

RBI GRADE B 2022

PHASE 2 PAPER

Solution & Analysis

Economic and Social Issues



Prelude: This paper is memory based, so the language of questions might not be exact as in the exam, but utmost care has been taken and a lot of research has been done to ensure that the essence and the theme of every question is included in this paper.

Summary Analysis: Overall the paper was on moderate to tough level. Around 38 marks worth of objective paper and around 4 descriptive questions in the subjective paper were covered in the EduTap course.

Anybody who had gone through our course religiously would have been able to score 26-30 marks in the objective paper if he has covered the Monthly Current Affairs Magazine, Monthly SchemesTap and Main Schemes Document and would have been able to attempt 4 descriptive questions easily. The detailed analysis is given further in the document.

Assuming that marking is not strict in the descriptive part, **a score to give you max chance of final selection (not just interview call) will be around 55-60 in the Economic and Social Issues (ESI) paper.**

EduTap

OBJECTIVE TYPE QUESTIONS

PASSAGE on “One Nation One Ration Card (ONORC)”

Passage: The One Nation One Ration Card (ONORC) was started initially in 4 States in August 2019. Since then, progressively in a phase-wise manner, the ONORC plan is presently covering nearly 77 Crore beneficiaries (almost 96.8% of NFSA population) in the country.

During the last two years of COVID-19 pandemic, ONORC plan has significantly contributed in ensuring subsidized foodgrains to NFSA (National Food Security Act) beneficiaries, especially migrant beneficiaries. This is one-of-its-kind Citizen Centric initiative in the country, which is swiftly implemented in a short-span of time covering about 80 Crore beneficiaries, after being initiated in August 2019.

Q.1) The scheme mentioned in the passage has been awarded with Prime Minister’s Award for Excellence in Public Administration, 2020 on which of the following day? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **SOCIAL SECTOR – HEALTH/POVERTY ELIVATION**

Covered in EduTap Course - **Yes**

Options:

- (a) 75th Independence Day
- (b) International Women's Day
- (c) 73rd Republic Day
- (d) 15th Civil Services Day
- (e) Good Governance Day

Answer: (d) 15th Civil Services Day

Explanation:

Screenshot directly taken from the EduTap Course – “Schemes Tap (April 2022)”

1.83 One Nation One Ration Card scheme (ONROC)

What's in News?

- Department of Food and Public Distribution (DFPD) has received **Prime Minister's Award for Excellence in Public Administration, 2020** for the 'One Nation One Ration Card' scheme.
- ONROC plan is currently enabled in **35 States/UTs** (as on Feb 2022) covering nearly **77 Crore beneficiaries** (almost **96.8% of NFSA** population).
- More than **65 Crore portability transactions** have been recorded in the States/UTs, delivering nearly **121 LMT food-grains**, equivalent to **Rs. 36,000 Crore in food subsidy**.

Q.2) The scheme mentioned in the passage has been implemented for the nation-wide portability of ration cards under which of the following Act? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **SOCIAL SECTOR – HEALTH/POVERTY ELIVATION**

Covered in EduTap Course - **Yes**

Options:

- (a) National Food Security Act 2013
- (b) Food Safety and Standards Act, 2006
- (c) Food Corporations Act, 1964
- (d) National Institute of Food Technology Bill, 2019
- (e) None of the above

Answer: (a) National Food Security Act 2013

Explanation:

Screenshot directly taken from the EduTap Course – “SchemesTap (February 2022)”

One Nation One Ration Card (ONORC)

Launch Year 2019

Nodal Agency Department of Food & Public Distribution

Aim

Introduce **nation-wide portability of ration card holders** under NFSA, 2013, to **lift their entitled food grains from any fair-price shop** in country **without need to obtain a new ration card**, by integrating existing PDS systems/portals of States/UTs with the Central systems/portals, etc.

Key Features

Ensure **all beneficiaries especially migrants** can access Public Distribution System (PDS) **across the nation from any PDS shop** of their own choice

Migrants would only be **eligible for the subsidies supported by Centre**, which include rice sold at Rs. 3/kg and wheat at Rs. 2/kg

It would **not include subsidies** given by **their respective state government** in some other state

Beneficiaries identification on the basis of their **Aadhar based identification** through electronic point of sale (e-PoS) device

Enables States in better targeting of beneficiaries, **elimination** of bogus/ duplicate/ineligible card holders resulting in **enhanced welfare and reduced leakage**

Q.3) In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons under the scheme mentioned in the passage, such persons shall be entitled to receive such food security allowance from the concerned State Government to be paid to each person, within such time and manner as may be prescribed by the Central Government. These allowances are governed with which among the following act? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **TOUGH**

Topic – **SOCIAL SECTOR – HEALTH/POVERTY ELIVATION**

Covered in EduTap Course - **No**

Options:

- (a) Food Security Act 2013
- (b) Right to Food Act 2010
- (c) Food Incorporations Act, 1955
- (d) Food Security Allowance Rules, 2015
- (e) None of the above

Answer: (d) Food Security Allowance Rules, 2015

Explanation:

Link for reference –

In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons under NFSA, such persons shall be entitled to receive such food security allowance from the concerned State Government to be paid to each person, within such time and manner as may be prescribed by the Central Government. These provisions are governed through the **Food Security Allowance Rules, 2015**.

<https://nfsa.gov.in/portal/NFSA->

[Act#:~:text=In%20case%20of%20non%2Dsupply,prescribed%20by%20the%20Central%20Government.](https://nfsa.gov.in/portal/NFSA-Act#:~:text=In%20case%20of%20non%2Dsupply,prescribed%20by%20the%20Central%20Government.)

Q.4) As on February 2022, the scheme mentioned in the passage has been implemented in how many Indian states and UTs? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **SOCIAL SECTOR – HEALTH/POVERTY ELIVATION**

Covered in EduTap Course - **Yes**

Options:

- (a) 35
- (b) 28
- (c) 27
- (d) 33
- (e) None of the above

Answer: (a) 35

Explanation:

Screenshot directly taken from the EduTap Course – SchemesTap (February 2022)”

1.83 One Nation One Ration Card scheme (ONROC)

What's in News?

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- ONROC plan is currently enabled in **35 States/UTs** (as on Feb 2022) covering nearly **77 Crore beneficiaries** (almost **96.8% of NFSA population**).
- More than **65 Crore portability transactions** have been recorded in the States/UTs, delivering nearly **121 LMT food-grains**, equivalent to **Rs. 36,000 Crore in food subsidy**.

PASSAGE ON SMILE SCHEME

The Department of Social Justice & Empowerment is launching the Central Sector scheme, is designed to provide welfare measures to the Transgender community and the people engaged in the act of begging. Under this includes two sub-schemes, which strengthens and expands the reach of the Rights that give the targeted group the necessary legal protection and a promise to a secured life. It keeps in mind the social security that is needed through multiple dimensions of identity, medical care, education, occupational opportunities and shelter.

Q.5) Under the scheme, Shelter Homes where food, clothing, recreational facilities, skill development opportunities, recreational activities, medical support etc. will be provided under _____. (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **SOCIAL JUSTICE**

Covered in EduTap Course - **Yes**

Options:

- (a) Shanti Nivas
- (b) Nirmaya Nivas
- (c) Garima Greh
- (d) Paropkar Greh
- (e) None of the above

Answer: (c) Garima Greh

Explanation:

Screenshot directly taken from the EduTap Course – “SchemesTap (February 2022)”

The screenshot displays a list of sub-schemes under the heading 'Sub - Schemes'. The first scheme is 'Central Sector Scheme for Comprehensive Rehabilitation of persons engaged in the act of Begging', with a focus on survey, mobilisation, rescue, shelter, and resettlement. The second scheme is 'Central Sector Scheme for Comprehensive Rehabilitation for Welfare of Transgender Persons', which includes several provisions: scholarships for students in Class IX to post-graduation, skill development under PM-DAKSH, composite medical health services for gender-affirmation, housing facilities like 'Garima Greh', and Transgender Protection Cells to monitor and prosecute offences.

Q.6) Which among the following statement is/are correct:

Statements:

1. Skill Development and Livelihood is provided under PM-DAKSH scheme of the Department
2. Setting up of Beggar Protection Cell.
3. It provides scholarships for students studying in IX and till post-graduation to enable them to complete their education

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **SOCIAL JUSTICE**

Covered in EduTap Course - **Yes**

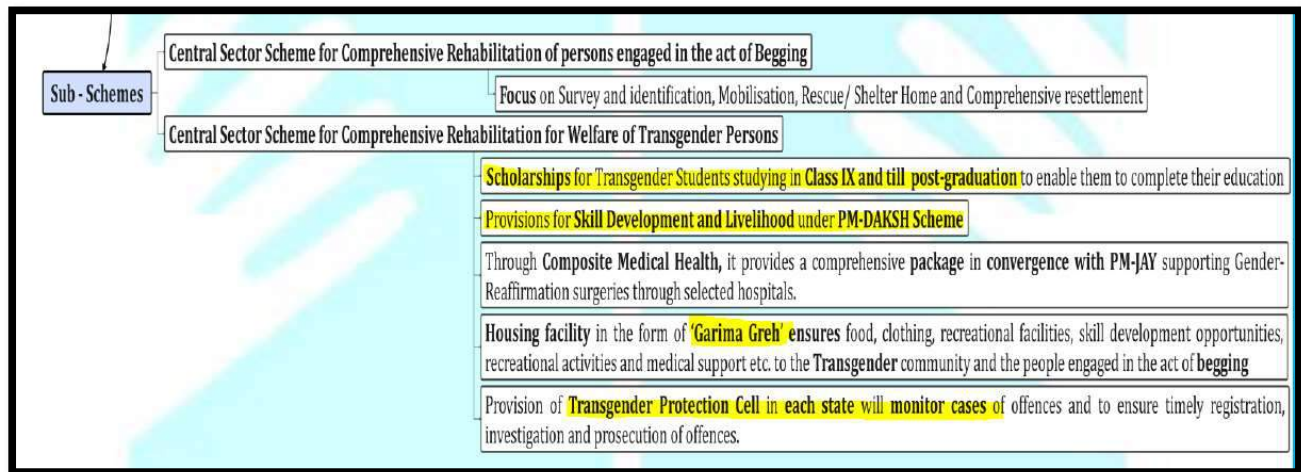
Options:

- (a) Only 1
- (b) Both 2 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 1 & 3

Answer: (e) Both 1 and 3

Explanation:

Screenshot directly taken from the EduTap Course – “SchemesTap (February 2022)”



Q.7) The ministry has allocated Rs. _____ Crore for the scheme from 2021-22 to _____ . (2 marks)

Static or Current – **CURRENT**
 1 marker or 2 marker – **2 MARKER**
 Economics or Social Issues – **SOCIAL ISSUES**
 Difficulty Level – **EASY**
 Topic – **SOCIAL JUSTICE**
 Covered in EduTap Course - **Yes**

Options:

- (a) Rs. 275 Crore, 2025-26
- (b) Rs. 225 Crore, 2024-25
- (c) Rs. 405 Crore, 2023-24
- (d) Rs. 365 Crore, 2024-25
- (e) Rs. 365 Crore, 2025-26

Answer: (e) Rs. 365 Crore, 2025-26

Explanation:

Screenshot directly taken from the EduTap Course – “SchemesTap (February 2022)”

1.50 SMILE: Support for Marginalised Individuals for Livelihood and Enterprise

What's in News?

- Ministry for Social Justice & Empowerment has allocated Rs. 365 Crore for the scheme from 2021-22 to 2025-26.

PASSAGE ON RAISINA DIALOGUE

The __X__ is India's flagship conference on geopolitics and geoeconomics, held annually since 2016. It is organized by the Ministry of External Affairs. The 2022 Edition will have over 100 sessions with over 210 speakers from more than 90 countries and multilateral organisations. A large audience is also likely to join the Dialogue across various social media platforms. The theme for the year is "Terra Nova: Impassioned, Impatient, and Imperiled"

In the past seven years, the __X__ has grown in stature and profile to emerge as a leading global conference on international affairs. It attracts prominent thought leaders from the global strategic and policy-making community to discuss key geopolitical developments and strategic issues facing the world.

Q.8) Which of the following refers to (X) in the mentioned passage? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **REGIONAL ECONOMIC COOPERATIONS**

Covered in EduTap Course - **Yes**

Options:

- (a) Raisina Dialogue
- (b) UN Ocean Conference
- (c) G-7 Summit
- (d) ASEAN Summit
- (e) BRICS Summit

Answer: (a) Raisina Dialogue

Explanation:

Screenshot directly taken from the EduTap Course –

"Current Affairs Magazine (April 2022)

2.165 PM Modi inaugurates 7th edition of Raisina Dialogue

- Recently, the Prime Minister of India has inaugurated the **Raisina Dialogue 2022 (7th annual edition)** at **New Delhi**.
- **Theme:** "Terra Nova: Impassioned, Impatient, and Imperilled".
- **Six thematic pillars of panel discussions/ conversations:**

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- Rethinking Democracy: Trade, Tech and Ideology;
- End of Multilateralism: A Networked Global Order?
- Water Caucuses: Turbulent Tides in the Indo-Pacific
- Communities Inc.: First Responders to Health, Development, and Planet
- Achieving Green Transitions: Common Imperative, Diverging Realities
- Samson vs Goliath: The Persistent and Relentless Tech Wars
- The **side events of Raisina Dialogue** will be hosted at **Berlin, Germany** and **Washington D.C, USA**.
- On the sidelines of the dialogue, **Raisina Young Fellows programme** was also conducted.
 - Also known as **Asian Forum on Global Governance (AFGG)**.
 - An **annual ten-day policy workshop**
 - **Organized by:** Observer Research Foundation (ORF), India and ZEIT-Stiftung Ebelin und Gerd Bucerius, Germany
 - **Aim:** to foster leadership qualities among the selected fellows, and to serve as a networking platform that helps them establish lasting international relationships.

Q.9) The side events for (X) has taken place in which among the following places: (2 marks)

1. Los Angeles
2. Berlin
3. Washington DC

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **REGIONAL ECONOMIC COOPERATIONS**

Covered in EduTap Course - **Yes**

Options:

- (a) Only 1
- (b) Both 2 & 3

- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 1 & 3

Answer: (b) Both 2 & 3

Explanation:

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Q.10) Which of the following statements are true about the X? (2 marks)

Statements:

1. President of the European Commission, Ursula von der Leyen, joined the Inaugural Session of event as Chief Guest.
2. One of the six thematic pillar is Rethinking Democracy: Trade, Tech and Ideology.
3. This event is exclusively attended by Quad group.

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **REGIONAL ECONOMIC COOPERATIONS**

Covered in EduTap Course - **Yes**

Options:

- (a) Only 1
- (b) Both 1 & 2
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 1 & 3

Answer: (b) Both 1 & 2

Explanation:

Explanation:

Screenshot directly taken from the EduTap Course –

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PASSAGE ON India-Australia Economic Co-operation and Trade Agreement (ECTA)

India has recently signed the Economic Co-operation and Trade Agreement (ECTA) with a developed country. *The Agreement encompasses cooperation across the entire gamut of bilateral economic and commercial relations between the two friendly countries, and covers areas like Trade in Goods, Rules of Origin, Trade in Services, Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS) measures, Dispute Settlement, Movement of Natural Persons, Telecom, Customs Procedures, Pharmaceutical products, and Cooperation in other Areas. Eight subject specific side letters covering various aspects of bilateral economic cooperation were also concluded as part of the Agreement.*

ECTA provides for an institutional mechanism to encourage and improve trade between the two countries. The ECTA covers almost all the tariff lines dealt in by the two countries respectively.

Q.11) The above-mentioned passage is discussing about which among the following agreements? (2 mark)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **EASY**
Topic – **GLOBALIZATION**
Covered in EduTap Course - **Yes**

Options:

- (a) India-UAE Comprehensive Economic Partnership Agreement
- (b) India-UK Free Trade Agreement
- (c) India-Japan Comprehensive Economic Partnership Agreement
- (d) India-Australia Economic Cooperation and Trade Agreement
- (e) None of the above

Answer: (d) India-Australia Economic Cooperation and Trade Agreement

Explanation:

Screenshot directly taken from the EduTap YouTube Session –

India **MoU** **Australia**

India-Australia Economic Cooperation and Trade Agreement
IndAus ECTA

Indian goods and services exports to Australia are expected to reach:

- \$10.5 billion in 2021
- \$20 billion in FY2027
- \$35 billion in FY2035

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Q.12) After the signing of the trade agreement mentioned in the paragraph, so far how many Free Trade Agreements (FTAs) have been signed by India? (2 mark)

Static or Current – **CURRENT**
 1 marker or 2 marker – **2 MARKER**
 Economics or Social Issues – **ECONOMICS**
 Difficulty Level – **TOUGH**
 Topic – **GLOBALIZATION**
 Covered in EduTap Course - **No**

Options:

- (a) 19
- (b) 13
- (c) 21
- (d) 28
- (e) 16

Answer: (b) 13

Explanation:

Link for reference – <https://pib.gov.in/PressReleasePage.aspx?PRID=1814151>



FTAs

Posted On: 06 APR 2022 5:28PM by PIB Delhi

So far, India has signed 13 Free Trade Agreements (FTAs) with its trading partners, including the 3 agreements, namely India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA), India-UAE Comprehensive Partnership Agreement (CEPA) and India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA) signed during the last five years. The list of FTAs signed by India is as under:

Q.13) Consider the following statements on the signed agreement, and identify the correct statements: (2 mark)

Statements

1. It will enhance the economic cooperation between the two countries.
2. It is the first trade agreement of India with a developed country after more than a decade.
3. Both the countries are part of the Supply Chain Resilience Initiative (SCRI).

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **GLOBALIZATION**

Covered in EduTap Course - **Yes**

Options:

- (a) Only 1
- (b) Both 2 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 1 & 3

Answer: (d) All 1, 2 & 3

Explanation:



PM witnesses signing of The India-Australia Economic Cooperation and Trade Agreement-"IndAus ECTA"

Thanks Prime Minister Morrison and former Prime Minister Tony Abbott for their leadership

"Signing of IndAus ECTA in such a short span of time reflects the depth of mutual confidence between the two countries"

"On the basis of this agreement we will be able to increase the resilience of supply chains, and also contribute to the stability of the Indo-Pacific region."

"This agreement will facilitate the exchange of students, professionals, and tourists between us, which will further strengthen people to people relations"

Conveys his wishes to the women cricket team of Australia for upcoming World Cup final

Posted On: 02 APR 2022 11:07AM by PIB Delhi

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Q.14) Under the agreement mentioned in the paragraph, India will be offering preferential access on over 70% of its tariff lines which will be provided under which of the following Act? (2 marks)

Statements:

1. Customs Tariff Act
2. IGST
3. Custom and Excise Act

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **DIRECT OR INDIRECT TAXES**

Covered in EduTap Course - **No**

Options:

- (a) Only 1
- (b) Both 1 & 2
- (c) Only 3

(d) All 1, 2 & 3

(e) Both 1 & 3

Answer: (b) Only 1



सत्यमेव जयते

Imports in **GST** Regime (Goods & Services Tax)

Introduction

Under the GST regime, Article 269A constitutionally mandates that supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply of goods, or of services, or both in the course of inter-State trade or commerce. So import of goods or services will be treated as deemed inter-State supplies and would be subject to Integrated tax. While IGST on import of services would be leviable under the IGST Act, the levy of the IGST on import of goods would be levied under the Customs Act, 1962 read with the Custom Tariff Act, 1975. The importer of services will have to pay tax on reverse charge basis. However, in respect of import of online information and database access or retrieval services (OIDAR) by unregistered, non-taxable recipients, the supplier located outside India shall be responsible for payment of taxes (IGST). Either the supplier will have to take registration or will have to appoint a person in India for payment of taxes.



PASSAGE ON World Bank's Human Capital Index

Human capital—the knowledge, skills, and health that people accumulate over their lives—is a central driver of sustainable growth and poverty reduction. More human capital is associated with higher earnings for people, higher income for countries, and stronger cohesion in societies.

The __X__ is an international metric that benchmarks the key components of human capital across economies. It was launched in 2018 as part of the Human Capital Project, a global effort to accelerate progress toward a world where all children can achieve their full potential. The new data—collected before the global onset of COVID-19—can act as a baseline to track its effects on health and education outcomes.

World Bank President David Malpass said that the coronavirus has deepened inequality globally, in addition to increasing poverty and distress. “We’re working with countries to try to protect people during the crisis and also invest in them so that we can see the recovery and lay a foundation for future inclusive growth,” he said.

Q.15) India has been ranked at the __1__ position in the latest edition of the World Bank's (X) report, after increase in score to __2__ from 0.44 in 2018.

What will come in the blank 1 and 2 respectively? (2 marks)

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **HUMAN DEVELOPMENT**

Covered in EduTap Course - **Yes**

Options:

- (a) 116th, 0.49
- (b) 115th, 0.52
- (c) 109th, 0.51
- (d) 136th, 0.46
- (e) 86th, 0.49

Answer: (a) 116th, 0.49

Explanation:

2.96 World Bank's Human Capital Index 2020

[Human Development]

- Recently, the World Bank has released Human Capital Index (HCI) Report 2020.
- Aim – HCI benchmarks key components of human capital across countries.

Key highlights of the HCI Report 2020 –

- The 2020 Human Capital Index update includes health and education data for 174 countries covering 98 percent of the world's population up to March 2020.
- The 2020 edition provides a pre-pandemic baseline on the health and education of children, with the biggest strides made in low-income countries.

India Specific Findings –

- This year India finds itself at 116th from among 174 countries.
- India's score has increased to 0.49 from 0.44 in 2018.
- Last year, India has raised "serious reservations" over the Human Capital Index, wherein India was ranked 115 out of 157 countries.

Q.16) The (X) includes which of the following data for 174 countries — covering 98 per cent of the world's population, up to March 2020 to assess the countries? (2 marks)

Statements:

1. Survival
2. Health
3. Education

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **TOUGH**

Topic – **HUMAN DEVELOPMENT**

Covered in EduTap Course - **Yes**

Options:

- (a) Only 1
- (b) Both 2 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 1 & 3

Answer: (b) Both 2 & 3

Explanation:

2.96 World Bank's Human Capital Index 2020

[Human Development]

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Key highlights of the HCI Report 2020 –

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- The 2020 edition provides a pre-pandemic baseline on the health and education of children, with the biggest strides made in low-income countries.

Q.17) As of February 2022, how many countries have joined the World Bank's Human Capital Project, participating and taking action in three distinct areas? (2 marks)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **ECONOMICS**
Difficulty Level – **TOUGH**
Topic – **HUMAN DEVELOPMENT**
Covered in EduTap Course - No

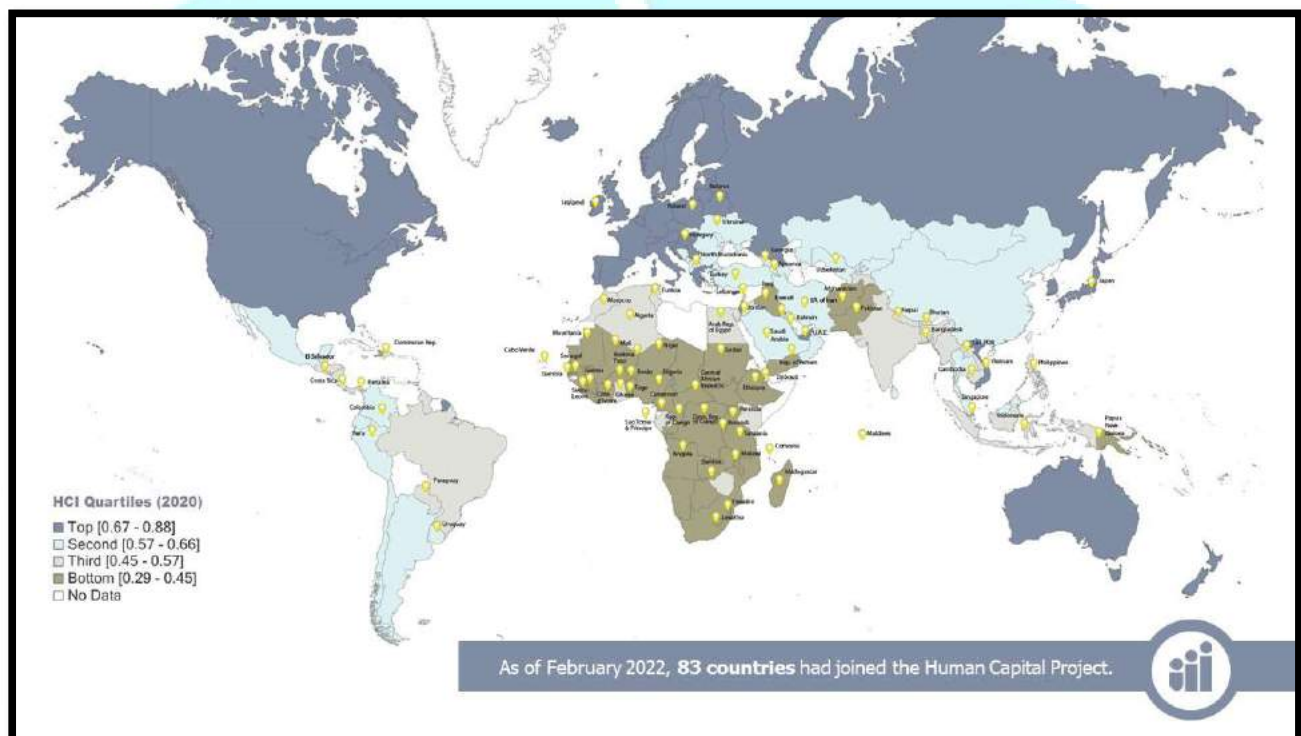
Options:

- (a) 76
- (b) 63
- (c) 83
- (d) 89
- (e) 71

Answer: (c) 83

Explanation:

Link for reference – <https://www.worldbank.org/en/publication/human-capital>



PASSAGE on Pradhan Mantri Adarsh Gram Yojana

The centrally sponsored scheme of Pradhan Mantri Adarsh Gram Yojana (PMAGY) is being implemented *since 2009-10 for integrated development of Scheduled Castes (SCs) majority villages. Since 2018-19, the scheme implementation guidelines were comprehensively revised. During 2021-22, this scheme has been merged with two other existing schemes of this Department to be known as Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PM-AJAY), for which an amount of Rs.1800.00 cr. has been allocated for the financial year 2021-22.*

The principal objective of the 'Adarsh Gram' component of the merged scheme of PM-AJAY is integrated development of SC majority villages through convergent implementation of the relevant Central and State Schemes. The scheme was started on pilot basis wherein 1000 such villages were selected. In 2014-15, the scheme was further expanded to 1500 more villages.

Q.18 Which among the following states was not included in the initial pilot phase of the scheme? (2 Marks)

Static or Current – **CURRENT**
1 marker or 2 marker – **2 MARKER**
Economics or Social Issues – **SOCIAL ISSUES**
Difficulty Level – **MODERATE**
Topic – **SOCIAL JUSTICE**
Covered in EduTap Course - **Yes**

Options:

- (a) Rajasthan
- (b) Assam
- (c) Bihar
- (d) Andhra Pradesh
- (e) Tamil Nadu

Answer: (d) Andhra Pradesh

Explanation:

Screenshot directly taken from the EduTap Course – “SchemesTap (September 2021)”

1.17 Pradhan Mantri Adarsh Gram Yojana (PMAGY)

What's in News?

- Recently, the Minister of Tribal Affairs (MoTA), Arjun Munda, has informed that MoTA will start covering 36,000 villages across the country under Pradhan Mantri Adarsh Gram Yojana (PMAGY).
 - The villages with 50% tribal population will be given priority under the rural development programme.

± Scheme Summary

Launch	2009-10
Nodal Ministry	Ministry of Social Justice and Empowerment
Aim	To develop villages that have a higher ratio (over 50%) of people belonging to the scheduled castes.

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Objective	<p>To ensure integrated development of all villages having total population ≥ 500 and with more than 50% persons belonging to the Scheduled Castes into "model villages" (by 2024- 25) so that:</p> <ul style="list-style-type: none">• They have all requisite physical and social infrastructure for their socioeconomic development.• Disparity between SC and non-SC population in terms of common socioeconomic indicators (e.g. literacy rate, completion rate of elementary education, IMR/MMR, ownership of productive assets, etc.) is eliminated.• Untouchability, discrimination, segregation, and atrocities against SCs are eliminated, as are other social evils like discrimination against girls/women, alcoholism and substance (drugs) abuse, etc.
Key Features	<ul style="list-style-type: none">• The scheme was implemented on a pilot basis in 2009-10, covering a total of 1000 villages from 5 States including 225 each from Tamil Nadu, Rajasthan, Bihar, Himachal Pradesh and 100 from Assam.<ul style="list-style-type: none">○ All these 1000 villages have been declared as 'Adarsh Gram' by their respective State Governments.• PMAGY Phase I in 2014-15, another 1500 villages were covered from 11 States.

Q.19 As per the Pradhan Mantri Adarsh Gram Yojana, to capture the Gaps in critical socio-economic 'Monitorable Indicators' as part of various sectors/domains, how many socio-economic monitorable indicators have been identified for saturation in selected villages?

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **SOCIAL JUSTICE**

Covered in EduTap Course - **Yes**

Options:

(a) 60

(b) 50

(c) 40

(d) 30

(e) 20

Answer: (b) 50

Explanation:

Screenshot directly taken from the EduTap Course – “Ministry wise Mains Schemes Doc-Part-1”

313 Pradhan Mantri Adarsh Gram Yojana

Launch Year: 2009-10 (Pilot Basis)

Objectives

- To ensure integrated development of the selected villages **having population > 500** and with more than **50% SC population** so that, inter alia, there is:
 - **Adequate Infrastructure:** All requisite infrastructure necessary for the socio-economic development needs are to be provided under the Scheme.
 - **Improvement in Socio-Economic Indicators:** The identified socio-economic indicators, known as Monitorable Indicators, are to be improved so that the disparity between SC and non-SC population is eliminated and the level of indicators is raised to at least that of

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- It is a **Centrally Sponsored scheme**.
- At the **National level**, the National Institute of Rural Development & Panchayati Raj (NIRD&PR), Hyderabad, will **provide technical resource support** for the Scheme.
- Similarly, at the **State and District levels**, the **State Institute of Rural Development(SIRD)/Extension Training Centers (ETCs)** of NIRD&PR or any other reputed **Institutions** as identified and selected by the States/UTs, will provide **technical resource support** for the implementation of the Scheme.
- **The particulars of the 50 Monitorable Indicators under 10 domains are:**
 - Drinking water and Sanitation
 - Education
 - Health and Nutrition
 - Social Security
 - Rural Roads and Housing
 - Electricity and Clean Fuel
 - Agricultural Practices etc.
 - Financial Inclusion
 - Digitization
 - Livelihood and Skill Development

Q.20 Which of the following districts won the “best district award” for the implementation of PM Adarsh Gram Yojana? (2 Marks)

Static or Current – **CURRENT**
 1 marker or 2 marker – **2 MARKER**
 Economics or Social Issues – **SOCIAL ISSUES**
 Difficulty Level – **MODERATE**
 Topic – **SOCIAL JUSTICE**
 Covered in EduTap Course - **No**

Options:

- (a) Raipur, Chhattisgarh
- (b) Hamirpur, Himachal Pradesh
- (c) Churu, Rajasthan
- (d) Yadgir, Karnataka
- (e) Cachar, Assam

Answer: (b) Hamirpur, Himachal Pradesh

Explanation:

Link for reference – <https://timesofindia.indiatimes.com/city/guwahati/cachar-wins-2nd-rank-in-pmagy-implementation-in-country/articleshow/90617163.cms>

Cachar wins 2nd rank in PMAGY implementation in country

BB Goswami / Apr 3, 2022, 03:46 IST



ARTICLES

Cachar wins 2nd rank in PMAGY implementation in country

Why stick to standard health insurance policies when you can...

CPM: Reduce cost of commodities

Cabinet nod to modification of guidelines for caste certs



Silchar: Assam's Cachar district administration has been adjudged as second in the implementation of Pradhan Mantri Adarsh Gram Yojana (PMAGY).

It needs to be mentioned here that last year, Cachar bagged the first position in the implementation of PMAGY. However, this year, Hamirpur district in Himachal Pradesh secured the first position. Cachar district administration sources on Saturday said on Friday, the results of implementation of Pradhan Mantri Adarsh Gram Yojana for this year were informed through the website of the ministry of

Q.21) In Sovereign Gold Bond Scheme, there is a pre-redemption period after 5 years from issuance. After this, there is a 20-day window to apply for redemption. Following 3 persons applied for the pre-redemption in 2022, whose application will be accepted? (1 mark)

Statements:

1. Lady from HUF who has invested 12 kg in SGB in "2017 Series 1."
2. Lady who has bought bonds in the name of her minor daughter in "2017 Series 2."
3. Lady who has bought 50 grams in "2016 Series 2."

Static or Current – **CURRENT**

1 marker or 2 marker – **2 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **MODERATE**

Topic – **MONETARY AND FISCAL POLICY**

Covered in EduTap Course - **Yes**

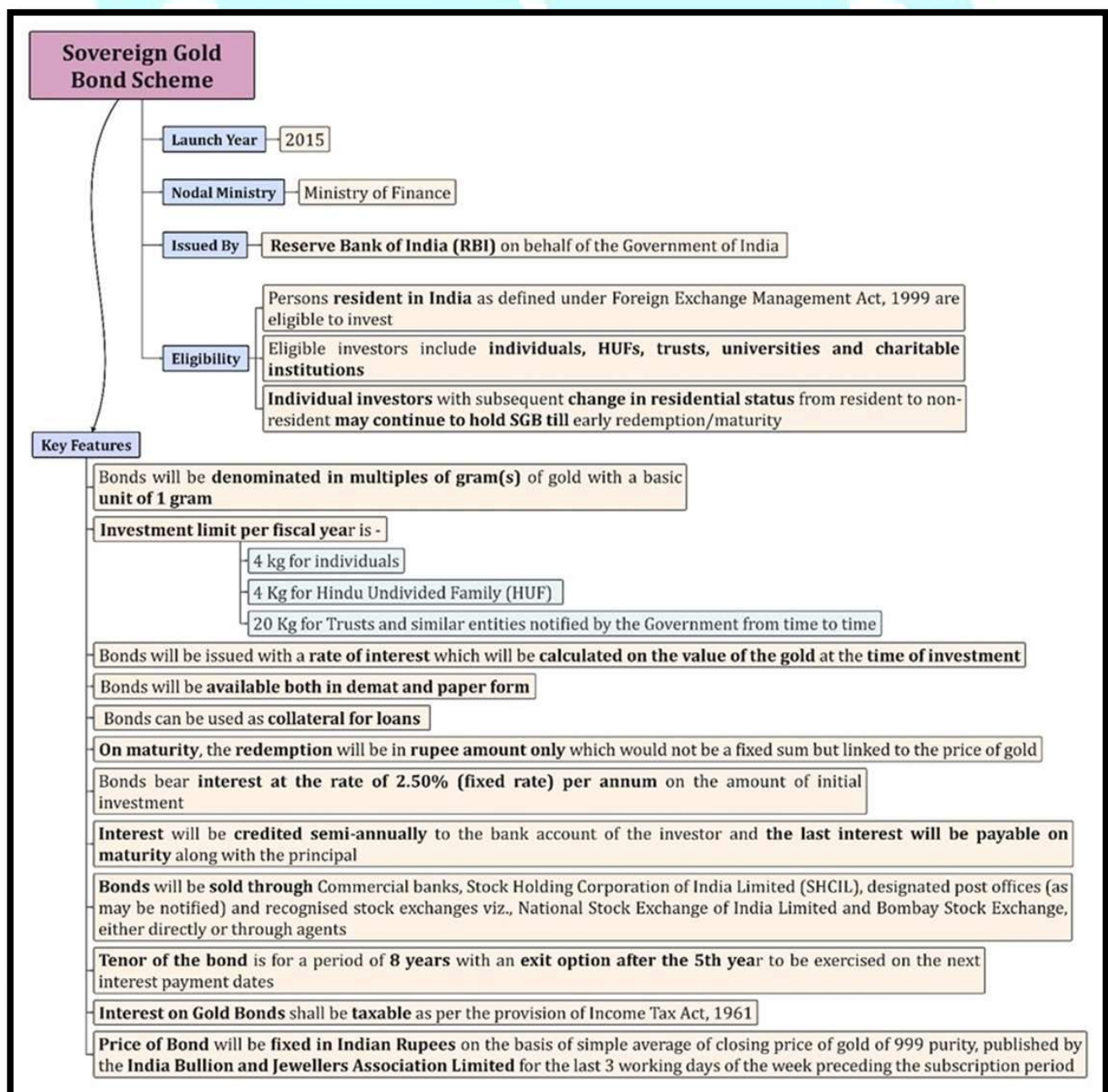
Options:

- (a) Only 1
- (b) Both 2 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 1 & 3

Answer: (b) Both 2 & 3

Explanation:

Screenshot directly taken from the EduTap Course – “SchemesTap (February 2022)”



Q.22) Who among the following is/are eligible to receive the benefits under the 'Pradhan Mantri Kisan Maandhan Yojana'? (1 mark)

Statements:

1. Anil is 46 years old, having 5-hectares of cultivable land and has recently applied under the scheme.
2. Harsh is 35 year old, applies for the scheme with an expectation of receiving a minimum assured pension of Rs 3000/- per month after attaining the age of 60 years.
3. Sahil is 36 year old and smart, enrolled himself in NPS.

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **INDIAN AGRICULTURE**

Covered in EduTap Course - **Yes**

Options:

- (a) Only 1
- (b) Both 2 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Only 2

Answer: (e) Only 2

Explanation:

Screenshot directly taken from the EduTap Course – “Ministry Wise Main Schemes Document Part-1”

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11 Pradhan Mantri Kisan Maan Dhan Yojana

Launch Year: 2019

Objectives

Scheme meant for old age protection and social security of Small and Marginal Farmers

Eligibility Criteria

- Only for **Small and Marginal Farmers (SMFs)**
- Entry age between **18 to 40 years**
- **Cultivable land up to 2 hectares** as per land records of the concerned State/UT

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- **Additional Requirement:** Aadhaar card, Savings Bank Account / PM- KISAN Account
- Farmers who are **not eligible** for the scheme
 - **SMFs covered under any other statutory social security schemes** such as Pradhan Mantri Shram Yogi Maan Dhan Yojana (PM-SYM), National Pension Scheme (NPS), Employees' State Insurance Corporation scheme, Employees' Fund Organization Scheme etc.
 - Further, the **following categories of beneficiaries of higher economic status** shall not be eligible for benefits under the scheme:
- All Institutional Land holders; Former and present holders of constitutional posts like Ministers, Parliamentarians; All serving or retired officers; Income Tax payee; Professionals like Doctors, Engineers, Lawyers, Chartered Accountants etc.

Q.23) Match the following, and find the correct pairs: (1 mark)

Pairs:

A. Ram wants to increase the breed of his milch cattle	D. One Stop Centre
B. She is the member from SC community and wants to set up greenfield project	E. Rashtriya Gokul Mission
C. A married woman, recently shifted to city with husband & they both need shelter	F. Stand Up India

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **SOCIAL JUSTICE, INDIAN AGRICULTURE, EMPLOYMENT GENERATION IN INDIA**

Covered in EduTap Course - **Yes**

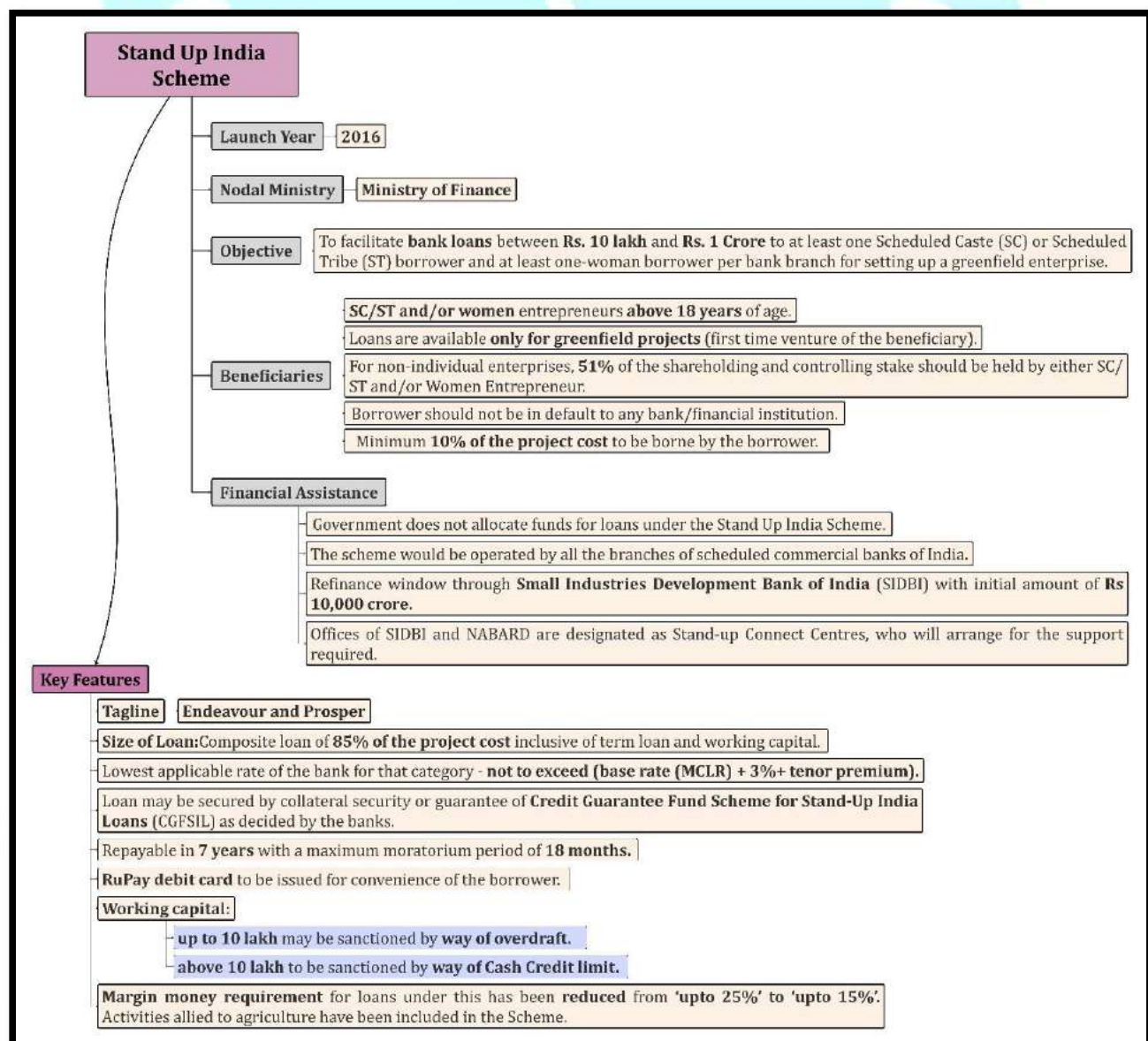
Options:

- (a) A-F, B-E
- (b) B-E, A-D
- (c) A-E, C-F
- (d) A-E, B-F
- (e) A-F, C-E

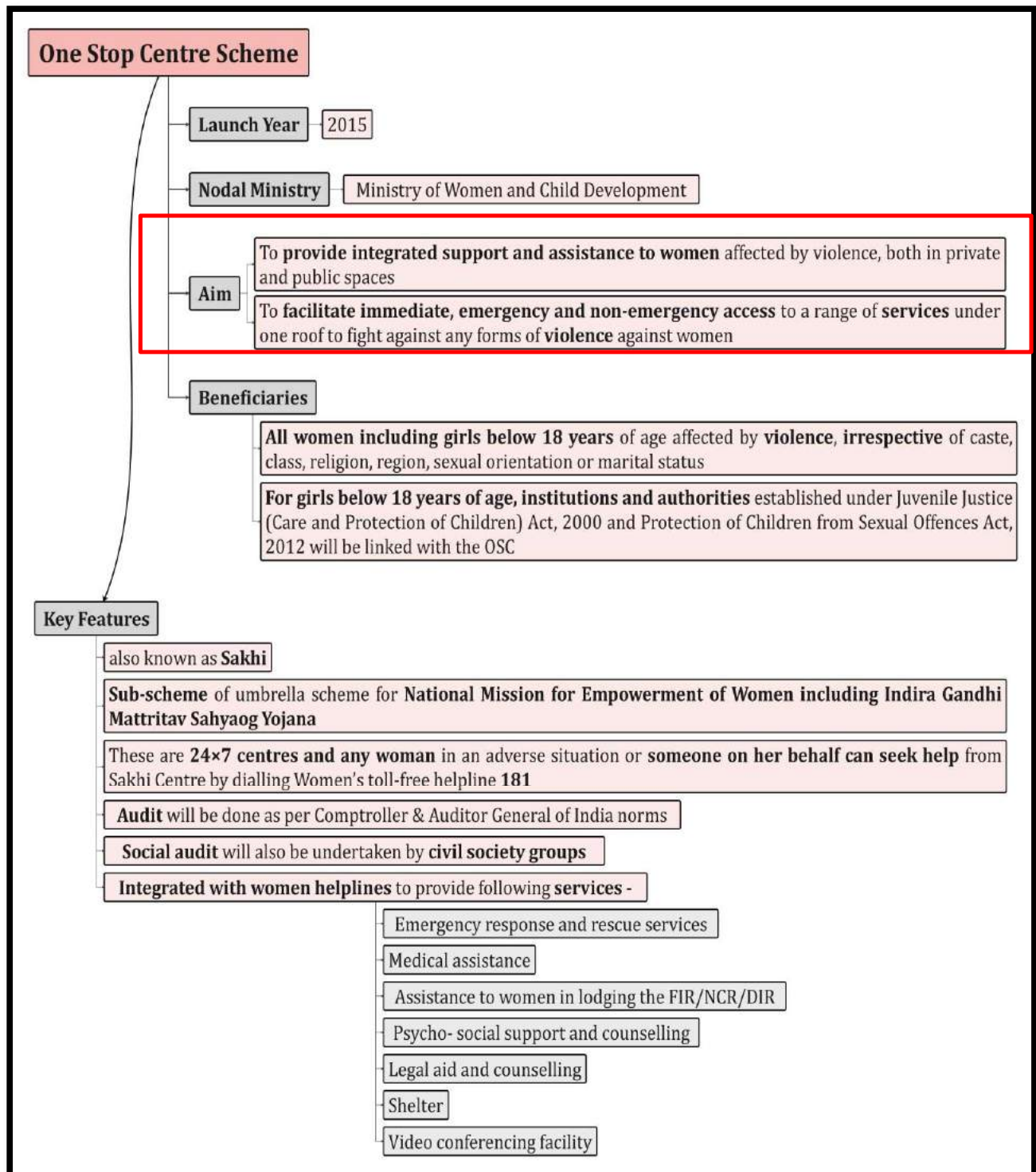
Answer: (d) A-E, B-F.

Explanation:

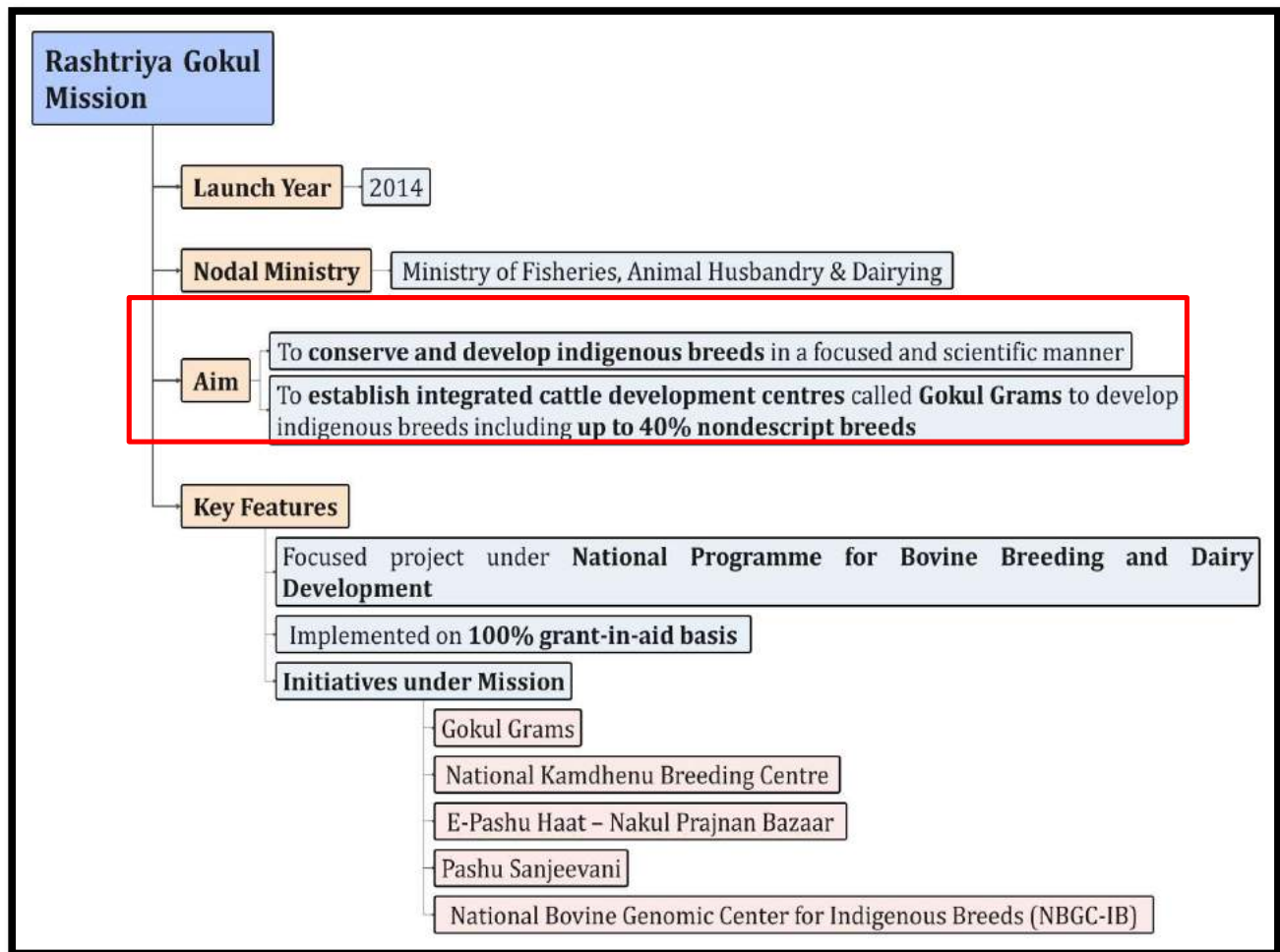
Screenshot directly taken from the EduTap Course – “SchemesTap (April 2022 - Part 2)”



Screenshot directly taken from the EduTap Course – “SchemesTap (March 2022 – Part 2)”



Screenshot directly taken from the EduTap Course – “SchemesTap (March 2022 – Part 2)”



Q.24) Which of the following statements is/are correct with respect to the 'Bhoomi Rashi Portal'? (1 mark)

Statements:

1. Government has started transferring compensation directly to the beneficiary accounts.
2. It is now integrated with the Public Financial Management System (PFMS) platform.
3. The Portal has been made mandatory for all the Project Implementing Agencies.

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **MODERATE**

Topic – **URBANIZATION AND MIGRATION**

Covered in EduTap Course - **Yes**

Options:

- (a) Only 1
- (b) Both 2 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Only 2

Answer: (d) All 1, 2 & 3

Explanation:

Screenshot directly taken from the EduTap Course – “Ministry wise Main Schemes Document Part-1”

268 Bhoomi Rashi Portal

Launch Year: 2018

Aim
Expediting pre-construction processes related to land acquisition

Key Features

- **Developed By:** Ministry of Road Transports & Highways and National Informatics Centre (NIC)
- It has **fully digitized and automated the entire process** of land acquisition.
- It **comprises entire revenue data of country**, right down to 6.4 lakh villages.
- It will be utilized for **issuing notification**.
- It will play **instrumental role in reducing time taken** for **approval** and publication of notifications pertaining to land acquisition.
- The portal has been **integrated with the Public Financial Management System (PFMS) for depositing the compensation in the account of affected/ interested persons on real-time basis.**
- This portal model is replicable and can be used by state governments as well as by Ministries which directly acquire land under their relevant legal provisions.

Q.25) Rahul has recently completed his graduation with a professional degree. He is interested in doing an internship, and has been sent to the National Cooperative Development Corporation (NCDC) for the same. Under which one of the following schemes, Rahul will be enrolled to gain experience of working in the field to be self-reliant? (1 mark)

Static or Current – **CURRENT**
1 marker or 2 marker – **1 MARKER**
Economics or Social Issues – **SOCIAL ISSUES**
Difficulty Level – **MODERATE**
Topic – **EMPLOYMENT GENERATION IN INDIA**
Covered in EduTap Course - **Yes**

Options:

- (a) Sahakar Mitra: Scheme on Internship Programme
- (b) YUVA Sahakar Scheme
- (c) Ayushman Sahakar Scheme
- (d) All of the above
- (e) None of the above

Answer: (a) Sahakar Mitra: Scheme on Internship Programme

Explanation:

Screenshot directly taken from the EduTap Course – “Ministry wise Main Schemes Document Part-1”

4 Sahakar Mitra – Scheme on Internship Programme

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Launch Year: 2020

Aim
To assist cooperative institutions to access the new and innovative ideas of young professionals while in return the interns will gain experience of working in the field and will be provided with the confidence to be self-reliant.

Objectives

- To provide a deep immersion opportunity to professional graduates on the role, contribution and impact of NCDC and also cooperatives.
- To enable the professional graduates, learn the context and practical working of NCDC and cooperatives.
- To orient professional graduates to the cooperative business model and engage themselves in start-up cooperatives.

Q.26) Which one of the following is not the objective of the Pradhan Mantri Matsya Sampada Yojana (PMMSY)? (1 mark)

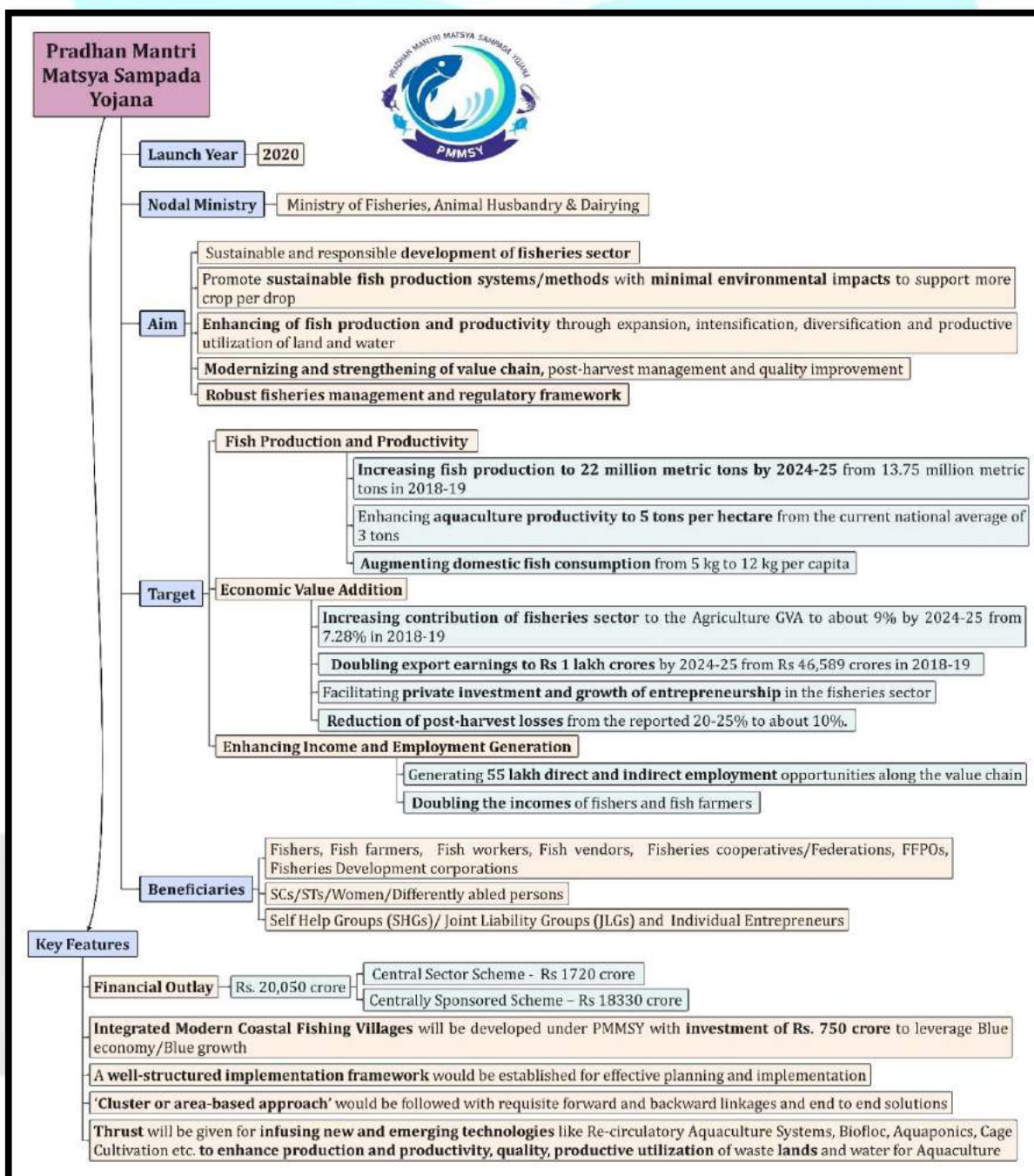
Static or Current – **CURRENT**
1 marker or 2 marker – **1 MARKER**
Economics or Social Issues – **SOCIAL ISSUES**
Difficulty Level – **MODERATE**
Topic – **INDIAN AGRICULTURE**
Covered in EduTap Course - **Yes**

Options:

- (a) Enhancement of Production and Productivity
- (b) Doubling of incomes of fishers and fish farmers
- (c) Strengthen the infrastructure and Post-Harvest Management
- (d) Free education to the children of fishers under PMMSY
- (e) Providing social, physical and economic security to fishers and fish farmers

Answer: (e) Free education to the children of fishers under PMMSY

Explanation: Screenshot directly taken from the EduTap Course – “SchemesTap (March 2022 – Part 1)”



Q.27) Consider the following statements on PM Vaya Vandana Yojana, and identify the correct statements as per scheme: (1 mark)

Statements:

1. The tenure of policy is set at 10 years.
2. One can invest a maximum amount of Rs. 70,000 under PMVVY scheme.
3. Pension will be payable as per the frequency of monthly, quarterly, half-yearly, yearly as per the preference given by the pensioner at the time of purchase.

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **EASY**

Topic – **GENDER ISSUES**

Covered in EduTap Course - **Yes**

Options:

- (a) Only 1
- (b) Both 1 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 2 & 3

Answer: (b) Both 1 & 3

Explanation:

Screenshot directly taken from the EduTap Course – “Ministry wise Main Schemes Document Part-1”

218 Pradhan Mantri Vaya Vandana Yojana (PMVVY)	
Launch Year:	2017
Aim	<ul style="list-style-type: none">• To protect elderly persons aged 60 years and above against a future fall in their interest income due to the uncertain market conditions.• To provide social security during old age.
Eligibility Criteria Policy term	<ul style="list-style-type: none">• Minimum Entry Age: 60 years (completed)• Maximum Entry Age: No limit
Key Features	<ul style="list-style-type: none">• The scheme is exempted from Service Tax/ GST.• Pension is payable at the end of each period, during the policy term of 10 years, as per the frequency of monthly/ quarterly/ half-yearly/ yearly as chosen by the pensioner at the time of purchase.

Policy Term and other Conditions

- **Policy Term:** 10 years
- **Investment limit:** Rs 15 lakh per senior citizen (Note: Originally the investment limit is Rs 7.5 lakh which was doubled in 2018)
- The **minimum investment** has been revised to **Rs.1,56,658 for pension of Rs.12,000/- per annum** and **Rs.1,62,162/- for getting** a minimum pension amount of **Rs.1000/- per month** under the scheme.
- **Aadhar has been made mandatory to avail the benefit of the scheme.**

Scheme Validity

- The scheme is now extended up to 31st March, 2023 for a further period of three years beyond 31st March, 2020.

Implementing Agency: Life Insurance Corporation

Q.28) Consider the following statements on PM e-VIDYA, and identify the correct statements: (1 mark)

Statements:

1. It will enable digital/online/on-air access to education.
2. It includes extensive use of Radio, Community radio and Podcasts.
3. Special e-content for Children with Special Needs especially for the Visually and Hearing impaired learners.

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **SOCIAL ISSUES**

Difficulty Level – **EASY**

Topic – **SOCIAL SECTORS – EDUCATION**

Covered in EduTap Course – **Yes**

Options:

- (a) Only 1
- (b) Both 1 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 2 & 3

Answer: (d) All 1, 2 & 3

Explanation:

Screenshot directly taken from the EduTap Course – “SchemesTap (March 2022-Part-1)”

PM e-VIDYA



Launch Year 2020

Nodal Ministry Ministry of Education

Aim To help in **facilitating access to digital/online learning** as well as **teaching materials** of various types among students and teachers

Objective To **educate students through digital platforms** so that the education of students does not suffer due to nationwide lockdown

Target
All school students
College students
University students

Key Features

Benefit nearly **25 crore school going children**

In 2020, the **top 100 universities were permitted** to automatically start online courses

12 eVidya TV Channels based on the line of **One Class-One Channel for class 1 to 12** to air educational content related to the respective classes

These channels **telecast curriculum based educational contents** developed by **NCERT** and **other agencies** such as CBSE, KVS, NIOS, Rotary, etc.

Video contents have been developed in both **Hindi and English medium**

Video contents are **superimposed with QR codes**, which, if scanned using DIKSHA mobile app will take the users to the same content on DIKSHA portal.

It **unifies all efforts related to digital/online/on-air education** to enable multi-mode access to education.

The initiative includes -

DIKSHA (one nation, one digital platform) is the nation's **digital infrastructure** for providing quality e-content for school education in states/UTs and QR coded Energized Textbooks for all grades are available on it

One earmarked **Swayam Prabha TV channel per class** from 1 to 12 (one class, one channel)

Extensive use of Radio, Community radio and CBSE Podcast- **Shiksha Vani**

Special e-content for visually and hearing impaired developed on Digitally Accessible Information System (DAISY) and in sign language on NIOS website/ YouTube

Q.29) Consider the following statements on Stand-Up India Scheme, and identify the correct statements: (1 mark)

Statements:

1. It facilitates bank loans between Rs 10 lakh and Rs 1 crore to at least 1 SC or ST borrower and at least one woman borrower per bank branch.
2. The loan shall be repayable in up to 7 years with a moratorium period of up to 36-months.
3. The rate of interest applicable on the loan would be the lowest applicable rate of bank for that category not exceeding MCLR+ 4%+ tenor premium.

Static or Current – **CURRENT**

1 marker or 2 marker – **1 MARKER**

Economics or Social Issues – **ECONOMICS**

Difficulty Level – **EASY**

Topic – **EMPLOYMENT GENERATION IN INDIA**

Covered in EduTap Course - **Yes**

Options:

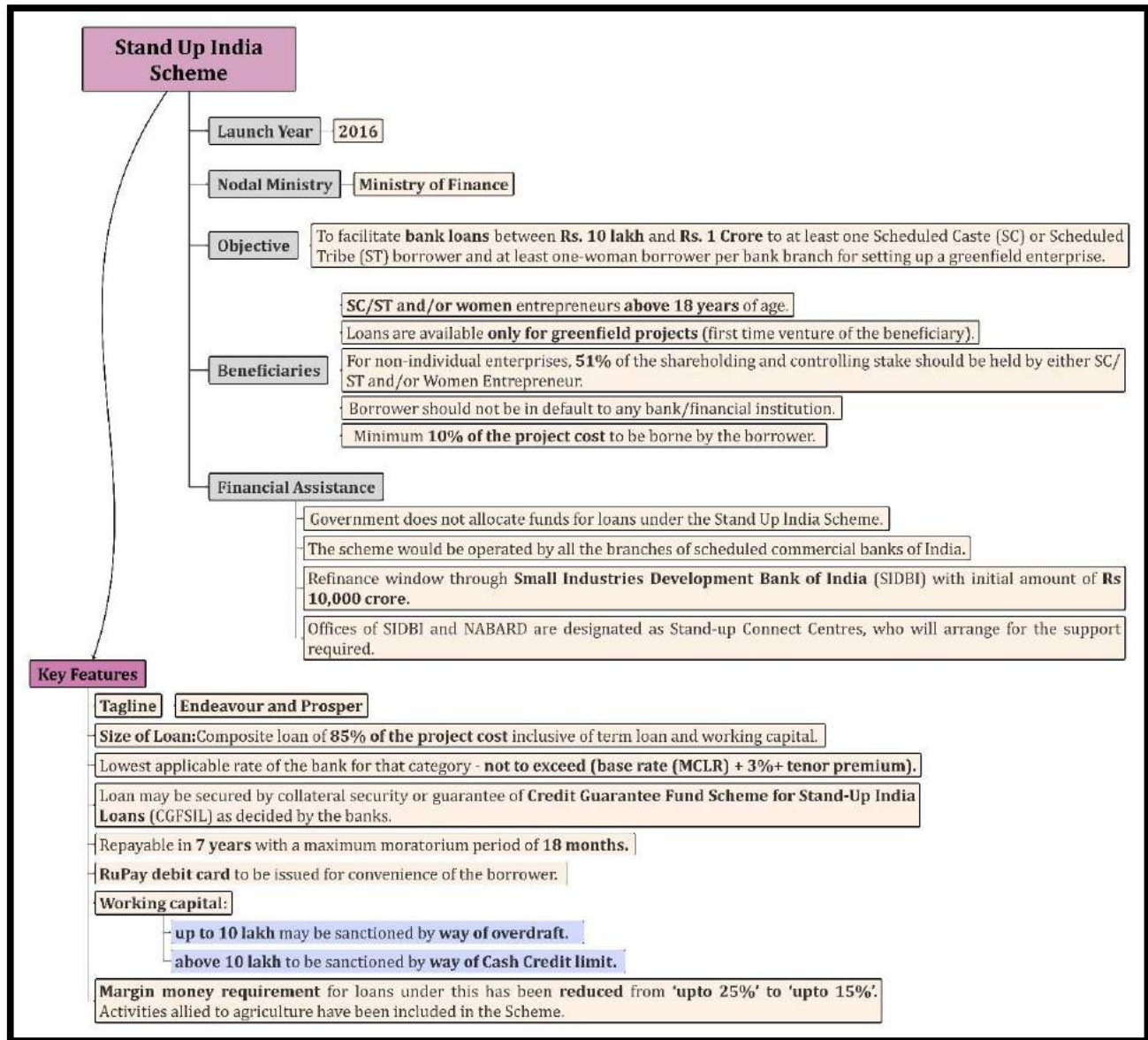
- (a) Only 1
- (b) Both 1 & 3
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 2 & 3

Answer: (a) Only 1

Explanation:

Screenshot directly taken from the EduTap Course – “Schemes Tap (April 2022 Part - 2)”

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Q.30) The benefits under the PM CARES for Children Scheme have been announced recently. Identify the correct statements about the scheme: (1 mark)

Statements:

- Children who have lost both the parents or legal guardian or adoptive parents or surviving parent to COVID-19 Pandemic are eligible to apply for the scheme.
- A portal has been launched to register the children under the scheme and also facilitates approval process and all other assistance for children.
- All eligible children will be added as a beneficiary under Ayushman Bharat Scheme with a health insurance cover of Rs. 1 lakh.

Static or Current – **CURRENT**
 1 marker or 2 marker – **1 MARKER**
 Economics or Social Issues – **SOCIAL ISSUES**
 Difficulty Level – **EASY**
 Topic – **GENDER ISSUES**
 Covered in EduTap Course - **Yes**

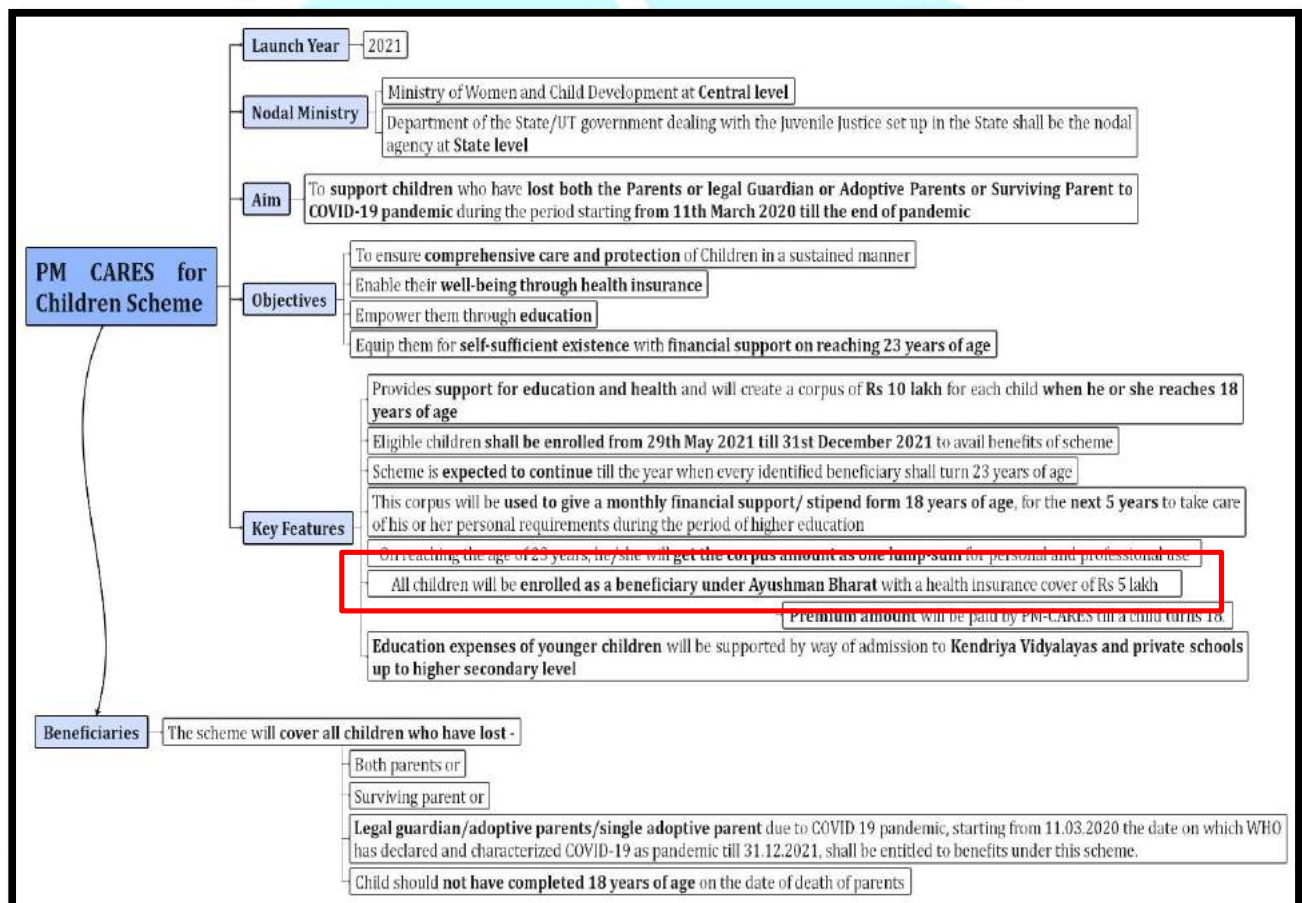
Options:

- (a) Only 1
- (b) Both 1 & 2
- (c) Only 3
- (d) All 1, 2 & 3
- (e) Both 2 & 3

Answer: (b) Both 1 & 2

Explanation:

Screenshot directly taken from the EduTap Course – “Schemes Tap (April 2022 Part - 2)”



Objective Type Question Paper Analysis:

TABLE 1

Question #	Marks	Economics or Social Issues	Topic	Static or Current	Difficulty Level
1	2	SOCIAL ISSUES	SOCIAL SECTORS – HEALTH/POVERTY ALLEVIATION	CURRENT	MODERATE
2	2	SOCIAL ISSUES	SOCIAL SECTORS – HEALTH/POVERTY ALLEVIATION	CURRENT	EASY
3	2	SOCIAL ISSUES	SOCIAL SECTORS – HEALTH/POVERTY ALLEVIATION	CURRENT	TOUGH
4	2	SOCIAL ISSUES	SOCIAL SECTORS – HEALTH/POVERTY ALLEVIATION	CURRENT	EASY
5	2	SOCIAL ISSUES	SOCIAL JUSTICE	CURRENT	EASY
6	2	SOCIAL ISSUES	SOCIAL JUSTICE	CURRENT	MODERATE
7	2	SOCIAL ISSUES	SOCIAL JUSTICE	CURRENT	EASY
8	2	ECONOMICS	REGIONAL ECONOMIC CO-OPERATION	CURRENT	MODERATE
9	2	ECONOMICS	REGIONAL ECONOMIC CO-OPERATION	CURRENT	MODERATE
10	2	ECONOMICS	REGIONAL ECONOMIC CO-OPERATION	CURRENT	MODERATE
11	2	ECONOMICS	GLOBALIZATION	CURRENT	EASY
12	2	ECONOMICS	GLOBALIZATION	CURRENT	TOUGH
13	2	ECONOMICS	GLOBALIZATION	CURRENT	MODERATE
14	2	ECONOMICS	DIRECT AND INDIRECT TAX	STATIC	TOUGH
15	2	ECONOMICS	HUMAN DEVELOPMENT	CURRENT	TOUGH
16	2	ECONOMICS	HUMAN DEVELOPMENT	CURRENT	TOUGH
17	2	ECONOMICS	HUMAN DEVELOPMENT	CURRENT	TOUGH
18	2	SOCIAL ISSUES	SOCIAL JUSTICE	CURRENT	MODERATE
19	2	SOCIAL ISSUES	SOCIAL JUSTICE	CURRENT	MODERATE
20	2	SOCIAL ISSUES	SOCIAL JUSTICE	CURRENT	MODERATE
21	1	ECONOMICS	MONETARY AND FISCAL POLICY	CURRENT	MODERATE

22	1	SOCIAL ISSUES	INDIAN AGRICULTURE	CURRENT	MODERATE
23	1	SOCIAL ISSUES	SOCIAL JUSTICE, INDIAN AGRICULTURE, EMPLOYMENT GENERATION IN INDIA	CURRENT	EASY
24	1	SOCIAL ISSUES	URBANIZATION AND MIGRATION	CURRENT	MODERATE
25	1	SOCIAL ISSUES	EMPLOYMENT GENERATION IN INDIA	CURRENT	MODERATE
26	1	SOCIAL ISSUES	INDIAN AGRICULTURE	CURRENT	MODERATE
27	1	SOCIAL ISSUES	GENDER ISSUES	CURRENT	EASY
28	1	SOCIAL ISSUES	SOCIAL SECTORS - EDUCATION	CURRENT	EASY
29	1	SOCIAL ISSUES	EMPLOYMENT GENERATION IN INDIA	CURRENT	EASY
30	1	SOCIAL ISSUES	GENDER ISSUES	CURRENT	EASY

Analysis:

- A lot of inference-based statement-based questions were asked in the one marker questions in the exam, which is a break from the trend followed so far. Students should be prepared to handle such tricky questions going ahead in the future examination.

TABLE 2

SUBJECT	TOTAL NUMBER OF QUESTIONS ASKED	TOTAL MARKS ALLOCATED
ECONOMICS	11	19
SOCIAL ISSUES	19	29

Analysis:

- There was a balance between the questions asked in economics and social issues. This is likely to continue going ahead as well. Students are advised to give due importance to Economics over Social Issues in their overall preparation.

TABLE 3

DIFFICULTY LEVEL	TOTAL NUMBER OF QUESTIONS ASKED	TOTAL NUMBER OF MARKS
EASY	9	13
MODERATE	14	23
TOUGH	7	14

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	29	48
STATIC	1	2

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.
- 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

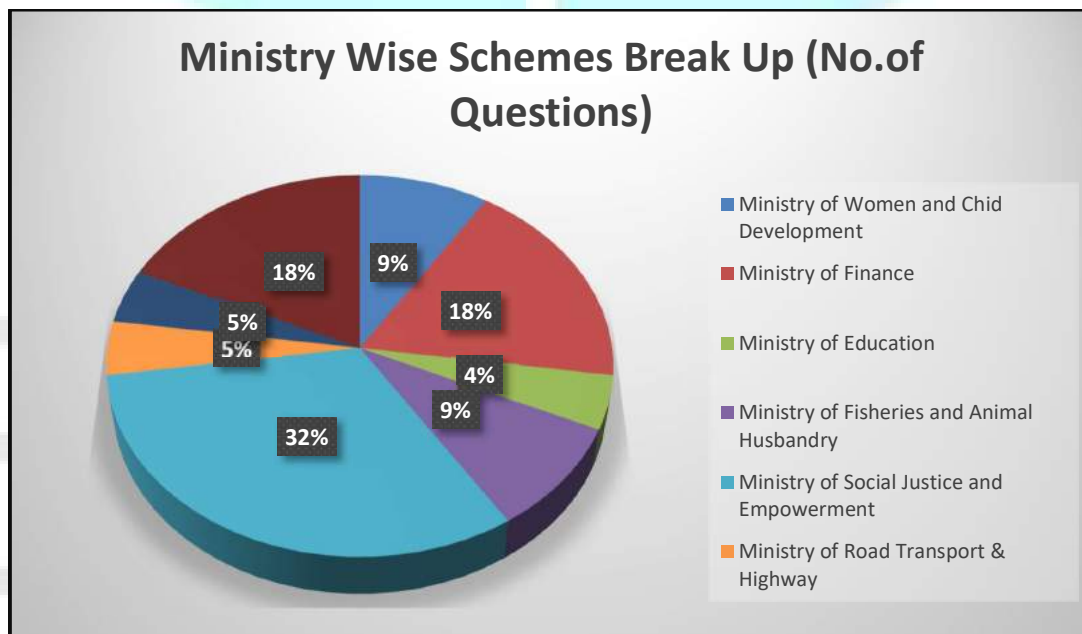
No. OF QUESTION	Months before the examination	TOTAL NUMBER OF MARKS
-----------------	-------------------------------	-----------------------

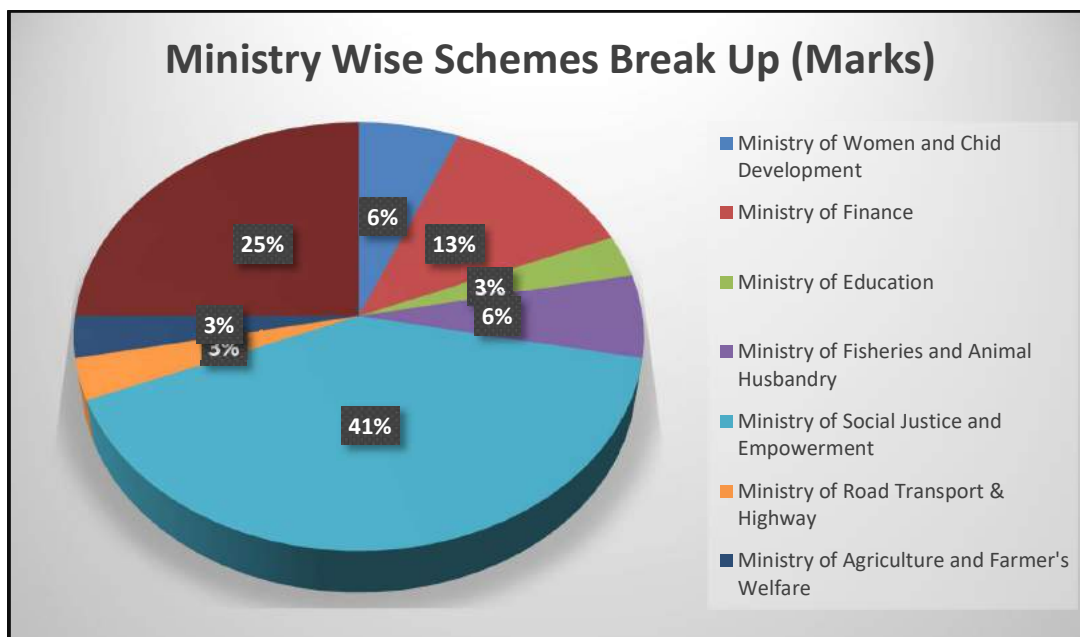
1	June	1
1	May	1
11	April	21
2	March	2
5	February	8
2	January	4
8	Before Jan	13

- 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 comprise of three important pillars: General current affairs, Government Schemes and Programmes and Reports.

TABLE 6

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)	16	23
QUESTIONS BASED ON NEW SCHEMES (LAUNCHED WITHIN THE ONE YEAR PERIOD BEFORE THE EXAM)	04	07
QUESTIONS BASED ON OLD AND NEW SCHEMES	20	30





Analysis:

- EduTap’s innovative ‘Schemes Tap’ document has served students well given that over 40% of the objective paper (20 marks to be precise) was covered only from schemes of Government of India and if the student has covered the Main Schemes Document along with SchemesTap he can score 26 marks in the paper.
- 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.

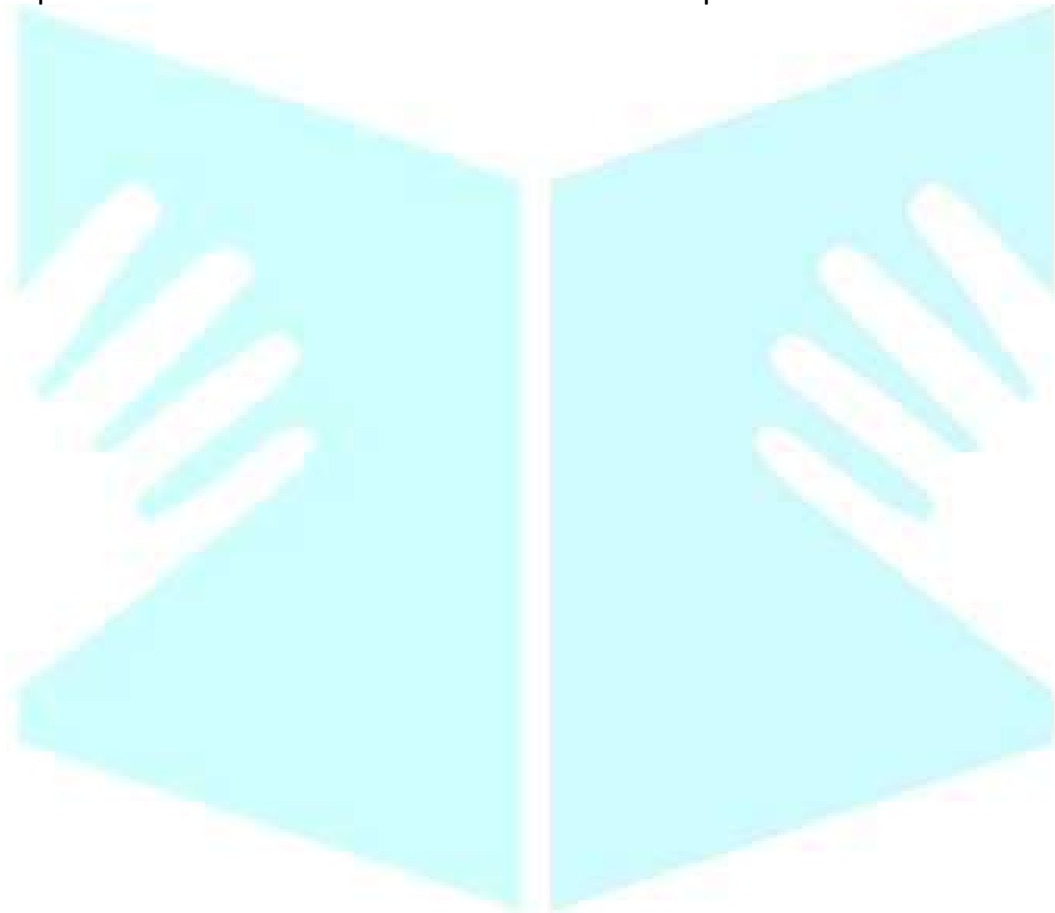
Note: Flagship schemes asked in the question were seen in the news in the past one year so students are advised to give due importance to the ‘Schemes Tap’ document from the past one year

TABLE 7

TYPE OF QUESTION	TOTAL NUMBER OF QUESTIONS ASKED	TOTAL NUMBER OF MARKS
QUESTIONS BASED ON INTERNATIONAL REPORTS	03	06
QUESTIONS BASED ON NATIONAL REPORTS	00	00
QUESTIONS BASED ON NATIONAL AND INTERNATIONAL REPORTS	03	06

Analysis:

- Trend of reports playing an important role in the exam has continued, with a respectable 12% 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.
- Students are advised to cover the biennial reports of international organizations also as the reports are relevant till the next release of the report.



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DESCRIPTIVE TYPE QUESTIONS

Question-1: Although Urbanization has been spreading to the hinterlands, Caste, and gender discrimination is rampant. In this opinion, how will you justify the protective discriminatory policy? (600 words, 15 Marks)

Static or Current – **Current**

10 marker or 15 marker – **15 Marker**

Economics or Social Issues – **Social Issues**

Difficulty Level – **Difficult**

Topic – **Urbanization and Migration / Social Justice**

Covered in EduTap course – **Yes**

Answer:

Urbanization is defined as the Increase in the “proportion” of people living in the cities and towns. India’s population stood at 1210 million in 2011, with an urbanisation level of 31.1% as per the Census of India 2011. The United Nations in 2019 estimated that India will surpass China as the world’s most populous country by 2027. Also, India’s urbanisation is poised to accelerate in the coming decades. During 2011–36, urban growth will be responsible for 73% of the rise in the total population. Earlier estimations indicate that about 416 million people will be added as urban dwellers in India between 2018 and 2050 (United Nations 2018); and that India will be 50% urban by 2050 (UN-Habitat, 2017).

Urbanization is a transformative force that is usually associated with the dilution of all forms of discrimination that exist in rural places. Urban places contribute a whopping 60% of India’s GDP and the caste phenomenon that exists in rural places gets converted to class. Although urbanization should lead to dilution of all discrimination, it is not happening at the pace expected thereby leading to rampant caste and gender discrimination as seen below.

- 1. National Crime Records Bureau (NCRB)** - The data shows that Crimes against Scheduled Castes (SCs) and Scheduled Tribes (STs) saw an increase of 9.4 percent and 9.3 percent respectively in 2020 compared to the previous year.
- 2. Rampant Gender discrimination:** Land ownership still majorly remains with men. Women are engaged in household chores and their empowerment is limited. As per **Global Gender Gap Report 2021** - The data show that it will take 135.6 years to bridge

the gender gap worldwide and the pandemic has impacted women more severely than men. The gap is the widest on the political empowerment dimension with economic participation and opportunity being next in line.

There are various reasons behind such a phenomenon which can be:

1. **Lack of intermingling:** Though the urban facilities are being provided in rural areas, there is a lack of intermingling unlike in cities. The settlements are caste oriented in rural areas and the amenities have improved but the identities are still rigid.
2. **Lack of behavioral change:** Infrastructure is improving in the hinterlands, but the behavior has not changed. Government has to think of policies where it can improve cohesion among people by discarding various identities.
3. **Low pattern of participation of women in various sectors:** Women entrepreneurs in India are mostly concentrated in low-paying industries. This gender concentration in low-wage industries has increased over time.
4. **Problems associated with feminization of agriculture in rural places:** Challenges Faced by women farmers are lack of ownership of land, lack of access to financial credit, lack of access to resources and modern inputs (most farm machinery is difficult for women to operate), Increased work burden (on-farm and off-farm productive activities) with lower compensation, etc.
5. **Caste identities assume new forms:**
 - a) **Political:** In contrast to the older structure, various caste communities have asserted themselves by forming political parties based on caste identities. For example- Bahujan Samaj Party, Political mobilization based on caste has been rising.
 - b) **Economic:** Development policies targeting the backward castes and scheduled have benefitted only a section of the population. These sections have emerged as the elite and this has created a division within the backward castes.
 - o Also, the welfare policies have led to social stigma among the castes which are not included. These policies have strengthened caste-based mobilization. For example, Dominant castes like Marathas, kapus, and patidars have been demanding reservations.

Against this backdrop, the government has come up with a protective discrimination policy to curb such phenomena and eradicate gender and caste-based discrimination.

1. **Constitutional Provisions for Women Representation in PRIs:** The 73rd Constitutional Amendment Act, 1992 mandates 33.3% reservation for women in PRIs across the country. The 73rd Amendment envisages the Gram Sabha as the foundation of the

Panchayat Raj System to perform functions and powers entrusted to it by the State Legislatures.

- 2. Constitutional Provisions for Caste Representation in PRIs:** Reservation of seats for SC and STs in panchayats at all levels
- 3. Policy Level:** Urban policies need to be sensitive to the existing disparities and take proactive measures to improve their status as can be seen below. The government wants to increase the share of land ownership among rural women through the 'Pradhan Mantri Awas Yojana- Gramin', its rural housing scheme.

Unlocking the potential of all the stakeholders requires protective discrimination policy. As the country commends itself on world-leading economic growth and aspires towards a \$5 trillion economy, it becomes necessary to take all stakeholders along to make this goal a reality. Societal change will be the largest needle mover, but a constant push through the government, organizations, and individuals is critical to bend societal norms for the better.

Question-2: What is meant by economic reforms? Explain all the types of reform in economic policies in India from the 1990s till now. (600 words, 15 Marks)

Static or Current – **Static**

10 marker or 15 marker – **15 Marker**

Economics or Social Issues –**Economics**

Difficulty Level – **Easy**

Topic – **Economic History of India**

Covered in EduTap course – **Yes**

Answer:

Economic reforms denote the process in which a government prescribes the declining role of the state and expanding role of the private sector in an economy. Economic reforms are seen as policy shifts in an economy from one to another or alternative development strategies. India has taken various reforms in economic policies from the 1990s till now.

Reform measures

The economic reform program, that India launched in 1991 consisted of two categories of measures.

1. Macro-economic Stabilization Measures: These include all those economic policies which intend to boost the aggregate demand in the economy – be it domestic or external.

- For the enhanced domestic demand, the focus has to be on increasing the purchasing power of the masses, which entails an emphasis on the creation of gainful and quality employment opportunities.

2. Structural Reform Measures: These include all the policy reforms which have been initiated by the government to boost the aggregate supply of goods and services in the economy. It entails unshackling the economy so that it may search for its potential for enhanced productivity.

The process of reforms in India has to be completed via three other processes namely, liberalization, privatization, and globalization. Liberalization shows the **direction** of the reform, privatization shows the **path** of reform and globalization shows the ultimate **goal** of the reform as explained below.

Liberalization: Liberalization was done in various sectors in the following ways:

1. Deregulation of industrial sectors: Industrial licensing was abolished for all but product categories - alcohol, cigarettes, hazardous chemicals, drugs, explosives, etc.

- Many goods produced by small-scale industries had been de-reserved.
- As a corollary of supply deregulation, markets were allowed to determine the prices of commodities through free-market dynamics.
- The MRTP Act paved the way for a more liberal Competition Law in 2002.

2. Financial sector reforms: The role of RBI was reduced from regulator to facilitator of the financial sector. Thus, paving the way for the establishment of private banks and increased foreign investment in the sector.

1. **Tax Reforms:** Corporate tax rate was gradually reduced. Also, tax procedures were simplified with the number of tax slabs being reduced to 3 instead of 11 earlier.

Privatization:

1. Expanding the 'dereserved' list: Many industries which were reserved for the public sector had been "dereserved". Only railways, defense equipment, and atomic power generation had been reserved with the public sector.

2. Disinvestment: The reforms recognized the importance of the policy of disinvestment in transitioning from a controlled and planned economy to a market-driven economy.

Globalization:

- 1. Trade and Investment Policy Reforms:** Following restrictions were removed to encourage foreign trade and investment-
 - Dismantling of quantitative restrictions on imports alongside the reduction of tariff rates (taxes on imports).
 - Removal of licensing procedures for imports except in case of hazardous and environmentally sensitive products.
 - Export duties were progressively decreased to promote exports.
- 2. Foreign Exchange Reforms:** The rupee was devalued against foreign currencies which led to an increase in the inflow of foreign exchange. Also, the market has been allowed to determine foreign exchange rates.
 - The restrictive FERA, 1973 was replaced with a more accommodating Foreign Exchange Management Act, 1999.

The year 1991 is a milestone in the history of independent India. The economic reforms initiated in 1991, followed by further successive governments, have helped our country emerge as one of the fastest-growing economies in the world. While India has continued to reform its policies since the early 1990s, including recent tax reforms, the pace of reform is disquietingly slow, red tape continues to stifle the economy and insufficient attention has been paid to the pressing problem of disease control, pollution, rural poverty, and inadequate social services, such as education and health care.

Furthermore, the Covid pandemic that battered the economy has reset the reform debate. It is therefore time to outline a credible new reform agenda that will not just support the revival of the economy but also ensure growth rates are higher than they had when it entered the pandemic.

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Coverage in Edutap course

11 Economic Reforms in India

In 1991, India met with an economic crisis relating to its external debt — the **government was not able to make repayments on its borrowings from abroad; foreign exchange reserves**, which we generally maintain to import petrol and other important items, **dropped** to levels that were not sufficient for even a fortnight. The crisis was further compounded by **rising prices of essential goods**. All these led the government to introduce a new set of policy measures which changed the direction of our developmental strategies.

11.1 Background

The **origin of the financial crisis** can be traced from the **inefficient management of the Indian economy in the 1980s**. We know that for implementing various policies and its general administration, the government generates funds from various sources such as taxation, running of public sector enterprises etc. When expenditure is more than income, the government borrows to finance the deficit from banks and also from people within the country and from international financial institutions. When we import goods like petroleum, we pay in dollars which we earn from our exports.

11.4 Liberalisation

Liberalisation means to **unshackle the economy from bureaucratic cobweb** to make it more **competitive**.

Following are its chief features:

- To **do away with the necessity of having a license** for most of the industries
 - Industrial licensing was abolished for almost all but product categories — alcohol, cigarettes, hazardous chemicals, industrial explosives, electronics, aerospace and drugs and pharmaceuticals.
- **Freedom** in determining the **scale of business** activities
 - Many goods produced by small-scale industries have now been de-reserved.
- **Removing restrictions for the movement of goods and services** from one place to another
- **Freedom to fix the prices** of goods and services
 - In many industries, the **market** has been **allowed to determine the prices**.
- **Reduction in the rate of taxes**
 - Since 1991, there has been a **continuous reduction in the taxes on individual incomes** as it was felt that high rates of income tax were an important reason for tax evasion. It is now widely accepted that **moderate rates of income tax encourage savings and voluntary disclosure of income**.
 - The **rate of corporation tax**, which was very high earlier, has been **gradually reduced**.
- **Freedom from unnecessary control** over economy
- **Simplifying import-export procedure**

11.5 Privatization

- In brief, **privatisation** means such an economic process through which **some public sector undertaking** is brought **either partially or completely under private ownership**.
- Broadly speaking, **establishing a new enterprise in private sector** instead of public sector is also **privatisation**. Not only this, **depriving public sector of the job of production** which was earlier transferring its production, without depriving it, to the private sector also amounts to **privatisation**.

- **Privatisation** of the public sector enterprises by **selling off part of the equity of PSEs to the public** is known as **disinvestment**. The purpose of the sale, according to the government, was mainly to **improve financial discipline** and facilitate **modernisation**. It was also envisaged that **private capital and managerial capabilities** could be effectively **utilised to improve the performance of the PSUs**. The government envisaged that **privatisation could provide strong impetus to the inflow of FDI**.
- The government has also made attempts to **improve the efficiency of PSUs** by giving them **autonomy** in taking **managerial decisions**. For instance, some PSUs have been granted **special status** as **maharatnas, navratnas and miniratnas**.

11.6 Globalization

Globalization means **integrating the economy with the rest of the world**.

Following are its chief features:

- **Free flow of goods and services** in all the countries
- **Free flow of capital** in all the countries
- **Free flow of information and technology** in all the countries
- **Free movement of people** in all the countries
- **The same conflict-solving technique** in all the countries.

(7)

Question-3: Financial resilience is essential to any financial institution / Business. Discuss in light of a) Financial Stability Report by RBI December 2021 b) Challenges faced by the Indian economy and Economic Reforms taken in view of the outbreak of Covid-19 in India. (600 words, 15 Marks)

Static or Current – **Current**

10 marker or 15 marker – **15 Marker**

Economics or Social Issues – **Economics**

Difficulty Level – **Difficult**

Topic – **RBI Annual Report**

Covered in EduTap course – **Yes**

Answer:

Financial resilience is the ability of an institution/ Business to recover from difficulty, adapt to change, and persevere with the occurrence of unexpected disruption. Making an enterprise resilient is an ongoing journey of continuous improvement. This is very essential for business as it helps in:

- a) Understanding the vulnerabilities that may occur in future
- b) Building strengths of the business to overcome adversities
- c) Bringing flexibility in operation and
- d) Proper management of human resources

This can be further discussed below as

A) Financial Stability Report 2021 examines the resilience of financial intermediaries against macroeconomic shocks through stress tests and sensitivity analysis.

The major findings of the report are discussed below.

1. On the domestic front, progress in vaccination has enabled the recovery to regain traction after the debilitating second wave of the pandemic, notwithstanding signs of slowing pace more recently; the corporate sector is gaining strength and bank credit growth is improving.
2. The capital to risk-weighted assets ratio (CRAR) of scheduled commercial banks (SCBs) rose to a new peak of 16.6 percent and their provisioning coverage ratio (PCR) stood at 68.1 percent in September 2021.

B) As the Indian economy has been through the pandemic-induced lockdown phase, policymakers need to understand the current challenges which the Indian economy is facing to take remedial measures.

The current challenges facing the Indian economy are -

1. Two years' worth of GDP growth has been lost

- In 2019-20, India's GDP was Rs 146 trillion. In other words, India produced goods and services worth Rs 146 trillion that year.
- Then, in the covid struck financial year - that is, in 2020-21 - it fell to Rs 135 trillion.

2. Both retail and wholesale inflation is trending up

- Headline retail inflation stayed above the RBI's comfort zone (2% to 6%) between November 2019 and November 2020. But, after a brief period of relief, it has again crossed the 7.04 %-mark in May this year.
- In May, WPI inflation was nearly 15.88%. In other words, even the wholesale prices were rising at the rate of 16%.

3. Poor credit offtake in the commercial sector

- The Covid pandemic has made the consumption trend worse with people either losing jobs or salaries being reduced amid increased health expenses.
- In the absence of consumer spending, the country's businessmen - both big and small - are holding back new investments and refusing to seek new loans.

4. Inadequate spending by the government

- After being forced to spend more in 2020-21, the government has pulled back (as a proportion of GDP) in 2021-22. It is for this reason that its deficit will fall in FY22 as against FY21.

To revive the business, Government took various Initiatives for Financial Support to MSMEs under the Atmanirbhar Bharat package as mentioned below:

- **Emergency Credit Line Guarantee Scheme (ECLGS):** Under the Scheme, 100% guarantee coverage is to be provided by National Credit Guarantee Trustee Company Limited (NCGTC) for Collateral Free Automatic Loans up to Rs. 3 lakh crores to eligible MSMEs and interested MUDRA borrowers, in the form of a Guaranteed Emergency Credit Line (GECL) facility.
- **Fund of Funds:** It was created to infuse equity worth Rs.50,000 crore in the MSME Sector to help potential MSMEs in expansion.

- **Credit Guarantee Scheme for Sub-ordinate Debt (CGSSD):** Guarantee cover worth Rs. 20,000 crores will be provided to the promoters who can take debt from the banks to further invest in their stressed MSMEs as equity.
- **Global tenders: It was to be disallowed for Government tenders up to Rs.200 crore** to enable MSMEs to participate in the Government procurement process.
- **ICT-based system 'CHAMPIONS' portal:** has been launched by the Ministry of MSME. The portal will help in handholding MSMEs, providing guidance to grab new business opportunities and in the long run, become national and international Champions.

India as the fifth largest economy in the world has to focus on growth recovery that is more sustainable and drawing satisfaction from just the growth numbers would not do much. India is slowly but surely on the path to economic recovery and investment is the way to sustain this growth momentum.

Coverage in Edutap Course

Topic – 2: Important Financial Soundness Indicator

The Important Financial Soundness Indicators are discussed below:

1. Capital Adequacy

The capital to risk-weighted assets ratio (CRAR) of SCBs has improved sequentially every quarter from end March 2020 to reach 16.6% at end-September 2021.

- This was essentially driven by a rise in core capital across bank groups, attributable to higher retained earnings, recapitalisation of PSBs by the government and raising of capital from the market.

2. Leverage and Liquidity

The leverage ratio (LR), calculated as the ratio of tier-1 capital to total exposures, constrains the build-up of leverage by banks. Despite regulatory moderation in October 2019 requiring banks to maintain 4 and 3.5 per cent ratios for domestic systemically important banks and other banks, respectively as compared to 4.5 per cent earlier, the LR of SCBs rose for the second consecutive year during 2020-21.

- While the improvement was spread across all bank groups, it was led by a sharp improvement in the tier-1 capital of PVBs

3. Non-Performing Assets

The moderation in GNPA ratios of banks that began in 2019-20, continued during the period under review to reach 7.3% by end-March 2021. Provisional supervisory data suggest a further moderation in the ratio to 6.9% by end-September 2021.

- During 2020-21, this improvement was driven by lower slippages, partly due to the asset classification standstill. With the decline in delinquent assets, their provision

4. Recoveries

o During 2020-21, all the recovery channels, most notably Lok Adalats, witnessed a sizeable decline in the cases referred for resolution. Even though initiation of fresh insolvency proceedings under the Insolvency and Bankruptcy Code (IBC) of India was suspended for a year till March 2021 and COVID-19 related debt was excluded from the definition of default, it constituted one of the major modes of recoveries in terms of amount recovered.

- Allowing pre-pack resolution window as was made available for MSMEs is expected to assuage the mounting pressure of pending cases before NCLTs, reduce haircuts and improve declining recovery rates.

5. Frauds in the Banking Sector

During 2020-21, the reported number of cases of frauds declined. In terms of amount involved, a bulk of these cases occurred earlier but were reported during the year 2020-21.

- Bank fraud is a big business in today's world. With more educational qualifications, banking becoming impersonal and increase in banking sector have given rise to this white-collar crime. Apart from eroding customer confidence, frauds present multiple challenges for the financial system in the form of reputational risk, operational risk, and business risk.

6. Enforcement Actions

During 2020-21, the number of instances of imposition of penalty reduced, with enforcement action being undertaken against 11 SCBs. Monetary penalties were imposed for non-compliance with provisions or contravention of certain directions issued by the Reserve Bank, including frauds classification and reporting, exposure norms and IRAC norms, interest rate on deposits and lending to MSMEs

- In order to separate enforcement action from the supervisory process and in accordance with international best practices, the Enforcement Department was created in the Reserve Bank in 2017. The reduced instances in terms of numbers and amounts shows effectiveness of enforcement department.

Question-4: Rural entrepreneurship: How the hinterland's young enterprises can solve India's social challenges? (400 words, 10 Marks)

Static or Current – **Current**

10 marker or 15 marker – **10 Marker**

Economics or Social Issues – **Social Issues**

Difficulty Level – **Moderate**

Topic – **Current Affairs Based**

Covered in EduTap course – **No**

Answer:

Entrepreneurship is the marshalling of resources to build something innovative – incremental or paradigm-shifting. In rural India, entrepreneurship is usually tougher due to the lack of a supportive ecosystem of resources and mindsets. People are chained down due to both financial weaknesses as well as restrictive thought processes.

India's social challenges are multi-faceted. In the rural sector, this becomes entwined deeply in caste and caste-related occupations. The challenges are as follows.

- 1. Social challenges facing India:** They range from corruption, illiteracy, and broken education and healthcare systems, to women's safety and empowerment, and incomplete inclusion of the whole of India in the Indian dream.
- 2. Infrastructural challenge:** Rural people in search of livelihood migrate to urban centers leading to social and infrastructural challenges.
- 3. Findings of World Economic Forum 2019 report:** India's critical issues would lie in three primary areas —
 - a) Skill development and being future employment-ready;
 - b) Socio-economic inclusion of rural India; and
 - c) A healthy and sustainable future.
- 4. Socio-Economic inclusion of Rural India:** Three important "access" gates currently limit the aspirations of rural Indians.
 - a) Limited physical connectivity (for example access to pucca roads and electricity);
 - b) Lack of digital connectivity (for example, access to the internet); and
 - c) Nil or limited financial inclusion (for example access to commercial banks and bank accounts).

Though there are many social challenges, they can be overcome by boosting rural entrepreneurship as mentioned below.

- **Balanced development - the call of the hour:** The growth of rural entrepreneurship may help avoid the growth of poverty, slums, and pollution in cities. Rural entrepreneurship could help in uplifting the standard of living and literacy rate of rural people. The real solution to India's problems lies in "production by masses" rather than "mass production".
- **Rural entrepreneurship - envisioned around rural industrialization.** These industries include the traditional sector (khadi and village industries, handloom, sericulture, handicraft, and coir) and the modern sector (power looms and small-scale industries).
- **Rural entrepreneurship – solution to social challenges:** Rural entrepreneurship will lead to the formation of capital, balanced regional development, general employment growth, improved standard of life, increase in per capita income, equitable distribution of economic power, and reduction of population migration, thereby solving India's social challenges.

These positive changes emerging from rural entrepreneurial activities in a bottom-up manner might just be able to offset the limited impact of top-down percolation of economic and social equality as assumed under the planned development agendas of successive governments. So, rural entrepreneurship can be a game-changer for India.

Question-5: Write a short note on the current monetary policy framework in India. (400 words, 10 Marks)

Static or Current – **Static**

10 marker or 15 marker – **10 Marker**

Economics or Social Issues – **Economics**

Difficulty Level – **Easy**

Topic – **Monetary Policy since reforms of 1991**

Covered in EduTap course – **Yes**

Answer:

The genesis of monetary policy goes back to 1985 when monetary targeting with feedback was adopted from 1985-1998, wherein the operating target was the monetary base(M0). The framework was changed to a multiple indicator framework from 1998-2016 where the operating targets were rate variables (interest rate in money, government securities, etc), Quantity Variables (Fiscal deficit, Money, Credit, etc), and Forward indicators (Relevant variables from industrial outlook survey, Capacity Utilization survey, etc.)

In May 2016, the RBI Act, 1934 was amended to provide a statutory basis for the implementation of the flexible inflation targeting framework in alignment with major emerging and developed market economies. Therefore, this is the current monetary policy framework that exists in India. Now the question is what is inflation targeting?

Inflation Target: Under Section 45ZA, the Central Government, in consultation with the RBI, determines the inflation target in terms of the Consumer Price Index (CPI), once in five years.

- Accordingly, the Central Government notified that 4 percent Consumer Price Index (CPI) inflation was the target for the period from August 5, 2016, to March 31, 2021, with the upper tolerance limit of 6 percent and the lower tolerance limit of 2 percent.
- On March 31, 2021, the Central Government retained the inflation target and the tolerance band for the next 5-year period – April 1, 2021, to March 31, 2026.
- Section 45ZB of the RBI Act provides for the constitution of a six-member Monetary Policy Committee (MPC) to determine the policy rate required to achieve the inflation target.

But what would be the scenario if the target is not achieved by the RBI as well as in which of the cases it will be considered a failure to achieve the target?

Failure to Maintain Inflation Target: The Central Government has notified the following as the factors that constitute a failure to achieve the inflation target:

- a) The average inflation is more than the upper tolerance level of the inflation target for any three consecutive quarters, or
- b) The average inflation is less than the lower tolerance level for any three consecutive quarters.

Where the Bank fails to meet the inflation target, it shall set out in a report to the Central Government the reasons for failure to achieve the inflation target, remedial actions proposed to be taken by the Bank; and an estimate of the period within which the inflation target shall be achieved pursuant to the timely implementation of proposed remedial actions.

The operating framework of monetary policy aims at aligning the operating target – the weighted average call rate (WACR) – with the policy repo rate through proactive liquidity management to facilitate the transmission of repo rate changes through the entire financial system, which, in turn, influences aggregate demand – a key determinant of inflation and growth.

Coverage in Edutap Course

2.3 Inflation Targeting Framework in India

In the preceding section, we got an overview of all the roles RBI plays in the Indian economy. In the present section, we will focus the discussion on price stability. We will be deep diving into the principle of 'inflation targeting' and explore how this has become the mainstay of India's monetary policy.

- Inflation targeting is a **monetary policy strategy** used by Central Banks for **maintaining price level** at a certain level or **within a range**. It indicates the primacy of **price stability as the key objective of monetary policy**.
- The argument for price stability stems from the fact that **rising prices create uncertainties in decision making**, adversely affecting savings and encouraging speculative investments. **Inflation targeting brings in more predictability and transparency** in deciding monetary policy. If the central banks could ensure price stability, **households and companies can plan ahead**, negotiating wages on the basis of expecting low and stable inflation.
- Various **advanced economies** including **United States, Canada and Australia** have been using **inflation targeting** as a strategy in their monetary policy framework. The case for inflation targeting has been made in **India** as the country has been experiencing a **high level of inflation** till recently.
- The **primary objective** of RBI's monetary policy is to **maintain price stability** while keeping in mind the **objective of growth**. **Price stability** is a necessary precondition to **sustainable growth**.
- In May 2016, the **Reserve Bank of India Act, 1934** was amended to provide a **statutory basis** for the implementation of the **flexible inflation targeting** framework.
- The **amended RBI Act** also provides for the **inflation target** to be set by the **Government of India**, in consultation with the Reserve Bank, **once in every five years**. Accordingly, the Central Government has notified in the Official Gazette **4 per cent Consumer Price Index (CPI) inflation as the target** for the period from **August 5, 2016 to March 31, 2021** with the **upper tolerance limit of 6 per cent** and

- The **amended RBI Act** also provides for the **inflation target** to be set by the **Government of India**, in consultation with the Reserve Bank, **once in every five years**. Accordingly, the Central Government has notified in the Official Gazette **4 per cent Consumer Price Index (CPI) inflation as the target** for the period from **August 5, 2016 to March 31, 2021** with the **upper tolerance limit of 6 per cent** and the **lower tolerance limit of 2 per cent**.
- The Central Government notified the following as factors that constitute failure to achieve the inflation target:
 1. the **average inflation is more than the upper tolerance level** of the inflation target for any **three consecutive quarters**; or
 2. the **average inflation is less than the lower tolerance level** for any **three consecutive quarters**.
- **Management of monetary policy** and the **express objective of inflation targeting** has been enshrined as the **responsibility of RBI** by amending the **preamble of the RBI Act, 1934** through the Finance Act 2016 (Chapter XII). Thus, **ensuring price stability through inflation targeting is a legal responsibility of RBI since 2016**. A new Chapter (Chapter III, Section 452) was introduced in the RBI Act, through this Finance Bill, 2016, for detailing the operation of a **Monetary Policy Committee (MPC)**, which would be the **institutional arrangement at the disposal of RBI for targeting inflation**.
- Under Section 452A (1) of the **RBI Act, 1934**, the **Central Government determines the inflation target** in terms of the **Consumer Price Index**, once in **every five years** in consultation with the RBI. This target would be notified in the Official Gazette. Amongst other measures, **RBI targets inflation primarily by changing the "Policy Rate"** which means the **rate for repo-transactions** as defined under sub-section (12AB) of section 17 of the **RBI Act**.

Question-6: What is NBFC? How is it different from a bank? Mention five types of NBFCs registered with RBI. (400 words, 10 Marks)

Static or Current – **Static**

10 marker or 15 marker – **10 Marker**

Economics or Social Issues – **Economics**

Difficulty Level – **Moderate**

Topic – **Functions of RBI (Finance)**

Covered in EduTap course – **Yes**

Answer:

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of the immovable property.

NBFCs lend and make investments and hence their activities are akin to that of banks; however, there are a few differences as given below:

1. NBFC cannot accept demand deposits;
2. NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on themselves;
3. Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in the case of banks.

Various types of NBFCs are registered with the RBI. These are as follows:

- 1. Asset Finance Company (AFC):** An AFC is a company that is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipment's, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as the aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.
- 2. Investment Company (IC):** IC means any company which is a financial institution carrying on as its principal business the acquisition of securities.
- 3. Loan Company (LC):** LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.
- 4. Infrastructure Finance Company (IFC):** IFC is a non-banking finance company that deploys at least 75 percent of its total assets in infrastructure loans, having a minimum Net Owned Funds of ₹ 300 crores, having a minimum credit rating of 'A' or equivalent and CRAR of 15%.

5. Systemically Important Core Investment Company (CIC-ND-SI): CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions: -

- a) it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt, or loans in group companies;
- b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitute not less than 60% of its Total Assets;
- c) it does not trade in its investments in shares, debt, or loans in group companies except through block sale for dilution or disinvestment;
- d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to, and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- e) Its asset size is ₹ 100 crore or above and
- f) It accepts public funds

The NBFC segment has grown over the years. However, it is also under scrutiny, the world over, for possible excesses in credit. This is especially because of the leniency in NBFC regulation, compared to banks' regulation. The segment has been facing many stresses in the recent past and addressing these earlier would reduce the associated costs.

Coverage in Edutap Course.

Sl. No.	Type of NBFC	Nature of activity / Principal Business	Key Qualifying Criteria
1.	Investment and Credit Company (ICC)	(i) Lending (erstwhile Loan companies) (ii) Financing of physical assets including automobiles, tractors and generators (erstwhile Asset Finance Companies) (iii) Acquisition of securities (erstwhile Investment Companies) Includes Gold Loan companies which are NBFCs primarily engaged (i.e. 50 percent or more of financial assets) in lending against gold jewellery.	Does not qualify (as has not registered) to be in any other category.
2.	Infrastructure Company (IFC)	Finance Providing long term loans for Infrastructure development	(i) Infrastructure loans should be at least 75 per cent of total assets. (ii) Minimum NOF of ₹ 300 crore. (iii) Minimum credit rating of 'A'. (iv) CRAR of 15 per cent with min. Tier 1 of 10 per cent.
3.	Core Investment Company (CIC)	Investing in / lending to group companies	(i) 90 per cent of total assets to be investments in group companies and 60 per cent of investments in group companies to be in equity shares of group companies (ii) Does not trade in its investments in shares, bonds, debentures, debt/loans of group companies except through block sale for dilution/disinvestment.

Sl. No.	Type of NBFC	Nature of activity / Principal Business	Key Qualifying Criteria
4.	Infrastructure Debt Fund (IDF)	Refinancing existing debt of infrastructure companies	(i) Minimum NOF of ₹ 300 crore. (ii) Invests only in Public Private Partnerships (PPP) and post commencement of operations date (COD) in infrastructure projects which have completed at least one year of satisfactory commercial operation and become a party to tripartite agreement.
5.	Micro Institutions (MI)	Finance Collateral free loans to small borrowers	(i) Minimum NOF of ₹ 5 crore (for North East: ₹ 2 crore). (ii) Invests only in Public 85 per cent of assets to be in qualifying assets criteria.

Sl. No.	Type of NBFC	Nature of activity / Principal Business	Key Qualifying Criteria
6.	NBFC – Factors	Factoring business i.e. financing of receivables. Registered under section 3 of the Factoring Act	(i) Minimum NOF of ₹5 crore. (ii) Financial assets in factoring business at least 50 per cent of total assets and income derived there from not less than 50 per cent of total income.
7.	Mortgage Guarantee Companies (MGC)	Providing mortgage guarantees for loans	90 per cent of business turnover in principal business and 90 per cent of gross income from this business.
8.	Non-Operative Financial Holding Company (NOFHC)	For setting up new banks in private sector through its promoter/promoter groups	Should have first received an in-principle approval for setting up a commercial bank from RBI.
Sl. No.	Type of NBFC	Nature of activity / Principal Business	Key Qualifying Criteria
9.	Account Aggregators (AA)	Providing under contract the service of retrieving, consolidating, organising and presenting financial information to its customer.	Can only provide account aggregation services. Only those financial assets that are under the regulatory ambit of financial sector regulators can be aggregated. These aggregators cannot support the transactions of customers and cannot take services of third-party service providers.
10.	Peer-to-Peer Lending Platforms (P2P)	Carries on the business of a P2P lending platform i.e. providing loan facilitation services to participants on the platform.	Can only provide platform. No lending from its own books.

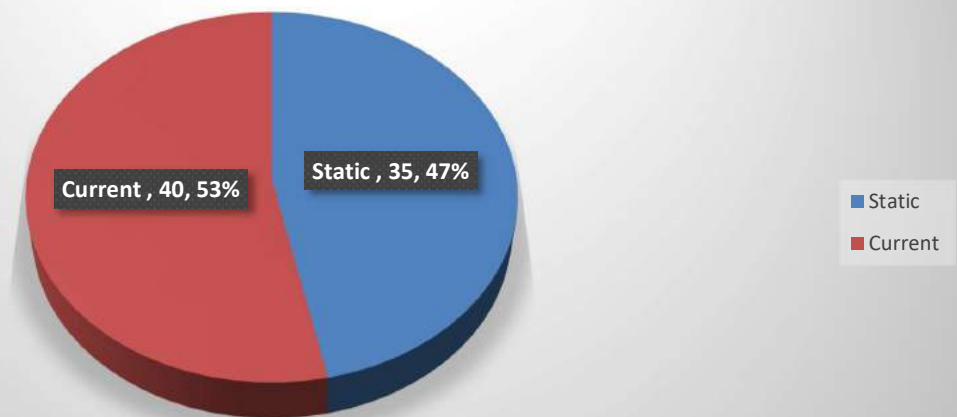
Sl. No.	Type of NBFC	Nature of activity / Principal Business	Key Qualifying Criteria
11.	Housing Finance Company (HFC)	Registered under section 29A of the NHB Act to carry on the business of providing finance for housing and housing projects.	Minimum NOF 20 crores
12.	Standalone Primary Dealers (SPD)	Primary Dealers are expected to play an active role in the G-Sec market, both in its core activities and through various obligations like participating in Primary auction, market making in G-Secs, predominance of investment in G-Secs, achieving minimum secondary market turnover ratio, etc.	Minimum NOF of ₹150 crore for undertaking primary and secondary market segments undertaking diversified activities. ₹250 crore for

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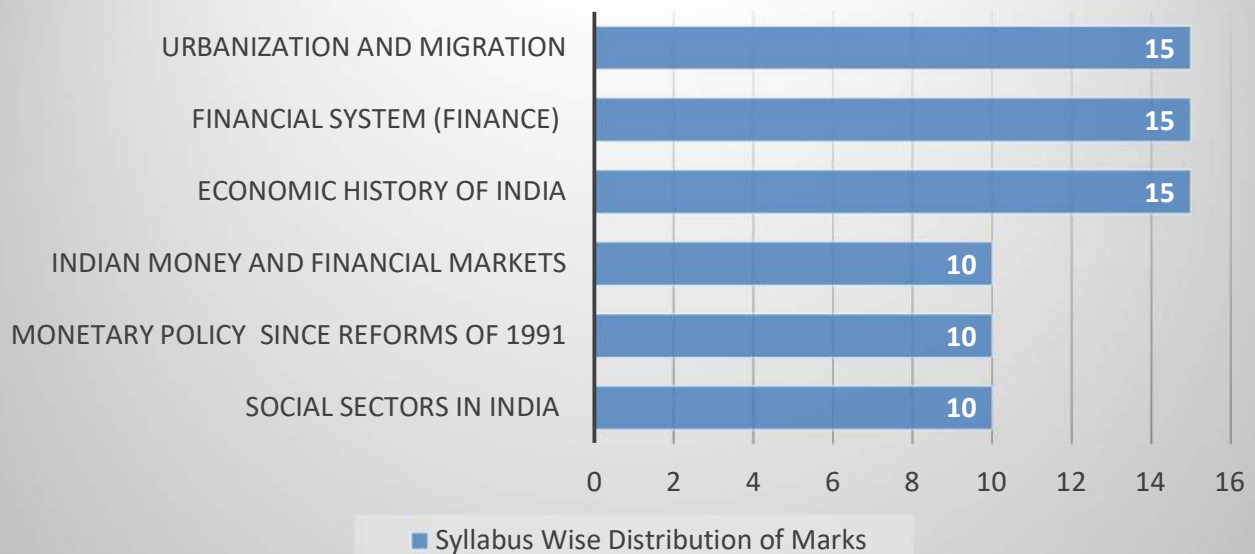
Descriptive Type Question Paper Analysis

Question Type	Economics	Social Issues
15 Marker (600 words)	2	1
10 Marker (400 Words)	2	1
Total	4	2

Marks Distribution, total 75 marks**



Syllabus Wise Distribution of Marks



****Please be informed that, for holistic coverage, the above-mentioned analysis is done for the whole descriptive component (75 marks), by which we mean that all the 15 markers (15*3=45 marks) and all the 10 markers (10*3=30 marks) are considered for the analysis.**

However, a student only has to attempt the descriptive component worth 50 marks.

Important take-Away

- ❖ **Questions asked in the descriptive section were mostly application based and few were direct.**
- ❖ For example, the question on urbanization required a holistic understanding of the social justice and the trends of prevailing discrimination to answer the question.
- ❖ Moreover, among the 10 markers, questions on NBFC, and the current monetary policy framework could have been easily answered. The question on rural entrepreneurship was application-based.
- ❖ Among the 15 markers, one could have written the economic reforms very well as it was in news. The question of financial resilience also could have been answered, as the financial stability report was in news. The question was application-based and required a thorough understanding of the events that took place post covid.
- ❖ Overall, the descriptive paper was moderate to difficult.

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