not exceeding 10 crore.

Options:

- (a) 1 and 2 only
- (b) 2 and 4 only
- (c) 1 and 3 only
- (d) 3 and 4 only
- (e) 2 and 3 only

Answer: (c) 1 and 3 only

Explanation:

**Budget 2021: Here's everything for startups and MSMEs
FM Sitharaman announced in the first digital budget**

<https://www.financialexpress.com/budget/budget-2021-heres-everything-for-startups-and-msmes-fm-sitharaman-announced-in-the-first-digital-budget/2184580/>

Q.28) Match the following objectives to their respective schemes: (1 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **POVERTY ALLEVIATION AND EMPLOYMENT GENERATION IN INDIA / INDIAN AGRICULTURE**

| Objectives | Scheme |
|---|---------------------------------------|
| A. Mr. X, a street vendor wants Rs 10000 as working capital for upgradation of his business. | 1. SVAMITVA |
| B. Gol has started surveying and Mapping with Improved Technology in Mumbai's Dharavi to resolve property related disputes. | 2. Pradhan Mantri Garib Kalyan Yojana |
| C. Gol will pay the EPF contribution for both employer and employee for employees with salary less than Rs 12500. | 3. SVANIDHI |

Options:

- (a) A-1, B-3
- (b) A-3, B-1
- (c) A-2, B-1, C-3
- (d) A-1, B-2, C-3
- (e) None of the above

Answer: (b) A-3, B-1

Explanation:

About SVAMITVA: The acronym SVAMITVA stands for Survey of Villages and Mapping with Improved Technology in Village Areas. It is a Central Sector Scheme aimed at "providing 'record of rights' to village household owners possessing houses in inhabited rural areas in villages and issuance of property cards to the property owners." The plan is to survey all rural properties using drones and prepare GIS based maps for each village. The scheme

was launched by the Prime Minister on the occasion of National Panchayati Raj Day, April 24, earlier this year and distribution of property cards began on October 11.

About SVANIDHI: Ministry of Housing & Urban Affairs launched a scheme PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) to empower Street Vendors by not only extending loans to them, but also for their holistic development and economic upliftment. The scheme intends to facilitate collateral free working capital loans of up to INR10,000/- of one-year tenure, to approximately 50 lakh street vendors, to help resume their businesses in the urban areas, including surrounding peri-urban/rural areas.

About Pradhan Mantri Garib Kalyan Package: As part of the Rs 1.70 lakh crore Pradhan Mantri Garib Kalyan Package (PMGKP), the Government announced free food grains and cash payment to women and poor senior citizens and farmers. The swift implementation of the package is being continuously monitored by Central and State governments. Around 42 crore poor people received financial assistance of Rs 68,820 crore under the Pradhan Mantri Garib Kalyan Package.

Q.29) Regarding 'Operation Greens', consider the following statements: (1 mark)

Static or Current – **CURRENT**
1 marker or 2 marker – **1 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **MODERATE**
Topic – **INDIAN AGRICULTURE**

Statements:

1. Operations green is subsumed under Pradhan Mantri Kisan SAMPADA Yojana
2. This scheme will be extended only to only tomato and potato.
3. Establishment of Mega Food Parks in North East India.
4. It will help promote agri-exports from India.

Which of the above statements are correct?

Options:

- (a) 2 & 3 only
- (b) 1 & 4 only
- (c) 1 & 2 only
- (d) 3 & 4 only
- (e) None of the above

Answer: (b) 1 & 4 only

Explanation:

Major objectives of “Operation Greens” are as under:

- Enhancing value realisation of TOP farmers by targeted interventions to strengthen TOP production clusters and their FPOs, and linking/connecting them with the market.
- Price stabilisation for producers and consumers by proper production planning in the TOP clusters and introduction of dual use varieties.
- Reduction in post-harvest losses by creation of farm gate infrastructure, development of suitable agro-logistics, creation of appropriate storage capacity linking consumption centres.
- Increase in food processing capacities and value addition in TOP value chain with firm linkages with production clusters.
- Setting up of a market intelligence network to collect and collate real time data on demand and supply and price of TOP crops.

<https://pib.gov.in/Pressreleaseshare.aspx?PRID=1551889>

Q.30) Which of the following are correct regarding the objectives of the recently enacted Labour Codes in India? (1 mark)

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **EASY**

Topic – **CHANGES IN INDUSTRIAL & LABOUR POLICY, INDUSTRIAL DEVELOPMENTS IN INDIA**

Statements:

1. Remunerating contract workers at the same rate as regular workers for similar work.
2. Protect the interests of gig workers and migrant workers.
3. Promote gender equality by allowing women workers to work at night subject to obtaining their consent
4. Delegitimise strikes in India.

Options:

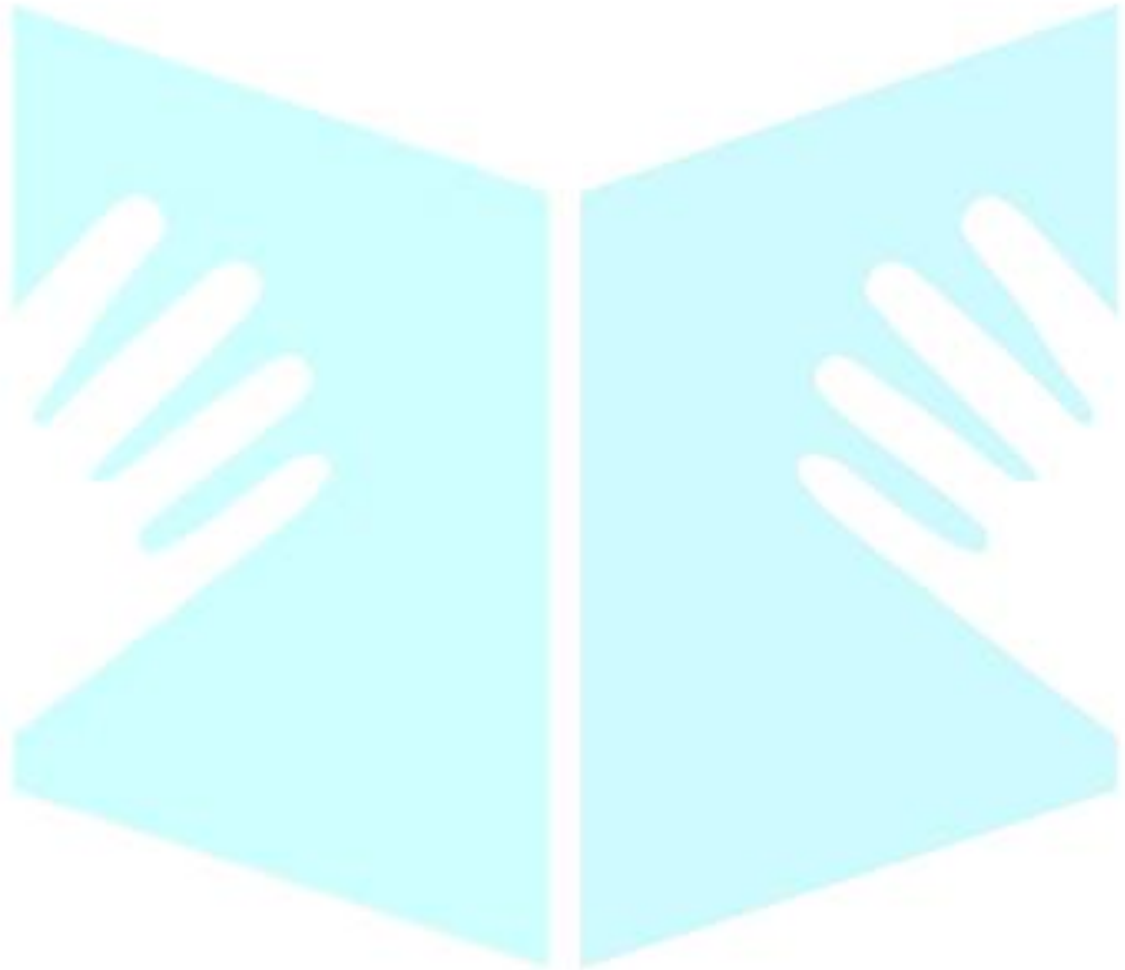
- (a) 1, 2 and 3 only
- (b) 2, 3 and 4 only
- (c) 1, 3 and 4 only
- (d) 1, 2 and 4 only
- (e) None of the above

Answer: (a) 1, 2 and 3 only

Under the recently enacted Industrial Relations Code, 2020 there is a provision to give 14 days notice for Strike so that in this period amicable solution comes out. This clearly indicates that delegitimizing strikes is not an objective of the Labour Codes.

<https://pib.gov.in/PressReleasePage.aspx?PRID=1657898#:~:text=is%20Justice%20denied%E2%80%9D.->

[,The%20Codes%20to%20Promote%20Harmonious%20Industrial%20Relations%20for%20higher%20productivity,four%20under%20different%20laws%20earlier.](#)



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Objective Type Question Paper Analysis:

TABLE 1

| Question # | Marks | Economics or Social Issues | Topic | Static or Current | Difficulty Level |
|------------|-------|----------------------------|--|-------------------|------------------|
| 1 | 2 | ECONOMICS | INTERNATIONAL ECONOMIC INSTITUTIONS | CURRENT | MODERATE |
| 2 | 2 | ECONOMICS | INTERNATIONAL ECONOMIC INSTITUTIONS | CURRENT | TOUGH |
| 3 | 2 | ECONOMICS | INTERNATIONAL ECONOMIC INSTITUTIONS | CURRENT | EASY |
| 4 | 2 | ECONOMICS | INTERNATIONAL ECONOMIC INSTITUTIONS | CURRENT | MODERATE |
| 5 | 2 | ECONOMICS | INTERNATIONAL ECONOMIC INSTITUTIONS / SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL ISSUES | CURRENT | EASY |
| 6 | 2 | SOCIAL ISSUES | URBANISATION AND MIGRATION | CURRENT | MODERATE |
| 7 | 2 | SOCIAL ISSUES | URBANISATION AND MIGRATION | CURRENT | EASY |
| 8 | 2 | SOCIAL ISSUES | URBANISATION AND MIGRATION | CURRENT | EASY |
| 9 | 2 | SOCIAL ISSUES | URBANISATION AND MIGRATION | CURRENT | EASY |
| 10 | 2 | SOCIAL ISSUES | URBANISATION AND MIGRATION | CURRENT | MODERATE |
| 11 | 2 | ECONOMICS | INDIAN AGRICULTURE | CURRENT | EASY |
| 12 | 2 | ECONOMICS | INDIAN AGRICULTURE | CURRENT | EASY |
| 13 | 2 | ECONOMICS | INDIAN AGRICULTURE | CURRENT | MODERATE |
| 14 | 2 | ECONOMICS | MONETARY & FISCAL POLICY | CURRENT | TOUGH |
| 15 | 2 | ECONOMICS | MONETARY & FISCAL POLICY | CURRENT | MODERATE |
| 16 | 2 | ECONOMICS | MONETARY & FISCAL POLICY | CURRENT | TOUGH |
| 17 | 2 | ECONOMICS | MONETARY & FISCAL POLICY | CURRENT | TOUGH |
| 18 | 2 | ECONOMICS | SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL ISSUES | STATIC | TOUGH |

| | | | | | |
|----|---|---------------|---|---------|----------|
| 19 | 2 | ECONOMICS | PRIORITIES & RECOMMENDATIONS OF ECONOMIC SURVEY & UNION BUDGET | CURRENT | TOUGH |
| 20 | 2 | ECONOMICS | OPENING UP OF THE INDIAN ECONOMY, BALANCE OF PAYMENTS | STATIC | MODERATE |
| 21 | 1 | SOCIAL ISSUES | SOCIAL SECTORS IN INDIA, HEALTH AND EDUCATION | CURRENT | TOUGH |
| 22 | 1 | SOCIAL ISSUES | HUMAN DEVELOPMENT / SOCIAL SECTOR | CURRENT | MODERATE |
| 23 | 1 | ECONOMICS | INTERNATIONAL ECONOMIC INSTITUTIONS | CURRENT | TOUGH |
| 24 | 1 | ECONOMICS | PUBLIC FINANCE | CURRENT | MODERATE |
| 25 | 1 | ECONOMICS | INDIAN AGRICULTURE | CURRENT | MODERATE |
| 26 | 1 | SOCIAL ISSUES | SOCIAL SECTORS IN INDIA, HEALTH AND EDUCATION | CURRENT | EASY |
| 27 | 1 | ECONOMICS | PRIORITIES & RECOMMENDATIONS OF ECONOMIC SURVEY & UNION BUDGET | CURRENT | TOUGH |
| 28 | 1 | ECONOMICS | POVERTY ALLEVIATION AND EMPLOYMENT GENERATION IN INDIA / INDIAN AGRICULTURE | CURRENT | MODERATE |
| 29 | 1 | ECONOMICS | INDIAN AGRICULTURE | CURRENT | MODERATE |
| 30 | 1 | ECONOMICS | CHANGES IN INDUSTRIAL & LABOUR POLICY, INDUSTRIAL DEVELOPMENTS IN INDIA | CURRENT | EASY |

Analysis:

- A lot of statement based questions were asked in the exam, which is a break from the trend followed so far. Students should be prepared to handle such lengthy and relatively difficult questions going ahead.

TABLE 2

| SUBJECT | TOTAL NUMBER OF QUESTIONS ASKED | TOTAL MARKS ALLOCATED |
|---------------|---------------------------------|-----------------------|
| ECONOMICS | 22 | 37 |
| SOCIAL ISSUES | 8 | 13 |

Analysis:

- Trend of economics having relatively higher weightage has continued. This is likely to continue going ahead as well. Students are advised to prioritize Economics over Social Issues in their overall preparation.

TABLE 3

| DIFFICULTY LEVEL | TOTAL NUMBER OF QUESTIONS ASKED | TOTAL NUMBER OF MARKS |
|------------------|---------------------------------|-----------------------|
| EASY | 9 | 16 |
| MODERATE | 12 | 19 |
| TOUGH | 9 | 15 |

Analysis:

- Easy questions were interspersed between moderate and tough questions. More than two-thirds of the questions required very good preparation / knowledge / understanding. Given the competitive nature of the examination, students are advised that they should be prepared to face such kind of paper going ahead.
- Apart from a strong preparation, emotional quotient is also important. One must not be unnerved by coming across tough questions. The pursuit of easy and moderate question should guide us firmly in the examination. If we are thrown completely off track by the presence of a few tough questions, we will not be able to compete well in the examination.
- Solving a good number of Quizzes and Mocks on the EduTap platform will go a long way in helping students be better prepared for this kind of an examination.

TABLE 4

| TYPE OF QUESTION | TOTAL NUMBER OF QUESTIONS ASKED | TOTAL NUMBER OF MARKS |
|------------------|---------------------------------|-----------------------|
| CURRENT | 28 | 36 |
| STATIC | 2 | 4 |

Analysis:

- Trend of current affairs being more important than static part of the syllabus has further accentuated. It is important to draw the right lessons from this development.
- Current Affairs covering a period of 6 months before the examination should be prepared very thoroughly from EduTap's current affairs magazine. Note that current affairs comprises of three important pillars: General current affairs, Government Schemes and Programmes and Reports.
- Students must not make the folly of completely leaving static syllabus untouched. Remember, the trend can always reverse; understanding of static syllabus is key to answering descriptive questions well; and the interviewer can always be an economy buff wanting to have a long and meaningful conversation regarding the Indian economy!!

TABLE 5

| TYPE OF QUESTION | TOTAL NUMBER OF QUESTIONS ASKED | TOTAL NUMBER OF MARKS |
|--|---------------------------------|-----------------------|
| QUESTIONS BASED ON OLD SCHEMES (LAUNCHED MORE THAN AN YEAR BEFORE THE EXAM) | 12 | 20 |
| QUESTIONS BASED ON NEW SCHEMES (LAUNCHED WITHIN THE ONE YEAR PERIOD BEFORE THE EXAM) | 01 | 01 |
| QUESTIONS BASED ON OLD AND NEW SCHEMES | 13 | 21 |

Analysis:

- EduTap's innovative 'Schemes Tap' document has served students well given that over 40% of the objective paper (21 marks to be precise) was based on schemes of Government of India.
- As the above table shows, students are advised to cover both old and new schemes well.

- Given that a lot of statement based, moderate to tough level questions were asked from various schemes, students are advised to give due importance to the 'Schemes Tap' document.

TABLE 6

| TYPE OF QUESTION | TOTAL NUMBER OF QUESTIONS ASKED | TOTAL NUMBER OF MARKS |
|---|---------------------------------|-----------------------|
| QUESTIONS BASED ON NATIONAL REPORTS | 05 | 10 |
| QUESTIONS BASED ON INTERNATIONAL REPORTS | 00 | 00 |
| QUESTIONS BASED ON NATIONAL AND INTERNATIONAL REPORTS | 05 | 10 |

Analysis:

- Trend of reports playing an important role in the exam has continued, with a respectable 20% weightage for this component. Although in this exam all the weightage has been given to an international report, national reports continue to be of importance and students should cover them well.

TABLE 7

| NAME OF CHAPTER | TOTAL NUMBER OF QUESTIONS ASKED | TOTAL MARKS ALLOCATED |
|--|---------------------------------|-----------------------|
| INTERNATIONAL ECONOMIC INSTITUTIONS | 06 | 11 |
| URBANISATION AND MIGRATION | 05 | 10 |
| MONETARY & FISCAL POLICY | 04 | 08 |
| INDIAN AGRICULTURE | 05 | 08 |
| SOCIAL SECTORS IN INDIA, HEALTH AND EDUCATION | 02 | 02 |
| SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL ISSUES | 01 | 02 |
| HUMAN DEVELOPMENT / SOCIAL SECTOR | 01 | 01 |
| PUBLIC FINANCE | 01 | 01 |
| PRIORITIES & RECOMMENDATIONS OF ECONOMIC SURVEY & UNION BUDGET | 02 | 03 |

| | | |
|---|----|----|
| POVERTY ALLEVIATION AND EMPLOYMENT GENERATION IN INDIA | 01 | 01 |
| CHANGES IN INDUSTRIAL & LABOUR POLICY, INDUSTRIAL DEVELOPMENTS IN INDIA | 01 | 01 |
| OPENING UP OF THE INDIAN ECONOMY, BALANCE OF PAYMENTS | 01 | 02 |

Analysis:

- Picking and choosing a handful of chapters of the syllabus as a part of preparation can be a risky strategy. As can be seen from the above table, questions have been asked from a diverse set of chapters. Each and every mark is important to finally clear the exam with a rank.

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DESCRIPTIVE TYPE QUESTIONS

Question-1: 15th finance commission - Horizontal and Vertical transfers (600 words, 15 Marks)

(Following images are from EduTap's study material that was provided before the exam.)

9.3 Recommendations of the 15th Finance Commission

The 15th Finance Commission proposed recommendations for both vertical and horizontal devolution.

Vertical Devolution

- **41% of the divisible pool** to be devolved to the States in the year 2020-21.
- FC-XIV which had recommended 42%, had a view that tax devolution should be the primary route of transfer of resources to States as they are a more objective form of transfer of resources as compared to other forms. The XV-FC also agrees with this view but reduced the States' share to 41% because of the re-organization of the State of Jammu & Kashmir into UTs of Ladakh and Jammu & Kashmir through the Jammu & Kashmir Re-organization Act, 2019.
- UTs are the responsibilities of the Union and their demands have to be met from the Union Government's resources.

Horizontal Devolution

Horizontal devolution is done primarily to enable the States to provide basic public goods and services with equivalent tax effort. The various criteria to be considered for horizontal devolution are classified into three broad groups as follows.

- **Need-based criteria: Population, area and forest & ecology** form the need-based criteria. This is needed to address the fiscal gap of States existing due to the structural mismatch between the States' resources and their expenditure liabilities.
- **Equity-based criterion: Income distance** forms the equity-based criterion to ensure fiscal equalization given the large differences in the resource base available and status of development within the country.
- **Performance-based criteria: Demographic performance and tax effort** are part of the performance-based criteria that is framed to reward and incentivize States to perform better, in terms of utilization of resources available to them.

Horizontal Devolution Criteria

| Criteria | 14 th FC | 15 th FC |
|-------------------|---------------------|---------------------|
| | 2015-20 | 2020-21 |
| Income Distance | 50.0 | 45.0 |
| Population (1971) | 17.5 | 1 |
| Population (2011) | 10.0 | 15.0 |
| Area | 15.0 | 15.0 |

Question-2: Define various measures of poverty estimation and their demerits and merits in terms of per capita income, inflation and consumption and safety net. (600 words, 15 Marks)

(Following images are from EduTap's study material that was provided before the exam.)

1.2.1 Human Poverty Index

The Human Poverty Index was introduced by the **United Nation's Human Development Report in 1997** with a view to **measuring the extent of deprivation** and the **degree of poverty** in a country. The HPI Index uses the **same parameters as are used in the Human Development Index (HDI)** such as, **Longevity, Knowledge and Living standards**. The HPI Index also includes other parameters as:

1.2.2 Multidimensional Poverty Index

The **Global Multidimensional Poverty Index (MPI)** is published by **Oxford Poverty & Human Development Initiative (OPHI)** and the **United Nations Development Programme (UNDP) Human Development Report**. It aims to give a "multidimensional picture of people living in poverty," and measures poverty at the individual level in education, health and standard of living. The MPI is featured in the **20th Anniversary edition of the UNDP Human Development Report 2010** and has been updated every year since.

1.2.3 Poverty Line

Absolute poverty is measured by 'Poverty Line' which refers to some **cut-off level in terms of consumption or income level**.

The **extent of poverty** in a country is measured by the **number of people who live below the poverty line** and their ratio to the total population (poverty ratio).

Poverty line is drawn on the **basis of expenditure** that is necessary to **secure the minimum acceptable living standard**, according to the work and efficiency. **In India**, poverty line is drawn on the basis of a **minimum necessary nutritional requirement**, which is expressed in **calorie intake** of a person (**2,400 calories for rural and 2100 calories for urban areas**). The minimum calorie intake for rural areas is higher than the urban areas because **rural people put in more physical efforts in comparison to the population in urban areas**.

1.2.4 Post-Independence Poverty Estimates

- In 1962, the **Planning Commission** constituted a working group to **estimate poverty nationally**, and it formulated **separate poverty lines for rural and urban areas** – of **Rs 20 and Rs 25 per capita per year respectively**.
- **VM Dandekar and N Rath** made the first **systematic assessment of poverty** in India in 1971, based on **National Sample Survey (NSS)** data from 1960-61. They argued that the poverty line must be derived from the **expenditure that was adequate to provide 2250 calories per day in both rural and urban areas**. This generated debate on minimum calorie consumption norms while estimating poverty and variations in these norms based on age and sex.
- **Alagh Committee (1979)**: In 1979, a task force constituted by the Planning Commission for the purpose of poverty estimation, chaired by **YK Alagh**, constructed a **poverty line for rural and urban areas** on the basis of **nutritional requirements (2400 calories in rural areas and 2100 calories in urban areas)**.
- **Lakdawala Committee (1993)**: In 1993, an expert group constituted to review methodology for poverty estimation, chaired by **DT Lakdawala**, made the following suggestions: (i) **consumption expenditure** should be calculated based on **calorie consumption** as earlier; (ii) **state specific poverty lines** should be constructed and these should be updated using the Consumer Price Index of Industrial Workers (**CPI-IW**) in **urban areas** and Consumer Price Index of Agricultural Labour (**CPI-AL**) in **rural areas**.

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Question-3: What are the changes/trends in globalisation after global financial crisis 2008? (600 words, 15 Marks)

(Following images are from EduTap's study material that was provided before the exam.)

1.10 | India and the Global Crisis

Initially, **India** and other **emerging economies** were **hit hard by the GFC or the Great Recession** that originated in the **sub-prime housing market in the USA** and then spread rapidly to the rest of the world. Their **recovery** was remarkably **rapid and spectacular**, only to be followed by a **sharp downturn** since 2010. This was particularly so for India where the **growth rate** jumped from **3.89 per cent in 2008–9** to **8.48 per cent in 2009–10** and to **10.26 per cent in 2010–11**, but collapsed thereafter to **6.64, 4.74, and 4.98 per cent respectively over the next three years.**

Q.1) Discuss the impacts of and Indian response to the Global Financial Crisis of 2008.

Structure

| | |
|----------------|--|
| Micro Question | 1) What were the impacts of Global financial crisis in India? 2) What was the Indian response to the Global financial crisis? |
|----------------|--|

Q.2) Discuss the major reforms in Indian Economy post 2007 – 08 Global Financial Crisis.

Structure

| | |
|----------------|---|
| Micro Question | 1) What are the major reforms in Indian Economy Post 2007 – 08? |
|----------------|---|

Question-4: Budgetary recommendations on strategic and non strategic disinvestments, its (i) Rationale and (ii) Impact (400 words, 10 Marks)

(Following images are from EduTap's study material that was provided before the exam.)

1.2.16 Disinvestment and Strategic Sale

- **Rs. 1,75,000 crore estimated receipts** from disinvestment in BE 2020-21
- **Strategic** disinvestment of **BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited etc.** to be completed in 2021-22.
- Other than IDBI Bank, **two Public Sector Banks** and **one General Insurance company** to be **privatized**
- **IPO of LIC in 2021-22**
- **New policy for Strategic Disinvestment** approved; CPSEs except in four **strategic** areas to be privatized
- **NITI Aayog to work out on the next list of CPSEs** to be taken up for **strategic disinvestment**
- **Incentivizing States for disinvestment** of their Public Sector Companies, using central funds
- **Special Purpose Vehicle** in the form of a company to **monetize idle land**
- Introducing a revised mechanism for ensuring **timely closure of sick or loss making CPSEs**

Highlights of Disinvestment/Strategic Disinvestment Policy

Objectives

- Minimising presence of Central Government Public Sector Enterprises including financial institutions and creating new investment space for private sector.
- Post disinvestment, economic growth of Central Public Sector Enterprises (CPSEs)/ financial institutions will be through infusion of private capital, technology and best management practices. Will contribute to economic growth and new jobs.
- Disinvestment proceeds to finance various social sector and developmental programmes of the government.

Policy features

- Policy covers existing CPSEs, Public Sector Banks and Public Sector Insurance Companies.
- Various sectors will be classified as **strategic** and non-**strategic** sectors.
- The **strategic** sectors classified are:
 - ✓ Atomic energy, Space and Defence
 - ✓ Transport and Telecommunications
 - ✓ Power, Petroleum, Coal and other minerals
 - ✓ Banking, Insurance and financial services
- In **strategic** sectors, there will be bare minimum presence of the public sector enterprises. The remaining CPSEs in the **strategic** sector will be privatised or merged or subsidiarized with other CPSEs or closed.
- In non-**strategic** sectors, CPSEs will be privatised, otherwise shall be closed.

Question-5: Role of demography in India's economic transition. (400 words, 10 Marks)

(Following images are from EduTap's study material that was provided before the exam.)

2.1.3 Advantages Associated with Demographic Dividend

- **Better economic growth** brought about by increased economic activities due to higher working age population and lower dependent population. It will be channelised in following ways:
 - Increased Labour Force that enhances the productivity of the economy.
 - Increased fiscal space created by the demographic dividend to divert resources from spending on children to investing in physical and human infrastructure.
 - Rise in women's workforce that naturally accompanies a decline in fertility, and which can be a new source of growth.
 - Increase in savings rate, as the working age also happens to be the prime period for saving.
 - A massive shift towards a middle-class society, that is, the rise of aspirational class.
- Demographic dividend has historically contributed up to 15 % of the overall growth in advanced economies.
 - Japan was among the first major economies to experience rapid growth because of changing population structure.
 - The country's demographic-dividend phase lasted from 1964 to 2004.
- Rapid industrialisation and urbanisation because of higher number of employment seeking population that would force higher economic activities.
- Rise in workforce: With more than 65% of working age population, India will rise as an economic superpower, supplying more than half of Asia's potential workforce over the coming decades.
- Effective policy making: Fine-tuning the planning and implementation of schemes and programmes by factoring in population dynamics is likely to yield greater socio-economic impact and larger benefits for people.

Question-6: Climate change commitment of India in light of socio-economic, development and health factors. (400 words, 10 Marks)

(Following images are from EduTap's study material that was provided before the exam.)

7 Measures undertaken by the Government to Prevent Environment Damage

1. **National Action Plan on Climate Change (NAPCC):** The NAPCC, launched in June 2008, which includes eight national missions: Jawaharlal Nehru National Solar Mission, National Mission for Enhanced Energy Efficiency, National Water Mission, National Mission for a Green India, National Mission on Sustainable Habitat, National Mission for Sustainable Agriculture, National Mission for Sustaining the Himalayan Ecosystem and National Mission on Strategic Knowledge for Climate Change. Each mission is anchored under a Ministry, which is responsible for its implementation and lays down the budget provisions and actionable priorities for it.
2. States/Union Territories have also **State Action Plans on Climate Change (SAPCC)** in line with the NAPCC taking into account State's specific issues relating to climate change.
3. The **Perform, Achieve and Trade (PAT)** scheme under National Mission for Enhanced Energy Efficiency (NMEEE) designed on the concept of reduction in Specific Energy Consumption. It is envisaged that by 2020, about 20 Mtoe of energy savings will be achieved through the implementation of this scheme.
4. **National Solar Mission** aims to increase the share of solar energy in the total energy mix. The cumulative targets under the mission for Grid Connected Solar Power Projects consists of 40 GW Grid connected Rooftop projects and 60 GW large and medium size land based solar power projects. The combined target is now set at 100 GW.
5. **National Water Mission** focuses on monitoring of ground water, aquifer mapping, capacity building, water quality monitoring and other baseline studies. There are 1071 assessment units categorized as over exploited as per 2011 assessment of Central Ground Water Authority (CGWA). Directions have been issued by CGWA under Section 5 of "The Environment Protection Act, 1986" for **mandatory Rain Water Harvesting / Roof Top Rain Water Harvesting** for all target areas in the country including UTs. While granting 'No Objection Certificate' for drawing ground water, CGWA insists for mandatory rain water harvesting as per the guidelines issued.
6. **National Mission for a Green India** envisages a holistic view of greening and focuses on multiple ecosystem services along with carbon sequestration and emission reduction. The mission emphasized

the landscape approach to treat large contiguous areas of both forest and non-forest, public and private lands with a key role of the local communities in planning, implementation and monitoring. Energy efficient devices have been provided to households to promote alternative energy sources in project areas.

7. **National Mission on Sustainable Habitat** is being implemented through **three programmes: Atal Mission on Rejuvenation and Urban Transformation, Swachh Bharat Mission, and Smart Cities Mission**. **Energy Conservation Building Rules 2018** for commercial buildings having connected load of 100 KW or above has been made mandatory. **Mass Rapid Transit Systems** are being implemented across the country and standards have been developed for six sub-sectors namely, **solid waste management, water and sanitation, storm water drainage, urban planning, energy efficiency and urban transport**.
8. **National Mission for Sustainable Agriculture** aims at enhancing food security and protection of resources. Key targets include covering 3.5 lakh hectare of area under **organic farming**, 3.70 under **precision irrigation**, 4.0 lakh hectare under **System of Rice Intensification**, 3.41 lakh hectare under **diversification to less water consuming crop**, 3.09 lakh hectare additional area under **plantation in arable land** and 7 bypass **protein feed making**. The mission has resulted in the formation of **National Innovations on Climate Resilient Agriculture**, a network project.
9. **National Mission for Sustaining the Himalayan Ecosystem** aims to evolve suitable management and policy measures for sustaining and safeguarding the Himalayan Ecosystem.
10. **National Mission on Strategic Knowledge for Climate Change** seeks to build a knowledge system that would inform and support national action for ecologically sustainable development.
11. Central sector scheme called **Climate Change Action Programme (CCAP)** has been launched in 2014, with the objective to **build and support capacity** at central and state levels, **strengthening scientific and analytical capacity** for climate change assessment, establishing appropriate institutional framework and implementing climate related actions in the context of sustainable development.
12. **National Green Corridor Programme**: To address the fluctuations/variability in the renewable power supply, Government in 2013 announced a **National Green Corridor Programme (NGCP)**. The **Power Grid Corporation of India** is developing the inter-state transmission corridor and the state transmission utilities are responsible for setting up and strengthening the intra-state transmission infrastructure.
13. **R&D for Clean Coal Technologies**: In 2016, R&D Project for “**Development of Advanced Ultra Supercritical (Adv. USC) Technology for Thermal Power Plants**” on a Mission Mode, at an estimated cost of Rs 1554 crore has been approved by the Cabinet Committee on Economic Affairs.

Descriptive Type Question Paper Analysis:

| QUES # | QUESTION TEXT | MARKS | TOPIC | ORIENTATION | DIFFICULTY LEVEL |
|--------|--|-------|--|-------------------------------|------------------|
| 1 | 15th finance commission - Horizontal and Vertical transfers (600 words, 15 Marks) | 15 | Public Finance | Current Affairs | Moderate |
| 2 | Define various measures of poverty estimation and their demerits and merits in terms of per capita income, inflation and consumption and safety net. | 15 | Poverty Alleviation and Employment Generation in India | Theoretical | Tough |
| 3 | What are the changes/trends in <u>globalisation</u> after global financial crisis 2008? | 15 | Opening up of the Indian Economy, Balance of Payments | Theoretical / Current Affairs | Tough |
| 4 | Budgetary recommendations on strategic and non strategic disinvestments, its (i) Rationale and (ii) Impact | 10 | Priorities & Recommendations of Economic Survey & Union Budget | Current Affairs | Easy |
| 5 | Role of demography in India's economic transition. | 10 | Demographic Trend | Theoretical / Current Affairs | Easy |
| 6 | Climate change commitment of India in light of socio-economic, development and health factors. | 10 | Sustainable Development and Environmental issues | Current Affairs | Moderate |

Analysis:

- It was expected that the questions will be testing fundamental understanding of various important topics having contemporary relevance. And the questions have been asked on these lines itself. Going ahead this trend is likely to continue. Students are advised to develop a holistic understanding of important contemporary issues, such that they are capable of writing 600 words on a topic, covering it in a multi-dimensional manner.